



**Opening Statement of Chairman Sam Graves
Committee on Small Business
Hearing: “Reducing Duplication and Promoting Efficiency at the SBA:
The Inspector General’s View”
June 5, 2013**

Good afternoon. The hearing will come to order.

Today’s hearing addresses an issue that at first seems unusual – federal government efficiency. Yet, Congress established a framework for improving the operations of all federal agencies. It is this framework that will be the subject of today’s hearing.

Although the Small Business Administration’s budget is small in the context of the federal government, its \$100 billion loan portfolio presents a significant risk to the taxpayer if not properly managed. The Inspector General’s statutory responsibility to investigate and recommend changes in the SBA’s operation of its lending programs provides significant protection to the federal taxpayer; namely, that they will not have to absorb losses associated with mismanagement of that loan portfolio.

The SBA’s government contracting programs do not present the same financial risk to the federal taxpayer of the agency’s capital access portfolio. However, improper oversight of the contracting programs can lead to the award of contracts to other than eligible small businesses. This harms small businesses that are eligible for such awards. The Inspector General’s obligation to uncover fraud and abuse helps ensure that small business contracting programs assist those businesses designated by Congress.

On April 23, this Committee heard testimony from the Administrator concerning a number of new pilot programs that she intended to create even though they had not been authorized by Congress. Absent appropriate measures of performance, it is unclear whether these programs will be effective. If they are not effective, then the SBA is wasting taxpayer dollars.

To combat ineffective use of federal funds, Congress enacted the Government Performance and Results Act in 1993 and strengthened the Act with amendments in 2010. The Act requires federal agencies to develop appropriate performance criteria to determine whether the programs are effective. The Inspector General, using her audit powers, assesses whether the agency has appropriate performance measures to ensure that the SBA’s unauthorized pilot programs will be effective or a simple waste of federal tax dollars.

Given the current deficit, it is imperative that SBA operate in the most efficient manner possible. I am glad to welcome the SBA's Inspector General, Peggy Gustafson, to further expand on ensuring that the agency operates in a cost-effective manner and reducing the possibility of fraud waste and abuse.

I now recognize the Ranking Member for her opening statement.