

# Congress of the United States

Washington, D.C. 20515

April 26, 2021

The Honorable Rosa DeLauro  
Chairwoman  
U.S. House of Representatives  
Committee on Appropriations

The Honorable Kay Granger  
Ranking Member  
U.S. House of Representatives  
Committee on Appropriations

The Honorable Matt Cartwright  
Chairman  
U.S. House of Representatives  
Committee on Appropriations  
Subcommittee on Commerce, Justice,  
Science, and Related Agencies

The Honorable Robert B. Aderholt  
Ranking Member  
U.S. House of Representatives  
Committee on Appropriations  
Subcommittee on Commerce, Justice,  
Science, and Related Agencies

Dear Chairwoman DeLauro, Ranking Member Granger, Chairman Cartwright, and Ranking Member Aderholt:

As Chairwoman of the Financial Services Committee, I write to express my strong support for full funding to the Minority Business Development Agency (MBDA) for FY 2022 appropriations as it is the only federal agency charged to focus on the unique needs of minority business enterprises (MBEs).

In 1969, MBDA was created through Executive Order 11458 as an agency within the Department of Commerce, charged to promoting establishment and successful operation of MBEs, which includes the facilitation of financing, grants and technical services. Over the last 10 years, MBEs comprised approximately 50 percent of the two million new businesses started in the United States and created 4.7 million jobs. Currently, there are four million minority-owned companies in the United States with annual sales of close to \$700 billion. However, MBEs face unique and disparate barriers to market entry, including but not limited to, limited access to capital and persistent discrimination when compared to majority-owned firms. The Federal Reserve's 2017 congressional report on availability of credit for small businesses showed that in almost every financing category—loans, credit cards, outside investors and grants—women and minorities, especially African Americans and Latinos, experienced the highest denial rates and were the least likely to receive full funding.

These challenges are often exacerbated during periods of market disruption, such as the 2008 Great Recession and the current COVID-19 pandemic. A U.S. Census Bureau study found that about 60 percent of white-owned businesses that existed in 2002 before the 2008 Great Recession “survived” until 2011, compared to 49 percent of Black-owned businesses during the same economic crisis period. In April 2020, the Federal Reserve Bank of New York reported that MBEs were not only more likely to show signs of limited financial health, but also twice as likely to be classified as “at risk” or “distressed,” which meant they were less able to weather the economic consequences of the COVID-19 pandemic than their non-minority counterparts. The pandemic has also led a number of MBEs to close permanently. According to a February 2020 study by the National Bureau of Economic Research, the drop in minority business owners was the largest on record during this pandemic, with 41 percent of Black owned businesses experiencing a 41 percent drop, while Latinx- and Asian-owned businesses falling by 32 percent and 26 percent, respectively, from February to April 2020.

With funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other stimulus legislation, MBDA used its network of MBE advocates, including chambers of commerce, to provide technical and other assistance to MBEs for pandemic recovery. For example, the U.S. Hispanic Chamber of Commerce, the U.S. Black Chambers and National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship used grants from MBDA to assist more than 9,300 minority-owned businesses with their applications for federal pandemic programs, such as Treasury’s Paycheck Protection Program and Economic Injury Disaster Loans through the Small Business Administration. MBDA also used CARES funding to enhance services at its minority business development centers, such as education and training, to help MBEs recover from the economic effects of the COVID-19 crisis. The American Rescue Plan of 2021 reauthorized \$10 billion for the State Small Business Credit Initiative (SSBCI) for loans and equity opportunities for small and minority-owned businesses. SSBCI also included \$500 million dollars for Treasury to provide technical assistance to small businesses applying for SSBCI, including the option for Treasury contract with organizations like MBDA to provide such assistance. All told, MBDA estimated that its programs helped MBEs “secure nearly \$8 billion in contracts and financial transactions in 2020, an increase of more than 50 percent from fiscal year 2019,... [including] more than \$3 billion in export-related transactions.”

Given the economic challenges that MBEs face, it is important that we fully fund MBDA in its efforts to support MBEs and to specifically help MBEs overcome the obstacles that have disproportionately impacted them through the pandemic and beyond.

Thank you in advance for your consideration of these requests. Please contact Sarah Bassett with Chairwoman Waters at [Sarah.Bassett@mail.house.gov](mailto:Sarah.Bassett@mail.house.gov) with any questions about this letter.

Sincerely,



Chairwoman Maxine Waters



Congresswoman Joyce Beatty



Congressman Jerry McNerney

**Fully Fund the MBDA, FY 2022**  
**List of Signatories**  
**April 26, 2021**

/s \_\_\_\_\_  
Cindy Axne

/s \_\_\_\_\_  
Sean Casten

/s \_\_\_\_\_  
Anna G. Eshoo

/s \_\_\_\_\_  
Nanette Diaz Barragán

/s \_\_\_\_\_  
Yvette D. Clarke

/s \_\_\_\_\_  
Dwight Evans

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Lisa Blunt Rochester

/s \_\_\_\_\_  
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Carolyn Bourdeaux

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/s \_\_\_\_\_  
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/s \_\_\_\_\_  
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Salud Carbajal

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Val Butler Demings

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Gwen Moore

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Linda T. Sánchez

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Eddie Bernice Johnson

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Joe Neguse

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Mary Gay Scanlon

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Eleanor Holmes Norton

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Jan Schakowsky

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Ro Khanna

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Alexandria Ocasio-Cortez

/s \_\_\_\_\_  
David Scott

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Conor Lamb

/s \_\_\_\_\_  
Ilhan Omar

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Terri A. Sewell

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Al Lawson

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Frank Pallone, Jr.

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Ayanna Pressley

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