

CHRISTOPHER S. BOND, MISSOURI, CHAIRMAN

CONRAD R. BURNS, MONTANA  
PAUL COVERDELL, GEORGIA  
ROBERT F. BENNETT, UTAH  
OLYMPIA J. SNOWE, MAINE  
MICHAEL ENZI, WYOMING  
PETER G. FITZGERALD, ILLINOIS  
MIKE CRAPO, IDAHO  
GEORGE V. VOINOVICH, OHIO  
SPENCER ABRAHAM, MICHIGAN

JOHN F. KERRY, MASSACHUSETTS  
CARL LEVIN, MICHIGAN  
TOM HARKIN, IOWA  
JOSEPH I. LIEBERMAN, CONNECTICUT  
PAUL D. WELLSTONE, MINNESOTA  
MAX CLELAND, GEORGIA  
MARY LANDRIEU, LOUISIANA  
JOHN EDWARDS, NORTH CAROLINA

EMILIA DISANTO, STAFF DIRECTOR  
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR

## United States Senate

COMMITTEE ON SMALL BUSINESS  
WASHINGTON, DC 20510-6350

November 1, 1999

The Honorable Judd Gregg  
Chairman  
Subcommittee on Commerce, Justice, State, and Judiciary  
Committee on Appropriations  
Capitol Building, Room 146A  
Washington, D.C. 20510

Dear Chairman Gregg:

Thank you for your efforts on behalf of the Nation's small business community as you have deliberated the FY 2000 budget for the Small Business Administration (SBA). Your attention to the concerns and needs of America's entrepreneurs is widely recognized. As you continue your work to finalize the FY CJS Appropriations bill, there are two items I would like you to consider. Neither will require the addition of new Budget Authority.

Staffing at the SBA Investment Division, which administers the Small Business Investment Company (SBIC) program, is critically low. The SBIC program has been enthusiastically embraced by the investment community, which targets venture capital to small businesses. As the result, the number of SBICs seeking new licenses from SBA has grown rapidly, and there has been a corresponding increase in the regulatory burden on the Investment Division.

The SBA Associate Administrator who directs the Investment Division recently informed the Committee staff that SBA's senior management is considering a reduction in the division's staffing. However, the growth of the SBIC program would dictate that additional examination and oversight staff be added to allow the Investment Division to perform its regulatory role. It is my understanding the nearly 1/2 of the \$6 million that was allocated to the Investment Division in FY 1999 was paid by SBICs in the form of licensing fees and examining fees. In light of this heavy commitment from the private sector to pay its share of the Agency's overhead, I recommend that the Conferees include report language directing SBA to commit up to \$8 million, including fees from the private sector, to enable the Investment Division to maintain adequate staffing to perform its regulatory oversight functions.

In addition, I am concerned about the Conferees failure to include an increase in the funding earmarked for the SBA Office of Inspector General (OIG). When the Subcommittee marked-up the SBA budget for FY 2000, you earmarked \$2.25 million above the President's budget request which would enable the SBA Inspector General to improve and expand its

The Honorable Judd Gregg  
Page 2

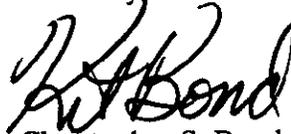
oversight and auditing functions.

The role of the SBA OIG is critical to insure the appropriate oversight of SBA's programs and activities. I am encouraged that the Joint Statement of Managers for the FY 2000 CJS Conference Report included by reference specific activities that the SBA OIG should carry-out with the increase in FY 2000 funds. However, without the earmark of sufficient funds, the OIG is unlikely to be able undertake these important responsibilities. Therefore, I would hope it would be possible for the Conferees to reconsider this situation and restore the Senate's earmark for the OIG account.

In addition to increasing the earmark of funds to the SBA OIG, I would recommend that the language contained in the Committee report on the examination of the Small Business Lending Company (SBLC) program be changed to direct the SBA OIG to conduct audits, where necessary, to verify the safe and efficient operation of the SBLC program.

Thank you for your attention to my suggestions. As always, I am available to discuss these matters further.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond  
Chairman