



Congressman José E. Serrano

Chairman, House Appropriations Subcommittee on Financial Services and General Government

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Opening Statement of Chairman José E. Serrano Hearing on the Small Business Administration Fiscal Year 2011 Budget Request March 25, 2010

I welcome you to this hearing of the Financial Services and General Government Subcommittee. Today the subcommittee will hear testimony from the Administrator of the Small Business Administration, the Honorable Karen Mills. Administrator Mills was sworn into office on April 6, 2009 as the agency's 23rd Administrator. Scheduling issues prevented us from having a hearing last year, so we are doubly glad to welcome you today.

Small businesses play a crucial role in the national economy, especially so with job creation being the most important economic goal we, as a Nation, have. Firms employing fewer than 500 employees comprise about 99.7 percent of all businesses in the Nation and employ roughly half of all private sector employees.

The SBA promotes small business development and entrepreneurship through lending guarantees, training and counseling programs, government contracting programs, and advocacy. The agency also helps businesses and homeowners affected by disasters through its Disaster loans program.

The agency's budget request for fiscal year 2011 is \$994 million, a \$170 million (approximately 20%) increase over FY 2010. This includes an \$85.4 million increase in the 7(a) lending subsidy, which we will no doubt be discussing in great detail during this hearing, and a \$126 M increase in Administration for the Disaster Loans account, which I understand that you've requested because money provided to the account from the previous supplemental has run out. This subcommittee certainly wants to ensure that you have adequate resources to respond to disasters both in routine years as well as those years when we are extremely unfortunate and have large disasters, be they natural or man-made.

However, the budget request is not so generous to certain small business assistance programs administered by the SBA. There are cuts that concern me. For example,

Microloan Technical Assistance would be cut by \$12 million from the current level. As the name implies, that is a program that assists the smallest entrepreneurs. Additionally, funding for the Program for Investment in Microentrepreneurs, or PRIME, would be reduced by \$4.5 million. This program provides grants to help with training and technical assistance for disadvantaged entrepreneurs, particularly those in very low-income areas. I'm very troubled when programs that help low-income populations are targeted for cuts.

The SBA has an important mission, and this subcommittee wants to help you accomplish this mission. I look forward to working with you this year as our appropriations bill moves forward.

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Congressman José E. Serrano has represented the Bronx in Congress since 1990. He is the Chairman of the House Appropriations Subcommittee on Financial Services and General Government.