



News Release

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President's Budget Overview Backs \$28 Billion in Small Business Credit for FY 2010

WASHINGTON – President Barack Obama's FY 2010 Budget Overview offers full support for the U.S. Small Business Administration's credit programs, authorizing SBA to support loan guarantees of \$28 billion to small businesses.

The FY 2010 Budget Overview provides a broad outline of the President's budget priorities, including an appropriation for SBA of approximately \$700 million. The full budget proposal with account level appropriation details is scheduled for release in April.

The spending cited in the broad proposal would be in addition to the \$730 million funding provided for SBA credit programs in the recently enacted Recovery Act. That Act – for which most spending is targeted for use in 2009 and 2010 – authorizes SBA to raise guarantee percentages on some SBA loans to 90 percent, temporarily reduce fees on SBA-backed loans, expand funding for Microloans, and raise the maximum size of SBA-guaranteed surety bonds.

The bill outlines maximum authorization levels for SBA credit programs in expectation of demand for those programs. It sets a maximum of \$17.5 billion for SBA's 7(a) General Business Loan Guarantee program, \$7.5 billion for the 504 Certified Development Company Loan program, \$3 billion for the Small Business Investment Company debenture program and \$25 million for the Microloan program.

The bill also provides for \$1.1 billion in direct disaster loans and provides for the launch of a pilot program to test the use of SBA-guaranteed loans as part of the agency's response to disaster declarations.

Aside from those credit provisions, the proposal:

- sustains funding for the agency's technical assistance and training programs
- improves federal contracting data and continues reviews of small business size standards to help improve targeting of federal contracting opportunities for small businesses
- modernizes core agency information systems, streamlines loan processes and enhances human capital resources

The Budget Overview also includes the Obama Administration's Small Business and Community Bank Lending Initiative to expand small business credit availability and affordability by unfreezing secondary markets for small business loans as part of the larger plan to revive the flow of credit in the economy.

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