

U.S. Small Business Administration  
FY 2015 Congressional Budget Justification  
Budget Request in Brief

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America's 28 million small business owners are the engine of job creation and economic growth in this country, creating two out of every three net new jobs in the United States, and employing over half of the nation's workforce. The Small Business Administration (SBA) ensures that these businesses have the tools and resources they need to start and expand their operations and create good jobs that support a growing economy and strong middle class.

The FY 2015 budget submission builds on SBA's proven track record of assisting America's small businesses by increasing and improving access to capital, federal contracting opportunities, entrepreneurial development, and disaster assistance. The budget submission also focuses on America's long-term competitiveness by improving the entrepreneurial ecosystem to ensure small business owners and entrepreneurs are well positioned to take advantage of new opportunities and new markets as the economy improves.

Small businesses and entrepreneurs drive American competitiveness and help grow the economy from the middle out. The SBA has the tools and the proven track record to help expand the entrepreneurial playing field to more regions, more communities and more industries. In FY 2015, the SBA is focusing on the next phase of small business growth and job creation. SBA's FY 2015 budget will build on the strong foundation the Agency has laid over the last four years by focusing on several key priorities that support American competitiveness and job creation. These include:

- getting capital into the hands of more small businesses by building on successful efforts to streamline and simplify SBA's existing lending platforms;
- promoting inclusive entrepreneurship by providing access and opportunity to promising entrepreneurs all across the country;
- improving America's entrepreneurial ecosystem with a focus on high-growth entrepreneurship that includes the regional clusters and growth accelerators that support innovation;
- building capacity and depth in America's small business supply chain (both commercial and government) to strengthen American manufacturing and exporting, and encourage insourcing, and;
- making small businesses more globally competitive through export growth.

SBA's total budget request for FY 2015 is \$ 710 million\*. Of this amount, \$47.5 million is for business loan subsidy and \$197.8 million is for non-credit programs. Other budget amounts include \$19.4 million for the Office of the Inspector General and \$8.5 million for the Office of Advocacy. This total is also inclusive of \$32.2 million for administering non-Stafford Act disasters.

An additional \$154.6 million is requested for Stafford Act disaster loan administration under the disaster relief cap adjustment authorized in the Budget Control Act.

With a budget of \$710 million in FY 2015, the SBA will have the capacity to:

- support more than \$32.5 billion in small business financing;
- deploy nearly \$4 billion in long-term investment capital;
- provide over \$1 billion in loans to disaster victims;
- facilitate access to over \$80 billion in federal contracting;
- counsel and train over one million small business owners through a nationwide network of resource partners;

\*Exclusive of the request for Stafford Act Disaster administrative expenses provided under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011

- increase support for exporters, start-ups, veterans, and supply chains;
- expand the Impact Investment Initiative to include investment into innovative, manufacturing businesses, and;
- propose how to help bridge the financing gap to scale up advanced manufacturing technologies through the Opportunity, Growth, and Security Initiative.

## **Funding Request Highlights**

### *Loan Programs and Subsidy*

The FY 2015 request represents a reduction of more than \$64 million in business loan program subsidy, and no additional funds are being requested for Disaster Loan subsidy due to the availability of carry-over funding. On average, the Agency makes disaster loans totaling nearly \$1 billion each year.

For FY 2015 the SBA is again requesting no credit subsidy appropriation for the 7(a) loan program, relying instead on fees to cover the cost, to support \$17.5 billion in lending authority. This financing is expected to support 569,300 jobs and 40,300 small businesses in FY 2015.

In FY 2014 SBA initiated fee waivers to spur lending in underserved markets. For FY 2015, SBA proposes to continue to waive upfront and annual fees on 7a small business loans of \$150,000 or less and to waive upfront fees on SBA Express loans to veterans between \$150,000 and \$350,000, as well as a 50 percent waiver of upfront fees on all non-SBA Express loans to veterans above \$150,000.

For the 504 loan program, the SBA is requesting \$45.0 million in FY 2015 that, combined with prior year carryover of subsidy funds, will support \$7.5 billion in lending authority for the 504 loan program. This financing is expected to support 82,600 jobs and 6,700 businesses in FY 2015.

The SBA requests authority in FY 2015 for 504 Refinance lending (504 Refi), which will have no subsidy appropriation. This program was authorized under the Small Business Jobs Act of 2010 and expired at the end of FY 2012. It allowed borrowers to refinance existing debt, locking in the cost of a portion of their existing debt without a business expansion component, often for substantially less than their current monthly payments. The 504 Refi program supported total lending of \$5.5 billion during its authorization in FY 2011-2012.

### *SBIC*

For FY 2015, the SBA requests \$4 billion in authority for the SBIC Debenture program. This streamlined program is operating as a model public-private partnership, with its fourth consecutive record-breaking year in FY 2013. At the end of FY 2013, the SBA committed over \$2.1 billion to SBICs, which have in turn issued more than \$3.25 billion in small business financing. The SBA is supportive of the family of funds increase legislation which would increase the amount of leverage by licensees under common control from \$225 million to \$350 million. The family of funds increase, along with SBIC's authority of \$4 billion, will well position the Agency to ensure that high-growth small businesses across the country, including small manufacturing firms, have access to the capital they need to build their companies, drive innovation and help grow the economy.

The SBA also requests \$5 million in funding to support the Agency's growth accelerators initiative. Under this funding proposal, the SBA will provide funds to either scale existing successful growth accelerators or provide funds to university and private sector accelerators to start a new accelerator program or entrepreneurship ecosystem (based on successful models) via a competition.

*Non-credit Programs*

In FY 2014, the SBA's non-credit programs were separated from the salaries and expenses appropriation account into a new account called Entrepreneurial Development Programs. For FY 2015, SBA's request for non-credit program funding includes the following (dollars in thousands):

7(j) Technical Assistance Program	\$2,800
Boots to Business	\$7,000
Entrepreneurship Education	\$15,000
Growth Accelerators	\$5,000
HUBZone Program	\$2,000
Microloan Technical Assistance	\$20,000
National Women's Business Council	\$900
Native American Outreach	\$2,000
Regional Innovation Clusters	\$6,000
SCORE	\$7,000
Small Business Development Centers (SBDC)	\$113,625
Veterans Business Outreach Centers (VBOC)	\$2,500
Women's Business Centers (WBC)	\$14,000

Expanding the base of small business exporters and making the process as easy as possible is a key component of the Administration's National Export Initiative. In support of this initiative, STEP grants awarded in FY 2014 will continue to be expended into FY 2015. To ensure coordination with programs in other agencies, the SBA will evaluate the results of FY 2014 funding to determine how to best fit this program within the export promotion strategy.

*Agency Operating Budget*

The SBA operating budget request includes \$275 million for compensation and benefits, \$90.5 million for office operating costs and \$60 million for Agency-wide costs. These requests represent a \$2.9 million increase from FY 2014 enacted, primarily attributable to increases in costs for salaries, benefits and rent.