

**Testimony of SBA Administrator Isabel Guzman**  
**“Holding the SBA Accountable”**  
**House Small Business Committee**  
**September 18, 2024**

Chairman Williams, Ranking Member Velazquez, and members of the House Small Business Committee, thank you for the invitation to appear before the Committee today.

America’s small businesses are giants in our economy – powering our nation’s economic growth and creating good-paying jobs in our communities. As SBA Administrator, I’ve had the opportunity to meet these businesses in visits across the country – including to many of your districts - where I’ve seen firsthand how Americans are realizing the dream of small business ownership and entrepreneurship.

We continue to see a record-breaking small business boom across the nation, with American entrepreneurs filing more than 19 million new business applications over the last 3-1/2 years. That annual rate of new business filings is 60% higher than the historical average and represents a resurgence of business dynamism after years of decline. As President Biden likes to say, starting a new business is an act of “hope and confidence in the economy” and these filings speak to the grit and determination of America’s entrepreneurs to take the first step on the path toward business ownership.

This small business boom is powered by women and people of color who are starting up at the highest rates.

In Arkansas, I recently visited a pizzeria whose owners received an SBA 7(a) loan from a Small Business Lending Company (SBLC) to open their first brick and mortar location. That location now employs 10 people. In Dallas, a small business owner told me how an SBA loan allowed her to

open a new 7,000 square foot women's wellness center in 2023. A North Carolina business owner showed me a new childcare center that started with an SBA Community Advantage loan and now provides early childhood learning for dozens of families in her community.

Entrepreneurs are leveraging Investment in America funding and strong consumer spending—thanks to wage growth outpacing price growth—to expand their businesses and create jobs. American small businesses now employ nearly 11 million more workers than when this President first took office.

Across the nation, small businesses are working on contracts to upgrade our roads, bridges, highways, railways, seaports, and airports as part of the Bipartisan Infrastructure Law.

Small businesses are helping to expand domestic supply chains with public and private investments in manufacturing and innovation, including historic investments through the CHIPS and Science Act.

And, the Inflation Reduction Act is providing opportunities for small businesses to help deploy clean energy technology like heat pumps, solar, and EV charging.

SBA resources, networks, and capital programs have been front and center helping to fuel small business startups and growth, and helping them overcome challenges in the marketplace.

Over the last 3-1/2 years, we have instituted transformative regulatory reforms, invested in technology, ensured our services are available to more people, and cut red tape to reverse a decade long decline in small dollar lending. As a result, SBA has delivered new lending to fill critical market gaps - expanding capital access for startups, rural businesses, and those owned by veterans, women, and minorities.

Under this Administration, small-dollar lending and lending to women-owned businesses has doubled. Loans are up 60% for Asian Americans, 45% for veterans, and 34% for rural businesses. Lending to Latino-owned firms has increased more than 2.5 times. And lending to Black-owned businesses has tripled since Fiscal Year (FY) 2020.

I am continuing to find ways to fully leverage SBA's lending authorities to better serve small businesses in the marketplace.

For example, SBA recently launched the Working Capital Pilot program to ensure that small businesses can access affordable working capital lines of credit to scale and grow their businesses.

SBA also continues to expand its lender network to increase competition, tackle rural banking deserts, and fill gaps for underserved entrepreneurs. To date, SBA has increased its nonprofit 7(a) lender network to 142 and opened its SBLC program to add two new rural-focused institutions to reach underserved communities.

We can do more to fill market gaps and incentivize private investment, so SBA has reopened the application window for any organizations interested in SBA lending to become national SBLCs or nonprofit Community Advantage SBLCs (CA SBLCs) – providing a vital source of capital in underserved communities.

Gaps in capital access also exist for growth-oriented, capital-intensive and critical technology companies. Our nation's innovators need private investments—both equity and debt—to start, commercialize, and scale their businesses.

Last year, we simplified regulations and completed the most significant reforms to SBA's Small Business Investment Company (SBIC) Program in

a generation. In FY 2024, thanks to our modernized rules and streamlined policies, SBA is processing more SBIC applications than it has in decades. The SBIC program is better positioned to drive investment to start-up small businesses in undercapitalized communities and industries, accelerating American innovation of technology critical to national security, domestic manufacturing, and supply chain resilience.

SBA has also done more to fulfill our founding mission of helping to diversify the industrial base and increase competition and innovation in the federal supply chain. SBA strengthened its government contracting and business development programs to ensure small businesses can do business with the largest buyer in the world, the federal government. SBA has advocated successfully to expand access to contracting opportunities through the Biden-Harris whole-of-government approach. This advocacy has helped lead to a record \$178.6 billion in federal contracting awards to small businesses and \$76.2 billion in awards to small disadvantaged businesses in FY2023. And now we are working to make sure that our small businesses can get ready to compete for set-aside contracts with streamlined access to the certifications, training, and business development they need to grow.

This includes a major technology, regulatory, and management modernization that will make it even easier for small businesses to get multiple certifications and better position their firms to compete and win small business contracts—from 8(a), Veteran and Women certifications, to HUBZone.

Last year, SBA launched VetCert and delivered a platinum standard of customer experience for the veteran small business certification program. We simplified regulation and doing business with the federal government for America's military community, and to date we've certified over 19,275 veteran owned small businesses. And last year,

the federal government exceeded the newly passed 5 percent goal for our service-disabled veterans. With SBA's latest and historic investments and reforms, soon all small businesses can pursue multiple certifications with a single application in MySBA Certifications. Further, we have approved a record number of certification applications and are on pace to eliminate the backlogs that have limited participation across our programs for years – especially for women. And, we have significantly reduced the administrative burdens on firms across multiple certifications.

As we near the Fiscal Year's end and remain on high alert at the peak of hurricane season, I am proud of the important work SBA has done across the whole agency to better support communities impacted by disaster. I've had the opportunity to travel to impacted communities, including Houston, Texas; Sulphur, Oklahoma; Rogers, Arkansas; and Greenfield, Iowa, to see the positive impact of our complete restructuring of SBA's disaster response.

During my time as Administrator, our significant organizational and administrative reforms have made it easier for survivors to access the funding they need to rebuild more quickly. SBA raised loan limits to better cover today's costs of rebuilding and provided 12 months of no interest and deferred payments to better support survivors with the time they need to recover.

SBA followed those reforms with technology investments to create the MySBA loan portal, including a new, mobile-first online application which simplifies, speeds up, and strengthens the customer experience.

SBA's management and modernization efforts have streamlined average disaster loan processing times from over 100 days to less than two weeks from application. This is a marked improvement that is

giving disaster survivors, peace of mind earlier in the rebuilding process.

SBA has transformed and modernized the agency while continuing to manage the temporary pandemic lending and grant programs that saved millions of America's businesses. And while the pandemic programs are no longer disbursing new funding, millions of small business owners continue to rely upon SBA to service their Paycheck Protection Program (PPP) loan or COVID-19 Economic Injury Disaster Loan (COVID-EIDL). I stand by my commitment to not turn my back on Americans who turned to SBA for help during the crisis. SBA continues to prioritize counseling and servicing actions to support these hardworking small business owners across our COVID-19 portfolio.

Our work at SBA also centers on ensuring we hold accountable all of those who violated the public trust in these programs. In partnership with the Department of Justice, SBA Inspector General, and other interagency and law enforcement partners, we continue to work to recoup tax dollars, largely lost in those early days of the pandemic.

I look forward to working alongside this Committee and Congress to continue SBA's important work supporting disaster-impacted communities and helping Americans start, grow and build resilient businesses.

Thank you.