

Opening Remarks
Small Business Financing Forum
November 18, 2009
Washington, DC

As Prepared for:
Karen G. Mills
SBA Administrator



We all know that small businesses have been hit hard by the credit crisis that began just over a year ago. That's why the President asked us to bring together a cross-section of leaders in America's small business community. I want to thank all of you for being here.

Also, I know many of you are joining us online. Welcome to all of you. A special thanks to those who submitted hundreds of questions and comments for the online chat I held on Monday. Those comments have been invaluable in helping us frame today's discussion.

We all know the facts about small business. More than half of American workers either own or work for a small business. Small businesses create about 65% of the net new private sector jobs every year. And throughout our history, we've seen how our small businesses drive innovation and global competitiveness.

The SBA's mission is to aid, counsel, assist and protect the interests of these small businesses – and maximize their contribution to the U.S. economy.

One of the most important ways we do that is by supporting access to capital, which is what we're talking about today.

The SBA works with nearly 5,000 banks, credit unions and non-depository lenders. We provide government-backed loans for small businesses that can't find financing in the marketplace.

But last October, credit to small business froze, both in the conventional market and with SBA loans.

The good news is that the Recovery Act engineered a turnaround in SBA lending. Congress and the President temporarily reduced the fees and increased the federal guarantee in our two flagship loan programs – 7(a) and 504. That formula worked.

Since March, we have seen a weekly SBA loan volume increase of about 75% compared to the weeks before the Recovery Act. We've provided support for about \$14 billion in lending through 37,000 loans to small businesses. In fact, September was our highest monthly loan volume since 2007.

Also, more than 1,250 lenders have returned to making SBA loans since October 2008. More than half of these hadn't made an SBA loan since 2007. This provides more access points to capital throughout for small business owners throughout the U.S.

We're working with Congress to try to continue funding for the increased guarantee and fee reductions through mid-February.

To build on the success, we're pleased that the President asked Congress to increase our loan caps from \$2 million to \$5 million. In recent years, our data shows that the demand has increased for these bigger loans. We want to meet that demand.

In addition, the President will be having a Forum on Jobs and Economic Growth next month. As Tim said, today is a precursor to that Forum, and it will help guide the dialogue for that event.

We're also excited that the President will be kicking off a "White House to Main Street" tour which will begin in Allentown, Pennsylvania, the day after the Jobs Forum.

Overall, our goal is to put more resources in the hands of small business owners in order to create jobs and lead us out of recession.

[We're going to hear from a number of groups in the panel sessions today. Then, this afternoon, we'll break out into groups to gather feedback from our audience. And in our closing Town Hall session, we will take questions directly from the audience.]

###