

May 7, 2014

The Honorable Cedric L. Richmond  
U.S. House of Representatives  
Washington, DC 20515-1802

Dear Representative Richmond:

Administrator Contreras-Sweet has asked me to respond to your recent inquiry regarding the financing needs of black owned businesses and how the U.S. Small Business Administration (SBA) can assist such businesses in obtaining a greater ratio of financial support. More specifically, you requested data specific to Louisiana and specific to the 2<sup>nd</sup> Congressional District. The enclosed [attached?] excel spreadsheet contains the data you requested.

The SBA provides several small business financing programs, one of which is the 7(a) Guaranteed Loan Program. A subset of that Program is the Community Advantage Pilot Loan Program, which provides access to 7(a) loan guarantees to community-based lenders that are focused on economic development in underserved markets. It is designed to meet the needs of small businesses in these markets seeking \$250,000 or less, but more than microfinancing (which can go up to \$50,000). The attached data illustrates that all Community Advantage loan guarantees provided in Louisiana have been provided in the 2<sup>nd</sup> District. While volume has been light, we anticipate an upswing in these loans, as a result of a training conference that occurred from April 29 to May 1, 2014. This conference allowed SBA to provide significant training to microlenders regarding use of Community Advantage.

In terms of 7(a) loan guarantees other than Community Advantage, the data illustrates that roughly 10% of the 7(a) loans approved in Louisiana since 2009 have been provided to black owned businesses while the ratio for the 2<sup>nd</sup> District is roughly twice that percentage at 19.79%.

The number of business loans approved in Louisiana under SBA's Certified Development Company Program (referred to as "504 loans") since 2009 is 176. The number in the 2<sup>nd</sup> District for the same time period is one. The total number of 504 loans approved in the 2<sup>nd</sup> District since 2009 is 16.

Microloans are a significant tool for meeting the needs of start-up, new, and growing small businesses, particularly minority-owned businesses. SBA's Microloan Program is specifically designed to utilize community based entities that integrate training and technical assistance with small levels of financing. Microloans open the doors for many businesses and are considered the first rung in the available continuum of lending. During the time period being discussed, 50.78% of the microloans made through SBA's Microloan Program in Louisiana have been made to black owned businesses. The amount loaned to those businesses under the Microloan Program is \$721,048.61. Data specific to the 2<sup>nd</sup> District is not available.

We hope this letter and the attached data provide you with information that will assist you in helping to meet the needs of Louisiana's small businesses.

We appreciate your support of SBA and America's small businesses. If you or your staff have any questions, please contact the SBA Office of Congressional and Legislative Affairs, at (202) 205-6700.

Sincerely,

Ann Marie Mehlum  
Associate Administrator  
Office of Capital Access

Enclosure