June 24, 2026

The Honorable Roger Williams
Chair
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: Hearing entitled "From Startup to Scale: The Role of the SBA Office of Investment and Innovation in Powering America's Small Businesses"

Dear Chairman Williams and Ranking Member Velázquez:

On behalf of the Small Business Investor Alliance, I write to express strong support for the Small Business Investment Company (SBIC) Program and to thank the Committee for its continued oversight of the U.S. Small Business Administration's Office of Investment and Innovation (OII). The SBIC Program is performing well, and continued congressional oversight can help ensure that it remains effective, transparent, and responsive to market demand.

We sincerely appreciate the Committee's longstanding bipartisan support for the SBIC Program. The program remains one of the federal government's most successful public-private partnerships for expanding access to long-term growth capital for American small businesses. By leveraging private investment alongside SBA-guaranteed capital, SBICs have helped countless entrepreneurs start, grow, and scale businesses that create jobs, strengthen local economies, and enhance U.S. competitiveness.

We also commend the Committee for its leadership in advancing the Investing in All of America Act, which with the President's support, became law on May 19, 2026. By increasing the SBIC Program's leverage caps and updating bonus leverage authority, Congress recognized the program's proven track record and the growing need for patient, long-term investment capital. These reforms will help attract additional private investment and expand financing opportunities for small businesses nationwide, especially those in areas often overlooked by traditional capital providers.

State of the SBIC Program

By the principal market indicators available to the industry, the SBIC Program is in a strong position. SBA is being led by a team with excellent private market experience. They have made clear their desire to amplify private investment into America's job creators. As a result, new SBIC funds are entering into the program. Licensing has been robust. More investment strategies are available (Critical Technologies, Reinvestor, etc.), which broadens the benefits of the program to more types of small businesses. Institutional investors, who provide the private capital and serve as important gatekeepers for the program, are increasing in both number and allocation size. Overall, the major indicators are positive. This bodes well for the small businesses both SBA and the SBICs serve.

Implementing the Investing in All of America Act

As SBA works to roll out the new leverage authorities in the Investing in All of America Act, indications are that SBA will move with speed and in a way that is consistent with congressional intent. SBIA hopes that, consistent with prior increases in leverage caps, existing SBIC licensees that are in their investment period, have adequate private capital, and are in regulatory compliance will be able to promptly access additional leverage authority when they apply. The industry has had constructive initial discussions with SBA and expects the results will be positive.

Bonus leverage should likewise be simple and predictable. Because qualifying investments are not counted against the leverage cap, the statutory calculation is straightforward and can be handled through existing oversight and compliance processes. A simple certification that could be added to current forms, such as Form 1031 that is filed after every small business investment, would capture the information necessary to ensure compliance without requiring a separate request-and-approval process. This would also allow for better reporting to Congress on the types of businesses that are benefiting from the use of this new provision.

Ensuring SBIC Fee Retention

The SBIC Program is delivering results at a pace Congress has not seen in decades. With the support of the current Administration, the program is experiencing very strong licensing volume, capital commitments, and interest from new and returning licensees.

At the same time, OII is responsible for regulating the program, including processing applications, conducting fund examinations, and supervising active licensees, all while operating on a very limited budget. SBA's technological or human resources are under strain as they work to keep up with the growing regulatory demands of a growing program. Improvements in technology are being made and there is significant hiring occurring, but this will take some time.

It is important to note that SBIA has expressed concerns for several years regarding the use of fees charged to SBICs. The industry supported higher SBIC fees with the understanding that those resources would strengthen the licensing, examination, supervision, and technology infrastructure needed to administer the program effectively. Since those fees were increased, funds that were previously supporting the SBIC program were diverted to areas outside of the SBIC program, nullifying the promised benefits of the fee increases. As this program grows, all SBIC fees should stay inside the SBIC program and not be diverted elsewhere. Additionally, it is critical that the "annual charges" paid by SBICs to offset any potential future losses are not diverted to any other program.

Transparency of Success – SBIC Data

This program is a powerful positive force supporting small businesses, but for many years the publication of SBIC data has been irregular and sometimes non-existent. Both Congress and the broader small business market will benefit from SBA releasing timely data on the program.

- Quarterly program data to restore routine publication of key metrics and inform oversight.
- Annual performance report examining investment trends, leverage utilization, portfolio outcomes, economic impact, licensing activity, regulatory developments, and opportunities for improvement.

Given SBA's resource challenges, if SBA is unable to conduct this reporting on its own, SBIA would be willing to enter into an agreement with SBA to process, aggregate, anonymize, and report data to both SBA and the Committee.

In 2017, the Library of Congress' Research Division did a groundbreaking study on the SBIC program's impact on job creation. We respectfully request that the Committee ask the Research Division of the Library of Congress to update that study and to continue updating it at least every five years.

We appreciate both the Committee's and SBA's commitment to expand access to capital, strengthen entrepreneurship, and support small business growth.

Thank you for your consideration.

Sincerely,

Brett Palmer

Brett Palmer
President
Small Business Investor Alliance