



**U.S. Small Business Administration
Washington, D.C. 20416**

TESTIMONY of

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**House Committee on Appropriations
Financial Services and General Government Subcommittee**

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Chairman Crenshaw, Vice Chairman Diaz-Balart, Ranking Member Serrano and distinguished members of this Subcommittee, thank you for this opportunity to testify today.

We appreciate your ongoing support for the SBA as we work to assist the entrepreneurs who are creating the majority of new jobs in this country.

We know you share our commitment to America's small businesses.

We remain focused on our core mission, which we call "Three Cs and a D" – helping small business access capital, contracts, counseling, and disaster assistance.

The SBA is pursuing programs to help small businesses export for the first time, to help early stage startups get the capital they need, and to help existing companies scale up and create more jobs to grow our economy.

Last year was the third straight year that the SBA supported over \$29 billion in lending to more than 47,000 small businesses. We also assisted more than 46,000 businesses and individuals through \$2.8 billion in disaster loans.

For Fiscal Year 2015, the SBA is requesting an appropriation of \$710 million.

This funding would enable us to support loans totaling \$36.5 billion over the next year.

Our budget request would allow us to deploy nearly \$4 billion in long-term investment capital.

It would facilitate access to \$80 billion in federal contracts for small businesses, which are too often shortchanged in our procurement processes.

Additionally, it would enable us to work with our resource network to counsel and train more than one million small business owners, so they can grow their companies and create more middle class jobs.

We're seeking full funding for our Small Business Development Centers, our Women's Business Centers, our Veteran's Business Outreach Centers and our national network of SCORE chapters and volunteer mentors.

Notably, our FY15 budget request represents a \$64 million reduction in our business loan subsidy. We've dramatically reduced our subsidy for the 504 loan program down to \$45 million. And I'm proud to report that for the second consecutive year, the SBA is requesting no credit subsidy for the 7a loan program.

We're making good loans to responsible borrowers, and we're managing our risk so we are good stewards of taxpayer dollars.

Our borrowers report that these two lending programs – 7a and 504 – together have supported more than 650,000 jobs.

We're requesting authority to continue 504 Refinance lending. This program allows business owners to refinance existing debt and lower their monthly business costs. 504 Refi was a successful program that expired at the end of FY12.

It supported \$5.5 billion in lending over two years. We requesting zero subsidy, meaning we project no taxpayer cost to extend this program.

We're focused on helping our innovators take new products and services to market. Our request for \$4 billion in lending authority for Small Business Investment Companies will ensure that our

most cutting-edge small businesses – including advanced manufacturing firms – have the capital they need. Products that can be invented here can be made here, too.

We're helping start-ups through our growth accelerators program. We're working with nonprofits, universities and other partners with a demonstrated expertise in turning promising new ideas into successful new businesses.

Our budget also ensures that our transitioning military veterans come home to new opportunities to grow the American economy. Each year, more than 250,000 service members make the transition home. We know these heroes have the leadership skills to grow successful civilian enterprises as small business owners.

Our Boots to Business program allows them to continue to serve their country as job creators. We're requesting \$7 million to meet the Department of Defense's request for the SBA to train transitioning service members at more than 200 installations.

For our veterans, we're also continuing to charge no upfront fees on SBA Express Loans up to \$350,000, and we're cutting fees in half on Non-Express loans greater than \$150,000 for this population.

The SBA is making it easier for lenders to do business with us. We will soon roll out our SBA One program. This is a major reform that will create a streamlined, online application for our products. SBA One will reduce burdens on lenders and encourage them to make more SBA loans.

We're prioritizing Entrepreneurial Education, so successful small businesses can become medium and large businesses that create more jobs. This initiative builds on the success of our Emerging Leaders program. To date, 2 out of 3 companies that have been through this program have increased their revenue; 3 out of 4 have hired new employees; and nearly half have secured government contracts. We're requesting \$15 million to expand a program with proven results.

We're also asking for full funding for disaster loan assistance as we continue to make process reforms to ensure that homeowners, renters, and businesses have access to rapid SBA assistance when they need us the most.

I would like to close by addressing SBA's ongoing commitment to root out waste, fraud, and abuse in our contracting and lending programs to ensure that federal dollars go to deserving small businesses. We have a zero tolerance policy for these types of abuses.

Since 2008, we've suspended and debarred more companies and individuals for abusing SBA programs than in the previous 10 years combined.

At the same time, we've tightened our belts within our own operations. The SBA is saving \$600,000 in rent by moving our D.C. office into our SBA national headquarters. We've reduced our fleet management expenses by more than 9 percent through reductions in our fleet. We've invested in new equipment that will save us a half-million dollars in copying expenses over the next five years. And we've reduced SBA travel by 25 percent over FY12 levels.

We are committed to fiscal discipline at the SBA, and we hope this subcommittee will factor that in as it weighs its support of critical programs that serve America's small businesses. Thank you.