

United States Senate

June 22, 2021

The Honorable Chris Van Hollen
Chairman
Financial Services and General Government
Appropriations Subcommittee
Washington, DC 20510

The Honorable Cindy Hyde-Smith
Ranking Member
Financial Services and General Government
Appropriations Subcommittee
Washington, DC 20510

Dear Chairman Van Hollen and Ranking Member Hyde-Smith:

We are writing to respectfully request that the Financial Services and General Government Appropriations bill for Fiscal Year 2022 provide \$47 million for the Small Business Administration's (SBA) Microloan program. Of that amount, we request that \$41 million be provided for Microloan technical assistance grants and \$6 million be provided for Microloans to leverage a program level of \$110 million.

The SBA Microloan program was authorized in 1991 (P.L. 102-140) to provide technical assistance and small-scale loans to small businesses that are unable to qualify for conventional loans and other SBA guaranteed loans. Working through a network of community based intermediary lenders, the SBA Microloan program can finance and support new, early stage, and existing businesses in underserved markets in rural and urban areas. The program has been successful in helping women, minorities, low-income, and veteran entrepreneurs turn their dreams into successful ventures that create jobs and grow the economy.

Access to capital is critical to the long-term success of small businesses. While the official SBA definition of a small business is a company with fewer than 500 employees, more than 80 percent of all businesses in this country employ 10 or fewer employees. The Microloan program is especially helpful to these smaller businesses because it allows intermediary lenders to provide small loans of up to \$50,000 with fixed rates and tailored to their individual business needs.

The Microloan technical assistance program also provides participating intermediary lenders with matching grants for intensive marketing, management, and technical assistance to micro borrowers. These lenders are a "one-stop shop" where small businesses can secure flexible financing as well as individualized technical assistance as needed during the life of a loan. The fusion of loans and ongoing technical assistance is the linchpin of the program's success.

According to SBA, in Fiscal Year 2020, intermediaries made 5,888 loans, totaling nearly \$85.0 million to businesses, supporting 16,748 existing jobs and creating 7,848 new jobs. Despite intermediaries serving "at risk" small businesses, SBA's Microloan program has an exceptionally low historic loss rate of less than 2 percent.

Moreover, the Microloan program has been an essential financing mechanism for women and minority entrepreneurs. A 2017 Small Business Committee minority staff report, "Tackling the Gender Gap," noted that women receive just 16 percent of all conventional small business loans and only 4.4 percent of the total dollar amount. Increasing access to SBA Microloans and making the terms more flexible are key to addressing the funding gap for women entrepreneurs.

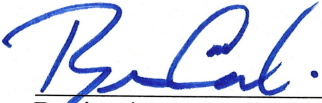
Similarly, a 2018 SBA Office of Advocacy report found that 73 percent of black small business owners rely on their own funds to finance their businesses compared to 43 percent of white small business owners.

The SBA Microloan program consistently helps fill those gaps left by the private sector. In FY20, women-owned firms received nearly 47 percent of the number of microloans issued and minority entrepreneurs received some 60 percent of microloans issued.

We strongly support SBA's Microloan and Microloan technical assistance programs and hope you will provide at least \$47 million in your FY22 Appropriations bill to finance, support, and grow small businesses in communities across the country.


Thank you for your consideration of our request.

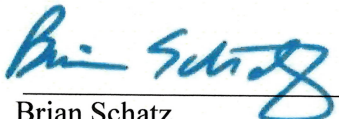
Sincerely,



Benjamin L. Cardin
United States Senator



Maria Cantwell
United States Senator



Mazie K. Hirono
United States Senator

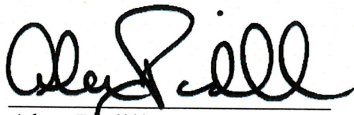

Christopher S. Murphy
United States Senator


Brian Schatz
United States Senator

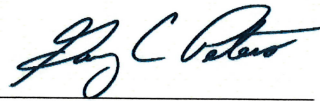

Edward J. Markey
United States Senator


Tammy Duckworth
United States Senator

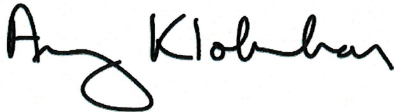

Margaret Wood Hassan
United States Senator



Alex Padilla
United States Senator



Gary C. Peters
United States Senator



Amy Klobuchar
United States Senator



Kirsten Gillibrand
United States Senator



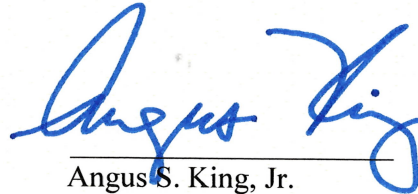
Jacky Rosen
United States Senator



Tina Smith
United States Senator



Richard J. Durbin
United States Senator



Angus S. King, Jr.
United States Senator



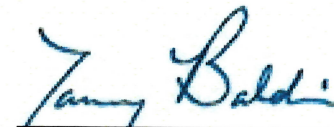
Debbie Stabenow
United States Senator



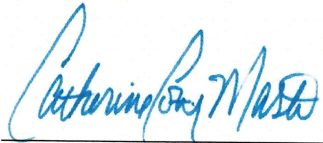
Richard Blumenthal
United States Senator



Jeanne Shaheen
United States Senator



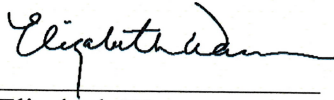
Tammy Baldwin
United States Senator



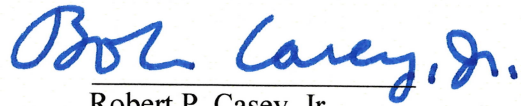
Catherine Cortez Masto
United States Senator



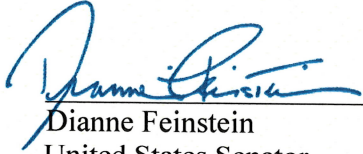
Ron Wyden
United States Senator



Elizabeth Warren
United States Senator



Robert P. Casey, Jr.
United States Senator



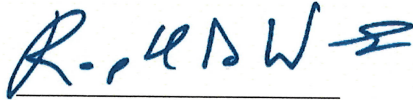
Dianne Feinstein
United States Senator



Bernard Sanders
United States Senator



Mark Kelly
United States Senator



Reverend Raphael Warnock
United States Senator