



Opening Statement of Chairman Sam Graves
House Committee on Small Business
Hearing: “Small Business Administration: Management and Outlook”
September 10, 2014

Good Afternoon. This hearing will come to order.

Today we welcome for the first time to the Committee the Honorable Maria Contreras-Sweet, 24th Administrator of the Small Business Administration. Since being confirmed as Administrator and a member of President Obama’s cabinet in April of this year, Administrator Contreras-Sweet has been responsible for leading the SBA and its wide array of programs.

In addition to overseeing the agency, including its loan portfolio worth more than \$100 billion, the Administrator is responsible for positioning the SBA to succeed in the years ahead. With this hearing, we plan to both examine the current management of the agency and develop better insight as to how the SBA is poising itself to tackle future challenges in a dynamic economic climate.

We all know that small businesses are the engines of our economy, responsible for the creation of two-thirds of all new jobs. Access to capital is critical to these job creators, and in the last fiscal year, the SBA supported more than \$29 billion in lending to small businesses. This was led by the 7(a) loan program, which guaranteed over \$17 billion in lending, and is on pace to do so again this year. The SBIC program also had another record year, and the 7(a) and 504 loan programs required less taxpayer dollars to operate last year than in any since the recession.

While there have been recent successes, fundamental concerns associated with SBA’s management remain. As the Committee has expressed before, the agency continues to create policy without the benefit of notice and comment rulemaking, thereby ignoring valuable input of those most affected. For example, a June announcement of a new credit scoring model for loans of under \$350,000 was made via an internal agency notice.

Additionally, the agency has a history of pursuing initiatives it creates on its own, while ignoring congressionally mandated activities. Contracting reforms this Committee debated and approved which were signed into law more than two years ago have not been fully implemented, while resources instead have been devoted to potentially duplicative, unauthorized entrepreneurial development programs dreamed up by the agency with little public input. To ensure the agency is accountable and operating in the most efficient manner while reducing risk to the taxpayers, it is critical moving forward that the SBA works with Congress, complies with the law, and engages the public more effectively.

We are fortunate to have the Administrator here with us today, and we look forward to hearing her perspective and working with her to improve the SBA and better serve small businesses. I now recognize the Ranking Member for her opening statement.