



# U.S SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

**TESTIMONY OF STEVEN SMITS**

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**U.S. SMALL BUSINESS ADMINISTRATION**

**BEFORE THE**

**SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT AND REGULATIONS**

**U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON SMALL BUSINESS**

*“Small Business Committee Field Hearing in Colorado: Local Perspectives on the State of Small Business Lending”*

**AUGUST 25, 2011**

Thank you Chairman Coffman for your leadership on the Committee, and for your service to this state and our country in so many ways. It’s great to be here in Colorado’s 6<sup>th</sup> District to discuss access to capital for small business.

I’m pleased to testify alongside Mr. Brown and Mr. Davidson. I worked for more than 20 years in private sector lending mostly focused on small businesses. So, I look forward to hearing their comments and insights.

I’m also pleased to be here with Mr. Brackney whose Chamber and SBA jointly support the award-winning South Metro Denver Small Business Development Center. As someone who has volunteered at an SBDC, I know that resource is very valuable to entrepreneurs and small business owners.

In my first year at SBA, I’ve traveled around the country and held roundtables with lenders, including one in Denver. I’ve gained an understanding of the challenges they face in putting capital in the hands of our nation’s top job creators.

Many of them praised the steps that SBA took in 2009 and 2010 to help fill the gap caused by the lending freeze in 2008. As you might know, we raised the guarantee on our loans to 90 percent and waived many of the fees. As a result, we turned just \$1.2 billion in taxpayer dollars into more than \$42 billion in lending support.

Today, those incentives have ended, but we still provide an excellent partnership for thousands of banks. In fact, our weekly lending volume is now back at levels we saw before the recession.

Here in Colorado, from FY 2010 through FY 2011-to-date, we've already seen an increase by more than 10% to nearly \$680 million in lending support. In your District alone, we've helped about 150 small businesses with more than \$100 million in lending support so far.

We're building on this success.

1. First, we continue to increase the strength and number of SBA lenders. We're showing how this public-private partnership is a powerful strategy to improve their balance sheets and attract new customers.
2. Second, we're listening. As a former lender myself, I know that SBA loan programs only work when lenders are involved at the earliest possible stage in designing or redesigning our programs. They know what works for their customers, so their buy-in is crucial.
3. Third, I've strengthened the SBA's relationship with other key agencies. FDIC is probably the most important example. Our respective risk management teams are now meeting at least once a month to help ensure that regulation doesn't stop the flow of capital to good, creditworthy small businesses. This is a top concern of mine and I am personally involved in these discussions.

We will continue to ensure that small businesses in this District, this State and across the U.S. can find the lending partners they need to grow and create jobs.

Thank you and I look forward to your questions.