



U.S. Small Business Administration

TESTIMONY of

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U.S. Small Business Administration

House Small Business Committee

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I'd like to thank Chairman Chabot, Ranking Member Velasquez and the entire House Small Business Committee for the opportunity to testify before you today. I had a great meeting in April with some of your staff and look forward to building a strong and open relationship with all of you moving forward.

It is an honor for me to be here and to have been appointed Associate Administrator for the SBA's Office of Capital Access by Administrator Linda McMahon. It's been eight years since I last worked at the SBA as Associate Administrator for the Office of Field Operations in Washington and prior to that, I was also fortunate enough to serve as SBA's Regional Administrator for Region 2, based out of New York. From the very beginning of my time at the SBA I was able to witness the positive impact our programs have on communities across the country. I can definitely say that I am very excited to have the ability to improve the services we provide and help small business owners and entrepreneurs grow to their full potential.

As Associate Administrator, I oversee the SBA's flagship 7(a) and 504 loan programs, as well as our Microloan and Surety Bond programs. Just a couple of weeks ago this Administration had our first opportunity to take part in National Small Business Week. It was a tremendous success and showcased so many incredible entrepreneurs that have successfully utilized these programs and created jobs for American Workers.

National Small Business Week serves as a reminder of how crucial small enterprises are to our economy and it is a great time for our nation's leaders to reflect on how to better serve the small business community. I am very optimistic about this Administration's agenda in that regard. Recently, there has been a tremendous amount of optimism and confidence in our economy and our talented team of program directors and I will be working tirelessly to help deliver on the high expectations set by this Administration.

The role that the SBA and the Office of Capital Access plays in our credit markets fills an important gap in the lending marketplace. Our agency aims to help small businesses obtain credit which is otherwise unavailable through conventional lending. As many of you know, often time's entrepreneurs have the will and drive to succeed, but access to capital unfortunately proves to be an insurmountable hurdle. That is where we come in. Our programs have been helping small businesses get on their feet and grow for decades, but as we all know there is always room for improvement.

Administrator Linda McMahon has placed an emphasis on making sure our entire agency and our Office of Capital Access is running as efficiently and effectively as possible and that is exactly what I intend to do as Associate Administrator.

The Office of Capital Access is streamlining our Standard Operating Procedures (SOP's) and plans to repeal unnecessary regulations that don't benefit small businesses aiming to start or expand. As our SBA One system continues to be a success, we are in the process of modernizing the 504 lending system and bringing it up to speed technologically.

We will also place an emphasis on SBA loan center efficiency, which will decrease the time it takes for lenders to process, service and collect SBA guaranteed loans.

As we work to recruit more lenders for our programs, we have stressed to our lending partners that we want to see more small-dollar loans being made to entrepreneurs. Our focus will remain on helping those who need capital most before anyone else - that includes our veterans, women-owned businesses, minority-owned businesses, rural communities and all of our emerging markets. In addition, the Office of Capital Access sees our 7(a) program in particular, as a powerful tool for helping create and retain jobs for American workers.

It is of paramount importance to me and our agency that our 7(a) and 504 flagship programs continue to operate at zero subsidy and remain a great deal for taxpayers. As we look to refine the programs within the Office of Capital Access – the continued zero subsidy status of our programs will absolutely be a major priority for this Administration.

Having been serving as Associate Administrator for just under two months now I can assure you that our office is placing an incredible amount of emphasis on oversight to make sure our programs are being administered properly and appropriately. Linda Rusche plays a crucial role in that as Director of our Office of Credit Risk Management.

The Office of Capital Access and the Office of Chief Financial Officer are also constantly monitoring our program level limits, and SBA thanks the Committee for its assistance in raising the 7(a) program level to \$27.5 billion in FY 2017 from \$26.5 billion in FY 2016. While SBA is witnessing increased demand by the small business community this year, we are not currently in jeopardy of exceeding our capacity to meet such needs. The Office of Capital Access works closely with the SBA Lending community to communicate that the agency is in good financial position with sufficient resources through the end of this fiscal year.

However, to ensure that America's small businesses can fully benefit from the tools and resources provided by the SBA and that this support continues through the year uninterrupted, the Administrator supports proposed legislation that would grant circumstantial authority to the Administrator to increase 7(a) lending authority by 15 percent when program subsidy is zero and appropriate notice is provided to Congress. The flexibility offered by the proposed statutory provision would offer greater certainty to our 7(a) lending partners and make additional assistance available to small businesses at no additional subsidy cost to the taxpayer.

While we continue to see job creation and responsible growth from all of our programs I cannot stress enough how committed we are to proper oversight - to date our 7(a) program lending is up 10% over last year.

I am glad to have the opportunity to testify before this committee today and demonstrate the work we are doing to help America's entrepreneurs attain the American dream. Under the leadership of Administrator McMahan, the SBA is more dynamic and forward looking than ever before. Likewise, this committee's partnership is something our office views as invaluable to improving the sustainability of our programs.

I look forward to a transparent and collaborative relationship with this committee to ensure we are fulfilling all aspects of our agency's mandate.

Please know that in me you have someone that shares our Administrator's vision of a stronger small business community in America and is committed to administering our programs both properly and in the best interest of the American taxpayer.