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Chairman Scott, Ranking Member Warren, and members of the Committee, thank you for the opportunity to testify.

My name is Cantrell Dumas. I am a Senior Researcher at the Joint Center for Political and Economic Studies. Founded in 1970, the Joint Center is a nonprofit, nonpartisan organization known as America's Black think tank. We develop evidence-based policies to improve the economic and civic well-being of Black Americans.

My work focuses on retirement security, financial regulation, and the policies that shape Black families' ability to build wealth. I have more than a decade of public service experience, including work at the Commodity Futures Trading Commission and service at the Federal Deposit Insurance Corporation during the 2008 financial crisis. I also worked in private practice as an attorney advising clients on financial transactions.

Expanding access to capital is important. Small businesses and entrepreneurs need affordable financing to start, grow, and hire workers. At the same time, workers and families supply capital through savings and retirement accounts. Main Street is on both sides of our capital markets.

Past deregulatory efforts may have made it easier for some firms and investment funds to raise capital. But the total amount raised tells us little about whether capital reached Black-owned businesses and underserved entrepreneurs, or whether low-wealth families gained meaningful opportunities to build wealth.

Black entrepreneurs continue to face a significant scaling gap. Black-owned businesses represent about 14 percent of firms without paid employees but only about 3 percent of firms with paid employees.[1] In the Federal Reserve's 2024 Small Business Credit Survey, only 35 percent of Black-owned firms that applied for loans, lines of credit, or cash advances were fully approved for the financing they sought, compared with 56 percent of white-owned firms.[2]

[1] U.S. Census Bureau, "Census Bureau Releases New Data About Characteristics of Employer and Nonemployer Business Owners," November 20, 2025, available at https://www.census.gov/newsroom/press-releases/2025/business-owner-characteristics.html.

[2] Federal Reserve Banks, "2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey," March 2025, available at https://www.fedsmallbusiness.org/-/media/project/clevelandfedtenant/fsbsite/reports/2025/2025-report-on-employer-firms.pdf.

These disparities show why capital markets policy should be judged not only by how much capital it helps firms raise, but also by who receives it, on what terms, and whether the workers and families supplying it are protected.

Capital formation and investor protection are not competing objectives. Reliable information, fair markets, and protection against fraud and abuse build the confidence that makes capital formation possible.

These protections are especially important for Black households. In 2022, median Black family wealth was approximately $44,900, compared with approximately $285,000 for white families.[3] With less wealth to fall back on, Black households have less capacity to absorb investment losses, excessive fees, or financial misconduct.

Financial policy should therefore help low-wealth households build assets while protecting the assets they are working to accumulate. When information becomes less available, investments become harder to evaluate, or enforcement weakens, families with the least financial cushion have the most to lose.

Executive Summary

- Capital formation policy should be measured not only by aggregate dollars raised, but also by whether capital reaches underserved businesses on reasonable terms and whether families supplying that capital are protected.
- Public markets operate on a straightforward agreement: companies gain access to large pools of public funds in return for providing standardized information, meaningful accountability, and investor rights. Those protections improve capital allocation and bolster confidence in the markets.
- Disclosure should reduce information gaps. Moving from quarterly to semiannual reporting could widen the advantage held by large institutions and leave individual investors making decisions with less current information.
- Private market investments and digital assets in defined contribution retirement plans require a serious critical assessment of whether these assets are consistent with the long-term needs and goals of retirement savers. Private assets may involve less standardized disclosure, difficult-to-verify valuations, higher or layered fees, conflicts of interest, and underlying illiquidity that can complicate participant transfers and distributions. Digital assets may be highly volatile and speculative, and there is limited evidence that they serve as a reliable long-term wealth-building strategy for ordinary families.
- Empowering Main Street requires consistent enforcement, greater access to affordable capital for Black-owned and other underserved businesses, and policies that help low-wealth households build assets through transparent, diversified, and affordable investments.

[3] Board of Governors of the Federal Reserve System, "Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances," October 18, 2023, available at https://www.federalreserve.gov/econres/notes/feds-notes/greater-wealth-greater-uncertainty-changes-in-racial-inequality-in-the-survey-of-consumer-finances-20231018.html.

I. Capital Formation Should Be Judged by Who Receives Capital and Who Bears the Risk

Capital formation is the process by which household and institutional savings are directed to businesses and productive activity across the economy. A sound capital formation policy must consider both sides of that process. It should ask who receives capital, at what price, under what conditions, and how the economy benefits from investment. The foundation for capital formation is based on whether the workers and families supplying capital receive reliable information, fair treatment, and meaningful protection against fraud and abuse.

The scaling gap facing Black businesses illustrates why aggregate capital formation measures are incomplete. A rise in the number or value of offerings does not establish that Black-owned firms received affordable financing, that these firms were able to move from self-employment to hiring workers, that the capital raised is directed toward productive investment, or that investors retain enough control to build wealth sustainably over time. Whether financing supports business growth and wealth building depends on its cost and terms, including interest rates, fees, collateral requirements, dilution, repayment obligations, and access to follow-on capital.

The same attention to processes and outcomes is necessary when evaluating how capital markets policy affects households. The racial wealth gap, caused by historical structural barriers to wealth building, should be a starting point for that analysis. A household with substantial assets can absorb a temporary loss, weather a market downturn, cover an unexpected expense without high-cost debt, and diversify across investments. A household with limited wealth has less room for error. Excessive fees, prolonged illiquidity, misleading disclosures, or a significant investment loss can delay retirement, prevent a home purchase, or eliminate resources a family hoped to pass to its children.

Capital therefore serves two related functions for households. The first is immediate economic security. Liquid savings and accessible, lower-risk assets help a family meet an emergency without selling long-term investments or taking on expensive debt. The second is long-term wealth building through retirement accounts, home equity, business ownership, and diversified investments that may appreciate over time. Capital markets policy should support both functions.

II. Investor Protection Supports Capital Formation

The federal securities laws reflect a basic agreement. Companies that seek capital from the public receive access to an extensive pool of investors in exchange for providing standardized, reliable information and accepting meaningful accountability to investors.[4] Those requirements do more than protect individual investors from misconduct. Comparable information allows investors to evaluate companies on a more level playing field and helps direct capital toward businesses that can put it to productive use.

Public market protections consist not only of disclosure, but also of mechanisms for verifying information and enforcing legal obligations. Independent audits, oversight of auditors, rules against selective disclosure, liability for material misstatements, regulatory review and enforcement, and investors' ability to seek legal redress all help discipline companies and market intermediaries. These protections allow companies to raise capital from investors who may never meet management and cannot independently inspect the company's books.

[4] Testimony of Professor Gina-Gal S. Fletcher before the House Committee on Financial Services, Subcommittee on Capital Markets, February 8, 2023, available at https://docs.house.gov/meetings/BA/BA16/20230208/115288/HHRG-118-BA16-Wstate-FletcherG-20230208.pdf.

Household participation in these markets is already substantial. The number of U.S. households with direct or indirect stock or bond holdings increased from approximately 67.9 million in 2019 to 76.2 million in 2022.[5] The consequences of disclosure and enforcement policy therefore reach far beyond professional traders. They affect workers, retirees, and families whose savings are invested through workplace plans, individual retirement accounts, mutual funds, and brokerage accounts.

Disclosure and compliance obligations can impose costs, particularly on smaller companies. Regulators should eliminate requirements that are duplicative, outdated, or provide little value to investors. But timely, accurate, and reliable disclosures help companies raise capital from investors who understand what they are buying and trust that the rules will be enforced. Strong investor protections are one reason the United States has the deepest and most liquid capital markets in the world.

Technology can reduce compliance burdens and make information easier to compare. Requirements can also be calibrated to an issuer's size, reporting history, and risk. But reducing costs should not create a presumption that less information and less oversight will necessarily produce more capital formation.

III. Disclosure Should Reduce Information Gaps

A. Optional semiannual reporting

On May 5, 2026, the Securities and Exchange Commission proposed amendments that, if adopted, would allow public companies to file one semiannual report on a new Form 10-S instead of three quarterly reports on Form 10-Q.[6] The proposal makes semiannual reporting optional, and companies that elect semiannual reporting would remain subject to other reporting obligations, including Form 8-K. Companies could also continue to issue earnings releases or hold earnings calls on a quarterly basis.

Those other communications are not complete substitutes for regular, comparable financial statements filed under the federal securities laws. Quarterly reports provide a common structure for information about a company's finances, operations, risks, and management's discussion of its performance. A company's business conditions, cash position, debt, customer concentration, litigation exposure, or internal control problems can change significantly over six months.

The effects of less frequent standardized reporting would not be distributed evenly. Large institutional investors may have teams of analysts, access to company management, specialized data services, industry contacts, and sophisticated models that allow them to update their views between filings. Individual investors are more dependent on public disclosures available to everyone at the same time. Less frequent reporting could therefore widen the gap between investors who can purchase information and investors who must rely on the public record.

The SEC's Investor Advisory Committee recommended retaining quarterly reporting requirements and concluded that moving to semiannual reporting could impair informed decision-making and

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[5] U.S. Securities and Exchange Commission, "U.S. Households' Participation in Capital Markets," August 12, 2025, available at https://www.sec.gov/data-research/statistics-data-visualizations/us-households-participation-capital-markets.

[6] U.S. Securities and Exchange Commission, "Semiannual Reporting," Release Nos. 33-11414 and 34-105368, File No. S7-2026-15, May 5, 2026, available at https://www.sec.gov/rules-regulations/2026/05/s7-2026-15.

price discovery, with retail investors particularly likely to be disadvantaged.[7] The answer to information overload should be clearer and more useful information, not less. The SEC can modernize forms, reduce repetition, improve machine readability, and focus reporting on information material to investors without doubling the period between standardized financial reports.

B. Streamlining registered offerings

On May 19, 2026, the SEC proposed two companion rulemakings intended to make registered offerings easier and less costly and to simplify public company reporting. The offering reform proposal would eliminate the seasoning and public float requirements for shelf eligibility and would extend registration and communication benefits now reserved for well-known seasoned issuers to a much broader set of companies.[8] The companion proposal would consolidate the existing filer categories and extend scaled disclosure accommodations to a larger share of reporting companies.[9] The stated goal of these proposals is to reduce costs and improve access to public financing. The relevant question is whether those objectives can be achieved without reducing the information and protections investors need.

The implications of these proposals depend on the type of issuer. Large, established companies often have extensive reporting histories, active analyst coverage, liquid securities, and substantial market scrutiny. Smaller or less seasoned companies may have shorter operating histories, limited analyst coverage, more concentrated ownership, and larger information gaps between management and investors. The 2005 offering reform framework recognized this distinction by reserving the broadest flexibility for well-known, seasoned issuers ("WKSIs") that were widely followed and subject to substantial market scrutiny.[10]

Reform should therefore distinguish between administrative requirements that can be simplified and safeguards that compensate for limited information or limited market scrutiny. Making it easier for a company to raise money should not make it harder for investors to understand what they are buying.

IV. Private Financing is an Important Reason Companies Remain Private

A common argument for reducing public company obligations is that regulation has caused the decline in the number of public companies. Regulation can affect a company's decision to go public, and compliance costs may matter more for smaller companies. But the explanation is incomplete.

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[7] U.S. Securities and Exchange Commission, "Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting," June 4, 2026, available at https://www.sec.gov/files/recs-iac-re-quarterly-vs-semiannual-reporting-062026.pdf.

[8] U.S. Securities and Exchange Commission, "SEC Proposes Transformative Reforms to Help Public Companies Conduct Registered Offerings and Simplify Reporting Requirements," May 19, 2026, available at https://www.sec.gov/newsroom/press-releases/2026-46-sec-proposes-transformative-reforms-help-public-companies-conduct-registered-offerings-simplify.

[9] U.S. Securities and Exchange Commission, "Registered Offering Reform," Release No. 33-11418, File No. S7-2026-17, May 19, 2026, available at https://www.sec.gov/rules-regulations/2026/05/s7-2026-17.

[10] U.S. Securities and Exchange Commission, "Securities Offering Reform," Release No. 33-8591, July 19, 2005, available at https://www.sec.gov/rules-regulations/2005/07/securities-offering-reform.

Companies can now raise very large amounts through venture capital, private equity, private credit, and exempt offerings while remaining private for much longer. Research has found that abundant private capital reduces the need for firms to enter public markets and that changes permitting larger private offerings contributed to the decline in initial public offerings.[11]

When a company can obtain most or all of the financing it needs privately, it may choose to remain private to preserve founder control, avoid public market pressure, limit disclosure, or tailor governance arrangements to a smaller group of investors. Reducing public market protections may therefore have only a limited effect on that decision.

Making public markets more like private markets would not address this underlying cause of the decline in public companies. Weakening disclosure, reporting, and accountability requirements may not persuade more companies to go public. It would instead leave public investors with less information and fewer protections. Congress and the SEC should preserve and strengthen the transparency, comparable financial reporting, and accountability that distinguish public markets and support investor confidence. They should also examine whether the expansion of private offering exemptions has allowed large companies to obtain public-scale financing without accepting public-market responsibilities, thereby weakening the incentive to go public.[12] Policies intended to encourage more public offerings should address that imbalance rather than reduce disclosure requirements or investor protections.

V. Private Market Investments and Digital Assets in Retirement Plans Require Caution

The Department of Labor proposed a rule to establish a process and framework for fiduciaries to select investment options, including private funds and alternative assets.[13] The proposal directs fiduciaries to evaluate investment options based on their actual characteristics. Relevant considerations include expected performance after fees, sufficient liquidity to support participant transfers and distributions, reliable valuation methods, meaningful performance benchmarks, and the fiduciary's ability to understand the investment's complexity.[14] The proposal also states that the same prudent process should apply across asset classes. The proposal adopts an asset-neutral approach, under which investments are evaluated based on their characteristics rather than their labels.

The central question is whether an investment can be evaluated responsibly, managed prudently, and made appropriate for workers who bear the investment risk. In a defined benefit pension, the employer promises a benefit and generally bears the investment risk. In a defined contribution plan,

[11] Craig Doidge, Kathleen M. Kahle, G. Andrew Karolyi, and René M. Stulz, "Eclipse of the Public Corporation or Eclipse of the Public Markets?" NBER Working Paper No. 24265, January 2018, available at https://www.nber.org/papers/w24265; Michael Ewens and Joan Farre-Mensa, "The Deregulation of the Private Equity Markets and the Decline in IPOs," Review of Financial Studies 33, no. 12 (2020), 5463–5509; NBER Working Paper No. 26317, available at https://www.nber.org/papers/w26317.

[12] Allison Herren Lee & Caroline A. Crenshaw, Commissioners, U.S. Securities and Exchange Commission, Statement on Primary Direct Listings, Dec. 23, 2020, available at https://www.sec.gov/newsroom/speeches-statements/lee-crenshaw-listings-2020-12-23.

[13] U.S. Department of Labor, "Fiduciary Duties in Selecting Designated Investment Alternatives," March 30, 2026, available at https://beta.dol.gov/research-data/fact-sheets/fiduciary-duties-selecting-designated-investment-alternatives-proposed-rule.

[14] U.S. Department of Labor, "Fiduciary Duties in Selecting Designated Investment Alternatives," proposed rule and fact sheet, March 30, 2026, available at https://www.dol.gov/newsroom/releases/ebsa/ebsa20260330.

the worker's retirement outcome depends on contributions, fees, investment performance, and the options selected.

The Department of Labor has previously stated that private equity should be considered, if at all, only as a limited component of a professionally managed and diversified investment option and only after a fiduciary carefully evaluates its complexity, fees, liquidity, valuation, and capacity for ongoing monitoring.[15] That framework should not be interpreted as a general endorsement of private equity in workers' retirement plans. Direct exposure, inadequate disclosure, or an inability to assess and monitor the investment should raise serious concerns for investors.

A. Private market investments

Private investments can involve longer holding periods, limited redemption rights, complex fee arrangements, model-based valuations rather than market prices, and less standardized disclosure than public investments. SEC staff has identified layered fees, limited information about underlying holdings, liquidity and valuation concerns, and conflicts of interest as potential risks for registered investment funds that invest in private funds.[16]

Financial expertise may help an investor analyze available information, but it cannot replace information that is unavailable, unreliable, or selectively provided. Even sophisticated institutions can make poor decisions when they lack audited financial statements, dependable valuations, or sufficient visibility into a company's operations. Workers whose retirement savings are held in defined contribution plans should not be assumed to possess protections that even large institutional investors sometimes struggle to obtain.

Private-market risks are not limited to the amount of information available. At the underlying fund level, investors may receive different information, fees, liquidity rights, and contractual protections. Large or better-connected investors may be able to negotiate side agreements or more favorable terms that are unavailable to smaller plans and other investors. Expanding access without addressing those differences could expose workers to the same underlying investments while providing them with materially weaker protections.[17]

Valuation presents a related concern. Private assets are not continuously traded, so reported values may depend on models, comparable companies, financing rounds, or manager judgment. The apparent stability of a private investment can therefore be misleading. A smoother account balance may reflect infrequent or delayed valuation rather than lower underlying risk. That matters because valuations affect reported performance, participant decisions, transfers, distributions, and the fees charged to investors.[18]

Liquidity limits are also significant. Investors in some private credit funds have requested withdrawals above the amounts funds were obligated or willing to redeem. One fund reported

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[15] U.S. Department of Labor, "Department of Labor Guidance on Private Equity Investments in Defined Contribution Plans," Information Letter, June 3, 2020, available at https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/information-letters/06-03-2020.pdf.

[16] U.S. Securities and Exchange Commission, Division of Investment Management, "Registered Closed-End Funds of Private Funds," Accounting and Disclosure Information 2025-16, available at https://www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds.

[17] Fletcher testimony, supra note 4, at 3–6.

[18] U.S. Securities and Exchange Commission, "Good Faith Determinations of Fair Value," 86 Fed. Reg. 748, 784, January 6, 2021, available at https://www.govinfo.gov/content/pkg/FR-2021-01-06/pdf/2020-26971.pdf.

repurchase requests totaling approximately 10.9 percent of outstanding units, while fulfilling requests only up to a 5 percent quarterly limit.[19] A contractual limit is not necessarily evidence that a fund is insolvent. It does show that an investor's ability to obtain cash can differ sharply from the value displayed on an account statement.

Policymakers should also examine why capital from individual investors is being sought. Broader access should not become a form of predatory inclusion, in which workers who have historically been excluded are offered products when sponsors face weak performance, limited exit opportunities, or reduced demand from institutional investors. This concern does not apply to every private offering, but retirement policy should ensure that expanded access creates genuine opportunity rather than shifting risk to workers.[20]

Regulators also need sufficient visibility into private funds to monitor and respond to risks to investors and the broader financial system. Form PF provides the SEC and other regulators with information about private funds and their advisers. An April 2026 proposal would eliminate filing requirements for almost half of current filers and remove enhanced reporting obligations for almost two-thirds of advisers currently classified as large hedge fund advisers.[21] Although the proposal would add a method for identifying funds active in private credit, that change does not offset the broader loss of information. Reducing regulatory visibility is inappropriate as private markets grow more complex and interconnected and may become more accessible to retirement savers.

Retirement accounts should be tools for workers to build financial security, not simply new sources of patient capital or liquidity for private funds. Policymakers should not expand private-market exposure in workers' retirement plans without clear evidence that the potential benefits justify the fees, valuation uncertainty, illiquidity, complexity, and conflicts involved. At a minimum, any permitted exposure would require strict limits, professional management, diversification, reliable valuation, adequate liquidity, understandable disclosure, and effective ongoing oversight.

B. Digital assets

Digital assets raise a different concern. Clear legal rules for digital asset markets can improve accountability, reduce regulatory gaps, and make oversight more effective. But regulatory clarity must be paired with meaningful safeguards for investors, market integrity, and national security. It also does not establish that a digital asset is prudent for retirement savings or likely to produce durable, risk-adjusted wealth for ordinary families.

The evidence base remains limited. The Government Accountability Office found low participant use of crypto assets in 401(k) plans and continuing limitations in federal data about that exposure.[22] FINRA warns that crypto assets can experience extreme volatility and present significant risks of total loss, theft, fraud, and limited investor protections.[23] Federal Reserve survey data indicate that 9

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[19] North Haven Private Income Fund LLC, investor update filed with the SEC, March 2026, *available at* https://www.sec.gov/Archives/edgar/data/1851322/000119312526102385/d98569dex991.htm.

[20] Fletcher testimony, supra note 4, at 8–9.

[21] U.S. Securities and Exchange Commission and Commodity Futures Trading Commission, "Form PF; Reporting Requirements for All Filers," File No. S7-2026-13, April 20, 2026, available at https://www.sec.gov/rules-regulations/2026/04/s7-2026-13.

[22] U.S. Government Accountability Office, "401(k) Plans: Industry Data Show Low Participant Use of Crypto Assets Although DOL's Data Limitations Persist," GAO-25-106161, November 2024, available at https://www.gao.gov/products/gao-25-106161.

[23] Financial Industry Regulatory Authority, "Crypto Assets: Risks." Available at https://www.finra.org/investors/investing/investment-products/crypto-assets/risks.

percent of adults bought or held cryptocurrency as an investment in 2025.[24] Participation may increase, but popularity alone does not establish retirement suitability.

Retirement policy should distinguish between permitting adults to purchase speculative assets with discretionary funds and placing those assets inside tax-preferred accounts intended to provide income in old age. Workers may interpret inclusion on an employer plan menu as a signal that an option has been vetted or endorsed. That signal can be particularly powerful when a participant has limited investment experience.

Regulatory clarity should not be confused with evidence that crypto belongs in workers' retirement accounts. Before direct or material exposure becomes common in defined contribution plans, fiduciaries and regulators should require a clear record on custody, valuation, liquidity, fees, cybersecurity, conflicts, and long-term portfolio behavior. Digital assets should not be default investments in retirement plans. They can involve extreme volatility and a significant risk of loss. Any permitted exposure should be subject to clear and comprehensive disclosure requirements and the same demanding fiduciary standards applied to every other retirement investment.

Expanding access to risk is not the same as expanding access to wealth.

VI. Consistent Enforcement Supports Market Confidence

Disclosure requirements and fiduciary duties matter only when they are enforced. Investors must believe that material misstatements, manipulation, self-dealing, misuse of customer assets, and other violations will be investigated and addressed, regardless of the size, influence, or political connections of the market participant involved.

Regulators necessarily exercise discretion. Resources are finite, facts differ, and enforcement priorities evolve. But changes in approach should be transparent, principled, and consistently applied. Unexplained departures from established standards or visibly uneven treatment can create the perception that rules are negotiable for well connected actors. That perception can discourage participation and raise the cost of capital for honest businesses.

Congress should ensure that financial regulators have the personnel, data, technology, legal authority, and independence needed to fulfill their statutory missions and enforce the law effectively. An inclusive market requires ordinary investors to have confidence that the same rules apply to every participant.

VII. What Genuinely Empowering Main Street Should Mean

Protecting investors is only part of the answer. Empowering Main Street also means directing capital to businesses that have historically faced barriers. The success of a capital formation policy should not be measured only by the total number of offerings or the aggregate dollars raised. Those measures do not show whether capital reached underserved businesses, the price and conditions attached to that financing, or whether the business retained the ability to grow and build value over time.

[24] Board of Governors of the Federal Reserve System, "Report on the Economic Well-Being of U.S. Households in 2025," May 2026, available at https://www.federalreserve.gov/publications/2026-economic-well-being-of-us-households-in-2025-banking.htm.

A. Direct more responsible capital to underserved businesses

Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) are important parts of the capital delivery system. CDFIs are mission-driven institutions that provide financial services in communities and to borrowers who often lack access to conventional financing.[25] FDIC research has documented the role of MDIs in serving minority and low- and moderate-income communities.[26] These institutions often have local knowledge and relationships that allow them to evaluate borrowers whom standardized models may overlook.

Congress should provide predictable, long-term capitalization and technical support for CDFIs and MDIs; encourage responsible partnerships with larger financial institutions; and expand effective loan participation and guarantee programs. The objective should be to increase affordable lending capacity while maintaining strong underwriting and consumer protection. Borrowers should also have pathways to larger conventional banking relationships as their financing needs grow.

Federal small business programs should better serve firms that have moved beyond the startup stage but remain too small or too unfamiliar to attract conventional growth financing. That can include appropriately structured guarantees, support for acquisitions and business succession, and technical assistance that helps firms become investment-ready. Public reporting should distinguish between the number of loans made and whether financed firms increased revenue, employment, productive capacity, and long-term value.

Better data is essential. Policymakers have limited visibility into commercial lending, venture investment, private equity investment, and growth-stage financing due to the characteristics of the business and its owners. Federal reporting should be improved in ways that protect privacy and avoid unnecessary burden. Without better data, an increase in total capital can be described as inclusive even when longstanding gaps remain unchanged.

Business ownership should be one pathway to wealth, not the only pathway. Policies that support entrepreneurs should complement, not replace, policies that improve wages, employment stability, homeownership, retirement savings, and access to diversified investments.

B. Help households build and preserve assets

For families, meaningful investment opportunities begin with the ability to save. Expanding the number of investment products does little for a worker who has no workplace plan, cannot afford a regular contribution, or must repeatedly withdraw savings to meet emergencies. Retirement access should therefore be paired with policies that strengthen household cash flow and reduce the need to liquidate long-term assets.

The Saver's Match is a promising step. Beginning in 2027, eligible savers can receive a federal contribution equal to as much as 50 percent of up to $2,000 in eligible retirement contributions, for a maximum match of $1,000, subject to income phaseouts and other requirements.[27] The Treasury Department has noted that the program has the potential to reach more than 20 million eligible

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[25] Community Development Financial Institutions Fund, "CDFI Certification." Available at https://www.cdfifund.gov/programs-training/certification/cdfi.

[26] Federal Deposit Insurance Corporation, "Minority Depository Institutions: Structure, Performance, and Social Impact," 2019, available at https://www.fdic.gov/minority-depository-institutions-program/2019-structure-performance-and-social-impact.

[27] Internal Revenue Service, Notice 2024-65, Internal Revenue Bulletin 2024-39, September 23, 2024, available at https://www.irs.gov/irb/2024-39_IRB.

Americans.[28] Congress should ensure that the Treasury Department and the Internal Revenue Service have sufficient implementation resources, that plans and custodians can accept the match, that eligible workers receive clear information, and that the program is coordinated with state-facilitated retirement plans.

Congress should also consider complementary matched-savings policies that allow low-wealth households to build emergency reserves without sacrificing retirement contributions. Low-cost, diversified investment options and clear fee disclosures remain more likely to support broad retirement security than a proliferation of complex products whose risks are difficult to compare.

Homeownership is another important asset-building channel. Federal Reserve data show that housing is a central component of household wealth and that increases in net housing wealth contributed substantially to recent wealth gains.[29] Policies that make first-time and first-generation homeownership more attainable can address an intergenerational mechanism behind the racial wealth gap. That work can include responsible down payment assistance, improved access to small-dollar mortgages, lower transaction costs, fair appraisals, and additional housing supply. These policies should be carefully designed so that families achieve sustainable ownership rather than incur unaffordable debt.

The common principle is that access to capital must create a realistic pathway to growth and wealth building. A new loan, account, or investment option is not enough if a small business cannot afford the terms, or if a family cannot understand the costs and bears risks that outweigh the potential benefits.

Conclusion

Expanding access to capital and investment opportunity is an important objective. But access alone does not guarantee that Black-owned and other underserved businesses will receive affordable growth capital or that workers and families will build wealth. The key questions are who receives the benefits, who bears the risks, and whether the policy leaves families better able to build and preserve assets.

Main Street is on both sides of our capital markets. Small businesses need financing, and workers and families supply much of the capital through their savings and retirement accounts. A policy that helps one side by weakening the protections of the other is not a durable Main Street policy.

Our goal should be to ensure that capital reaches businesses that need it and that workers and families have a fair opportunity to build and preserve wealth. That requires transparent markets, strong investor protections, consistent enforcement, and clear rules of the road.

Thank you. I look forward to your questions.

[28] U.S. Department of the Treasury, "Spotlighting Women's Retirement Security," available at https://home.treasury.gov/news/featured-stories/spotlighting-womens-retirement-security.

[29] Board of Governors of the Federal Reserve System, "Changes in U.S. Family Finances from 2019 to 2022: Evidence from the Survey of Consumer Finances," October 2023, available at https://www.federalreserve.gov/publications/october-2023-changes-in-us-family-finances-from-2019-to-2022.htm