



Chairman Ander Crenshaw
*Subcommittee on Financial Services and General
Government, House Committee on Appropriations*

Fiscal Year 2015 Budget Hearing - Small Business Administration
Acting Administrator Marianne O'Brien Markowitz
April 3, 2014
Opening Statement As Prepared

The hearing will come to order.

I would like to welcome our witness today, Acting Administrator Marianne O'Brien Markowitz from the Small Business Administration. Thank you for testifying today. Although the new SBA Administrator has been confirmed, we felt that we might give her a chance to get settled in before we asked her to testify.

The SBA plays a critical role in assisting U.S. small businesses by providing them access to capital; opportunities to compete for government contracts; and counseling and technical assistance. In addition, the SBA helps businesses and homeowners affected by disasters through its Disaster Loans program.

I would like to highlight a few SBA-related successes in my district. Heavy Equipment Resources of Florida is a company out of Jacksonville, and it has been named the "Florida Small Business Exporter of the Year" by the SBA. This Florida small business specializes in exporting components and heavy machinery to mining and earthworks companies all over the world. In addition, the Jacksonville Women's Business Center won the SBA Women's business center excellence award for Florida. I am very proud of all the small businesses in my district and I appreciate what the SBA does to help them to start, grow, and succeed.

The fiscal year 2015 request for the Small Business Administration totals \$865 million, a \$64 million decrease from fiscal year 2014 levels. This decrease is primarily due to reductions in the business loan subsidy program. Since the financial crisis has wound down, the costs of subsidizing small business loans has gone down. This is good news for U.S. small businesses as it shows the economy is growing stronger and businesses are thriving.

While there is bipartisan support for helping small businesses, we need to make sure that your programs are administered efficiently and that we are not wasting taxpayer funding on ineffective programs. With that in mind, we will want to hear about areas where the SBA can do more with less.

The SBA fiscal year 2015 request asks for \$155 million for Stafford Act disaster loan administration and \$32 million for non-Stafford Act disaster administration. In 2013 Congress passed the Disaster Relief Appropriations Act to support the SBA's efforts in helping the northeast region after Hurricane Sandy. The SBA has continued to carry over large amounts of no-year funding for the disaster subsidy. As of your last monthly report, the SBA has \$736 million in subsidy funding, supporting \$8.7 billion in available disaster loan program funds. And yet, SBA has spent \$82 million in administration, but only spent \$15 million in subsidy funds. I am interested to hear how the SBA justifies spending more on administration than on program costs.

Whether it is counseling small businesses that are just starting, or helping businesses scale up, the SBA has a very important role to play in helping the U.S. economy grow. It is critical that the funding this Committee appropriates to the SBA is used thoughtfully and judiciously. This Committee is very interested in hearing exactly what the SBA is doing to further promote small businesses and their access to capital.

Acting Administrator O'Brien Markowitz, thank you for being here today. We look forward to hearing your testimony.

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