FOR IMMEDIATE RELEASE

$10 BILLION EXPANSION OF SBIC CRUCIAL TO US ECONOMIC RECOVERY

Kansas City, MO – July 28, 2020 – Victor Hwang, a leading champion of entrepreneurship and Founder of Right to Start, released the following nonpartisan statement in support of inclusion in the next phase of federal coronavirus relief of a $10 billion expansion of the Small Business Investment Company (SBIC) as well as other SBIC improvements, as was proposed in the Phase IV relief bill unveiled on Capitol Hill yesterday. SBIC is the Small Business Administration’s fund to develop new funds (including private equity and venture capital) that invest in small business creation and growth.

“A lot of the great venture capital funds of today were SBIC-backed more than 40 years ago, but SBIC is structured to address the needs of funds of a past era. It has lost its relevance.

The purpose of SBIC should be to fill gaps in the marketplace and be a catalyst for new capital formation to reach underserved entrepreneurs. But SBIC is hardly a factor because its process is onerous and not aligned with current market needs. SBIC primarily invests in fund managers and banks with established track records, which does not advance market innovation. The vast majority of SBIC capital ends up going to established businesses, not the entrepreneurs who are starved for capital the most.

The proposed SBIC enhancements would address the problem in three ways. They would make SBIC’s approval process easier, faster, and more flexible. They would increase direct capital to three categories of businesses: those hurt by COVID-19, those in low-income areas, and manufacturing companies. They would make an injection of $10 billion.

SBIC has a crucial role to play in building the capital infrastructure America needs to advance startups and small business growth amid COVID-19. These proposed enhancements of SBIC are vital to economic recovery and entrepreneurship in America.”
Additional information on Right to Start is available at www.righttostart.org. To speak with Victor Hwang, contact Henry Miller – hmiller@highimpactpartnering.com or 917-921-8034.

Right to Start is a national movement to advance entrepreneurship as a community priority throughout the United States. Entrepreneurship has long been viewed as a solitary endeavor – the lone starter in a basement or garage. Right to Start’s vision is to transform America so that all communities prioritize entrepreneurship, clearing away obstacles to ensure that every American has an equal right to start and a level playing field on which to embark. The campaign is conducted through two affiliated nonprofit organizations, a 501(c)3 and 501(c)4.