

U.S. Hispanic Chamber of Commerce Luncheon

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**As Prepared for:
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SBA Administrator**



Thank you, David. Good afternoon. It was great to be at your Convention last year. And it's great to be with you again today.

Recently, I was at a roundtable in San Antonio with local businesses. Nearly all were Hispanic-owned.

So I was curious and pulled some recent data. In 2002, the Census Bureau said 1.6 million Hispanic-owned firms generated more than \$200 billion in revenue. Today, some estimates say that has nearly doubled to 2.5 million and \$400 billion in revenues. It's clear that Hispanic-owned firms are a large and growing force in the economy.

But still, we know that while Hispanics in the U.S. comprise more than 15% of the population, they still own only about 7% of the businesses.

With your help, we can change that. We can reach out to give more Hispanic entrepreneurs the tools they need... in the form they need.

So, our partnership is more important than ever.

So, what have we already accomplished at SBA over the past year? How many people here have heard of SBA loans...? or know a business that got an SBA loan?

The Recovery Act helped us put more of these loans into the hands of small business this past year.

For the Hispanic community, the results are clear. So far, we've helped provide about 3,000 loans for Hispanic-owned small firms... totaling over \$1 billion in lending support. And we didn't stop there...

We also work with federal agencies to deliver 23% of contracts to small business. We're reaching that goal for Recovery Act contracts. For Hispanic-owned firms so far, that has translated to \$800 million in contracts.

And where are our Latina business owners? SBA just released a proposed rule for a set-aside program for women-owned small firms. It targets about 80 industries where women-owned firms are underrepresented in federal contracting. I hope all of you who raised your hands are going to the workshop today on women's contracting. And check out our free women's contracting course at sba.gov.

Also at sba.gov, there's contact information about the 14,000 SBA-affiliated counselors across the country – including our Small Business Development Centers, our Women's Business Centers, and our SCORE mentors.

What I've just described is our "3 Cs" at the SBA: capital, contracts and counseling. That's who we are and what we do. We've taken big steps in each of these areas this past year.

Just this past week, we've taken 2 more big steps by working with leaders in Congress.

The first happened last Thursday when the President signed the HIRE Act. This has 2 pieces of good news:

1. First, it cuts payroll taxes for businesses that hire someone who's been out of work at least 2 months. You get a bigger cut if you hire now rather than wait.
2. Second, it lets businesses write off investments they make in equipment this year – up to \$250,000 – without waiting for them to depreciate.

Overall, the HIRE Act sends a clear message to those who are ready to grow, but are hesitating. It says, "Go ahead. Hire that next worker. Buy that new piece of equipment."

The 2nd big step we made this past week was Sunday's historic vote on health insurance reform. Access to affordable health insurance has been the #1 concern for small business owners for decades.

I come from the small-business state of Maine. I always say that small businesses are like families... They want to provide coverage, but they're often forced to choose between that and keeping the doors open.

Today, less than half of small employers with 3 to 9 workers offer health coverage. 13 million uninsured workers are at businesses with fewer than 100 employees. The situation is untenable.

This legislation helps in 2 critical ways...

First, there will be more options and more competition through insurance exchanges. This will let you pool your risk and your buying power. It will give you more economy-of-scale in the market. You'll also get options for levels of coverage.

Second, even though the exchanges won't be running until 2014, THIS YEAR about 4 million small businesses will be eligible for more than \$40 billion in tax credits. That's 60% of small employers.

And, here's an important note: All small businesses with less than 50 employees – that's 96% of America's businesses – are exempt from the employer responsibility provision.

But again, the goal is to provide incentives and more negotiating power for employers to do what they want to do in the first place – which is cover their employees.

I want to thank you in advance for helping spread the word about these tax cuts in the HIRE Act and in health insurance reform.

We've taken many steps up the hill. Now, we need to take one more big one.

We need a Small Business Jobs Plan that fills the gaps we still see in small business lending. We've analyzed the problems, and we have a plan with 5 components.

1. First, for community banks that don't have capital, the President proposed a Small Business Lending Fund. That's \$30 billion to lend at a low interest rate to community banks... as low as 1% if they keep lending more to small business than they did in 2009.
2. Second, for banks still having trouble taking risk, we've asked for a long-term extension of our Recovery loans (that I talked about earlier) that have helped 3,000 Hispanic-owned firms. The good news is we know it's working. The bad news is we're running out of funds.
3. Third, many small businesses need bigger SBA loans to create jobs – franchisees, manufacturers, exporters... That's why the President proposed an increase in SBA's top loan limits to \$5 million.
4. Fourth, many small businesses can't find access to working capital. We need to temporarily raise SBA's Express loans to \$1 million. Banks use their own paperwork for Express loans, so they can be turned around in just a few days. These loans help small firms restock shelves, fill orders, and regain traction.
5. Fifth, we know that many owner-occupied small firms have commercial real estate mortgages that need to be refinanced soon. We want to open up SBA's 504 program. It's so important that we prevent creditworthy firms from facing unnecessary foreclosure and lost jobs. 504 refinancing will allow them to lock-in stable, long-term rates, while freeing up banks to make even more small business loans.

This 5-part Small Business Jobs Plan is driven by principles of good government:

- It builds on what works... rather than creating a new bureaucracy;
- It maximizes limited taxpayer dollars... often with little subsidy;
- And it can be implemented quickly and effectively.

We're looking forward to working with Congress – and all of you – to implement this important jobs plan.

I talked about the Census earlier – that showed the growing strength of Hispanic-owned firms.

This weekend, I filled out my own Census form – and I was thinking about this event. I started thinking about how we can “break out of our walls” at SBA... and work more closely with groups like this Chamber.

One quick example: Our Assistant Administrator for Women’s Business is Ana Harvey. She was doing a great job at the Hispanic Chamber here in Washington – which is exactly why we recruited her to work at SBA.

She found out that the Embassy of Mexico had consulate offices that were getting questions from Latino entrepreneurs. Now, the Embassy is asking us to have more SBA tools and counselors in consulates where they’ve found a need. They’re not all of the cities you might think – like Kansas City, Denver and even St. Paul.

This is the kind of thing that we want our 68 field offices to be doing in partnership with local Hispanic chambers.

We want to share our networks of lenders, bankers, counselors, contracting officers and others. Because we know that these entrepreneurs and small business owners are actively looking for the right tools to help them grow and create jobs.

So this is my commitment to you today: As the Hispanic small business community continues to grow, we will grow to serve it.

Thank you for your partnership, because we know that we will need your help every step of the way.

It has truly been an honor to be with you. Thank you.
