

Congress of the United States
Washington, DC 20515

February 11, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Administrator Carranza:

We write to express our continued concern regarding the Small Business Administration's (SBA) practice of requiring Small Business Development Center (SBDC) program grantees to 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. This budgeting practice is potentially detrimental to the operation of the SBDC program and the counseling services it provides.

On September 17, 2019, we sent a bipartisan, bicameral letter to then Acting Administrator Pilkerton to express these concerns and request the agency further evaluate this practice. SBA's December 6, 2019 response failed to satisfy our concerns and expressed no commitment to altering this practice moving forward.

After reviewing the President's Fiscal Year 2021 budget request and the SBA's corresponding Congressional Budget Justification, our concerns about the potential impact of this budgeting practice on entrepreneurial services and SBDC programs have further intensified. The SBA's request of \$87,860,000 to support the SBDC program represents a nearly 35 percent reduction from the Fiscal Year 2020 enacted funding level and a 13 percent reduction from the President's Fiscal Year 2020 request. By requiring SBDC grant recipients to draft their annual budgets to this level, the SBA is effectively reducing a center's time to serve clients, inhibiting their ability to efficiently budget and spend grant dollars, and ultimately limiting program success and performance.

Further, we have asked the Government Accountability Office to evaluate the basis for the SBA's policy change, and according to preliminary feedback, there is no sound justification for the SBA's position. Given your commitment to the Committee to review the SBA's SBDC budget process, we ask that you reconsider the Agency's position requiring SBDCs to base their budget proposals on the President's request and provide the Senate Committee on Small

Business and Entrepreneurship and the House Committee on Small Business with the following information:

1. SBA's justification for changing its SBDC budgeting process;
2. SBA's plan to amend or alter the SBDC budget proposal practice in the future to address these concerns; and
3. SBA's process for ensuring that this, or any other, practice does not unnecessarily burden SBDC grant recipients.

We ask that you provide the Committees with this information no later than February 28, 2020. Thank you for your attention to this important matter.

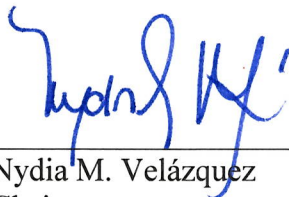
Sincerely,



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