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United States Senate

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

May 9, 2006

BY FACSIMILE
ORIGINAL BY U.S. MAIL

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

Dear Hector:

As Chair of the Senate Committee on Small Business and Entrepreneurship, I am writing to express my deep concern regarding the available funds remaining in the Small Business Administration's (SBA) disaster loan subsidy account.

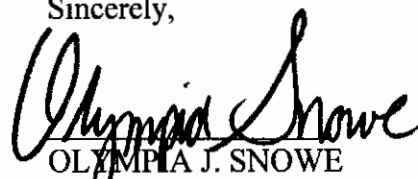
As of May 8, 2006, the SBA estimates that there is approximately \$127.9 million remaining in the disaster loan subsidy account, which would support approximately \$873.9 million in loans. This will provide approximately 19 more days of lending. At the current rate of loan processing, it seems that the SBA will need additional funding by May 28, 2006.

While the Senate has approved \$1.25 billion in supplemental funds, I am concerned the SBA may run out of funding before supplemental appropriations are provided. Because small businesses have a vital role in rebuilding the Gulf Coast after Hurricanes Katrina and Rita, it is critical that disaster loan funding continues to flow to small businesses.

I am committed to working with the Agency to solve this situation. I encourage the Administration to develop a contingency plan to prevent any potential problems that may result from a funding shortage. Please provide me with an analysis of how the Administration is addressing this situation. Thank you for your continued efforts to assist disaster victims during this challenging recovery process.

If you have any questions or need any additional information, please do not hesitate to call me or have your staff contact Wes Coulam, Staff Director of the Committee, at (202) 224-5175.

Sincerely,


OLYMPIA J. SNOWE
Chair