

**Keynote Remarks & National Awards Presentation
Minority Enterprise Development Week
August 26, 2010
Washington, DC**

**As Prepared for:
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Thank you, Director Hinson. Good morning, everyone. It's great to be here.

I understand that everyone has been introduced to SBA's new Deputy Administrator Marie Johns, who couldn't join us for this session. She's leading a renewed effort to help SBA reach more youth and more underserved communities. It's great to have her on board.

It's also great to be working with Director Hinson, Secretary Locke, and others throughout the Administration. All of us – including the President – are deeply committed to the success of minority-owned firms.

How many of you own a small business? At the SBA, I always say that serving women- and minority-owned firms is part of “who we are” and “what we do.” It has been part of our fabric since the agency was born in 1953.

And today, it's important to reflect on how far we've come, not just in the SBA's history, but as a country.

In fact, today is the 90th Anniversary of the 19th amendment, which gave women the right to vote... This month also marks the 45th Anniversary of the Voting Rights Act, which helped ensure that everyone could vote regardless of race or ethnicity. So we had a major milestone 45 years ago... and another 45 years before that.

So, where do we stand now? Where do we go in the next 45?

As we move forward, I think the answer is that we need to give everyone a path to participate in the economy by becoming entrepreneurs and small business owners. We need a broader path for both women and men... for Hispanics and African-Americans... for Native Americans, Asian-Americans and others.

And diversity in the small business community isn't just a nice goal to have. Diversity is essential to building a more competitive environment... to driving innovation... to ensuring economic vitality... and for a prosperous future for America overall.

We heard some good news recently in that regard.

Just a few weeks ago, the Census released its findings of the survey of business owners. They found that the number of minority-owned firms increased by more than twice the rate of all businesses from 2002 to 2007 (46%). They also found that women-owned firms increased by 20%, outpacing men-owned firms at about 5%. Those are great statistics that show we're “broadening the path.”

But here's the catch. This data didn't include the last 3 years, some of the toughest years since the Depression, especially for minority-owned firms.

That's why the Recovery Act was so important last year.

As you know, in October 2008, credit froze. When the new Congress and Administration came in, we knew we had to act fast. The Recovery Act did two important things for SBA's top loan programs. It increased the guarantee on SBA loans to 90% and eliminated many of the fees.

This had two positive effects. The increased guarantee brought 1,300 lenders back to making SBA loans who hadn't since at least 2007. The waived fees helped business owners like you keep your money and invest it back into your firm.

As a result of these two enhancements, even though conventional lending was – and is – still tight, we approved 14,000 SBA Recovery loans for minority-owned firms. That's nearly 7 billion dollars in overall lending support.

And we didn't stop there. Vice President Biden asked Commerce and SBA to work together to ensure that minority-owned, women-owned, and veteran-owned firms got a good share of Recovery Act contracts.

We helped with hundreds of matchmaking events, and we developed new online training tools for people interested in breaking into contracting. Today, over 5 billion dollars in Recovery Act contracts have gone to minority-owned firms of all sizes, with more than 3 billion dollars to 8(a) firms.

So the Recovery Act has helped us take steps forward... But, today, we have much more to do.

So – before we get to the awards – I want to talk about how we're working arm-in-arm with firms like yours in 4 key areas.

First, there's still a big gap in access to capital – not just for minority-owned firms – but for all small businesses. And let me be very clear: It's not just the small businesses that are struggling. Healthy, vibrant small businesses are still having trouble finding loans, too. According to the NFIB, from 2003 to 2006, about 61% of small businesses had all their credit needs met. Today it's about 40%.

(As I said before,) SBA Recovery loans have played a crucial role in maintaining a flow of credit since the Recovery Act passed. That's the good news, especially for women and minorities who are 3 to 5 times more likely to get an SBA loan than a conventional loan.

The bad news is that we ran out of money for Recovery loans three months ago. As a result, SBA loan volume has dropped more than 50%.

Meanwhile, about 1,000 small businesses have been waiting for weeks on a standby list – just like at the airport – waiting for Congress to act.

Lenders tell us they still need the 90% guarantee to make the loan... and small businesses tell us they still need those fee waivers.

The President and I have joined with them in saying: "Now is not the time to pull back." ... Not when the Labor Department said just last week that small businesses are being hit hardest by job losses.

The good news is, when the Senate returns, they've said that their 1st order of business is to take up the Small Business Jobs Bill. Not only will the bill extend Recovery loans through this year... It will also cut taxes, building on the 8 small business tax cuts we've already implemented. For example, it will eliminate capital gains on those who invest in small firms.

I'd also like to point out the Senate bill is fully paid for and will not add a dime to our deficit. That's something that Republicans and Democrats should be able to agree on, especially with the Chamber of Commerce and NFIB already on board.

And it gets even better. Not only will this bill extend our Recovery loans... It will help us fill even more credit gaps. For example, it includes an increase in SBA loan sizes from \$2 million to \$5 million.

This will help local franchisees open up another location and create jobs. It will help small manufacturers build on the growth they're seeing. It will help small exporters with that next big order from abroad – which I know is the major focus of MEDWeek this year.

The bill will also support entrepreneurs who just need a little extra help to get their new business up and running. As you might know, our microloans are important. About 1 in 3 go to African-Americans. The new bill will increase SBA microloans from \$35,000 to \$50,000.

Clearly, access to capital must remain our top priority to help entrepreneurs and small business owners grow, create jobs, and lead us to recovery.

A second major priority is federal contracting. How many of you are 8(a)? HUBZone? Veteran-owned? Women-owned?

On that last one, we're very excited to soon be implementing the women's contracting rule, which passed in 2000. I want to thank any of you who might have provided input. This will be a strong rule that could help women-owned firms in over 80 industries where they're underrepresented.

The other major issue in small business contracting is called "parity." As you might know, Congress intended for all of our small business contracting programs to be on equal footing.

But right now, a recent court decision interprets the law to give a preference to HUBZone firms only. That's not what Congress intended, and it's causing confusion in the federal agencies.

As a result, this could devastate 8(a) firms, including thousands of minority-owned firms like yours. Consider that \$16.2 billion in federal contracts went to 8(a) firms in FY 2008. If the recent ruling was applied across the board, billions of dollars from 8(a) could essentially be redirected to HUBZone firms. Without parity, this could severely impact 8(a) firms like yours. It could also hurt our efforts to roll out the strongest possible women's contracting rule.

The good news is, it's a simple clarification to restore Congress' original intent: Remove the word "shall" from the HUBZone section of the law, and replace it with "may." That's what the Administration supports – and about 40 legislators have signed on as cosponsors of this legislation.

We've covered capital and contracts... A third priority is counseling.

Many of you have tapped into the SBA's network – our bone structure. We have 68 field offices, over 100 women's business centers, about 900 Small Business Development Centers and over 350 chapters of SCORE, our retired executive mentoring program.

These counseling resources are critical. They're helping small business owners with everything from leveraging broadband... to establishing regional clusters.

With all of these counseling programs, we always look to build on what works. One example of that is a pilot program that was called Emerging 200.

It enrolled inner-city entrepreneurs in an intensive year-long executive training program. It's been running for a few years, and nearly half (44%) of participants have been African-American.

Several months after they graduated from the program, we surveyed them. The results were stunning. More than half (55%) had increased revenues. More than a third (36%) had won government contracts. 63% had hired new employees with 43% having hired from their local communities.

Even though all agencies are being asked to tighten our belts, we knew that this successful pilot needed more resources, not less.

So, we made the case to expand e200 in the President's budget for the coming fiscal year. Now, we're calling it Emerging Leaders, to reflect the fact that it's growing from 10 cities to 22. And we're making a special push to reach more minority communities, such as Native Americans.

My commitment to you today is that we'll continue to find and grow programs that make a positive impact on minority-owned firms. We'll continue to build on what works.

So to recap, that's capital, contracts, counseling... our 3 Cs...

With the 5th anniversary of Katrina and the BP Oil Spill, I want to mention SBA's important role in disaster assistance.

Right now, the SBA is on the ground responding to about 40 disasters throughout the country.

When the BP oil spill happened, we moved quickly to put disaster staff in Louisiana, Mississippi, Alabama and Florida. We set up 28 offices, and they've already helped hundreds of businesses get low-interest economic injury loans of up to \$2 million.

We're also helping those who've suffered a one-two punch from previous disasters such as Katrina and Rita. We're giving them deferments of up to a year on their existing SBA loan payments.

These businesses are getting the breathing room they need to regroup and move forward – often working side-by-side with one of our 14,000 affiliated counselors.

Overall, with hurricane season approaching, we're in a much better position to respond to disasters than in 2005 with Katrina.

Consider that in 2005, the average processing time was about 70 days for our disaster loans. Currently, we're turning around applications within just 10 days.

We also have more staff. They're better trained. And we have better technology and more capacity to help them work quickly and efficiently.

My commitment is that we'll keep those turnaround times as low as possible. And, more importantly, we'll get the job done right in the Gulf Coast and wherever we're needed.

Every step we take in capital, contracts, counseling, and disaster assistance – we will continue to reach out to America's 4 million minority-owned small businesses.

We look to the people in this room for collaboration... for innovation... and for leadership.

On that note, **I'm very pleased to present the awards** for 8(a) graduate of the year, the SBA Administrator's Leadership Award, and the National Minority Small Business Person of the Year award.

The National 8(a) Graduate of the Year award is given to a firm that represents the true spirit of the 8(a) program. It's highly competitive and the criteria is tough.

They must make the most of training and mentoring opportunities in 8(a). They must show how they've grown to be an independent force in the marketplace. And they must give back to their community.

Our winner has done all that and more.

He received his mechanical engineering degree from Tuskegee University and his MBA from Baldwin Wallace College. After graduating, he joined a Fortune 500 company as a senior engineer, but then he decided he could do it better on his own.

So, he started his firm in Buffalo in 1986 with just himself. In the years that followed, he diversified his services to include all kinds of architecture and engineering. Today, he employs 95 people.

He is active in the community, especially with the University of Buffalo's Center for Entrepreneurial Leadership. In fact, he helped create the Center's Minority and Women Emerging Entrepreneur program.

Finally, I should just mention that he practices what he preaches when it comes to keeping Main Street vibrant. He relocated his offices to a downtown "cobblestone district" in Buffalo, breathing new life into an old distribution center that had laid dormant.

Everyone, please help me congratulate our National 8(a) graduate of the year, Edward O. Watts, the President of Watts Architecture and Engineering.

The Administrator's Leadership Award is given to a federal official that has served as a strong ambassador for America's diverse small business contracting community.

Our winner grew up in Richmond and got her bachelors from Morgan State University. She has served for nearly 30 years as an advocate for small business contractors in the government – at the Navy, at the SBA itself, and now with the Environmental Protection Agency.

She is the Director of the Office of Small and Disadvantaged Business Utilization at EPA. She helps ensure that small, disadvantaged and women-owned firms not only have opportunities to compete for contracts and subcontracts... but also the training to become more competitive in the marketplace.

Perhaps more than anyone, she knows that small businesses are – and must be – part of the solution in helping to lead America to a clean energy future.

Please help me congratulate the 2010 Administrator's Leadership Award winner, Jeanette Brown of the EPA.

Finally, I'm very pleased to present our National Minority Small Business Person of the Year Award.

But first things first – Let's recognize the 10 regional small business people of the year. It's a very competitive process just to become a regional winner. Could they all please stand for a moment?

These 10 winners must show that they own and operate firms that are growing and creating jobs. They must show a strong track record of performance in contracting. And they must show that they're actively giving back to their communities. Congratulations to all of you.

We choose the national winner from that pool, and I'm very pleased to now present the award.

He spent 28 years in the military, and performed progressive responsibilities in multi-functional logistics operations and management.

He rose to become a senior logistics manager and was responsible for millions of dollars in inventory as well as acquisition, storage, material management, and redistribution.

With that experience, he struck out on his own to form the Hughes Group in 1999, which specializes in 3 areas: logistics services, supply services and facility maintenance.

As an 8(a), HUBZone and service-disabled veteran-owned firm, he has seen strong growth. In fact, the Hughes Group was ranked in the top 10 among the fastest growing minority businesses in Washington state in 2007 and 2009.

He's a married father of 3 and grandfather of 2. Help me congratulate Patrick Hughes of the Hughes Group in Lakewood, Washington.

Thank you Patrick, and congratulations again to all the winners. And thanks to all of you for being here today.

As America becomes more and more diverse in the 21st century, minority-owned firms will play a critical role in strengthening our economy and creating jobs.

I look forward to working with you and with Congress to give more firms like yours – and more people like you – the tools they need.

And this Administration will continue to stand behind you, because – as the President has said – when you succeed, America succeeds.

Thank you for being here and have a wonderful rest of your conference.

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