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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

February 28, 2006

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

Re: Request for Daily Accounting of SBA's Disaster Loan Program Funding

Dear Administrator Barreto:

We are very concerned that the SBA's disaster loan program was in danger of running out of funding twice this month. As detailed in a letter to the President on February 10, 2006, it is troubling that the SBA reported it did not see the problem developing, waited until the eleventh hour to notify the Congress of a need for emergency funding, did not seek a solution to resolve the funding program to make it through the entire year, and did not disclose to the Committee on Small Business & Entrepreneurship in its budget briefings on February 6th or 7th that it had a funding shortage in the disaster loan program.

With more than 140,000 homeowners and businesses in the Gulf waiting for their loans to be processed, and more than 65,000 waiting for their approved loans to be fully disbursed, it is imperative that the disaster loan program have adequate funding. It has been six months since Hurricanes Katrina and Rita struck the Gulf, damaging and destroying homes and businesses, and these families and business owners cannot afford further delays in getting assistance from the SBA's disaster loan program.

In an effort to try and avoid these problems in the future, we are writing to request that the SBA provide the Committee with a daily report on the SBA's disaster loan account, similar to the daily report it provides on the processing of loans. These reports will both help with transparency so that the Congress is better informed of the SBA's disaster loan accounting and help the SBA monitor its books so that it can anticipate funding shortages and avoid another potential shutdown of this vital program.

We request that in providing these daily reports to Congress, the SBA chart include the following:

- a.) The daily lending volume, in number of loans and dollars, and the percent that each category has increased or decreased;
- b.) The daily lending average, in number of loans and dollars, and the percent that each category has increased or decreased;
- c.) The weekly average lending volume, in number of loans and dollars, and the percent that each category has increased or decreased;

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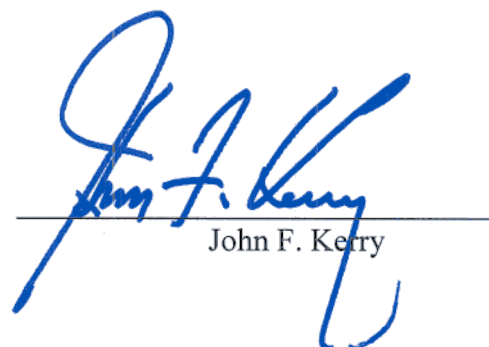
- d.) The amount of funding spent each day for loans, both in appropriations and program level, and the percent that each category has increased or decreased;
- e.) The amount of funding available for loans, both in appropriations and program level, and the percent that each category has increased or decreased, footnoting the source of any additional funding, such as through a reprogramming or supplemental funding;
- f.) A date estimating how long the funding for loans will last based on the spending rate;
- g.) The Amount of funding spent daily for staff, along with the number of staff, and the percent that each category has increased or decreased;
- h.) The amount of funding spent each day for administrative costs, and the percent spending has increased or decreased;
- i.) The amount of funding available for salaries and expenses combined, and the percent funding has increased or decreased, noting the source of any additional funding, such as through a reprogramming or supplemental funding; and,
- j.) A date estimating how long the funding for salaries and expenses will last based on the spending rate.

We also request, in an effort to provide more transparency to the oversight committee's members of the SBA's financial standing, that you please copy us on the Administration's requests to Congress for reprogramming of funds or supplemental funding. This would apply to the Agency overall, whether it pertains to the SBA's 7(a) loan program, its disaster loan program, or staffing. We reference those examples because SBA did not disclose similar funding problems with the 7(a) loan program in FY2004 when it shutdown because of funding shortfalls and with the disaster loan program in FY2004 when the Agency sought emergency funding because it could not pay disaster staff working in response to Florida's four hurricanes in 2004.

We ask that the SBA start providing this report by Friday, March 10, 2006, via email daily, and that we receive in writing by that same date, Friday, March 10, 2006, a commitment to provide the Committee with all future reprogramming and supplemental requests regarding the SBA. If you should have any questions, please do not hesitate to contact us or our staff. Thank you in advance for your assistance with this request.

Sincerely,


Mary L. Landrieu


John F. Kerry