



March 10, 2017

The Honorable James Risch
Chairman
U.S. Senate Committee on Small Business
and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Jeanne Shaheen
Ranking Member
U.S. Senate Committee on Small Business
and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Risch and Ranking Member Shaheen:

Senator Deb Fischer (R-NE) introduced the Microloan Program Modernization Act (S. 526) on March 2, 2017. The bill is currently cosponsored by Sen. Chris Coons (D-DE), Sen. Tim Scott (R-SC) and Sen. Kirsten Gillibrand (D-NY).

This legislation includes updates to several requirements of the Small Business Administration (SBA) Microloan program and the Small Business Act (15 U.S.C. §636), designed to streamline the Microloan program and improve assistance to entrepreneurs, sole proprietorships and very small businesses. The bill includes a number of recommendations from the SBA's 2017 budget, including changes to the technical assistance program that will particularly benefit start-up businesses, especially those in rural areas. The improvements would simplify and remove unnecessarily burdensome regulations, including:

- Removing the 75/25 rule to allow more than 25 percent of technical assistance funding to be used to assist potential borrowers; and
- Increasing the Microloan Intermediary limit from \$5 million to \$6 million.

The SBA Microloan Program was established in 1991 as a pilot program. The program makes loans to intermediary organizations that in turn provide financial and technical assistance to small businesses. The average loan size is \$13,000. Since its inception, the program has delivered more than \$722 million in loans to small businesses across America that have created or retained some 212,000 jobs. While lending to businesses with good ideas but limited credit, the loss rate in the microloan program is just 2.36 percent.

As you know, similar legislation was introduced in the last Congress by Senator Fischer (S. 2850). The bill was marked-up by the Senate Committee on Small Business and Entrepreneurship and reported favorably and without amendment on May 11, 2016. The House passed a similar bill (H.R. 2670) on July 13, 2015. We expect a House companion bill to S. 526 to be introduced soon.

The Friends of the SBA Microloan Program urges the Senate to act on the Microloan Program Modernization Act of 2017. The bill has a history of bipartisan support and we are confident that it will increase the effectiveness of the SBA Microloan program and allow Microlenders to help more small business entrepreneurs achieve business success and financial security.

We thank you for your attention to this important matter.



Sincerely,

Access to Capital for Entrepreneurs, Georgia
Accion Chicago
Bridgeway Capital
California Coastal Rural Development Corporation
CDC Small Business Finance
Center for Rural Affairs in Nebraska
Chicanos Por La Causa
Coastal Enterprises Inc.
Colorado Enterprise Fund
Common Capital
Community Investment Corporation
Community Ventures
Economic Community Development Institute
Entrepreneur Fund
Impact Seven
Justine PETERSEN
Kentucky Highlands Real Estate Corporation
LiftFund
Montana and Idaho CDC
Mountain Association for Community Economic Development (MACED)
Northern Initiatives
Pacific Asian Consortium in Employment (PACE)
Pathway Lending, Tennessee
Prestamos CDFI, LLC
Rural Community Development Resources
Valley Economic Development Center (VEDC)
Wisconsin Women's Business Initiative Corporation