

April 6, 2022

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
S-221, The Capitol  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
S-230, The Capitol  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-204, The Capitol  
Washington, D.C. 20515

*RE: Opposition to pay-fors for the Bipartisan COVID Supplemental Appropriations Act*

Dear Majority Leader Schumer and Minority Leader McConnell:

As a representative of America's 30 million small businesses, Small Business Majority writes today to convey our strong opposition to the Bipartisan COVID Supplemental Appropriation Act's pay-fors.

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.

Small businesses across the country are still struggling to navigate the impacts that the pandemic has had on their business and their employees. In a recent [report](#) from the Federal Reserve, 85% of small businesses reported experiencing financial challenges in the prior 12 months, which is an increase from their 2020 survey. What's more, Small Business Majority's recent research found nearly [4 in 10](#) (38%) say their revenue has declined since this time last year, and only half think their business is going to survive indefinitely without additional funding or market changes. And importantly, small business owners are still struggling to access financing to help them maintain and grow their businesses. While [72% of small businesses](#) expect to seek credit in 2022 to grow their business, according to 2022's Small Business Credit Survey, approval rates for financing are on the decline.

These findings reiterate the need for small business support, which is why rescinding funds from programs that do just that is extremely harmful to the small business ecosystem. The Act rescinds a large amount of funding, \$900 million, from the Economic Injury Disaster Loan (EIDL) Advance that was supposed to be transferred to the EIDL loan subsidy, a program that small businesses are still looking to for support. And while the agreement notes that this still leaves enough funding in the EIDL loan subsidy to accommodate pending loan modifications and the recently announced six-month deferment on loan payments, it still revokes funding that would be repurposed to help more small businesses in need.

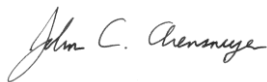
Last year, the American Rescue Plan (ARP) allocated new funding to reauthorize the State Small Business Credit Initiative (SSBCI), which was originally developed in 2011 and supported nearly \$8 billion in new lending and investment in its first five years. ARP's \$10 billion allocation builds upon this successful model and also included new funding for technical assistance, an essential component to any small business lending program.

Unfortunately, the pay-fors would rescind \$1.8 billion of the \$10 billion allocated to SSBCI. This \$1.8 billion would diminish the third tranche of the main capital fund, as well as some of the national technical assistance funding, both of which will undercut the success and reach of the program. Finally, \$2 billion

would be rescinded from the Shuttered Venues Operations Grant (SVOG) program, despite calls to extend the program to include more entities that were left out when the program first launched last year.

We ask that you identify pay-fors elsewhere and protect these critical small business programs to ensure a successful recovery. Additionally, we urge you to include S. 4008, the Small Business COVID Relief Act of 2022 as an amendment to the package, without similar pay-fors that would affect other small business programs. This bill includes critical funding for the Restaurant Revitalization Fund (RRF) and other programs. While the RRF supported more than 100,000 businesses, nearly 180,000 applications remain unfunded. It's imperative that the Senate and the House vote to pass this bill to support hard-hit small businesses.

Sincerely,



John Arensmeyer  
Founder and CEO

Cc:

The Honorable Sherrod Brown, Chairman of the U.S. Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Patrick Toomey, Ranking Member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Maxine Waters, Chairwoman of the U.S. House Committee on Financial Services

The Honorable Patrick McHenry, Ranking Member of the U.S. House Committee on Financial Services

The Honorable Ben Cardin, Chairman of the U.S. Senate Committee on Small Business & Entrepreneurship

The Honorable Dr. Rand Paul, Ranking Member of the U.S. Senate Committee on Small Business & Entrepreneurship

The Honorable Nydia Velazquez, Chairwoman of the U.S. House Committee on Small Business

The Honorable Blaine Luetkemeyer, Ranking Member of the U.S. House Committee on Small Business

The Honorable Janet Yellen, Secretary of the U.S. Department of the Treasury