



Association for
Enterprise
Opportunity

By electronic delivery to: www.regulations.gov

June 4, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C.
20220

Ms. Louisa Quittman
Acting Director of Consumer Policy
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C.
20220

Re: Reauthorization of the State Small Business Credit Initiative

Dear Madam Secretary and Acting Director Quittman:

On behalf of the Association for Enterprise Opportunity ([AEO](#)), I write to urge regulators of the State Small Business Credit Initiative (SSBCI) reauthorized under Title III, Section 3301 of *the American Rescue Plan Act (ARPA) of 2021*¹ to ensure opportunities for the nation's vast network of mission-based intermediaries and state economic development agencies to lead the implementation of the program's technical assistance services.

AEO is the leading voice of innovation in microfinance and microbusiness in the United States. Since 1991, AEO and its member and partner organizations have helped millions of entrepreneurs contribute to economic growth while supporting themselves, their families, and their communities.

As the industry leader, AEO supported the passage of the ARPA earlier this year. We believe this critical legislation provides direct, essential support to microbusinesses, micro-entrepreneurs, among other underserved small business owners grappling with the economic ramifications of the coronavirus pandemic. Furthermore, we welcome the reauthorization of the SSBCI program at the Treasury Department and look forward to ensuring that the program serves Main Street's most vulnerable firms.

We are pleased to support many of the equity-based provisions included in ARPA's reauthorization of the Obama-era SSBCI program. Precisely, AEO has successfully sought the inclusion of set-asides such as: 1) \$1.5 billion to support businesses owned by socially and economically disadvantaged communities; 2) \$500 million to support microbusinesses with fewer than ten employees; and 3) \$500 million for technical assistance funding prioritizing such businesses.

¹ <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>



As you know, lawmakers passed *the State Small Business Credit Initiative Act of 2010*² into statute amid the onslaught of the previous economic recession. During the original SSBCI rollout, states directed over \$1 billion to assist programs that supported low-risk small business lending mechanisms, including capital access, loan guarantee, loan participation, and collateral support programs. As a result, these programs expended over \$700 million in SSBCI funds, which produced \$5.3 billion in new loans and investments.³

Such transformative work occurred in part by the Community Development Financial Institutions (CDFI) community, among other State SSBCI participants. This strong partnership allowed overlooked and underserved markets to be served by the critical relief funding during the time. As such, the successful relationships between CDFIs and states in the SSBCI program underscores the combined significance in providing capital to underserved small businesses.⁴

To this end, as Treasury officials consider ways in which to create a partnership framework for deploying the \$500 million earmarked for technical assistance, we urge Agency leaders to include the CDFI community in such an approach. We believe this partnership will expand CDFIs' small business lending capabilities and provide these mission-based community economic institutions with the aptitude to support small businesses that have been frequently disregarded in recent federally-backed COVID relief programs.

While working to address the capacity needs of CDFI's, AEO also believes SSBCI officials can improve and expand technical assistance rules. The reauthorized initiative should include a nuanced and robust framework for mission-based intermediaries and program lenders around technical assistance in order to accurately support targeted communities. For example, this should include the ability to allow states and tribal leaders to develop new lending investment capacity and support newly formed CDFIs and other mission-driven intermediaries in the coming years. As a recent Brookings Institute release explains, Treasury should encourage states to use technical assistance dollars to bolster funding into technical assistance providers that provide legal, accounting, and financial advisory services to microbusinesses across the board.⁵

Additionally, call on regulators to strengthen the partnership between the State SSBCI program and the Department of Commerce's Minority Business Development Agency (MBDA).⁶ As the only federal agency solely dedicated to the growth and global competitiveness of minority business enterprises, the interagency connection between the MBDA and SSBCI will be vital to the successful re-implementation of this \$10 billion initiative. Precisely, state partners will have better opportunities to reach traditionally underserved business owners, especially in Black and Brown communities, by including local MBDA business centers apart of the technical assistance strategy.

² <https://home.treasury.gov/system/files/256/Small-Business-Jobs-Act-of-2010-the-Act.pdf>

³ <https://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI%20Program%20Evaluation%202016%20-%20Full%20Report.pdf>

⁴ <https://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI%20CDFI%20Paper%202-27-15%20-%20final.pdf>

⁵ <https://www.brookings.edu/research/how-cities-states-and-tribes-can-boost-entrepreneurship-via-the-american-rescue-plan/>

⁶ <https://www.mbda.gov/who-we-are/overview>



With more than 1,700 members and partners from a broad range of organizations that provide capital and services to assist underserved entrepreneurs in starting, stabilizing, and expanding their businesses, we are proud to submit recommendations to Treasury officials. As such, AEO remains committed to working to change the way capital and services flow to underserved entrepreneurs so that they can create jobs and opportunities for all.

Thank you for your time and consideration. Please feel free to contact me at cevens@aeoworks.org if you have any additional questions.

Sincerely,

A handwritten signature in black ink that reads 'Connie Evans'.

Connie Evans
President & CEO
Association for Enterprise Opportunity