



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

TESTIMONY OF KAREN G. MILLS
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BEFORE THE
UNITED STATES SENATE
COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
THE PRESIDENT'S FY 2012 BUDGET REQUEST
MARCH 31, 2011

Chair Landrieu, Ranking Member Snowe, and members of the Committee. It's an honor to testify before you today. I look forward to working with each of you to ensure that America's small businesses can continue to grow and create jobs.

The Small Business Administration (SBA) is a small agency but we have a big mission. We focus on providing access and opportunity through the three "Cs" of capital, contracts and counseling.

Last fiscal year, we helped over 50,000 small businesses get the capital they need to grow and hire.

We helped put about \$100 billion in Federal contracts in the hands of small businesses. And we counseled more than a million entrepreneurs and small business owners in your states and throughout the country.

Over the past two years, we provided taxpayers with a big bang for their buck. One example: Since credit markets froze in 2008, we supported more than \$42 billion in small business lending.¹ We still have work to do to help small businesses create the jobs we need, and the President's proposed FY12 budget for SBA is \$985 million.

Our top priority remains to support programs that put resources directly in the hands of small business owners.

At the same time, we will tighten our belts, streamline our processes, and eliminate duplication. This budget reflects some of your ideas to help us do just that. For example, we looked hard at our technical assistance programs.

As a result, we propose eliminating the PRIME Program. With the work of our Microlenders and new efforts to recruit community-based lenders into our Community Advantage initiative, we can continue to provide technical assistance in a cost-effective way.

Also as part of our look at technical assistance programs, we reduced the request to support Small Business Development Centers by \$10 million. This was a tough choice, but we believe it is reasonable due to additional SBDC funding in the Small Business Jobs Act.

¹ For more information about SBA's credit programs, see the 2012 Budget's Credit Supplement.

In addition, we request a reduction in the core staffing level for our disaster program from 1,000 to 850. We currently have an additional 2,000 reservists as well as a very efficient and effective disaster operation that will preserve our level of readiness.

The two largest increases requested in this budget focus on programs that deliver direct help to small businesses.

First, we have reached the statutory limit for fees we can assess to borrowers and lenders for our business loans. We request \$132 million in additional subsidy above our FY 2010 enacted levels and carryover balances because the estimated losses are higher than proposed fee collections.

Second, unlike previous years, carryover funds to support administrative costs of the disaster loan program no longer substantially exist. An additional \$91 million above our FY 2010 enacted level is the funding necessary to sustain our core disaster operations.

In addition, we request support for important efforts such as implementing the women-owned business contracting rule and for continued oversight and enforcement efforts to reduce waste, fraud and abuse in contracting programs.

Overall, this Administration is making it a priority to strengthen and fund SBA programs that put these budget resources directly into the hands of small business so they can grow and create jobs. And, we will continue to invest in oversight to preserve the integrity of these programs and to protect the interest of taxpayers.

I look forward to working with all of you to continue to ensure that the strongest engine of our economy—small businesses—are succeeding. Because as the President has said, when they succeed, America succeeds.