Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515–6315

MEMORANDUM

TO: Members of the Committee on Small Business

FROM: Committee Majority Staff

DATE: September 12, 2025

RE: Full Committee Hearing Titled: "Pathway to Capital: The Role of SBA Lending in Supporting Main Street America"

On **Tuesday**, **September 16, 2025, at 10:00 AM ET,** the Committee on Small Business (the Committee) will hold a hearing titled **"Pathway to Capital: The Role of SBA Lending in Supporting Main Street America."** The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to examine the framework and operational status of government-backed lending programs offered by the U.S. Small Business Administration (SBA).

I. Witness

- **Mr. Thomas Kimsey**, Associate Administrator, Office of Capital Access, U.S. Small Business Administration

II. Background

Access to capital is consistently cited as the largest challenge facing small businesses. Over 80 percent of small businesses that have applied for loans within the past year have experienced challenges accessing affordable capital.[1] The SBA's Office of Capital Access administers several programs that are designed to foster and support affordable loans to small businesses, including the SBA's 7(a) loan program, the 504 loan program, and the microloan program.

The 7(a) loan program is considered the SBA's flagship lending program. 7(a) loans are available to entrepreneurs for various business purposes, including short-and long-term working capital, refinancing business debt, and purchasing furniture, fixtures, and supplies.[2]

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[1] *Small Businesses Face Challenges Accessing Capital, Uncertainty Around Tax and Trade Policy*, GOLDMAN SACHS (Jun. 5, 2025).
[2] *U.S. Small Bus. Admin. 7(a) Loans*, https://www.sba.gov/funding-programs/loans/7a-loans (last visited Sep. 12, 2025).

The 504 loan program provides long-term, fixed-rate loans to help small businesses acquire major fixed assets such as land or equipment.[3] The SBA's microloan program provides financing up to $50,000 to small businesses and certain not-for-profit childcare centers to start up and expand.[4]

Under the 7(a) and 504 loan programs, the SBA does not provide loans directly to small businesses, instead the SBA provides loan guarantees on loans from private-sector lenders. When working properly, the 7(a) and 504 loan programs are funded through the collection of fees and operate at zero-subsidy, i.e. zero cost to taxpayers, as required by law.

The SBA loan programs must be administered carefully to protect taxpayer dollars. Previous actions taken by the Biden-Harris Administration's SBA relaxed underwriting standards and oversight of the SBA loan programs. As a result, the 7(a) program experienced a negative cash flow of about $397 million—the first negative cash flow in 13 years.[5] To ensure the SBA lending programs do not risk loss to the taxpayer, SBA Administrator Kelly Loeffler has taken action to reinstate prudent lending standards.

III. Conclusion

The Office of Capital Access is central to efforts to support American small businesses. To best serve Main Street America, this Committee will continue to support the efforts of the Office of Capital Access to bring sustainability and zero subsidy back to the SBA's loan programs.

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[3] *U.S. Small Bus. Admin. 504 Loans*, https://www.sba.gov/funding-programs/loans/504-loans (last visited Sep. 12, 2025).
[4] *U.S. Small Bus. Admin. Microloans,* https://www.sba.gov/funding-programs/loans/microloans (last visited Sep. 12, 2025).
[5] News Release, U.S. Small Bus. Admin., SBA Eliminates Disastrous Biden-Era Underwriting Standards (Apr. 22, 2025).