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United States Senate

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

September 14, 2006

Mr. Bruce S. Gordon
NAACP National Headquarters
4805 Mt. Hope Drive
Baltimore, MD 21215

Dear President Gordon,

On July 13, 2006, the Senate voted to designate the week of September 10-16 as National Historically Black College and Universities Week, calling on “the people of the United States and interested groups to observe the week with appropriate ceremonies, activities, and programs to demonstrate support for historically Black colleges and universities in the United States”.

America’s 103 Historically Black Colleges and Universities (HCBU) have played a vital role in the nation’s history of higher education, providing underprivileged and disadvantaged students with the opportunity to reach their full potential. Many of our nation’s heroes come from the halls of an HCBU, including Dr. Martin Luther King, Jr., former U.S. Ambassador to the United Nations and Mayor of Atlanta Andrew Young, author Toni Morrison, and civil rights activists Booker T. Washington and W.E.B. DuBois, to name just a few. Today, these institutions have an opportunity to continue a tradition educating America’s future leaders in part by fostering a strong sense of entrepreneurship in America’s youth.

On July 20th, President Bush addressed your organization and pledged the Administration’s commitment to improving minority entrepreneurship in America. In his address, the President spoke of the Administration’s achievements in lending to the African-American business community, and of the steps that have been taken to make it easier for African-American businesses to compete for federal contracts.

In fact, the Small Business Administration (SBA) has done little to address stagnant minority lending figures, and statistics show that lending to African-American businesses through SBA’s flagship 7(a) program has decreased from 28 percent of total loans in 2001 to 21 percent of total loans in 2005.

Washington must do more for African-American entrepreneurs. We need to provide the opportunities that foster economic growth in disadvantaged communities—opportunities that are created through increased lending at the SBA and greater enforcement and attention to procurement goals at federal procurement agencies across the government.

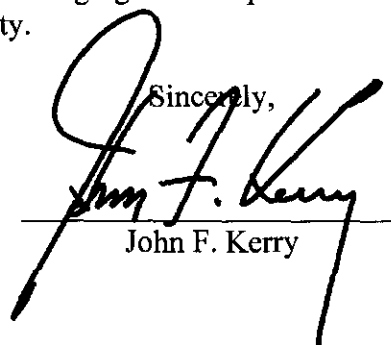
However, providing contracts and capital to existing disadvantaged businesses is only part of the solution. In 2005, the African American unemployment rate was 9.5 percent, and the Hispanic unemployment rate was six percent, while the unemployment rate for whites averaged a significantly lower 4.1 percent. African Americans account for 12.3 percent of the population and only four percent of all U.S. businesses, while Hispanic Americans represent 12.5 percent of the U.S. population and only six percent of all U.S. businesses. The racial disparity in entrepreneurship in this country is not something to be swept under the rug with empty words and a promise to “do better.” We need the President and Congress to deliver on that promise today.

Earlier this year, I introduced the Minority Entrepreneurship and Innovation Pilot Program, which creates a competitive grant program to develop a curriculum that encourages entrepreneurship among students at Historically Black Colleges and Universities, Tribal Colleges, and Hispanic-Serving Institutions. This initiative will also help increase the capacity and capabilities of firms in the communities located near the institutions. The goal is to target students with skills in non-traditional fields, such as engineering, manufacturing, science and technology, and guide them towards entrepreneurship as a career option. The funds will also be used to open a Small Business Development Center (SBDC) on the campus of the institution to assist in capacity building, innovation and market niche development, and to offer traditional business counseling to the entire community.

This program was recently included in the Senate Committee on Small Business and Entrepreneurship’s bipartisan legislation reauthorizing the Small Business Administration, which was reported out of Committee and awaits the consideration of the full Senate. Also included in this legislation was my provision to create an Office of Minority Small Business Development in the SBA, similar to the agency’s existing offices that focus on veterans and women. This Office will provide minority entrepreneurs with an advocate within the agency who has an annual budget, the authority to aggressively monitor the outcome of SBA’s programs, and the capacity to ensure the SBA’s state offices have money to market to minorities.

I write you today to urge the NAACP’s support of the Minority Entrepreneurship and Innovation Pilot Program and of the Office of Minority Small Business Development. The time to address the entrepreneurial inequities in this country is now, as we honor the history and contributions of this Nation’s Historically Black Colleges and Universities, and with our sights set on encouraging the entrepreneurial spirit among America’s proud African American community.

Sincerely,



John F. Kerry