



**U.S. Small Business Administration  
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**Testimony of Before the  
U.S. House Committee on Small Business  
Subcommittee on Contracting and Workforce**

***Underserved Small Businesses: Providing Access to Federal Programs***

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Chairman Hanna and Ranking Member Meng, thank you for inviting me to testify today. It is an honor to be in New York to discuss SBA's ongoing efforts to increase access to capital, counseling, and contracting opportunities in underserved communities. We commend the Subcommittee for highlighting this important topic and are grateful for your continued leadership and support.

America's 28 million small businesses are the engine of our economy and one of our country's greatest assets. They employ half of the private sector workforce and create two out of every three net new private sector jobs. And at SBA, we are committed to ensuring that all entrepreneurs, including those in underserved communities – such as minorities, women, veterans, people with disabilities, and those in urban and rural areas – have the tools they need to start and grow companies and create jobs.

According to the Urban Institute, SBA-guaranteed loans are three to five times more likely than conventional loans to go to minority- and women-owned businesses. And we are working to fill existing market gaps for underserved communities across the board, with both microloans and smaller dollar loans. While we have already expanded and simplified our Community Advantage program and streamlined our signature Small Loan Advantage program, we are constantly looking for more ways to make it easier and cheaper for entrepreneurs to reinvest in their businesses. That is why, this past October, we reduced fees to zero for borrowers and lenders for all 7(a) loans \$150,000 and less. Due to these efforts, SBA has supported over \$126 billion in lending to more than 260,000 small businesses and entrepreneurs since 2009.

However, a loan can only take an entrepreneur so far. Our data shows that small business owners who have long-term counselors are more likely to hire, grow, and increase revenue. To help make that happen, we have an extensive nationwide network of 900 Small Business Development Centers, over 100 Women's Business Centers, and 12,000 volunteer SCORE counselors. Last year alone, these resource partners counseled and trained more than 1 million small business owners across the country.

Building on our current efforts, President Obama's Fiscal Year 2015 budget invests \$7 million to support our successful Boots to Business initiative, which offers transitioning service members

intensive entrepreneurial training through the Transition Assistance Program (TAP). Boots to Business is expected to reach an estimated 25,000 veterans across all military branches.

In addition to our capital and counseling programs, SBA works to level the playing field for small businesses to access federal contracting opportunities. Each year, the U.S. government spends about \$400 billion in contracts, and it is SBA's job to ensure that 23 percent of those dollars go to small businesses. We continually work to make our minority, women, and veterans contracting programs more effective. In fact, we launched a Pre-8(a) Business Development Training Series to help potential 8(a) firms prepare for success in the program and established an online tool, the Government Contracting Classroom, which is geared toward underserved communities.

As a result of these efforts, during the first term of the Obama Administration, small businesses accessed more than \$376 billion in federal contracts. That is \$48 billion more than the previous four years, even as overall contract spending decreased during those years.

These programs and initiatives enable us to continue supporting underserved entrepreneurs like Tony Baird, the recipient of SBA's 2013 Veteran-Owned Business Achievement Award. With the help of our local resource partners in Syracuse and an SBA guaranteed loan, Tony was able to leverage his experience in the U.S. Army to launch a successful electronics startup. Tony Baird Electronics, Inc. has since been able to pursue higher value contracts with the federal government. This is a perfect example of how SBA's capital, counseling, and contracting programs enable underserved entrepreneurs to pursue their dreams of small business ownership.

Under this Administration, SBA has become more accessible and created more opportunities for underserved entrepreneurs than ever before. We have been able to achieve this is by connecting need with opportunity – forging new relationships with lenders and community organizations that can help us better serve these small businesses. We have formed partnerships with organizations such as ACE, which is represented today by Bill Imada, as well as the US Black Chamber, US Hispanic Chamber, Women Impacting Public Policy (WIPP), the National Minority Supplier Development Council (NMSDC), and the National 8(a) Association. These strategic alliances enable us to leverage our partners' nationwide networks and connect directly with the communities they support.

While we are proud of all that SBA has accomplished alongside this Committee, we must continue to be diligent in our work to support underserved entrepreneurs. We know that with the right tools, small businesses in these communities can have a significant impact in driving economic growth and creating jobs where they are needed most.

Thank you again for having me here today, and I look forward to answering your questions.