



April 15, 2024

The Honorable Patty Murray
Chair, Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Tom Cole
Chair, Committee on Appropriations
United States House of Representatives
Washington, DC 20510

The Honorable Susan Collins
Ranking Member, Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Rosa DeLauro
Ranking Member, Committee on Appropriations
United States House of Representatives
Washington, DC 20510

RE: Small Business Majority requests FY 2025 funding levels for programs that support small business and entrepreneurship across the nation

Dear Chair Murray, Ranking Member Collins, Chair Cole and Ranking Member DeLauro:

As a leading advocate on behalf of America's 33 million small businesses, Small Business Majority writes to provide our recommended funding requests that support those businesses within the Fiscal Year 2025 (FY25) federal budget. Continued and strengthened investment in critical agencies and programs that foster small business creation, growth and development is paramount to sustaining the record number of new business growth over the last several years.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth.

As local economies across the nation continue to grow, it is the duty of the federal government to support economic growth and development by providing continued and sustained investment in key programs that serve our small business community. We know firsthand that small business growth continues to rise, demonstrating the resiliency of our nation's smallest, but most powerful, job creators. To ensure Congress invests in this growth, we outline various funding requests critical to entrepreneurship and small business development below.

Financial Services and General Government (FSGG) Requests

Continued investment in the Small Business Administration (SBA) in FY25 is key to ensuring that the historic small business boom—representing over 17 million new business applications filed—is supported at a sustainable rate.¹ The SBA's reach, impact, and influence expanded quickly with the onset of the COVID-19 pandemic almost four years ago, and while businesses have recovered, the demand for its services remains high. Therefore, Small Business Majority strongly recommends the following program

¹ "New small business applications soar to over 17 million under Biden-Harris Administration." U.S. Small Business Administration. April 11, 2024. <https://www.sba.gov/article/2024/04/11/new-small-business-applications-soar-over-17-million-under-biden-harris-administration>.

levels be sustained and increased for FY25 to ensure the SBA can continue to serve our nation's small business economy.

\$320 million to support the Office of Entrepreneurial Development to ensure key programs offered through the SBA can continue to break records by reaching underserved communities and offer innovative programming, with special attention to those that provide support to women and minority-owned businesses. Of that amount, we ask that Congress meet the SBA's FY25 budget justification request by allocating:

- **\$30 million for SBA's Empower to Grow program**, which will provide the capital and resources needed to fully implement the improvements to the agency's 7(j) Management and Technical Assistance program. This initiative provides training and tools to help small businesses develop the skillsets needed to win government contracts. The number of small businesses receiving federal contracts has declined by over 50% in the last ten years, according to the U.S. House Committee on Small Business.² Therefore, this funding is critical to ensuring that small businesses can learn the skills required to compete for and secure additional contract awards.
- **\$3 million to support the creation of a direct loan program assistance through the SBA** to bridge critical gaps in capital access. Doing so would expand SBA's lending capabilities to increase access to capital for traditionally underserved communities and small government contractors that need working capital. Small Business Majority research indicates that 55% of small business owners have found it harder to access capital in the last year, with many being affected by higher interest rates or taking on more debt on existing lines of credit or on credit cards.³ There is a clear gap in capital access, which is detrimental to the growth and expansion of small businesses across the nation. This is why we are supportive of efforts that provide critical pathways to affordable and secure financing, intentionally reaching underserved entrepreneurs. We urge Congress to create a direct lending program through the SBA and to ensure that this program has the resources and staff needed to ensure the proper disbursement and oversight of such a program.
- **\$41 million to support the Microloan Technical Assistance (TA) program and \$12.5 million to support the Programs for Investors in Microentrepreneurs (PRIME) technical assistance.** These programs are critical components of the SBA's mission to support access to capital, business development and growth for microbusinesses. These programs provide essential training and technical assistance to entrepreneurs at different stages of their business journey, with PRIME providing business development training at the startup phase, and the Microloan TA program providing training to businesses that need microloan financing. Roughly 80% of America's 33 million small businesses are microbusinesses, which often operate with thin margins and minimal resources.⁴ This is why it's imperative for Congress to exhaust all possible avenues to support America's microbusinesses by continuing to provide SBA with the resources and funding needed to be successful in reaching markets with the greatest barriers to capital.
- Ensure increased or at minimum, sustained funding for key SBA resource partners including **\$27 million for Women's Business Centers (WBCs), and \$140 million for Small Business Development Centers (SBDCs).** Each of these business assistance providers are pillars of an ecosystem that works to support small business growth and development, providing unique services and offerings for small businesses based on their needs and local economies. They serve hundreds of thousands of small businesses nationwide every year, with a specific focus on low-

² "Leveling the playing field: Challenges facing small business contracting." U.S. House Committee on Small Business Chairman Roger Williams. February 15, 2024.

<https://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=405886#:~:text=First%2C%20the%20number%20of%20small,entering%20the%20federal%20contracting%20system.>

³ "Small businesses share concerns with recent banking closures, access to capital challenges." Small Business Majority. May 3, 2023. <https://smallbusinessmajority.org/our-research/access-capital/small-businesses-share-concerns-recent-banking-closures-access-capital-challenges>.

⁴ "2021 SUSB annual data tables by establishment industry." U.S. Census Bureau. December 2023. <https://www.census.gov/data/tables/2021/econ/susb/2021-susb-annual.html>.

income, minority, and women owned small businesses. In 2022 alone, WBCs advised and trained more than 84,000 entrepreneurs and helped start over 2,800 small businesses, and SBDCs counseled more than 300,000 small businesses and helped start over 20,000 small businesses.^{5 6}

\$324 million to fund the U.S. Department of Treasury’s Community Development Financial Institution Fund (CDFI Fund). The CDFI Fund plays a crucial role in the entrepreneurial ecosystem, providing financial support and services to entrepreneurs that experience challenges in obtaining affordable and accessible capital from traditional financial institutions. Community Development Financial Institutions and other mission-driven lenders, who are often located in the communities of the businesses they serve, not only offer safe and responsible financing products, but also often provide tailored one-on-one coaching and access to other resources and networking opportunities that help businesses grow. Programs within the CDFI Fund that this request would support include efforts to support CDFIs in economically distressed areas through the Bank Enterprise Award Program and funding to support the Small Dollar Loan program.

\$216 million for the U.S. Department of Treasury’s Financial Crimes Enforcement Network (FinCEN). A recent Small Business Majority national opinion poll gauged small business owners’ awareness of the new Beneficial Ownership Information reporting requirement and their experiences with filing the report.⁷ The opinion poll found that only 58% of small business owners are aware of the new law, which indicates a need for more small business outreach and education around this new requirement. We urge the Committee to support report language recommendations to set aside a portion of this funding to raise awareness of BOI reporting and to ensure small business owners have what they need to remain in compliance with the new law.

\$10 million for Robinson-Patman enforcement within the Federal Trade Commission (FTC). To ensure small businesses can compete on a level playing field, we urge Congress to provide funding necessary to enforce the Robinson-Patman Act of 1938, also known as the Anti-Price Discrimination Act, which protects small businesses from being driven out of the marketplace via discriminatory pricing, promotional allowances and advertising afforded to large, franchised companies.

Labor, Health, and Human Services and Related Agencies

To support an equitable, thriving workforce with small businesses at the center of every flourishing economy, we urge Congress to support various programs that invest in the health and longevity of our workforce. We know that access to quality jobs is critical for businesses to remain competitive; therefore, investments in the following programs would aid small businesses in attracting and retaining a talented labor force.

\$12.4 billion to support Child Care and Development Block Grants at the U.S. Department of Health and Human Services. Access to quality and affordable childcare can make or break a business, especially those that are starting out or have a small team. In fact, 1 in 3 small employers report that their employees’ families and childcare issues have affected their job performance or productivity according to a Small Business Majority survey.⁸ At the same time, 36% of small business owners with children report that not having access to childcare was a barrier to starting their own business.⁹ Many childcare providers are small business owners themselves, the majority of whom are women and people of color and already struggle to access funding and resources for their businesses. This is why we are

⁵ “Women’s small business ownership and entrepreneurship report.” U.S. Senate Committee on Small Business & Entrepreneurship Chairman Ben Cardin. July 2023. https://www.sbc.senate.gov/public/?_cache/files/7/5/75d60b31-44fe-45ec-89ed-965dd86d91c7/096878CDBA99D58F614B497D27D1EAB4.women-entrepreneurship-report-final-sr.pdf.

⁶ “The SBA’s Small Business Development Centers Program.” Congressional Research Service. May 19, 2023. <https://crsreports.congress.gov/product/pdf/IF/IF12402/2>.

⁷ “Small business owners share their experiences with new Beneficial Ownership Information reporting requirements.” Small Business Majority. February 15, 2024. <https://smallbusinessmajority.org/our-research/small-business-owners-share-their-experiences-new-business-ownership-information-reporting-requirements>.

⁸ “Small businesses face barriers to affordable child care, support expanded access.” Small Business Majority. September 25, 2017. <https://smallbusinessmajority.org/our-research/workforce/small-businesses-face-barriers-affordable-child-care-support-expanded-access>.

⁹ Ibid.

supportive of the Child Care and Development Block Grants (CCDBGs), which allow states to provide critical funding to help low-income parents afford childcare. Thanks to the CCDBGs, nearly 1.5 million children were ensured childcare access in 2020 alone, and continued, stronger funding would allow CCDBGs to reach more families and improve pay for childcare providers.¹⁰ In addition, recent Small Business Majority research indicates that more than two thirds (68%) of small business owners believe that policymakers need to take action to address the cost of care.¹¹ Given the current and dire need to continue driving investments to childcare programs, we urge Congress to make greater investments into CCDBGs, as the program will likely need more funding than what's currently allocated to meet the growing childcare demand nationwide.

\$120 million to support re-entry training programs at the U.S. Department of Labor's Employment and Training Administration. More than 70 million Americans have a criminal record, which reduces their opportunities for re-entering the workforce and earning a living wage.¹² At the same time, small businesses are experiencing workforce shortages nationwide. Returning citizens represent an untapped sector of our labor market; however, they face barriers to re-entry due to biases and occupational licensing restrictions. One way to address these challenges is through funding support of re-entry training programs, which help upskill and facilitate the implementation of state and local programs, equipping these individuals to seek employment at small businesses. Small Business Majority research has found that small businesses overwhelmingly support removing barriers to employment for people with criminal records to expand the productivity and diversity of our nation's workforce.¹³ These critical entrepreneurial development programs, paired with Clean Slate reforms, can allow small businesses to hire and recruit from underused candidate pools, including justice-impacted individuals.

Commerce, Justice, Science and Related Agencies

\$80 million to support the Minority Business Development Agency at the U.S. Department of Commerce. We urge Congress to uphold its responsibility to invest in crucial programs that support our most marginalized entrepreneurs. With recent attacks on programs serving minority communities becoming more prevalent, it is imperative to ensure that agencies and programs like the Minority Business Development Agency (MBDA) receive full funding to achieve its goals. In particular, the MBDA plays a vital role in serving minority-owned businesses across the country by providing culturally competent support, financial guidance, training, counseling, and community connections. We know that these groups traditionally face barriers in access to basic business support for their pursuit of business ownership. Investing in the MBDA and supporting its mission is paramount to supporting a diverse and thriving entrepreneurial ecosystem where all businesses can thrive.

\$288 million to support the Antitrust Division at the U.S. Department of Justice. Small businesses not only seek but deserve the decency of competing on a level playing field with large corporations. According to Small Business Majority research, 83% of small business owners believe larger companies have the resources to take small businesses' creative ideas, mass produce them, and drown them out with their market power.¹⁴ Additionally, 56% of small business owners state that one or more large companies dominate their industry and have an unfair advantage over their competitors.¹⁵ To address this ongoing issue, it's important that the federal government pull every lever possible to maintain fair competition and help level the playing field for small businesses.

¹⁰ "CCDBG: Overview." First Five Years Fund. March 2, 2023. <https://www.ffyf.org/resources/2023/03/ccdbg-overview/>.

¹¹ "Opinion poll: Small businesses support policy solutions to address our nation's childcare challenges." Small Business Majority. April 9, 2024.

¹² "One strike and you're out." Center for American Progress. December 2, 2024. <https://www.americanprogress.org/article/one-strike-and-youre-out/>.

¹³ "Small business owners support criminal justice reforms to address persistent workforce challenges." Small Business Majority. October 26, 2022. <https://smallbusinessmajority.org/our-research/small-business-owners-support-criminal-justice-reforms-address-persistent-workforce-challenges>.

¹⁴ "Scientific Opinion Poll: Small businesses seek a level playing field and chance to compete fairly." Small Business Majority. March 30, 2022. <https://smallbusinessmajority.org/sites/default/files/research-reports/full-report-small-businesses-seek-level-playing-field.pdf>.

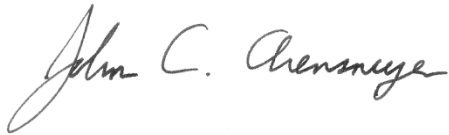
¹⁵ Ibid.

Agriculture, Rural Development, and Food and Drug Administration

\$46 million to support the Rural Business Development Grant program within the U.S. Department of Agriculture. These grants are vital to ensuring that locally based organizations in rural areas may provide quality training and technical assistance, business counseling and training, market research and other business development work to rural business owners. While rural small businesses play a key role in all facets of life within rural communities, they often face different challenges than those in metropolitan areas, including geographic isolation, limited broadband access, workforce shortages, and struggles accessing capital.¹⁶ Rural businesses need adequate assistance and funding to prosper in rural communities, which will help them become a provider of quality jobs.

We appreciate your consideration of these funding requests, as they will serve and support America's small business owners and those they employ. Should you have any questions, please do not hesitate to contact our government affairs team at adamato@smallbusinessmajority.org.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style with a large, sweeping initial "J".

John Arensmeyer
Founder & CEO
Small Business Majority

¹⁶ "Examining the unique opportunities and challenges facing rural small businesses." Small Business Majority. February 12, 2019. <https://smallbusinessmajority.org/our-research/entrepreneurship-freelance-economy/examining-unique-opportunities-and-challenges-facing-rural-small-businesses>.