

OLYMPIA J. SNOWE, MAINE, CHAIR  
JOHN F. KERRY, MASSACHUSETTS, RANKING MEMBER

CHRISTOPHER S. BOND, MISSOURI  
CONRAD BURNS, MONTANA  
GEORGE ALLEN, VIRGINIA  
NORM COLEMAN, MINNESOTA  
JOHN THUNE, SOUTH DAKOTA  
JOHNNY ISAKSON, GEORGIA  
DAVID VITTER, LOUISIANA  
MICHAEL ENZI, WYOMING  
JOHN CORNYN, TEXAS

CARL LEVIN, MICHIGAN  
TOM HARKIN, IOWA  
JOSEPH I. LIEBERMAN, CONNECTICUT  
MARY LANDRIEU, LOUISIANA  
MARIA CANTWELL, WASHINGTON  
EVAN BAYH, INDIANA  
MARK PRYOR, ARKANSAS

WESTON J. COULAM, REPUBLICAN STAFF DIRECTOR  
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR AND CHIEF COUNSEL

## United States Senate

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

February 10, 2006

### VIA FACSIMILE & FIRST-CLASS MAIL

The President  
The White House  
Washington, D.C. 20500

Re: Averting Shutdown of SBA's Disaster Loan Program

Dear Mr. President:

We have just received word that the Small Business Administration's (SBA) disaster loan program was on the brink of running out of money next week, on February 13, 2006. Our Committee was not notified until this week that the SBA needed more funding, and according to documents I have just received, not even the appropriators were notified until recently. Instead of waiting until the last minute to try and avoid a shutdown, further exacerbating the disaster loan program's failure to meet the urgent needs of hurricane victims in the Gulf, the Administration should have notified Congress of this problem sooner. This is reminiscent of the way in which the Administration handled the shutdown of its largest small business lending program two years ago and the way it handled the shortage of funds to pay SBA's disaster loan staff during the 2004 Florida hurricanes.

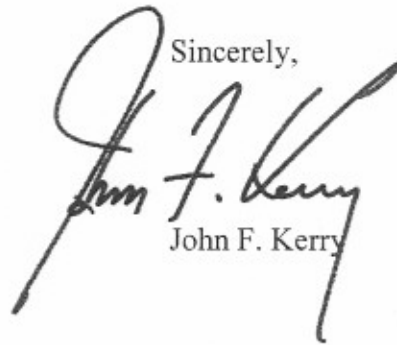
Mr. President, your FY2007 budget was released on Monday, and you deployed your staff out to the various oversight Committees this week to promote your priorities for the various agencies and departments and to justify the requests. Among other key SBA employees, Committee staff met with the SBA's Chief Financial Officer. No one should be in a better position to know the Agency's fiscal standing in its accounts. Yet, not once did the CFO or anyone from the SBA mention a need for additional disaster loan funding.

For too long, you have ignored the mismanagement of the SBA. The draconian cuts to the SBA by this Administration have proven deleterious to the delivery of resources important to small businesses across the nation. The near-shutdown of the disaster loan program demonstrates the short-sightedness of these budget cuts.

It is time to get the SBA's disaster loan program running smoothly and remove the red tape that is keeping so many homeowners and business owners from getting much-needed disaster assistance. As of yesterday, SBA's data showed that almost six months after Hurricane Katrina hit, 50 percent of the loans requested by homeowners are waiting to be processed, and 35 percent of the business owners are waiting for their loan applications to be processed.

I understand that the Administration's reprogramming request of \$100 million approved yesterday by Congress will only provide enough funding to keep the program running for about 14 more days. To avoid a shutdown during Fiscal Year 2006, the SBA disaster loan program needs an estimated \$1.3 billion. Currently, your Administration is planning to request \$1 billion to be reallocated from the billions sitting idle at FEMA. Unfortunately this will only fund the disaster loan program through July, requiring an additional request for the remaining \$300 million in supplemental appropriations to make it through the end of the fiscal year in September. Rather than continue this piecemeal approach to budgeting, I urge you to request the full amount to operate the program properly now and make sure the needs of the Gulf and future disaster victims are met.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Kerry". The signature is fluid and cursive, with a long, sweeping underline that extends to the left and then curves back under the name.

John F. Kerry

John F. Kerry