



**House Committee on Small Business**  
**“Oversight of the Small Business Administration’s Financing Programs”**  
**Statement of Chairman Sam Graves**  
**October 26, 2011**

Good afternoon. The hearing will come to order.

The most important thing this Committee can do is create an environment in which entrepreneurship is fostered thereby producing jobs vital to economic recovery. There are many aspects to creating this environment. Today’s hearing will focus on one of them – access to capital.

The Committee has heard on multiple occasions from small businesses that they cannot get funds needed to operate and expand their businesses. At the same time, banks have testified before the Committee that they have funds available to lend.

The Small Business Administration oversees a number of programs, working in conjunction with private sector partners, to bridge this apparent gap between the need and availability of capital.

SBA statistics show that volume in its financing programs has increased. These efforts have been supplemented by promises from banks to raise lending to small businesses. It remains an open question whether these efforts are sufficient to provide necessary funds for small businesses to expand and create jobs.

The SBA programs operate with loan guarantees issued by the federal government. Congress has determined that the risks to the taxpayer are outweighed by the benefits of providing needed capital to small businesses. Irrespective of that determination, this Committee has the responsibility to ensure that the desire to get money into the hands of small businesses does not come at the expense of exercising due diligence when making a loan, especially when taxpayers are on the hook for the governments bad decisions.

Therefore, the Committee needs to know that the SBA and its partners are complying with the requirements of the Small Business Act and not issuing loans with document deficiencies as the Inspector General recently found.

Ultimately, the Committee needs to understand whether the programs as currently constituted are enabling small businesses to create jobs. If not, the Committee will need to examine legislative changes that promote access to capital without unduly placing the federal taxpayer at risk.

With that, I would now like to yield to Ranking Member Velazquez for her opening remarks.