



LEGISLATIVE PRIORITIES

SMALL BUSINESS ADMINISTRATION GUARANTEED LENDING

Since its founding in 1953, the Small Business Administration provided access to capital, contracting and counseling for thousands of entrepreneurs.

The SBA is the world's largest business loan guarantor. Its flagship lending vehicles, the SBA Advantage Loan Program (or 7(a)) and the SBA Grow Loan Program (or 504), offer loan guarantees for small businesses that may not qualify for traditional bank loans. As reported in Administrator Contreras-Sweet's exit memo, since 2009, the SBA guaranteed \$179 billion in small business loans. Annual SBA lending in its largest program is up more than 160 percent since the depths of the recession. Last year, SBA guaranteed more than 70,000 loans, for a total of \$28.9 billion, and supported more than 694,000 jobs across the country. As a result of fees paid by borrowers calculated under the Fair Credit Reporting Act, at present both of these loan programs operate without any subsidy from the American taxpayer. The program is a true public private partnership with over 2000 lenders across the country.

NDC Grow America Fund, NDC's small business lending arm, operates as a certified CDFI providing community development lending to support the creation of jobs and the expansion of eligible small business in underserved areas, particularly minority and women-owned businesses. NDC loaned over \$214M to over 550 small businesses creating or retaining 13,400 jobs.

The SBA reports annually by department progress on meeting the federal goals for contracting with women and minority owned businesses. For the past three fiscal years in a row, the federal government has met or exceeded its statutory goal of awarding 23 percent of federal contract dollars to small businesses. And last year, the SBA led the government to an all-time high of 25.75 percent. In 2015 the federal government met, for the first time, the goal for women (just 5 %). NDC provides technical assistance to Women Impacting Public Policy, the premier advocate for women in business, who has been leading the effort to include women in federal contracting.

Policy Recommendations for SBA

The SBA loan guarantees should continue as a no subsidy investment in small business. The authorization level should be at least \$24B and should be adjusted to account for the needs as small businesses develop enough confidence in the future to invest. The fee calculation should continue to use the Fair Credit Reporting Act standards built on the experience of loss.

The SBA should continue to report on federal contracting in order to highlight progress toward meeting the goals for doing business with women and minority contractors. Often the experience with government contracting provides the vital step to growth in a small business.