



Opening Statement for Hearing on SBA Budget for FY 2016
Chairman Steve Chabot
Committee on Small Business
February 25, 2015

Good afternoon. I call the Committee hearing on the Small Business Administration's Fiscal Year 2016 budget request to order. I also want to welcome in her first appearance in the 114th Congress, Administrator Maria Contreras-Sweet.

Today, the Committee will hear from the Administrator about the President's Fiscal Year 2016 Budget Request. Two questions arise. First, are the resources sufficient to help small businesses grow the middle class jobs that America needs? Second, are the resources allocated in an open and transparent manner?

It is important to note that there are numerous other policies that are as critical for small businesses as those that will be raised today. Small businesses need tax reform because the current code is so complex that it is unfair to small businesses. They need a regulatory regime that protects health and the environment without imposing unnecessary costs on them. They need markets that are not so burdened by government oversight that impinge on their ability to obtain needed debt and equity capital. They need a simple system for exports and imports – one that does not require navigation of a maze-like bureaucracy.

Turning to the SBA budget request, I believe that it is more than sufficient to meet the needs of America's entrepreneurs. Where I disagree with that request is in the priorities revealed in the request.

For example, the SBA budget makes no mention of hiring additional key personnel who will help small businesses enter the federal contracting marketplace – a key pillar of the Small Business Act. The budget fails to allocate additional funds or explain how the Agency will update its loan management accounting system that still utilizes 1960s computer technology. The budget request disturbingly fails to mention the absence of a Chief Information Officer to oversee implementation of computer technology. The budget request makes no mention of resources needed to implement changes made to SBA's government contracting programs that have yet to be implemented.

Instead, the SBA budget request is replete with its own initiatives and priorities. These include more funds for, among other things: entrepreneurial outreach programs that duplicate services provided by existing partners; a new computer system not

requested by Congress, the Loan Information Network for Access to Credit, that is intended to help small businesses find SBA lending partners; and Executive Direction.

This request for more than \$5 million in Executive Direction is highly troubling. After more than 60 years of existence, executive direction from the SBA suddenly determines that a more than century-old statute, the Anti-Deficiency Act, applies to the closing of loans without any explanation. Executive direction from the Agency entails waiting 30 years to update the application process for small business investment companies and then failing to publish that update in the Federal Register. Executive direction forces changes in cost accounting procedures for small business development center grantees but provides no mechanism for challenging that action. If these are the types of decisions that will result from increased executive direction, it represents a very questionable use of resources in my opinion.

The SBA must reconsider its priorities to minimize risk to taxpayers from a \$100 billion loan portfolio while maximizing opportunities that ensure small businesses will continue to prosper and create needed middle class jobs. That should include a top-down reexamination of the Agency's procedures for creating policy.

Ultimately, budgeting is about the bottom line for small businesses. For the SBA, the budget is about accountability. The budget request is the Agency's defense of its priorities to taxpayers, current small business owners, entrepreneurs, and Congress. If this is the Agency's defense, then it is has not gotten that accountability right.

I now yield to the Ranking Member for her opening statement.