



U.S. SMALL BUSINESS ADMINISTRATION
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TESTIMONY OF

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COMMITTEE ON SMALL BUSINESS

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Thank you Chairman Graves, Ranking Member Velázquez and members of the Committee. I am pleased to be testifying before you on the Small Business Administration's (SBA) efforts to streamline its regulations.

In SBA's Office of Capital Access (OCA), we have taken several steps to ease the regulatory burden on small business. We have recently streamlined both our 7(a) and Certified Development Company (CDC) loan programs. The two most significant changes have been to the "personal resources test" and the "size affiliation requirement" for the programs. Both of these proposed changes will increase eligibility for 7(a) and CDC loans, allowing more small businesses to access these critical financing tools.

We have also streamlined the 504 loan closing process. Through this change, SBA is implementing efficiencies in SBA counsel's document review process. This significantly reduces the review time required by SBA counsel and will result in speedier loan package reviews and faster loan closings.

OCA has also reduced the paperwork requirements for many participants in our surety bond program. The Quick Bond Guarantee Application—or “Quick App”— combines the contractor application and SBA’s surety agreement into one, easy-to-use form. This reform significantly reduces paperwork and processing times for SBA-backed surety bonds on construction contracts of \$250,000 or less.

In addition to these OCA improvements, there have also been some significant regulatory and paperwork reforms in other SBA programs. For the thousands of small firms that do business with the Federal government, we have helped reduce the time it takes to get paid. The President’s “Quick Pay” initiative cut in half—from 30 days to 15 days—the amount of time it takes the Federal government to pay small businesses. Getting paid sooner means that small businesses can more quickly re-invest those funds in additional working capital, marketing their products, or hiring new workers.

SBA’s Office of Disaster Assistance (ODA) reform efforts have focused on further reducing the time it takes to approve loans to disaster victims. In the wake of Hurricane Sandy, ODA developed a pilot “auto-approval” process that uses credit scores and gross income from an applicant’s Federal tax return as the basis for the approval decision. If expanded beyond the pilot, the streamlined approval process would significantly reduce SBA’s processing costs for smaller disaster loans.

In addition to retrospectively reviewing and revising its own regulations, SBA has also engaged the small business community to find out how other Federal rules and regulations can be adapted to fit the changing needs of emerging entrepreneurs. In 2011, senior Administration officials visited eight cities as part of the Startup America initiative. At these roundtables, SBA listened to small business owners, entrepreneurs and investors, as they described improvements to processes and regulations that can help build a more supportive environment for entrepreneurship and innovation. Those ideas were

described in a report encompassing a broad array of policy areas—from student loans to intellectual property—and we have shared it with our Federal partners and the general public.

I believe SBA has made significant progress in reducing the regulatory and paperwork burdens on America's small business. But work still remains, and we are committed to continuing these streamlining efforts.

I wish to thank you for inviting me to testify on this important topic today, and I look forward to answering any questions you may have.

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