



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

Remarks for
Hearing entitled, *“The Small Business Jobs Act of 2010, One Year
Later”*

October 18, 2011

(As prepared for delivery)

Good morning and thank you for joining us for this important hearing. A year ago, Senate Democrats and two of our Republican colleagues battled for months to pass the Small Business Jobs Act of 2010, and it has been called “the most significant piece of legislation to help small businesses in over a decade” by the National Economic Council. Today, we will review the results of portions of the Act and we will attempt to ascertain what our next steps should be, keeping in mind the important goal of providing capital to small businesses on Main Street.

What is clear today is that SBA lending has exceeded pre-recession levels in the final three quarters of 2011. The Jobs Act loan incentives led to all-time high SBA loan approval levels for 7(a) and 504 loans supporting over \$30 billion in small business lending, making 2011 the most successful year in the history of SBA loan programs.

Also, as of September 22nd of this year, the U.S. Department of Treasury has approved more than \$1.2 billion of the \$1.5 billion available for State Small Business Credit Initiative (SSBCI) programs. Under the State Small Business Credit Initiative, states can leverage federal funds to support a variety of state programs that help small businesses access credit. To date, 50 states and/or territories have been approved with 4 states pending. SSBCI programs include capital access programs, loan guarantee programs, venture capital programs, among several other programs that help private lenders extend more credit to small businesses. Our goal with this program was to spur \$15 billion lending to Main Street in rural, suburban, and urban areas that had been starved for capital. Many of these state programs have just recently received funding from Treasury, so a complete picture will have to wait. We get some initial data this morning from the Secretary and I intend to have a hearing early in the second quarter of next year to receive testimony from a variety of state programs.

The Small Business Lending Fund, a new and bold initiative, was a key element in the Small Business Jobs Act. Under a barrage of criticisms and publicly declared obstructionisms by the Senate minority leader and amidst confusing and false charges of a “Tarp II,” this lending program was born. It is a wonder it survived it all. While some of my colleagues today, no doubt, will be quick to point out the gap between initial expectations and actual lending. I would like to read into the record just a few letters received by this Committee from community banks that are participating in this program.

(SENATOR TO READ INTO THE RECORD LETTERS)

Today, we will hear, with very tight time constraints by Congress, the Treasury was able to distribute \$4.2 billion of the \$30 billion available. It is important to note however that Treasury estimates that the \$4 billion invested in community banks will lead to small business lending ranging from \$9 to \$16 billion in the next two years. To put this into context, this chart shows how large banks average between \$5 to \$9.5 billion in small business lending each year. Despite falling short of the initial \$30 billion, this is a welcome start to getting capital to small businesses.

Today we will hear that 137 of the 332 SBLF borrowers were also TARP recipients and used some of the money they received to repay those loans. There's nothing here that is controversial. There is a reason we included TARP recipients in this program. The Independent Community Bankers of America requested this provision in their testimony in front of the House Financial Services Committee on May 18, 2010. The bottom line is this: all Small Business Lending Fund banks, whether they received TARP or not, must increase loans to small businesses to keep their rates low. In fact, if they do not increase their small business lending, they will be paying back Treasury at a HIGHER interest rate. Despite the TARP repayments, we will see more lending to small business.

Today, we will hear the process took too long to get the loans out the door. I will remind everyone that this was an entirely unique program. The Treasury did not have a readily available roadmap, and one took time to develop. Despite the difficulties, the program was launched.

As Federal Reserve Chairman Bernanke once said, "community bankers are creative, committed, stubborn, and resilient," precisely the type of people who we need to help our economy grow. I am pleased that during this recession, America's legislators came together to pass an innovative idea to turn the tide when it comes to access to capital for America's small business. And I am pleased to report, through this single fund, we could potentially increase the amount of small business lending by many billions of dollars. We did not release as much as we had hoped, but successful to a degree nonetheless.

I intend to take the testimony given today as well as input from banks and small businesses to begin to develop Small Business Lending Fund II. Until this recession is at a distance in the rearview mirror, I believe that particularly this committee has an obligation to turn out time-tested as well as new and innovative programs to get capital into the hands of small businesses throughout our country.

Today, we have the man with all the answers, well, at least we hope so. I welcome Treasury Secretary Timothy Geithner and I look forward to hearing about these two programs created through the Small Business Jobs Act.

I thank you for your time, and I would like to turn it over to our Ranking Member, Senator Snowe, for her opening statement.