



**Opening Statement of Chairman Sam Graves for Views and Estimates Markup
Committee on Small Business
United States House of Representatives
112th Congress
March 7, 2012**

Good afternoon. I call this Small Business Committee meeting to order.

Today our first order of business is to consider our views on the Small Business Administration budget for FY 2013. After considering the views and estimates, we will move into marking up legislation on improving the environment for small businesses interested in federal contracting.

The President often has talked about the importance of small business to the American economy. Despite this, the Administration could provide no one to defend the budget in a timely fashion so views and estimates could be submitted to the Committee on the Budget by March 9, 2012.

The President held a press conference in which he touted the need to restructure services offered by the government to help small businesses. Of course, this presumes that the best way to help small businesses is for the government to offer services. Instead, the best way to help small businesses is to revise the tax code, reduce unnecessary regulations, provide certainty with respect to health care costs, and lower the deficit. The budget certainly does none of these things.

Given the significant debt owed by the federal government, the budget fails to take the opportunity to provide a roadmap for making the hard choices needed to reduce spending on small business programs without undercutting the capacity to provide the most necessary services to assist the growth of small businesses. For example, the budget requests an additional 10 million dollars for entrepreneurial outreach and education on programs not authorized by Congress or even examined by Congress. Even if the goals of such programs are worthy, it is irresponsible for the SBA to make such requests given the existing budget situation.

Nor does the budget provide a roadmap on efforts needed to reduce spending by the SBA. The largest increase in the SBA's budget is for subsidies needed to operate the guaranteed loan programs so small businesses can obtain scarce capital. A key component in determining the amount needed is how much the government can expect to recover if a loan defaults. The SBA provides no path to improve such recoveries or plans for revamping the computer systems that manage these loans.

Even though the President did not offer a budget which made hard choices and no one from the SBA was available to provide insight into the budget, the views and estimates before us

today do make hard choices and provide a roadmap for a leaner but still robust agency that can provide necessary services to small businesses.

The views and estimates letter recommends eliminating a variety of duplicative programs at the SBA. Even with these cuts, the SBA will necessarily face an increase in their budget.

The budgetary increases stem entirely from the costs of operating the SBA's conventional and disaster lending programs. Yet, the President's budget made no recommendations on processes that might reduce such costs. The views and estimates letter before us provides such a path through ways to increase recoveries after defaults and requiring that programs which are supposed to operate without any appropriation actually do so. Additionally, the letter before us requests that no appropriations be allocated for pilot or other initiatives until the SBA has a modern, fully functional loan management accounting system.

Despite these cuts, the core functions of the SBA to make capital available, provide advice, and increase utilization of small businesses as federal government contractors are preserved. The sensible approach outlined in the views and estimates letter will represent this Committee's effort at reducing federal spending.

Now I recognize the Ranking Member for her opening remarks.