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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

April 24, 2007

The Honorable Steven Preston
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, D.C. 20416

Dear Administrator Preston,

As Chairman and Ranking Member of the Senate Committee on Small Business and Entrepreneurship, we recently held a hearing to explore the ways in which small businesses can help to address the global warming crisis. We thank you for the testimony of Dan Horowitz, Assistant Administrator for the Office of Policy, on behalf of the Small Business Administration (SBA). The purpose of this letter is to follow up on Mr. Horowitz's testimony, specifically as it addressed the SBA's responsibilities that were mandated by the Energy Policy Act of 2005 (EPAct).

The EPAct, which President George W. Bush signed into law on August 8, 2005, requires, *inter alia*, that the SBA, working with several other agencies, "shall develop a government wide program, building on the Energy Star for Small Business Program," to assist small business with:

- (A) Becoming more energy efficient;
- (B) Understanding the cost savings from improved energy efficiency;
- (C) Understanding and accessing Federal procurement opportunities with regard to Energy Star technologies and products; and
- (D) Identifying financing options for energy efficiency upgrades.

In addition, the SBA, as part of the outreach to small businesses under the Environmental Protection Agency's Energy Star for Small Business Program, may enter into cooperative agreements with qualified resources partners to establish, maintain, and promote a "Small Business Energy Clearinghouse." This Clearinghouse would provide a centralized resource where small businesses may access, telephonically and electronically, technical information and advice to help increase energy efficiency and reduce energy costs.

We are frankly concerned by the lack of progress SBA has made in implementing these requirements. Twenty months have passed since the EPAct was signed into law, and SBA appears to be nowhere close to satisfying these requirements. Mr. Horowitz addressed the Administration's efforts to implement this program, testifying that although this program was not yet operational, "there are several people working on it," and that

the hearing “provided a catalyst for making [the program] a priority”. Mr. Horowitz also testified that the SBA would provide to the Committee with a progress report on the four mandated requirements under the Energy Policy Act.

Small business is the engine that drives the American economy, employing half of all private sector employees, producing half of the nation’s non-farm private gross domestic product, and creating nearly three-quarters of all net new jobs each year. Some estimates project that small businesses also use approximately half of all commercial and industrial energy in this country. Despite these statistics, and despite Mr. Horowitz’s testimony to the contrary, there is little evidence that promoting energy efficiency for small businesses is a priority within the Administration. More than a month has passed since the date of the hearing, and the Committee has received none of the information that SBA promised to supply.

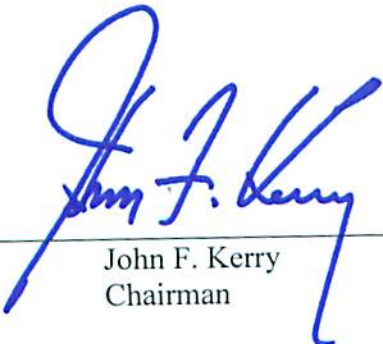
We request that you provide, within 30 days of receipt of this letter, an update on all of SBA’s small business requirements under the EAct, including:

- (1) Any and all resources required to implement the program, as well as whether additional appropriations are needed for SBA to effectively implement the EAct requirements;
- (2) Any and all staff that are dedicated to implementing and administering the Small Business Energy Clearinghouse; and
- (3) A timeframe that details a schedule for completion of all SBA requirements under the EAct.

We believe that the SBA can and must play a significant role in assisting small businesses to become more energy efficient.

Thank you for your attention to our request. Should you have any questions about the substance of the hearing, please do not hesitate to contact us directly, or to contact Brian Rice (with Senator Kerry) at (202) 224-5175 or Alex Hecht (with Senator Snowe) at (202) 224-7884.

Sincerely,



John F. Kerry
Chairman



Olympia J. Snowe
Ranking Member