



Select Committee on Economic Disparity and Fairness in Growth
U.S. House of Representatives

3470 O'NEILL HOUSE OFFICE BUILDING
WASHINGTON DC, 20515
202-225-5990

Memorandum

To: Members, Select Committee on Economic Disparity and Fairness in Growth

From: Select Committee Majority Staff

Subject: March 16, 2022, Select Committee Hearing entitled, “**Big Ideas for Small Businesses: Fostering American Entrepreneurship Through Starting, Sustaining and Growing Small Businesses**”

The Select Committee on Economic Disparity and Fairness in Growth will hold a hybrid hearing entitled “Big Ideas for Small Businesses: Fostering American Entrepreneurship Through Starting, Sustaining and Growing Small Businesses” on Wednesday, March 16, 2022, at 10:00 AM ET in Room 2172 of the Rayburn House Office Building. There will be one panel with the following witnesses:

- **Ms. LaJuanna Russell**, small business owner of Business Management Associates, Inc. and Chair of the Board at Small Business Majority
- **Dr. Brett Theodos**, Senior Fellow and Director of the Community Economic Development Hub at the Urban Institute
- **Mr. Everett Sands**, CEO and President of Lendistry (Certified Community Development Financial Institution)
- **Mr. John Rogers**, Chairman, SBA Council on Underserved Communities; Co-CEO & Chief Investment Officer of Ariel Investments,
- **Ms. Dina Rubio**, Owner/Operator, Don Ramon, West Palm Beach, FL 33405

Why small businesses and entrepreneurs are key to economic prosperity

Small businesses and entrepreneurship are at the core of economic activity, competitiveness, and resilience in America. Inclusive entrepreneurship and small business ownership opportunities across groups and geography may generate significant benefits to society by creating new employment opportunities, fostering innovation, helping build community and individual wealth, and bringing a diversity of ideas into fruition.

Defined by the U.S. Small Business Administration as firms with fewer than 500 employees, small businesses comprise 99.7% of all U.S. firms, according to the most recent and comprehensive data. Even smaller firms with fewer than twenty employees make up 89.0% of all U.S. firms.¹ Small businesses create two thirds of all new jobs and employ almost half of all private sector employees.²

¹ U.S. Census Bureau. [2019 Statistics of U.S. Businesses](#). Accessed on March 9, 2022.

² U.S. Small Business Administration Office of Advocacy. “[Frequently Asked Questions](#).” October 2020.

At the community level, new entrepreneurial or small business activity is associated with reductions in the unemployment rate and poverty, as well as increased average household income.³ Research also shows that communities with greater concentration of small businesses, particularly with firms with fewer than ten employees, are also faster to recover from economic recessions.⁴

Owning a small business can provide a path to individual prosperity, as business and financial assets tend to have higher average returns over time than other types of nonfinancial assets, such as a house.⁵ Some research also indicates that people who start businesses earn higher lifetime incomes, including 10% higher salaries than other workers.⁶ Moreover, households in which the head of household is self-employed tend to have significantly higher wealth levels than those in which the head of household is employed by someone else.⁷ According to the latest available data, the median net worth of families who own a business with fewer than five employees is \$308,100 compared with a median net worth of \$89,000 for families that do not own a business.⁸ However, the impact of owning a small business on building individual wealth depends on a number of factors, including the amount of available starting capital, industry, and size of the business.⁹

Propelling economic recovery through inclusive small business support

Given their vital role in the economy, supporting small businesses and entrepreneurs should be at the center of economic recovery efforts in the wake of the COVID-19 pandemic. In early 2020, the federal government provided an unprecedented amount of support for small businesses to help mitigate the adverse effects of the COVID-19 pandemic through the Small Business Administration's \$650 billion Paycheck Protection Program (PPP) and the \$220 billion Economic Injury Disaster Loan Program (EIDL) - programs under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The PPP program supplied loans through banks, credit unions, and other financial institutions to help keep small businesses open and employees on payroll. The loan amounts covered 2.5 months of payroll costs and could be eligible for forgiveness if employees were retained. The EIDL loans for \$200 billion and EIDL advances for \$20 billion were also provided to small businesses.¹⁰ The loans were spread broadly among industries, with the food and accommodation sector leading the amount in loans through 05/31/2021.¹¹ (Figure 1)

³ Slivinski, Stephen. "Increasing Entrepreneurship is a Key to Lowering Poverty Rates." 2012; Venture Forward. Calculations based on the Bureau of Labor Statistics (BLS) data.

⁴ Venture Forward. Calculations of economic indicators by Economic Innovation Group (EIG).

⁵ Boshara, et al. "The Demographics of Wealth: How Age, Education, and Race Separate Thrivers from Strugglers in Today's Economy." Essay No. 1: Race, Ethnicity, and Wealth. Federal Reserve Bank of St. Louis. 2015.

⁶ Manso, Gustavo. "Experimentation and the Returns to Entrepreneurship." 2015.

⁷ Klein, Joyce. "Building Wealth Inclusively Through Business Ownership." The Aspen Institute. 2021.

⁸ Note that these net worth estimates do not include the value of the business itself. Congressional Research Service Memorandum. "Small Business Ownership and Wealth Creation." February 18, 2022;

Board of Governors of the Federal Reserve System. "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances." *Federal Reserve Bulletin*, vol. 106(5). September 2020.

⁹ Kelley, et al. "Black Women Are More Likely to Start a Business than White Men." Harvard Business Review. May 11, 2021; Board of Governors of the Federal Reserve System. "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances." *Federal Reserve Bulletin*, vol. 106(5), September 2020.

¹⁰ Fairlie, Robert W., and Frank Fossen. "Did the \$660 Billion Paycheck Protection Program and \$220 Billion Economic Injury Disaster Loan Program Get Disbursed to Minority Communities in the Early Stages of COVID-19." NBER Working Paper. 2021.

¹¹ U.S. Small Business Administration. "Paycheck Protection Program Report: Approvals through 05/31/2021." 2021.

Figure 1. Distribution of PPP Loans Top Ten Industries (Approvals through 05/31/2021)

Industry	Loan Count	Net Dollars	% Amount
Accommodation and Food Services	462,478	\$ 41,506,221,571	15%
Construction	558,180	\$ 33,443,602,502	12%
Health Care and Social Assistance	485,698	\$ 28,820,477,425	10%
Professional, Scientific, and Technical Services	657,326	\$ 28,559,859,211	10%
Other Services (except Public Administration)	1,107,768	\$ 27,345,366,128	10%
Manufacturing	221,216	\$ 22,148,692,329	8%
Transportation and Warehousing	763,810	\$ 15,772,271,550	6%
Retail Trade	468,043	\$ 15,263,246,977	5%
Administrative and Support and Waste Management and Remediation Services	393,563	\$ 12,955,372,474	5%
Wholesale Trade	187,490	\$ 10,379,776,487	4%

Source: U.S. Small Business Administration

PPP loans were broadly distributed across all regions in the country. However, research shows that PPP funds reached minority communities later than communities with lower minority shares, which potentially resulted in disproportionate initial closures of minority-owned and other underserved businesses.¹² Additional significant help was later provided to restaurants and venues with \$28.6 billion for the Restaurant Revitalization Fund and \$16 billion for the Shuttered Venue Operators Grant through the American Rescue Plan Act of 2021.¹³ More recently, the U.S. Small Business Administration announced \$100 million Community Navigator Pilot Program, also established by the American Rescue Plan. The program will provide competitive grants to strengthen outreach to businesses in underserved communities.¹⁴

Evidence indicates that small businesses were hit particularly hard in the first year of the pandemic, with those run by minorities, women, and veterans severely impacted.¹⁵ Yet at the same time, Americans filed 4.3 million applications to start a new business since the beginning of the pandemic, reversing almost four decades of declining entrepreneurship trends.¹⁶ Early research suggests that this recent surge in new business starts is mostly concentrated in Black and Hispanic communities with higher median income and correlates with economic stimulus measures enacted through the CARES Act, Consolidated Appropriations Act of 2020, and the American Rescue Plan of 2021.¹⁷ As more evidence on the nature and consequences of the state of small businesses and pandemic-induced boom in entrepreneurship becomes available, better understanding and addressing the barriers to opening and growing small businesses is key to ensuring a strong and equitable economic recovery.

Entrepreneurship, small business ownership, and disparities in outcomes

Starting a business is an inherently risky venture.¹⁸ A business's viability is shaped by a variety of factors, including business model type, presence of local competition within the same industry, access to

¹² Fairlie, Robert W., and Frank Fossen. "Did the \$660 Billion Paycheck Protection Program and \$220 Economic Injury Disaster Loan Program Get Disbursed to Minority Communities in the Early Stages of COVID-19." NBER Working Paper. 2021.

¹³ U.S. Small Business Administration. "Restaurant Revitalization Fund" and "Shuttered Venue Operators Grant."

¹⁴ U.S. Small Business Administration. "SBA Launches \$100M Community Navigator Pilot Program." May 25, 2021.

¹⁵ Helgeson, et al. "Natural hazards compound COVID-19 impacts on small businesses disproportionately for historically underrepresented group operators". International Journal of Disaster Risk Reduction. 2022.

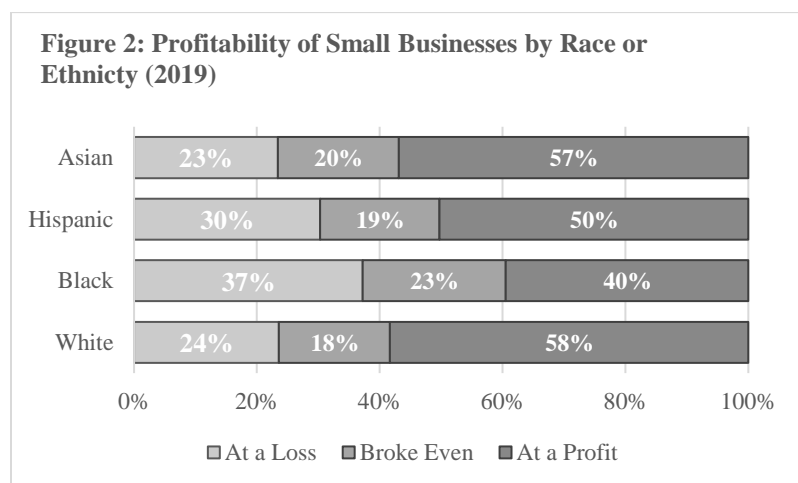
¹⁶ The U.S. House Committee on Small Business, Hearing Memorandum. "Entrepreneurship in the New Economy." 2021.

¹⁷ Ibid.

¹⁸ Botelho, et al. "Innovation-Driven Entrepreneurship." NBER Working Paper. July 2021.

financing, and macroeconomic conditions.¹⁹ From 1994–2019, about one third of new firms with employees closed within two years of opening, and half of establishments closed within the first five years.²⁰

Notably, business ownership and performance trends differ across industry, demographic groups, and geography. For example, in 2019, 5% of Black families and 7% of Hispanic families owned a business compared with 17% of white families.²¹ Small business performance, in terms of profitability, likewise differed by race and ethnicity in 2019. (Figure 2)



Source: Federal Reserve Banks, 2019 Small Business Credit Survey.²²

Among the groups, Black women were the fastest growing entrepreneurs between 2014–19.²³ While 17% of Black women were starting a business, outpacing the proportion of white men starting a business by 2021, only 3% of operated a mature business.²⁴ The gap between starting and sustaining a business is, in part, attributable to the industries that Black women entrepreneurs start businesses in: retail and wholesale and the health, education, and social services industries. These industries tend to have low margins and crowded competition contributing to lower sustainability rates.²⁵ Indeed, research suggests that small businesses owned by a Black entrepreneur are more likely to close within four years than a small business owned by a white entrepreneur.²⁶

In rural areas, new small business growth has lagged urban areas over the past twenty years.²⁷ In 2019, rural small businesses also fared worse than urban small businesses in terms of profitability. (Figure 3) Common challenges associated with rural entrepreneurship include access to markets complicated by lack

¹⁹ Ibid.

²⁰ U.S. Small Business Administration Office of Advocacy. “[Frequently Asked Questions](#).” December 2021.

²¹ Congressional Research Memorandum. “Small Business Ownership and Wealth Creation.” Calculations based on Federal Reserve Board of Governors, 2019 SCF Table 9. February 18, 2022.

²² Disclaimer: The Federal Reserve Banks and the Federal Reserve System cannot vouch for the data or analyses derived from these data after the data have been retrieved from fedsmallbusiness.org.

²³ Umoh, Ruth. “[Black Women Were Among the Fastest Growing Entrepreneurs-then Covid Arrived](#).” Forbes. 2020.

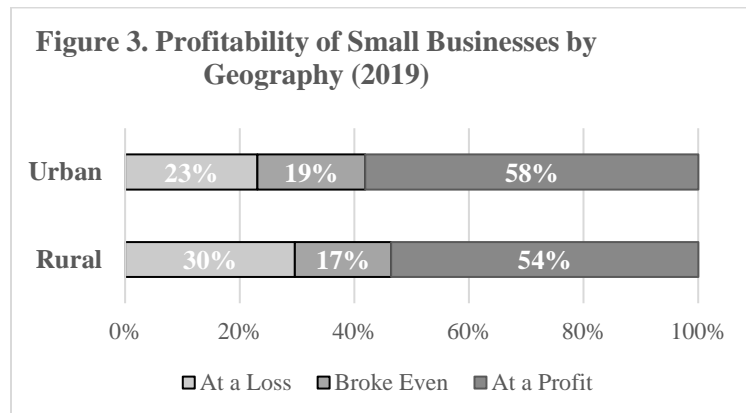
²⁴ Kelley, et al. “[Black Women Are More Likely to Start a Business than White Men](#).” Harvard Business Review. May 11, 2021.

²⁵ Ibid; Note that the authors further attribute the industry choice to barriers to access to capital.

²⁶ Kroeger, Teresa, and Graham Wright. “[Entrepreneurship and the Racial Wealth Gap: The Impact of Entrepreneurial Success or Failure on the Wealth Mobility of Black and White Families](#).” *Journal of Economics, Race, and Policy*. 2021.

²⁷ U.S. Small Business Administration Office of Advocacy. “[Growth in Number of Rural Establishments](#).” December 2019.

of reliable broadband, challenges in accessing peer networks, difficulty in finding a skilled workforce, accessing specialized services, and securing capital.²⁸



Source: Federal Reserve Banks, 2019 Small Business Credit Survey²⁹

Key elements for starting, sustaining, and growing a small business

Starting a new business can be a complex endeavor depending on social networks and access to capital. An entrepreneur must secure funding, select a location, understand state and local regulation and tax laws, apply for licenses and permits, and determine which business structure works best to raise funds.³⁰ Moreover, entrepreneurs must find workers with the right skills and retain them, which in a competitive labor market oftentimes includes offering access to affordable childcare and other workplace benefits.³¹ These steps often involve complex tax, legal, and financial information and present considerable informational and financial obstacles to entrepreneurship.

Access to capital

Accessing capital is the primary need faced by entrepreneurs as they seek to start, sustain, and grow their small businesses.³² Entrepreneurs use several types of capital based on the needs, type, and characteristics of the business and entrepreneur.³³ Capital financing can be internal (self-financing), external (outside sources), public (such as government grants), or private (from banks or investment firms).³⁴ According to the latest data available, 75% of entrepreneurs use personal savings to fund their new business, and 19% report using a bank loan for startup capital.³⁵ Additionally, 50.9% of all employer firms have less than \$25,000 at startup.³⁶ Informal sources of funding play a large role in the financing of

²⁸ Belson, Neil A. “Promoting Rural Entrepreneurship and Rural Economic Development.” Third Way. 2020.

Pages, Erik R. “Entrepreneurial Ecosystems in Appalachia: Literature Review.” Appalachian Regional Commission. 2018.

²⁹ Disclaimer: The Federal Reserve Banks and the Federal Reserve System cannot vouch for the data or analyses derived from these data after the data have been retrieved from fedsmallbusiness.org.

³⁰ U.S. Small Business Administration. 10 Steps to Start Your New Business.

³¹ Stangler, Dane, and Michelle Kumar. “From Pandemic to Prosperity: Bipartisan Solutions to Support Today’s Small Businesses.” Bipartisan Policy Center. 2022.

³² Community Action Partnership. “Small Business Technical Assistance: Micro Business, Small Business and Business Expansion.” 2018.

³³ Hwang, et al. “Access to Capital for Entrepreneurs: Removing Barriers.” Ewing Marion Kauffman Foundation. 2019.

³⁴ Hwang, et al. “Access to Capital for Entrepreneurs: Removing Barriers.” Ewing Marion Kauffman Foundation. 2019.

Love, Inessa. “Entrepreneurial Access to Finance in the U.S.” Working Papers. University of Hawaii at Manoa. 2020.

³⁵ U.S. Small Business Administration Office of Advocacy. “Small Business Finance FAQ.” February 2022.

³⁶ Ibid.

a new venture. For instance, 17% of new employer businesses report using credit cards,³⁷ and crowdfunding has gained ground as a source of financing for new businesses over the past several years.³⁸

Disparities in access to capital exist across several dimensions, including:

- *Geography*: Between 2010-14, 5 cities (Houston, Los Angeles, Dallas, San Francisco, and New York City) contributed up to 50% of new net firm creation across the U.S.³⁹ Investment tends to be concentrated in firms that are close in proximity to investors, generating a geographic disadvantage for non-coastal new small businesses.⁴⁰ In contrast, the value of small loans to rural businesses declined by more than half between 2004 and 2017.⁴¹
- *Gender*: 41% of women business owners start with less than \$10,000 in initial capital.⁴² Women are also less likely to use bank loans compared to men starting businesses. This in turn may put women-owned firms at a disadvantage because an early relationship with a bank may be key for future business financing.⁴³ Recent research also indicates that women face barriers in raising funds in industries that are perceived as traditionally male-dominated, such as software engineering.⁴⁴
- *Race and Ethnicity*: About 81% of minority-owned firms used owners' savings to fund their ventures in comparison with 73% of non-minority firms. In addition, a higher share of minority-owned firms (19%) used credit cards as a form of financing in comparison to non-minority-owned firms (16%).⁴⁵
- *Information Asymmetry and Existing Relationships with Banks*: Established businesses leverage their existing financial relationships with banks and venture capitalists to access greater levels of capital compared to new entrepreneurs who face challenges with unstable cash flows and lack of collateral.⁴⁶ For example, in the early months of the pandemic, lack of information and established banking relationships kept many small businesses, particularly minority/immigrant-owned ones, at the back of the line for PPP loans.⁴⁷

Administrative burdens

States and localities primarily regulate small businesses, and certain permitting and regulatory rules bar entry for would-be business owners. These include compliance requirements – entrepreneurs are "required to learn an array of business regulations as well as regulations specific to their industry" to start a company.⁴⁸ Large, established firms have the resources to guide the business owner through these

³⁷ Ibid.

³⁸ Hwang, et al. "Access to Capital for Entrepreneurs: Removing Barriers." Ewing Marion Kauffman Foundation. 2019.

³⁹ Ibid.

⁴⁰ Sorenson, Olav, and Toby Stuart. "Syndication networks and the spatial distribution of venture capital investments." American Journal of Sociology. 2001; Wong, et al. "Angel finance: The other venture capital." Strategic Change. 2009; Love, Inessa. "Entrepreneurial Access to Finance in the U.S." Working Papers. University of Hawaii at Manoa. 2020. Mason, Colin. "Venture Capital: A Geographical Perspective." *Handbook of research on venture capital*. 2007. Zook, Matthew. "Grounded capital: venture financing and the geography of the internet industry, 1994-2000." *Journal of Economic Geography*. 2002.

⁴¹ Belson, Neil A. "Promoting Rural Entrepreneurship and Rural Economic Development." Third Way. 2020.

⁴² U.S. Small Business Administration Office of Advocacy. "Small Business Finance FAQ." February 2022.

⁴³ Ibid.

⁴⁴ Kanze, et al. "Evidence that Investors Penalize Female Founders for Lack of Industry Fit." Science Advances. 2020.

⁴⁵ U.S. Small Business Administration Office of Advocacy. "Small Business Finance FAQ." February 2022.

⁴⁶ Hwang, et al. "Access to Capital for Entrepreneurs: Removing Barriers." Ewing Marion Kauffman Foundation. 2019.

⁴⁷ Mills, Claire K., and Jessica Battisto. "Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities." Federal Reserve Bank of New York. 2020.

⁴⁸ Edwards, Chris. "Entrepreneurs and Regulations: Removing State and Local Barriers to New Businesses." Cato Institute 2021.

requirements, but new and existing small business owners, with less employee capacity, could be negatively impacted by regulations.⁴⁹ Additionally, certain laws make it difficult for new companies to enter a new market. State governments often have ‘Certificates of Need’ or ‘Certificates of Necessity’ laws requiring businesses wishing to enter certain industries to "receive approval from a regulatory authority," and to prove their products satisfy a public need.⁵⁰

Occupational licensing is another barrier to entrance. While their objectives are to promote high quality services and safeguard public health, researchers and policymakers have acknowledged the obstacles inherent in licensing and underscored opportunities for reform.⁵¹ Experts and economists agree on the need to strike a measured balance in licensing to ensure that market competition is not stifled.⁵²

Technical assistance

Most technical assistance programs assist businesses in access to capital for operations or for expanding their business,⁵³ as lenders generally require substantial documentation reflecting the borrower’s management capacity to generate income needed to repay the debt.⁵⁴ Other examples of small business technical assistance may include business planning, market expansion strategies, such as through marketing and e-commerce training, and employee recruitment.⁵⁵ The COVID-19 pandemic has exposed both the importance and gaps in regional technical assistance services needed to help small businesses navigate through economic shocks.⁵⁶ A recent study highlights language and cultural barriers and lack of assistance to meet industry-specific needs as primary gaps in technical assistance to underserved businesses.⁵⁷

Market access expansion

Access to markets for small business owners can be expanded through measures such as competition/antitrust policies, public procurement opportunities, loosening redundant licensing requirements at the local level, and reducing administrative burdens.⁵⁸ As social distancing rules have moved companies and consumers increasingly online amid the COVID-19 pandemic, the ability of small businesses to effectively engage in e-commerce became a vital strategy for business viability. For instance, in the U.S., the share of e-commerce in total retail sales increased from an average of 10-12% in the period spanning from 2018 Q1 to 2020 Q1 to 17% in 2020 Q2.⁵⁹

Stewarding success in entrepreneurship and small businesses

Examples of longstanding US federal programs

The Small Business Administration (SBA): was created in 1953 and has since administered access to capital programs to provide, “long-term loans and equity capital to small businesses, especially those with potential job growth and economic impact, and loan guarantee programs to encourage lenders to provide

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ National Conference of State Legislatures. “[The Evolving State of Occupational Licensing](#).” November 11, 2019.

Ryan Nunn. “[Eliminating the Anti-Competitive Effects of Occupational Licensing](#).” [Brookings Institution](#).” January 17, 2019.

⁵² Ryan Nunn. “[Eliminating the Anti-Competitive Effects of Occupational Licensing](#).” [Brookings Institution](#).” January 17, 2019.

⁵³ Community Action Partnership. “[Small Business Technical Assistance: Micro Business, Small Business and Business Expansion](#).” 2018.

⁵⁴ Ibid.

⁵⁵ Scott, Chris, and Howard Wial. “[Closing the gaps in regional small business technical assistance](#).” Initiative for a Competitive Inner City. 2022.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ OECD. “[International Compendium of Entrepreneurship Policies](#),” *OECD Studies on SMEs and Entrepreneurship*. 2020.

⁵⁹ OECD. “[Country Profiles](#),” *OECD SME and Entrepreneurship Outlook 2021*. 2021.

loans to small businesses that might not otherwise be able to obtain financing.”⁶⁰ These programs include SBA’s 7(a) loan guarantee program, SBA’s 504/CDC loan guarantee program, and the Microloan Direct Lending Program. SBA also funds technical assistance to businesses through 14,000 resource partners including 62 Small Business Development Centers, 900 Business Development Center Outreach locations, 136 Women’s Business Development Centers, and more than 250 chapters of the Service Corps of Retired Executives (SCORE).⁶¹

To address persistent barriers to accessing capital among disadvantaged communities and populations, the Department of the Treasury established the Community Development Financial Institutions Fund (CDFI) in 1994 with the goal of expanding economic opportunity for underserved people and communities, and supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.⁶² In addition, Minority Depository Institutions (MDIs), established through the Federal Deposit Insurance Corporation (FDIC), are federally-insured depository institutions for which 51% or more of the voting stock is owned by minority individuals, or where members of the board of directors and the communities they serve are predominantly minority.⁶³ The FDIC found that MDIs originate a greater share of SBA guaranteed small business loans for low- and moderate-income households compared to non-MDI institutions.⁶⁴

Minority Business Development Agency (MBDA): founded in 1969 and codified as a permanent agency within the U.S. Department of Commerce by President Biden with the signing of the Infrastructure Investment and Jobs Act of 2021, the MBDA is the only federal agency tasked with promoting the growth and competitiveness of minority-owned businesses. It currently invests in a national network of MBDA business centers (“Specialty Centers”), including Federal Procurement and Export Centers, and grantees.⁶⁵

The Federal Acquisition Regulation requires federal agencies to reserve contracts (called set-asides) greater than the micro-purchase threshold of \$10,000 but not greater than the simplified acquisition threshold of \$250,000 exclusively for small businesses, unless there is insignificant competition for a particular contract.⁶⁶ Every Federal agency houses an Office of Small and Disadvantaged Business Utilization to promote contracts with small businesses and examine the role and responsibilities of federal procurement officers and relevant business opportunity officials in promoting small business contracting opportunities.⁶⁷

The U.S. Department of Agriculture (USDA) Rural Development programs support community-based entrepreneurial planning and growth. Specifically, the Value-Added Producer Grant program, the Rural Energy for America Program, and the Business and Industry Loan Guarantee program can directly support entrepreneurs, as well as the public agencies and community-based organizations that serve them.⁶⁸

⁶⁰ U.S. Small Business Administration. “Fiscal Year 2014 Congressional Budget Justification and FY2012 Annual Performance Report.” p. 58;

U.S. Small Business Administration. “Fiscal Year 2010 Congressional Budget Justification.” p. 30. 2010.

⁶¹ U.S. Small Business Administration. Office of Small Business Development Centers. Accessed on March 14, 2022.

⁶² U.S. Department of the Treasury, Community Development Financial Institutions Fund, About Us.

⁶³ U.S. House Small Business Committee, Hearing Memorandum. “Examining the Role of CDFIs and MDIs in Small Business Lending.” 2021.

FDIC Quarterly. “Minority Depository Institutions: Structure, Performance, and Social Impact.” 2014.

⁶⁴ Ibid.

⁶⁵ Minority Business Development Agency. Who We Are. Accessed on March 11, 2022.

⁶⁶ Federal Acquisition Regulation. §19.502-2

⁶⁷ CRS Memorandum. “An Overview of Small Business Contracting.” February 25, 2022.

⁶⁸ USDA Rural Development. Federal Funding Opportunities. Accessed on March 14, 2022.

Examples of public-private and nonprofit initiatives

Funded in part by SBA, America's SBDC is a nationwide network of Small Business Centers hosted by leading universities, colleges, state economic development agencies, and private partners.⁶⁹ Between 2019-20, SBDC helped start 18,691 new businesses. Moreover, 76% of SBDC clients report starting new businesses with the help of services like free business consulting, accessing capital, and technology development.⁷⁰

Another SBA partner, SCORE is the nation's largest network of volunteer, expert business mentors that has served more than eleven million small business owners since 1964. SCORE chapters operate in all 50 states, the District of Columbia, and Puerto Rico. During the pandemic, SCORE provided management and technical assistance training services to help start 45,027 businesses and create 74,535 non-owner jobs.⁷¹ Since the beginning of the pandemic, SCORE has also created the Small Business Resilience Hub which has served more than 700,000 clients to date through online mentoring on topics like funding and finance, recovery and growth, human resources and operations, and startup business plans.⁷²

Examples of small business assistance and entrepreneurship programming abroad

Among the OECD countries, the federal government of Germany leads the way in simplifying the regulatory environment through measures such as strengthening e-government services.⁷³ Entrepreneurship support policies have been an important and effective pillar of economic policies in Germany over the recent decades. As an example, the Start-up Campaign "GO!" [Gründungsoffensive "GO!"] includes provisions to stimulate a more inclusive culture as well as schemes to support women, students, and migrants in business creation.

In response to COVID-19 pandemic, Germany established a multi-billion-euro assistance program through the state-owned investment bank to provide liquidity to businesses, entrepreneurs, and freelancers. Within the initiative, microbusinesses with up to 10 employees were eligible for a one-time payment of EUR 15,000 for a three-month period. Around 426,000 of self-employed and micro-entrepreneurs received several rounds of grants. On April 30, 2020, the government also introduced an additional EUR 2 billion package aimed at start-ups and small enterprises with sustainable business models.

⁶⁹ [America's SBDC](#). Accessed on March 14, 2022.

⁷⁰ Ibid.

⁷¹ SCORE. "[FY2020 Annual Report. Resilience.](#)" and [SCORE.org](#). Accessed on March 14, 2022.

⁷² Ibid.

⁷³ OECD/European Commission. "[The Missing Entrepreneurs 2021: Policies for Inclusive Entrepreneurship and Self-Employment.](#)" *The Missing Entrepreneurs*. November 29, 2021;

Federal Ministry of the Interior and Community of Germany. [E-government](#). Accessed on March 14, 2022.