



SMALL BUSINESS ADMINISTRATION

Funding Highlights:

- Provides \$810 million for the Small Business Administration, a decrease of \$109 million from the 2012 enacted level, due primarily to the decreased estimated subsidy cost of its 7(a) Business Loan Guarantee Program. This funding supports technical assistance programs and initiatives that will create jobs in America's small businesses.
- Supports more than \$27 billion in loan guarantees to enable entrepreneurs to start up and expand small businesses and create jobs.
- Supports equity investments in underserved markets and helps innovative small businesses obtain early-stage financing, including increasing the total amount of financing available for Small Business Investment Companies.
- Waives fees on 7(a) loans that are less than \$150,000, where analysis suggests the largest credit gap exists and because small loans are important for underserved communities.
- Expands refinancing opportunities for small businesses, similar to the President's plan to help responsible homeowners refinance their mortgages, so that small businesses can lock in lower interest rates for their commercial mortgage debt and get cash out to invest in their businesses.
- Creates a single, streamlined application for all Small Business Administration 7(a) loan products, which will reduce the time and cost for lenders to process loans and encourage lenders to make more loans.
- Supports over \$1 billion in direct disaster assistance loans for homeowners, renters, and businesses of all sizes, ensuring that the agency can continue to fulfill its critical role in the Federal Government's disaster response efforts.
- Significantly expands entrepreneurship training opportunities for underserved communities through a re-launch of the Emerging Leaders program, which seeks to train and develop existing small business owners with the potential to grow. In addition, the Budget expands entrepreneurship education for veterans transitioning to civilian life as part of the Administration's Boots to Business initiative.
- Funds the agency's role in BusinessUSA, a one-stop shop for firms looking to do business with the Federal Government and gain access to resources to create and grow their businesses.

- Supports the use of evidence and the evaluation of programs to measure their impact and improve performance.

Small businesses play a vital role in supporting job creation, U.S. global competitiveness, and economic growth. The Small Business Administration's (SBA) mission is to help Americans start, build, and grow businesses. To achieve this mission, the President's 2014 Budget provides \$810 million through regular appropriations and an additional \$159 million in disaster funding. Small business loan guarantees are funded at levels above historical demand, but at a greatly reduced subsidy cost from the 2012 enacted level and the 2013 Budget level, largely due to the improving economic forecast and lower estimated loan defaults. The savings realized through the reduced need for credit subsidy funding allow greater investments to be made in SBA's technical assistance programs and other initiatives aimed at growing America's small businesses.

Provides Small Businesses with Access to Capital and Disaster Assistance

Spurs Job Creation by Providing Access to Capital. To encourage economic growth and job creation, the Budget provides \$112 million in subsidy for SBA's business loan programs. This funding supports \$17.5 billion in 7(a) loan guarantees (including \$1.8 billion in revolving lines of credit that support \$65 billion in total economic activity), which help small businesses operate and grow their businesses, as well as \$6.3 billion in guaranteed lending under the 504 Certified Development Company (CDC) program to finance small businesses' commercial real estate development and heavy machinery purchases. In addition, the Budget proposes to increase guarantees for the Small Business Investment Company (SBIC) program from \$3 billion to \$4 billion at no expected subsidy cost to the taxpayer, to enable SBICs to invest in more high-growth

and impact-oriented small businesses that create jobs and strengthen communities.

Waives Fees for Small Dollar Loans. The Budget waives fees on loans less than \$150,000 in SBA's 7(a) loan program to promote lending to small businesses that face the most constraints on credit access.

Expands Refinancing Opportunities for Small Businesses. Consistent with the President's plan to help responsible homeowners refinance their mortgages, the Budget proposes to reauthorize the 504 Loan Refinancing program through September 30, 2014. The program, originally established in the Small Business Jobs Act of 2010, will help small businesses lock in low, long-term interest rates on commercial mortgage and equipment debts and free up resources that can be re-invested in their businesses.

Streamlines Loan Applications for SBA Lenders. The Budget provides \$7 million for SBA ONE, a revamped lending platform that will use one set of forms for all 7(a) loans; serve as a one-stop shop for all steps of the loan process, from determining eligibility through closing out the loan; and provide one data management system to measure and evaluate loan trends and performance. SBA ONE will simplify the lending process, which is expected to increase the total number of lenders offering SBA financing and therefore expand access to capital for small business owners and entrepreneurs.

Fully Funds Disaster Assistance Loans. The Budget supports \$1.1 billion in direct disaster assistance loans, the normalized 10-year average. In the wake of Hurricane Sandy, the Budget provides \$192 million for loan administrative expenses to operate the Disaster Loans Program. Of this total, \$159 million will be designated as qualifying disaster funding under

the Budget Control Act's cap adjustment. SBA's Disaster Loans Program provides low-interest disaster loans to homeowners, renters, and businesses of all sizes whose property is damaged or destroyed in a disaster.

Fosters Entrepreneurship and Expands Opportunities for Small Business Growth

Invests in Small Business Leadership Program. The Budget includes \$40 million for Emerging Leaders, an entrepreneurial education initiative that SBA initially launched in 2008 to educate existing small businesses with the potential to grow their business. The revamped program will become a public-private partnership, funded with SBA and private matching dollars, to support a small business leadership model built on the best practices of other working private sector and non-profit models.

Invests in Entrepreneurship Training for America's Transitioning Veterans. The Budget provides \$7 million to support SBA's Boots to Business initiative, which will build upon SBA's successful pilot programs that provide veterans transitioning to civilian life with the training and tools they need to start their own businesses. The Boots to Business initiative will reach veterans of all military branches nationwide by offering informational videos, 90-minute introduction to entrepreneurship sessions, a two-day entrepreneurship classroom course, and an eight-week online entrepreneurship course as part of the Department of Defense's enhanced Transition Assistance Program.

Supports Entrepreneurship Counseling and Regional Economic Development. The Budget includes \$210 million for SBA's non-credit technical assistance programs, including \$104 million for Small Business Development Centers and \$20 million in technical assistance for microloan programs, to help businesses get started. The Budget also includes \$5 million each for SBA's growth accelerators program and Regional Innovation Clusters program, which

help connect small businesses with universities, venture capitalists, and regional industry leaders to leverage a region's unique assets to turn entrepreneurial ideas into sustainable high-growth small businesses.

Provides Small Businesses with Increased Federal Contracting and Exporting Resources. The Budget provides \$4 million for SBA to hire 32 new Procurement Center Representatives, who will be strategically embedded across the Federal Government to increase the small business share of Federal procurement awards through such actions as reserving procurements for competition among small business firms and providing small business sources to Federal buying agents. In addition, the Budget provides \$2 million to support the work of the President's Export Promotion Cabinet, helping small businesses to expand their exporting capabilities and thereby increase their revenue.

Provides a One-Stop Shop for Federal Business Assistance Resources. The Budget provides \$6 million for SBA to fund its contribution to BusinessUSA, an interagency Administrative initiative to streamline and integrate customer service and program information across Federal programs that support small businesses and exporters. BusinessUSA will provide a one-stop shop for businesses looking for assistance from the Federal Government or looking to do business with the Federal Government, rather than making businesses search for and solicit a number of separate websites and points of contact. This consolidation of resources enables entrepreneurs and small businesses to find and use Government services more efficiently.

Supports Evidence-based Decision Making and Increases Oversight

Enhances Evaluation of Technical Assistance Programs. SBA, along with the Departments of Commerce and Agriculture, will continue to participate in an interagency group designed to evaluate the impact of Federal business technical assistance programs. SBA will evaluate its programs, such as Small Business

Development Centers, with the goal of developing a standard methodology for measuring the impact of these types of technical assistance programs across the Federal Government. The Budget provides \$3 million to support evidence-based and evaluation activities at SBA.

Enhances Oversight Activities of Taxpayer Dollars. The Budget provides \$20 million for SBA's Office of the Inspector General, a \$3 million increase over the 2012 enacted level. This funding will support the Inspector General's efforts to detect and prevent waste, fraud, and abuse across SBA's programs, including the Business and Disaster Loans Programs.