



**U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416**

**OFFICE OF THE ADMINISTRATOR**

September 6, 2007

The Honorable John Kerry  
Chairman  
Committee on Small Business and Entrepreneurship  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your recent letter, regarding the U.S. Small Business Administration's (SBA) Women's Business Center (WBC) program. I appreciate your concerns on behalf of Women's Business Centers and the legislation included in the U.S. Troop Readiness, Veterans' Care, Katrina Recovery and Iraq Accountability Appropriations Act of 2007. Let me explain the SBA's position and concerns over the points you have raised.

Regarding your first point on Congressional intent for renewable sustainability grants to be disbursed to eligible graduated and graduating centers by October 1, 2007. I can not dispute your intent; unfortunately, it appears to be directly contradicted by the legislation.

The legislation specifically states "(b) Repeal- Section 29(l) of the Small Business Act (15 US.C. 656 (l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act." As you know, Section 29(l) governs the WBC program sustainability grants. The SBA cannot operate under the newly legislated guidelines until the date to repeal the old guidelines (October 1, 2007) has passed. To further complicate matters, the grant funds in question expire on September 30, 2007, if not awarded.

In addition, your letter asks for the grants to be disbursed to eligible centers by January 1, 2008, in lieu of October 1, 2007. There are two impediments to this action. First, according to longstanding OMB guidelines, any RFP must be made public for a minimum of 30 days to allow for issuance and response. The notice of award documents carries a 60-day minimum for similar reasons. Given the requisite 90-day timeframe, SBA would need to issue the notices prior to October 1, 2007, which is problematic as the old guidelines will not have expired and the new guidelines will not take effect. SBA will also be forced to stipulate that all grants will be subject to funding availability. Until the agency is funded for FY 2008, grant disbursement is not possible. Finally, section 29(i) of the Small Business Act states that SBA can not make any possible awards in advance of program funding for FY 2008.

On behalf of the WBC program, I would also like to ask for clarification on the intent of the legislation. The new law, as written, gives graduated centers funding priority. The SBA currently has 26 graduated centers requiring grant monies. Based on a fixed appropriation and with a mandate to fund graduated centers first, it is unlikely SBA would be able to fund any

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new centers. I believe that the intent of the Senate Small Business Committee is *not* to halt the growth of the WBC program, thus leaving women entrepreneurs in several states without counseling options beyond the current centers. Further, the graduated center priority implies that all graduated centers would qualify for funding based on years in the program, and not on performance. I believe that would be an irresponsible approach, and would strongly oppose giving grants to all graduated centers regardless of their performance in assisting their women clients. This method seems unfair and an ineffective use of taxpayer dollars. It also appears to contradict the intent of section 29(h)(2) of the Small Business Act which specifically references program examinations and the performance of centers funded through sustainability grants.

Senator, we share a joint vision of a successful, on-going WBC program. Based on our past work together, I have full faith that by continuing open communication, we can resolve this issue in a manner satisfactory to all. Women's Business Centers remain an integral part of the services provided by the SBA's department of Entrepreneurial Development, and I look forward to working with you on this matter.

An identical letter has been sent to Senator Snowe. Should you have any questions or comments, please contact me directly.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Steven C. Preston", with a long horizontal flourish extending to the right.

Steven C. Preston