

United States Senate

WASHINGTON, DC 20510

May 12, 2022

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 2023 provide \$50 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 \$9 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.

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.

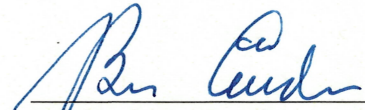
Similarly, a 2018 SBA Office of Advocacy report found that 73 percent of Black small business owners rely on their own funds to finance their businesses compared to 43 percent of white small business owners.


Through FY 2020, intermediary lenders have used SBA Microloan funds to originate more than \$1.039 billion in loans to small businesses that have created 123,095 jobs and retained 190,851 jobs since the program's inception in 1992. Of this total more than \$260 million to support rural businesses and more than \$465.7 million to minority entrepreneurs. \$61.4 million has been lent to veteran entrepreneurs, and more than \$435.6 million has been lent to more than 41,200 woman-owned businesses. In FY 21, Microlenders made an additional 4,510 loans totaling \$74.7 million. Of this amount 63 percent went to existing businesses, 36.9 percent to starts-ups; 48 percent to women owned businesses; 66.9 percent to minority owned enterprises. This financing led to the creation of 7,500 jobs and the retention of over 10,000 jobs.

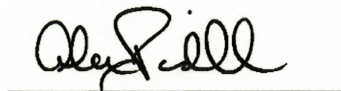
We strongly support SBA's Microloan and Microloan technical assistance programs and hope you will provide at least \$50 million in your FY23 Appropriations bill to finance, support, and grow small businesses in communities across the country.


Thank you for your consideration of our request.

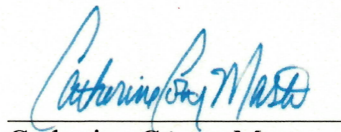
Sincerely,

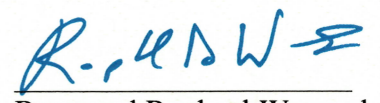

Benjamin L. Cardin
United States Senator



Tammy Duckworth
United States Senator



Alex Padilla
United States Senator

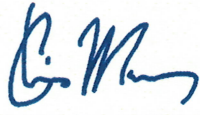

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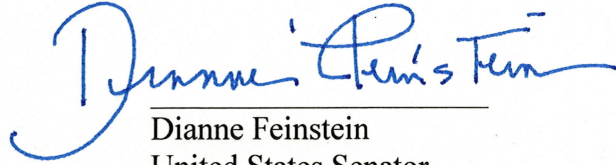
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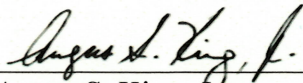
Debbie Stabenow
United States Senator



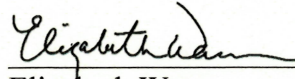
Maria Cantwell
United States Senator



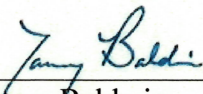
Gary C. Peters
United States Senator



Angus S. King, Jr.
United States Senator



Elizabeth Warren
United States Senator



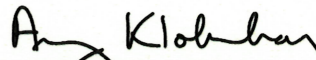
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