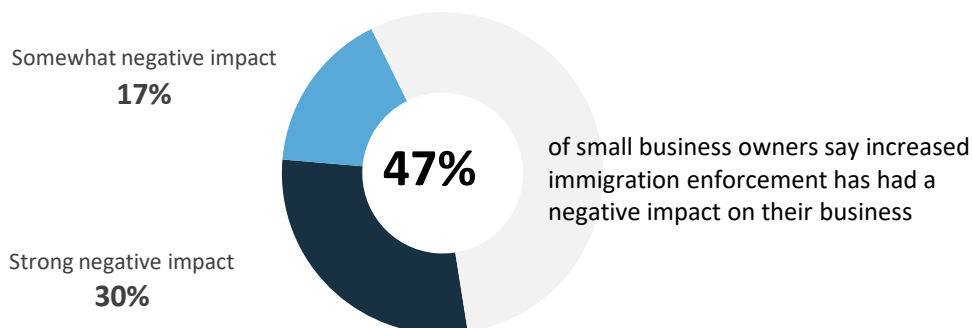


## Strengthening pathways to entrepreneurship and a skilled small business workforce through commonsense immigration reform

The longstanding ideal of the American Dream continues to power the desire to pursue entrepreneurship and economic opportunity nationwide. America’s small business ecosystem is strengthened by the millions of immigrant entrepreneurs and workers who play an integral role in supporting Main Street economies. Immigrants are twice as likely as native-born U.S. citizens to start a small business, and nearly 20% of all small employer firms and 25% of non-employer firms are immigrant-owned—underscoring their vital contributions to local job growth and economic innovation.<sup>1</sup> What’s more, foreign-born workers, including undocumented immigrants, account for over 19% of the U.S. workforce, with many working for small businesses.<sup>2</sup> However, as Main Street continues to grapple with the direct consequences of widespread immigration enforcement targeting immigrant entrepreneurs and workers, along with additional restrictions on federal resources for immigrant-owned businesses, small business owners are speaking out in support of commonsense immigration reforms that strengthen an essential workforce and end disruptive practices that have fueled fear and instability in our communities.

### Escalating immigration enforcement is hurting Main Street businesses

Despite the proven importance of immigrant entrepreneurs and workers to our nation’s economy, the current administration’s widespread use of disruptive immigration enforcement, including unannounced raids on local businesses, has sent shockwaves through Main Street communities nationwide. Businesses report declines in customers, losses in sales and employees who are simply too afraid to show up for work. In fact, national polling Small Business Majority found that **47% of small business owners say increased immigration enforcement has negatively affected their business:**<sup>3</sup>



- 29% of entrepreneurs say their **customers have been affected**, while 22% say their **suppliers have experienced disruptions**.
- **Nearly 1 in 5 small businesses report a loss of revenue** due to disruptive immigration enforcement in their communities.
- **1 in 10 small business owners report that their business has lost employees** who have either been detained or are afraid to come to work.

Small business owners continue to feel this impact in their communities, ultimately suffering blows to their bottom line.

<sup>1</sup> Census Bureau Annual Business Survey on Employer and Nonemployer Business Owner Characteristics, 2020, 2021 and 2022

<sup>2</sup> “Labor Force Characteristics of Foreign-born Workers Summary.” U.S. Bureau of Labor Statistics. May 20, 2025. <https://www.bls.gov/news.release/forbrn.nro.htm>

<sup>3,4</sup> Voice of Main Street reports, Small Business Majority, Feb. & Nov. 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street>

## New restrictions on federal programs create additional barriers to success for immigrant entrepreneurs

While broad immigration enforcement operations have already affected immigrant-owned businesses and workers, recent restrictions enacted by Congress and federal agencies on small business support programs will further hinder immigrants' ability to contribute to the nation's economy. Most notably, new guidance from the Small Business Administration (SBA), issued in February 2026, **prohibits any small business not 100% owned by U.S. citizens from accessing agency-backed loan programs—including 7(a) and 504 loans—effective March 1, 2026**. This decision was not backed by any verifiable loan-loss data and goes beyond the scope of appropriate enforcement, effectively barring individuals who have spent countless hours and dollars to navigate our immigration system legally and ethically.

The unprecedented loan eligibility restrictions disregard decades of precedent that previously allowed small business borrowers to qualify for agency-backed financing as long as a controlling share (≥51%) was held by eligible owners, which included U.S. citizens, U.S. nationals, or Legal Permanent Residents (LPRs). As a result of these new restrictions, immigrant-owned businesses, including those owned or funded in-part by Legal Permanent Residents, DACA recipients and Dreamers will lose access to responsible, government-guaranteed loans that provide small businesses with the capital they need to develop and grow. **Small Business Majority urges SBA to reverse these restrictions to restore access to the privileges that proceeding through the legal immigration system provides to LPRs and prospective new citizens including in their ability to access key programs at SBA.**

## Entrepreneurs support bipartisan solutions to reform America's immigration system

To bring an end to disruptive immigration enforcement that has worsened workforce shortages and further increased costs on Main Street, small business owners are urging policymakers to advance bipartisan immigration reforms that support the small business economy. Our research shows that **small businesses strongly support (89%) modernizing the legal immigration system to reduce backlogs and make it easier for qualified workers to come to the U.S. legally**. The vast majority (87%) also support providing a pathway to citizenship for “Dreamers,” undocumented immigrants who were brought to the U.S. as children.<sup>4</sup>

Small Business Majority urges Congress to safeguard small businesses by prohibiting baseless mass deportations and prioritize enacting comprehensive immigration reforms to bolster an essential small business workforce:

- Pass legislation like the ***Dignity Act (H.R. 4393)***, which works to strengthen immigration laws while granting temporary legal status to certain undocumented immigrants, DACA recipients, and Dreamers while they obtain legal citizenship and support our economy on Main Street. The bill also raises outdated immigration caps and expands high-skilled visas, helping small businesses in manufacturing, agriculture, and other high-skill sectors access the talent they need to grow.
- Ensure small business access to a wide range of workers by passing legislation like the ***Strengthening Our Workforce Act (H.R. 5098)*** to provide non-citizens working in healthcare, agricultural and emergency fields with a pathway to legal status.
- Enact necessary guardrails on the Department of Homeland Security (DHS) and Immigration and Customs Enforcement (ICE) to ensure enforcement activities are carried out in a manner that:
  - Does not disrupt the economy via loss of labor or economic activity;
  - Small business owners feel free and safe to be open for business;
  - Small business owners have access to the workers they need to run and/or expand their operations;
  - Workers feel safe to report to work; and
  - Customers feel safe to shop at local businesses.

## What small businesses are saying

*“The ICE raids and mass deportation threats scare the working families that use my daycare. They’re afraid to come, and my staff also is under a lot of stress. I’m afraid that this will impact my ability to remain open.”*

- A small business owner in Los Angeles, CA

*“We’re facing significant challenges due to the current economic conditions, changes in immigration policies and heightened enforcement activities in our area. My primary clients are from the Latino community, particularly families celebrating Quinceañeras—a beautiful, culturally important tradition. When I started this business, I believed that by our second year we would be able to grow steadily, capture more business, create more jobs, and contribute even more to our community. Unfortunately, that has not been the case.”*

- A small business owner in Phoenix, AZ

*“We’ve seen a significant shift in our clients’ trust and willingness to engage — particularly during this last tax season. Many of our clients are now afraid to file their tax returns, fearing that the same government agencies they’ve trusted for years may now share their information with immigration enforcement. Over 200 of our clients chose not to file this year out of fear.*

*I also hear from the small business owners we serve — especially in construction and the restaurant industry — who are struggling to retain staff. Workers are being targeted while driving, often pulled over and asked for identification. Transportation has become a major issue, and business owners are having to get creative just to keep their operations running.”*

- A small business owner in Milwaukee, WI