

**National Association of Surety Bond Producers
Tuesday Sept. 22, 2009
Washington, DC**

**Remarks as Prepared for
Karen Mills, SBA Administrator**



Thank you. Good morning everyone. It's great to be here with you. I want to especially thank Todd and NASBP for inviting me.

I've been on board at the SBA since April. When I arrived, I took time to get briefed on all of SBA's partnerships. I was especially interested in our partnership with surety bond producers, because you know the value that small businesses bring to the table.

And we all know the facts about small business. They create the majority of jobs in our country each year. More than half of Americans own or work for a small business. And most importantly, we know that small businesses can and should play a central role in rebuilding our economy.

Today, our President "gets it," too. He talks about small businesses born in "family meetings around kitchen tables..." how they're the "heart of our economy."

So, the goal of our partnership is clear: We need to make sure small businesses can survive *and grow* to put the brakes on the recession and lead us to recovery. That's a big mission for a small agency, but if we work closely with people like you, I know we can get there.

With that in mind, this morning, I want to talk about the progress we're making with the Recovery Act and the importance of our partnership going forward.

First the Recovery Act – the economic stimulus

As you know, last October, credit froze and small businesses were looking for a lifeline. The new Congress and Administration understood that we needed to get capital flowing again – and the quicker the better. That's why the stimulus included about \$730 million for the SBA.

More than half of those funds were put in place in March, including 2 temporary changes to top 2 loan programs. We reduced/eliminated fees in our 7(a) & 504 programs. We increased the guarantee on our 7(a) loans up to 90%.

Consensus after 6 months: *it's working – it was a smart investment.*

Result #1: SBA weekly loan volume is up about 60% compared to the 2 months before the Recovery Act. We're back near 2008 levels in loan volume. Also, just a week or so ago, we hit \$10 billion in lending support so far.

Result #2: Just as importantly, more than 1,000 lenders came back to SBA who had not participated since October. More than half of these hadn't made SBA loans since 2007. This is building a bigger network – with more points of access for the people who need it most.

And with all of our lending programs, the best news is this: Borrowers are reporting that they are saving and creating more than 100,000 jobs around the country.

But we didn't stop there, because we knew two other things were also happening. We knew that people like you were working with the SBA to provide thousands of surety bonds each year. We also knew there were a number of small businesses who were ready to do their part with the Recovery efforts by taking on bigger projects and contracts.

So, as you know, we were able to more-than-double the limit on SBA-backed surety bonds from \$2 million to \$5 million, and, in some cases, \$10 million.

Soon thereafter, we started to hear stories like Ayuda Management Company in Colorado... As you may know, Ayuda means "help" in Spanish (and that's exactly what they do in the construction field).

They're a woman-owned small business that started in 2002. They specialize in construction management, engineering, and intrusion detection systems. By 2006, the company had a strong track record and they were accepted into the SBA's 8(a) contracting program.

But in 2007, they needed some help. They knew they had the capability and the talent to build a facility at Buckley Air Force Base, but they were having trouble getting bonded. That's when they found Tom Sauer Bond Agency. Tom worked with American Contractors Indemnity Company to get the company an SBA Surety Bond.

The project was a success. In fact, since then, they've secured several more SBA-backed surety bonds. As a result, in the past two years, they've grown from 14 to 38 employees, with revenue growing from \$3 million to over \$15 million.

Then the Recovery Act passed, which was another boost for Ayuda, because they needed a bond for \$4.3 million for yet another facility at the Air Force Base. This wouldn't have been possible without the Recovery Act. With the higher cap, the SBA was able to guarantee this "design-build" project and Ayuda is once again helping meet our Department of Defense needs.

It's a great success story... and we're hearing more and more of them. In fact, this year, we're expecting to issue more than 6,000 SBA guarantees for surety bonds, with dozens taking advantage of the temporary raised cap.

I want to encourage all of you to reach out to business owners that might benefit from this enhancement, which is good through next September. The raised caps apply to contracts and subcontracts in both the public and private sectors. Perhaps you can even find a few businesses that benefit from the other provision: bonds up to \$10 million for certain Federal contracts that are certified by a contracting officer.

One more thing: We all know that construction is a competitive industry – and it could get even tougher in the months ahead. I want to thank all of you here today for making sure that small businesses still have opportunities to prove that they can get the job done, and they can get it done *right*.

On a broader scale, that's why we recently renewed our commitment to help small businesses deliver at least 23% of federal contracts. Put simply, this is a win-win. Small businesses get increased volume, sales, and hires. They get a "lift" to be competitive in the global marketplace. Federal agencies get to work with the most innovative, nimble, responsive companies – often with a direct line to the CEO.

So far, we're hitting many of our targets in regards to Recovery Act contracts. We're right around the 23% goal for stimulus contracts. We're reaching our goals for small disadvantaged businesses, HUBZone businesses and service-disabled veteran-owned small businesses. And we're very close to our women-owned small business goal.

Last month, the President and the Vice President voiced their support for even more outreach to these groups. President Obama said providing the maximum practicable opportunity for small business contracting is "essential." So, they tapped me and Commerce Secretary Locke to spearhead an effort to reach out to all of our stakeholders.

We're well on our way. We're participating in more than 200 events to help with outreach to small, women-owned, minority-owned and vet-owned businesses. We're promoting matchmaking between procurement officers and these businesses. We're encouraging small businesses to aggressively market themselves to agencies.

We're also leveraging technology. Just a few weeks ago, we rolled out an online course called "How to Win Federal Contracts." We already have more than 4,000 people registered. And we know that this effort couldn't come at a better time, with billions more in stimulus contracts heading out the door.

Overall, each contract, each SBA loan, and each SBA-backed bond means so much to our small business community: a job saved or created... a business that can keep its doors open to make it through a rough patch... or even a business that grows and expands.

If we continue to work together, we can make sure small businesses help the Recovery Act live up to its name. And my commitment to you today is that we will do our part at the SBA to serve you better.

That's why I just want to take a moment to tell you how we're working to reinvigorate the SBA and our partnerships on a larger scale.

The SBA has a great "bone structure." We have more than 2,000 employees at 68 district offices around the country. We have extensive network of partners: more than 900 Small Business Development Centers, 100 Women Business Centers, and 350 chapters of our mentoring program, SCORE. And, of course, we value our partnerships with all of the members of NASBP.

Right now, we're reinvesting in our people and our technology.

For example, we are moving toward more paperless, electronic systems – a hallmark of good government practices. Just over a year ago, we rolled out our electronic bond application process. It reduces the paperwork for producers and surety companies. It also speeds up the review and approval cycle time. In other words, it makes everyone's life a little easier, and improves our service to the small business community.

In addition to technology, we're investing in our people through better training and a team-based approach. For example, I know that Frank Lalumiere is helping to infuse a stronger overall focus on customer service in his office. He and I are looking for better ways to serve you and the surety companies in our Surety Bond programs. If you have ideas on how we might strengthen our office to have a greater impact, I encourage you to contact Frank.

By doing so, we hope to strengthen our partnership and to attract even more producers and companies to the SBA. And our partnership is critical, because it helps us serve as the strongest voice for small business.

America's small businesses have a seat at the table in this Administration... We want to create an environment where all kinds of small businesses can flourish: from the dry cleaners on Main Street... to the construction companies that work with you to build our towns and cities... to the high-growth, high-impact firms that drive American competitiveness in the 21st century.

And we need your help every step of the way.

As I continue to travel around the country, I look forward to meeting more of you... and hearing even more of your success stories. Together, we can help ensure the success of America's small businesses.

I welcome the producers who are starting to participate in SBA programs... and I look forward to continued input, guidance and collaboration from all of you as we move forward. Thank you. ###