



AMERICAN
SUSTAINABLE
BUSINESS
COUNCIL

RECOMMENDATIONS **FOR THE SMALL BUSINESS ADMINISTRATION**

The American Sustainable Business Council is offering the following actionable recommendations for executive and administrative orders, which can take place in the first ninety days of the Biden-Harris administration.

ASBC believes these proposals align well with the priorities of the incoming Biden-Harris Administration to increase overall economic health and inclusivity, creating a stronger and more equitable economy

This document is prepared from the perspective of the 40-year low in small business start-ups, which has been exacerbated by the global pandemic and requires a strong mandate and resources from government to remedy.

ASBC's recommendations are organized by addressing what needs to be done, why it must be done and how it can be done. We have also indicated where actions could or should be shared with another agency's jurisdiction.

This document was prepared with contributions from South Carolina Small Business Chamber of Commerce, Local Economies Project, Neighborhood Associates Corporation, American Independent Business Association and others.

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1. Expand federal tools for investment. Expand programs that most effectively support minority-owned businesses. Bolster microfinance and financially inclusive banking for women and minorities.
 2. Impose rigorous oversight on big corporations seeking financial assistance to weather the pandemic and the recession
 3. Initiate research outlined in the Enhancing Entrepreneurship for the 21st Century Act
 4. Establish a direct small-business loan program within the SBA
 5. Continue to promote crowdfunding investment options through SBDCs
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Expanding federal tools for investment. Expand programs that most effectively support minority-owned businesses. Bolster microfinance and financially inclusive banking for women and minorities.

In partnership with Department of State, Department of Treasury, and Department of Commerce

- Expand the Small Business Administration programs that most effectively support minority-owned businesses, especially the **Community Advantage Program** and **Community Express Programs**.
- Increase funding for programs supporting minority-owned businesses, including reversing the Trump Administration's effort to defund the **Minority Business Development Agency**, improving and expanding Small Business Administration programs that most effectively support Black-owned businesses, and increasing opportunities for Black-owned businesses to obtain or participate in federal contracts.
- Promote mechanisms to help remittance recipients, especially minorities and women

Impose rigorous oversight on big corporations seeking financial assistance to weather the pandemic and the recession

Ensure that federal dollars support keeping workers on payroll, not enriching CEOs or shareholders. Additionally, the CARES Act, which created the PPP, also calls for a Congressional Oversight Commission - Speaker Pelosi and Majority Leader McConnell have not appointed a chair to the Board over 100 days after the CARES Act's signing

Initiate research outlined in the Enhancing Entrepreneurship for the 21st Century Act

Based on the findings of the research, SBA should provide leadership in addressing the factors contributing to the small business startup slump. This research should examine the possible factors impeding small business startups as articulated in the Act:

- Demographic changes caused by an aging workforce
- Increased industry concentration that may make it more difficult for new market entrants to compete with established companies
- Increased risk-aversion following the 2008-2009 financial crisis and recession
- Extreme concentration of venture capital in only a few cities
- Record levels of student debt
- High cost of childcare
- Inefficiencies or other difficulties pertaining to the commercialization of federally funded research and innovation

Establish a direct small-business loan program within the SBA

Establish a direct small-business loan program (ex. loans under \$20,000) primarily within the SBA for entrepreneurs and micro businesses that includes the requirement of loan recipients receiving the proper small business operational knowledge (ex. bookkeeping, computer skills), technical assistance, training and coaching (pre and post loan) from existing SBA technical assistance programs.

This program would set minimum criteria for loans, thus accepting a higher risk of default. However, such extra losses to the federal government will **pale in comparison to the economic development benefits in rural and underserved communities and should be considered investments.** The loans could be administered by the federal agency directly or assigned to a CDFI.

ASBC recommends the following funding areas for CDFI Loan Fund Organizations be prioritized by the incoming SBA administration:

- Funding for loan loss reserves
- Funding guarantees
- Low/no cost capital to lend
- Funding for operating costs such as servicing
- Funding for mandatory technical assistance, training and coaching.
- Banks/credit unions
- A program to encourage more SBA-backed loans to small businesses with fewer than 20 employees

Continue to promote crowdfunding investment options through SBDCs

- Develop more robust and cohesive crowdfunding support through SBDCs, including specific guidance on crowdfunding options
- Develop and highlight materials that would prepare businesses for crowdfunding campaigns
- Cultivate community and mentorship within SBDCs for small business owners to engage with
- Encourage SBDCs to organize groups of investors in their local geographies that are interested in supporting small business

Who We Are and What We Do

American Sustainable Business Institute (501 C 3) & American The American Sustainable Business Council (501 C 4) is a coalition of business organizations and businesses advancing market solutions and public policies at the national, state and local level that support a vibrant, just and sustainable economy. ASBC and its members represent over 250,000 businesses and understand that sustainable business is good business, and a sustainable economy is a prosperous, resilient one ASBI informs and engages business leaders, while educating decision makers and the media about opportunities and public policies that can lead to an equitable and sustainable economy. www.asbcouncil.org

For further information on the work presented, please contact cpincus@asbcouncil.org