

United States Senate

June 26, 2025

The Honorable Kelly Loeffler
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

The Honorable Howard Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Administrator Loeffler and Secretary Lutnick,

The Trump administration is undoing decades of progress supporting minority small business owners, including the attempt to dismantle the Minority Business Development Agency (MBDA), undermine small business contracting programs, and cut targeted resources and services. We demand answers from the Administration about how it intends to properly serve small business entrepreneurs from minority and underserved communities and follow Federal laws establishing support for such entrepreneurs. A failure to support small businesses, including minority-owned small businesses, will be a detriment to the entire American economy.

In 1969, President Nixon created the MBDA to help minority business owners succeed. In 2021, Congress permanently authorized the MBDA, with overwhelming bipartisan support. One of the MBDA's core functions, as defined in the Minority Business Development Act,¹ is operating a network of Business Centers through public-private partnerships. These Business Centers assist minority-owned businesses with accessing capital, contracts, and counseling, ultimately to facilitate their growth and create jobs. In Fiscal Year (FY) 2024, the MBDA helped minority-owned businesses create or retain more than 23,000 jobs, secure almost \$2.7 billion in contracts, and receive in excess of \$1.5 billion in capital.²

On March 14, 2025, President Trump issued an executive order directing the MBDA and several other agencies to reduce their functions to the minimum amount required by law.³ On April 10, 2025, nearly every MBDA employee was let go or reassigned. The cancellation of all MBDA grants and Business Center contracts soon followed. Termination letters sent to MBDA grantees and Business Centers—and subsequently rescinded after the Rhode Island Federal District Court issued a preliminary injunction halting the executive order's implementation—claimed their grants or contracts were no longer consistent with the agency's priorities. But Congress, not the Trump administration, authorized the MBDA and established its purposes

¹ Infrastructure Investment and Jobs Act, Div. K, P.L. 117-58 (2021).

² *Annual Performance Summary, Fiscal Year 2024*, Minority Business Development Agency (Mar. 2025), <https://www.mbda.gov/sites/default/files/2025-03/fy-2024-annual-performance-report.pdf>.

³ Executive Order, The White House, *Continuing the Reduction of the Federal Bureaucracy* (Mar. 14, 2025), <https://www.whitehouse.gov/presidential-actions/2025/03/continuing-the-reduction-of-the-federal-bureaucracy/>.

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when it passed the *Infrastructure Investment and Jobs Act* in 2021.⁴ Oversight letters from Democratic members of the Senate Commerce Committee regarding the Administration's actions have gone unanswered.

The Administration actions to eliminate the MBDA are part of an overall attack on federal support to business owned by socially or economically disadvantaged individuals. Federal agencies have several small business contracting goals, including for small businesses generally, Small Disadvantaged Businesses (SDBs), and women-owned and veteran-owned small businesses. Each federal agency with procurement authority has an Office of Small and Disadvantaged Business Utilization (OSDBU) to promote the use of small businesses to fulfill agency contracts. Small business goals and OSDBUs work in tandem to ensure that small businesses, not just large firms, benefit from the largest buyer of goods and services in the world, the U.S. government.

In January 2025, the SBA lowered to 5 percent the goal of increasing the share of federal contracting dollars going to SDBs, a stark contrast to the Biden administration, which raised the SDB goal to 15 percent.⁵ The Administration also appears to be undermining OSDBUs; according to reports, the Department of Health and Human Services, the fourth largest grantor of federal contracting dollars,⁶ fired all OSDBU staff except one at the agency.⁷

The President's FY 2026 proposed budget doubles down on these actions by entirely eliminating several statutorily authorized and bipartisan entrepreneurial development programs, in addition to the MBDA. The President's budget also proposes cutting Women's Business Centers, the Service Corps of Retired Executives (SCORE), technical assistance for the Microloan program, and more. The Administration justifies these cuts by stating the previous administration awarded "billions in funding to certain businesses solely based on race and gender."⁸ Although some of these programs target specific resources to certain communities, the vast majority of these programs serve *all* Americans.

The Trump administration's war on targeted federal programs is already hurting minority and underserved small businesses. The New York Times found that the Administration's contract cancellations have disproportionately impacted minority- and women-owned small businesses while largely ignoring the largest federal contracts. As of March 2025, 19 percent of cancelled contracts listed on the DOGE website are for minority-owned businesses and 11

⁴ Infrastructure Investment and Jobs Act, Div. K, P.L. 117-58 (2021).

⁵ *Small Business Procurement – FY2025 Small Business Goals – as of 1/24/2025*, U.S. Small Business Administration, <https://www.sba.gov/sites/default/files/2025-01/Small%20Business%20Procurement%20-%20F25%20SB%20Goals%20-%20One%20Page%20updated%20%281%29.pdf>; see also Fact Sheet, The White House, Biden-Harris Administration Announces New Actions to Expand Small Business Access to Federal Contracts (Jan. 25, 2024), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2024/01/25/fact-sheet-biden-harris-administration-announces-new-actions-to-expand-small-business-access-to-federal-contracts/>.

⁶ *Federal Contracting*, U.S. Government Accountability Office, <https://www.gao.gov/federal-contracting> (last visited May 19, 2025).

⁷ Nick Wakeman, *DOGE Guts HHS Small Business Office in Reorg Effort*, Washington Technology (Apr. 7, 2025), <https://www.washingtontechnology.com/contracts/2025/04/doge-guts-hhs-small-business-office-reorg-effort/404356/>.

⁸ Letter from Russell T. Vought, Director, Executive Office of the President Office of Management and Budget, to Senator Susan Collins, Chair, U.S. Senate Committee on Appropriations (May 2, 2025), <https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf> [hereinafter 'Letter'].

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percent are women-owned businesses, despite representing just 10 percent and 5 percent of federal contracts, respectively.⁹

Bloomberg reported that SBA employees are uncertain whether they can attend meetings with the Hmong Chamber of Commerce or Latino business associations, and some SBA employees are being directed to withhold annual small business awards that were supposed to go to minority entrepreneurs.¹⁰

These actions are unacceptable and harm the American economy. Minority-owned businesses employ millions of Americans and generate more than \$2 trillion in annual revenue.¹¹ In the contracting space, the importance of a fully inclusive supplier base has also been well-documented,¹² including in the manufacturing industry.¹³ Rather than strengthening support for minority-owned firms, President Trump has instead dismantled the MBDA, lowered contracting goals for SDBs, undermined OSDBUs, and proposed eliminating various entrepreneurial development programs. Undermining and dismantling targeted federal programs that recognize the historic challenges faced by minority business owners will ultimately hurt local communities and weaken the U.S. economy.

We request answers from the Administration in writing on the following questions by July 10, 2025:

1. Please explain how the Department of Commerce plans to utilize congressionally appropriated MBDA funds in accordance with statutory requirements.
2. The MBDA Business Centers program is statutorily authorized under 15 U.S.C. § 9523. Please explain how decisions to fire staff who service the program and cancel Business Center contracts were made.
3. Please detail how the Trump administration plans to meet the existing SDB contracting goal. Will the SBA commit to advocating for the full staffing and resourcing of OSDBUs to ensure all small business contracting goals are met or exceeded? If not, why not?

⁹ Emily Badger et al., *The Big Government Contracts DOGE Hasn't Touched*, N.Y. Times (Mar. 4, 2025), <https://www.nytimes.com/interactive/2025/03/04/upshot/doge-musk-contracts-cuts.html?smid=nytcore-android-share>.

¹⁰ Annie Massa, *Wall Street Veteran Kelly Loeffler Guts DEI for Trump*, Bloomberg (Apr. 22, 2025), <https://www.bloomberg.com/news/features/2025-04-22/trump-sba-head-kelly-loeffler-guts-dei-for-small-businesses>.

¹¹ Ashley Winston, *The Contribution of Minority Business Enterprises to the U.S. Economy*, Minority Business Development Agency Office of Policy Analysis and Development (Sept. 2021), <https://www.mbda.gov/sites/default/files/2021-09/The%20Contribution%20of%20MBEs%20to%20the%20US%20Economy%20Report%20%20-%20September%202021.pdf>; see also Gary Stockton, *Commercial Pulse Report: A \$2 Trillion Opportunity for Minority-Owned Small Businesses*, Experian (Feb. 25, 2025), <https://www.experian.com/blogs/business-information/2025/02/25/commercial-pulse-report-a-2-trillion-opportunity-for-minority-owned-small-businesses/#:~:text=Over%208%20million%20minority%20Downed,among%20non%2Dminority%20businesses%E2%80%8B>.

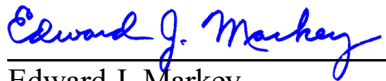
¹² Alexis Bateman et al., *Why You Need a Supplier-Diversity Program*, Harvard Business Review (Aug. 17, 2020), <https://hbr.org/2020/08/why-you-need-a-supplier-diversity-program>; see also Julie Kratz, *Supplier Diversity is the Key to Better Business Outcomes*, Forbes (Feb. 25, 2024), <https://www.forbes.com/sites/juliekratz/2024/02/25/supplier-diversity-is-the-key-to-better-business-outcomes/>.

¹³ Press Release, Minority Business Development Agency, Minority Business Development Agency Releases Report on Closing Supply Chain Gaps with MBEs (Dec. 20, 2024), <https://www.mbda.gov/news/press-releases/2024/12/minority-business-development-agency-releases-report-closing-supply>.

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4. Please detail the specific reasons for the President's request to eliminate "15 specialized and duplicative programs,"¹⁴ including the Women's Business Center Program, SCORE, the State Trade Expansion Program, Native American outreach, technical assistance for the Microloan program, Growth Accelerators, and Regional Innovation Clusters.

Sincerely,



Edward J. Markey
Ranking Member, Committee
on Small Business and
Entrepreneurship



Maria Cantwell
United States Senator
Ranking Member, Committee
on Commerce, Science, and
Transportation



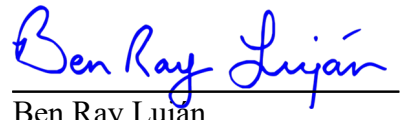
Martin Heinrich
United States Senator



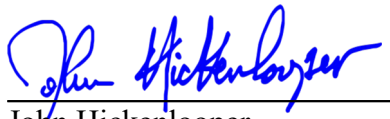
Mazie K. Hirono
United States Senator



Adam B. Schiff
United States Senator



Ben Ray Lujan
United States Senator



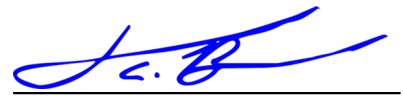
John Hickenlooper
United States Senator



Jacky Rosen
United States Senator



Tammy Baldwin
United States Senator



Cory A. Booker
United States Senator

¹⁴ Letter, *supra* note 7.

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Lisa Blunt Rochester
United States Senator