

Senator Olympia J. Snowe
Chair, Senate Committee on Small Business and Entrepreneurship
July 31, 2006
Statement For The Record

As Chair of the Senate Committee on Small Business and Entrepreneurship, I strongly believe we must do everything possible to sustain prosperity and job creation throughout Maine and the United States. To achieve that goal, I have long fought to expand the reach of Small Business Administration programs that have helped millions of aspiring entrepreneurs and existing small businesses.

Today is a pivotal time for the SBA. A new administrator, Steven Preston, has been sworn in, and I have held hearings on the reauthorization of the agency's programs that are set to expire September 30, 2006. My goal is for the process to create a renewed SBA that is *completely dedicated* to fostering small business ownership and job creation in America.

The SBA's fundamental purpose is to "aid, counsel, assist, and protect the interests of small-business concerns." The methods for carrying out this Congressional mandate include a wide array of financial, procurement, management, and technical assistance programs tailored to encourage small business growth and expansion.

There is no doubt that SBA's technical assistance programs have demonstrated impressive growth. During FY 2005, the SBA provided 56,739 small businesses with technical assistance. That was an *astounding* 46.4 percent increase from the 38,754 small businesses assisted in FY 2004. If there is truth in numbers, the SBA has numerous "truths" it can and should tout. Its record of achievement for Fiscal Year 2005 *alone* includes counseling

1.5 million entrepreneurs, approving over 89,000 business loans through the 7(a) and 504 lending programs and funding 74,307 7(a) program loans to small businesses for a total of more than \$14 billion

Despite a drastically declining share of the Federal budget, the data clearly indicates that the SBA's programs have created or retained a significant number of jobs over the last several years. Between FY 1999 and FY 2004, the SBA's Offices of Advocacy and Legislative Affairs report that the SBA's lending and technical assistance programs enabled participating small businesses to create or retain 4.4 million new jobs.

Our goal is to build on these *tremendous* successes. The SBA can do more and will be able to do more to support the small businesses it serves under this bill. The building blocks for reauthorization is the bill I'm introducing today - The Small Business Reauthorization and Improvements Act. This legislation will:

*** Reform the SBA's largest small business financing program, the Section 7(a) loan program, which provided almost \$15 billion in loans to small businesses last year, by increasing the maximum size of a loan from \$2 million to \$3 million.**

*** Require the SBA to implement a more efficient test for loan eligibility that measures businesses' revenues, rather than merely its number of employees.**

*** Establish a National Preferred Lender program to increase small businesses' access to capital by reducing duplicative administrative burdens on small business loan.**

*** Re-structure the Small Business Investment Company program, an innovative public-private venture capital partnership that has provided more than \$25 billion in financing to small businesses.**

*** Expand the SBA's capability to assist disaster victims by allowing private lenders to make loans at lower interest rates.**

*** Increase Federal authority to prosecute, suspend, and debar large corporations which obtain government contracts by misrepresenting themselves as small businesses;**

*** Create a stronger system of SBA size standards to ensure that Federal agencies respect SBA decisions on whether a company that receives a government contract is truly a small business.**

*** Address the small business health insurance crisis by creating a competitive, pilot grant program for Small Business Development Centers (SBDCs) to provide counseling and resources to small businesses about health insurance options in their geographic areas.**

My legislation also rejects new loan fees. I strongly oppose SBA's proposal to increase fees for these programs. A fee increase is not the way to balance the budget and it remains wholly unacceptable, *to put it mildly*. When we consider that the SBA's budget represents less than 3/100ths of a percent of the total federal budget, is this really the place for the Administration to find additional savings?

This Committee is here to help improve the SBA in any way possible to ensure the success of tomorrow's entrepreneurs. Of course, the agency has been subjected to criticism, including my own. We can move beyond criticism and find solutions to the problems that have plagued the SBA and transform it into an agency that is led with the same dedication to excellence found in the entrepreneurs it serves.

I now recognize Ranking Member Kerry for his opening statement.

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