



SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

Opening Statement for
“*The FY2010 Budget Request for the SBA*”
Wednesday, March 25, 2009 at 10:30 a.m.
Room 428A of the Russell Senate Office Building

(As Prepared)

Good morning. I call to order today’s hearing on the Small Business Administration’s FY2010 budget request. I welcome those in the audience, my colleagues and our witness, Mr. Darryl Hairston, the Acting Administrator for the SBA.

Each year the Committee holds a hearing to review the President’s budget request for the Small Business Administration. Things are a little different this year, as they are in all years in which we have a new President. The budget we received is only a blueprint, and more details will follow later. We do know that the request is “nearly \$700 million.” The bar chart gives us hope that there is a meaningful increase above the request of \$657 million from last year.

I look forward to hearing more specifics about the President’s budget after the Administration has time to determine the most appropriate allocation of resources. It is only fair that President Obama be given an opportunity to weigh in on funding for the agencies for which he is responsible. He should be able to make the changes necessary to take the country in the direction he feels is in the best interest of the nation. This process takes even longer in a year in which the Administration is not only trying to shape the budget and get staff in place but also trying to stabilize the economy and prevent layoffs.

BUDGET OVERVIEW

As I mentioned, we have been told that President Obama will be proposing “nearly \$700 million” for the SBA in FY2010. Coupled with \$730 million for the Agency included in the Recovery Act passed earlier this year, this budget appears to be a step in the right direction. The additional funding will put the SBA in a much better position over the next two years as it works to assist the nation’s small businesses and entrepreneurs.

An increase in the SBA’s budget is a welcome move by the Administration. Last week, this committee heard from small business owners struggling to get loans and maintain lines of credit to keep their doors open. In some cases, even after never missing a payment in 19 years, they are losing their credit lines and are cut off from the capital they need to survive and grow. Some are waiting to find a lender so they can keep their doors open, and they are turning to the SBA’s counseling programs, such as Small Business Development Centers, to help them with their business plans to maximize working capital and make payroll.

The SBA is the only Federal agency dedicated to fostering small businesses, but it’s not as strong as it once was. It was the most cut of any agency over the last eight years – 28 percent. I am pleased that the budget outline indicates we are moving towards recovering from those deep cuts, though it won’t happen overnight. There is much work left to be done.

HIGHLIGHTS OF THE BUDGET

The SBA is essential to businesses, homeowners and renters for disaster recovery. Louisianans know firsthand the price we pay when the SBA's disaster loan program is ineffective. I am glad that the disaster loan program is well-funded in the President's budget at a level of \$1.1 billion. It is also encouraging that the Agency will pilot some of the programs Senator Kerry, Senator Snowe and I fought for last year. Time is of the essence when a disaster hits, and the SBA needed new tools to be effective. We were successful in implementing a process to better coordinate with the private sector to help speed the processing and disbursement of disaster loans. This budget also includes a pilot program to support new SBA authority to better involve the private sector in disaster lending. It will support a test of an SBA bridge loan program to help businesses until the disaster loan proceeds or insurance money is disbursed.

This budget also funds microloans, and, for the first time in five years, includes funding for technical assistance. Increased demand on microloans makes this funding even more critical, and borrowers are seeking more counseling to succeed in this economy.

While we are still awaiting details on where funding will be targeted, I am hopeful that it will go to important programs. Small business loans and venture capital, Women's Business Centers, Small Business Development Centers and business assistance for veterans looking to start their own business are areas where additional resources would be welcome.

I am also hopeful that the final budget will increase the number of oversight personnel for contracts. An increase in Procurement Center Representatives and Commercial Marketing Representatives would go a long way toward breaking up large contracts so that small businesses are able to have a shot at federal work.

Senator Snowe and I have submitted our views and estimates letter, and we will be sharing our priorities with Mr. Hairston today to build on the blueprint we have received from the White House. We hope this dialogue will have some influence on the details that are still being worked out by the Obama Administration.

CLOSING

I now turn to my colleagues for any opening statements and encourage those who are interested to submit testimony for the record if they would like to comment on the SBA's programs and FY2010 budget.