



## U.S. SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

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**Harrisburg, Pennsylvania Field Hearing Testimony**  
**“Small Businesses and Job Creation during our Economic Recovery”**

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Thank you, Senator Specter. The small business communities in Pennsylvania and throughout the country are fortunate to have such a strong voice for them in the U.S. Senate. My name is David Dickson and I am the Philadelphia District Director for the Small Business Administration (SBA). I am honored to be testifying before you to report on progress the SBA has made in the implementation of the Recovery Act in order to help small businesses survive and grow during these difficult times. In addition to updating you on our progress to date, I also look forward to hearing from you and the other witnesses about ways to improve our efforts to provide small businesses with the tools and resources they need to help lead us toward economic recovery.

We have three offices in Pennsylvania, including district offices in Philadelphia and Pittsburgh and a branch office in Harrisburg. These offices work closely with our strong network of Pennsylvania partners which includes 18 Small Business Development Centers, four Women’s Business Centers, and dozens of SCORE chapters, our SBA-affiliated retired executive mentoring program.

I want to thank Senator Specter for supporting this team that is “on the ground” by passing the Recovery Act. The condition of small business is critical to our economy because the majority of private sector jobs in the country are created by small businesses. And we know these are tough times for small businesses, making the SBA’s mission more important than ever. The Recovery Act provided us with \$730 million, mostly targeted to address the needs small businesses faced in accessing capital during the credit crunch. This money has successfully been put to work in the place where it can make the biggest impact – the hands of entrepreneurs and small business owners.

As you know, the Recovery Act allowed us to temporarily raise guarantees on 7(a) loans to 90% and reduce or eliminate fees in our flagship 7(a) and 504 loan programs. As of October 2, the SBA has supported over \$12 billion in lending to small businesses. Average weekly loan

dollar volumes have risen 73% in the SBA's two top loan programs compared to the depths of the credit crisis. And we have seen a substantial increase over the past few months, with dollar volume for September (\$1.9 billion) at the highest monthly lending level since August 2007. In addition, nearly 1,300 lenders who had not issued SBA loans since October 2008 have once again started issuing SBA loans, and over half of these lenders had not issued SBA loans since 2007. Obviously, this provides more points of access to capital for small businesses.

We're seeing great success with these programs right here in Pennsylvania. The SBA has approved more than 900 loans that have supported nearly \$300 million in lending to Pennsylvania small businesses. Since the signing of the Recovery Act, average weekly loan volume in Pennsylvania has increased by 63% in dollar volume compared to January and February volumes.

And we know that this means jobs. So far, small businesses nation-wide are reporting that approved SBA-backed 7(a) and 504 loans will help them create over 35,000 jobs and retain 100,000 more.<sup>1</sup> Here in Pennsylvania, small businesses report that they have created or retained nearly 2,800 jobs from SBA loans disbursed as of August 19<sup>th</sup>. These state figures do not include SBA loans that have already been approved or that have been disbursed in the past two months, which will certainly help in creating and retaining more jobs in the near future.

We have also implemented the SBA's America's Recovery Capital -- or ARC -- loan program. This program was designed by Congress for a specific purpose and a unique time, to assist struggling but viable small businesses. These loans are 100% guaranteed by the SBA, for up to \$35,000 and with no interest for the borrower. We have approved over 3,100 SBA ARC loans, providing over \$100 million in support to small businesses in 49 states and the District of Columbia. Over 700 lenders have participated so far, with about 50 new lenders joining each week. All told, we expect to be able to support about 10,000 SBA ARC loans. As of October 5<sup>th</sup>, 17 Pennsylvania banks have participated, for a total of 47 ARC loans in the state.

The Recovery Act also provides the federal government with increased opportunities to get contracts into the hands of small businesses. There are approximately \$60 billion in federal Recovery Act prime contracting opportunities. Our goal is to help small businesses win at least \$13 billion of these contracts to meet the statutory goal of awarding 23% of prime contracts to small businesses. Put simply, this is a win-win situation. Small businesses get increased volume, sales, and hires. They get a "lift" to be competitive in the global marketplace and help lead the nation toward economic recovery. In addition, Federal agencies get to work with the most innovative, nimble, and responsive companies.

To support these efforts, President Obama and Vice President Biden in July asked the SBA and the Department of Commerce to co-lead an initiative designed to ensure that minority businesses, small businesses, and firms owned by women and veterans have even greater access to federal government contracting opportunities. President Obama said providing the maximum

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<sup>1</sup> Data is self-reported by the borrower and appears in the SBA loan application form. Job creation is now recorded at the time of initial loan disbursement (disbursements as of August 19, 2009).

practicable opportunity for small business contracting is “essential.” This 90-day “Stakeholder Outreach Initiative” includes trainings, outreach events, and many other agency activities.

I am pleased to report that we are well on our way towards hitting many of our Recovery Act contracting targets. In fact, so far we have exceeded the overall 23% goal for stimulus contracts. As of October 2, nearly 26% of federal Recovery Act contracting dollars, totaling over \$4 billion, have gone into the hands of small businesses. Moreover, various disadvantaged groups have received significant Recovery Act contracting dollars. Minority-owned businesses – of all sizes – have received 15% of ARRA prime contracting dollars, totaling nearly \$2.4 billion. We are currently achieving two times our goal of 5% for Small Disadvantaged businesses, which have received nearly 11% of ARRA contracting dollars. And small businesses have received 45% of Pennsylvania’s Recovery Act contracting dollars, for a total of nearly \$73 million. Pennsylvania small businesses have already received contracts from the Department of Defense, Department of Commerce, and the Department of Labor, to name just a few.

We know we have more work to do. Despite our best efforts, many viable small businesses still struggle to obtain access to capital in this challenging environment and more small businesses could be participating in federal contracting. With that said, we are here to listen and work with you to help America’s small businesses create jobs, increase competitiveness, and drive our economy.

Senator Specter, I thank you again for the opportunity to speak on behalf of the SBA. At this time, I am pleased to take your questions.

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