

## **Opening Statement of Subcommittee Chairman Rod Blum (R-IA)**

*Subcommittee on Agriculture, Energy, and Trade*

*“Investing in Small Businesses: The SBIC Program”*

*November 7, 2017*

Good morning. Thank you all for being with us today. I call this hearing to order.

Despite a downward trending unemployment rate and increasing signs of business optimism, small firms continue to face a rigid lending environment.

Capital for the nation’s small businesses, entrepreneurs, and startups is the difference between a Main Street company in my home state of Iowa turning on their lights or closing up operations for good.

It could be the difference between making payroll and letting a great employee go.

While large companies finance their projects through debt and equity markets, small businesses regularly utilize traditional bank lending to finance their endeavors.

As a way to inject more equity into the small business ecosystem to address the gap in long-term financing, the SBA created the Small Business Investment Company Program, also known as the SBIC Program in 1958.

SBICs are for-profit entities that manage investment funds, but are licensed and regulated by the SBA. Through this unique structure, investors apply to receive an SBIC license, which provides the ability to leverage private dollars with federal dollars for investments in high-growth small businesses.

This program is what we are here to talk about today.

This Committee has actively been studying the SBIC Program for years. We examined two SBIC bills in the spring: one looking at the individual leverage limit and a second that looked at the threshold level in which a financial institution can invest in an SBIC. This program continues to be a topic of interest for the Committee.

Today, we will hear from SBIC participants that can share with us how this program is operating on the ground and how it impacts communities around the nation.

I am looking forward to hearing more about the role SBA plays in this program, as well. From the issuance of leverage to the licensing process, it is important to hear how SBA interacts with SBICs.

Like many of the SBA’s financial programs, where the federal government has a role, robust and thorough Congressional oversight is required to ensure taxpayer money is safeguarded and protected.

This Committee strives to create an environment where small businesses can flourish and this program fits into that formula.

I appreciate all of the witnesses being here today. I look forward to your testimony.

I now yield to Ranking Member Schneider for his opening remarks.

