

Portland, Maine Field Hearing Testimony
“Small Business Survival, Weathering the Economy,
Creating Jobs, and What the SBA Can Do to Assist”
Karen Mills, SBA Administrator
August 12, 2009

Thank you, Ranking Member Snowe and Senator Shaheen. The small business communities in Maine, New Hampshire, and throughout the country are fortunate to have such strong voices for them in the U.S. Senate. I look forward to hearing from some of those small business owners today.

I am pleased to share the SBA’s efforts to help small businesses survive and grow during these difficult times.

We have three offices in Maine, including a district office in Augusta and others in Portland and Bangor. These offices work closely with our strong network of Maine partners which includes 12 Small Business Development Centers, two Women’s Business Centers, and seven chapters of SCORE, our SBA-affiliated retired executive mentoring program.

I want to thank both of you for supporting this team that is “on the ground” by passing the Recovery Act. I believe that the provisions in that Act relating to small business have been instrumental in “putting the brakes on this recession,” as President Obama has said. The money to support SBA’s new and enhanced programs is in the marketplace and it is helping small businesses, especially in regards to access to capital and opportunities in contracting.

As you know, the Recovery Act allowed us to raise guarantees on 7(a) loans to 90% and reduce or eliminate fees in our flagship 7(a) and 504 loan programs. As of July 31, the SBA has supported nearly \$7.8 billion¹ in lending to small businesses. Average weekly loan dollar volumes have risen more than 50% in the SBA’s two top loan programs compared to the weeks preceding passage.² About 850 lenders have come back to SBA lending, more than half of whom had not participated since 2007. Moreover, we just received new data showing that, in July, we saw our loan volume return to what it was back in September of 2008.³

We’re seeing great success with these programs right here in Maine. Under the Recovery Act, the SBA has approved more than 230 loans that have supported \$55.7 million in lending to Maine small businesses. Compared to January and February, our weekly loan approval dollars in this state have increased over 200%.⁴ Also notably, compared to last fiscal year, lending to rural small businesses in Maine has jumped from about \$23 million to more than \$33 million, or 45%.

And we know that this means jobs. So far, small businesses are reporting that Recovery Act loans will help them create and save tens of thousands of jobs throughout

¹ As of July 31, 2009, SBA has approved \$5.7 billion in loans, with overall support for \$7.8 billion (which includes support for SBA 504 first mortgages) since the Recovery Act was signed into law.

² As of July 31, 2009.

³ July 2009 loan volume was \$1.41 billion.

⁴ From \$641,000 to \$2.1 million

the country.⁵ Here in Maine, loan recipients have reported that they have created about 1,000 jobs and retained more than 2,700 jobs so far this fiscal year.

In addition, just seven weeks ago we opened up a new program called ARC loans. These are 100% guaranteed by the SBA, for up to \$35,000 and with no interest for the borrower. The program is targeted for struggling-but-viable small businesses during this unique time.

Already, the SBA has approved more than 1,100 ARC loans in 47 states and more than 300 industries, putting nearly \$37 million in the hands of small business owners. Seven Maine banks have participated so far.

As you know, the Recovery Act also provides billions of dollars in contract opportunities. We are working with federal agencies to ensure that small businesses have opportunities to deliver at least 23% of these contracts.

The Vice President has asked the SBA and the Department of Commerce to spearhead an Administration-wide effort to support federal contracting with small businesses, as well as businesses owned by women, minorities and veterans. The SBA is reaching out at both the federal and state levels. For example, we have already conducted hundreds of workshops around the country for small business owners who want to grow, innovate, and create new jobs through government contracting.

As of August 6, small businesses have received more than 23% of federal Recovery Act contracting dollars, totaling \$1.8 billion. Significant percentages of these contracts are going to participants in our 8(a) and HUBZone programs. Here in Maine, small businesses have already received contracts from the FAA, the Navy, the National Park Service, and other agencies. For example, a small architectural firm – Roc Caivano architects – in Bar Harbor will be doing a topographic survey of some of the buildings in Acadia National Park.

In closing, I want to reiterate just how strong the small business community is here in Maine. Altogether, Maine has nearly 150,000 small businesses. They represent the vast majority of our state's employers and they are the backbone of our state's economy.

In addition, Maine is building powerful models for the rest of the nation, such as its regional economic cluster to support boatbuilding using cutting-edge research and technology. I cited this model in a recent speech in Michigan where they are trying to build on the state's automotive background to build a new cluster in robotics.

The SBA has a strong commitment to serving as the strongest possible voice for Maine's – and all of America's – small businesses. We continue to be at the table with major efforts in areas such as health care reform, green jobs, innovation and more. And, of course, we continue to work with you to help America's small businesses create jobs, increase competitiveness, and drive our economy.

At this time, I am pleased to take your questions.

⁵ Data is self-reported by the borrower and appears in the SBA loan application form.