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Congress of the United States
U.S. House of Representatives
Committee on Small Business

2361 Rayburn House Office Building
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March 25, 2014

The Honorable Paul Ryan
Chairman
Committee on the Budget
U.S. House of Representatives
207 Cannon House Office Building
Washington, DC 20515

The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
U.S. House of Representatives
B-71 Cannon House Office Building
Washington, DC 20515

Dear Chairman Ryan and Ranking Member Van Hollen:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f), I am writing to advise you of the dissenting views and estimates of the Committee on Small Business with regard to the fiscal year (FY) 2015 budget. These views and estimates are in addition to those that will be submitted by the committee's Majority. While we concur on several points, there are notable areas of disagreement, which are discussed in greater detail below.

The Committee on Small Business has legislative jurisdiction over the Small Business Administration (SBA) and this letter accordingly focuses on the FY 2015 budget request for this agency and the program it operates under the authorizations contained in the Small Business Act (15 U.S.C. 631 et seq.) and the Small Business Investment Act (15 U.S.C. 661 et seq.).

FY 2015 SBA Budget Overview

SBA's total budget request for FY 2015 is $ 710 million, $60 million less than the FY 2014 appropriated amounts. This difference is almost entirely due to the $64 million decrease in loan subsidy required for the 504 program. Of the $710 million total amount, $47.5 million is for business loan subsidy ($111.6 million in FY 2014) and $197.8 million is for non-credit programs ($196.165 million in FY 2014). Other budget amounts include $19.4 million for the Office of the Inspector General ($19 million in FY 2014) and $8.5 million for the Office of Advocacy ($8.75 million in FY 2014). This total is also inclusive of $32.2 million for administering non-Stafford Act disasters. An additional $154.6 million is requested for Stafford Act disaster loan administration under the disaster relief cap adjustment authorized in the Budget Control Act. In FY 2014, these amounts were approximately the same.

Within its budget submission, the SBA continues its practice of funding programs that lack a specific statutory authorization. Such initiatives include Entrepreneurship Education ($15 million), Regional Innovation Clusters ($6 million), Boots to Business ($7 million), and Growth Accelerators ($5 million). The cost of these programs for FY 2015 is $39 million and together this spending constitutes nearly 20 percent of the SBA's non-credit programs budget. In addition, the SBA has undertaken similar unauthorized efforts in its Small Loan Advantage program, the Community Advantage program, the Impact Investing fund, the Early Stage Innovation fund, and the Business USA website.

This practice of establishing new programs to fulfil roles already met by existing SBA programs is inefficient and wasteful. Doing so circumvents Congress' role in the legislative process and often lacks appropriate safeguards, accountability measures, and oversight mechanisms. Given this, these initiatives should not be funded. Instead, the funding for these programs should be reallocated to other established SBA entrepreneurial development efforts. Specific details for this reallocation are included in this letter. Finally, the $6 million in funding for the Business USA website should be denied and returned to the Treasury for deficit reduction.

Lending and Investment Programs

The main component of the SBA's access to capital budget submission is the cost of operating its core 7(a) and 504 lending programs. The 7(a) and 504 programs provide federally-guaranteed loans to small businesses to fund operations, buy equipment, and purchase real estate. Since 2011, the SBA has made over 170,000 loans supporting $70 billion in lending. In that time, the costs of SBA lending programs have steadily decreased to the point that SBA has not requested a subsidy for the 7(a) program in two years. However, the continuation of unauthorized pilot programs and the need for taxpayer support of the 504/CDC loan program – a program that was zero-subsidy for over a decade – remains a concern.

7(a) Loan Program

The 7(a) loan program is the SBA's premier guaranteed lending program. These loans can be used as working capital, to buy inventory, or to purchase equipment and real estate. An analysis of SBA's current lending volume through March 2014 projects that the SBA is unlikely to exceed its lending authority of $17.5 billion. **However, with the Federal Reserve anticipating economic growth of 3.2 percent next year, it is recommended that the program level for 7(a) continue to be $17.5 billion in FY 2015 to meet any increase in loan demand.**

SBA has again proposed waiving the up-front and annual fees on 7(a) loans of $150,000 or less and most loans to veterans. Notwithstanding the SBA's good intentions, eliminating fees on smaller loans is unlikely to produce the levels of participation envisioned by the administration. As an initial consideration, there is no evidence that SBA guaranty fees are a determinative factor for businesses seeking a loan. To date in FY2014, the first year of the fee waiver, there has been only a 2 percent increase in small-dollar loans and a 10 percent increase in veteran loans. In comparison, when the fees were waived and the guaranty percentage was temporarily increased to 90 percent under the American Recovery and Reinvestment Act, lending volume increased 21 percent. Additionally, by using fees on larger loans to subsidize small ones, the administration is picking winners and losers, and there is the possibility that one business may be subsidizing the loan of a direct competitor. **In this regard, increasing the SBA guaranty on 7(a) loans up to $150,000 should be investigated to determine feasibility.**

Pilot Lending Initiatives

Since 2011, the SBA has been conducting two pilot lending programs, the Lender Advantage initiative and the Community Advantage initiative. These programs have had little impact on increasing access to small-dollar loans or the amount of credit directed to underserved communities as intended. Over the past three years, the average 7(a) loan size has dramatically increased while the volume of small dollar loans has steadily decreased. Furthermore, with only 79 approved lenders nationwide and 24 states having one or fewer lenders, these programs are severely limited in their ability to reach underserved communities. The increased lending and administrative costs demanded by these initiatives divert resources from more meaningful uses. **In this regard, these programs should be discontinued for FY 2015 and no appropriations made available for their operation.**

504 Certified Development Company Program

The 504 program provides permanent, fixed rate financing for businesses to acquire industrial or commercial buildings or heavy equipment and machinery. In FY 2015, the SBA requested $45 million in loan subsidies for the purpose of operating the 504 program, a $62 million decrease from the FY 2014 appropriated level. While this is a substantial improvement, it must be noted that as recently as FY 2010, the 504 program did not require a subsidy. **In FY 2015, the administration must continue strengthening lender oversight within the 504 program and emphasize the program's historical purpose on lending for the purpose of economic development and job creation.**

504 Certified Development Company Refinance Program

SBA has also requested reauthorizing the 504/CDC refinance program (504 Refi) which was created under the Small Business Jobs Act and allowed CDC's to refinance collateralized business loans, typically those for real estate and machinery. Although the 504 Refi program was intended to operate at no cost to taxpayers, losses on refinanced loans have already outstripped the fees SBA collected. Going forward, losses on refinanced loans from 2011 and 2012 are projected to increase.

Beyond the costs to taxpayers, the 504 Refi program did not require loans to meet the eligibility requirements of the 504/CDC program, namely economic development and job creation. As a result, loans could be refinanced irrespective of providing benefits to the local community or creating a single job. **For these reasons, the 504 refi program should not be reauthorized and no appropriations made for its operation.**

7(m) Microloan Program

The Microloan program focuses on providing small-dollar loans (up to $50,000) to entrepreneurs that have been underserved by conventional lenders. In FY 2014, microloan intermediaries leveraged $25 million in lending authority to support $43 million in small business loans. In FY 2015, SBA has again requested $25 million in lending authority to support $45 million in loans. It should be noted the subsidy rate will decrease for the first time in 4 years, resulting in a 45 percent cost reduction for the program. **As such, it is recommended that in FY 2015, this program be fully-funded at the requested level to support $25 million in lending authority.**

Small Business Investment Company Program

The Small Business Investment Company (SBIC) program was created to help small U.S. businesses meet their capital requirements for growth not available through banks or other private equity sources. In FY 2015, the SBA did not request funds for the purpose of implementing the SBIC program. The agency will, however, continue implementation of the Impact Investing Initiative and Early Stage Investing Fund pilot programs introduced in 2011. These programs remain premised on the SBIC debenture program, which is very ill-suited for meeting the needs of early-stage or startup firms. This is because these businesses often lack positive cash flow that can be used to make regular payments on debt. As a result, the gap for investment in early stage and capital intensive small businesses will likely not be conducive to either the "Impact Investing" or "Innovation Fund" programs. **As such, it is recommended that no appropriations be made to carry out either pilot program.**

New Markets Venture Capital Program

Since FY 2005, the SBA has not requested any funding for the New Markets Venture Capital (NMVC) program. **Given the lack of equity financing alternatives in underserved communities, $10.625 million should be transferred from SBA's unauthorized entrepreneurial development initiatives, as well as any funds related to the operation of unauthorized access to capital initiatives.** These funds should be reallocated to funding new leverage and operational assistance for the NMVC program.

Disaster Assistance Program

The Disaster Assistance program provides homeowners and businesses with direct loans to recover from natural disasters. In FY 2015, SBA has not requested appropriations for loan making, but instead will carry over unspent surplus to facilitate $1.1 billion in new disaster loans. SBA has requested $186 million for costs associated with administering the program. **In light of the critical need for funding to help home-owners and small businesses following devastating natural disasters, any amounts necessary for FY 2015 to support the SBA disaster loan-making functions should be appropriated.**

GOVERNMENT CONTRACTING PROGRAMS

There have been continued problems with SBA's operation and oversight of its government contracting programs. Additionally, the effects of sequestration had a substantial impact in the contracts awarded through these programs. While there have been slight increases in the programs' budgets, they have not been significant to aid small businesses in the federal marketplace. As a result, there has been a decline in not only the resources available to small businesses but also in the number of businesses that participate in these programs. Thus, the SBA is failing in its obligation to provide small businesses with the necessary tools to ensure that they receive a fair proportion of federal contracts.

Prime Contracting Program

Small businesses continue to voice concern about the widespread impact that the use of bundling and consolidation has on their ability to enter into the federal marketplace. While there is over $500 billion worth of contracting dollars, there are only 54 Procurement Center Representatives (PCRs) to monitor all contracts for alternatives strategies to maximize small business participation. In FY 2012, there were 161 bundled and consolidated contracts worth over $268 billion. If the 23 percent small business goal were enforced on these contracts, $61 billion would go towards these firms; additional contracting dollars could have been diverted to small businesses if the requirements were broken down into amounts that were within the capacity of smaller firms. The committee expects that this practice will continue as until SBA devotes more resources to training the current PCRs and increasing the number of PCRs. **While the FY 2015 budget does plan to allocate $45,000 of its overhead expense to PCR training and increase the program's budget by $296,000, there should be additional funds allocated to the program so that there is greater oversight of large contracts.**

Additionally, the Prime Contracting program oversees the Commercial Market Representatives (CMRs). While the SBA website indicates there are 33 CMRs currently on staff, only 7 of these employees devote 100 percent of their time to the duties of overseeing subcontracting plans of large prime contractors. Reports indicate that CMRs are reviewing only a fraction of the contracts they should be reviewing and when done, reviews occur from the desk of the CMR rather than with an on-site review. With many of these subcontracting plans not being properly monitored, large contractors are performing the work themselves and denying small businesses of the ability to grow their capabilities to one day compete for a prime contract. Therefore, additional funding should be provided to allow for the hiring of additional CMRs.

8(a) Program & Technical Assistance

The 8(a) budget allocation should be increased to enhance outreach to potential program participants. In FY2012, $15.83 billion was awarded to 8(a) participants. These numbers are down from the $16.67 billion awarded to 8(a) participants in FY2011 and this decrease seems to be a trend as the initial numbers for FY2013 show that this subgroup was awarded only $14.01 billion. The total resources attributed to the 8(a) program for FY 2015 are $57.615 million for an average cost per 8(a) business of $7,202. While SBA has requested an additional $786,000 from the enacted FY2014 budget, the administration is expected to reach 300 fewer businesses than in FY2013 and the same 8,000 it set as its target for FY2014.

Additionally, there has been a drop in businesses applying and entering the program. At any given time in FY2013, there were approximately 5,700 companies participating in the program. However, there were only 1,752 applications to the 8(a) program as of July 12, 2013 and 239 new companies approved for the program. This is down from the 4,000 applications received and the 500 new companies approved in FY2012. **An increase to this program is needed to counter the downturn in contracting dollars awarded as well as for providing outreach to eligible businesses.**

The SBA FY 2015 budget increases funding for the 7(j) Technical Assistance program, which provides essential services to 8(a) participants. **However, more funds must be allocated to support the increasing numbers of small businesses seeking assistance.** Since 2008, the number of businesses that have sought assistance through this program has continually increased and in FY2013, 3,913 small businesses received support through this program, an increase of over 600 firms from the previous fiscal year. SBA expects to assist 3,550 businesses, nearly 400 fewer businesses than it did in FY2013. If the number of businesses seeking aid remains at FY2013, the funding available for each business will be reduced by $300. With this upward trend only likely to continue, it is vital that the level of services does not decrease. This program has been proven to help create jobs throughout small businesses and at a time of economic recovery, job creation is vital.

HUBZones

Over the years there have been many reports detailing the fraud and abuse that has resulted from lack of eligibility verification by SBA of program participants. While there have since been improvements, SBA still continues in its failure to properly oversee the program. After the initial year of conducting site visits in FY2010, the SBA has seen a repeated reduction in the number of these visits. In FY2013, SBA conducted only 500 site visits – half of the visits conducted in the initial year. Additionally, SBA district field offices completed only a 10 percent sample compliance review of HUBZone certified firms. Furthermore, SBA plans to continue the examination and review of only 10 percent of these firms in the current and upcoming fiscal year.

The money set aside in the FY 2014 for the HUBZone program is $2 million—a decrease of $250,000 from the FY2014 enacted budget. Moreover, the total amount of resources (including overhead, external staff time, and administration) is decreasing by $231,000 to $10.981million. These cuts may make the program more susceptible to fraud. However, it appears the cut to the program is deceptive as expenses for the HUBZone mapping process, $160,000, have been moved to the overhead of the entire Government Contracting and Business Development department. These expenses should be appropriated through the HUBZone program and not hidden throughout other accounts.

Furthermore, GAO has previously reported that SBA had not yet developed outcome measures that directly link to the mission of its HUBZone program, nor had the agency implemented its plans to conduct an evaluation of the program based on variables tied to its goals. Furthermore, when GAO inquired about the effectiveness of the program, SBA provided a copy of an Office of Advocacy report from May 2008, which stated that the program has had limited effect. **Thus, unless this program can show progress in the elimination of fraud and in accomplishing its core mission, it should be terminated.**

Service-Disabled Veteran-Owned Small Business Program

There have been several reports outlining fraud in this program as result of fraud and misrepresentation in the certification process. The committee has continually pushed for SBA to work with the Department of Veterans Affairs to develop a certification process for the government-wide veterans program. However, despite assurances from the administrator to do so, there have been no actions taken by SBA to initiate such a process. **Thus, the SBA should specifically set aside funds to improve oversight of this program.**

Women-Owned Small Business Federal Contracting Program

Given the slow progress in awarding contracts through this program, additional funds should be allocated to this program. The administration had previously requested $1 million for the development and maintenance of a data repository, eligibility examinations, and four employees processing protests. Despite the fact that these tasks are still performed, subsequent budgets have not made direct allocations to this program. Without dedicated funding to the program it is unclear how the administration plans on paying for the maintenance of the repository and the protests it must process. Furthermore, it is unclear whether contracting officers have knowledge of how to award contracts under the program as there were only 555 contracts worth $33.4 million awarded government-wide through this program in FY2012. **Therefore, additional funds must be allocated to increase the number of staff and oversight as well as conduct outreach on how the program is to be used.**

Small Business Innovation Research (SBIR) Program

While SBA does not provide funding for SBIR awards, the agency is charged with implementing broad policy and guidelines under which participating federal agencies operate autonomous SBIR programs. Additionally, SBA established performance criteria for agencies to use in their specific SBIR work plans with the goal of improving overall SBIR performance. In FY2015, SBA has requested $584,000 to implement and monitor cross-agency initiatives designed to improve the effectiveness of the program, including sharing best practices and continuing to enhance the TechNet database. **This funding for the SBIR program is appropriate.** With these funds SBA will be able to ensure that there is communication between awarding agencies, thus providing additional oversight to prevent fraud and abuse in the program.

Size Standards

SBA is currently undertaking a complete review of all size standards that are used to determine eligibility in the various small business programs. The Small Business Jobs Act of 2010 required that every 18 months one-third of the size standards be updated to reflect the new market conditions in the industry with reviews occurring five years thereafter. **As the process continues, the FY 2015 budget should include a specific line item for this task so as to ensure that funds are not diverted from other programs.**

ENTREPRENEURIAL DEVELOPMENT PROGRAMS

SBA's request for entrepreneurial development funding is marred by its request to fund unproven programs that lack specific statutory authorizations. Doing so comes at the expense of other proven core entrepreneurial development programs. Simply put, this is an inappropriate use of funds and a flagrant disregard of taxpayers. Given the insufficient oversight of many of these pilots, such unchecked spending may lead to further fraud and abuse within the agency. Further, while these initiatives cost $33 million[1] and make up nearly 20 percent of the agency's entrepreneurial program budget, no objective measures have been provided for Congress to evaluate their performance. Until these programs are evaluated and authorized by Congress, these programs should not receive any funding. Instead, the agency should redirect this funding to focus on strengthening its existing network of entrepreneurial development service providers. **Below, recommendations are made that reallocate this $33 million in unauthorized spending across several core SBA entrepreneurial development programs.[2]**

Small Business Development Centers

The SBDC program is the agency's largest and most established entrepreneurial development initiative. At a time when the economy is attempting to regain its full strength, the SBDCs program should be funded at a level that will allow it to expand and provide entrepreneurial opportunities for out-of-work individuals, as well as support small firms that are creating jobs. Therefore, the proposed FY 2015 budget of $113.625 is insufficient. **Instead, $1.375 million from the unauthorized initiatives should be redirected to the SBDC program for a funding level of $115 million for FY 2015.** As a result, there is no increase in the aggregate SBA budget for FY 2015.

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[1] $33 million in spending on initiatives that lack specific authorizations is as follows: Entrepreneurship Education ($15 million), Regional Innovation Clusters ($6 million), Boots to Business ($7 million), and Growth Accelerators ($5 million).

[2] Reallocation of the $33 million is as follows: $1.375 million for Small Business Development Centers; $5 million for Women's Business Centers; $3.5 million for PRIME; $3 million for Microloan Technical Assistance; $9.5 for Veterans Business Outreach Centers; and $10.625 million for the New Markets Venture Capital program, which is contained in the Access to Capital portion of this letter.

Microloan Technical Assistance

For microloan technical assistance grants, the SBA is requesting $20 million, which is the same amount as requested in FY 2014. Given the sustained high levels of long-term unemployment, many individuals are looking to entrepreneurship. **The Microloan program is a core initiative serving this demographic and, as a result, the budget for this program should be increased by $3 million to $23 million.** This additional funding should come from the unauthorized initiatives included in the SBA's budget submission and therefore will not increase the total agency spending for FY 2015. By doing so, micro-intermediaries would be better able to broaden their services and reach out to these individuals.

Women's Business Centers

The SBA proposed that the Women's Business Centers (WBC) funding level is $14 million for FY 2015. **Given the demand for new centers, an additional $5 million (for a total of $19 million in FY 2015) should be allocated for the purposes of opening new centers in areas that do not have a WBC.** In addition, the agency should focus the remainder of its funds on establishing new centers and supporting existing centers in areas of high unemployment. The agency should also ensure that all centers receiving funding in FY 2015 can demonstrate success in creating and maintaining jobs in their local communities.

Service Corps of Retired Executives

The FY 2015 budget provides funding for the SCORE program at $7 million, which is the same level it received in FY 2014. Given that this program relies on volunteers and the SBA provides office space at no-cost, its high-cost to the taxpayer is concerning. This concern is magnified given the quality of performance data being reported by SBA for the SCORE program. For instance, the SBA asserts that SCORE assisted more than 458,000 businesses in FY 2012 and more than 345,000 businesses in FY 2013. However, SCORE was only responsible for creating 628 and 828 businesses in those years respectively. Such a ratio of business creation to business assistance is extremely low and well below that of the SBDC program. **Efforts should be undertaken to evaluate the efficiency of SCORE and whether it is duplicative of other entrepreneurial development programs. Further efforts to evaluate the quality of SCORE performance data would also be welcome.**

Veterans Business Outreach Centers

The SBA is requesting \$2.5 million in FY 2015 for Veteran Business Outreach Centers (VBOCs), the same amount as in FY 2014. With just 15 business assistance facilities located across the U.S., many military communities lack access to these business development resources. **Given the limited geographical reach of this program, this level of funding should be increased by \$9.5 million, for a total budget of \$12 million, coming from a transfer of funds from the unauthorized programs contained within this budget.** By reallocating funds in this manner, the total FY 2015 SBA budget cost will not be increased.

Office of Native American Affairs

The Office of Native American Affairs (ONAA) ensures that American Indians, Native Alaskans and Native Hawaiians have access to business development and expansion tools available through the SBA's entrepreneurial development, lending, and procurement programs. **The administration's FY 2015 budget proposes to level fund the ONAA at \$2 million, which is sufficient and in-line with prior year's funding levels.**

National Women's Business Council

The SBA FY 2015 budget proposes \$900,000 for the council, a decrease of \$100,000 from FY 2014. These resources are used to carry out research and hold conferences on women's business issues. Other areas of the SBA regularly conduct research and convene conferences, such as the Office of Advocacy. In addition, the SBA's Office of Women's Business Ownership, which is funded through the agency's operating budget, also overlaps with the council's responsibilities. **Therefore, it is recommended that the SBA ensure that the council's activities do not duplicate the activities that other SBA offices are performing.**

PRIME

In line with prior year's budget, the SBA proposes to eliminate funding for PRIME, which it believes is duplicative of other SBA programs. The committee disagrees with this assertion and finds that PRIME provides critical capacity building grants to microintermediaries that serve low-income individuals seeking to create new businesses. The decision to terminate this program is unwise, as many long-term unemployed individuals will look to entrepreneurship, often turning to organizations supported by PRIME. **As a result, \$3.5 million, the same level appropriated in FY 2014, should be made available for the PRIME program in FY 2015.** This funding should come from a transfer of funds proposed for the unauthorized programs contained in SBA's budget submission and therefore will not increase the total agency budget.

Entrepreneurship Education

SBA is requesting $15 million for entrepreneurship education, an increase of $10 million over the FY 2014 level. This funding request is difficult to justify as it diverts scarce resources to an untested program that is duplicative of existing and proven initiatives. **Given that the network of local SBA partners/facilities, such as SBDCs, WBCs, SCORE chapters, VBOCs, and district offices, already operate across the country, these funds should instead be reallocated to these existing programs.**

Boots to Business

The SBA continues to roll out its Boots to Business program. The program primarily relies on video and on-line training. Similar efforts were undertaken by the now defunct National Veterans Business Development Corporation and were unsuccessful, mainly due to the need for hands-on, in-person training. **Given that the Boots to Business program relies on this ineffective IT-driven model, the $7 million in funding requested for FY 2015 should be denied and be rechanneled to proven SBA service partners.**

Regional Innovation Clusters

While the recent third-party evaluation of the program is an appropriate first step, it is coming after more than $30 million has been spent on this initiative over five years. Although the recent study shows that collaboration among entities involved in a particular industry cluster have increased, there is no evidence to suggest that this is the most efficient use of taxpayer funds, particularly with regard to job creation. **Therefore, without a specific authorization, the agency's $6 million funding request should be reallocated to other entrepreneurial development programs as outlined in this letter.**

Growth Accelerators

The SBA's FY 2015 budget request includes $5 million for growth accelerators, a doubling of last year's budget. Given that this initiative has not been formerly reviewed, it is difficult to justify additional spending. **Instead, this funding should be redirected to SBA's core entrepreneurial development programs.**

Business USA

The Business USA web portal is a White House initiative that is being funded primarily through the SBA. Its goal is to serve as an on-line, one-stop shop for all of the federal government's business programs. The committee concurs that the government's business-related websites are a muddled mix of useful resources and outdated information. This techno-jumble could be improved, but it is far from clear that Business USA is accomplishing this.

A recent examination of the website found that a query for "startup financing" returned 6 loan programs, 44 financing resources, and 25 related resources – hardly a targeted list of resources. Further, the top two answers for this query were the Small Business Lending Fund at the U.S. Department of Treasury and the Natives CDFI Initiative. Neither program actually provides loans to startups, but rather to financial institutions themselves. Given this unhelpful information, the committee has a difficult time understanding the need to sink another $6 million into what is quickly becoming a bottomless pit. **As such, no funding should be allocated to this project and this funding should be returned to the Treasury to reduce the deficit.**

Office of Advocacy

For FY 2015, Advocacy is budgeted at $8.455 million; a reduction of $295,000, from the FY 2014 enacted level. **This level is sufficient for the office to carry out its responsibilities.**

Office of Inspector General

For FY 2015, the administration has requested $19.4 million, an increase of $400,000 million over the FY 2014 enacted level. **Given the prevalence of fraud and abuse in the SBA and the dire need for oversight of unauthorized initiatives, the committee supports this request.**

Conclusion

While SBA's FY 2015 total budget level is reasonable, the allocation of this funding is problematic. Choosing to again fund unauthorized and risky initiatives at the expense of proven programs is at best inefficient and at worst wasteful. Going forward, the SBA should recommit itself to its proven programs, rather than wasting funds on untested programs. Doing so would help ensure that taxpayer dollars are being well spent, while small businesses have the resources they need to grow stronger. Thank you for your consideration of our views on this important matter.

With respect,

Nydia M. Velázquez
Ranking Member