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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

February 14, 2006

The Honorable William H. Frist, M.D.
U.S. Senate Majority Leader
U.S. Senate
Washington, D.C. 20510

Re: Passing Legislation To Prevent Shutdown of SBA's Disaster Loan Program

Dear Mr. Majority Leader:

We are writing to ask your immediate attention in passing critical legislation to prevent the Small Business Administration's (SBA) Disaster Loan program from shutting down.

As you are aware, the SBA Disaster Loan program would have run out of money yesterday, February 13, 2006, if the Congress had not approved a last-minute request from the Administration to reprogram \$100 million. The SBA has told the Committee that the reprogrammed funding will only keep the program running for about 12 more days and estimates it will need an additional \$1.3 billion to avoid a shutdown in FY2006.

Instead of seeking the full amount, SBA has informed the Committee that the Administration intends to request only part of the needed money now, through a re-allocation of \$1 billion from the unspent funds in the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund. Unfortunately this will only fund the disaster loan program through July, requiring an additional request for the remaining \$300 million in supplemental appropriations to make it through the end of the fiscal year in September.

Rather than continue this piecemeal approach to budgeting, we believe the Congress should pass legislation with the entire estimated amount so that there is stability in the delivery of disaster relief to meet the needs of the Gulf victims, as well as any future disaster victims. We also believe that the request should move as a free-standing bill, rather than combining it with other bills that run the risk of delay because of unrelated controversies.

In summary, we seek your cooperation to immediately pass a free-standing bill in the Senate that would authorize FEMA to reallocate from its Disaster Relief Fund \$1.3 billion to the SBA's Disaster Loan program. And we request that any reallocated funds from the Disaster Relief Fund be restored as soon as possible through the next supplemental emergency funding bill that Congress enacts.

Sincerely,

Jim F. Frist
Carl Dean
Matt Roper

Maryland
Maria Cantor
Tom Harkin