



SMALL BUSINESS ADMINISTRATION

Funding Highlights:

- Provides \$949 million, an increase of 3 percent, or \$32 million, above the 2012 enacted level. The Budget includes increased funding for initiatives that will create jobs in America's small businesses, while making tough choices that achieve savings in reductions to select technical assistance activities. In addition, \$167 million is provided for the Disaster Loans Program that will be designated as being for disaster relief under the Budget Control Act's cap adjustment.
- Supports \$26 billion in loan guarantees for small businesses to enable them to invest, expand, and create jobs.
- Supports equity investments in underserved markets and helps innovative small businesses obtain early-stage financing, including expanding financing available for Small Business Investment Companies.
- Fully implements a one-stop shop for business-related information through BusinessUSA, which will help small businesses gain access to resources to grow their businesses.
- Expands entrepreneurship training opportunities for transitioning veterans.
- Supports over \$1 billion in long-term disaster recovery loans for homeowners, renters, and businesses of all sizes.
- Makes tough choices in a difficult fiscal environment by reducing overall funding for non-credit technical assistance programs by approximately 8 percent from the 2012 enacted level.
- Strengthens SBA's lender and procurement program oversight to protect taxpayer dollars.
- Supports the transition to a cloud-based computing model to improve information technology flexibility, maximize capacity utilization, and increase innovation.

Small businesses play a vital role in job creation, economic recovery, global competitiveness, and the ability of millions of Americans to lead or gain a middle-class life. The Small Busi-

ness Administration's (SBA's) mission is to help Americans start, build, and grow businesses. To deliver on this promise, the Administration proposes \$949 million through regular

appropriations and \$167 million of disaster funding, a \$199 million increase in aggregate from 2012 enacted funding. Small business loan guarantees are provided at levels above historical demand, and increased Federal funding is provided in order to avoid increasing loan fees on borrowers and lenders. Consistent with the Administration's commitment to make tough cuts in a constrained fiscal environment, funding for some technical assistance programs is reduced.

Invests in America's Businesses to Foster Economic Growth and Competitiveness

Spurs Job Creation by Enhancing Small Business Access to Credit. Because small businesses are a major engine of economic growth and job creation, the Budget provides \$349 million in subsidy for SBA's 7(a) and 504 business loan programs. This funding supports \$16 billion in 7(a) loan guarantees, (including \$2 billion in revolving lines of credit that support \$46 billion in total economic activity) which help small businesses operate and expand, as well as \$6 billion in guaranteed lending under the 504 program to finance small businesses' commercial real estate development and heavy machinery purchases. In addition, the Small Business Investment Company (SBIC) program will provide up to \$4 billion in guaranteed lending to enable SBICs to invest in high-growth small businesses, through expanded funding authorities.

Promotes Impact Investment in Underserved Markets. SBA will continue to leverage the SBIC debenture program to support \$200 million annually over five years in equity-based impact investments in regions not well served by private financial markets. Two other initiatives—the Small Loan Advantage and Community Advantage programs—will also increase the number of SBA 7(a) loans going to small businesses and entrepreneurs in underserved communities.

Helps Innovative Small Businesses Obtain Early-Stage Financing. SBA will use the Innovation Fund within the SBIC debenture program

to address the capital gap many start-ups face between “angel investor” financing and later-stage venture capital financing. Beginning in 2012 and over five years, up to \$200 million in guarantees for matching funds will be available to investors aiming to support innovative companies seeking to ramp up their operations and create new jobs.

Provides Small Businesses with Easy Access to the Full Range of Government Programs and Services Available to Assist Them. The Budget provides \$6 million to SBA to implement BusinessUSA, an interagency Administration initiative to streamline and integrate customer service across Federal programs that support small businesses and exporters. This will enable businesses to more quickly identify and connect with the programs they need, and reduce Federal and business costs over the long run. Businesses looking for assistance from the Federal Government will benefit from interacting with one well-coordinated entity, rather than having to search for and solicit a number of separate components.

Expands Entrepreneurship Training Opportunities for Transitioning Veterans. The Budget provides \$7 million to SBA to implement the National Veterans Entrepreneurship Training (VET) Program. This new program will provide transitioning veterans with the knowledge and tools to start their own businesses, building on SBA's successful pilot programs for veterans. The VET program will incorporate entrepreneurship training into the Department of Defense's enhanced Transition Assistance Program provided to all departing service members, including an online training curriculum on the fundamentals of small business ownership.

Supports and Reforms Long-Term Disaster Recovery. The Budget will support \$1.1 billion in direct loans, the normalized 10-year average, for homeowners and businesses whose property is damaged by natural disasters. The Administration proposes \$167 million for disaster loan administrative expenses to operate the program, which will be designated as disaster relief under the cap adjustment under autho-

rized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. SBA will streamline staffing and operations to use administrative funds in the most effective and cost-efficient manner.

Makes Tough Cuts

Continues to Support Entrepreneurs While Making Targeted Reductions in Spending. The Budget continues investments in technical assistance programs such as Small Business Development Centers, Microloan Technical Assistance, SCORE, and Veterans Business Development, which provide valuable counseling and training to entrepreneurs. In light of current fiscal constraints, the Budget proposes to terminate the PRIME Technical Assistance program, and includes an overall 8 percent reduction in technical assistance programs.

Improves Cost-Effectiveness

Protects Taxpayer Dollars Through Enhanced Oversight Activities. The Budget provides \$19 million for the Office of the Inspector General, a \$3 million increase over 2012 enacted funding. This funding will support SBA's efforts to detect and prevent fraud, waste, and abuse in its programs.

Creates Long-Term Savings by Modernizing Information Technology Infrastructure. The Budget supports SBA's efforts to improve the efficiencies of its computing infrastructure, saving an estimated \$12 million over five years, by transitioning to a cloud-based model for its network and applications.

Small Business Administration (In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
Spending			
Discretionary Budget Authority:			
Salaries and Expenses	432	417	424
Business Loans			
Loan Subsidy	83	211	351
Loan Administration	153	148	145
Subtotal, Business Loans	236	359	497
Disaster Loans			
Loan Administration	45	116	0
Subtotal, Disaster Loans	45	116	0
Office of the Inspector General	16	16	19
Office of Advocacy	—	9	9
Total, discretionary budget authority	729	917	949

Small Business Administration—Continued
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
Discretionary Cap Adjustment: ¹			
Disaster Relief.....	—	—	167
Total, Discretionary outlays	1,450	1,364	1,388
Mandatory Outlays:			
Business Loan Subsidy Reestimates.....	4,529	1,643	—
Disaster Loan Subsidy Reestimates	192	156	—
Liquidating Credit Accounts	-8	-7	-7
Surety Bond Guarantees Revolving Fund.....	—	1	1
Total, Mandatory outlays	4,713	1,793	-6
Total, Outlays	6,163	3,157	1,382
Credit activity			
Direct Loan Disbursements:			
Direct Disaster Loans.....	315	713	1,037
Direct Business Loans	34	27	35
Total, Direct loan disbursements.....	349	740	1,072
Guaranteed Loan Disbursements by Private Lenders:			
Guaranteed Business Loans.....	19,648	15,867	21,994
Guaranteed Disaster Loans	—	18	57
Total, Guaranteed loan disbursements by private lenders	19,648	15,885	22,051

¹ The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, limits—or caps—budget authority available for discretionary programs each year through 2021. Section 251(b)(2) of BBEDCA authorizes certain adjustments to the caps after the enactment of appropriations.