EXECUTIVE SUMMARY

Small businesses have a profound impact on Massachusetts’ economy – that is well known. But what of their health impact? How does the Commonwealth’s Small Business Technical Assistance program, which helps underserved and disadvantaged populations create and sustain businesses with fewer than 20 employees, improve the health of small business owners and employees? Can that benefit extend to customers, surrounding neighborhoods, nearby residents and other businesses? We use Health Impact Assessment (HIA) - a method to systematically assess the potential positive and negative health consequences of proposed policies, plans and projects outside of the health sector - to answer these questions.

This HIA examines the possible health-related consequences of changing the level of state support for Massachusetts’ Small Business Technical Assistance (SBTA) Program. It finds that reducing or eliminating SBTA funding would negatively impact the health of the people and communities served by the program, while preserving funding would benefit health. It also offers recommendations for maximizing the program’s potential health benefits.

This HIA was conducted through a partnership between the Harvard Center for Population and Development Studies and the Metropolitan Area Planning Council (MAPC) and in coordination with the Massachusetts Growth Capital Corporation. The HIA was supported by funding from the Health Impact Project, a national initiative designed to promote the use of HIA as a decision-making tool for policymakers. The Health Impact Project is a collaboration of the Robert Wood Johnson Foundation and The Pew Charitable Trusts.

BACKGROUND

Massachusetts established the SBTA program in 2006 in order to help small businesses succeed in underserved communities in the commonwealth, particularly low to moderate income communities and communities of color. A minimum of 50% of the small business clients served by the program must reflect the following target populations:

- Women- and minority-owned and operated businesses
- Immigrant and non-native English speaking populations
- Low or moderate income entrepreneurs
- Businesses located in economically disadvantaged urban and rural communities, including Gateway Cities
- Small business owners or entrepreneurs who are US military veterans or are starting a business as a result of unemployment

The SBTA program works by providing funding to not-for-profit grantees, largely consisting of Community Development Corporations (CDCs) or Community Development Financial Institutions (CDFIs), who offer a range of technical assistance (TA) and financial services to small business clients.

1 The views expressed are those of the authors and do not necessarily reflect the views of the Health Impact Project, The Pew Charitable Trusts and the Robert Wood Johnson Foundation.
2 According to the Executive Office of Housing and Economic Development (EOHED) under M.G.L. c. 23A section 3A, a Gateway City in Massachusetts is defined as a municipality with (i) a population greater than 35,000 and less than 250,000; (ii) a median household income below the state average; and (iii) a rate of educational attainment of a bachelor’s degree or above that is below the state average. There are currently 26 cities in MA that meet this definition.
The grantees work at various geographic scales - neighborhoods, cities and towns, regions, and even statewide - providing services to small businesses from a variety of sectors.

The communities served by the SBTA program are, on average, poorer, younger, and less healthy than other communities in Massachusetts. And while the racial and ethnic makeup of the communities vary widely, they contain a larger share of racial and ethnic minorities compared to the state as a whole. They are home to larger immigrant populations. The areas served by the HIA also are home to populations that experience disproportionately high housing cost burdens and unemployment rates.

SBTA program funding is a public health issue thanks to the program’s potential to improve beneficiaries’ economic standing, and to help revitalize entire communities.

In recent years, it’s estimated that SBTA grantees have annually provided TA to 1,100 small businesses and preserved or created more than 1,000 jobs in Massachusetts. Despite this record, the initial FY 2016 budget proposal for the Commonwealth included no funding for the SBTA program. This HIA explores the potential health impacts of eliminating funding for the SBTA program.

MASSACHUSETTS’ SMALL BUSINESS TECHNICAL ASSISTANCE (SBTA) PROGRAM AND HEALTH

Good jobs are crucial components of healthy communities. Research suggests that being employed and earning a higher income can help improve the health of individuals, and that improved economic conditions may benefit entire communities.

This HIA assesses the possible health-related consequences of changing the level of state funding for Massachusetts’ SBTA Program. The assessment draws on scholarly literature from the fields of health, economics, and social science; data on health behaviors and risk factors, hospitalizations, and social determinants of health; and was guided by input and feedback from SBTA technical assistance providers, experts from the small business and economic fields, experts from the public health field, and on the ground stakeholders.

EQUITY IMPORTANCE OF THE SBTA PROGRAM

By investing in low-income, female, and immigrant entrepreneurs, unemployed veterans, entrepreneurs of color, and small businesses located in economically disadvantaged communities, the SBTA program may help combat social disparities in economic opportunity that are at the heart of health disparities. Despite the potential for entrepreneurship to help narrow disparities in wealth, these groups often experience unique hurdles to building business equity. For example, black men are more likely to be denied credit for small businesses than are their white counterparts. Black-owned business survivorship rates are also comparatively lower, in part due to insufficient start-up capital. The entrepreneurial and employment opportunities supported by the SBTA program may help deeply entrenched reduce economic disparities that put traditionally underserved populations at risk for worse health outcomes.
**KEY FINDINGS**

**JOBS:** By lowering unemployment and increasing job security, the scholarly literature suggests that continued funding for the SBTA program would likely provide small protective cardiovascular and mental health benefits for those who have jobs with the small businesses SBTA creates or helps sustain. Research suggests that these individuals may also engage in healthier behaviors, such as cutting back on smoking, as a result of their employment.

**INCOME:** Supporting the SBTA program could lead to better health by providing business owners and their employees with the economic resources they need to pay for things that keep them healthy, for example, better housing. When owners and employees can afford to improve their living conditions, prior research suggests that their health is likely to improve. For example, housing quality affects respiratory distress, including asthma, self-reported overall health, and self-reported happiness and vitality.

**SLEEP:** Small business owners who received services through the SBTA program reported that a lack of quality sleep was a health concern. By addressing stressors in entrepreneurs’ lives, continued support for the SBTA program may literally help small business owners sleep better at night. Poor sleep can put individuals at higher risk of mental and physical health problems.

**STRESS:** Funding for the SBTA program may help protect health by reducing the stress associated with job security and economic hardship. Stress has been linked in research studies to depression, cardiovascular disease, asthma, obesity and poor immune system functioning.

**SMALL BUSINESSES AND ECONOMIC DEVELOPMENT:** Continued funding for the SBTA program would create and stabilize small businesses. Previous research suggests that improving overall socioeconomic conditions in socioeconomically disadvantaged communities would likely provide small protective benefits against obesity and diabetes for residents.

**CRIME:** Sustained funding for the SBTA program would be expected to combat unemployment and enhance community wealth in areas heavily served by the program. Scholarly literature suggests that these types of improvements are tied to lower injury and crime rates.

**SOCIAL CAPITAL:** Research shows that small businesses may be good for the social fabric of communities. Funding the SBTA program could help protect the health of residents in the communities served by the program by increasing levels of social capital. The scholarly literature suggests that a healthy and strong social environment can improve self-rated health and mental health, and even guard against obesity.

**PHYSICAL ACTIVITY:** To the extent that funding for the SBTA program is used to create and stabilize brick and mortar businesses, sustaining the SBTA program may also serve as an investment in a healthier built environment that encourages walking and biking.
In summary, this HIA predicts that eliminating state funding for the Small Business Technical Assistance program would have a small but negative impact on public health, particularly in the economically disadvantaged and racially/ethnically diverse communities the program targets most heavily.

However, maintaining state funding for the SBTA program would likely provide a small protective health benefit for business owners, small business employees, and residents in the communities that the SBTA program serves.

In light of these and other research findings, we recommend the following:

- The SBTA program funding should be maintained at current levels (FY 2015 benchmark). In addition, we recommend the program should be considered for increased funding in order to amplify the protective health factors influenced by the program.

- SBTA providers receive guidance on how to address the physical and mental wellness of the small business owners and employees, specifically on the issues of unhealthy weight, smoking, physical activity, mental health, and sleep.

- SBTA providers receive guidance on how to identify and address workplace safety in small businesses who benefit from the program.

- Massachusetts Growth Capital Corporation (MGCC) should encourage TA providers working at neighborhood or municipal scale to seek opportunities to concentrate assistance in geographic clusters.

- MGCC and TA providers together to collect a limited set of additional data to increase understanding of the economic and health impacts of the program. Specifically, we would recommend that the following data be collected in the mid- and end of year reporting:
  - Number of small businesses receiving assistance in a zip code
  - Business sectors represented by the small businesses receiving assistance

- MGCC and providers pursue additional opportunities to highlight key TA topics and communicate program outcomes, such as the success stories of small businesses receiving TA and succession planning for small businesses.

The SBTA HIA explores how funding for a program that supports local small businesses may benefit community health. As the Commonwealth considers its state funding priorities, it has the opportunity to more fully connect and build on the intersecting priorities of economic opportunity and better health by fostering what we know works to support connected, vibrant, and healthy communities.