

**Opening Statement of Senator Jeanne Shaheen**  
**Hearing of the U.S. Senate Committee on Small Business and Entrepreneurship**  
***“Small Business Survival, Weathering the Economy, Creating Jobs,***  
***and What the SBA Can Do To Assist”***  
**Great Bay Community College**  
**Portsmouth, N.H.**  
**August 12, 2009**

Let me begin by welcoming my colleague, Olympia Snowe, who is the senior Senator from Maine and the Ranking Member of the Senate Small Business and Entrepreneurship Committee.

This morning we held a similar Committee field hearing in Portland.

The focus of these hearings is how small businesses can weather this economy and begin creating jobs again and what the Small Business Administration can do to assist. We will hear from two panels of witnesses, starting with Karen Mills, the energetic new leader of the SBA. The witnesses on the second panel will be able to help us understand what is happening today in New Hampshire’s economy from the perspective of leaders in small business lending, small manufacturing, tourism, start up companies, and exporting. I thank all of today’s witnesses for not only sharing their insights with Senator Snowe and me, but with the entire Senate Small Business Committee, who will receive copies of all of the testimony from this hearing.

I want to thank Great Bay Community College and its president, Will Arvelo, for hosting this hearing. Our community colleges provide essential job training services for small businesses and for workers needing to upgrade their skills or make a career change because of the changing economy. I thought Great Bay Community College was the perfect place to hold this hearing.

I wanted to do these two hearings with Senator Snowe because New Hampshire and Maine have so much in common. We have similar demographics, geographies, climates, and economies. Our populations are almost the same exact size, with Maine edging New Hampshire out by only 647 people. Both states are largely rural, and Maine and New Hampshire are the two most forested states in the country. Small businesses are the backbones of both states’ economies. Over 96 percent of the employers in New Hampshire are small businesses and over 97 percent of Maine’s employers are small businesses. We share a 184 mile long border, and every day thousands of residents cross state lines to commute to work. Our economies are very intertwined.

Our states also face some common challenges and opportunities.

Rising health care costs are a drag on small businesses in Maine and New Hampshire, as they are across the country. In New Hampshire from 2002 to 2006 there was a more than 41 percent increase in the average premiums all businesses paid for individual plans for their workers. For businesses with fewer than 10 employees, it was a 70 percent increase. That rate of increase is not sustainable. It hurts the competitiveness of small businesses and more and more of them have been forced to drop coverage for their workers because they simply can't afford it. Fortunately, Olympia Snowe is the leading voice in the Senate to make sure health care reform benefits small business, and I am proud to be cosponsoring Senator Snowe's SHOP Act.

Tourism is a very important industry in both states. I'm pleased to report that the first legislation the Senate will vote on when we return in September is the Travel Promotion Act, which will establish a national public-private partnership to get more overseas travelers to come to the United States. I am a cosponsor of this bill and I look forward to its passage.

International markets are very important to small businesses in both states. Small business generates 41 percent of New Hampshire's total exports, the 8<sup>th</sup> highest share in the country. Many economists believe that a sustained recovery from this recession depends in large part on export growth. One of the first items on the Small Business Committee's agenda when we return is completing work on legislation to strengthen SBA programs.

The severe recession has hit both states very hard. The unemployment rate has shot up by more than 3 points in each state in the past year. While both Maine and New Hampshire are doing better than the nation as a whole, that is little comfort to the now unemployed worker or small business that is struggling to stay alive.

There are signs that the recession is ending. Job losses were much lower than expected in July, and the housing and financial markets have begun to stabilize.

That is in part due to the American Reinvestment and Recovery Act we passed in February. The Recovery Act also made a significant investment in the SBA. This investment was crucial. It is small business that will lead us out of this recession, but in order for small businesses to begin creating new jobs, they need access to capital.

And we are seeing results from the Recovery Act and from Administrator Mills' leadership. More SBA guaranteed loans are being made to small businesses since passage

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of the Recovery Act, giving them the financing they need to survive the recession and create jobs again. Nationwide, average weekly loan dollar volumes have risen more than 50% in the SBA's two top loan programs, the 7(a) and 504 programs. In New Hampshire, loan dollar volumes for these two programs have increased 290 percent since March.

But clearly not everything is working as we had hoped. I hear a lot of frustration in my state from small businesses and community banks about the new ARC loan program. This is a temporary loan program that was authorized in the Recovery Act to be a bridge for small businesses that are experiencing financial hardship so they can get through this recession. Unfortunately, only eight ARC loans have been made in New Hampshire so far.

These hearings gives us an opportunity to learn more about what is really happening on the ground, what the SBA can do better, and what further actions the Senate can take to help small business, and I look forward to a lively discussion.

Now I would like to recognize my esteemed colleague from Maine, Olympia Snowe, for her opening statement.