



**SENATE COMMITTEE ON  
SMALL BUSINESS AND ENTREPRENEURSHIP  
Senator Mary L. Landrieu, Chair**

Remarks for  
Markup of “*President’s FY2012 Budget Request for the U.S.  
Small Business Administration and the Office of Advocacy*”

March 31, 2011

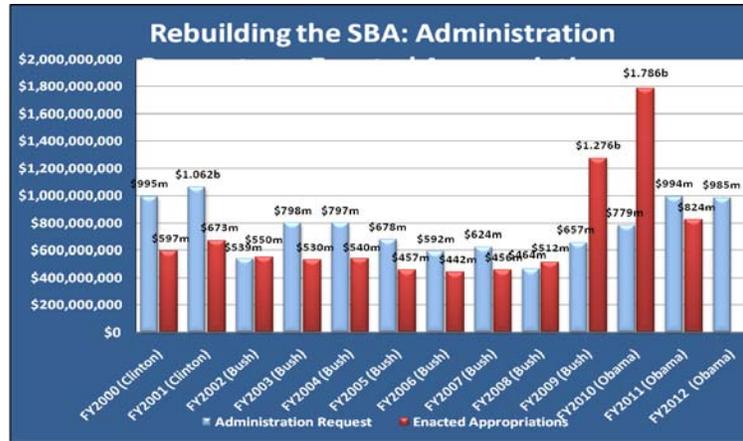
*(As prepared for delivery)*

Good Morning. Thank you all for joining us today to discuss the Small Business Administration’s (SBA) FY2012 budget request. I would like to especially thank SBA Administrator Karen Mills and Dr. Winslow Sargeant, Chief Counsel of the SBA’s Office of Advocacy, for coming before the Small Business Committee to testify today.

More than half America’s workforce goes to work for a small business every day and these entrepreneurs pump almost \$1 trillion dollars into the economy, create 13 times more patents per employee than large firms, and have traditionally created more than two-thirds of our nation’s new jobs. Many of these hardworking small business owners rely on the SBA’s capital, counseling, and contracting programs to keep their doors open, meet their payrolls and compete in an increasingly competitive global marketplace.

In his Fiscal Year 2012 request for the SBA, the President has once again signaled his commitment to our nation’s nearly 28 million small businesses, submitting a strong and fiscally responsible budget of \$985 million in funding for the Agency. While a decrease from his Fiscal Year 2011 request, this budget is of the strongest submitted since the Clinton Administration, making investments in key SBA programs that will enable the Agency to successfully fulfill its core mission. Most importantly, it will enable the SBA to continue the great work it has done in assisting our entrepreneurs and small businesses owners as they continue to recover and rebuild in the wake of the worst economic recession since the Great Depression.

Since taking office in 2009, the Administration and this Committee signaled a strong commitment to the small business community, reversing the downward trend in funding for the SBA and submitting a budget request for Fiscal Year 2010 that was higher than any submitted during the previous five years. The Administration’s Fiscal Year 2011 request for the SBA furthered this progress, making necessary investments in the Agency’s core capital, counseling and contracting programs. Working with the Democratic Congress, the Administration was able to secure the highest level of funding for the Agency in at least 10 years, restoring the SBA’s valuable role as both a partner to and a source of stability for our small businesses during a troubled economy.



In addition to efforts to strengthen the Agency’s core programs, the Administration and the Democratic Congress also took bold steps to improve small business access to capital by addressing the financial crisis that hastened the start of the recession. Thanks to the passage of the Recovery Act in February of 2009, the SBA was able to waive the loan fees on both borrowers and lenders and temporarily raise the maximum guarantee percentage of 7(a) and 504 loans to 90 percent. These provisions proved remarkably successful, jump starting lending to the small business community. In fact, since their implementation in 2009, 7(a) and 504 lending increased from \$13 billion in 2009 to \$16.8 billion in 2010, helping to create or save thousands of jobs. [CHART II: SBA LENDING VOLUME AFTER RECOVERY ACT]

The Recovery Act and, even more recently, the Small Business Jobs Act, which this Committee spearheaded, has had an overwhelmingly positive effect on the small business community. Bank lending and retail sales have risen steadily for the last 8 months. The GDP—an important indicator of our nation’s economic health—has grown for 6 consecutive quarters. But perhaps more importantly, small businesses have begun to expand and create jobs once again. According to the latest job creation data published by the firm Automatic Data Processing Inc. (ADP), small businesses have been responsible for 93 percent of all jobs created in the last 10 months, helping to drive the national unemployment rate below 9 percent for the first time in almost two years.

Let me quickly talk about a few of the many good things in this budget:

- First, the \$210 million to support \$16.5 billion in 7(a) loans and \$7.5 billion in 504 lending. Both of these programs have proved enormously successful over the course of their lifetimes and are key to the Agency’s ability to serve the small business community by providing access to capital that would be otherwise unavailable. Second, the \$167 million to administer the SBA’s disaster loan program. This funding is critical to ensuring that we have sufficient staff to process disaster loans quickly as well as an adequate amount of loan money to get into the hands of the families and businesses that need it. As

Louisianans know all too well, when a disaster hits, the last thing anyone needs is more frustration and delay preventing businesses from reopening and families from returning to their homes.

- Third, following the enactment of the Small Business Jobs Bill last year, for the first time the Office of Advocacy now has independent budget authority. This office plays a critical role in reducing the regulatory and administrative burdens faced by our nation’s small businesses.

This is a good budget, a strong foundation for the agency. However, after hearing from small business owners, SBA resource partners and small business advocates, I have recommended an additional funding for the SBA in the ‘Views and Estimates’ letter I submitted to the Budget Committee. If we provided solid funding when the economy was good, it should serve as our baseline when the economy is down and we have an unemployment crisis.

This additional funding would support programs that have remained in high demand but have been underfunded for years. For example, it would help successful public-private partnerships like SCORE, to expand and increase its reach within the small business community.

[CHART III: MAP OF SBA NATIONWIDE NETWORK]



As we can see from the map behind me, the SBA has an impressive infrastructure—over 1,350 counseling and outreach centers including Small Business Development Center, Women’s Business Centers and Veterans Business Centers, as well as 350 SCORE Chapters—that must be adequately funded. These centers have a proven track record—creating or saving hundreds of thousands of jobs annually.

The President’s request also acknowledges the current fiscal climate, with an emphasis on the real concerns over the mounting U.S. deficit. I too believe that the ever-increasing deficit is a significant and dangerous problem and one that, if not dealt with, could undermine the tremendous progress made over the past two years. For our part, during the 112th Congress the Committee will continue to closely monitor and evaluate programs operated by the SBA to ensure they are performing as intended. This Committee will continue its work to trim or eliminate inefficient, duplicative programs and to root out fraud where it may exist. But in doing so, we must never fail to adequately support those programs that have a demonstrated track record of success and encourage our businesses to innovate, grow and create new jobs.

Looking at this request, I am glad to see that the Administration has once again made small business a top priority, not just with words, but with actions. By adequately funding the SBA's programs, we can mitigate the economic damage caused by the recession and help our entrepreneurs to not only recover, but to innovate, create jobs and strengthen the U.S. economy. I look forward to hearing from both Administrator Mills and Dr. Sargeant regarding the SBA's priorities for the next fiscal year. With that, I now turn to Ranking Member Snowe and any other members present for opening statements.