



April 1, 2014

Honorable Maria Contreras-Sweet
SBA Administrator
U.S. Small Business Administration
409 3rd St, SW
Washington DC 20416
SENT VIA EMAIL

**Open Letter to New SBA Administrator Maria Contreras-Sweet:
100 Day Plan for Diversity and Capital**

Dear Administrator Contreras-Sweet,

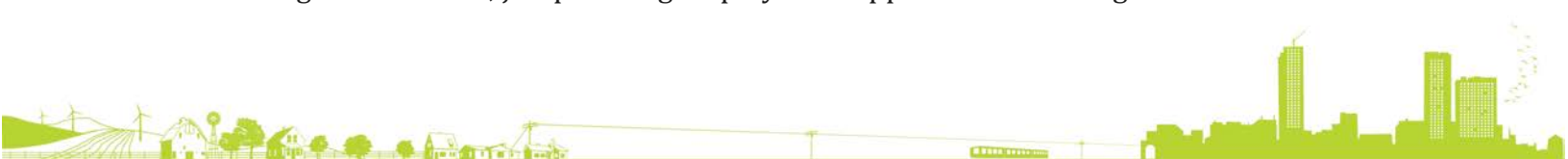
Congratulations on your confirmation as Small Business Administration (SBA) Administrator. The Greenlining Institute and our coalition have been [strong supporters](#) of your candidacy for this important post and we are glad to see that Congress agrees. Not only does your position bring a friend of the community to the Cabinet, but also a deeper understanding of diverse businesses and much needed diversity to President Obama's Cabinet.

Bringing Diversity to the Cabinet

We are excited that President Obama recently elevated the position of Administrator to the Cabinet level. This is a powerful platform to support entrepreneurs, extend government-backed loans to growing businesses, and ensure that small businesses get a fair share of federal contracting opportunities. Your direct line of communication to the President is a critical opportunity to ensure that the White House is also helping small businesses thrive and grow our economy. For example, the President has requested [\\$710 million](#) for the SBA in FY2015—that is a 23.6 percent decrease from the FY2014's funding level of \$929 million. We urge you to make sure that the President knows that although the economy may be showing signs of recovery, our small businesses are not out of the woods yet.

It is no secret that small businesses, especially ones owned by people of color, were [harmed by the financial crisis](#). Today, their foremost driving need is access to capital and contracts. These businesses need the continued and strong support of the SBA. We are confident that you will champion their continued growth.

As a first-generation American and trailblazing Latina businesswoman, you know exactly how small businesses help uplift communities of color and other under-resourced communities. As you know, when our small businesses do well, they generate wealth, create jobs, and families can live out their own version of the American Dream. These businesses hire and invest in their surrounding communities, jumpstarting employment opportunities in neighborhoods with the



highest levels of unemployment. And yet they still obtain less capital and fewer contracts with corporations and the government. We look forward to working with you to create equitable access to capital and contracts for these businesses.

Starting Strong in Your First 100 Days

We urge you to consider the following recommendations to implement in your first 100 days:

Build Small Business Capacity

- Make capacity building a cornerstone of the SBA, especially for microbusinesses owned by minority entrepreneurs. The microbusiness sector has the greatest creates the most jobs, and will only grow as self-employment continues to rise.
- Think beyond loans. Make a strong push for entrepreneurial training and technical assistance to small business, especially for diverse small business. Without training and technical assistance, access to capital is insufficient. Because micro-entrepreneurs with 5 or fewer employees typically fund their business with personal capital and assets, technical assistance is all the more vital to enable these business owners to grow their enterprises without putting their home or other personal assets at serious risk.

Increase Access to Capital

- Increase SBA lending to Main Street businesses. Recommendations include: 1) encourage large banks to provide more SBA loans for Main Street small businesses, as opposed to the cream of the crop; and 2) simplify the process for small community banks and CDFIs to offer SBA backed loans.
- Pilot an SBA direct loan program that targets businesses in areas with less access to capital.

Improve Small Business Data

- Create a more consistent and meaningful measure of “small business.” The SBA currently finds that, in most cases, a [“small” business](#) is one with fewer than 500 employees. Yet 96 percent of the businesses in the U.S. have fewer than 50 employees and 85 percent have fewer than 20—which illustrates how ineffective the current definition is.
- Make SBA data more accessible to the public, similar to the Consumer Financial Protection Bureau’s [Home Mortgage Disclosure Act website](#).

Champion Diversity

- Create an entity charged with monitoring the diversity of the SBA, similar to the [Offices of Minority and Women Inclusion](#) in the financial sector.
- Incentivize small businesses to hire local, diverse candidates from underserved communities, including the formerly incarcerated.

Prioritize Supplier Diversity

- Improve government contracting opportunities for small businesses, especially small business of color. Recommendations include: 1) improve community outreach so that diverse small businesses better understand the government contract process; and 2) unbundle larger government contracts to allow smaller businesses to bid on them.

Strengthen Community Engagement

- Improve the SBA's ability to connect with communities of color and promote its products to diverse business owners.
- Develop a community advisory board to help craft policy and outreach strategies, especially for growing business sectors like entrepreneurs of color. People of color are [already the majority](#) in California, Texas, Hawaii, New Mexico, and DC, and will soon be the [nation's new majority in 2042](#). The SBA cannot afford to neglect this demographic shift in our country.

Collaborate Across Government

- Create an inter-agency task force to develop a collaborative strategy for supporting and investing in small and diverse businesses.
- Advocate making permanent the small business tax credit for purchasing health insurance and increasing the average wage requirements so that more small businesses qualify.

We are confident you will be off to a strong start in this new chapter of your small business advocacy. You have already spoken up for diverse communities to the Senate Committee on Small Business and Entrepreneurship, saying, "I experienced first-hand the challenges working families and recent immigrants are facing. My record of fighting for women and families stems from these experiences, and if confirmed, I will continue that mission."

We know you are up to the task of fulfilling your stated mission, and look forward to working with such a strong ally at the helm of the SBA.

Sincerely,

The Greenlining Institute

American GI Forum

Andree Driskell Associates

anewamerica

Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (ACE)

Asian Pacific Islander Small Business Program

Azul Management Systems Institute

Business Resource Group

California Black Chamber of Commerce

California Hispanic Chambers of Commerce

El Concilio of San Mateo County

The Corporate Advocate, Inc.

Domar Companies, LLC

The E&J Commission LLC

IW Group, Inc.

The National Education Advocacy & Training Inc.

National Federation of Filipino American Associations

Renee Perez Associates

TELACU Industries