Testimony of Administrator Kelly Loeffler

Before the U.S. House Committee on Appropriations

Financial Services and General Government Subcommittee

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Chairman Joyce, Ranking Member Hoyer, and Members of the Subcommittee: thank you for the opportunity to testify before you today.

As a former small business owner and financial services executive, I committed to leading the U.S. Small Business Administration (SBA) with the discipline of a top-tier financial institution—grounded in data integrity, efficiency, accountability, transparency, and measurable results.

The Fiscal Year 2027 Budget reflects our commitment to restoring trust in an agency that rivals the largest banks in America for small business lending. That's why President Trump often calls it the biggest bank in America. He knows that small business is big business.

Under the Biden Administration, the SBA fell far short of that standard. Core financial systems were unreliable, risk management processes were fragmented, fraud flourished, and auditors repeatedly found that the agency lacked basic internal controls. Customer service suffered, and oversight and accountability were nonexistent, even as spending and headcount surged to record levels.

Program integrity was absent from our lending programs, where underwriting standards were dismantled, contributing to an estimated $2.2 billion in losses that taxpayers will bear. The SBA's grant programs lacked accountability, managing hundreds of millions of dollars in funds through emails and spreadsheets instead of our financial systems. Fraud went unchecked, with the Inspector General estimating SBA disbursed over $200 billion in potentially fraudulent COVID-era loan programs.

These were growing systemic failures. Technology and cybersecurity did not improve, despite spending hundreds of millions of dollars. The agency leased offices with virtually no staff while retaining thousands of employees tied to temporary COVID-era programs long after their purpose had ended. No credible financial institution could function this way. And certainly, no small business would survive such wasteful spending.

Simply put—had this agency operated in the private sector, it would have failed.

Therefore, we moved quickly to impose fiscal order and accountability. We implemented internal controls, a fraud risk framework, and restored compliance with the law. We ended misguided policies and addressed underwriting weaknesses to ensure our loan programs would again operate at no cost to taxpayers. We began modernizing failing technology systems. We reduced excess staffing, reorganized around centers of excellence, and eliminated billions in wasteful or duplicative contracts. We assembled a leadership team built to rival the best in the private sector, drawing on decades of C-suite, technology, and financial services experience.

The culture has shifted—from unchecked expansion to disciplined execution for small businesses and taxpayers.

That means we've reinstated prudent underwriting standards to stop the Biden-era losses, strengthened the disaster loan program after the last Administration allowed it to run out of funds, and we are clearing a backlog of roughly $340 million in undisbursed grants that, by law, should have been awarded. We restored the mission of the agency to support small businesses and economic growth.

We have demonstrated that discipline delivers results. In FY25, the SBA approved $45 billion in 7(a) and 504 lending and supported another $53 billion in total portfolio value through the Small Business Investment Company (SBIC) program. But unlike the prior administration, we are not chasing headline numbers. We are targeting capital where it strengthens the economy while maintaining a cost-neutral standard.

That same discipline drives our Fiscal Year 2027 Budget. A well-managed agency should cost less and deliver more. We have cut non-essential contracts, returned staffing to pre-pandemic levels, and generated significant savings while improving performance.

It also means asking harder questions about programs where outcomes cannot be measured clearly. No serious institution continues funding efforts without measurable accountability.

These reforms are restoring the SBA's capability and relevance. With record business formation, record exports, accelerated job creation, and renewed domestic manufacturing, we can now deploy capital effectively to help the nation's 36 million small businesses seize growing opportunities in President Trump's economy.

Our responsibility is to deliver what any stakeholder would expect from a credible financial institution: efficiency, transparency, and results. That is today's SBA—disciplined, accountable, and firmly focused on our mission on behalf of taxpayers.

Thank you, and I look forward to your questions.