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## United States Senate

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

October 14, 2005

The Honorable Joshua B. Bolten  
Director  
Office of Management and Budget  
Executive Office of the President  
17th Street and Pennsylvania Avenue, NW  
Washington, DC 20503

Dear Director Bolten:

We are writing to urge the Administration to redirect to small business relief and the Small Business Administration \$720 million of the \$62 billion for emergency spending made available for recovery and reconstruction efforts from Hurricanes Katrina and Rita.

While we appreciate proposals put forward by the Administration to address the needs of small businesses affected by the hurricanes, and we have introduced legislation to authorize bridge grants and loans, deferred payments on existing small business loans, and increased funding for disaster loans for small businesses in the damaged areas, these proposals and legislation will not be complete without funding.

Three weeks ago, the Senate Committee on Small Business and Entrepreneurship held a hearing on the "Impact of Hurricane Katrina on Small Businesses." At this hearing, small business owners from Louisiana, Alabama, and Mississippi testified about their need for immediate assistance to get their businesses up and running again. More than 250,000 small businesses have been devastated by Hurricane Katrina, and we know there are more from Hurricane Rita. The challenges these small business owners face are daunting: many have lost their homes, lost the basic equipment and records needed to run their businesses, lack basic services such as electricity, and are struggling to find employees who are scattered. It is no surprise that one witness at the Committee's recent hearing estimated that 43 percent of businesses that close down after a disaster never reopen and 29 percent close down permanently within two years. The Gulf Coast region cannot afford to lose these small businesses which are so vital to the local economy. For example, in the greater New Orleans area alone, businesses with 19 and fewer employees make up 85 percent of the businesses.

During consideration of the FY 2006 Commerce, Justice, Science (CJS) appropriations bill, the Senate voted 96-0 to include a bipartisan Hurricane Katrina small business relief package with emergency spending totaling \$595 million. We estimate, with the additional needs of small businesses affected by Hurricane Rita, that Congress must provide \$720 million in emergency spending as soon as possible for small business assistance. Because Congress is unlikely to complete action on the CJS appropriations bill before November, we are deeply concerned that


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small businesses will not get the relief they sorely need to pay their bills and start rebuilding their businesses and livelihoods. They simply cannot wait longer.

As you know, of the \$62 billion so far provided in emergency spending for Hurricane relief, none was designated for small businesses. Redirecting \$720 million from unused funds of the \$62 billion for relief through the Small Business Administration would still leave more than a sufficient amount for the Federal Emergency Management Agency and the Department of Homeland Security (DHS) to continue their relief efforts. According to the latest weekly report from DHS, \$42 billion of the \$62 billion appropriated remains unobligated. Based on the current rate of spending, DHS would have sufficient funds to operate through January. Knowing that this would not harm other efforts, and given the urgent need of small businesses, we urge you to send Congress a request to reprogram funds, and any statutory changes to the current supplemental appropriations acts that may be needed, so that the SBA and the states have the critical funding they need to assist the small businesses struggling to recover from these devastating natural disasters.

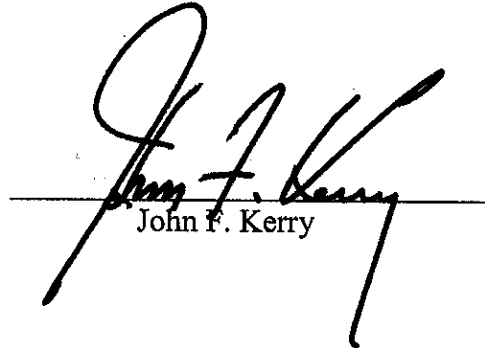
We look forward to your response.

Sincerely,



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Olympia J. Snowe



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John F. Kerry




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David Vitter



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Mary L. Landrieu



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John Cornyn