

Congress of the United States
Washington, DC 20515

September 17, 2019

Mr. Chris Pilkerton
Acting Administrator and General Counsel
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Acting Administrator Pilkerton:

We write to express concern regarding the Small Business Administration's (SBA) practice of requiring its Small Business Development Center (SBDC) program grantees submit budget proposals based on the amount of funding proposed in the President's annual budget request to Congress, rather than the previous fiscal year's enacted level. Given that the funding levels for this program are statutorily approved by Congress, we are concerned this practice unnecessarily burdens SBDC grant recipients, hinders their ability to fulfill their programmatic responsibilities, and potentially creates financial confusion for the SBDC grant recipient's private sector partners.

It is our understanding that this requirement is a change from the practices of the prior two administrations where the funding level for the proposed budget for SBDCs would be based on the current year's appropriations level. For example, in FY2014, SBDCs were funded at \$114 million, and for FY2015, they were required to submit their proposals at that level (\$114 million). When funding was increased through the Congressional appropriations process, budgets were revised, with approval from the administration, to reflect the increased allocations.

For FY2019, the enacted level of funding for SBDCs is \$131 million, and the President's request for FY2020 is \$101 million. The SBA is requiring that SBDCs submit budget proposals for FY2020 at the \$101 million level, a reduction of more than 20 percent in funding. It is important to note, there have been no calls to reduce the funding (other than the President's request), and the FY2020 House Financial Services and General Government Appropriations bill provides \$150 million for the SBDC program.

We are concerned that this budgeting process is potentially detrimental to the operation of the SBDC program and the counseling services it provides, which assists in the creation of roughly 14,000 small businesses annually. The exercise of drafting a budget at an artificially reduced level unnecessarily directs time and resources away from program operations.

We ask that you further evaluate this practice and provide the Senate Committee on Small Business and Entrepreneurship and the House Committee on Small Business with the following:

1. the basis and justification for this practice;


2. any relevant appropriations law or OMB circular that supports this practice;
3. the SBA's plan to amend or alter the SBDC budget proposal practice moving forward to address these concerns; and
4. the SBA's process for ensuring that this or any other practice does not unnecessarily burden SBDC grant recipients.

We ask you to provide the Committees with this information no later than September 30, 2019. Thank you for your attention to this important matter.

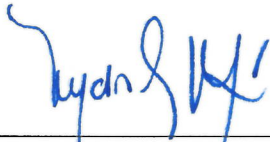
Sincerely,



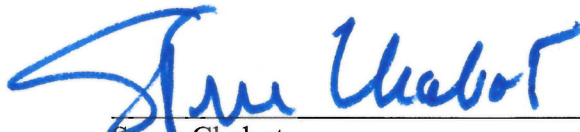
Marco Rubio
Chairman
Senate Committee on Small Business
and Entrepreneurship



Benjamin L. Cardin
Ranking Member
Senate Committee on Small Business
and Entrepreneurship



Nydia M. Velázquez
Chairwoman
House Committee on Small Business



Steve Chabot
Ranking Member
House Committee on Small Business