

CBCF EXECUTIVE

*economic summit v*

# AFTER HURRICANE HARVEY

---

Economic Lessons Learned  
and the Role of Business in  
National Disaster Relief Efforts

Insights into the Energy  
Capital of the World and the  
Role of Business in Houston

---

## Issue Brief

*Center of Policy Analysis and Research*

**December 11, 2017**



CBCF EXECUTIVE

*economic summit V*

# AFTER HURRICANE HARVEY

Economic Lessons Learned  
and the Role of Business in  
National Disaster Relief Efforts

Insights into the Energy Capital of the World and the Role of Business in  
Houston | Issue Brief

## TABLE OF CONTENTS

Executive Economic Summit Series Summary .....	4
Background .....	5
Houston: The Energy Capital of the World .....	8
Minority Entrepreneurship in Houston and Access to Capital .....	9
Black Communities in the Aftermath of Hurricane Harvey .....	13

---

## EXECUTIVE ECONOMIC SUMMIT SERIES

The Congressional Black Caucus Foundation's fifth Executive Economic Summit (EES V) promoting minority access to capital takes place in Houston, Texas, on December 11, 2017. Entitled, "After Hurricane Harvey: Economic Lessons Learned and the Role of Business in National Disaster Relief Efforts," the series of discussions aim to raise awareness, inform policy, and provide examples of economic recovery and business solutions in the aftermath of Hurricane Harvey. To date, the economic summits have been hosted in New York City, Oakland, Atlanta, and Chicago promoting black business growth and minority access to capital. The success of the intimate interactions between policymakers and business leaders offer invaluable insights and networking opportunities in an effort to advance policies, programs, and strategies in capital access, business and entrepreneurship.

### The goal of EES series is threefold:

- I. Discuss and disseminate the impact of federal, state, and local policy, resources, and opportunities for collaboration and partnerships advancing minority owned business growth and entrepreneurship.
- II. Cultivate and expand professional business networks among black business leaders and entrepreneurs at a local and federal level.
- III. Release a series of reports and recommendations based on policies and analyses of discussions raised from the executive economic summits.

While the CBCF summit series typically focuses on mapping minority access to capital with business leaders and others in the financial services sector, the Houston summit will address the role of business in leveraging its capital and resources to assist impacted communities in the aftermath of Hurricane Harvey. Specific attention will focus on comprehensive strategies that include immediate and long-term pathways to financial recovery. Sponsored by *Toyota, Shell Oil Company, Bank of America, United Airlines, Reed Smith LLP, BP America, Inc, Accenture and CenterPoint Energy*, the Houston summit opens with a series of opening remarks from Chairwoman of the Congressional Black Caucus Foundation, Rep. Sheila Jackson Lee and President and CEO, A. Shuanise Washington. The program includes a morning keynote speaker, three panels outlining federal, state, and local initiatives with policymakers and business leaders, and a keynote luncheon centered on Houston's booming industries and vibrant environment for minority entrepreneurs.

---

## BACKGROUND

Texas is the second most populous state in the nation and has long held the title of top exporting state in the nation according to the U.S. Bureau of Economic Analysis. With export markets generating upwards of 232.6 billion dollars, Texas accounts for approximately 16% of the total share of U.S. exports as displayed in Figure 1. The significant role Texas plays in international business is primarily generated with its bordering trading partners, Mexico and Canada; the 1994 passage of NAFTA solidified a trilateral trading partnership that continues to account for sizable economic growth due to the elimination of tariffs, lower pricing on goods, substantial increases in foreign investments for each partner country, and a boost of 5 million new U.S. jobs<sup>1</sup>.



---

<sup>1</sup> Amadeo, K. (2017, July 7). 6 Pros and Cons of NAFTA. Retrieved December 08, 2017, from <https://www.thebalance.com/nafta-pros-and-cons-3970481>

Figure 1

## Texas Exports, Jobs, & Foreign Investment<sup>2</sup>

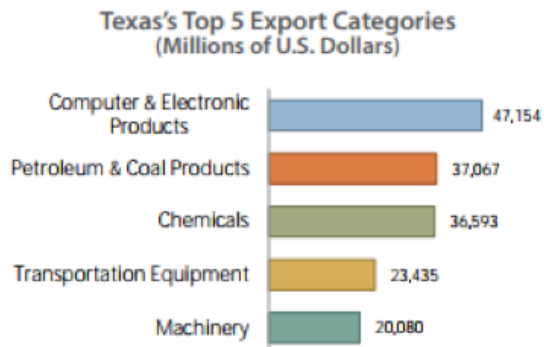
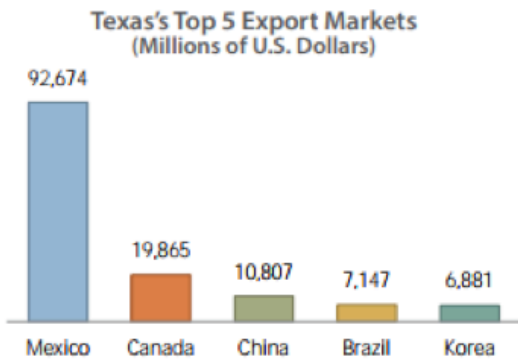
February 2017

Source: International Trade Administration,  
U.S. Department of Commerce



# \$232.6 billion

## Texas goods exports in 2016



Metro Area	2015 Goods Export Value	Share of State Exports
Houston-The Woodlands-Sugar Land	\$97.1 billion	44.7%
Dallas-Fort Worth-Arlington	\$27.4 billion	12.6%
El Paso	\$24.6 billion	11.3%
San Antonio-New Braunfels	\$15.9 billion	7.3%
Austin-Round Rock	\$10.1 billion	4.7%
Beaumont-Port Arthur	\$8.8 billion	4.1%
Laredo	\$7.8 billion	3.6%
McAllen-Edinburg-Mission	\$5.3 billion	2.5%
Corpus Christi	\$5.2 billion	2.4%

Prepared by the Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce.

For more resources please see [www.trade.gov/mas/ian](http://www.trade.gov/mas/ian). Sources include resources from the U.S. Department of Commerce's International Trade Administration, Bureau of the Census, and Bureau of Economic Analysis.

As seen in the chart above, top export commodities include computer and electronic products, petroleum and coal products. Moreover, Texas as an energy-

<sup>2</sup> United States of America, Department of Commerce, International Trade Administration. (2017, February). Texas Exports, Jobs, & Foreign Investment. Retrieved December 7, 2017, from <https://www.trade.gov/mas/ian/statereports/states/tx.pdf>

producing powerhouse is responsible for the following indicators of economic growth according to the International Trade Administration:

- Exports from Texas helped contribute to the \$2.21 trillion of U.S. goods and services exports in 2016.
- Nationally, U.S. jobs supported by exports reached an estimated 11.5 million in 2015, up 1.9 million from 2009.
- A total of 31,881 companies exported from Texas locations in 2014.
- In 2014, foreign-owned companies employed 544, 800 Texas workers
- The U.S. currently has 14 free trade agreements in force with 20 countries.
- Texas's exports to U.S. FTA partners totaled \$143.1 billion in 2016
- Houston – The Woodlands- Sugar Land is the largest metro area reporting exports nationwide<sup>3</sup>.

In a Dallas Morning News article entitled, "Why Texas has so much riding on trade and Mexico," issued this past November, of the 900,000 U.S. jobs produced between 2009 to 2015 by companies exporting goods to other nations, Texas accounted for approximately 22% of the jobs also reflected in Figure 2.



Given the substantial role Texas maintains in advancing economic growth trade, and access to capital, the fifth economic summit provides a unique context to explore the business case for minority entrepreneurs, especially in the city

<sup>3</sup> Ibid.

of Houston, which has been ranked No. 1 best city for minority entrepreneurs according to Expert Market, a B2B Austin based company.

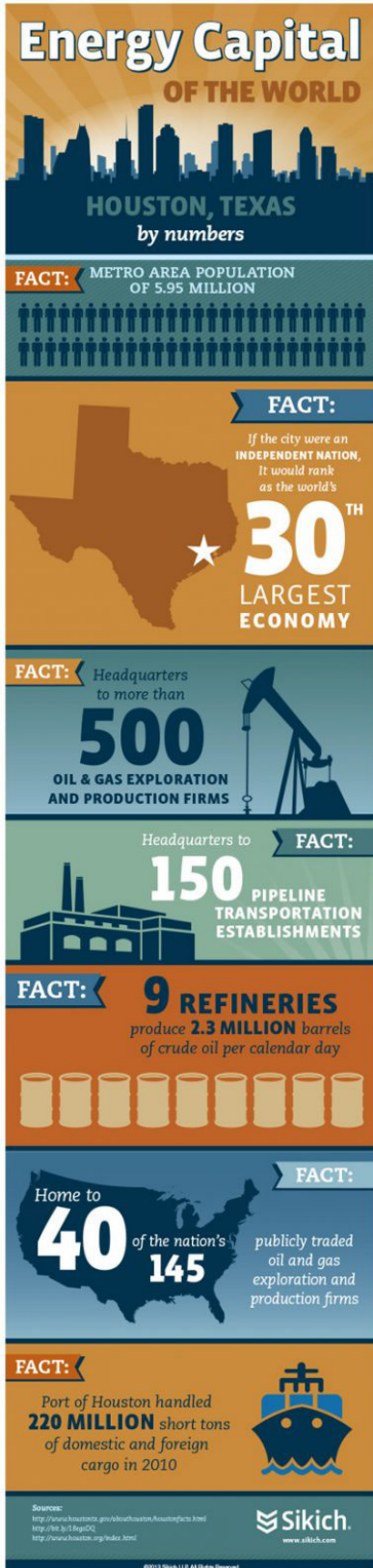
---

## **HOUSTON: THE ENERGY CAPITAL OF THE WORLD**

Known as the energy capital of the world, Houston is the fourth largest city in the United States, home to more than 3,700 energy-related businesses and the headquarters of the World Energy Cities Partnership (WECP), a cooperative agreement between nineteen cities across the globe recognized as energy capitals committed to economic development, sustainability, and best business practices. WECP's profile of Houston highlights the major aspects of the Bayou city's globally diverse nature and business acumen:

- Houston is the fourth-most populous city in the United States and is the country's main center for the energy industry. The metropolitan area of Houston has over 5 million residents, making it the largest metropolis on the Gulf Coast. With a metropolitan GDP of \$489 billion, the city sports a diverse industrial base beyond its significant energy infrastructure.
- Houston's higher education institutions, highlighted by internationally ranked schools such as Rice University and the University of Houston, contribute to Houston's wide knowledge-based economy. Informational technology and medicine are two of Houston's largest economic sectors, with the Texas Medical Center in central Houston boasting the world's largest concentration of healthcare and research institutions. The city is also well known as the home of NASA's Johnson Space Center and many other aerospace institutions.
- Houston is one of the United States' most international cities. With over ninety consulates located in the city, Houston boasts one of the most diverse populations in the entire country. Two international airports, rail centers, and the Port Houston, which ranks first in the United States in international waterborne tonnage, provide ample transportation and trade links with countries from around the world. Houston is also the only city in the western hemisphere to connect all continents with its numerous direct flight paths.
- Houston based economic development organizations such as the Greater





Houston Partnership and Bay Area Houston Economic Partnership facilitate business development in the region from a domestic and international standpoint. These organizations often work in concert with the Greater Houston Convention and Visitors Bureau, which handles major international trade conventions and events in Houston. Perhaps the most significant of these events is the Offshore Technology Conference (OTC), a major offshore energy conference held annually in the city during the first week of May. The WECP working meeting usually coincides with OTC<sup>4</sup>.

## MINORITY ENTREPRENEURSHIP IN HOUSTON AND ACCESS TO CAPITAL

According to a national study done by the research group, Expert Market, Houston is rated the number one ranked city for minority entrepreneurs in 2017<sup>5</sup>. Ranking factors included the percentage of companies owned by minorities, economic opportunities for minorities index, rate of new entrepreneurs, startup density, startup costs, access to financial resources, and opportunity share of new entrepreneurs<sup>6</sup>. Data was sourced from the U.S. Census Bureau, the Center for Opportunity Urbanism and the Kaufman Index and were “combined to celebrate the cities where efforts to champion diversity, coupled with a favorable startup environment, have paved the way for minority entrepreneurs. Researchers also cited a low cost of living that makes it easier for non-Anglo entrepreneurs to thrive<sup>7</sup>.” The Houston Chronicle captured the efforts of minority business supporting institutions such as the Greater Houston Black Chamber of Commerce and the Houston Hispanic Chamber of Commerce in facilitating a healthy and vibrant business environment for minority entrepreneurs.

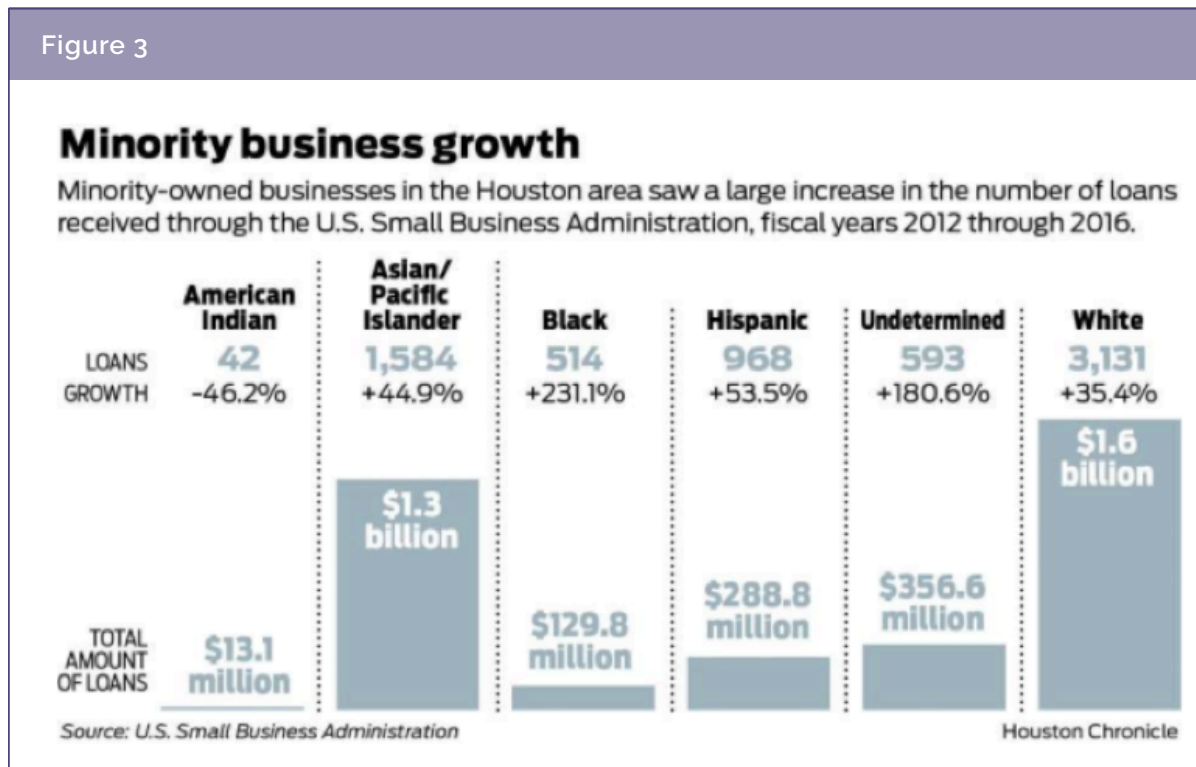
<sup>4</sup> (n.d.). About Us. Retrieved December 07, 2017, from <https://energycities.org/the-partnership/about-us>

<sup>5</sup> Najarro, I. (2017, May 02). Houston ranks No. 1 for minority entrepreneurs. Retrieved November 29, 2017, from <http://www.houstonchronicle.com/business/article/Houston-ranks-number-one-for-minority-11116201.php>

<sup>6</sup> McDougall, K. (2017, April 18). Houston is the Best City for Minority Entrepreneurs. Retrieved December 07, 2017, from <https://www.expertmarket.com/focus/research/best-cities-for-minority-entrepreneurs>

<sup>7</sup> Ibid.

In terms of access to capital, the Small Business Administration's (SBA) Houston district report "the number of SBA-guaranteed loans granted to minority entrepreneurs has grown by more than 200 percent over the last five years [as reflected in Figure 3]<sup>8</sup>." Joset Wright-Lacy, president of the National Minority



Supplier Development Council, is clear on the favorable business atmosphere for minority entrepreneurs, "Houston's minority-run businesses are more than mom-and-pop stores. Many are successful supply companies servicing large corporations, and Houston hosts many pilot programs that aim to connect minority suppliers and the corporations<sup>9</sup>."

The Greater Houston Partnership's *Houston Facts* edition provides an in-depth focus on the "11-county greater Houston region

RACE AND ETHNICITY		
Houston MSA, 2015		
	Population	% of Total
White	2,482,767	37.3
Hispanic	2,429,487	36.5
Black/African American	1,122,767	16.9
Asian	497,099	7.5
American Indian/Alaska Native	12,478	0.2
Native Hawaiian/Pacific Islander	1,522	0.0
Some Other Race	12,202	0.2
Two or More Races	98,624	1.5
<b>Total</b>	<b>6,656,946</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2015 American Community Survey  
 Note: Hispanic includes all races. Population totals derived from American Community Survey will differ from those derived from Annual Population Estimates.

Source: Greater Houston Partnership

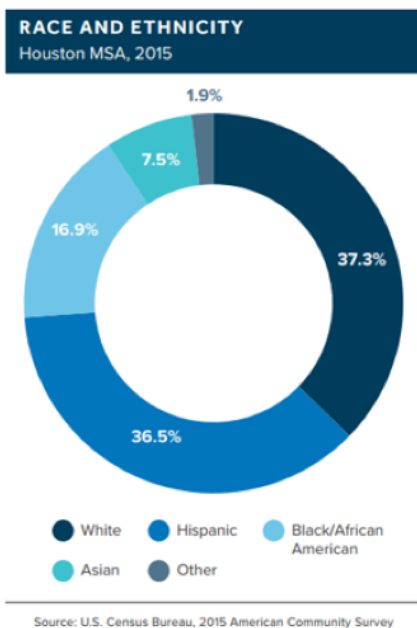
<sup>8</sup> Najarro, I. (2017, May 02). Houston ranks No. 1 for minority entrepreneurs. Retrieved December 07, 2017, from <http://www.houstonchronicle.com/business/article/Houston-ranks-number-one-for-minority-11116201.php#photo-12832851>

<sup>9</sup> Ibid.

and represents a member roster of some 1,000 businesses and institutions. Members of the Partnership account for one-fifth of all jobs in Houston<sup>10</sup>." While Houston has a population of 2.3 million, the nine-county Houston Woodlands-Sugar Land Metropolitan Area (MSA) had a population of 6.7 million as of July 1, 2016 according to estimates by the U.S. Census Bureau<sup>11</sup>." Sourced from the 2015 American Community Survey, *Houston Facts* reports the racial composition of residents in the greater Houston area and makes clear the racial diversity responsible for supporting business in this majority minority metropolitan city. In fact, between 2002 and 2007, BOBs increased by 74%, and can also be attributed to the racial diversity and support from the community, a critical component in supporting black business growth, viability, and opportunity<sup>12</sup>.

According to the 2014 signature *Survey of Texas Black-Owned Businesses* (STBOB) conducted by the Bureau of Business Research at the IC2 Institute of the University of Texas at Austin, nearly 1,000 black business owners in Texas were sampled and the results revealed trends in business owner demographics, training needs, and ease in doing business with the government and private sector:

### Findings from the STBOB Study:



- **Start-ups vs. Acquisitions:** More than 90 percent of the survey respondents are entrepreneurs, having started their business rather than having acquired it by other means.
- **Business Sectors:** Most BOBs in the survey belong to a service industry (72 percent), with the Professional-Scientific-Technical Service sector being the most common at 28 percent. Twenty two percent of the businesses are in the construction sector.
- **Access to Capital:** On average, 75 percent of capital used when they started or purchased their business came from their personal savings.

<sup>10</sup> Greater Houston Partnership. (2017, August 20). 2017 Houston Facts. Retrieved November 29, 2017, from [https://issuu.com/houston/docs/2017\\_houston\\_facts\\_web](https://issuu.com/houston/docs/2017_houston_facts_web)

<sup>11</sup> Ibid.

<sup>12</sup> Kellison, J. B., Kammer-Kerwick, M., & Butler, J. S. (2014). *Survey of Texas Black-owned Businesses*. Retrieved December 8, 2017 from <https://ic2.utexas.edu/bbr/black-owned-business-survey/>

Further, 61 percent of the respondents utilized only personal savings.

- An additional 29 percent utilized personal savings along with other sources. In total, 90 percent of the survey respondents utilized personal saving to start or acquire their business. Access to capital via a business loan or line of credit can help sustain or grow a small business that cannot finance its daily operations through cash flow. The survey found that 28 percent of the respondents had applied for and received a loan. Over 50 percent of the respondents had never applied for a loan. And almost 20 percent of the respondents replied that they had applied for a loan but never received one.
- **Educational Attainment:** About 67 percent of the business owners surveyed reported having a bachelors or graduate degree and 91 percent had at least some college. Overall, the Black business owners in the sample have more education than the general Black population aged 25 years and older in Texas. Census data shows that only 21 percent of Texas Blacks have a bachelor's degree or higher, while 57 percent have some college education, with or without a degree.
- **Procurement:** A majority of respondents agreed that understanding the political system is a critical factor in the success of their business, and that they have less access than other businesses to government decision makers for the purposes of procurement opportunities. A majority of the respondents also agreed or strongly agreed that BOBs were unfairly excluded from participating in government contracting opportunities (63 percent) and private sector contracting opportunities (70 percent)<sup>13</sup>.

## RESULTS:

The STBOB results are informative and also revealed the importance of training needs in accounting and finance as well as technology and management/ leadership training, profitability margins, and understanding the political system<sup>14</sup>. The STBOB and similar studies are instructive for policymakers and business leaders in advancing solutions-oriented strategies and public policies that invest in federal, state, and local resources targeting minority access to capital as well as providing critical learning opportunities in order to successfully navigate the business landscape.

---

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

---

## BLACK COMMUNITIES IN THE AFTERMATH OF HURRICANE HARVEY

With nearly \$180 billion dollars in damages, Hurricane Harvey's devastation to the region took place from August 23 to September 15 of 2017<sup>15</sup> and disproportionately affected Houston's most vulnerable communities. Impacted communities included people of color and individuals living in poverty who tend to live in isolated neighborhoods most susceptible to floods or near petrochemical plants of superfund sites that can overflow during hurricanes<sup>16</sup>. Due to the inability to evacuate their homes, many of Houston's most vulnerable citizens were left with little means to withstand the tropical storm and remain challenged by a lack of access to resources to rebuild their homes, lives, and communities<sup>17</sup>.

The Texas Tribune reported on Houston's Fifth Ward who were unable to return to their homes or cars, were trapped inside their homes during the hurricane, and forced to leave afterwards due to unsafe living conditions<sup>18</sup>. Moreover, the disproportionate impact of natural disasters on communities of color often go beyond the physical destruction of homes and communities, but also have devastating consequences from the loss and access to critical medications, food and shelter, transportation, and outreach to family and community members to assist in recovery.

To date, approximately 360,000 applications for individual disaster relief have been filed with the Federal Emergency Management Agency (FEMA) with approval of approximately \$1.5 trillion dollars and \$500 million in public assistance grants<sup>19</sup>.

As of September 3, 2017, several businesses have pledged more than \$157 million dollars to help survivors with recovery efforts, including several firms in the energy and oil industry responsible for giving Houston's its name as the energy

---

<sup>15</sup> Tamborrino, K. (2017, September 03). Abbott suggests Harvey recovery could cost \$180 billion. Retrieved December 08, 2017, from <https://www.politico.com/story/2017/09/03/hurricane-harvey-texas-governor-242293>

<sup>16</sup> Misra, T. (2017, August 27). A Catastrophe for Houston's Most Vulnerable People. Retrieved November 29, 2017, from <https://www.theatlantic.com/news/archive/2017/08/a-catastrophe-for-houstons-most-vulnerable-people/538155/>

<sup>17</sup> Ibid.

<sup>18</sup> Satija, N., & Collier, K. (2017, August 31). Houston's historically black neighborhoods devastated by flooding, with little safety net. Retrieved November 29, 2017, from <https://www.texastribune.org/2017/08/31/devastation-houston-fifth-ward-and-trouble-rebuilding/>

<sup>19</sup> FEMA Numbers DR4332- "Texas Hurricane Harvey (DR-4332)." Texas Hurricane Harvey (DR-4332) | FEMA.Gov, Department of Homeland Security, 7 Dec. 2017, <https://www.fema.gov/disaster/4332>

capital of the world<sup>20</sup>. Entities like the Greater Houston Black Chamber Foundation are also providing support to other local black business affected by Hurricane Harvey<sup>21</sup>. While the financial donations and recovery efforts continue, it is critical that relief providers ensure their contributions ultimately reach the populations hardest hit, while also having appreciation for the full scope of challenges the same disproportionately impacted communities face at the basic level of access to information and application for resources.

The CBCF's executive economic summits aimed at minority access to capital come to Houston with an understanding of the need to meet our communities where they are and welcome the opportunity and responsibility to provide necessary platforms for critical conversations, policy discussions, and networking opportunities that inform, educate, and raise awareness on the role of business in disaster relief efforts as it affects black communities in particular.

## **STAY TUNED AND JOIN US IN DETROIT NEXT!**

### **Upcoming Release of CBCF's Policy Recommendation Report Economic Summits I-III: New York City, Oakland, and Atlanta**

As CBCF heads into its fifth summit in Houston, we are proud to announce the upcoming policy recommendation report and review of our first three Executive Economic Summits in first quarter of 2018. Initiated as a pilot in 2015, the summits garnered instant success in providing an intimate policy platform for business leaders and policymakers in the black community to discuss, strategize, and build invaluable networks aimed at increasing minority access to capital. The unique combination of the summits to provide a platform that is both personal and professional while also bringing together black policymakers at the federal, state, and local level has accounted for its success. The first policy recommendation report will provide insight into the discussions that took place regarding access to financial, social, and human capital while also providing recommendations.

<sup>20</sup> Yurieff, K. (2017, September 3). Businesses donate over \$157 million to Harvey relief efforts. Retrieved November 29, 2017, from <http://money.cnn.com/2017/08/30/news/companies/hurricane-harvey-corporate-donations/index.html>

<sup>21</sup> Greater Houston Black Chamber Foundation. (n.d.). Disaster Recovery Assistance. Retrieved November 29, 2017, from <https://ghbcc.com/the-foundation/>



