

**Portsmouth, New Hampshire 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, Senator Shaheen and Ranking Member Snowe. The small business communities in New Hampshire, Maine, 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 an SBA district office in Concord, which works closely with our strong network of New Hampshire partners which includes a Women’s Business Center, a Small Business Development Center with seven sites, and six 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 billion<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup>

We’re seeing great success with these programs right here in New Hampshire. Under the Recovery Act, the SBA has just over 300 loans that have supported more than \$67 million in lending to New Hampshire small businesses. Compared to January and February, our weekly loan approval dollars in this state have increased nearly 300%.<sup>4</sup> Also notably, compared to last fiscal year, lending to rural small businesses in New Hampshire has increased from about \$26 million to nearly \$31 million, or 19%.

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

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<sup>1</sup> 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.

<sup>2</sup> As of July 31, 2009.

<sup>3</sup> July 2009 loan volume was \$1.41 billion.

<sup>4</sup> From \$576,000 per week to \$2.2 million per week

the country.<sup>5</sup> Here in New Hampshire, loan recipients have reported that they have created more than 700 jobs and retained more than 3,000 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. Six banks have participated so far in New Hampshire.

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 New Hampshire, small businesses have already received contracts from the EPA and the Army. For example, a construction company – R.D. Edmunds and Sons – up in Franklin will be doing some roadwork around the Blackwater Dam for the Army.

Overall, we know that New Hampshire has a strong small business community. There are nearly 140,000 small businesses in this state – stretching from Nashua to Berlin. As a former small business owner herself, I am sure that Senator Shaheen knows just how critical these businesses are to New Hampshire.

The SBA has a strong commitment to serving as the strongest possible voice for these and all of America's small business. We continue to be at the table with major efforts in areas such as health care reform – as you heard from the President here in Portsmouth yesterday – as well as green jobs, regional economic clustering, 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.

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