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# Congress of the United States

## House of Representatives

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### Opening Statement

#### Rep. Elijah E. Cummings, Ranking Member

#### Hearing on "Broken Promises: The Small Business Lending Fund's Backdoor Bank Bailout"

April 24, 2013

Thank you, Mr. Chairman. And thank you, Ms. Romero, for testifying here before us today. We appreciate your service, and we thank you and everyone in your office for the work that you do.

Small businesses are the lifeblood of our country's economy. When small businesses thrive, America thrives. When small businesses have access to credit, they hire more workers, and they replenish their inventories.

This was the rationale behind the passage of the Small Business Jobs Act of 2010. In order to help small banks increase their lending to small businesses, Congress created the Small Business Lending Fund as an investment in America's future.

Since the inception of this program in 2011, it has been a marked success. Lending to small businesses has increased by \$8.9 billion, which translates to more than 38,000 new loans to small businesses. More than 80% of these loans are for less than \$250,000, and they are making a critical difference to a host of very small, but very important businesses.

My home state of Maryland has benefitted greatly from this program. Participating banks have increased their loans to small businesses by more than \$280 million. I am proud to think of the number of family-owned restaurants, florists, and daycare centers that are thriving with these loans.

The Chairman's home state of California is also benefiting from this program. California's small community banks participating in the program have increased their lending to small businesses by more than \$590 million.

The fact is that the entire country is benefiting from this program, particularly in the Southeast, where more than 11,000 small businesses have received loans, and in the Chairman's region in the Southwest, where 9,500 small businesses have received new loans.

Today, we will hear about a report issued by the Special Inspector General for TARP that is critical of this program because it allows financial institutions to essentially refinance some of their TARP funds with funds from this small business loan program.

We have to keep in mind, however, that this is exactly what Congress authorized in 2010 when we created this program. We wanted to incentivize banks to make loans to small businesses across the country in order to spur growth and help lift our economy out of the recession.

And the bottom-line is that the program is working. All of the banks are making their interest payments to the Treasury Department, and not one has missed a payment. In fact, Treasury now estimates that these investments will be repaid fully—along with a \$50 million profit to the American taxpayers.

Although I appreciate SIGTARP's work, today's hearing would have been more helpful to Committee Members if we could have heard from additional witnesses. For example, Treasury officials should be here to offer their response, but they were given only eight days notice, and they could not complete their testimony in that short timeframe. For this reason, Mr. Chairman, I ask that a letter sent on March 28, 2013, from Deputy Assistant Treasury Secretary Don Graves, responding to SIGTARP's report, be entered into the record.

I also think Committee Members would have benefited from hearing from the Special Deputy Inspector General at Treasury who has direct oversight jurisdiction over this program and has issued reports that appear to conflict with some of SIGTARP's findings. My staff contacted the Deputy IG, but she also was unavailable to attend this hearing on such short notice. For this reason, Mr. Chairman, I ask that the IG's report on this program, which was issued in July 2012, also be entered into the record.

Finally, GAO also has a statutory mandate to review this program and issue reports, and those reports have commended the implementation of this program. Unfortunately, we do not have anyone here from GAO either. I ask unanimous consent that GAO's reports on this program, which were issued in 2011 and 2012, also be entered into the record.

So, I look forward to the testimony of Ms. Romero, but what we will hear today is a partial and incomplete assessment of this program. I hope the Chairman will entertain requests for additional witnesses should the topic arise in the future.

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