

U.S. House of Representatives Committee on Small Business
Accountability Update – Oral Statement as Prepared
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November 19, 2009

Chairwoman Velazquez, Ranking Member Graves and distinguished members of the Committee. Again, it's an honor to testify before you. Thank you for your continued efforts to help America's small business community survive, grow, and lead us out of this recession.

I want to thank the Chairwoman for speaking at yesterday's Small Business Financing Forum. You said two things that I thought really resonated. First, you said "access to capital equals access to opportunity." That statement rings true given our efforts to help small businesses find credit and create jobs.

You also said the conference proved that small business is not an afterthought. I think that is true not only for you, but for all the members of this Committee and for the Administration.

With the help of this Committee, we're ensuring that SBA programs provide maximum value to small business owners. At the same time, we're committed to ensuring that taxpayer dollars are spent wisely, transparently, and effectively, with proper risk management and oversight.

The Recovery Act is a strong example. As a result of the 90 percent guarantee and lowered fees in our two flagship programs, we engineered a turnaround in SBA lending.

The SBA has supported more than \$14 billion in lending to small businesses, with recent months at levels not seen since 2007. Weekly loan dollar volumes have risen 75% compared to the weeks before the Recovery Act.

Importantly, we have more than 1,250 lenders offering SBA loans who had not made a loan since October 2008. More than half of these hadn't made SBA loans since 2007. This means more access points to capital throughout the U.S.

I want to thank the Committee for your work with the Recovery Act. Our feedback from entrepreneurs, small business owners, and the lending community has been extremely positive. As the Chairwoman may have heard yesterday, our lenders say that these loan enhancements help provide a critical lifeline for small businesses that are still having trouble finding credit.

We will continue to monitor our programs using the robust risk management framework we established under the Recovery Act.

More broadly, the leadership team at SBA continues to address outstanding and emerging areas of risk in a systematic way – focusing on recommendations from both the GAO and the IG.

I'm pleased to say that we have reduced open findings from our Inspector General by 47% over the past 18 months. In the past quarter alone, we've reduced the number of overdue open recommendations from 97 to 53.

We're also pleased to have a new Inspector General on board: Peggy Gustafson. Her work will help ensure that the SBA is transparent and efficient in meeting the needs of America's small businesses.

In addition, the SBA remains committed to strengthening our lender oversight activities to eliminate waste, fraud, abuse and mismanagement. Given the exposure our loan guarantees represent to the taxpayer, my team's goal is to ensure we have a robust credit risk management system which includes strong oversight and portfolio monitoring.

Also, we have conducted regional trainings to improve financial and program compliance with our 110 Women's Business Centers. We expect to do financial reviews for more than half of the centers this fiscal year. Ten reviews are completed, and our results show that these centers – after the training – are fully compliant.

Today, the SBA is acutely aware that America is fighting two wars and that thousands of our veterans are returning home. I want to thank the GAO for the report they just released.

We need to make sure that service-disabled veterans have ample opportunities to start and grow a business, including Federal contracting.

First, since I came on board in April, we have begun to collaborate with the Veteran's Administration leadership on the critical issue of access to accurate and transparent data regarding "who is" a service-disabled veteran. Both the SBA and the VA have made this a top priority.

Second, we are working to ensure accountability in this program. The 10 businesses described in this report have already been referred to our IG. Make no mistake: If they are found to be non-compliant, they will be debarred.

Overall, we will continue to work with the VA and others to ensure that we have a system that works for veterans and is responsible to taxpayers.

Finally, per the Chair's interest at our last hearing, I would like to mention that we have sent three reports to Congress regarding our efforts with disaster preparedness and assistance: the Disaster Recovery Plan, the 2009 Annual Report on Disaster Assistance, and the Reports on the Federal Contracts Awarded as a result of Major Disasters.

I should also mention that we have held two disaster trainings for our field staff. And, on a related note, we released and heavily promoted an H1N1 flu preparedness guide, which has been well-received by thousands of small business owners.

Overall, my vision is that the SBA will continue to operate in a way that allows us to meet the expectations of Congress, small businesses, and the American taxpayer.

I look forward to working with the distinguished members of this Committee to make that happen. I welcome any questions, concerns, and comments about any of our programs or efforts.