



**Opening Statement of
Chairman Sam Graves
Hearing: “The Budget Outlook for the Small Business Administration”
Committee on Small Business
April 24, 2013**

Good afternoon. The hearing will come to order.

At today’s hearing we will hear about the President’s proposed FY 2014 budget for the Small Business Administration. I would like to welcome Administrator Karen Mills back to the Committee for probably her last testimony.

Small business owners must balance their books every year. If necessary that includes eliminating unnecessary costs. In contrast and despite a federal deficit of 16 trillion dollar, the SBA, in its budget proposal, makes no effort to eliminate wasteful and overlapping programs that would contribute to reducing the federal deficit.

Given the deficit, one would think that the SBA would find ways to cut back. Instead, the agency has the audacity to request nearly \$57 million in new funding for entrepreneurial development programs not authorized in the Small Business Act. None of these programs have proven to create a single job.

By contrast, the SBA only asks for \$4 million to increase the number of procurement center and commercial marketing representatives. Last Congress, this Committee moved legislation, ultimately signed into law, which enhances the authority and responsibilities of these SBA employees. Given these new responsibilities, as well as their long track record of helping small businesses get federal contracting dollars and creating jobs, it makes sense for the agency to make a more significant investment than the 34 new hires offered in the budget.

The agency has initiatives in the budget to increase the availability of loans to small businesses – certainly a worthwhile goal. At the same time, the SBA is reducing resources that will be devoted to the Loan Management Accounting System. This system that tracks the agency’s 100 billion dollar loan portfolio is an information technology project the Deputy Administrator stated was a top priority of the agency. Given the agency’s chronic management problems in lender oversight, this proposal to increase loans and cut back on loan management tools puts taxpayers at greater risk.

To summarize, the SBA offers a budget that is long on its priorities but seriously underfunds the proven programs that Congress has designed and ignores longstanding management deficits.

If the Administrator believes that there are better ways to do things, this Committee is certainly interested in considering them. However, ultimately the power rests with this Committee because the Constitution vests the legislative power in Congress not the SBA.

I now recognize the Ranking Member for her opening statement.