



News Release

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Proposed SBA '08 Budget Ups Small Business Financing to \$28 Billion, Reduces Loan Fees, Increases Most Programs

WASHINGTON – President Bush today announced a proposed FY 2008 budget for the U.S. Small Business Administration that increases financing capacity by 40 percent over business lending in FY 2006, reduces fees on loans, and provides increased funding and staff for SBA’s ongoing operational reforms.

The proposal sets overall spending for the year at \$814 million, including \$464 million in new budget authority, \$329 million in carryover funds for disaster loans, and \$21 million in reimbursable revenues.

This represents a 5 percent increase over the total FY 2006 appropriations (excluding disaster and Congressional initiatives) and a 12 percent increase in core operating budget.

The budget will provide funding for more than \$1 billion in loans in the agency’s revamped disaster assistance program, which has undergone major changes since the 2005 hurricanes along the Gulf Coast. As a result of those changes, over 98 percent of the 160,000 approved disaster loan recipients have received all or some of their loans, or chosen not to borrow.

SBA Administrator Steven C. Preston has committed to similar reviews of SBA’s other programs.

“This proposal represents a solid budget for the SBA and for small businesses,” said Preston. “In addition to improving our operations, we will be able to build on the loan volume records set in the past few years and provide more financing to more small businesses.

“Beyond that, this budget provides for initiatives to improve outreach to underserved, economically distressed urban and rural markets, and to veterans. It gives us more procurement center representatives to help small businesses compete for federal contracts. It gives us more people and resources to boost our impact on job creation, business ownership and economic vitality where they are most needed.

“We look forward to working with our oversight committees in Congress as the budget process moves forward to make sure the SBA continues to be America’s small business resource,” Preston said.

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The budget would authorize a level of \$17.5 billion for the 7(a) Guaranteed Loan program, \$7.5 billion for the Certified Development Company, or 504, loan program, and \$3 billion for venture capital support under the Small Business Investment company program. It calls for reducing fees in the 7(a) and 504 loan programs, allowing them to continue on the self-funding basis that has enabled them to produce record numbers of loans without interruption for more than two years.

The proposal also requests continuation of SBA's Microloan program on a zero-subsidy basis, allowing the agency to greatly expand its support to Microlenders across the country without seeking a new appropriation for the program. SBA would also discontinue technical assistance funding for Microlenders, and work with existing technical assistance providers, including the agency's Small Business Development Centers, SCORE counselors, and Women's Business Centers, to arrange technical help for microloan clients.

On the technical assistance side, the budget requests more than \$87 million for Small Business Development Centers, almost \$12 million for grants to Women's Business Centers and nearly \$5 million for SCORE.

The budget requests \$329 million be made available for the FY 2008 disaster program from funds left over from special appropriations in FY 2006. The amount is sufficient to provide \$1.06 billion in disaster loans.

Other highlights of the proposed FY 2008 SBA budget include:

- \$743,000 for the Women's Business Council;
- \$743,000 for outreach to veterans, and \$500,000 in increased funding for the Office of Veterans Business Development;
- \$990,000 for the Drug Free Workplace Program;
- \$500,000 for initiatives to re-engineer business processes in the Office of Government Contracting and Business Development;
- \$500,000 for enhanced training of agency staff;
- \$100,000 to increase the number of satellite SBA offices by seven;
- An increase in agency staffing of 86 people

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