

March 20, 2025

Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Russell Vought
Director
U.S. Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

RE: Executive Order on “Continuing the Reduction of the Federal Bureaucracy”

Dear President Trump and Director Vought:

On behalf of Small Business Majority and the undersigned national and state organizations that serve our nation’s 34 million small businesses, we write in strong opposition to the executive order signed on March 14, 2025, Continuing the Reduction of the Federal Bureaucracy, which effectively eliminates the non-statutory functions of the Community Development Financial Institution (CDFI) Fund and the Minority Business Development Agency (MBDA).

The CDFI Fund and MBDA have long played an integral role in supporting America’s small business ecosystem, empowering millions of small businesses and entrepreneurs with the financing and resources needed to thrive. Administered by the U.S. Department of the Treasury, the CDFI Fund provides critical support to the more than 1,400 CDFIs nationwide that offer tailored lending products to millions of small businesses—particularly those that may experience barriers in accessing capital through traditional financial institutions. Collectively, CDFIs manage a total of \$304 billion that not only supports more than 4 million small businesses, but millions of families through financing for affordable housing and community facilities like childcare and healthcare centers. CDFIs also make up more than 30% of participating lenders in Treasury’s State Small Business Credit Initiative (SSBCI), accounting for 63% of all credit transactions under the SSBCI program, which have supported over 2,000 small businesses through \$401 million in new financing.¹

While it is important to emphasize that the CDFI Fund’s operations are in fact statutory, as authorized through several statutes, this unprovoked attempt to hollow out the agency’s core functions will undermine CDFIs in the small business lending industry. The most drastic impacts, however, will be felt by our nation’s job creators and entrepreneurs who rely on CDFIs for flexible and tailored financing products that allow them to grow and support their local economies. The value of CDFIs is repeatedly emphasized by fellow members of the Trump Administration, members of Congress and small business trade associations.² Therefore, we urge the administration to recognize and affirm the critical importance of ensuring that our nation’s CDFI community can continue to serve American economies and power local businesses on Main Street.

¹ “SSBCI Annual Report 2022-2023.” U.S. Department of the Treasury. November 13, 2024. <https://home.treasury.gov/system/files/136/SSBCI-AnnualReport-2022-2023.pdf>

² “Community Development Finance Caucus Co-Chairs Reaffirm Support for CDFI Fund.” Senator Mike Crapo (R-ID). March 15, 2025. <https://www.crapo.senate.gov/media/newsreleases/community-development-finance-caucus-co-chairs-reaffirm-support-for-cdfi-fund>; Secretary of the Treasury Scott Bessent recently issued a statement that reaffirmed the Trump Administration’s commitment to CDFIs on March 17th: “CDFIs are a key component of President Trump’s commitment to supporting Main Street America in the pursuit of job growth, wealth creation, and prosperity.” <https://www.mddccua.org/2025/03/treasury-secretary-responds-to-dcuc-letter-on-cdfi-fund/>

Like the role CDFIs play in local economies, MBDA resource centers across the country offer valuable support for small business owners and future entrepreneurs. The MBDA was created by President Richard Nixon in 1969 through EO 11458, which noted a need to invest in and provide support to minority business enterprises. Most importantly, President Nixon recognized the vast contribution those businesses made to the health of the American economy. Targeting the MBDA to reduce its workforce and programmatic capacity will undercut small business growth across the nation. Recent polling conducted by Small Business Majority found that small businesses are strongly supportive of government programs that provide services to targeted demographic groups such as people of color and women: 79% believe these programs should continue. Of the small business owners who qualify for government programs for specific demographic groups, such as the Minority Business Development Agency (MBDA), more than one in four small business owners have accessed and benefited from these programs.³

Therefore, actions to reduce access to services through the MBDA and CDFI Fund will not only delay businesses from getting the support they need, but strip affordable and accessible business development resources away from thousands of communities across the nation. We urge the administration to protect the best interest of our country's entrepreneurial spirit by maintaining the American commitment to providing the proper resources and infrastructure necessary to support entrepreneurs in their endeavor to start and grow a small business. Small businesses deserve the support of the American government and cutting access to resources that do exactly that will create more barriers to success for the communities that our organizations serve.

CC:

U.S. Secretary of the Treasury Scott Bessent
U.S. Secretary of Commerce Howard Lutnick

Sincerely,

Small Business Majority
California Capital Financial Development Corporation
Center for American Entrepreneurship
Center for Entrepreneurial Opportunity
Central Valley Immigrant Integration Collaborative
Community Enterprise Development Services (CEDs)
GeekPack®
Hmong Wisconsin Chamber of Commerce
Institute for Local Self-Reliance - ILSR
Jefferson Economic Development Institute (JEDI)
Latino Chamber of Commerce of Boulder County
LoanWell, Inc.
Local Initiatives Support Corporation (LISC)
Main Street Alliance (MSA)

Multicultural Business Alliance
Rocky Mountain Microfinance Institute (RMMFI)
Startup Colorado
The Unity Council
TMC Community Capital
Women Employed

³ Small businesses benefit from targeted grant and loan programs, support their continued existence. Small Business Majority, October 2024. <https://smallbusinessmajority.org/our-research/entrepreneurship-independent-economy/small-businesses-benefit-targeted-grant-and-loan-programs-support-their-continued-existence>