



Small business owners. Small business values.

April 28, 2017

The Honorable Jeb Hensarling
2228 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Maxine Waters
2221 Rayburn House Office Building
Washington, D.C., 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the Main Street Alliance, a national network of state-based small business coalitions, I am writing to express enthusiastic support for the Consumer Financial Protection Bureau (CFPB) and to oppose the Proposal to Create Hope and Opportunity for Investors, Consumers (CHOICE), and Entrepreneurs, and any other attempt to weaken the Bureau's ability to protect consumers and enact critical financial reforms.

As you are well aware, the 2008 crash caused the worst economy since the Great Depression, decimating the labor market. While all businesses suffered from the crisis, the economic wreckage caused by the financial industry disproportionately hurt small businesses. At the peak of the recession, the job loss rate for businesses with fewer than 50 employees doubled that of businesses with 500 or more employees.¹ And between 2007 and 2012, an astonishing 60 percent of the total net job losses were in the small business sector. To this date, the job creation rate of small businesses lags well behind the pre-recession levels, and small businesses widely struggle to obtain sufficient financing.²

Lawmakers passed the Dodd-Frank bill and created the CFPB to ensure that such a crisis never again happens. Five years in, the CFPB has already proven itself an able and effective agency. Highlights of its accomplishment include:

- Returning more than \$11 billion to individuals cheated by financial companies;
- Crafting new rules outlawing unaffordable, predatory mortgages that instigated the financial collapse;
- Securing \$1.8 billion in refunds from credit card customers of the largest banks for worthless add-on products like fraud monitoring services and deceptively-marketed insurance products;
- Securing \$530 million from a for-profit school that swindled students and then engaged in illegal debt collection in its private student loan program; and
- Creating a complaint system to help consumers, small businesses, and the Bureau spot worrisome practices.

Beyond these accomplishments, the CFPB has an ambitious agenda ahead. It is working on rules to safeguard economically vulnerable people and communities against the abuses of

¹ Mills, Karen Gordon and Brayden McCarthy. "The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game." Harvard Business School, July, 2014.

² Mills, Karen. Ibid.

triple-digit-interest debt-trap lenders; to rein in the use of take-it-or-leave-it forced arbitration clauses to bar wronged consumers from taking companies to court; and to stop illegal debt collection activities. And, of particular interest to small business owners, the CFPB will soon be collecting publicly available small business loan data—information that has been difficult to come by, but is essential to increase access to capital for small businesses, particularly female-owned and minority-owned.

CFPB opponents often invoke small businesses in their opposition, claiming that its regulatory and enforcement actions are burdensome or job-killing. However, the Main Street Alliance firmly believes that these protections are the necessary safeguards to enable businesses and entrepreneurs to take the financial risks to start or expand their business. For instance, 63 percent of small business owners used their personal assets, such as their homes or personal savings, as collateral to secure financing, and over half used personal savings to finance their business.³ As such, protecting these “consumer investments” is critical to small business success. Likewise, removing forced arbitration clauses that disempower consumers is beneficial to small businesses, who are subject to the same clauses whenever they seek to set up internet or phone service, open a credit card account, or rent a car.

Furthermore, when consumers’ financial lives are held hostage to predatory payday loans or student loans that lock them in a cycle of debt, businesses suffer. Under the weight of this debt, customer dollars are siphoned away from the local economy, consumer demand for goods and services slackens, and Main Street businesses lose revenue. Strong, local businesses depend upon robust enforcement by the CFPB.

The CFPB has made enormous strides in creating a fairer marketplace in which small businesses, consumers, and local economies can thrive. The Main Street Alliance urges the Committee to oppose the CHOICE Act and instead all the CFPB to continue this work ahead and promptly move forward on each of it’s nine priorities.⁴

Thank you again for the opportunity to express Main Street Alliance’s views. If you have any questions, please contact Stephen Michael, Deputy Managing Director at stephen@mainstreetalliance.org.

Sincerely,



Amanda Ballantyne
National Director
Main Street Alliance

³ “2015 Small Business Credit Survey: Report on Employer Firms.” Federal Reserve Bank of Atlanta. <https://www.frbatlanta.org/-/media/Documents/research/small-business/survey/2015/report-on-employer-firms/2015-report-on-employer-firms.pdf?la=en>.

⁴ CFPB Fact Sheet, Policy priorities over the next two years (Feb. 25, 2016), http://files.consumerfinance.gov/f/201602_cfpb_policy-priorities-over-the-next-two-years.pdf