

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives H 568
The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives H 2433
The Capitol
Washington, D.C. 20515

The Honorable John Thune
Majority Leader
United States Senate S-511
The Capitol
Washington, D.C. 20510

The Honorable Charles E. Schumer
Minority Leader
United States Senate S-221
The Capitol
Washington, D.C. 20510

August 29, 2025

Dear Speaker Johnson, and Leaders Thune, Schumer, and Jeffries:

The American College of Bankruptcy is an honorary association of approximately 1000 bankruptcy and insolvency professionals who are selected for membership based on being leaders in the bankruptcy field. College Fellows include commercial and consumer bankruptcy attorneys, judges, insolvency accountants, turnaround and workout specialists, law professors, government officials and others in the bankruptcy and insolvency community. Its Fellows share a commitment to professional excellence, and to the administration and improvement of the bankruptcy system. The College has no political orientation and is highly selective in the issues on which it takes a position. The policy positions it does take are nonpartisan, focusing entirely on enhancing the quality of the bankruptcy system.

We understand that the Senate is now considering Senate Amendment 3382 to National Defense Authorization Act for Fiscal Year 2026, S. 2296, 119th Cong., 1st Sess. It would reinstate and extend the \$7.5 million dollar debt limit for the Small Business Reorganization Act (Pub. L. No 116- 4) commonly known as the SBRA or Subchapter V to June 21, 2027. The previous \$7.5 million debt limit expired on June 21, 2024. We write to express the College's support for the extension of the \$7.5 million debt limit for Subchapter 5 as well as the increased debt limit of \$2,750, for Chapter 13.

In 2019—with our support and with the overwhelming support of members of Congress on both sides of the aisle—Congress enacted the SBRA to make chapter 11 of the Bankruptcy Code more available and workable for small businesses. As it was originally enacted, eligibility for relief under the SBRA was limited to small businesses with aggregate liquidated, noncontingent secured and unsecured debt of about \$2.7 million, exclusive of debt owed to insiders.

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The SBRA's original effective date coincided with the onset of the COVID-19 pandemic, and the looming impact of that pandemic on the economy, and particularly on small businesses. In response, Congress passed an amendment to the SBRA, as part of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), raising the debt limit to \$7.5 million (with the same exclusions), making Subchapter V bankruptcy relief available to a dramatically larger number of deserving small businesses. But the greater debt limit had a sunset date, which Congress unanimously extended to March 27, 2022. Congress on June 21, 2022, extended the sunset provisions until June 21, 2024. PL 117-151.

While the higher debt limit for the SBRA was passed as part of COVID-19 legislation, the increase in the debt limit would have been appropriate even if there had been no pandemic. The SBRA has proved itself, and continues to prove itself, to be a highly useful tool to restructure small business liabilities effectively and at reasonable cost. As noted in an article by the director of the Executive Office for U.S. Trustees, citing data collected for the American Bankruptcy Institute, "by all current measures, the SBRA is working as Congress intended."¹ The article notes that the percentage of cases with confirmed plans under the SBRA is six times higher than the percentage of cases with confirmed plans that did not proceed under Subchapter V; that subchapter V cases are confirmed more quickly than cases under the prior procedure; and that the majority of those confirmed plans were consensual, signaling that the SBRA is successful in promoting cooperation between debtors and creditors, as Congress intended. A February 2025 article provides updated data demonstrating the remarkable success of SBRA with the \$7.5 million debt ceiling.²

Reinstating the \$7.5 million debt limit would serve the interests of debtors, creditors, and the American public at large, by maintaining the availability of efficient and effective relief for small businesses under the American bankruptcy system. We wholeheartedly support this important legislation, and previously supported a 2024 stand-alone bill that would have provided comparable relief. We note also that this provision involves no appropriation or cost to the government.

The views expressed in this statement are those of the American College of Bankruptcy, on behalf of which this statement is issued, and do not necessarily reflect the personal views of any judge or other Fellow of the College, or any firm or educational institution with which any Fellow is affiliated.

We would be grateful if you would keep us abreast of developments in this area.

Very truly yours,



Charles A. Beckham, Jr.
Chairman of the Board of Directors

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cc: Senator Charles Grassley
Senator Richard Durbin
Representative Jim Jordan
Representative Jamie Raskin

¹ Clifford J. White III, Small Business Reorganization Act: Implementation and Trends, 40 ABI J. 54 (January 2021).

² Heidi Sorvino, Andrew E. Arthur and Michael Ingrassia, The \$7.5 Million Subchapter V Debt Limit Should Be Reinstated, ABI Journal, (February 8, 2025) at 8.

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