



January 6, 2023

The Honorable Isabella Guzman  
Administrator  
United States Small Business Administration  
409 3rd St., SW  
Washington, DC 20416

Via Email and Federal Register Comment

**Diverse Business Coalition Supports Proposed Modernizations of 7(a) Programs to Expand Capital Access and Reduce Burdens of Business Owners**

Dear Administrator Guzman:

We write to you today on behalf of America's diverse business organizations and the job creating, industry-innovating communities we represent. This letter is to inform you of our support of the proposed rule by the Small Business Administration (SBA) to lift the moratorium on licensing new Small Business Lending Companies (SBLCs), establish Mission-Based SBLCs, and remove the requirement for a Loan Authorization. We also wish to share perspective on challenges related to access to capital, implementation of previous capital relief programs such as the Paycheck Protection Program and issues that diverse businesses have encountered within the Fintech sector.

America's diverse business owners and entrepreneurs make up the majority of all new businesses established and new jobs created in the United States. And yet, they face extensive barriers to funding and growing those businesses, which these rules begin to address by helping to expand the pool of non-traditional lenders to effectively reach our communities.

According to data in the 2021 Annual Business Survey (ABS) provided by the US Census Bureau<sup>1</sup>, nearly 3 million employer businesses were diverse-owned. However, since 1981 the number of SBLC Licenses to provide them with essential growth capital has remained unchanged at 14. Access to such capital remains the top need for diverse business owners. Expanding the pool of potential lenders and establishing governing rules to ensure they are effectively targeting capital gaps will help put critically needed funds directly into the communities who need them most. The recent extension<sup>2</sup> of the Community Advantage (CA) Pilot Program indicates that such programs are welcomed, effective, and should be scaled.

Furthermore, feedback from business owners throughout our networks concur with feedback provided to the SBA that repetitive data entry and duplicative forms take time and energy away from entrepreneurs. Eliminating the requirement to create separate Loan Authorizations and to instead rely on effective digital tools, such as E-Tran, will increase the efficiency and utilization of these programs by our diverse business communities.

We recognize that the proposed rule presents a great opportunity to create new avenues for minority

and diverse businesses to access capital and grow their businesses; however, it also presents risks that should be accounted for by the Small Business Administration. We saw through the programs deployed during the Covid pandemic, specifically the Paycheck Protection Program, the challenges and opportunities that business owners faced in securing capital. Having a robust capital access ecosystem (traditional financial institutions coupled with expanded FinTech) is imperative to small business success. As the proposed rule is promulgated by the SBA, we encourage the SBA to continue working with its network of partners serving minority, diverse, and disadvantaged owned businesses to ensure that rule changes provide equal opportunities for and to serve all small businesses.

The success of small businesses is critical to the growth of the American economy in the 21<sup>st</sup> century and paths to access capital should similarly reflect a 21<sup>st</sup> century approach. Once again, we support the opportunity to expand capital access for small businesses, but with the appropriate guardrails.

In solidarity for a stronger American economy,

Justin Nelson, Co-Founder & President  
**The National LGBT Chamber of Commerce (NGLCC)**

Candace Waterman, President & CEO  
**Women Impacting Public Policy (WIPP)**

Ron Busby, President & CEO  
**The U.S. Black Chambers, Inc (USBC)**

Ramiro Cavazos, President & CEO  
**The U.S. Hispanic Chamber of Commerce (USHCC)**

Chiling Tong, President & CEO  
**The National Asian American Pacific Islander Chamber of Commerce and Entrepreneurship (National ACE)**

Chris James, President & CEO  
**National Center for American Indian Enterprise Development**

CC:  
Senator Charles Schumer  
Majority Leader, US Senate  
322 Hart Senate Office Building  
Washington, D.C. 20510

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<sup>1</sup> [Census Bureau Releases New Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses](https://www.census.gov/newsroom/press-releases/2022/annual-business-survey-characteristics.html)  
<sup>2</sup> [Community Advantage Pilot Program](https://www.federalregister.gov/documents/2022/04/01/2022-06919/community-advantage-pilot-program)