



**SENATE COMMITTEE ON
SMALL BUSINESS AND ENTREPRENEURSHIP
Senator Mary L. Landrieu, Chair**

Remarks for
the U.S. Chamber of Commerce *Women in Business Forum: Opportunities
and Risks in an Uncertain Economy*
December 14, 2010

(As prepared for delivery)

Thank you David for that introduction, and thank you for inviting me to speak here today at this important forum. I am happy to be here with you today.

I am very proud that more and more women are not just working in businesses, they are leading businesses. In fact, they are leading the movement of entrepreneurship in this country as the fastest growing group of business owners today.

According to most recent data, from 1997 to 2007, the number of women-owned businesses grew by 44 percent, to 7.8 million, twice as fast men-owned firms. In 2007, these firms had receipts of \$1.2 trillion and employed approximately 7.6 million workers.

Because of the role women are now playing in entrepreneurship, it is appropriate that women are also leading the government's efforts to aid small businesses, particularly women-owned small businesses. In the Senate, I alongside my colleague from Maine, Olympia Snowe, lead the Small Business Committee, and are the first women to lead a Congressional Committee as Chair and Ranking Member in our nation's history; In the House there is Congresswoman Velazquez, leading the Small Business Committee; And in the Small Business Administration are Administrator Karen Mills and Deputy Administrator Cheryl Johns— who serve as strong advocates for small, and especially women-owned, businesses across the country.

Together, we recognize that women entrepreneurs play a vital role in job creation and are a key engine for our national economy, particularly in today's uncertain economic climate.

OBSTACLES FACING WOMEN SMALL BUSINESSES

There is often a sense in Washington that the problems affecting women have been solved, that the discrepancy in the success of women-owned firms can be explained by women's desire to balance work and family or a lack of desire in running a large corporation.

This may be the case for some women – and men – but certainly not all.

While women-owned businesses are growing at extraordinary rates, women business owners, like all business owners, are struggling in the face of limited access to capital and credit, lack of access to federal contracts and limited funding for technical assistance and counseling programs. In these respects, women small business owners do still face higher hurdles than men.

OBSTACLE: ACCESS TO CAPITAL AND COUNSELING

In terms of access to capital, it has been said that women often come to entrepreneurship with fewer resources available to them than men. Women are most likely to use personal savings, earnings from the business, home equity loans, credit cards, and family loans to finance their business.

Additionally, according to some research, because of the unique characteristics of women entrepreneurs, women obtain smaller loans, pay higher interest rates, must put up higher collateral and experience a higher level of dissatisfaction with the loan process.

Maybe some of you have experienced this yourself, but this was exactly the scenario that Katherine Kallinis and Sophie LaMontage, Co-owners of Georgetown Cupcake and reality stars of TLC's "D.C. Cupcakes," expressed in a Committee roundtable I chaired earlier this year. One of the most famous small businesses in the country described the constant struggle with large banks and some community banks not even listening to their business plans before denying them a loan. It wasn't until a local bank, Eagle Bank, took a chance on them and their idea, that they were able to obtain the necessary financing they needed to start their business.

Given the current uncertain economic conditions and tightening credit markets issues, like those described by Katherine and Sophie, (something missing here) are compounded, leading to even greater struggles by women entrepreneurs in starting or growing their business. This makes the importance of Federal access to capital and entrepreneurial development programs even greater for women entrepreneurs.

This includes the SBA's 7(a) loan program, which guarantees loans made by private sector lenders to small businesses, and the microloan program, which provides small loans through community intermediaries that combine financial and technical assistance to help give new businesses a better chance at success.

And counseling programs such Women's Business Centers and Small Business Development Centers, which provide critical technical assistance, education and training to entrepreneurs on all aspects of starting or growing their business.

OPPORTUNITIES IN CAPITAL AND COUNSELING: THE SMALL BUSINESS JOBS ACT

This is why, as Chair of the Small Business Committee, I worked with colleagues across party lines to come up with a bill, the Small Business Jobs Act, that is strategic, targeted and fully paid for to provide needed help to America's small businesses, including women-owned businesses.

In addition to providing \$12 billion in targeted tax cuts to small businesses, the bill addresses critical credit issues by partnering with strong community banks and other lenders by:

- Increasing the limits for 7(a) loans from \$2 million to \$5 million, and for microloans from \$35,000 to \$50,000;
- Extending the fee-waivers for the 7(a) and 504 loan programs and increasing the loan guarantees, to 90 percent, for the 7(a) program, that were originally included in the Recovery Act; AND
- Providing additional funding and support for counseling programs, like Small Business Development Centers, Women's Business Centers and microloan intermediaries.

Already, SBA has supported more than \$3 billion in loans to more than 8,000 small businesses using the tools provided in the Small Business Jobs Act. I am very proud to say that on September 27th of this year, the President signed the Small Business Jobs Act into law, and we are continuing to work with our partners at the SBA in implementing the law.

OBSTACLE AND OPPORTUNITY: ACCESS TO FEDERAL CONTRACTS

In addition to hurdles in accessing capital and counseling services, women also face obstacles in identifying obtaining federal contracting opportunities. The Federal government spends nearly \$600 billion in buying and procuring goods and services every year. Yet only 3.68 percent of all Federal contracts are awarded to women-owned businesses – well below the 5 percent goal mandated by Congress.

That is why in 2000, I was proud to support the passage of a bill to establish the Women's Procurement Program, which mandates that 5 percent of Federal contracting dollars go to women-owned small businesses.

I was also deeply concerned with the previous Administration's delay in implementing the women's procurement program, as well as its attempt to thwart Congressional intent through

implementation of a deeply flawed rule. The proposed rule would have limited the program to only 4 out of 2,100 industries and required agencies to admit past discrimination before participating – an admission most agencies would not make.

I, along with other women Senators, worked with my colleagues on both the Senate Appropriations Committee and the Small Business Committee to push the previous Administration to delay action on this rule. So I was very pleased when the SBA announced, in October, a final rule for the program rule that will ensure meaningful access to Federal procurement and contracting opportunities by women-owned businesses. This rule marks a critical step forward in the decade-long march to implement this crucial initiative.

Once again, I would like to thank the U.S. Chamber for hosting such an important forum, and for working to advance the critical issues facing women-owned businesses today. With your help, America's small businesses, and particularly women-owned businesses, will continue to help this country move forward towards economic growth and prosperity. The economy is still sluggish – though improving, but as long as there are women on the job, things should turn out just fine.

Thank you again for having me here today.