

Latinx Leaders Issue Joint Statement on VC Funding Report

Crunchbase data reveals grim decline in early stage funding for American Latinx founders

Even though U.S. investments in Latin American startups rose 320% in 2021, U.S.-based Latinx founders were completely overlooked as they received significantly less funding than the year prior, despite record-breaking venture funding last year. Early stage funding – the most critical in any startup’s journey – decreased from 1.5% (2020) to 1.2% (2021), making it more difficult for Latinx founders to keep their businesses alive during the pandemic.

Despite this decrease in capital, Latinx entrepreneurs generate an outsized contribution to the growth of American businesses. Our community has been responsible for approximately 50% of net new small-business growth over the past decade (The State of Latino Entrepreneurship Report 2021) and is projected to account for 78% of the net increase in the U.S labor force from 2020 to 2030 (U.S. Department of Labor). If today’s Latinx founders received funding comparable to their non-Latinx counterparts, their companies could generate \$1.4 trillion in additional revenue today and \$3.3 trillion in additional revenue by 2030 (SLEI 2021 Report). We are achieving massive gains in higher education (22%), workforce growth (36%), and professional industries such as tech (+52%), healthcare (+28%), and business and science management (+27%). The Latinx community is a key economic driver of America’s future, but we are

still being left behind even as we help push the country forward.

The reasons for this disparity are nothing new: Our community is not part of the networks that give founders access to significant capital, and there is a lack of opportunity to demonstrate that we are fully capable of building and scaling large enterprises.

Let us reiterate the fact: 1.2% of all venture funding in 2021, a groundbreaking year for venture, went to American Latinx-founded startups at the early stage. By overlooking companies built by the U.S. Latinx community, venture capitalists and their limited partners are leaving an opportunity for capturing growing economic power and returns on the table.

We come together as Latinx funders, founders, and directors across different organizations to invite VCs and LPs to commit to meaningfully moving the needle in 2022. Meaningful change requires an intentional effort to build a diverse network that includes Latinx funders and founders, engage in our programs and efforts to accelerate inclusion and representation, and increase investing in early stage U.S. Latinx founders.

