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April 06, 2015, 05:00 pm

## Will Congress let Obama close the SBA?

By Lloyd Chapman



President Obama's FY 2016 Budget Plan would combine the Small Business Administration (SBA) and the Department of Commerce. This is the same plan President Ronald Reagan proposed when he wanted to permanently close the SBA and end all federal programs created to

I first predicted Obama would resurrect Reagan's plan to permanently close the Small Business Administration by combining it with the Department of Commerce in 2008.



I have lost count of the barrage of press releases, blogs and videos I have produced over the past few years opposing any plan to shut down the SBA by combing it with the Department of Commerce. When I was blogging on the **Huffington Post** I wrote **several** articles predicting Obama would try and close the SBA before he left office and all the negative consequences it would have on the middle class economy.

I have gone on several national news programs predicting the president's plan to permanently close the SBA and sounding the alarm on the staggering negative impact this would have on job growth in America.

I have even begun filming a documentary on my campaign since 2008 to halt any plan to close the SBA and end federal programs to assist small businesses.

I'm not alone in my opinion that combining the SBA and the Department of Commerce is tantamount to closing the SBA. An article by Ty Kiisel in Forbes stated, "I agree with Lloyd Chapman, head of the American Small Business League, cited by Harrison, when he warns that this is just another attempt to shutter one of the only government agencies in place to help the nation's nearly 30 million small business owners."

Reagan and his Budget Director, David Stockman, made it perfectly clear they wanted to permanently shutter the SBA and their plan to accomplish that goal was to combine the SBA with the Department of Commerce. For over 30 years anytime anyone in Washington proposed closing the SBA their plan to achieve this was always to combine the SBA and the Department of

When Fox News reported on North Carolina Sen. Richard Burr's (R) plan to close the SBA and end all federal small business programs, his plan to accomplish that was to combine the SBA with the Department of Commerce.

Ending federal small business programs would be very unpopular for any elected official so it is necessary to come up with some plausible excuse. Burr claimed it would save "staggering amounts of money." Obama has claimed it would "streamline government."

Let's take a look at those two justifications. The SBA's annual operating budget for FY 2015 is approximately \$710 million. That works out to about one ten thousandth (.0001) of President Obama's project FY 2016 budget of \$4 trillion dollars. Could anyone realistically describe shaving .0001 percent of the federal budget as "staggering amounts of money" or "streamlining government"? I don't think so.

Let's put that into perspective. Let's say you are making \$100,000 a year and you save .0001 percent of your annual income. That would be \$10 dollars a year or 83 cents a month. If you cut ten dollars off your annual budget would you ever consider that to be a "staggering amount of money" or truly feel like you "streamlined" your budget?

Let's say you weigh 200 pounds and you want to go on a diet and lose some weight. If you lost .0001 percent of 200 pounds that would be .02 of a pound. That's about what a dime weighs. I hope you're getting the picture here. Any excuse that closing the SBA is going to have any impact on the overall federal budget is ridiculous.

If Obama or Burr are truly interested in "streamlining government" or saving "staggering amounts of money" I would suggest they take a look at the most recent audits of the Pentagon. The day before 9/11 Secretary of Defense, Donald Rumsfeld, reported \$2.3 trillion in Pentagon spending could not be accounted for. That was before we attacked Iraq and Afghanistan and the real financial mismanagement began. In one example alone \$9 billion in one hundred dollar bills went missing. That would have been more than enough money to run the SBA for a decade

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itora nave it and they cultiful account for up to 25 percent of the expenditures. That would mean the Pentagon loses track of more money in a day than it takes to operate the SBA for a year. It has been reported that up to \$8.5 trillion has gone unaccounted for at the Pentagon. Now to me that qualifies as a "staggering amount of money."

The irrefutable truth is if anyone in Washington wants to "streamline government" the place to accomplish that is the Department of Defense, not the teeny tiny SBA

According to data from the U.S. Census Bureau, 99 percent of all American companies have less than 100 employees. Those small businesses are responsible for over 50 percent of the private sector work force, over 50 percent of the GDP, over 90 percent of all U.S. exporters and most importantly over 90 percent of the net new jobs in America.

Let's hope Congress will not go along with Obama's plan to close the only agency in Washington to assist the 30 million small businesses where most American's work.

Chapman is president and founder of the American Small Business League.







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Raymond 686 -



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Either you believe in the free market or not. Govt should not be subsidizing any business. Besides the SBA is just another slush fund for govt jobs (economic development agencies which are a waste of money). Let's see the SBA was created by FDR..that says all you need to know..New Deal command and control economics...which didn't create any organic real growth...kill it and kill it now. Then move on to HUD, HHS, DOE, Farm Subsidies, Green Subsidies, "Cost plus" Defense contracts..and so many more...

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Lloyd Chapman → Mike fedele • an hour ago I believe in federal law and federal law mandates that a minimum of 23% of all

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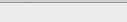






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regeral contracts be awarded to small businesses. The ornali business Act that established the 23% small business contracting goal is the most efficient and effective economic stimulus program in history, What better way to invest 23% of our tax dollars than to reinvest those funds with the small businesses that are responsible for over 90% of the net new jobs, over 50% of the private sector work force and over 50% of the GDP.

If you are really concerned about the federal government subsidizing businesses you might want to look into the fact many of the largest corporations in America pay little if any federal income tax.

I would think you would be more concerned with the trillions that are unaccounted for at the Pentagon than the SBA since their budget is only .0001% of the total federal budget.

Thanks for your comment. LC

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## Guest → Mike fedele - 11 hours ago

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### Lloyd Chapman → Guest - an hour ago

Thanks for your interesting comment. BTW, did you know the Mazda Miata was patterned after the Lotus Elan. The man that designed the Lotus Elan's last name was Chapman?



### James - an hour ago

Doesn't seem to make much sense to close the SBA when you look at the numbers. Your video was very eye opening, it has so many good points backed up by facts. You would think that news agencies would be crawling over this kind of story. I wonder why?

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### bizzflyby - an hour ago

I am shocked that Obama wants to close the only agency that helps small businesses in America. I watched your video which I found to be extremely compelling. It seems that the only reason they would close the SBA would be to cover up the fraud and abuse that has been going on there for years. Keep up the



### Raymond 686 - an hour ago

Well when you put it that way, saving "staggering amounts of money" and "streamlining government" by combining the SBA with the DOC seems pretty illogical. I'm concerned why the government is putting so much focus on consolidating the SBA. After looking at your film, I can see what might be some fuel for their fire. This will be the second time Obama has requested to have the SBA combined with the Department of Commerce and probably his last. If Congress allows this merger to happen I wouldn't be surprised. This should be a bigger topic of discussion in the small business industry, but it isn't. I wonder why? Your comparison to losing weight made me laugh. Good one!



### Richard Vandiamondsworth - a day ago

Mr. Chapman, what your piece is missing is the results of having and keeping the SBA. How many businesses does it aid and how do they define mission success?



## Lloyd Chapman → Richard Vandiamondsworth - an hour ago

The federal law established by the Small Business Act that mandates that a minimum of 23% of all federal contracts be awarded to small businesses is the only economic stimulus program in government specifically created to help middle class small businesses

The entire middle class economy is bolstered by this program not just the actual small business that receive the federal contracts and subcontracts There are 30 million small businesses in America and they all benefit from the Small Business Act that is administered by the SBA.

The SBA annual operating budge is around \$700 million or as I said .0001 percent of the total federal budget. The SBA is the biggest bargain in government. I would define "mission success" as a federal agency with a budget of just .0001% of the federal budget that administers the only program in history to direct federal infrastructure spending to the 30 million small business that are responsible for over 90% of the net new jobs, over 50% of the GDP and over 50% of the private sector workforce.

Thank you for you comment, LC

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