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## United States Senate

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

October 19, 2005

The Honorable Hector V. Barreto  
Administrator  
U.S. Small Business Administration  
409 Third Street, SW  
Washington, DC 20416

Dear Mr. Administrator:

I am writing regarding two issues that are important to the New Markets Venture Capital (NMVC) program.

The first issue is that of the remaining New Markets Venture Capital (NMVC) funds. According to the Agency, since July 2003, \$506,000 has been available within the SBA to support NMVC guaranteed debentures and \$1,350,000 has been available to support operational assistance grants. These funds were reserved for but not obligated during the first round of NMVC financing because only six of the seven conditionally approved NMVC Companies closed with the SBA and got final approval.

These funds, as you know, cannot be used for other purposes, and the Committee has sought cooperation from the Agency in the past to guarantee that the funds would be put to good use to expand the New Markets Initiative. The Agency said it would not be ready to act until the 2004 budget was final. As a follow up to finalizing the budget, the six existing NMVC Companies sent a letter to the SBA in May 2004 expressing their interest in submitting a joint proposal regarding the use of the remaining funds. The Companies did not receive a response to their inquiry, but they continue to have an interest in accessing the remaining capital and are prepared to raise the private capital match necessary to do so.

I am increasingly concerned that these funds continue to lie dormant when they could be, and should be, used to leverage investments in promising businesses that create quality jobs in areas plagued with high unemployment, from Maine and Pennsylvania to Alabama and Kentucky. I feel strongly that any and all funds appropriated by Congress for the NMVC initiative should be put to use to support and expand the work of the existing six NMVC Companies. Please provide me with a timeline and plan for working with the Committee and the NMVC Companies to deploy these funds.

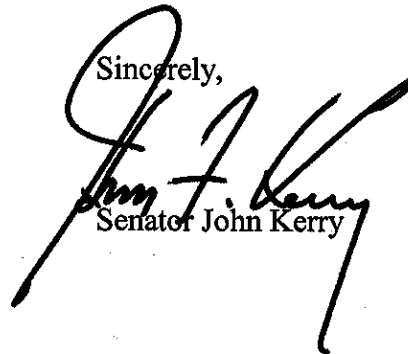
Second, I am concerned about the lack of staffing and resources devoted to the New Markets Venture Capital office within the SBA's Investment Division and the

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impact this is having on the ability of the SBA to serve existing NMVC Companies. The Committee was assured by the former Associate Administrator for Investment, Mr. Jeffrey Pierson, that this office would not be dismantled. However, the position of Director of the New Markets Venture Capital office has been vacant for more than one year and recently a senior member of the NMVC staff moved to another department within the SBA. I would like a report on what plans the SBA has in place to ensure that sufficient oversight and support is available to the NMVC program and the six licensed NMVC companies.

I appreciate your attention to these matters and ask for a response by November 2, 2005. Please have your staff fax the response to the attention of Ms. Kevin Wheeler at 202-228-1814.

Sincerely,



Senator John Kerry

cc: Mr. Jaime A. Guzmán-Fournier  
Associate Administrator, Office of Investment  
Associate Deputy Administrator, Office of Capital Access  
U.S. Small Business Administration