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Madame Chair Ernst, Ranking Member Markey, and distinguished Senators:

Every dollar saved in Washington is a dream realized somewhere in America. Nowhere is that more true than in the small business community.

Small businesses aren't just the engine of growth; they are powerful instructors.

America's entrepreneurs teach us that our founders were right, that Thomas Jefferson was on to something when he said, "The natural progress of things is for liberty to yield, and government to gain ground."

So, I commend this committee for truly listening. For hearing.

We're here, of course, because government doesn't operate like a small business.

Instead of doing more with less, we routinely see government doing less with more.

Over the past 100 years the federal government has grown massively. In 1925, it spent about $484 per person – adjusted for inflation. Today, that number is more than $20,000 per person.

In our economy, we see this law at work: The best way to make something expensive is for government to make it affordable.

The areas of the economy that have been most lavishly subsidized – such as health care and education – have seen the worst inflation. On the other hand, sectors that have not been as heavily subsidized, such as electronics, tend to produce goods that get better and more affordable over time. It's pretty simple: TVs get thinner while government gets bigger.

While government borrows to avoid hard choices, small businesses live in the real world of finite resources. Our unsustainable safety net programs are the primary drivers of our debt and deficits, but government salaries are part of the problem. Between 2020-2024 government salaries rose 33 percent faster than private sector wages. Meanwhile, the number of federal employees earning more than $200,000 rose to nearly 70,000 employees, an 82 percent increase.

And, today, we have more than 400 agencies and subagencies in the federal government. Do small businesses need 400 agencies to succeed, or would they be better off with 300, 200, 100 or maybe the four our founders authorized in the Constitution? And the agency charged with helping small businesses often misses the mark.

Across the country, we see SBA lending flowing to organizations that most Americans would never consider "small." Walmart – the largest company in the world by revenue – has received SBA-backed loans. So have Fortune 500 firms, Rolex stores, Napa wineries, luxury spas, and plastic surgery centers. These aren't the mom-and-pop shops Congress intended to support.

Since 2023, our auditors found more than $105 million in SBA loans to private country clubs, beach clubs, tennis and racquet clubs, and yacht clubs – nearly half in 2025 alone. Another $11.8 billion went to highly capitalized investment funds and venture finance firms – aid to Wall Street, not Main Street.

Fraud and improper payments compound the problem. During the pandemic, the SBA issued forgivable Paycheck Protection Program loans to 57,000 entities on Treasury's Do Not Pay List – a failure that better interagency communication and modernized data systems could have prevented. Major law firms and accounting firms received $1.4 billion, despite showing little or no financial hardship.

Age-related fraud also flourished. In 2021–22, SBA issued 5,593 loans worth $312 million to businesses whose listed owners were 11 years old or younger, and 3,095 loans worth $333 million went to borrowers aged 115 or older – that's $645 million in questionable loans in just two years.

And as you memorably noted, Senator Ernst, some fraudsters uploaded pictures of barbie dolls as forms of ID to obtain loans.

The good news is our system is amendable to change.

Twenty years ago, my late boss Senator Tom Coburn teamed up with a young Senator from Illinois named Barack Obama to pass landmark transparency legislation that put all federal spending online.

Obama said, "It is not often that two Senators from different parties are able to bridge the partisan divide in this town and get something accomplished. But the American people demand greater transparency and accountability, and it is our honor and privilege – indeed, it is our duty – to provide the tools to help make that possible."

At Open the Books we're continuing that work. We're encouraging real-time transparency and building next generation AI tools. We believe the best way to thwart a surveillance state is with a surveillance citizenry.

Thank you. I look forward to your questions.