

**Testimony of  
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Acting Administrator  
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**Before the  
United States Senate Committee on Small Business and Entrepreneurship  
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Chairwoman Landrieu and other distinguished Members of this Committee, I am pleased to present testimony in support of the FY 2010 budget for the U.S. Small Business Administration. This budget will allow the Administration the opportunity to help small businesses weather the credit crisis, and strengthen the tools our Agency uses to work as an effective partner for America's small businesses.

The proposed budget of approximately \$700 million in discretionary budget authority will allow the Administration to continue to modernize the Agency for improved performance and build upon our technical and contracting assistance capabilities to advise small businesses. The budget provides increased funding for core Agency systems and human capital improvements. This includes continued procurement of a more effective loan accounting system and a focus on streamlining and automating lender and contracting systems.

To expand small business and community lending as part of the plan to revive the flow of credit in the Nation's economy, this budget provides \$28.0 billion in loan guarantees to expand credit availability for small businesses. Specifically, this budget supports: \$17.5 billion in guarantees under the Section 7(a) guaranteed loan program; \$7.5 billion in guaranteed debentures in the Section 504 Guaranteed Loan program, providing Certified Development Companies financing to support commercial real estate development; \$3.0 billion in authority for the Small Business Investment Company debenture program; and \$25.0 million in Microloan volume. This budget will build upon funding for the credit programs recently provided by the American Recovery and Reinvestment Act (Recovery Act). The Recovery Act provides SBA authority to increase guarantee percentages on new 7(a) loans to 90 percent and temporarily lower fees on both 7(a) and 504 loans, expand funding in the Microloan program and increase the size of bonds available under the surety bond program.

To ensure that disaster assistance is available, the FY 2010 budget supports \$1.1 billion in direct disaster loans, over a normalized ten-year average. This includes \$101 million in new budget authority for disaster lending administrative expenses. Disaster loan subsidy funding is available through estimated unobligated balances. Furthermore, the FY 2010 budget includes funding for the Agency to implement a pilot program to test two guaranteed disaster loan programs authorized in the Food, Conservation and Energy Act of 2008.

The FY 2010 budget will continue to support non-credit assistance programs. These programs are designed to provide entrepreneurs access to counseling and business development expertise. This includes improving our existing programs such as Small Business Development Centers, Women's Business Centers, SCORE and microloan technical assistance. SBA will pursue avenues to ensure small business access to Federal prime and sub-prime contracting opportunities is available, and the Agency continues its reviews of small business size standards.

Chairwoman Landrieu and other distinguished Members of this Committee, thank you again for the opportunity to submit this written statement in connection with the Committee's hearing on SBA's 2010 Budget Request. I am happy to answer any questions you may have.