Opening Statement of Chairman Steve Chabot (R-OH)
Committee on Small Business
Hearing: "SBA's 7(a) Loan Program: A Detailed Review"
May 17, 2017

Good morning. I call this hearing to order. [tap gavel once] Thank you all for being with us today.

Around here, we use the term "access to capital" a lot. It's an issue as old as entrepreneurship itself: coming up with the funds to get started. Even if we had a perfect economic environment, with growth beyond our wildest dreams and overregulation a thing of the past, finding willing partners to finance a risk is one of the most significant hurdles a new small business must cross.

The nation's entrepreneurs and small businesses continue to experience a difficult lending environment, which is at best stagnant. Getting a loan to actually grow a business and create new jobs is challenging.

With limited options, small businesses are turning to Small Business Administration's 7(a) Loan Program in record numbers for their financial needs.

The 7(a) Loan Program is SBA's flagship program whereby SBA partners with financial institutions and guarantees the repayment of loans to small businesses that cannot obtain capital through conventional lending.

The guarantee percentage ranges from 75 to 85 percent based on the size of the loan, which is capped at $5 million dollars.

SBA collects lender fees to run the program, which over the past four years have covered the cost and resulted in zero expense to the American taxpayer.

As the 7(a) Program grows in terms of loan volume, loan amount, and the Congressionally-authorized loan limit, we owe it to the taxpayers and the small businesses involved to conduct vigilant oversight. We have to make sure that American small businesses who are creditworthy, but cannot obtain capital elsewhere, remain the priority.

In March, Chairman Trent Kelly and the Subcommittee on Investigations, Oversight, and Regulations kicked off the conversation on oversight of the 7(a) Loan Program.

In that discussion, the subcommittee heard from lenders and financial institutions directly involved in the loan program.

We are building on that conversation today by examining the program from SBA's perspective.

Over the years, improvements have been made by SBA when it comes to lender oversight.

However, concerns need to be addressed to safeguard the American taxpayer dollar.

Today, I hope we can hear more about the resources available at SBA and the Office of Credit Risk Management to conduct lender oversight.

I look forward to hearing about the risk-based models, monitoring systems and the lender portals that help SBA keep a close watch on the program.

The conversation today will help guide us as we continue to examine SBA's lending programs and how they may be improved.

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

I now yield to the Ranking Member for her opening remarks.