



SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

Opening Statement for
"The Role of Small Business in Recovery Act Contracting"
May 21, 2009 at 10:00 a.m.
Room 428A of the Russell Senate Office Building

(As Prepared)

Thank you for coming today. I am pleased to open this hearing on Recovery Act contracting for small businesses.

I've held three hearings of the Small Business Committee to investigate access to credit issues. Today, we turn to whether the Recovery Act is being effectively used to increase sales to small businesses.

One of the principal oversight responsibilities of this committee is to ensure that small businesses have the opportunity to sell their goods and services to the federal government. Access to the federal market has made it possible for many of America's main street businesses to not only survive, but thrive. Many of those small business owners have told their stories before this committee and to the public.

For example Garnett Newcombe, owner of Human Potential Consultants, took her business from a high of \$500,000 annual revenue to more than \$14 million dollars in annual revenue and well over 100 employees because of her ability to get federal contracts.

And then there is Leah Brown who decided to open a small business while grieving the loss of a close family member. She took that loss and motivated herself to open a business that supports the development of drugs to fight the same illness that took her family member's life. Having access to the federal marketplace has allowed her company to grow. These stories are examples of what access to the federal marketplace can mean for a small business owner.

There are many reasons why including small businesses in the federal marketplace is important for both the small businesses and the government. Here are just a few:

- First, the Federal government is the largest single purchaser in the world. According to the latest available small business goaling report (FY 2007), the government spent more than \$378 billion dollars on goods and services. More than \$83 billion of that was spent with small businesses.
- Second, a strong and diverse supplier base is critical to the government getting the best value from suppliers and to the American taxpayer getting the most out of its tax dollars.
- Third, having strong small businesses in communities large and small helps to strengthen towns and cities one employee at a time.
- Fourth, government contracting to small businesses is important to national security. Since World War II, the government has made a concerted effort to ensure that it has multiple suppliers

for its biggest needs. By contracting out government projects to small businesses, we ensure that the country is not vulnerable to an attack on the only business that produces a particular good.

In these dire economic times, increasing contracting opportunities for small businesses will help them create new jobs and get America back to work. Small businesses have been especially hard hit by the economic downturn. According to Automatic Data Processing, Inc's ("ADP") Small Business Report, more than 80% of job losses since November came from small and medium sized businesses. For this trend to change, small businesses need access to capital and increased sales volume.

Our first panel includes witnesses from the Department of Transportation and the Small Business Administration. The President has made it one of his top priorities to move quickly on contracts for "shovel ready" projects. That responsibility rests in large part with the DOT. They were appropriated \$41.12 billion dollars for transportation projects all around the country. This committee wants to ensure that DOT remains mindful of the thousands of small businesses in the country as its Recovery Act funding is funneled to states. Small businesses should be at the front of the line wherever and whenever it's appropriate.

As I said earlier, we also have the SBA here. The SBA should be the small businessperson's best friend and advocate both inside and outside the federal government. We want to hear from them about their efforts – not just with DOT, but throughout the federal government – to increase contracting opportunities for small businesses – especially from Recovery Act funding.

Our second panel includes three business owners and an association head who will tell us about how they have been impacted by Recovery Act funded contracts. They'll also lay out the challenges that exist for small businesses as they vie for federal contracts.

I look forward to all of their testimony and the insight that they will bring to these discussions.

In closing, we need to keep the big picture in mind when we talk about federal contracting opportunities for small businesses. We are here to make sure that small businesses are strong and that they are leading the way to a new era of American prosperity.

We want to make sure that future entrepreneurs are willing to follow in the footsteps of those risk takers that have gone before them: That entrepreneur who upon returning from a war zone decided to open a small business providing goods and services to the military, or the small ethanol producer who gets a contract from the federal government to help lead America toward energy independence.

At the core of this hearing are people's dreams and the entrepreneurial spirit. We must use the power of the federal purse to support that kind of risk taking whenever and wherever we can.

After Hurricanes Katrina and Rita recovery money was spent, we learned that many small businesses never even knew about rebuilding contracts. It is my hope that this hearing will prevent us from looking back in five years to ask why Recovery Act funding did not go to small businesses.

With that I'll yield to the Ranking Member, Senator Snowe, for her opening statement.