

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

Appropriation, fiscal year 2013*	\$23,984,000
Budget request, fiscal year 2014	24,134,000
Recommended in the bill	23,500,000
Bill compared with:	
Appropriation, fiscal year 2013	- 484,000
Budget request, fiscal year 2014	- 634,000

*FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

The Selective Service System was established by the Selective Service Act of 1948. The mission of the System is to be prepared to supply manpower to the Armed Forces adequate to ensure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements, but selective service registration was reinstated in July 1980.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$23,500,000 for the Selective Service System for fiscal year 2014, which is \$634,000 less than the request.

SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) assists small businesses through programs involving loans, grants, and contracting preferences. These programs maintain and strengthen an economy that depends on small businesses for 60 to 80 percent of job creation. SBA programs also serve disadvantaged populations so that their small business enterprises may overcome economic and social obstacles to success.

The recommendation provides a total of \$898,060,000 for the SBA. This amount is \$70,778,000 less than the request. Detailed guidance for the SBA appropriations accounts is presented below.

SALARIES AND EXPENSES

Appropriation, fiscal year 2013*	\$417,348,000
Budget request, fiscal year 2014	485,923,000
Recommended in the bill	417,000,000
Bill compared with:	
Appropriation, fiscal year 2013	- 348,000
Budget request, fiscal year 2014	- 68,923,000

*FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

COMMITTEE RECOMMENDATION

The Committee recommends \$417,000,000 for the salaries and expenses of the SBA, which is \$68,923,000 less than the request. Within the amounts made available under this heading, the Committee recommendation provides \$183,940,000 for the SBA non-credit business assistance programs, which is \$26,400,000 less than the request.

The Committee recommendations for non-credit business assistance, by program, are displayed in the following table:

NON-CREDIT BUSINESS ASSISTANCE PROGRAMS

	<i>[In thousands of dollars]</i>
Small Business Development Centers	\$112,500
Veterans Business Development	2,500
SCORE	7,000
Women's Business Centers	14,000
National Women's Business Council	900
Microloan Technical Assistance	20,000
Entrepreneurship Education	5,000
PRIME	3,500
Native American Outreach	1,250
7(j) Technical Assistance	2,790
HUBZone	2,500
Entrepreneurial Development Initiative (Clusters)	5,000
Boots to Business	7,000
Total, non-credit initiatives	183,940

The SBA shall not reduce these non-credit programs from the amounts specified above and the SBA shall not merge any of the non-credit programs without advance written approval from the Committee. The Committee recommendation includes funding above the request level for the Small Business Development Center (SBDC) Program, SCORE, Women's Business Centers, Microloan Technical Assistance, HUBZone, Native American Outreach, and PRIME.

The Committee encourages the SBA to support small business development and entrepreneurship throughout the country by funding non-profit organizations and institutions of higher education that train and educate an entrepreneurial workforce and provide business development services designed to accelerate industry sectors that build regional assets.

The Committee strongly supports the SBA's Historically Underutilized Business Zone (HUBZone) program and believes that it is a critical resource for distressed communities, especially during the current economic downturn. The Committee is aware that there are certain rural areas that are underutilized business areas, but are excluded from HUBZone designation based on the current program authorization. The Committee encourages the SBA to continue to examine ways to incorporate underutilized business areas into any future revisions of the Small Business Act.

The Committee recognizes the value of the 8(a) program in assisting small and disadvantaged businesses to compete in the marketplace and provides sufficient funding to execute the mission of the 8(a) program.

Additionally, as part of SBA's mission to provide business training and counseling to a wide diversity of geographic areas, demographic populations, and economic environments; the Committee encourages SBA to expand the presence of Women's Business Centers in the United States territories.

The Committee strongly encourages the SBA to support efforts to ensure that minority- and women-owned businesses throughout the country are able to receive access to capital in order to facilitate job creation and strengthen our economy.

A recent Government Accountability Office (GAO) report on duplicative programs found that SBA has not routinely conducted program evaluations for many of its economic development programs. According to the GAO report, only three of SBA's ten programs that provide technical assistance have undergone recent re-

view and none of SBA's other nine financial assistance and government contracting programs have been reviewed on a regular basis. Regular performance evaluations are critical in measuring the success and utility of these programs for small businesses while also protecting the taxpayer's investment. The Committee expects SBA to conduct regular performance evaluations of its programs. The Committee directs SBA to report to the Committee within 60 days of enactment on its efforts to bring-to-date performance reviews on all of its economic programs and provide a plan for their continued review going forward.

The Committee remains concerned about the quality of lender oversight at SBA. At the close of calendar year 2012, SBA's loan portfolio totaled \$103 billion, yet SBA's loan programs depend on an array of outside parties to be executed. In fiscal year 2011, more than half of loan dollars guaranteed by the SBA were made using delegated authorities with limited oversight. A recent SBA Office of Inspector General report found lender oversight reviews are inadequate and that SBA often failed to recognize significant lender weaknesses and corresponding risk. The Committee expects SBA to adopt the recommendations included in the IG report and directs SBA to report to the Committee within 60 days of enactment of this Act on its efforts to implement GAO's recommendations.

OFFICE OF INSPECTOR GENERAL

Appropriation, fiscal year 2013 *	\$16,267,000
Budget request, fiscal year 2014	19,400,000
Recommended in the bill	17,000,000
Bill compared with:	
Appropriation, fiscal year 2013	+733,000
Budget request, fiscal year 2014	-2,400,000

* FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

COMMITTEE RECOMMENDATION

The Committee recommends \$17,000,000 for the Office of Inspector General of the SBA, which is \$2,400,000 less than the request. In addition, \$1,000,000 is made available by transfer from the Disaster Loans Program Account.

OFFICE OF ADVOCACY

Appropriation, fiscal year 2013 *	\$9,120,000
Budget request, fiscal year 2014	8,455,000
Recommended in the bill	9,000,000
Bill compared with:	
Appropriation, fiscal year 2013	-120,000
Budget request, fiscal year 2014	+545,000

* FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

COMMITTEE RECOMMENDATION

The Committee recommends \$9,000,000 for the Office of Advocacy of the SBA, which is \$545,000 more than the request. The Committee supports the Office's mission to reduce regulatory burdens that Federal policies impose on small businesses and maximize the benefits small businesses receive from the government. The Committee is disappointed that the Administration proposed reducing resources for the Office.

BUSINESS LOANS PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

Appropriation, fiscal year 2013*	\$485,236,000
Budget request, fiscal year 2014	263,160,000
Recommended in the bill	263,160,000
Bill compared with:	
Appropriation, fiscal year 2013	- 222,076,000
Budget request, fiscal year 2014	-- --

*FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

The SBA Business Loans Program serves as an important source of capital for America's small businesses. The recommendation supports the 7(a) business loan program, the 504 certified development company program, Small Business Investment Company (SBIC) debentures, and the Secondary Market Guarantee Program.

COMMITTEE RECOMMENDATION

The Committee recommends a total of \$263,160,000 for the Business Loans Program Account, which is equal to the request. Of the amount appropriated, \$151,560,000 is for administrative expenses related to business loan programs. The amount provided for administrative expenses may be transferred to and merged with the appropriation for SBA salaries and expenses to cover the common overhead expenses associated with business loans.

The amount provided for loan subsidies is reduced from the fiscal year 2013 level because subsidy rates have declined. Therefore, the amount provided will support the same level of lending but requires fewer subsidy dollars.

The recommendation includes \$107,000,000 for the subsidy cost of the 504 certified development program. This funding will help to stimulate small business investment and will contribute to economic growth. The effect of small businesses on the economy is considerable. Firms employing fewer than 500 employees comprise about 99.7 percent of all businesses in the nation and employ roughly half of all private sector employees. The subsidy funding provided in this account will help to ensure the continued strength of the small business sector.

The recommendation also includes \$4,600,000 in loan subsidy for the Microloan Program. The amount provided is estimated to support \$25,000,000 in microloans.

The Committee notes the mission of the Surety Bond Guarantee (SBG) program is to provide and manage surety bond guarantees for qualified small and emerging businesses, in direct partnership with surety companies and their agents, utilizing the most efficient and effective operational policies and procedures. The Committee is supportive of SBG's efforts to encourage surety companies to bond small businesses who otherwise would have difficulty obtaining bonding on their own.

DISASTER LOANS PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

Appropriation, fiscal year 2013 *	\$117,300,000
Budget request, fiscal year 2014	191,900,000
Recommended in the bill	191,900,000
Bill compared with:	
Appropriation, fiscal year 2013	+74,600,000
Budget request, fiscal year 2014	-- --

* FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

COMMITTEE RECOMMENDATION

As required by the Federal Credit Reform Act of 1990, the Congress is required to appropriate an amount sufficient to cover the subsidy costs associated with all direct loan obligations and loan guarantee commitments made in fiscal year 2014, as well as the administrative expenses of the loan programs. The Committee recommends a total of \$191,900,000 for administrative expenses for fiscal year 2014, which is the same as the request. The Committee provides \$1,000,000 for the Office of Inspector General for audits and reviews of the disaster loans program and \$9,000,000 may be transferred to Salaries and Expenses for administrative expenses.

When the budget request was submitted, it assumed sufficient prior year funds would be available to cover estimated subsidy costs. However, the Committee wants to ensure that there are sufficient funds available to meet the lending needs of eligible victims. Therefore, the Committee directs the SBA to continue providing updates on available resources for the disaster loans program on a monthly basis.

The Committee funds this program within its discretionary allocation. The Administration proposed funding these costs with a disaster cap adjustment.

ADMINISTRATIVE PROVISIONS—SMALL BUSINESS ADMINISTRATION

(INCLUDING TRANSFER OF FUNDS)

Section 519. The Committee continues a provision for the SBA authorizing transfers of up to five percent of any SBA appropriation to other appropriations, provided that transfers do not increase an appropriation by more than 10 percent. The provision also requires that transfers be treated as reprogrammings of funds.

UNITED STATES POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

Appropriation, fiscal year 2013 *	\$78,153,000
Budget request, fiscal year 2014	70,751,000
Recommended in the bill	70,751,000
Bill compared with:	
Appropriation, fiscal year 2013	-7,402,000
Budget request, fiscal year 2014	-- --

* FY13 Enacted level does not include the 251A sequester or Sec. 3004 OMB ATB.

The United States Postal Service (USPS) is funded almost entirely by Postal ratepayers rather than taxpayers. Funds provided to the Postal Service in the Payment to the Postal Service Fund include appropriations for revenue forgone in providing free mail for the blind, and for overseas absentee voting.