

February 3, 2021

The Honorable Maxine Waters
Chairwoman
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jim A. Himes
Chairman
Subcommittee on National Security,
International Development and Monetary Policy
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

RE: Importance of reauthorizing the State Small Business Credit Initiative

Dear Chairwoman Waters and Chairman Himes:

As a representative of America's 30 million small businesses, Small Business Majority writes today to share comments on the success of the State Small Business Credit Initiative (SSBCI) and the importance of reauthorizing this program to better serve small businesses' credit needs.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and inclusive economy. We engage our network of more than 80,000 small businesses and 1,000 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

The State Small Business Credit Initiative (SSBCI) was a critical resource to strengthen state programs that support financing for small businesses across the country, and we strongly support reinstating the program to get capital into the hands of vulnerable small businesses. With 47 states participating, SSBCI helped [direct funds](#) to 152 small business programs, and 80% of those funds supported the smallest of businesses with 10 or fewer employees. By 2015, 42% of the SSBCI funds were for small businesses located in low- and moderate income communities.

SSBCI was successful in part because it did not take a one-size-fits-all approach, which is critical to addressing the needs of our nation's diverse small businesses. We've seen the challenges that can arise from a rigid funding structure like the Paycheck Protection Program (PPP) that has struggled to deliver funding to small businesses owned by people of color and vulnerable small businesses. As a result of a more flexible approach, the SSBCI program helped drive capital to underserved markets and benefitted early-stage, rural, tribal, minority-owned, and women-owned businesses.

Small businesses, particularly women- and minority-owned businesses that have been left behind during the pandemic, are still experiencing significant declines in revenue. Indeed, our [most recent research](#) found more than half of small businesses report their revenues are down compared to the same time last year and 1 in 5 Black and Latino owned businesses are facing closure. These small business owners are looking to Congress to create innovative pathways towards accessing capital. SSBCI has a proven track record of success that all small businesses stand to benefit from and there's no time to waste in its reauthorization.

Thank you for the opportunity to share comments on the importance of reauthorizing this program to support small businesses during this critical time.

Sincerely,



John Arensmeyer
Founder and CEO