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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

June 13, 2007

The Honorable Steven C. Preston  
Administrator  
U.S. Small Business Administration  
409 Third Street, SW Room 7000  
Washington, DC 20416

Dear Administrator Preston:

The Small Business Administration announced today the implementation of a new loan program, the Patriot Express Loan Pilot, aimed at our nation's veterans. This pilot tailors the 7(a) Express Loan program for veterans, reservists and their spouses and will complement the existing Military Reservist Economic Injury Disaster Loan program, which was created in 1999 to help mitigate the financial loss and hardship suffered by small businesses affected by the deployment of the owner or a key employee.

To help make the Patriot Express Loan Pilot a success, and to improve outreach to those in need of the Military Reservist Economic Injury Disaster Loan program, the Small Business Administration (SBA) will need cooperation, coordination, and commitment from the Department of Veterans Affairs and the Department of Defense. Lack of coordination among the agencies and departments to aggressively explain and market these targeted small business programs is one of the biggest problems preventing the successful delivery of small business government assistance to our veterans and reservists. In a hearing before the Senate Committee on Small Business and Entrepreneurship on January 31, 2007, witnesses testified that veterans and reservists are not aware of the programs currently offered by the SBA to meet their needs, and the Administration witnesses acknowledged that agencies are not working together. This testimony, unfortunately, is not new. Rather it is supported by various reports, as summarized by a Committee report released on March 28, 2007, entitled the *State of Veteran and Reservist Entrepreneurship*.

I hope to see this program succeed and will work with the SBA to find ways to lower the interest rates and fees for these loans. However, the success of this and all SBA programs for veterans and reservists requires a commitment well beyond today's announcement. I want to remind the Administration that Congress has been working for years to enact similar programs to help our men and women in uniform succeed as business owners both during and after their service to our country. In 2005, I introduced the Military Family Bill of Rights, and this year I have introduced the Military Reservist and Veteran Small Business Reauthorization Act. Steps need to be taken to improve the Military and Reservist Economic Injury Disaster loan program and expand counseling and other assistance to reservists and veterans. These proposals are critical to ensuring the

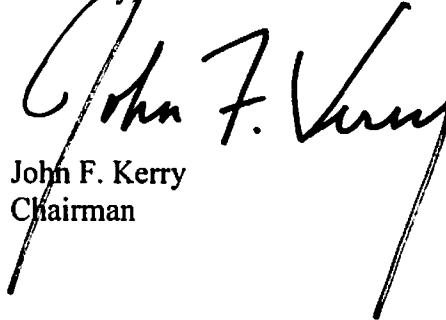
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government keeps its promises to our veterans, and I urge the Administration to work with Congress to implement them.

In addition, it is important to remember that these issues are not the only ones affecting veteran small business owners. Increasing federal procurement with service-disabled veteran owned firms is not only required by law, but also an important way the government can support veteran small businesses. Overall, the federal government's contracting record with service-disabled veteran owned firms is a mere .605 percent – well short of the federally mandated goal of three percent, according to the most recent data available (2005). Expanding opportunities for veterans to do business with the federal government will require a coordinated effort but must remain a priority for all agencies.

For the remainder of this year, I would like to be updated on how the Administration is implementing veteran small business programs. Please provide the Senate Committee on Small Business and Entrepreneurship monthly reports on how the agencies are working together to market SBA's pilot loan program, as well as the Military Reservist Economic Injury Disaster Loan program. I believe Congress and the Administration can work together in a bipartisan manner to address the needs of our nation's veterans and reservists, and I look forward to working with each of you to do so.

Sincerely,

A handwritten signature in black ink that reads "John F. Kerry". The signature is written in a cursive style with a large, sweeping initial "J".

John F. Kerry  
Chairman

Cc: The Honorable Robert M. Gates  
Secretary  
U.S. Department of Defense

The Honorable R. James Nicholson  
Secretary  
U.S. Department of Veterans Affairs