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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

September 18, 2007

The Honorable Steven Preston
Administrator
U.S. Small Business Administration
409 Third St, S.W.
Washington, DC 20416

Dear Administrator Preston:

Thank you for replying to our letter regarding Women's Business Centers and implementation of the Renewal Grants program. We are concerned with your response to specific issues and would like your agency to come prepared to fully answer questions outlined below at the hearing, "Expanding Opportunities for Women Entrepreneurs: The Future of Women's Small Business Programs," on September 20, 2007.

The hearing will partly focus on the management and benefits of the Women's Business Center program, including renewal grants for graduated and graduating centers. Please be prepared to address the following issues and further explain some of the statements in your letter:

- **Implementation and authority.** On May 25, 2007, the President signed into law a bill that created the Renewal Grants program. The program became effective immediately and, therefore, the SBA had the authority to provide grants under sub-section (m). Nevertheless, the reply says, "the SBA cannot operate under the newly legislated guidelines until the date to repeal the old guidelines (October 1, 2007) has passed." What is preventing the SBA from using this authority?
- **Funding and the Grant Process.** The SBA contends that it cannot implement the program because "until the agency is funded for FY 2008, grant disbursement is not possible." We understand that the SBA cannot obligate or disburse funds until it has appropriations. However, it is our understanding that the request for proposals could be published and responses accepted, with the caveat of being subject to funding, before this time. This would give the SBA additional time and allow for the funds to be awarded immediately after the appropriations bill is enacted, thus helping established centers receive their funding more quickly. Is there anything precluding the agency from requesting proposals before the FY2008 appropriations bill is signed into law?
- **Selection criteria.** The reply correctly notes that the new law gives graduated centers "funding priority" but then incorrectly contends that "the graduated center priority implies that all graduated centers would qualify based on years in the program, and not on performance." This amendment requires grant approval to be based upon criteria developed by the SBA. These criteria are required to be based on the same conditions

that are currently being used in awarding grants under the Sustainability Pilot program. Centers must meet those criteria in order to receive a grant. Please explain where the legislation states that centers should receive funding based on years in the program, "regardless of their performance."

- **Funding of New Centers.** The SBA contends that the priority funding for graduated centers will preclude the funding of new centers. This is not the case. The amendment states that if funding is limited, established centers should be funded before new centers. We want to see access to counseling for women business owners expanded through new centers. At the same time, it is fiscally responsible for the government to continue building on its investment instead of losing those investments and starting new funding commitments that it might need to abandon later. Women's Business Centers would receive a significant increase in the Senate appropriations for FY2008-- \$16.88 million, or \$4 million more than last year. That should be sufficient to fund existing, graduated, and new centers. Please tell us how much the SBA requested for FY2007 and FY2008 for Women's Business Center's and on what appropriation the SBA based its conclusion that it could not fund new centers.
- **Implementation.** Please describe, in detail, the plan the SBA expects to follow in implementing the new renewal grant program. Please be prepared to tell us when (with specific dates) the SBA expects to publish the announcement, how soon the awards would be made after enactment of SBA's appropriations for FY2008, and when the actual funds will be disbursed.

It is the intent of this legislation that successful, established centers begin receiving grants as soon as possible. We recognize for this to occur that it will require everyone to work together, and we assure you that we are fully committed to working with you. Women business owners are an integral and vital part of our economy, and Women's Business Centers play an important role in supporting them.

We look forward to your response at the hearing this week.

Sincerely,



John Kerry
Chairman



Olympia Snowe
Ranking Member