

(March 3, 2006) Congressman Lipinski Questions Funding Cuts to Small Business Programs

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WASHINGTON, DC - Congressman Dan Lipinski (IL -), ranking member on the House Small Business Subcommittee on Workforce, Empowerment, and Government Programs, responded today to the administration's seriously underfunded budget proposal for small business entrepreneurial development programs.

"Small businesses - our main job creators - have proven time and time again that when given the proper tools, they have the ability to spur growth by adapting to the changing needs of an evolving economy," Lipinski said. "Unfortunately, the administration's latest budget has once again failed to make small business programs a priority for small business owners in Illinois and throughout the country."

In addition to making cuts to business assistance programs at the Small Business Administration, the president's FY 2007 budget also reduces funding or terminates 75 percent of the federal programs affecting nearly every aspect of the small business community. These are programs that have provided millions of dollars and thousands of jobs for Illinois small businesses.

For example, there will be an increase in the fees associated with the 7(a) Loan Program. The increased fees will make it more difficult for small businesses to receive access to capital. Also scheduled for a cut is the Small Business Development Centers (SBDC) program. In 2005, SBDC's serving the 3rd Congressional District counseled and trained over 4,000 clients, resulting in 1,430 jobs created and retained in our local communities.

"SBDC funding is funding well-spent," Lipinski said. "Studies have shown that for every dollar spent on SBDC services, the program returned nearly three dollars to the treasury. It is astounding that the administration would cut this revenue-generating program."

Many of the cuts in programs for small businesses even go against the administration's stated priorities, such as promoting energy efficiency. For example, the 2007 budget proposal cuts more than \$3 billion in programs designed to assist small businesses become more energy efficient and develop alternative energy products.

"We all have a common interest in ensuring that our nation's small businesses succeed," Lipinski said. "Thus, it is vital that we must move forward, provide new initiatives, and strengthen existing ones to make sure small businesses can continue to thrive."

