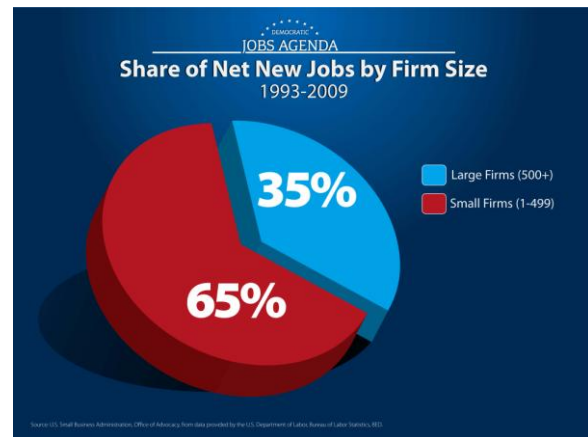


Senator Mary Landrieu Floor Statement: Small Business Job Creation

Over and over we hear that small business is the engine that drives our economy. There is no doubt to that fact, as 65 percent of new jobs come from small firms – and especially new, small start-up firms – each year (**CHART 1: Share of Net New Jobs by Firm Size**). But while over the last couple of years Wall Street has made the headlines, it is Main Street that has borne the brunt of this economic downturn. On Main Street, 10 jobs lost here and 5 there are really adding up. In fact, more than 80 percent of the jobs lost in 2009 came from small firms, according to ADP National Employment Reports.



As Chair of the Senate Small Business Committee, I have heard for months that small businesses have the need to hire that next worker, to expand their business, to help grow our economy – but not the ability. Take, for example, small business owners like Ray Meche, who owns several small pharmacies in southwest Louisiana and is looking to buy another. Ray’s business truly is an engine of growth, yet the engine is idle. Ray’s plans to expand have been delayed, all because – despite his perfect track record – Ray’s small business loan has reached its max and for months now we in Congress have been just talking about increasing these caps.

While we talk, millions of small business owners like Ray wait. They wait for help gaining greater access to capital. They wait for a government contract. They wait for counseling as they attempt to boost sales by selling overseas. Our small businesses, and our economy, cannot wait any longer. It is time for us in Congress to stop talking and start doing.

Last week we did make some progress by extending and fully funding two important Recovery Act provisions: increased guarantees and eliminated fees on small business loans. These provisions supported more than \$18 billion in lending to more than 40,000 small businesses and helped to create or save more than 500,000 jobs in the last year. The \$620 million included in the first two jobs bills will make it possible for the Small Business Administration (SBA) to back another \$18 billion in the next 10 months, which is estimated to create or save hundreds of thousands more jobs.

Extending and funding these provisions will certainly help to ease our small businesses’ economic suffering and is another essential step forward. But as we’ve seen over the last year, more needs to be done to help small businesses not just survive and succeed, but also start up and grow our economy. That is why Ranking Member Snowe and I have introduced several bills that have all passed the Committee by a large bipartisan margin.

These bills would:

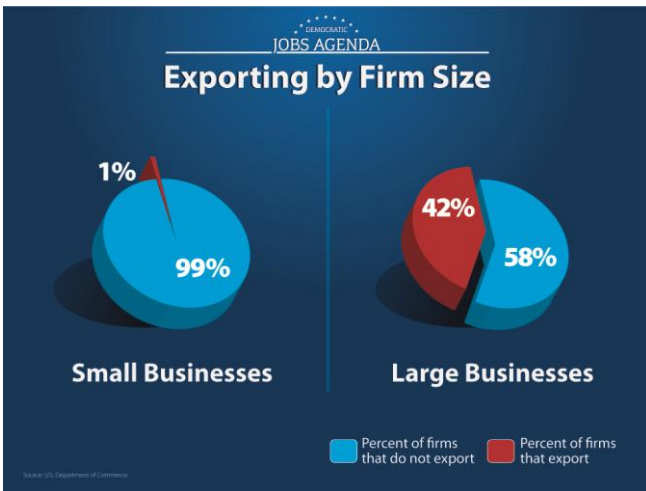
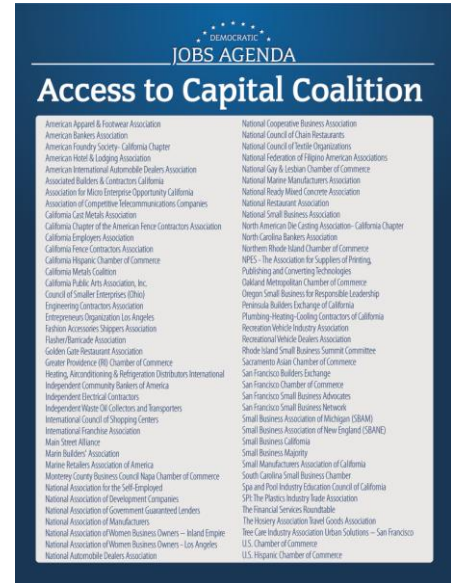
- 1) Improve small business lending,
- 2) Increase small businesses’ potential to export;
- 3) Make sure small business owners get the counseling and training they need; and
- 4) Ensure more federal contracts go to small firms.

I have and will continue to push for the inclusion of many of the provisions in these bills, as well as other provisions, in the third jobs bill.

This begins with increasing the loan limit cap on small business loans from \$1.5 million to as high as \$5.5 million to help Ray Meche (*mesh*) and small business owners like him – a change supported by President Obama and nearly 80 trade organizations (**CHART 2: Letter from Access to Capital Coalition**).

This change will increase small business lending by \$5 billion in the next year alone. Ray’s lender told my staff that if we increase the loan cap, they will immediately provide Ray with the money he needs to expand and save or create 33 jobs.

We can also help by allowing for the refinancing of commercial real estate debt into long-term, fixed-rate loans. This is needed as many viable small businesses are having trouble finding refinancing on their maturing real estate debt without a fully-functional commercial real estate market. Both the increased loan caps and refinancing initiative are expected to be budget neutral and are changes President Obama has encouraged.



According to a recent National Federation of Independent Businesses (NFIB) survey, 51 percent of small business owners reported a decrease or lack of sales as their number one concern. While increasing small businesses’ access to capital will certainly help, boosting small business exporting is a quick, easy way to help small businesses increase sales. With the world at their fingertips, small businesses that export their goods can tap a global customer base, at a time when sales at home are low. But right now, only 1 percent of small businesses export their goods – as opposed to 42 percent of big businesses (**CHART 3: Exporting by firm size**).

A survey released last week by the National Small Business Association found that many small businesses don’t export because they do not know enough about exporting and don’t know where to start. If these and other concerns were addressed, nearly half of small-business respondents said they would consider exporting their goods or services.

This survey underscores the need to improve our Main Street businesses’ ability to enter and expand into this global market – first by improving access to loans and counseling programs for small businesses. The study reported that nearly 60 percent of non-exporters need better access to financial assistance and counseling. We also need to enhance knowledge and inter-agency coordination of existing federal export assistance resources. Combined these changes could add more than \$1 billion in capital for small businesses looking to export and create or save as many as 50,000 jobs this year. Senator Shaheen is here today to talk further about this topic.

Third, we must ensure small business counseling programs have the funds and manpower they need to be successful resource partners. Small businesses rely on these programs to grow, like Small Business Development Centers – which helped save or create nearly 150,000 jobs last year.

Women’s Business Centers (WBCs) and Microloan intermediaries have especially been hit hard by the economic downturn. Due to cuts in funding by local governments and partner universities, many centers and intermediaries are struggling to raise matching non-federal funding that is required to receive funding from the SBA. Their inability to raise sufficient non-federal funding has negatively impacted their ability to help small business owners, many of whom need this assistance now more than ever. In the last year alone, at least nine Women’s Business Centers have closed or requested reduced funding because they could not raise the matching funds. While we continue to recover from this downturn, we should allow the SBA to waive or reduce the matching requirements in cases when they would prevent women and other small business owners from getting the assistance they need and hurt the local business climate. This is a commonsense change that would come at no cost.

Last – and perhaps one of the easiest, least expensive, and quickest ways the government can immediately increase sales for small businesses – we must ensure small businesses have greater access to government contracts. This fact was vividly illustrated to me last month when Michael Bellard, a constituent of mine from Lafayette, Louisiana, and a small business owner, told me he was down from 20-plus employees to just three! He was clear that if he had access to federal work he would begin staffing up tomorrow. By increasing contracts to small businesses by just 1 percent, we can potentially create more than 100,000 new jobs. This is because of the unique way contracts influence small businesses. Unlike large businesses that can potentially absorb new government contracts into their existing workforce, when small businesses get government work they must “staff up” to meet the increased demand. We must make contracting simpler for small firms, remove the red tape that scares small business owners away, and close the loopholes that too often put government work into the hands of multi-national corporations instead of Main Street firms.

Small businesses have borne the greatest burden in this economy, and they are the businesses that have the greatest potential to improve it. By making these simple, inexpensive and commonsense proposals to help small businesses, we can turn pink slips into pay checks for American workers. I look forward to working with my Democratic and Republican colleagues to ensure these proposals, and others to aid small firms, make it into the third jobs bill.