

**NOMINATION OF ALTHEA H. COETZEE,  
OF VIRGINIA, TO BE DEPUTY ADMINISTRATOR  
OF THE SMALL BUSINESS ADMINISTRATION**

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**HEARING**

BEFORE THE

**COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP  
UNITED STATES SENATE**

**ONE HUNDRED FIFTEENTH CONGRESS**

**FIRST SESSION**

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**MAY 11, 2017**  
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COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
ONE HUNDRED FIFTEENTH CONGRESS

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**NOMINATION OF ALTHEA H. COETZEE,  
OF VIRGINIA, TO BE DEPUTY  
ADMINISTRATOR OF THE SMALL BUSINESS  
ADMINISTRATION**

**THURSDAY, MAY 11, 2017**

UNITED STATES SENATE,  
COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:30 a.m., in Room 428A, Russell Senate Office Building, Hon. James Risch, Chairman of the Committee, presiding.

Present: Senators Risch, Ernst, Inhofe, Shaheen, Cantwell, Heitkamp, and Booker.

**OPENING STATEMENT OF HON. JAMES E. RISCH, CHAIRMAN,  
AND A U.S. SENATOR FROM IDAHO**

Chairman RISCH. The Committee will come to order, and thank you all for coming today. There is lots and lots of stuff going on on the Hill today, so we appreciate all those who attended.

Admiral, thank you so much for coming today, and submitting yourself to what is going to be a rigorous process, I think you will find, here on the Committee.

But, in any event, the purpose of the hearing this morning is to have a hearing on the appointment by President Trump of the Deputy Administrator to the Small Business Administration, and Admiral Coetzee comes to us with that appointment from President Trump. She is nominated to be the next Deputy Administrator at the Small Business Administration.

Throughout the confirmation process, Real Admiral Coetzee has complied with all the requests that have been made of her. A careful and thorough review of her background, financial, and tax history, and professional activities by the Small Business Committee staff has found no evidence that should compromise the nominee's confirmation.

Rear Admiral Coetzee has a distinguished military career with several deployments on sea and land, including the global war on terrorism. She is currently the Chief of Staff to the Under Secretary of Defense Acquisitions, Technology, and Logistics at the Department of Defense, undoubtedly an interesting assignment for you for some time.

In her civilian capacity she has worked—has a breadth of experience in a number of roles, including working for the City of—

Admiral COETZEE. Temecula.

Chairman RISCH [continuing]. Temecula—just like it is written—California. She held various management positions in the manufacturing industry and in 2005, she founded a small business called PRINT-KWIK, located also in that same city. So we are glad to have someone with small business experience. We do not always get that and we are very appreciative to have that.

So we will swear in the nominee. If you would rise, please, and raise your right hand.

Do you solemnly swear the testimony you are about to give to this Committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Admiral COETZEE. I do.

Chairman RISCH. Thank you very much. You may be seated.

And are you going to represent the minority here? We can probably dispense if—

Senator CANTWELL. Mr. Chairman, I am sure that my colleague will be here and want to enter her own statement for the record.

Chairman RISCH. Okay.

Senator CANTWELL. But, yes, we are represented here.

Chairman RISCH. You are that, and very well, so thank you very much.

Well, with that, Admiral, We are going to turn it over to you to tell us what you want to tell us, and then we will have some very deep and probing questions for you, I have no doubt.

Admiral COETZEE. Thank you, Chairman Risch.

Chairman RISCH. Oops. Wait a second. That is all right. Please mark Senator Shaheen tardy.

[Laughter.]

You will stay after.

Senator SHAHEEN. Story of my life.

Chairman RISCH. Did you want to make an opening statement?

Senator SHAHEEN. I would like to make an opening statement.

Chairman RISCH. Okay. Please. Did you want to go ahead?

Senator SHAHEEN. Please.

Mr. Chairman, is it your understanding there is a vote at 11:00?

Chairman RISCH. There is a vote at 11:00, and I am expecting that we are going to be done here at that time, or possibly before that, I would think, depending upon—

Senator SHAHEEN. Okay.

Chairman RISCH [continuing]. Where you want to go to with this.

Senator SHAHEEN. Okay. All right. All right.

Chairman RISCH. That is aspirational at this point.

Senator Shaheen.

#### **OPENING STATEMENT OF HON. JEANNE SHAHEEN, RANKING MEMBER, AND A U.S. SENATOR FROM NEW HAMPSHIRE**

Senator SHAHEEN. Well, thank you, Mr. Chairman, and thank you to Admiral Coetzee. Hopefully I am pronouncing your name correctly. It is wonderful to have you here before the Committee and I apologize for being late. But I really did want to take a minute—and I will submit my full statement for the record—to thank you for being willing to take on this responsibility.

And I just want to point out, as I am sure you already know, that small businesses are a critical part of this country's economy. Two out of every three, or two-thirds of new jobs that are created are created from small businesses and they get 16 times more patents per employee than large businesses. And the SBA and all of its programs are really critical to so many small businesses. In my State of New Hampshire, where 99 percent of our employers are small businesses, that is the case, and there are a number of critical programs that the SBA runs that are very important to those small businesses.

So when—during her confirmation hearing, Administrator McMahon was very passionate about small business and about what the SBA could do to support them, and I know that the Deputy Administrator position is key to improving SBA's programs and making sure that they work the way that they are supposed to. So I am looking forward to hearing your responses to our questions, and again, very much appreciate that you are taking on a role that is going to be critical in the operations of the Small Business Administration. So thank you.

Thank you, Mr. Chairman.

Chairman RISCH. Thank you much. Admiral, the floor is yours.

**TESTIMONY OF REAR ADMIRAL ALTHEA H. COETZEE, OF VIRGINIA, NOMINATED TO BE DEPUTY ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION**

Admiral COETZEE. Thank you, Chairman Risch, Ranking Member Shaheen, members of the Committee. I am deeply honored to be here to appear before you and the Committee today.

I would like to thank President Trump for nominating me to the position of Deputy Administrator of the U.S. Small Business Administration. I would also like to thank Administrator Linda McMahon for her guidance and advice in this process. She is an inspirational leader and, if confirmed, I look forward to supporting her in achieving her vision to help America's small businesses and entrepreneurs achieve their maximum potential. I would also like to thank the professional staff of the Committee for their time and assistance in the confirmation process.

Behind me today is my mother, Mrs. Althea F. Coetzee; my fiancé, DeWayne Leslie; and his daughter and son-in-law, Casey and Tony Ramos; and several close friends and colleagues who have graciously come here to support me today. I know my dad would have loved to be here, and I can assure you he is looking down right now with a huge, proud smile.

My dad's love for his country and his pride in the United States were reflected in all he did. From the time I can remember, he and my mom instilled in me an entrepreneurial spirit that I can achieve my dreams, do whatever I set my mind to doing, and be whatever I want to be. I am eternally grateful for my mother's unwavering support throughout my career, and for the support of my fiancé and my friends, who constitute my extended family represented here today. I would not be here if it were not for all of you.

I am especially honored to be considered for the position of Deputy Administrator because of the importance of small business to

President Trump. Kicking off National Small Business Week last Monday, he said, “Small business owners embody the American pioneering spirit and remind us that determination can turn aspiration into achievement. This week we affirm our commitment to removing government barriers to the success of American small businesses.”

I share our President’s commitment to small businesses, as well as Administrator McMahon’s commitment to ensuring the U.S. Small Business Administration successfully advances its mission. If confirmed, I look forward to supporting Administrator McMahon in her goals of providing the necessary tools for small businesses to gain access to capital, for entrepreneurs to receive relevant counseling services, and for small businesses, especially those owned by women, veterans, and minorities, to have opportunities for Federal contracts.

I am excited to be considered for the Deputy Administrator position because my roots take me back to small business entrepreneurship. As a pre-teen, I started delivering newspapers for a neighbor, and was assigned 10–12 papers to deliver each afternoon. By the time I graduated high school, I had grown my newspaper enterprise into a total of five routes, for both morning and evening editions. I revisited this entrepreneurial spirit later in life. I am very proud to have started a small printing business with two other business partners. Like other entrepreneurs, we started with an idea, put together a business plan, and sought the capital to realize our goals. I can say that after only three months of operating, we were in the black and well on our way. I have since sold my share of the business but I am pleased to say it is still going strong.

My experience in leading and managing organizations of all sizes in the military, public, and private sectors has uniquely qualified me for the position of Deputy Administrator. If confirmed, I will retire from the Navy as a two-star rear admiral, having achieved the highest rank attainable in my career. I will leave my last post as Chief of Staff to the Under Secretary of Defense for Acquisition, Technology, and Logistics, managing a staff of 1,200 military, civilian, and contractor personnel. In my roles with the Office of the Under Secretary, I have been responsible for oversight and execution of multiple programs and led cross-functional teams that support the mission of the Department of Defense. If confirmed, I look forward to applying that same oversight and execution to the mission of the U.S. Small Business Administration.

In my most recent assignments, I have directed and managed organizations ranging from 50 to over 10,000 personnel worldwide, with budgets exceeding \$1 billion. These include U.S.-based commands as well as humanitarian and combat forces deployed worldwide. I have been responsible for developing, approving, and managing budgets, personnel, logistics, and supply chain operations, and innovative business information technology solutions for the Navy, Marine Corps, and Department of Defense. During periods of severe budget constraints, I have led efforts to recapitalize Enterprise Resourcing Planning solutions, and tied these efforts to zero-based reviews of staff and operations to devise the most efficient organization composition to operate within budget.



In my civilian career, in addition to owning a small business, I managed manufacturing engineering, quality engineering, and operations for a Fortune 100 medical device manufacturer before returning to government service as a civil servant to manage contracting operations for the Marine Corps.

In my 25-plus years as a contracting professional, I most recently managed seven geographically diverse satellite field offices in addition to the main operation. On military deployments, I was based in Djibouti, Africa, but responsible for contracting activities located in Yemen and throughout Africa, and I was based in Kabul and responsible for contracting activities throughout Afghanistan and as far off as Qatar. In my first such experience managing field offices, I came to appreciate the importance of ensuring all offices felt they were part of the mission, especially when it came to decisions that impacted the entire organization. In these organizations, as well as in other professional positions, I recognized the importance of "one team, one fight." That is, no matter what the status of the employee, whether active or reserve military, government civilian or political appointee, or contractor, each is an integral part of the organization. Each plays a vital role and is accountable for achieving the mission.

If confirmed, I look forward to advising Administrator McMahon on contracting matters to maximize opportunities for small businesses. I also look forward to applying my skills in managing geographically diverse organizations to ensure all SBA offices understand the mission and are equal partners in achieving the Administrator's goals and objectives.

I am especially thrilled to be considered for the Deputy Administrator role because I see this as an opportunity to continue to serve my country in a new capacity, where I can apply the skills that I have honed over careers in the military, public and private sectors to help the U.S. Small Business Administration successfully carry out its mission and to help small business owners achieve their dreams.

Once again, I would like to thank you for the opportunity to share my service, experiences, and enthusiasm for the position of Deputy Administrator of the U.S. Small Business Administration.

Thank you for your leadership, Chairman Risch and Ranking Member Shaheen. If confirmed, I look forward to working with you. I am very happy to take your questions now. Thank you very much.

[The prepared statement of Admiral Coetzee follows:]

TESTIMONY OF ALTHEA H. COETZEE,  
NOMINEE TO BE DEPUTY ADMINISTRATOR,  
U.S. SMALL BUSINESS ADMINISTRATION

Thank you, Chairman Risch, Ranking Member Shaheen, members of the Committee. I am deeply honored to appear before you and the Committee today.

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I would also like to thank Administrator Linda McMahon for her guidance and advice in this process. She is an inspirational leader and, if confirmed, I look forward to supporting her in achieving her vision to help America's small businesses and entrepreneurs achieve their maximum potential.

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the support of my fiancé and my friends, who constitute my extended “family” represented here today. I would not be here if it weren’t for you.

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Once again, I would like to thank you for the opportunity to share my service, experiences and enthusiasm for the position of Deputy Administrator of the U.S. Small Business Administration.

Thank you for your leadership, Chairman Risch and Ranking Member Shaheen. If confirmed, I look forward to working with you. I am happy to take your questions. Thank you very much.

Chairman RISCH. Thank you, Admiral. You certainly come to us well qualified. You know, the first business I ever started was also a paper route, and it got big and unwieldy but I never thought about subcontracting that. That was a great idea but it is too late now to go back.

[Laughter.]

In any event, thank you so much for agreeing to take this on. Senator Shaheen.

Senator SHAHEEN. Well, thank you very much, Mr. Chairman. We have [off microphone]. As I said, 99 percent of our businesses are small businesses in New Hampshire, and I really learned to appreciate the SBA when I first got elected to the State Senate in the early 1990s, because five of our seven largest banks were closed by the FDIC, and I very clearly remember those pictures of the doors being padlocked of those banks. And the only thing that kept New Hampshire's economy afloat during that period was the SBA, and the lending through the SBA.

So I know how critical it is, and it continues to play that kind of a role. Right now we have two openings in our SBA in New Hampshire, and I would hope that you would pledge to ensure that you will work with us as closely as possible to fill those positions so we can have people back out working with our small businesses.

Admiral COETZEE. Senator Shaheen, I very much appreciate the need to have resources to carry out the mission of the Small Business Administration and our field offices are the outreach that we have that reach those local communities. So I will commit to you that if I am confirmed I will work very diligently to make sure that those positions are filled by qualified representatives.

Senator SHAHEEN. Thank you very much. A couple of weeks ago we had a hearing, talking about the challenges that are faced by rural businesses in this committee, and one of the companies that I talked about is a small precision manufacturing business in Claremont, New Hampshire, that had just gotten HUBZone status. And I had a chance to visit them, and they were so excited because of the 200 or so businesses in the United States that have similar certifications as Costa, that does, as I said, precision manufacturing, there are only 6 of them that have HUBZone status. So they were looking at that as an opportunity to really compete for government contracts in a way that they would not have been able to do without having that status.

One of the challenges, however, is as they were waiting for the status for that certification, they had to wait months, literally, because of shortages at SBA, because of the organization. It is not clear to me why it has taken—why it took them so long to get that certification done. And I think that is one problem that we need to address within SBA. The other is that right now there are only—well, HUBZones are supposed to get about 3 percent of government contracts. We are only halfway there, in terms of fulfilling that requirement.

So I wonder, first, if you could talk about strategies that you might see, especially given your work at the Department of Defense, to encourage government to look at those HUBZone companies, and also the commitment that you will make to take a look

at this program and see how we can make sure that it is functioning the way it should.

Admiral COETZEE. Thank you for that question, Ranking Member Shaheen. If confirmed, I will look—use my background in the DoD and contracting and my associative work with the Small Business Administration as a contracting professional to make sure that those businesses who are covered under the law have the opportunities that they are entitled to and we maximize those opportunities. Being a nominee, I am not familiar with exactly what the Small Business Administration has done in these areas, but I know that this is a priority for Administrator McMahon, and if confirmed I look forward to working with her as well as the Committee on seeing what we can do to reach these businesses and make sure that they are afforded the maximum opportunities for Federal contracts.

Senator SHAHEEN. Well, thank you. I think we need to make sure that our small businesses are able to take advantage of the programs that exist when they are there, and make sure that all of government is complying with those programs.

One of the other challenges that I know faces every Federal agency is keeping up with the technology and making regulations simple enough so that people can understand them. I know that this has been a challenge within SBA to have the technology to allow people to engage with SBA online. So, again, I would ask if you would take a look—commit to take a look at this aspect of the way SBA operates, and let us know what we need to do to support SBA to make sure that you can better serve your customers.

Admiral COETZEE. That is a high priority, I know, for the Administrator, and if confirmed it is a high priority for myself. I have had feedback from small businesses, even in my current role, as the frustration with accessing the systems and the complexities of some of the regulations that govern them. So I do look forward to working with the Administrator and with the Committee to see how we can best streamline, simplify, and make accessible the programs that are available through the Small Business Administration.

Senator SHAHEEN. Thank you very much. Thank you, Mr. Chairman.

Chairman RISC. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. It is not very often that we get someone that is going through confirmation that is nearly the perfect one, and I think you come very close. It was such a relief to me. In my State of Oklahoma we have five major military establishments, and we have the—it may be the largest percentage of retired veterans in my State of Oklahoma. It is a great place to live and a lot of people, when they are stationed there, they just do not leave.

So we have a lot of those guys there, and I—the first thing I noticed when your name floated across was you have this military background, which was a sigh of relief for me. And the only thing I want to talk about, just very briefly, as we do have a vote coming up, is the fact that we do have a—you have a special role that you can play with veterans' organizations. You have a—you have

worked closely with them in the past, and we have a program where you have the collaboration between the SBA and the veterans, and how you have seen the landscape for veteran-owned businesses change over the years.

Can you just address what your thoughts are on how you can use your background to help our situation with the veterans, getting them employed and active in small businesses?

Admiral COETZEE. Thank you for that question, Senator. I am obviously very interested in making sure that our veterans, both returning warriors, both retiring, those who have served in any capacity, whether active or reserve, have opportunities as veterans, and I see opportunities for a partnership with the Veterans Administration and other organizations to help the veterans find more opportunities for starting their own business and also employing, or employment.

The Small Business Administration is focused on veterans, women-owned, minority-owned, and ANCs, 8(a)s, HUBZones, and I see the veterans as one of the keys to the future of our economy. There is a lot of talent out there that is waiting to be tapped into, and if confirmed, I will do what I can to work towards making those programs available to the veterans through our field offices, through the Small Business Administration centralized, and whatever we can do to provide those opportunities for veterans.

Senator INHOFE. Yeah. You know, I appreciate the fact that you used the distinction between the veterans and the returning warriors, and we have both, and they both have a very similar problem. There is a program within the SBA that specifically addresses veterans. Have you been studying this stuff long enough, even though you have not been involved with the SBA for a long period of time, to be familiar with those programs?

Admiral COETZEE. I am not familiar with the specifics of the programs but I do have friends and colleagues who are veterans who have started their own businesses and they have shared with me some of their experiences and frustrations.

Senator INHOFE. Well—

Admiral COETZEE. So there are areas where I know we can improve and reach a bigger population of veterans, particularly those who are frustrated and are apprehensive of starting a business because of what they perceive to be some of the barriers.

Senator INHOFE. Well, we look forward to your leadership in that, so we are going to enjoy it.

Thank you, Mr. Chairman.

Chairman RISCH. Thank you, Senator.

Senator BOOKER.

Senator BOOKER. Thank you, and I want to thank Chairman Inhofe because veterans actually have better rates at starting businesses, show more success when they do, and I am grateful for the emphasis of this committee on that.

I am concerned a lot about the fact that small businesses are often disadvantaged when it comes to the government procurement process. And we have tremendous opportunity but the way that we do procurement rules, and the DoD has been really having a difficult time meeting the threshold that Congress set for it, about 23 percent with small businesses. Especially when it comes to the new



sort of tech world that we live in, often small, capable, better able tech firms do not even try to go through the government contracting process.

So I do not know if you have any ideas or thoughts about this, especially with your background working in the military.

Admiral COETZEE. Thank you for that question, Senator Booker. I do have some feelings about that, and if confirmed I will work very diligently to, again, simplify some of the IT programs that we have that make the Small Business Administration seem difficult and inaccessible, and also to leverage the field offices that we have and provide education and training to those offices on how they can better reach those disadvantaged businesses. Those disadvantaged businesses are critical to the economic base, particularly in areas where they exist and there are not other opportunities.

In Federal contracts, I do not know specifically how those metrics are calculated with the Small Business Administration, but one of the areas that I would like to look at is what are we capturing. Are those meaningful metrics, and are they really telling the story that we are trying to convey, and are they reaching those populations that we are trying to reach?

Senator BOOKER. Thank you very much.

Do you believe the Federal Government should be doing more to help women and minorities start businesses and get engaged?

Admiral COETZEE. Before I can make a concerted opinion on that I would like to see what the Small Business Administration is doing and what Federal laws are we implementing, or, actually, following through with to make sure that we are meeting the intent of the law, giving the opportunities. And then once I have assessed that with the Administrator and Committee, then we can determine if maybe there is more we can do, or maybe we are just not doing enough with what we have.

Senator BOOKER. Okay. And so there are efforts going on that I have been encouraging since I have gotten here. The Obama Administration made some pretty good strides in extending more loans to entrepreneurs of color and women businesses. We, as a country, desperately need more women to be engaged in that, and I am hoping it is something that you will focus on and that my office can partner with you on as well.

We cannot compete globally, frankly, or we cannot even create the kind of jobs we need if we are leaving large portions of our populations on the sidelines when it comes to being entrepreneurs. And it is just an area of emphasis for me, and I really hope that you and I can find a way to work together on that.

Admiral COETZEE. If confirmed, I look forward to working with you and doing that.

Senator BOOKER. Thank you very much. And any bias that you have towards the State of New Jersey would be appreciated as well.

[Laughter.]

You know, an SBA study found that—and we talk about this a lot in this committee—that two in every three net new jobs that are being created, as you probably know, are being created by small businesses. And so, you know, I just think that our—us, as a society, need to be focused a lot more on sort of bringing more—

helping to encourage more businesses to come to fruition. And there are programs, like the Emerging Leaders program, the ScaleUp America, that assist business owners. These programs help to expand operations and create more local jobs. It is just so critical.

And so I am just wondering, starting a business is one thing, but helping small businesses expand is another thing. And do you have any thoughts about how do you help business owners expand their business operations, and can you make some commitment to us that you are going to be interested in supporting the programs that already exist, that help for those expansions—that expansion?

Admiral COETZEE. Yes, Senator. If confirmed, I will work towards helping small businesses expand, because the whole goal of small businesses starting is to grow those businesses, and to maybe graduate from those programs into medium-small businesses, medium-large businesses, and then large businesses. So the success of a small business as a business entity is—can be, dependent on the services and the support that the Small Business Administration is able to afford them. So I do look forward to working with Administrator McMahon as well as the Committee on trying to achieve those objectives.

Senator BOOKER. And the last thing, I saw her yesterday so it is fresh in my mind, Dina Powell, who is—interestingly, she helped lead Goldman Sachs' 10,000 Women businesses. Extraordinary program that had a lot of private sector success, a wealth of knowledge. It is a shame that she is doing international foreign policy work but I am hoping it is somebody that you might talk to about how to really be successful, and also the potential for creating public-private partnerships, which we do not talk about enough, I think, in terms of helping small businesses thrive and succeed.

But thank you very much, and I appreciate your service to our country. It is an extraordinary thing that people would volunteer for a post like this. It ain't the pay, so it is a tribute to your commitment and your patriotism and I appreciate that.

Admiral COETZEE. Thank you, Senator Booker.

Chairman RISCH. Thank you, Senator Booker. Senator Ernst, I do not think a lieutenant colonel outranks an admiral, but in any event—

Senator ERNST. Absolutely not.

[Laughter.]

Thank you, and, admiral, thank you so much for being here, and congratulations on your nomination. We certainly appreciate your service, just as Senator Booker said, so thank you.

One of the issues I am working on, and I am going to tag onto what Senator Booker was actually talking about, is an issue of addressing small businesses and their access to Federal contracting opportunities. And last week Senator Gillibrand and I introduced legislation that directs the SBA to conduct a comprehensive study on women-owned small business participation in multiple award contracts from the Federal Government. And this study would address concerns that the women-owned small businesses are under-represented in those MACs, and would also examine the participation of all other socioeconomic categories of small businesses, including service-connected disabled veteran-owned small businesses

and those that are participating in Historically Underutilized Business Zones, or HUBZone programs.

So considering you have extensive knowledge in Federal contracting, do you have any thoughts on this issue, or what additional things we can do beyond the study to help with women-owned small businesses?

Admiral COETZEE. Thank you for that question, Senator. Yes, I believe that we—as I mentioned earlier, we need to look at the metrics that we are capturing and how are we measuring the success of these programs, and once we understand are those the right metrics then how are we reaching out to these entities? What are we doing to make these opportunities available? Are there more set-aside opportunities that we should be taking advantage of that maybe we are not? Are the multiple awards the right vehicle for small businesses to compete with large businesses or should we have other venues where it is purely small business multi-awards?

So those are some of the initial thoughts that I have, but if confirmed I will put a lot of effort into this area.

Senator ERNST. Well, I appreciate that very much, and I think many of us would agree that our small businesses, what they really need most is the favorable regulatory environment. And for this reason I have spent the last year or so working on legislation that gives small businesses a stronger voice in the regulatory process, and that act is called the Prove It Act. And the bill that I have proposed seeks to strengthen the voice of small business owners and improve the quality of agency certifications and analysis.

And in the event that a number of Federal agencies have a difference of opinion between that agency and the Office of Advocacy on the economic impact of a rule—and we saw this instance with Waters of the United States, the expanded definition, and we have seen other rules like that, where there was a difference of opinion between the different agencies—the Prove It Act would give the Office of Advocacy the opportunity to request that an agency take a second look at its analysis. We do not do that right now. I feel it is a good government bill that would encourage Federal agencies to more carefully consider the impacts of their rules on small businesses.

And can I get a commitment from you to work with me on this legislation and help implement it? I have discussed this act with Administrator McMahon on multiple occasions and she has agreed that this would be a good bill to work on together. Can I also get your commitment?

Admiral COETZEE. Thank you for the question, Senator. If Administrator McMahon is committed to supporting this, if confirmed, I am committed to supporting Administrator McMahon and working with you on this bill.

Senator ERNST. Thank you.

Admiral COETZEE. I think it is important.

Senator ERNST. I appreciate it. We all want to work together and make sure government is doing what it should do, but certainly getting out of the way when it needs to as well. So thank you very much, admiral. Thank you, Mr. Chair.

Chairman RISCH. Thank you, Senator.

That concludes our hearing. Admiral, thank you again so much for agreeing to take this on.

For the record, I want to state that the deadline for questions for the record is close of business tomorrow, Friday the 12th. The record will also be kept open for two weeks to edit statements, submit letters, and any other relevant materials. However, having said that, Senator Shaheen and I are both of the frame of mind that we ought to move this rapidly. We are going to do our best to have the Committee vote on this next week and get this moving. I think it is in the best interest of everyone that we get you to where you can do a lot more good for America.

Again, thank you so much, and with that the hearing is adjourned.

[Whereupon, at 11:08 a.m., the Committee was adjourned.]

## **APPENDIX MATERIAL SUBMITTED**

**May 11, 2017**

**Follow-Up Questions for the Record**

Questions for Rear Admiral Althea H. Coetzee

Questions from:

**Ranking Member Shaheen**

Energy Efficiency

As part of Administrator McMahon's confirmation process, I discussed the importance of helping small businesses take advantage of energy efficiency. For many small businesses, energy use is among the top costs of doing business. That is one of the many reasons why I am such a strong supporter of energy efficiency.

Energy efficiency is the fastest, cheapest way to meet our nation's energy needs. Every small business – whether in manufacturing, agriculture, retail or services— can benefit from energy-efficient upgrades that will help reduce energy costs and allow businesses to remain competitive.

I believe that the Small Business Administration should play an important role in helping to advance the adoption of energy efficiency technologies and practices among small businesses, which will facilitate greater economic growth in this sector.

**QUESTION 1:**

Can you please share your thoughts on the importance of energy efficiency to small businesses, and what role SBA plays in ensuring small businesses obtain the financing they need to make energy efficiency upgrades.

A: Reducing energy costs to small businesses especially manufacturers improves the bottom line and increases the likelihood of achieving business operation success. Any investment that produces a cost saving efficiency should be considered as part of the business's capital allocation strategy. Investment in energy efficiencies in many cases is a part of running a business and succeeding.

**QUESTION 2:**

As SBA Deputy Administrator, as you work with the district offices and the program offices, will you emphasize to them the importance of coordinating with other agencies to engage with small business that they are aware of the many successful federal energy efficiency programs that are currently available, such as EPA's Energy Star program or DOE's Industrial Assessment Centers that help small manufacturers?

A: If confirmed, I am committed to learning from my colleagues at the SBA and other federal agencies about energy efficiency technologies and practices that can best assist small businesses.

SBA Provisions in the 2007 Energy Bill

In 2007, Congress passed and President Bush signed into law the Energy Independence and Security Act, which established a number of loans, grants and pilot programs to help make small businesses more energy efficient. Unfortunately, a full decade later, several of these provisions have yet to be implemented by the SBA. These provisions include a pilot program to reduce fees on 7(a) loans for the purchase of energy-efficient technologies, promotion of financing agreements between small businesses and utility companies to increase energy efficiency and the establishment of a Renewable Fuel Capital Investment program to encourage venture capital investments of small businesses engaged in renewable energy research, development, manufacturing and production.

**QUESTION 3:**

Administrator McMahon committed to examine why SBA has failed to implement statutes. Can you commit to me that, if confirmed, you will report back to us on the findings and also instruct SBA staff to fully implement the SBA provisions in the Energy Independence and Security Act?

A: If confirmed, I look forward to understanding why the SBA has failed to implement such statutory provisions and working with the Administrator to determine how best to carry out the requirements mandated by Congress.

Funding for SBIR/STTR Oversight and Coordination

The SBA's Office of Investment and Innovation oversees and coordinates the implementation of the SBIR and STTR programs at all the agencies. In a hearing last January regarding reauthorization of the SBIR and STTR programs, Jere Glover, Executive Director of the Small Business Technology Council, raised concerns about insufficient staffing in the SBA's Office of Investment and Innovation:

"The SBIR community is excited that John Williams is at SBA. He did a magnificent job [running the Navy SBIR program], and we are excited he is there. The sad thing is he has got virtually no budget and virtually no people. To try and run a \$2.5 billion a year program with four people is just a joke. Years ago, when [the SBIR program was] less than half this size, they had 11 people."

**QUESTION 4:**

As Deputy Administrator, will you work to address staffing shortfalls for the team that carries out coordination of the SBIR and STTR programs government-wide, integrating those changes into budget requests and staffing plans?

A: If confirmed, as SBA Deputy Administrator, I will work closely with the Administrator and my colleagues at SBA to ensure SBA personnel are adequately equipped and staffed to best assist small businesses while making responsible use of the American taxpayer dollars.

SBA's 7(a) Loan Program –Preventing a Shutdown

SBA's 7(a) Loan Guaranty Program is the agency's flagship capital access program and a model for public-private partnerships. It provides government-backed loans for small businesses that have repayment ability but that are unable to obtain a conventional bank loan.

While the 7(a) loan program is a small percent of overall bank lending to small firms annually, it is one of the largest sources of long-term capital this country and therefore is essential to the spectrum of lending

to small businesses. With long terms, small businesses can spread out the payments, and therefore maintain a healthier cash flow and even grow.

The 7(a) loan program has experienced rapid growth over the past couple of years, and Congress has had to step in several times to raise the program level to prevent a long-term shutdown. For FY2017, Congress increased the program level to \$27.5 billion to make sure there was sufficient capacity to meet borrower needs and calm the markets.

**QUESTION 5:**

Will you work with Congress and the Office of Management and Budget to ensure that the SBA has sufficient authority to prevent a shutdown of the program?

A: If confirmed, I will support the SBA's 7(a) Loan Guaranty Program and will work with Congress, the Administrator and the Office of Management and Budget to ensure that the SBA has sufficient authority to support the Program.

Administrator McMahon committed during her confirmation process to work with the Committee on proposals, such as those championed by Senator Coons and Congresswoman Velazquez, that would give the SBA authority to raise the 7(a) program level by as much as 20 percent, with Congressional notice and final approval by the appropriators. At zero cost, this authority would help calm markets when lending gets close to the authorized level because lenders would know there is a streamlined process available to keep the program from shutting down.

**QUESTION 6:**

Will you commit to work with this Committee and other relevant Committees to examine these proposals?

A: If confirmed, I will commit to working with this Committee and other relevant Committees to examine these proposals.

**SBA 7(a) Loan Program- Pilot to address the "Valley of Death" Pre-Revenue technology startups with proof of concept**

As was noted during the confirmation process for Administrator McMahan, an entrepreneur in New Hampshire has been talking to the Senate Small Business Committee and the 7(a) lending industry about addressing a gap in the credit market for pre-revenue small businesses in the technology field. This entrepreneur has called our attention to the lack of loans to technology startups unless they are fully collateralized and/or have demonstrated revenue streams. According to this entrepreneur, banks more willingly underwrite commercial building construction and business equipment and collateralize that construction or equipment without revenue streams. The pre-revenue funding "valley of death" gap severely impacts innovation and job creation in middle, rural and urban America.

**QUESTION 7:**



Will you commit to continue working with the Committee on this proposal?

A: If confirmed, as Deputy Administrator, I look forward to learning more about the pre-revenue funding gap (the “Valley of Death”) and working with the Committee to address the potential lack of access of capital.

504 Refi Program and Outreach

This week the National Association of Development Companies (NADCO), which is the industry association for SBA 504 lenders, holds its Spring Summit in Washington, D.C. I met with several lenders who support changes to the SBA Policy Notices that govern implementation of the 504 Loan Guaranty Refinance program, known as 504 Refi. As you may have learned as you prepared for your confirmation hearing, 504 Refi helps small businesses in good standing refinance existing commercial real estate debt using the Small Business Administration’s 504 loan program. Congress created 504 Refi during the financial crisis when small business lending froze, and small businesses were shut out of traditional financing.

The program was a huge success for the short time it was active – the SBA and its lending partners helped more than 2,300 small firms refinance \$5 billion of small business debt under the program. The program ceased in 2012, even though it was at zero-cost and there was still a significant demand for this type of financing.

I introduced the Commercial Real Estate and Economic Development (CREED) Act to reauthorize this no-cost program and make it permanent. Working together with the House, we re-authorized the program in late 2015. I raised concerns with Administrator McMahon during her confirmation process that the program wasn’t reaching as many borrowers as it could and asked for the SBA to work with 504 lenders and Congress to improve the program so that more borrowers can benefit, as Congress intended.

**QUESTION 8:**

As Deputy Administrator, will you work with 504 lenders to improve the program and update this Committee on your efforts?

A: If confirmed, I look forward to supporting the Administrator and my colleagues in raising the awareness of this program and will update the Committee on our efforts.

SBIR/STTR Delays at the Department of Energy

Recently small businesses raised concerns with the Small Business Committee that the Department of Energy (DOE) was delaying award notifications to small businesses until “Secretary Perry has an opportunity to be briefed on research projects that will take place under his administration.”

One award notification has been delayed more than three and half months, and the other has been delayed with no new target date. This has left small businesses hanging because they don’t know whether they should expect the funding or move on to other projects.

In response to similar delays in the past and concerns about small business uncertainty caused by federal agencies, Congress set clear timelines for agencies to review applications and make awards under the SBIR/STTR programs. The 2011 law reauthorizing the SBIR/STTR programs -- authored by this Committee -- required agencies to review small business applications for SBIR/STTR awards within 90

days, or within 180 days if granted an extension by the Small Business Administration (SBA). The recent delays call into question whether DOE will meet these congressionally mandated deadlines.

As part of the day-to-day management of the Agency, the Deputy Administrator must work with the SBA's Office of Investment and Innovation to oversee the 11 agencies that operate SBIR and STTR programs. Small businesses want SBA to use its authority to implement the programs as Congress intended.

**QUESTION 9:**

Will you pledge to work with DOE to expeditiously end the delays and notify small businesses whether they have been selected for award?

A: If confirmed, I look forward to working with my colleagues at the SBA and the DOE to address the delays and to notify the award winners in a timely manner.

**QUESTION 10:**

Will you commit to review SBA's approval of the DOE extensions, preserve merit-based reviews of SBIR and STTR applications, and ensure transparency in any process changes?

A: If confirmed, I will commit to learning more about the SBA's approval of extensions and merit-based reviews of SBIR and STTR applications. Additionally, I will commit to transparency.

Underserved Communities: Women, Veterans, Rural, and Minorities

At our most recent hearing, this Committee heard about the role that the SBA plays in helping small businesses in rural areas overcome the unique challenges they face. They tend to have a harder time getting access to credit, counseling services, and federal contracts.

That's also true for other underserved communities, including veterans, women, and minority entrepreneurs.

For example, women have become a truly dynamic force in terms of entrepreneurship. They are growing at five times the national average. But they are lagging behind their male counterparts in several key areas:

- Women account for less than five percent of the total value of all conventional business loans, according to a 2014 report by this Committee.
- They secure only five percent of federal government contracts, according to SBA data from 2016.
- And just seven percent of small business founders on Bloomberg's May 2016 survey of firms receiving venture capital support were led by women.

Narrowing these gaps, for women and for other underserved groups, represents not only a challenge, but also an opportunity to unleash economic potential.

**QUESTION 11:**

Do you believe that the SBA should play a role in helping narrow gaps for underserved entrepreneurs?

A: Like President Trump and Administrator McMahon, I am committed to helping underserved entrepreneurs. If confirmed, I will encourage underserved groups to take advantage of not only Women's Business Centers, Veterans Business Centers, but all SBA programs available to entrepreneurs. All of SBA's programs serve the same goal, to help all aspiring entrepreneurs in achieving success.

**QUESTION 12:**

Do you commit to respond in a timely manner to all congressional inquiries and requests for information from members of Congress, including request from members in the minority?

A: If confirmed, I look forward to working with Members of both parties in Congress to strengthen America's small businesses.

Question from:

**Senator Scott**

**QUESTION 1:**

Rear Admiral Coetzee, I am aware that a Small Business Investment Company is forming in my state. Pending licensing, it will be the first SBIC in South Carolina. As you will ultimately chair the Agency Licensing Committee responsible for finally considering license applications before SBA Administrator McMahon, will you commit to me that the application process for all SBIC interested companies, including the one in my state, is handled in a timely and efficient fashion?

A: Access to capital is critical to small business owners. If confirmed, I will work closely with Administrator McMahon and my colleagues at the SBA to ensure that pending license applications for SBICs are processed in a timely and efficient manner.

Questions from:

**Senator Markey**

**QUESTION 1:**

Admiral, do you agree repealing net neutrality would hurt small businesses?

A: If confirmed, I look forward to understanding the impact of net neutrality on small businesses. Access to the internet is critical to the growth of most small businesses.

**QUESTION 2:**

Admiral, do you support making the SBIR and STTR programs permanent?

A: If confirmed, I will work with the Administrator and my colleagues at SBA as well as the members of this Committee to understand more about these programs and why they are not permanent programs at SBA.

Questions from:

**Senator Booker**

Data Collection on Small Businesses

Under Dodd-Frank, the SBA was instructed to work with the Consumer Financial Protection Bureau on Section 1071, which would collect data on small business lending to ensure that banks were lending to small businesses run by women and minority entrepreneurs.

**QUESTION 1:**

Do you support the collection of data by the CFPB to inform the number of women- and minority-owned small businesses receiving loans?

A: If confirmed, as Deputy Administrator, I will look forward to working with Administrator McMahon and my colleagues to ensure that SBA is in compliance with Section 1071. Furthermore I look forward to understanding SBA's current compliance and if necessary, working with my colleagues to make the adjustments to be in compliance.

**QUESTION 2:**

Do you support the government's continued release of data to the public to help increase transparency around the SBA's lending activities?

A: If confirmed, I will support continued transparency of the SBA's lending activities.

**QUESTION 3:**

What are some metrics or data that the SBA is currently not tracking but you believe should be collected?

A: If confirmed, I look forward to learning about the metrics currently collected by the SBA lending programs. I will then assess where SBA can collect additional data to provide a more robust understanding of the effectiveness and efficiency of delivering the lending programs.

Disaster Relief and Small Businesses

Last Congress, I worked with my colleagues on the committee to pass the Recovery Improvements for Small Entities (RISE) after Disaster Act of 2015, which re-opened funding for the Small Business Disaster Loan relief program for victims of Hurricane Sandy.

**QUESTION 4:**

Given your experience at the Department of Defense, do you believe that the SBA disaster relief program can be further improved to help small business owners hit by natural disasters? If so, how?

A: If confirmed, I look forward to learning more about how the current SBA disaster relief program works and whether there is an opportunity to work with the Administrator, my colleagues and the Committee to continue to improve the program. If confirmed, I hope to bring my military experience with mobilization, logistics and strategic deployment of resources to bear on the program.

Under the RISE Act, for the first time, we gave businesses the ability to use a portion of the disaster loan used for mitigation purpose, such as building a “safe room.”

**QUESTION 5:**

Does the SBA believe that the disaster relief program should only focus on following up in a storm’s costly clean up—or as I strongly believe—assist with efforts to adapt our infrastructure due to the Earth’s changing climate? If so, how can SBA help small business owners protect themselves and their businesses?

A: If confirmed, I look forward to working with the Administrator to have a greater understanding of the disaster relief programs and the impact storms have on our small businesses; and, whether there is a role the SBA can undertake to ensure small business owners protect themselves and their businesses.

Questions from:

**Senator Hirono**

Women and Minority Business Development

SBA provides resources to help women entrepreneurs launch new businesses, grow their businesses and compete in the global marketplace. In Hawaii, Patsy T. Mink Center for Business and Leadership is a SBA Women Business Center, which along with hundreds of others across the country have provided financial, marketing, and management assistance to businesses owned and controlled by women. I am a strong supporter of these programs, but believe more can be done to facilitate women entrepreneurs.

**QUESTION 1:**

How will you engage more women in business ventures during your time at SBA?

A: If confirmed, I will work to support the Administrator’s goals of increasing the participation and use of services by women including working with the SBA’s Women’s Business Centers.

**QUESTION 2:**

Further, do you plan to engage with the National Women's Business Council, which is a federal advisory committee created to provide insight to the President, Congress, and SBA on issues of importance to women business owners?

A: If confirmed, as Deputy Administrator, I will work with the Administrator, my colleagues and the National Women's Business Council to provide additional information and insight to the President, Congress, and SBA on issues of importance to women business owners.

**QUESTION 3:**

Science, Technology, Engineering, and Mathematics (STEM) fields are increasingly important parts of our economy. Unfortunately, the number of women and minorities in these fields leaves much to be desired and our nation is missing out on the full benefit and talents of our population. If confirmed, as Deputy Secretary, will you prioritize the promotion of entrepreneurship for women and minorities in the STEM fields?

A: If confirmed, as Deputy Administrator, I will encourage all Americans, especially women and minorities, to follow educational pursuits that best suit their abilities to succeed, including STEM. During the course of my career, I have encouraged women and minorities to enter STEM.

**Veteran-Owned Small Businesses**

SBA has worked to improve its lending programs for veterans. However, it is my understanding that access to capital for veteran business owners is still a challenge. Last week, I introduced bipartisan legislation with Sen. Rounds to help boost exports from veteran-owned small businesses. This bill would make permanent the SBA's current policy of waiving up-front fees for veterans applying for its Export Express, Export Working Capital, and International Trade loans of \$150,000 or less.

**QUESTION 4:**

Do you think that permanently eliminating up-front fees will help veteran-owned businesses to seek SBA assistance?

A: If confirmed, I look forward to working with you and Senator Rounds to understand why the up-front fees for veteran-owned businesses are still in place. As a veteran, I fully support opportunities for veteran entrepreneurs to pursue export opportunities.

**QUESTION 5:**

As a female service member and small business owner, what is your experience with the SBA's lending programs?

A: As a female service member and small business owner, I have had limited experience dealing directly with the SBA's lending programs. I look forward to understanding these programs more, and applying the experience that I bring to SBA as a female service member and former small business owner, to more effectively and efficiently execute the programs.

**QUESTION 6:**

What are your priorities in helping veteran small business owners?

A: As a veteran, I fully support veteran entrepreneurs pursuing all opportunities afforded to them. If confirmed, I will continue to evaluate, build on and improve the programs at SBA to reach out to, encourage, and provide tools to our veterans, including our Reserve forces who have professional careers outside of their military commitments, to start and expand new small businesses.

**QUESTION 7:**

I'm also a member of the Senate Veterans Affairs Committee and one area that I've focused on is the transition from active duty to veteran's status—do you have any ideas about how SBA can help to expand opportunities for transitioning service members?

A: If confirmed, I look forward to working with the Administrator and members of this Committee to maximize the potential of transitioning service members through the programs at SBA. Again, I will evaluate the current programs to understand which of them are, and which of them are not effectively reaching our transitioning service members.

**QUESTION 8:**

Do you support the Boots to Business program?

A: If confirmed, I look forward to learning more about the Boots to Business program and how it does or does not serve our military members and veterans. I strongly support President Trump's and the Administrator's goals to maximize the entrepreneurial potential of our services members.

**QUESTION 9:**

What are your views on the SBA's current policy of waiving certain guarantee fees under the 7(a) loan program?

A: If confirmed, I look forward to learning more about the current policy of waiving certain guarantee fees under the 7(a) loan program. Waiving certain guarantee fees, while operating the 7(a) program at zero-subsidy, may provide more access to capital to certain entrepreneurs.

Budget

As you surely know from working at the Pentagon, the Administration and Congress face real challenges with regard to the federal budget. The current Administration has released a budget outline that is very concerning in a number of ways. Under that outline the SBA's budget did not see the massive cuts that other agencies did, however we await the more detailed proposal that is scheduled to be released in the coming weeks.

**QUESTION 10:**

If confirmed, what areas will you seek to prioritize as the Administration develops its budget in the future?

A: If confirmed, I look forward to working with the Administrator and my colleagues at SBA to maximize the resources that we are allocated by Congress to effectively and efficiently deploy the programs Congress has authorized us to execute. An area that I hope to support as one of SBA's highest priorities is Information Technology. This will encompass cybersecurity, easy access to SBA portals and tools, and user-friendly applications.

Federal Workers

SBA is a fairly decentralized agency, and the staff in Hawaii and other field offices are charged with being on the ground working with small businesses in their jurisdictions. They are the eyes and ears of the SBA's headquarters, and also the people directly working with small business owners.

**QUESTION 11:**

Hiring freezes as well as freezes or cuts to travel and other budgets make it harder for field office staff to do their jobs—as Deputy Administrator, would you recommend that the Administration ensure SBA's field offices get the right staff and other resources to best serve our nation's entrepreneurs?

A: The field offices are vitally important to provide the SBA with direct access to the local small businesses and entrepreneurs. If confirmed, I will ensure that field offices have resources to deliver programs and services effectively. In addition, training of staff and enhanced communication are critical to promoting and delivering SBA's programs to local communities.

Federal Contracting Goals

I strongly support the federal contracting goals for small business subcontracting. Time and time again, we examine whether the federal government is actually meeting the goals for small business, or if the numbers are inflated. A number of contractors and advocacy groups say the government has repeatedly inflated the share of contracting dollars awarded annually to small firms, masking serious problems in the procurement process that prevent small businesses from securing more government work.

**QUESTION 12:**

What policies will you put in place to ensure that the Federal Government is meeting the subcontracting goals that Congress has put into place?



A: If confirmed, before recommending any policies in the subcontracting programs, I will need to understand why the subcontracting goals are not being met. Once I understand if and where the problems are, I will work closely with the Administrator and my colleagues to correct those problems and modify rules and regulations governing subcontracting.

#### 7(a) Loan Program

The 7(a) loan guaranty program is the SBA's flagship loan program. Lenders issue loans under the program with a partial guaranty from SBA. Businesses use the 7(a) program to fund working capital and other critical needs to small businesses, and the SBA provides a backstop by guaranteeing this loan in case the borrower defaults. SBA programs like 7(a) have seen an increase in usage by small businesses. Last year, the 7(a) program was in danger of reaching the statutory cap limit and Congress had to pass emergency legislation to extend the life of the program.

#### **QUESTION 13:**

Do you support capital access programs like the 7(a) program?

A: I support SBA's 7(a) program. If confirmed, as Deputy Administrator, I will look forward to working with the Administrator, my colleagues, and Congress to find ways to better serve America's small businesses.

#### **QUESTION 14:**

How do you plan to work with Congress to ensure that we expand and extend these programs?

A: If confirmed, I commit to working with the Administrator, my colleagues, and Congress to find ways to better serve America's small businesses through SBA's capital access programs.

#### HUBZones

The Historically Underutilized Business Zones (HUBZone) Program was enacted as part of the Small Business Reauthorization Act of 1997. The program encourages economic development in HUBZones through the establishment of preferences. In Hawaii, Maui County will be losing its HUBZone designation in January 2018. This designation is a critical tool that supports entrepreneurs and creates jobs in underserved communities. Maui residents are already grappling with job losses due to the closures of large employers, including Hawaii's last sugar plantation and hotels. That's why I introduced legislation with four of my Senate colleagues to extend the HUBZone designation for Maui County for another four years while we continue to work together to find a longer-term solution.

#### **QUESTION 15:**

Would you support extending the transition term for communities facing the loss of HUBZone status?

A: If confirmed, as Deputy Administrator, I will work closely with the Administrator and my colleagues to review the processes for designation and to maximize opportunities for HUBZone business success.

Questions from:

Senator Duckworth

**QUESTION 1:**

More than two decades ago, Congress established a test program in the Department of Defense to determine if comprehensive subcontracting plans would lead to increased opportunities for small businesses to compete and win defense contracts. Reviews commissioned by DOD concluded that this Test Program has resulted in the avoidance of millions of dollars in administrative costs for both program participants and DOD. According to one review conducted in 2013, the 12 firms then participating in the program avoided about \$18.5 million in costs through the use of single comprehensive subcontracting plans rather than multiple individual subcontracting plans.

Admiral Coetzee, are you familiar with the DOD Comprehensive Subcontracting Plan Test Program?

A: I have a limited working knowledge of the DOD Comprehensive Subcontracting Plan Test Program, but I look forward to learning more about it should I be confirmed,.

**QUESTION 2:**

It should also be noted that it was not only the DOD that reviewed the effectiveness of this program. The Government Accountability Office reviewed the Test Program and found that from 2006 through 2013: participants redirected nearly \$93 million in subcontracts from large businesses to small businesses – and subcontract awards to small businesses exceeded aggregate goals by approximately \$5.4 billion. The prime contractors that participated in the DOD Test Program told GAO that without the Test Program, their companies might be less inclined to award subcontracts to small businesses. And they emphasized, that the program's continuing test status creates uncertainty and inhibits further expansion of small business subcontracting. To address this challenge, one DOD-commissioned review recommended that DOD work with Congress to make the Test Program permanent. However, DOD has not acted on this recommendation to eliminate uncertainty.

Admiral Coetzee, if confirmed, will you commit to working with me to finally remove the word “test” from this decades old DOD program, and finally make this pro-small business subcontracting program permanent in the upcoming Defense Authorization Act?

A: If confirmed, I commit to learn more about GAO’s findings, as well as working with you to understand why this program has not been made permanent.

**QUESTION 3:**

Admiral Coetzee, what can the SBA do to increase the supply of small business loans that are necessary to assist small businesses in acquiring capital necessary to start, continue or expand operations and create jobs?

A: If confirmed, I look forward to working with the Administrator, my colleagues at SBA and members of this Committee to build on and improve the programs of SBA to better reach entrepreneurs and small businesses. Furthermore, I look forward to applying the experience that I bring to SBA as a contracting officer, a female service member and a small business owner to assist in the effort to provide capital to entrepreneurs and small businesses.