



U.S. SMALL BUSINESS ADMINISTRATION
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BEFORE THE
U.S. SENATE SMALL BUSINESS COMMITTEE
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Chair Landrieu, Ranking Member Snowe and members of the Committee. Thank you for inviting me to testify on this important topic. Half of America's workforce is in our 26 million small businesses. They create two of every three jobs.

Over the past two critical years, SBA has helped put \$53 billion in lending support and \$195 billion in federal contracts in their hands. At the same time, we've counseled, trained, and mentored over 2 million who have turned to us to start or grow a business. We've also delivered on our promises, such as the Committee's request to reinvent the SBA website, which now boasts more than 3 million users in just 6 months.

Our focus remains twofold:

1. To deliver proven tools directly into the hands of small business
2. To give taxpayers strong oversight of their dollars and best possible bang for their buck

We do this across our 3 Cs of capital, counseling and contracts. Today, I'll briefly touch on the latter two.

Often, the first interaction a small business owner has with the federal government is SBA's field offices and resource partners. We're the front door.

Let's say you walk into the Tacoma Business Center in Washington state.

If you have just a business idea, you'll immediately be referred to the Tacoma SCORE chapter to help you flesh it out and test its feasibility. Nationwide, these 12,000 volunteers helped 400,000 people last year, about three-fourths of whom were just starting out, at a cost of just \$7 million in federal funding.

If you had a home-based small enterprise already running, but you needed more guidance, you might get help from the Tacoma Women's Business Center. Nationwide, 110 Women Business Centers served over 160,000 clients last year on a federal budget of \$14 million. They're strategically located in easy-to-access, underserved areas.

Or maybe you had an established business that needed help with exporting or commercialization. You would be referred to a nearby Small Business Development Center. Nationwide, we have about 900 SBDCs, often co-located at universities and community colleges. They helped nearly 600,000 clients last year, nearly half of which were established businesses, on a federal budget of about \$110 million.

As Administrator, I've been to 33 states over the past 2 years. In each place, I meet with small businesses, lenders, and our resource partners.

We have a strong bone structure, with a counselor within an hour of most small businesses. That's important for several reasons:

- Our "front door" needs to be open for them in the places where they live and work.
- Data shows that long-term counseling relationships result in better sales, more longevity, and more hires.
- We leverage this bone structure to collaborate across government: with the VA to serve our veterans who own small businesses... with USDA to serve rural small businesses... and with the Department of Commerce to serve small exporters... and many others. We also recently announced an unprecedented collaboration among 16 agencies to accelerate job growth through a Jobs and Innovation Accelerator Challenge.

Also, these counseling partnerships leverage \$130 million each year from state and nonprofit organizations, giving us a good bang for the federal buck. The result is a strong, integrated, collaborative approach to meeting the needs of small business in each community.

Additionally, we remain strongly committed to oversight of taxpayer dollars. As I committed to this Committee, we are removing waste, fraud and abuse in contracting programs through a 3-pronged approach.

First, we are ensuring that there are effective certification processes on the front-end to make sure only qualified, eligible firms participate in our programs. For example, if a firm would like to participate in the 8(a) or HUBZone Programs, it must be certified by SBA through an application process. For both programs, we have recently improved the certification processes to better ensure only eligible firms gain entry.

Second, we're conducting continued surveillance and monitoring on firms once they are in our programs. This confirms that only eligible firms have been certified, and identifies firms whose eligibility may have lapsed since certification. We have ramped up our efforts in this stage. For example, in the HUBZone program, we increased the number of site visits conducted from less than 10 in the six months before I arrived to over 1,200 in fiscal year 2010.

Third, we are taking robust and timely enforcement actions on any non-compliant or fraudulent firms. Over the past two years, we have removed many firms from our HUBZone, 8(a) and service-disabled veteran-owned contracting programs. We have also suspended or proposed for debarment dozens of firms and individuals involved in procurement misconduct. Every firm that the GAO or Inspector General has referred to us has been investigated or is in the process of being investigated.

Two additional efforts are key to combating fraud, waste and abuse:

The first is the implementation of the Small Business Jobs Act and Interagency Task Force on Federal Contracting Opportunities for Small Businesses. Some key highlights include requiring annual certification of a firm's size and status and strengthening the skills of the acquisition workforce by requiring training on small business contracting.

The second effort is the SBA's Suspension & Debarment Task Force. We recently assembled this Task Force, which is chaired by our General Counsel, to work closely with each SBA program office and

with the Agency's Inspector General to identify bad actors, vigorously pursue them, and expel them from further government business.

As the portal for small businesses seeking help in any industry and at any stage of growth, we will continue to ensure that the benefits of all SBA programs flow directly to small businesses so that they can do what they do best: create jobs.

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