



SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

*“Entrepreneurial Development: Investing in Small Businesses
to Strengthen our Economy.”*

Thursday, June 11, 2009 at 10:00 a.m.

Room 428A of the Russell Senate Office Building

(As Prepared)

I want to thank all of you for coming today. It’s an honor to have you at the Senate Small Business Committee. The purpose of this roundtable is to discuss the reauthorization of important Entrepreneurial Development programs within the Small Business Act.

Entrepreneurial Development continues to be among our top priorities and we are pleased to have a reauthorization roundtable on these programs, following our SBIR and STTR reauthorization roundtable last week.

Yesterday, I introduced S.1229, “The Entrepreneurial Development Act of 2009.” This important legislation will provide SBA partners with the tools they need to help entrepreneurs create, manage and grow their businesses. The bill will boost Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), SCORE and other existing entrepreneurial development programs while creating new programs in support of veterans’ and Native American entrepreneurship. It also reauthorizes several E.D. programs through 2012 and sets forth requirements for communication and consultation between agencies and sets requirements for training, counseling and improvements within the programs. Additionally, the bill establishes a grant program to provide neutral and objective information and educational materials regarding health insurance options, including coverage options within the small group market, to small businesses.

This committee also plans to be more aggressive in promoting more export opportunities for small businesses. On Monday, I introduced S.1196, “The Small Business International Trade Enhancements Act of 2009.” This legislation makes several important changes to the SBA’s International Trade programs, opening up a wide range of new opportunities for small businesses looking to export.

This legislation is similar to provisions which have passed this committee the last two Congresses as part of other SBA reauthorization bills. It is my understanding that Senator Snowe also filed a bill to improve the SBA’s International Trade programs and I have heard from several other committee members interested in this issue as well. I look forward to working with Senator Snowe and other members of the Committee to come up with a bipartisan bill next month. To help this effort, I will hold a field hearing on June 30th in New Orleans to discuss Federal export promotion programs and the role for small businesses in international trade. I have made it a priority of this Committee to get a comprehensive reauthorization bill to the President’s desk before July 31st.

Format of the Roundtable

Let me first explain the format for the roundtable. We’ve got a large group so if you would please stand your name placard up long ways in order to be recognized to speak. I unfortunately cannot stay

due to my schedule, but in my absence Don Cravins, Ami Sanchez and John High from my staff and Matt Walker, Jake Triolo and Meredith West from Senator Snowe's staff will moderate and help lead the discussion. They will be reporting back to Senator Snowe and me on the details of the roundtable. We will leave the record open for one week, until June 18th, if you would like to submit additional statements or materials.

Key Points

We have a good foundation for this year's bill based on the work this Committee did in that last two Congresses. If anyone has changes to recommend, today is the day to make the case.

Given the breadth of areas of entrepreneurial developmental, today I would like our focus to stay on constructive ways to improve this legislation. The focus should be on maintaining a compromise, whether it's on the nature of the services being provided, changing the award amounts or the mechanisms through which financial assistance is obtained. We have many policy goals and interests to balance. We want to improve the geographic, ethnic and industry diversity of the program, as well as encourage the effectiveness of the programs available and the use of technology to maximize the efficiency of the programs.

Statistics and Facts about the Programs

As all of you know, the Entrepreneurial Development programs have been enormously successful over the years. Small Business Development Centers offer one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily-accessible branch locations across the U.S. The program is a cooperative effort of the private sector, the educational community and federal, state and local governments and is an integral component of Entrepreneurial Development's network of training and counseling services.

There are 11 SBDC locations in Louisiana in: two in Monroe, one in Alexandria, two in Baton Rouge, and one in Hammond, Lafayette, Lake Charles, Metairie, Natchitoches, Shreveport and Thibodaux.

SCORE "Counselors to America's Small Business" is a nonprofit association dedicated to educating entrepreneurs and helping them form and grow small businesses across the country. SCORE is a resource partner with the Small Business Administration (SBA). Founded in 1964, SCORE is headquartered in Herndon, Virginia and Washington, DC and has 370 chapters throughout the United States and its territories, with 11,200 volunteers nationwide. Both working and retired executives and business owners donate time and expertise as business counselors. There are 2 SCORE locations in Louisiana in New Orleans and Baton Rouge.

Women's Business Centers provide support and services to a range of women business owners and entrepreneurs securing rounds of venture capital. Founded in 1998, the AWBC supports entrepreneurial development among women as a way to achieve economic self-sufficiency, create wealth and encourage participation in economic development through education, training, mentoring, business development and financing opportunities. There are two Women's Business Centers in Louisiana in New Orleans and Lafayette.

Veterans' Business Outreach Centers provide business training, counseling, technical assistance

and mentoring to Veterans, Reservist, National Guard and Active Duty business owners and start-up candidates in the Southeast Region of America. This program is funded by the Small Business Administration to serve as a clearinghouse for business and technical assistance for those interested in starting or growing a business. Though there is no VBOC in Louisiana, the VBOC in Texas, at the University of Texas, serves five states including Louisiana.

The Office of Native American Affairs, within the SBA, ensures that American Indians, Native Alaskans and Native Hawaiians seeking to create, develop and expand small businesses have full access to business development and expansion tools available through the Agency's entrepreneurial development, lending and procurement programs.

The Program for Investment in Microentrepreneurs – or PRIME – provides intensive, one-on-one business counseling for disadvantaged entrepreneurs. Through the program's training and technical assistance, PRIME helps bridge the gap for low-income entrepreneurs who may possess some business experience, but not enough to be deemed credit worthy.

The Committee's bill establishes by law that PRIME is in the Small Business Act and under the SBA's jurisdiction. It also extends the program for three years.

The mission of SBA's Office of International Trade is to enhance the ability of small businesses to compete in the global marketplace; facilitate access to capital to support international trade; ensure that the interests of small business are considered and reflected in trade negotiations; and support and contribute to the U.S. Government's international agenda.

Brief introduction to Entrepreneurial Development programs

The Entrepreneurial Development Act of 2009 requires certain information to be tracked and reported, particularly outcome-based measures for grant recipients.

I believe that whenever we, as lawmakers, make a financial investment in public programs, that we make sure that those who are receiving those funds are able to accurately account for their expenditures and are able to report to stakeholders the level of return on that investment - whether it be in jobs created or in effect to local GDP.

However, given the increasing demands on the SBA's assistance programs and the breadth of services we expect these programs to provide, there is always a balancing act in determining how much information is too much with regards to accounting and reporting.

For existing programs, the requirements included in S. 1229 may not be such a substantial burden, so I pose this question to those here speaking on behalf of newly created programs - Veterans Business Centers and Native American Small Business Development Centers: are the reporting requirements included in this bill sufficient without being too burdensome?

To follow up, I pose this question to our representative from the SBA: Are there policies already in place that enable you to gather these outcome-based measures?

Now I would like to turn the roundtable over to staff.

