



## 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 Federal Small Business Administration's Fiscal Year 2009 Budget Request April 10, 2008**

Today the subcommittee will hear from the Administrator of the Small Business Administration, the Honorable Steven Preston. Mr. Preston is the 22nd Administrator of the SBA and has been in his position since July 2006.

The small businesses play a crucial role in the national economy. 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. Small businesses are crucial to new job creation; 60 to 80 percent of all new jobs created over the past ten years have been created by small businesses.

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 2008 is \$658 million. This includes an operating budget of \$382 million, which is a \$22 million, or 6 percent, increase over the current year. I know ensuring that the agency has sufficient operating funds is a priority to you. The subcommittee looks forward to working with you this year to make sure your agency has sufficient operating funds.

Unfortunately, the budget request is not so generous to certain small business assistance programs administered by the SBA. There are a number of budget cuts and eliminations that concern me. For example, Small Business Development Centers would be cut by \$10 million from the current level. This reduction is troubling not only because SBDCs need more funding for their core activities, but also because recently enacted legislation establishes new SBDC grant programs that will need funding.

I'm also concerned about some of the budget's proposals for programs that help the smallest entrepreneurs, as well as programs that aid socially and economically disadvantaged owners of small businesses. Technical assistance under the microloan program would be eliminated, and the budget would also eliminate the subsidy appropriation for microloans. Additionally, funding for the Program for Investment in Microentrepreneurs, or PRIME, would be eliminated. This program provides grants to help with training and technical assistance for disadvantaged entrepreneurs, particularly those in very low-income areas. I'm 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.*