February 8, 2021

The Honorable Charles Schumer

Democratic Leader

322 Hart Senate Office Building

Washington, DC 20510

The Honorable Nancy Pelosi

Speaker of the House

1236 Longworth House Office Building

Washington, DC 20515

The Honorable Sherrod Brown

Chairman, Senate Committee on Banking, Housing, and Urban Affairs

503 Hart Senate Office Building

Washington DC 20510

The Honorable Maxine Waters

Chairwoman, House Committee on Financial Services

2221 Rayburn House Office Building

Washington, DC 20515

The Honorable Mitch McConnell

Republican Leader

317 Russell Senate Office Building

Washington, DC 20510

The Honorable Kevin McCarthy

Republican Leader

2468 Rayburn House Office Building

Washington, DC 20515

The Honorable Patrick Toomey

Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs

455 Dirksen Senate Office Building

Washington, DC 20510

The Honorable Patrick McHenry

Ranking Member, House Committee on Financial Services

2004 Rayburn House Office Building

Washington, DC 20515

Dear Congressional Leadership,

As the COVID-19 pandemic evolves, small businesses and communities across the country are continuing to struggle. Despite federal intervention with grants and programs from legislation, small businesses are facing bankruptcy, further layoffs, and many are having to choose between acquisition or closure. Credit has tightened and small businesses are struggling to make payroll, causing concerns about long-term tax collections that may require communities to scale back or halt infrastructure development. Cities and towns are losing their small businesses – the vital engines of every local economy - and this disturbing trend will continue to get worse without swift action.

The **Small Business Access to Capital Act (S. 258)** introduced by Senators Peters (D-MI) and Stabenow (D-MI) reauthorizes the State Small Business Credit Initiative, which is a practical and pragmatic solution for helping America’s small businesses access low-cost capital to continue to stay open and viable during the pandemic. The overwhelming success of this program is evidence that flexible delivery of capital through states to the private sector and small businesses will help economic recovery occur faster than Congress creating new programs.

SSBCI allowed states the flexibility to design their own small business support programs to accommodate the variation in regional economic conditions. Because of the flexibility and adaptability of the SSBCI funds, states were able to deploy over $1.4 billion to support small businesses. Those $1.4 billion leveraged well over $8 billion in private small business loans and investments.

The SSBCI program’s ability to leverage private capital made it an ideal federal program, as it was both incredibly cost-effective and highly impactful. One can trace the SSBCI program’s impact by following the money; 80 percent of all SSBCI loans and investments went to businesses with 10 or fewer employees, and 42 percent went to businesses in low- and moderate-income communities. More than 16,900 small businesses in the U.S. received financial support from SSBCI, resulting in the creation or retention of 190,000 American jobs. This powerful program is exactly what small businesses need in times of crisis.

We encourage you to support the **Small Business Access to Capital Act (S. 258)** as part of a comprehensive COVID-19 recovery package. The expiration of the SSBCI Program in 2017 left a void in the marketplace for affordable small business loans. A $10 billion infusion in a reauthorized SSBCI Program would provide immediate access to capital for small businesses that desperately need it. The programs created by states under the original SSBCI are still in operation and would be ready to immediately deploy capital to businesses in need. There would be no need to create new rules and regulations should this option be enacted. States are prepared to receive an infusion of SSBCI funding immediately.

CDFA along with hundreds of loan providers and development finance agencies ask that you include a reauthorization of funding for the SSBCI Program in the upcoming stimulus package. We thank you for considering our views, and we stand prepared to respond to any questions that you might have.

Sincerely,

The Undersigned

**National**

Council of Development Finance Agencies