Dear SBA Administrator Jovita Carranza,

Congratulations on your appointment and confirmation as Administrator of the Small Business Administration. As a supporter of small businesses, I am confident that you will work hard to ensure the success of our nation’s small businesses.

Small businesses are the backbone of the American economy. As a Member of Congress, I am committed to ensuring that small businesses can thrive. The SBA has many programs that provide assistance to small businesses as they grow and expand. Specifically, the SBA’s Business Development 8(a) and 8(m) programs provide special consideration of businesses owned by socially and economically disadvantaged populations for federal contracts and other services. That said, I am concerned that the rules governing some of these programs have not evolved with modernity.

To qualify for the SBA’s 8(a) and 8(m) Business Development program, the business must be 51 percent unconditionally owned by a qualifying owner. The overly burdensome unconditional ownership requirement prevents equity investments and forces small business owners to choose between program participation and growth through private equity investment. The current rules punish well-run businesses for attracting outside investment that would help make them more sustainable and successful – the goal of these important programs.

I have introduced a bill, the Women and Minority Equity Investment Act (H.R. 3633), to amend the rules and allow 8(a) and 8(m) businesses to receive equity investment and continue participating in the SBA’s programs as long as a socially or economically disadvantaged individual or individuals retains a 51+ percent stake in the business. Similar legislative language has already passed in the Senate and the companion legislation, S. 1981, was co-sponsored by Senator Marco Rubio (R-FL), chairman of the Senate Committee on Small Business and Entrepreneurship.

I write this letter to make you aware of this issue and to relay my interest in working with your team to improve these programs. The SBA has done a lot of good for small businesses across the country, especially for women and minority-owned businesses. I want to empower strong, well-run businesses, not punish them. By allowing a business to continue receiving equity investment while retaining access to the SBA’s programs, we can spur job creation and generate wealth in communities often overlooked.

I look forward to working with you on this matter and to promote the success of America’s small businesses, their owners, employees and investors.

Sincerely,

Robin L. Kelly
Member of Congress