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April 06, 2015, 05:00 pm

Will Congress let Obama close the SBA?

By Lloyd Chapman

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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 help small businesses.

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.

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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 combining 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 Commerce.

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.

The Pentagon's own auditors have found they cannot account for up to 25 percent of their

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The Pentagon's own auditors have found they cannot account for up to 25 percent of their 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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Mike fedele · 20 hours ago

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 federal contracts be awarded to small businesses. The Small Business Act

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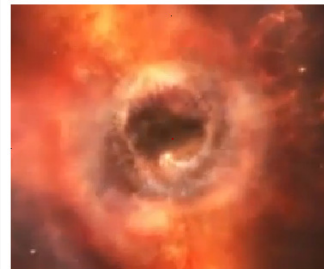


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