Coronavirus Relief Package Provides Important Small Business Assistance, But Much More Must be Done to Help Vulnerable Entrepreneurs

Opportunity Fund’s Vice President of Research and Policy, Gwendy Brown, issued the following statement in response to the $2 trillion coronavirus relief package passed by the Senate--calling for the appropriation of $1 billion for the CDFI Fund in a final bill to help the most vulnerable small businesses, and automatic approval of CDFIs as authorized stimulus fund lenders.

San Jose, Calif., March 26, 2020 -- The Senate’s passage of the $2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act -- including $377 billion for small businesses -- is a promising step in alleviating the economic damage the coronavirus pandemic has inflicted on small businesses and their employees. However, senators missed an important opportunity to help the most vulnerable small businesses by failing to appropriate additional funding for the Community Development Financial Institutions (CDFI) Fund.

The relief bill, as currently written, leaves the nation’s smallest, most vulnerable businesses at the back of the line for assistance, even though they are on the frontlines of this economic crisis with the smallest cash reserves.

The substantial funding the Senate provided to small businesses via the Small Business Administration’s 7(a) program is welcome, however the smallest, most vulnerable businesses often have no history with SBA lenders. Moreover, many entrepreneurs -- including those which are smaller, informal, and often run by immigrants -- do not have clear documentation of their full expenses such as payroll or “payroll to self,” which excludes them from fully benefiting from the relief programs in the CARES Act.

They do, however, have trusted relationships and loans outstanding with CDFIs, whose reach goes deep into immigrant, minority, rural and other vulnerable communities and which can deploy loans quickly and effectively to these businesses. At the very least, all CDFIs should be automatically, and immediately, approved as authorized lenders to administer these emergency funds.

We urge the House of Representatives to include a $1 billion supplemental appropriation to the CDFI Fund, which will keep CDFIs solvent on the frontlines of this economic crisis affecting
small businesses. This would allow CDFIs across the country to leverage $12 billion in capital that will be deployed to communities in need.

In addition to appropriating $1 billion to support CDFIs, we also urge the Treasury Department to activate its Exchange Stabilization Fund. The authority to do so already exists. The Treasury Department should work with the Federal Reserve Bank to acquire loans from CDFI small business lenders for 90 cents on the dollar. This concept -- championed by the Aspen Institute, NYU Financial Access Initiative and other industry leaders -- would allow CDFIs to offer relief to borrowers while being able to provide additional assistance to businesses.

Together, these initiatives will ensure our most vulnerable communities still have Main Streets, and Main Street lenders, when this crisis has passed.

To request an interview with Opportunity Fund VP Gwendy Brown contact Conan Knoll at (831) 524-6764 or conan@emcstrategies.com.

###

About Opportunity Fund

Opportunity Fund, the nation’s leading nonprofit small business lender, believes small dollar loans help hard-working entrepreneurs make lasting change in their own lives and build stronger communities by growing businesses and creating jobs. Opportunity Fund’s community of donors and investors is creating an inclusive financial system that empowers women, immigrant, and minority small business owners. Our strategy combines microloans for small business owners and New Markets Tax Credit investments in high-impact community infrastructure projects. Since 1994, Opportunity Fund has deployed more than $900 million and helped thousands of entrepreneurs invest in their families’ futures. The organization has committed to lending an additional $1.2 billion to small business owners across the country and investing $174 million in community real estate projects by 2023. www.opportunityfund.org