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ENTREPRENEURIAL DEVELOPMENT: INVESTING IN SMALL BUSINESS TO STRENGTHEN OUR ECONOMY

ROUNDTABLE

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

JUNE 11, 2009

Printed for the Committee on Small Business and Entrepreneurship



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ENTREPRENEURIAL DEVELOPMENT: INVESTING IN SMALL BUSINESS TO STRENGTHEN OUR ECONOMY

THURSDAY, JUNE 11, 2009

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 10:05 a.m., in Room 428–A, Russell Senate Office Building, Hon. Mary L. Landrieu (chairman of the committee) presiding.

Present: Senator Landrieu.

OPENING STATEMENT OF THE HONORABLE MARY L. LANDRIEU, CHAIRMAN, AND A UNITED STATES SENATOR FROM LOUISIANA

Chairman LANDRIEU. Good morning, everyone. Thank you all very much for joining us this morning for this important roundtable. As we prepare to reauthorize the programs for the Small Business Administration, we are going through a series of these roundtables and we really so appreciate you all taking your time to join us and your testimony has been very helpful.

So let me get right into my opening statement and we will, of course, have a round of questioning that we are looking forward to.

The entrepreneurial development components of the SBA reauthorization are among the top priorities of our committee. We are pleased to have this reauthorization roundtable on these programs this morning following up on our roundtables of the SBIR and STTR reauthorizations last week.

Yesterday, Senator Snowe and I introduced S. 1229, the Entrepreneurial Development Act of 2009. This legislation will reauthorize our four current programs and will outline our support for the three new proposed programs in this category. The bill will boost our Small Business Development Centers, our Women's Business Centers, and SCORE, and other existing entrepreneurial development programs while creating new initiatives in support of veterans and Native American entrepreneurship.

The bill reauthorizes several programs through 2012 and sets forth requirements for communication and consultation between agencies. It also sets requirements for training, counseling, and improvements within these programs. The bill establishes a grant program to provide objective information and educational materials

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regarding health insurance options for small businesses throughout our country, which continue to be greatly challenged in this area.

On Monday, I also introduced a bill, S. 1196, the Small Business International Trade Enhancement Act. This legislation makes several important changes to the SBA's International Trade Programs, opening up a wide range of new opportunities for small businesses looking to export. It is my understanding that Senator Snowe also filed a bill to improve the SBA's International Trade Programs, and I have heard from several other committee members interested in this issue, as well. So I look forward in the coming weeks to try to build a bipartisan compromise on this effort and move forward as the schedule will allow.

To help this effort, I will be holding a field hearing in New Orleans on June 30 to discuss Federal Export Promotion Programs and other related issues.

Let me take a moment to explain for this roundtable. We use a very simple system. When you want to be recognized, you just stand your card up like this. You will be recognized. We ask you to be as specific as possible to the questions that are asked. I am going to stay for the first segment and then turn it over to the trusted staff here, Democrat and Republican staff, to help lead this effort.

Let me just make a few more key points. We have a good foundation for this year's bill based on the work this committee did in the last two Congresses. If anyone has changes to recommend, today is the day to make the case, and I know you all have come prepared with documentation and supportive arguments to your positions. Given the breadth of areas of entrepreneurial development, I would like to stay focused on constructive ways to improve this particular legislation, which I am sure you all have reviewed the document and the legislation and we are asking you to comment in terms of improvements of that draft.

We have many policy goals and interests to balance. First, I want to be clear that, as Chair, my goal—one of my goals, and I would say it is really my top goal—is to make the programs of the SBA the very best and most effective and cost effective that they can be. I believe the Federal Government should play a role in the development and support of entrepreneurs throughout America. But that role is limited by the nature of what this is. It is limited by budget. It is limited by its nature. But the part that we do play, I want it to be as effective as possible and leverage other resources to accomplish that goal.

I don't agree with the philosophy that some have, not necessarily on this committee, that the government should stay out of this completely, that it should be up to business to develop business. I think it is in the United States Government's strong interest to have a strong, robust entrepreneurial system in this country and the government can do a part and a piece. The piece we do, I want to be effective.

The other goal that I have is to make sure that the government's plans are reaching geographic diversity, racial diversity, and reaching out broadly to elicit and encourage entrepreneurs in America to grow, of course, very small and then larger and larger busi-

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nesses which we believe is really the underpinning of our great system that we have here in America.

As all of you know, the Entrepreneurial Development Programs have been generally very successful over the years. Small Business Development Centers offer one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations across the U.S. The program is a cooperative effort of the private sector, the educational community, Federal, State, and local governments, which is a strong partnership when you can build it, and it is an integral component of the entrepreneurial development network of training and counseling services. There are 11 SBDC locations in Louisiana. I am proud of that, and we hope to expand around the country and throughout our State, as well.

SCORE is a very important organization. It has been around for quite some time. I am personally very familiar with it and think it is a great resource. It started as retired executives reaching out to entrepreneurs to help them grow their businesses. Now they have dropped the letter for "retired" and it is any business executives joining SCORE and I think that model is quite exciting. We want to support their locations and their development.

Women's Business Centers provide support and services to a range of women business owners and entrepreneurs. Founded in 1998, this association supports development among women, which is one of the fastest-growing segments of entrepreneurship in America today.

Senator Kerry and Senator Snowe headed a very strong effort on Veterans Business Outreach Centers with so many of our men and women returning from Afghanistan and Iraq. We would like to provide not just work opportunities for them, but entrepreneurial opportunities for them as they come back from the front line.

The Office of Native American Affairs is also an important initiative, and the Program for Investments and Micro Entrepreneurship, or PRIME, provides intensive one-on-one business counseling for disadvantaged entrepreneurs or very challenged entrepreneurs. Through the program training and technical assistance, PRIME helps bridge the gap for low-income entrepreneurs who may possess business experience but have some difficulties in terms of credit issues and others that with the right help and counseling could be overcome.

So we are excited about the current programs in the SBA and making them even more effective. We are optimistic about the new initiatives that we hope to create.

The question that I am going to pose to the roundtable this morning is the—and I don't think there are any other members here—I am going to pose in just a moment, but I would like each of the participants this morning to introduce themselves, give their name and the organization they represent, and then I am also going to ask the staff to introduce themselves as we get off this morning.

So why don't, Katharine, we start with you. You need to use the mike, and these mikes are very tricky. You have to pull them very close to you and speak almost right into them, like this. I didn't

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even do a very good job myself, but you have to speak right into it.

Ms. BOYCE. Hi. I am Kate Boyce, partner of the law firm Patton Boggs. I am here on behalf of my client, the National Center for American Indian Enterprise Development, for whom I serve as Washington counsel.

Mr. CELLI. Good morning. My name is Louis Celli. I am the Chief Executive Officer for the Northeast Veterans Business Resource Center. We help veterans start and grow businesses and we are now an SBA resource center and part of the Small Business Administration.

Ms. CONRAD. Good morning. I am Deborah Conrad. I am the Vice President and Business Development Manager for BB&T in their Structured Trade Finance Group.

Ms. JONES. Hello. My name is Jenice Jones. I am the Congressional liaison at Association for Enterprise Opportunity.

Ms. KEENAN. Good morning. I am Jody Keenan. I am the State Director of the Virginia Small Business Development Center Network.

Ms. O'DONOGHUE. Good morning. I am Sharon O'Donoghue. I am the Executive Director of the Central Indiana Women's Business Center and I serve as the Board Chair of the National Association of Women's Business Centers.

Ms. PORGES. Good morning. My name is Shelly Porges. I am the Board Chair for Count Me In for Women's Economic Independence. We are based in New York but serve women all over the country in every State and in most communities.

Ms. REILLY. Good morning. I am Liz Reilly, the Director of the Trade Roots Program through the U.S. Chamber of Commerce, and Trade Roots is a trade education program for small- and medium-sized companies.

Ms. SCHICK. Good morning. I am Holly Schick. I am the Deputy Associate Administrator, Office of Entrepreneurial Development in the Small Business Administration.

Mr. SHARPE. My name is Joe Sharpe and I am Director of Economics for the American Legion.

Mr. WILSON. Good morning. I am Donald Wilson. I am President and CEO of the Association of Small Business Development Centers.

Mr. YANCEY. And I am Ken Yancey and I am CEO of SCORE.

Mr. TRIOLO. I am Jacob Triolo and I work for Senator Snowe on entrepreneurial development issues.

Ms. WEST. I am Meredith West with Senator Snowe's staff and I handle women's business issues and export assistance and promotion issues.

Mr. WALKER. I am Matt Walker. I am Senator Snowe's Deputy Staff Director and Counsel. I want to briefly commend the Chair of the committee as well as her staff for carrying on the tradition of this committee in working so closely with us in developing this bill on a bipartisan basis. Thank you.

Chairman LANDRIEU. Thank you.

Mr. CRAVINS. Good morning. I am Donald Cravins. I worked for Senator Landrieu. I am the Staff Director. And again, thank you all for being here.

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Ms. SANCHEZ. I am Ami Sanchez. I work for Chair Landrieu on the Senate Small Business Committee and I handle the entrepreneurial development issues for the committee.

Chairman LANDRIEU. Okay. Let me begin with the first question. The Entrepreneurial Development Act of 2009 requires certain information to be tracked and reported, particularly trying to reach outcome-based measures for grant recipients. As I said, it is a real focus of mine and I believe that Senator Snowe shares my intentions and my goals of making sure that the programs that we support with taxpayer dollars have great return for the taxpayer and are positioned and fashioned in such a way that small businesses can really access and use these services.

So I believe that whenever we as lawmakers make a financial investment in public programs, we make sure that those that are receiving the funds are able to accurately account for their expenditures and are able to report to stakeholders the level of return on that investment.

However, given the demands on small businesses and on your organizations, which are not that large anyway, we don't want to overburden you with inappropriate or unnecessary reporting. So my question is, how would you suggest that we track the work that you are doing and what would be some ways to elicit the information that we need? How do we basically achieve those goals in terms of reporting requirements and reporting the outcome-based measures to see if they are sufficient in the bill that we have outlined?

I don't know who wants to start, but if anybody wants to make any general comments or suggestions about that—Louis.

Mr. CELLI. Thank you, Chairwoman Landrieu, and thank you for having me here. As you will soon see, I am no wallflower and I don't mind going first.

Chairman LANDRIEU. Good.

Mr. CELLI. I have reviewed some of the reporting requirements and we have had lengthy discussions with your staff and with Senator Snowe's staff, and when we started the discussions, one of the things we found was a little bit of apprehension on the part of the government to ask questions with regard to our clients. We run our business center as if it were a business, and without sounding callous, we see our grantors, in this case, the Federal Government, as our clients and our veterans, the folks we serve, as our product, and that is just to put it in a simple dynamic.

The client—or, I am sorry, the grantor is going to want to see certain outcomes, just as you expressed. With that in mind, we are eager, and our small businesses are also eager to get the word out about their business. They want to be reported about because they want that type of exposure.

The only thing that—you know, as we talked about it, I am looking through—I see on page 79, line six, it talks about gross receipts. Quite frankly, we don't ask for gross receipts because if that is not the reason that they are seeking assistance, we don't want that information. It is too time consuming to go through it and figure out what is going on. In many cases, there aren't gross receipts and that does start to get a little bit invasive with regard to what the small business is comfortable sharing.

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Percentages, I think percentages speak volumes. We can talk about percentages with regard to what did your business do last year? What was the percentage of growth? After meeting us, what was your percentage of growth and what is your projected percentage of growth based on the assistance that you were able to receive from these programs?

So I think that reporting is important. I think that the clients that we help have really no expectation of privacy. These aren't private issues. These are business issues. And while we are not giving out Social Security numbers, we are not reporting to you EINs, we are not crossing any lines with regard to health status or medical conditions, we are talking about a business.

So with that regard, I think that the only way that we can continue to grow this program is to be able to provide you with the proof that we are working for a living and that our clients are receiving a benefit from our existence.

Chairman LANDRIEU. Okay. And I do want to really encourage—I mean, this is what the roundtable is, a lot of back and forth—if anyone has anything to add to that or suggest. Shelly, and then I will get you, Donald.

Ms. PORGES. Thank you. Thank you so much, and thanks for including us, Senator, on such short notice. We crossed paths on Monday and here we are——

Chairman LANDRIEU. I was very impressed with what you had suggested, so go ahead.

Ms. PORGES. We really appreciate being included. Count Me In for Women's Economic Independence began as a microlender about ten years ago. Over the years, we discovered that one of the key reasons that women-owned businesses get stuck in what we call the missing middle, that $250,000 to $750,000 range, and there are about two million, or 1.8 million of those, one of the reasons that they get stuck is not just access to capital, although that can be an issue. It is more about the knowledge and training.

Our whole focus is getting those businesses to grow, and with our program, Make Mine a Million Dollar Business, that we launched about three years ago, we have had huge success. Overall in the country, only 2.8 percent of women-owned businesses get to a million dollars in revenue. Now, we are not even talking profit. We are just talking revenue.

Through our program, when they have come through our program, so far in the three years, over 30 percent have already gotten to the million dollar mark. Now, granted, some of that is self-selection, very growth-minded, very aggressive businesses, but many of them—most of them were stuck in this missing middle. They were stuck in this range.

A good example is Garnett Newcombe from Southern California. She has got a great business. Is it called Human Potential, Inc. She puts veterans to work. She helps coach veterans in getting jobs. She helps other folks, whether they are coming out of prisons or with handicaps, get jobs. That was her business. But she was stuck with ten employees and about $350,000 in revenue for six years. She did our program three years ago. Today—last year, she did $5.2 million. Next year—I mean, this coming year, she is on track

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to do about $14.1 million through the coaching, resources, peer mentoring, and other access.

Our whole reason for being is to grow these businesses, which wouldn't make any sense, therefore, if we didn't collect the information, and we do. We require it. And I am not saying it is easy. We are looking at a number of different models to overcome some of these issues, whether it is a model like mint.com, that goes and scoops up all your information, or whether—there are a range of possibilities here. So these are challenging issues.

But if these businesses don't grow and if they are not creating jobs—and that is part two of what I wanted to comment on—our businesses have grown their revenues by over 40 percent. They have grown jobs by over 40 percent, on average. That is four to five jobs apiece.

Chairman LANDRIEU. And Shelly, what kind of information do you require, just briefly, because we want to have other people comment——

Ms. PORGES. Right. We require what you could call a top-line P&L, an absolutely cashless statement, because these are the key things that they get coached on. And if we find that they are unable to find it, we delve further to understand. Our coaches delve further to understand, what is it? And more often than not, we have issues of financial illiteracy going on.

So when you say they are reluctant, sometimes they have reasons for being reluctant and they are totally legitimate. But often in our case we find that there is training and coaching that needs to go on in order to empower and enable these women to grow their businesses.

So for us, we are thrilled that you are asking for it. We consider ourselves an evidence-based program. We track it and——

Chairman LANDRIEU. And are you a for-profit organization or not-for-profit?

Ms. PORGES. We are a not-for-profit organization. We have——

Chairman LANDRIEU. And you have been in business how long?

Ms. PORGES. The organization has been in business for over ten years.

Chairman LANDRIEU. You have been operating——

Ms. PORGES. I am sorry. Not in business. We have been operating for over ten years, exactly. And as I said, we have evolved in terms of our focus from a microlending organization. We still do some microlending, but we predominately focus on the coaching, the training, the peer mentoring, which women has told us that has been their breakthrough. And then we partner with companies, great companies like American Express Open and others to fund the loans when the women need them. So——

Chairman LANDRIEU. Fabulous. Thank you so much.

Sharon.

Ms. O'DONOGHUE. Good morning. On behalf of Ann Marie Almeida, I would like to thank both staffs here, and she is sorry she is not able to attend. I am glad to be here on behalf of the National Association of Women's Business Centers. I also wear the hat, as a grantee at the SBA Director of Women's Business Center program for the past five years and I came into that position because I was a woman business owner. I ran a terrazzo restoration

business and we restore the floors in courthouses, airports throughout Indiana, Michigan, Kentucky, and Ohio, and in four years, we went from $200,000 to $1.4 million, you know, and government helping in a previous life. But it was not an easy trade to put on cement boots and that is what we are here to ask.

On the reporting, and specifically to answer the questions, the feedback we receive from our members who are the Women's Business Centers is it is vital and critical not only for the SBA and the government's investment in the Women's Business Centers, but to all of the other funders. As you know, Women's Business Centers are not-for-profit organizations and we raise often more than 70 percent of the rest of our budget—the SBA just being one grantor—from foundations like Lilly Endowment and Kauffman and others, and they, too, have the same reporting requirements.

It is important as a not-for-profit to have client metrics. The client metrics, however, that we see with sole proprietors or microentrepreneurs are a little bit different than what we might use for what we would call middle or mature businesses. One of the issues that we ourselves have as centers in measuring the traction, how far the Dow goes to the right, with our clients is sole proprietors often take a little bit longer to get traction.

We applaud and support and thank the SBA for, as painful as it has been, the EDMIS system, which has allowed us over the past three years to better track our client outcomes. It has been a tool that we have used. But what we notice is that in a system that reports quarterly, your records often walk over the previous data so you don't have that historical look. So if somebody is giving me gross receipts, all I have is the current snapshot when I look at a client database. I don't see what they have reported every time they came in for a visit.

The second issue with some of the tracking or just capturing metrics in whole is clients come in when their tails are on fire. They don't often come and share you the good news. So the snapshot we have in time is when they need the help and when the tail is on fire. That often is not the best news. We do not have resources as Small Women's Business Centers to dial for dollars to call our clients and to say, so, what is the report this month and how are you doing? Or, we haven't seen you for six months and it is because now all of the sudden everything is fine, and we could get an update that now they are at a negative net profit, not the negative loss that we have on our records from the last time they saw us. So there are obviously systems issues as well as measurement issues.

Last but not least, one of the most important things that we believe we are tracking in the communities, especially in this high unemployment, is in those households where self-employment or business ownership is seen as a supplement to household income, not a replacement. A lot of business ownership and microenterprise tracking is set up looking at the measurement of the business as being the sole source of income for a household or for that individual when, in fact, that might just be one of two or three employment opportunities that individual is using.

We don't then clearly understand for the government's investment in us or for any foundation's private investment—and we are

wrestling with this in Indiana—we aren't better able to grab the metrics of what other Federal programs these individuals have been able to come off of because the business ownership or the microenterprise is supplementing income, because it is all rolled up into household income and somebody doesn't think of grooming dogs or auto detailing cars as a separate way to keep track of their money, but it now allows them not to have to receive assistance from other Federal programs.

So here are some of the tracking that our centers said that they are doing that the government is not asking us for which we think are important. One, we track how many people are working paid or not paid. When a business often starts, family members are unpaid.

Second, we track is it part-time or is it full-time? If it is part-time, how many hours are expended by the individual?

We also track total growth income on a monthly basis. That allows us not to get locked in with somebody reporting a gross annual receipt but basically give us an average of what the doggie grooming or the catering is throwing off on a monthly basis.

Last but not least, we try to get people to articulate and we have what might be called the social services checklist of where else in their life now are they achieving sustainability. Are they no longer getting child care vouchers? Are they no longer getting a housing voucher? So we get folks to list all of the other government assistance they are receiving. Those are some of the suggestions we have to help make the metrics.

Chairman LANDRIEU. Thank you, Shelly and Sharon. Those were excellent, excellent.

And Donald.

Mr. WILSON. Yes. Thank you, Madam Chair. ASBDC, as you know, has long advocated measuring results. We have worked very cooperatively, may I say, with ED at SBA in trying to strengthen, improve, and provide better reports through the EDMIS system. There have been ups and downs, as Sharon mentioned. But there is no question it is improving and we are bringing to the agency a number of recommendations the next few weeks that our EDMIS subcommittee has developed over the last year. I think the taxpayers, I think the Congress who invest in these programs have every right to know what the results are from the dollars spent.

As your staff and I think you also know, we do the ASBDC economic impact study every year. We measure sales. We measure new business starts. We measure jobs created. We measure jobs saved, et cetera. I think there is room for improvement at EDMIS. I think there has to be an awareness of the confidentiality issues for clients. I think there is a real reluctance on clients to see a list of names, a list of names and addresses and so forth in computer databases. We have seen those get released and so forth.

A very real life situation. Take, for example, someone who comes to an SBDC to get an evaluation of the value of the business if they want to sell. A lot of the public perceives that when someone comes to an SBDC or to a SCORE counselor or even the WBC, they are coming because they are in trouble. The house is on fire, as Sharon so articulately said.

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But that is not the only reason they come. It may be an extraordinarily successful business coming to get an evaluation. They have never sold their business before. They have been in business for 30 years. I need to know how to value it for sale. If their name is on a list that they are coming down to SBDC and somebody sees that, it is like, oh, their business must be in trouble. I was thinking of offering $5 million for the business, $20 million for the business, but I am not going to offer that.

You see people come for training about starting up a business. Their employer finds out, they may say, oh, you are thinking about leaving me. Well, you are going to leave me. You are fired. That has happened. So there has got to be a balance between getting the data that the government needs and deserves and the taxpayer and folks can see whether these programs are working but without being invasive in the privacy of the client.

Chairman LANDRIEU. Well, let me just say, and I would like anybody else that wants to comment—Holly, I will get you in a minute—not only do I want us to have the adequate data that we need, not any more, not any less, I also want it to be streamlined and uniform so that small business owners aren't filling out one set of documents for the IRS, another set of documents for the SBA, another set of documents for this and this and that. So I need everybody to really focus on what are the core essential—what is the core essential data that we need.

And keep in mind the new opportunities for this to be online and through really very convenient tools. We want to keep this as convenient and as easy, informative, because taxpayers do have a right to know of every dollar we are investing in these programs, what is the return, and if we can't justify it, we are going to end the program. It is about as simple as that.

We don't know how to judge, and it is going to be very interesting to me as I sort of sort and figure this out, are the SBA programs more effective than the Commerce Department programs? Are the Commerce Department programs running better programs than the Defense Department Entrepreneurship Programs? I want our programs to be the very, very best and I want to be able to challenge the Congress, because we do have the lead, basically, in entrepreneurship for the country and we want ours to be a model for other departments that this is not their central business necessarily, except maybe for Commerce. You could say business is their central business. Defense, their central business is defending the country, not developing businesses. But our central business or focus of the SBA and this committee is entrepreneurial development, so we need to be the very best.

Let me get Holly. Go ahead, Holly.

Ms. SCHICK. Madam Chair, first, thank you so much for the invitation and the opportunity for us to be involved in the roundtable today. I want to make a comment briefly about what other folks have referred to as EDMIS. It is the platform on which entrepreneurial development programs collect the data and it is very important to us that we have common sets of definitions and a common platform so that we can measure apples to apples where that is important. So we are working very hard moving into the future to have continuous improvement for this EDMIS system and we look

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forward to making it more flexible and more nimble to try to collect other things that come up that are important.

When we establish metrics for each program, it is important that we look at the goals of those programs and identify what are drivers for those programs, but also what are the appropriate outcome measures so that we will know, have we really hit our mark. And for each one of our programs, we not only identify output measures, but outcome measures, as well, which in terms of the business, what did all of this mean to them in terms of jobs created, sales increase. Our EDMIS system has the capability to collect baseline data for the company and then to measure at subsequent points after that.

We also do an OED, an impact study, which is a longitudinal study on a selected sample from all of our programs where we collect data directly from the companies on the impact and we report that formally every year.

Chairman LANDRIEU. Kate, and then I am going to have to slip out and I really apologize. I have got another hearing. But I really encourage the staff to press these issues, and for those of you that disagree with things that are being said, please speak up, or if you are not familiar with some of the issues that are being discussed, please feel free to ask questions.

So Kate, I am going to ask you to be recognized now and then I will slip out and thank you all very much.

Ms. BOYCE. Thank you, Madam Chair. The National Center for American Indian Enterprise Development runs several Native American Business Enterprise Centers funded by MBDA and American Indian Procurement Technical Assistance Centers funded by the Defense Logistics Agency. They are the longest serving—40 years anniversary this year—business assistance center organization in the United States.

Because they work with different programs, they have been subject to different reporting requirements. Some of them measure—and they measure different things. MBDA used to measure number of visits, for example, and now they don't require that. They look for other metrics.

So we think that it is important for these metrics to be collected and we have a good track record of, in the last four years alone, having helped clients capture $2.5 billion in contract awards and financings. That is a pretty good return on a very modest investment.

And one of the things I am—just listening to people around the table, it is pretty clear that you have to have sufficient revenues in your organization in order to afford the staff and the software and everything to track these kinds of metrics.

So for the Native American program that is proposed—first of all, we are delighted that you have included this and that you are authorizing the program—we have a number of recommendations we have made in a written statement. But I think you have to realize that there are a lot of organizations in Indian Country that have developed some form of business assistance, but they are at various levels. They are culturally tailored to their clientele, but they are not revved up to provide the type of metric and reporting that is required in this bill.

So I agree with Holly Schick that it is—at least she was inferring or implying that there are different goals—there should be different goals for different programs. And so I would recommend a little bit of flexibility in the Native American context in order to provide the additional assistance that the various providers in Indian Country already—so that they can do a better job in delivering the services that they provide.

Chairman LANDRIEU. Well, and I appreciate that and we will consider that. I want to think through that a little bit more and we want to be very, very sensitive to different populations. But what I really want our group to really focus on is a very streamlined system, either online or available, accessible, where people can give the kind of reporting that is necessary for us to judge, whether they are in the Northeast, the South, or the West, or whether they are a one-person shop or a three-person shop or a ten-person shop, what kind of business opportunity they are providing.

And I would like to ask the staff before I leave to also make sure to follow up on what Sharon said, because I want to be more familiar with this myself. We contribute, let us say, whatever it is, 15 cents on the dollar of their operations, or 20 cents. I would really like to have, and maybe you all have this data, the foundations that are—the total amount of foundation support that some of you all are receiving because that is really the Federal Government leveraging other resources in the nation and I want us to count that because that is something that we can count. And I am not sure we have that. So it is not just the outcomes of the businesses, the jobs they are creating, the taxes that they are, but leveraging the other help to small business from other nongovernment sources of funding. I want to make sure we capture it.

Okay. Thank you all so much.

Mr. CRAVINS. All right. Thank you again, ladies and gentlemen, for being here. I am going to start off. We are going to start with you, Don, pick on you first with the SBDCs and just ask you a couple of questions about the SBDCs. First of all, if you could just give us just a background, just typically what types of businesses are you seeing at the SBDCs, what are the sizes, just maybe a description of who do you cater to.

Mr. WILSON. They range all the way from start-ups to 500 employees, as you know. Obviously, primarily retail and service, increasing numbers of manufacturing clients. The SBA's economic impact study indicates that I think we are probably in the ten-employee range, five to ten, if my memory serves me. SCORE, a little bit smaller than that. Women's Business Centers, a little bit smaller than that, which points out to the fact that I know Congress on both sides of the Hill have been concerned with whether or not these programs are duplicative, but it is very clear from the five-year study that has been going on that these programs are serving niches, and I think Sharon and Ken and others would agree with that, Jody. So I think that is very important to realize that one of the issues that has always been a concern is about duplication and that does not appear to be occurring. I hope that is responsive to your question.

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Mr. CRAVINS. It is, and Don, if you could, give us just—briefly explain the impact that the SBDCs have had on the economy and with regards to our investment, the return on the investment of Federal dollars.

Mr. WILSON. Absolutely. As you know, we have done for a number of years an annual study. Holly, correct me. I think your study samples about 300 SBDC clients, if I recall correctly, in the impact study that you folks do. I think it is about 300 that you survey, if I remember George's numbers.

Ms. SCHICK. We sample across all resource partners approximately 12,000——

Mr. WILSON. Okay.

Ms. SCHICK [continuing]. With the larger portion——

Mr. WILSON. I was thinking that the returns that George had were about 300 last time, when we were there two weeks ago. I could be wrong.

We sample 55,000 of our clients. We sample every client that has over five hours of counseling within the year and we get about a 20 percent return, so you can see the rather significant return that we get.

SBDC in-depth clients, and that is the ones with five hours, generate about $250 in new Federal tax revenue—excuse me, $2.50 for every dollar that we expend, and I think it is critically important to realize that one of the things that we have always measured is the return on investment. But one of the things that I think has been missed in recent years, and I count myself remiss in that, is getting really good data on savings to the government in other areas.

Last year, the Cristman study that was released in late September—we have another study out but Dr. Cristman—our clients, those 55,000 clients, reported that as a direct result of SBDC consulting, they saved 93,000 jobs. Now, if you take 93,000 jobs, as some of you have heard me say, and multiply it by $300 a week, which is the national average for unemployment benefits, and multiply it by 18 weeks, which is the average amount of time folks are unemployed, you come up with almost a half-a-billion dollars in savings to State and Federal treasuries.

I think that is a better than five-to-one return. But once again, when you do static accounting at OMB, they don't count savings, okay. They simply count outlays. And so when you do it that way, you don't account for the true value of a program like this, but it is there, and we are not even talking about things like Food Stamps and all the other things that could be affected, as well. It is just immediately.

Now, I noticed the administration released earlier this week that over the last three months since the stimulus package went into effect that $135 billion—$135 billion—has been spent and it has saved or created 150,000 jobs. Just among our long-term clients in 2007, the Congress spent $720 million and saved or created 165,000 jobs. So if there is any question whether government is getting bang for the buck—and I suspect you will see similar numbers with Ken and the Women's Centers—if you want to talk about bang for the buck, I simply don't know of any other programs.

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The Agriculture Department reports that its economic development programs created jobs for about $42,000 a job. Look at the SBDC and Women's Centers numbers and you will see something dramatically less than that.

Mr. CRAVINS. Thank you, Don.

Mr. WILSON. We are also spending—I don't mean to take too much time——

Mr. CRAVINS. Sure.

Mr. WILSON [continuing]. We are also spending—and I don't criticize it at all, please understand—we are spending endless billions at Labor in job training. Look at the total amount of money that we are spending on economic development programs, and if we get people trained and they are not being hired, then you may not have got what you wanted. And when small business is creating 67 to 80 percent of the net new jobs in the country, they are going to be hiring the people that Labor is training. So we might want to allocate resources a little bit differently if we want those people that we are training for new jobs, green or otherwise, to be hired, because they are going to be hired by small businesses.

Mr. CRAVINS. Thank you, Don.

Do you support the authorization levels that are contemplated in Senator Landrieu and Senator Snowe's bill, and why is it important to maintain a strong core funding for the SBDCs?

Mr. WILSON. Don, I thank you for that. We are very, very grateful for the work that Senator Landrieu and Senator Snowe and Senator Cardin have done, both in the budget process and in what they are proposing in terms of the authorization level. I could always say that in a type of economic downturn like this with, you know, the worst economic conditions in over 70 years that we could probably utilize more. But obviously, you don't want to allocate so much that you can't grow into it in the time. There is no sense in allocating dollars that are not going to be timely used. But I think the dollars that are in the program are accurate.

I know that there is discussion of creating a number of other grant programs and so forth. Once again, we have seen SBA have difficulty simply from manpower issues of getting some of those new grants into the field in a timely manner. The affordability grants were one of the issues. It became that many of the affordability grants didn't actually get out until a fiscal year later.

SBA had to work very, very hard to get out the veterans and the—I mean, the energy efficiency grant. That puts a tremendous burden on them, and one of the things—I was just at the New England Professional Development Conference. I had the privilege of driving through Maine and to be in New Hampshire, Senator Shaheen's State, and I was with about 150 counselors. They were telling me—for example, I spoke with a center director in Massachusetts—by June, she will have trained as many people as she did the entirety of last year, and she is on a calendar year basis grant. So the core funding is absolutely essential.

You do the boutique grants for manufacturing or whatever and you may be, because of the pie that the appropriators have, you may be cutting that pie in many more slices and diminishing that core from a program that has had really rather astonishing returns

over the years. So I think preserving core funding is absolutely essential.

Mr. CRAVINS. Thank you, Don, and I am going to be very brief. One last question and then I will get to my colleagues.

I want to ask you, I was in New Orleans last week and met with the Hispanic Chamber of Commerce there. One of the concerns that they had about the SBDC program was sometimes not having a bilingual person at the SBDC served as a barrier. There are other groups in Louisiana that I have met with that have just expressed a concern of the lack of diversity with the SBDC programs. Can you comment about that and what steps we can take to alleviate some of those concerns?

Mr. WILSON. I don't know what they mean by lack of diversity. If you look at the minority clients we serve, it is in the upper 30, I would say, 36 percent, 33, 36 percent, which is significantly higher than the minority population in the general business population. So I am astounded that anybody would make that claim because the data over the years simply defies that.

I will be very candid with you. SBDCs have been frustrated over the ability to have bilingual counselors. As you know, we primarily have folks with finance degrees, MBAs who have been serial entrepreneurs as our counselors because we want not only the academic experience, but the real world experience. We have a very difficult time competing with big business for Hispanic-speaking or other foreign language-speaking MBAs because, quite frankly, large business simply buys them away from us.

I know in Michigan, one of the most outstanding counselors we had was Spanish-speaking and was also a minority counselor. Chrysler hired him away at about three times what he was earning. I am glad to report that after three years, he returned. He found our work far more satisfying.

Mr. CRAVINS. Thank you, Don.

Senator Snowe's staff, do you have any questions for Don?

Mr. TRIOLO. I have a couple of questions on the actual bill. The first question is for Ms. Keenan. It has always been a priority of Senator Snowe, and Senator Landrieu, as well now, that we do more to ensure that the resource partners are helping entrepreneurs on procuring health care, and one thing that we have in this bill is a grant program that would go through the Office of Entrepreneurial Development to help provide assistance to the SBA resource partners to create a national program for all of your centers to provide that type of assistance.

I know you have read that provision. I am curious as to your thoughts, also maybe the SBA's thoughts on how that program is created and whether or not you think the SBDCs have the capacity to build something that could be used on a national basis.

Mr. WILSON. I yield to Jody, but let me just simply say that we have discussed with the Hill for a number of years the importance of access to health care information. Ken and I have discussed the whole issue that almost every year you poll small business people and concern about health care costs and their ability to afford and provide health care costs to their employees is critical as they try to compete with large business on hiring.

We get inquiries and, for example, Jody, you might want to mention the work that your Alexandria Center did with some of your major national health care coalitions in providing information to clients.

Ms. KEENAN. We partnered a few years ago with the Health Care Leadership Council. They had some funding from the Robert Wood Johnson Foundation to really—and they focused on Virginia as a pilot—to survey the insurance programs and options available by region around the State and they published a guide that they distributed through the State Department of Health and the Small Business Development Center Network.

So it was a useful resource for us, really to just kind of educate business owners about what options they may have available if they needed to provide or wanted to provide health insurance for their employees. I mean, most of them do want to provide health insurance for their employees. It is a business attraction tool. But it can certainly be cost prohibitive. There are a range of options, though, for them to phase in products and tools.

So that was a useful resource for us that we shared around the State, but it is pretty time-sensitive. So every couple of years at least, and certainly probably every few months, those price points change and can change pretty dramatically. So it is a time-sensitive document, but it was useful and helpful, and I actually made a note when you talked about it that reconnecting with the Health Care Leadership Council on a project like that would make sense.

Mr. TRIOLO. Now, I know that you—the Virginia SBDC has worked on a program that could potentially go national. We were speaking about it when our staff came in and visited you a few weeks ago. With additional funds, would you, the Virginia Center, have the capability to utilize those funds to not only build a pamphlet, but also an online resource center, nationally training courses, etc.? Could you possibly do all that?

Ms. KEENAN. I think so, yes. I mean, the example you are talking about is we have a grant from SBA for Veterans Business Assistance and we are developing—we are one of five States that won the grant—we are developing an online portal for veteran entrepreneurs that will have a video component and documentation, all this stuff. But our philosophy when we got the grant was this was a one-time project. We need to build something that will benefit our veteran entrepreneurs in Virginia. But most of the issues are common to any veteran entrepreneur and so we wanted to build a tool that we could put up that the SBA can use, that the Veterans Business Centers can use, that any other SBDC program can use.

So I think the idea to have a deliverable that is not just State-centric but that has—maybe it is regional in the health care area, I mean, I am not as familiar with what those particulars would be, but yes, I think that is something that either one or a group of States could work to develop a tool that would benefit the greater network.

Ms. PORGES. I would just like to add to that. When we entered this process—obviously, I guess I would say I am the newcomer around the table, we don't do this coming to the Hill on a professional basis or on a regular basis but we do appreciate the opportunity here—one of the things that we were counseled on was be-

cause we have an online offering and we invest a huge amount of resources also with grants that we ourselves generate, or were able to generate from corporations and their foundations, to create this online resource because most of our delivery had also been one-on-one and we recognized quickly that we could never scale to fulfill our goal, which is a million women-owned businesses at a million dollars in revenue without that. There is just no way to cost effectively reach the audience without having that kind of resource.

So we invested, frankly, over $1 million in resources over the last two years, and right now, we are partnering with the likes of the National Association of Women Business Owners, the Women's Business Enterprise National Council, and other large women's business organizations to then wholesale to them our offering, because they have already recognized us as being the lead in this online training universe—in the overall training universe because of the results we have already achieved and the investment we have made online.

We encourage you tremendously to go in that direction. We try to bring ourselves forth and position ourselves as the Virtual Women's Business Center supporting the regional centers that are already in place that do very important interpersonal, you know, sort of as they being the retail arm and we being the online arm. We understand that in this bill, there is no funding for such an initiative, or at least it is difficult to see how that could fit. But we certainly want to encourage you as you look forward—clearly, the job is not done yet, this is one bill, but there will be others—to really look at these important things for so very many reasons.

One, the Senator mentioned reach and diversity. We have a tremendous diversity in our population, both in terms of geography, in terms of ethnicity, in terms of industries and so forth, and in terms of performance, frankly. But that is what we are working on. And being online allows us to do that. For the first time, we are not bound by having an initiative in one State or another but really can serve the whole country.

Ms. KEENAN. Yes. I think the online, if I can just add, really complements, as you were saying, the retail outlet or the faces in the local communities. It is a nice complement. I don't think there is a replacement, but it works very well, hand in glove.

Mr. TRIOLO. And then my final question, and again to Mr. Wilson, included in this bill are some provisions regarding SBDCs and more flexibility with portability grants as well as the ability to use your staff in other States in the event of a natural disaster; I know that this has been a provision that the ASBDC supported following Hurricane Katrina and Rita and some problems you had in moving around monies and staff and I just want to ensure that that is still something that you endorse?

Mr. WILSON. Absolutely, and I thank those who put the bill together on a bipartisan basis to recognize a need when there are major national disasters, such as we saw with Katrina along the Gulf Coast. It may very well come one day—hopefully not—California, whatever. But that was one of the issues we had, was the issue of moving people around. We had a lot of people who simply—SBDC counselors who were so concerned about what was going on on the Gulf Coast that they took their own vacation time,

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they took their own rec vehicles and so forth, all at cost to themselves, to go there and work weeks at a time.

And there were some States that wanted to go and under the old statute and the decisions of the Administrator, who tried to have as great of flexibility, may I say, as he possibly could under the statute, but on the advice of legal counsel, there were a number of States that had very experienced disaster counselors who were not able to send them because of the distance. So I think being able to mobilize the entire network when there is something of the magnitude of the Gulf Coast is a dramatic improvement and I commend all of those who have worked on that and we thank you for it.

Mr. CRAVINS. We are going to move on. Jody, I know you drove some way to be here this morning, too, and we picked on Don a lot, but was there anything else you wanted to add about SBDCs before we moved on to SCORE?

Ms. KEENAN. No. I think you have hit all the points. Thank you.

Mr. CRAVINS. Okay. Thank you.

Ami.

Ms. SANCHEZ. Great. For Ken, can you just kind of briefly describe the size and type of small business concerns that SCORE serves and get to the complementary versus duplicative nature of the services? Just elaborate on what Don said.

Mr. YANCEY. Sure, Ami. Thank you very much for allowing us to be part of this roundtable. I think my colleague, Don Wilson, did a really nice job of describing the relationship between SBDCs, SCORE, and Women's Business Centers in terms of client size. SCORE today serves about 370,000 different businesses and individuals each year. Those businesses are typically five employees and typically less than $300,000 a year in total revenue. So it is a smaller client. The SBDC is serving a little bit larger and Women's Business Centers serving a little bit smaller, each a recognized niche and demonstrates that there is not a duplication of service that is there.

The other thing that we provide and I think that Jody and Sharon and Don will show, we also find that as organizations in specific markets, we often do our best work when we collaborate with a client. SCORE volunteers bring real world experience. That experience typically dates back to some period of time, because most of our volunteers today are still retired. Bringing that to bear with the cutting edge information that can be provided by the SBDCs, the unique information that can be provided by Women's Business Centers makes a really unique and valuable service to small business owners and those who would want to start in the various markets.

So we believe and we find more and more that we work more closely, those stovepipes and silos that had existed in the past and the unwillingness to share clients across programs is far less today than it has been in the past. So clearly, different services, clearly, different programs, clearly, different markets.

Ms. SANCHEZ. Great. And just kind of follow up on the services. I know there were online mechanisms mentioned. Can you speak to what technology, if any, that you are using in kind of maximizing the services you are providing?

Mr. YANCEY. Sure. As most of you know, we were in the online space counseling very early on. Our online counseling dates back to 1997. Odd that a very small nonprofit made up primarily of retired executives would be one of the early online advice sites.

We continue to offer that service today. It represents about 33 percent of our total business. We have over 1,500 counselors that are available. It is a keyword search capability, so a small business owner can come on, ask a question, and we will align them with an appropriate counselor, allow them to choose that counselor based on a skill set as well as a review of a brief bio. The e-mail goes directly to our system. The counselor is notified that they have a question. They come to the server, answer the question, and it goes back out.

Today, it is working very well. We have done—our foundation has funded an economic—or an impact survey similar to what the SBA does for our face-to-face clients. We are finding the results to be very similar. We are getting excellent feedback in terms of quality. We measure quality in that service as well as in our face-to-face service using net promoter scores. We send that survey to 100 percent of our clients. We have over a 30 percent return. And we are finding year on year that our net promoter scores are improving in terms of client satisfaction and feedback.

We have also recently launched an online community, so not only can—within this community can small business owners seek advice and ask questions of SCORE volunteers, but they can also communicate with one another peer-to-peer. They can find services. They can advertise for any type of service or promote their own services within that. We are very fortunate to have partnered with Deluxe Corporation, one of their subsidiaries, Partner Up, to provide that. There are over 100,000 entrepreneurs in that community today.

Our online workshops have also been quite popular. Over 7,000 people per month are taking workshops online. Obviously, if we are successful in achieving the funding that you have so graciously provided, we will use a lot of that to continue to build out the services that we can offer online.

You know, our site has become less of an information provider and more of a service provider and our vision is that it becomes actually an entry portal for the client. So while today the chapter is the primary hub that does client intake, in the future, the primary hub for client intake for SCORE will be that website and we believe that we can offer the same type of choices for face-to-face counseling that we do for the online and we believe that we can have a central registration system for all of our workshops, promote those nationally, and then begin to offer counseling not just face-to-face and via e-mail, but also instant message and over Skype or some similar free service. So we have plans to build that out and appreciate your willingness to support that through the authorization. Thank you.

Ms. SANCHEZ. Shelly, did you have something to comment on?

Ms. PORGES. No.

Ms. SANCHEZ. Okay.

Mr. TRIOLO. Just to kind of touch on what you just said about the authorization levels, I am wondering if you can go into whether or not the authorization levels are adequate enough to meet some

of the more ambitious goals that I know that SCORE has for the future? Also, please go into what you hope to do with potentially additional funding? Thank you.

Mr. YANCEY. Thank you, Jacob. You know, like my colleague, Don Wilson, in a difficult economic environment, we have the ability to scale the business well beyond the dollars that are provided and the limiting factor that we have today that determines our ability to grow from a rate standpoint is dollars. It is investment, and particularly investment in infrastructure.

We appreciate the authorization. Our challenge seems to be in this process not in the authorization arena but in the appropriations arena. I have had the pleasure of having this seat for 16 years, and in 16 years, we have never been funded at the authorized level. So I hope that both Senator Snowe and Senator Landrieu would write specifically to Senator Durbin and the appropriators requesting that SCORE and all the programs be fully funded at the authorized level. The only way that—this is a great step and nothing happens without this step, as we all know. But we have got to take it one step beyond this and any aggressive, active support that you can provide would be very, very much appreciated.

In terms of what we would do with the additional funds, clearly, we would use those funds to create greater outreach to the client base most of that through technology, because it is the most efficient method for us to reach. We can use that method and drive that traffic back to our retail locations, our 370 chapters across the country. We are using the web now as lead generation for those. When someone registers for a workshop, their information is provided back to the chapter that is nearest them. We have been very fortunate that Constant Contact has helped us with e-mail newsletters for all of our chapters. So we begin to have regular contact, the permission marketing-type opportunity, with all of those folks.

We are using, again, planning to use the web to drive traffic to those face-to-face workshops. We are planning to use the web to lessen the administrative burden on our chapters and lessen their cost. Our next phase in the web is to actually hose and provide a content management system for all chapter websites so that not only will they be able to customize their site, but we will be able to keep it refreshed with regular information, taking some of that burden off.

Our desire from a technological standpoint is to use the web to make it easier to do business with SCORE, and as you know, we really have two clients. We have those small business owners and those that would like to start, but we also have 11,200 volunteers that are also our clients and we want it to be easier for them to do their job. And their desire is not to be engaged in administrivia. Their desire is to help people. And we believe that we can use these dollars to provide technological solutions that allow them to spend more time with the client and less time on the administration.

So in addition to that, our desire is to create a consistent counseling methodology that we will apply across all 11,200 volunteers and 370 chapters and create a certification program around that so we can ensure that we have consistent service delivery across all of our locations.

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Mr. TRIOLO. I think it is important just to note that this committee has always been supportive of ensuring that SCORE does receive additional funds, and we did, as you remember, Senator Landrieu and Snowe introduced an amendment to the stimulus asking for emergency funds for the SCORE program. We also have asked for $10 million from the Senate Appropriations Committee through this fiscal year. So we will continue to work bipartisanly to try and accomplish that goal.

Mr. YANCEY. And we have appreciated that support and know that it will continue and thank you very much for that.

Mr. CRAVINS. Thank you, Ken. Thank you, Jacob.

I see that we have been joined by Dr. Morrison. Dr. Morrison, welcome to the roundtable.

Mr. MORRISON. Thank you.

Mr. CRAVINS. And we are going to get to you. He is with the Small Business Exporters Association, so we will get on some of those issues shortly.

Now I would like to move to the Women's Business Centers, and Sharon and those of you who may have some testimony about that to help in our discussion. If you could, Sharon, could you just describe the types of small businesses that our Women's Business Centers are seeing?

Ms. O'DONOGHUE. I would be happy to. And again, thank you very much——

Mr. CRAVINS. Thank you.

Ms. O'DONOGHUE [continuing]. To both Senators' committees for the invitation. It was a pleasure to race in front of the thunderstorms this morning to get here from the Midwest.

[Laughter.]

Mr. CRAVINS. If you stay here long enough, you will get some this afternoon here.

Ms. O'DONOGHUE. I brought it with me and I take full responsibility.

[Laughter.]

My appreciation and gratitude also, obviously, to my colleagues with the SBDC and with SCORE and certainly with the full support of our investor SBA office and OED.

Don and Ken said it well. We are unduplicated. We do know that the Women's Business Centers, though they serve women and men, overall, we tend to serve anywhere between 65 to 69 percent women, the remainder being men. It seems to focus on a different level of entrepreneur and that seems to be what we might want to call, regardless of legal business entity across the States, the sole proprietor, the onesie, twosies. It is not that these businesses do not grow into picking up employees, but as opposed to other small businesses that might launch or start with an employee pool, most microenterprises start singularly with the owner-founder being the everything, the worker bee and the owner. So that is one of the distinctions.

The type of businesses are more predominately services than being in product or traditional storefronts or manufacturing. What we are seeing over the last couple of years, especially with the upturn in unemployment, or downturn in employment, is the functional areas of what we would call middle managers coming out

of—excuse me, functional areas from corporations—accounting backgrounds, HR backgrounds, IT backgrounds, marketing backgrounds. So these are individuals.

You know, in the old days, to hang your shingle, you often were licensed as an attorney or an insurance agent or an accountant. Now many people can hang their shingle as professions of what we would call traditional corporate functions. So somebody can launch a business as a marketing expert and they can manage many other small business companies that might very well be served by SBDC or SCORE and manage their trade shows for them. So that is the distinction.

Obviously, with the women-owned businesses, the distinction that we see and that has been captured is that women tend to be a little bit more, the terminology is integrated or holistic in need as opposed to transactional. I don't mean to make a profile or a stereotype statement here, but just to mention the Babson College study in 2005 noted that women business owners tend to ride with their Women's Business Center for up to 1.7 years and they come for the whole kit and caboodle. They want to be connected. They need the asset building. Social, human, and financial assets need to be built and they are looking for, for lack of a better terminology, one-stop shopping for that.

So Women's Business Centers above and below 100, as SBA funds them, are across the country serving over 155,000 clients on an annual basis.

The other interesting part, if I might just make, about the centers is—and I don't have the exact ratios, but we come from our own business entity organizations which seem to be stand-alones, not-for-profits, or were a program within a host organization and that often throughout the country and through our membership as well as the SBA-funded centers seems to be either with academics, universities, or with Chambers of Commerce.

I mention that because that is also a reason why the client may often come to the Women's Business Centers, because of the affiliation of other resources that that Women's Business Center has to offer, depending on the host organization, or if they are a standalone, not-for-profit, they tend to be a very good air traffic controller within their community of connecting women business clients, period, with the other resources within that community.

Mr. CRAVINS. Does the bill in its present form, does it provide enough flexibility to ensure that States that don't have the Women's Business Centers can get assistance, as well? I know that is a big concern. I mean, the Women's Business Centers are great resources, but some States don't have them.

Ms. O'DONOGHUE. And within States, you have geographic areas not covered that do have them. Indiana has two, yet we have more than 70 percent of the State not covered, and predominately in the area with highest unemployment where Karen Mills and Senator Bayh just announced the auto floor financing in Kokomo.

No, respectfully, obviously. Respectfully, not enough appropriations, authorization to this extent, if I may cover the points that were raised by the members. First, there is in the language of the reauthorization, and excuse my terminology, a cap of this $150,000 award. Now, this is how and why most of the Women's Business

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Centers have gone from an SBA award being 80-some percent of the budget, and not that that was ever a perceived goal, to less than 30 percent, and in some cases less than ten percent of that center's budget.

So you have Women's Business Centers—when you think about this as an investor, the government being an investor, you have Women's Business Centers who actually might be beholden to larger investors than the government, especially the SBA. In four short years, the Central Indiana Women's Business Center, the SBA is actually my fourth. I have three other powers-to-be that I report to that have greater skin in the game than the SBA does, and I am only in year four, finished year four, now in year five. I am—Central Indiana is what you would call a new center, yet we have popped, because of the need, to where not only are we not appropriated at what was authorized, but we have had to go out and beat cheeks and raise much more money to meet the need.

Second with the authorization is—and to speak directly to the point of coverage—we have recognized and Senator Landrieu opened by noting that women business owners are opening at the largest segment of business owners starting businesses and growing, and yet with 370 SCORE chapters and SBDCs geographically covering the corners of the States, we have, give or take, only 100 funded Women's Business Centers in the country. I don't know how we think we have the resource stacked to respond to those that are starting businesses if we are less than 100 Women's Business Centers as well as some States not even being covered.

So we have an authorization issue with the number of Women's Business Centers, with the coverage not in existing States, with the States that aren't covered, and then the funding level at which we are capped, $150,000 in our little center in Central Indiana in just five years to offer over 18,000 hours of training, 2,200 clients, 543 businesses starting up. I have had to grow that budget to $600,000 and I got appropriated $118,000 this year out of my $150,000 that I was supposed to get.

So, quite frankly, I have to look at the SBA grant and the Women's Business Centers—excuse me, the authorization, this is a cost of doing business. So you are also, as much as we are measuring the outcome for the appropriations, I would like—and I heard Senator Landrieu say, let us look at the efficiency of the appropriations and what it is—how it is measuring across the board. The cost of every dollar granted with what we spend to track as well as to do it pulls it a little bit off center.

Ms. SANCHEZ. Great. Thank you, Sharon.

I know Meredith has a few questions.

Ms. WEST. Yes. I wanted to touch on some important points you made there, particularly on the funding for WBCs, and to point out that actually the bipartisan bill that Chair Landrieu and Senator Snowe introduced yesterday changes the authorization of the grant amounts from a maximum of $150,000 to a minimum of $150,000. I have been listening to you and the association on this very important point, so I wanted to touch on that and ask you if a minimum grant amount of $150,000 instead of a max would better enable—the centers to serve the important populations you guys are working with.

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Ms. O'DONOGHUE. That would certainly—and coupling on Ken's statement, the authorization would certainly allow us to go in, better match—a lot of women—it is the appropriation, you know. It is the appropriation needs to match up to the authorization.

Just a comment, though, about how and why that helps us. For $150,000 minimum, if you have a third of the funded centers as stand-alone 501(c)(3)s with less than four staff members that need to operate budgets at $300,000 to $500,000, that helps not having to spend manhour time trying to do other fundraising and being able to expend the dollars directly to the client services, as well, as we already do by the SBA requirements. But when we talk about all hands on deck, I think the critical part of a minimum of $150,000, if it is appropriated, is that is more money that can be turned into physical counseling hours and training workshops and loan assistance.

Ms. WEST. All right. Previously, even with additional appropriations, the agency couldn't give a grantee more than $150,000, so we think this is an important change.

Holly, I wanted to ask you about the balance between opening new centers and supporting the centers that are in existence and serving women's businesses. Does the bill provide flexibility to serve the States that currently don't have centers while maintaining renewal funds——

Ms. SCHICK. Yes.

Ms. WEST [continuing]. For existing centers?

Ms. SCHICK. Yes, it does.

Ms. WEST. All right. Thank you.

Ms. SANCHEZ. Great. I think we have some questions for Shelly, too.

Ms. WEST. Yes. You touched on this a bit earlier, on the challenges in the missing middle and women-owned businesses struggling to grow the revenue base of their businesses. What factors have you found in your research and in your work with these populations contribute to this phenomenon, and what are you doing and what does the Women's Business Center program need to do to better support growth in these businesses?

Ms. PORGES. Thank you very much for the opportunity to address that. First of all, the women have told us who have gone through our program, the women who have success, we obviously monitor them all along, not only their actual financial performance and job performance, but also what is working for them, what isn't. We do ongoing modification of the program.

The key things they have told us work for them to break through, the women who have gotten to the million-dollar mark and beyond, number one, it is setting the goal. So many women get into it either as a sideline, or even if they thought of it as a business, the notion of, oh, I never thought of that. I could grow my business to a million dollars. It is almost like you have to give them permission. So setting the goal.

And with that a certain level of confidence that will come with the rest of the program, which is the next thing they tell us. The coaching is essential. We are partnered with an organization, the Coach Connection, that already does what Ken is talking about, which is it has got a very formatted approach to coaching these

small businesses. I don't know if they call their—they call it certification, but effectively, they certify their coaches. Their coaches have to have not only a fairly extensive—I think it is ten years-plus—of business experience, but also have to have had at least two years of coaching experience and then go through a certain oversight. So the connection with their coaches.

And interestingly, they tell us two things about the coaches. One, it is, of course, the input they get from the coach, and they get to pick their coaches as they do in your program, but it is the accountability to the coach that is very important to them, because otherwise, they are on their own. So if they have decided to tap into five new customers but no one is there to tell them, and now months from now they haven't done it, if they have a coach who once a month checks in with them and is talking with them and is guiding them further or giving them input, they have someone to account to who is going to ask them, so, did you call those five new customers? On their own, there isn't that kind of accountability.

And the last and most important thing, I think, is the peer mentoring. We found that going on. I mean, you talked about integrated. Women approach these things on an integrated basis. We do think that there are differences in the way men and women approach building their small businesses, and what we have found is that the women just really benefit from the community. They benefit from the fact of seeing other women in similar situations, understanding it is not a unique challenge that they may be facing, getting input from somebody who has already overcome or met the challenge and so forth.

So again, the goal setting, the coaching, the peer mentoring are the three things they tell us are the most important things for them.

Ms. WEST. All right. Thank you.

Ms. SANCHEZ. Great. Wonderful. Actually, now we are going to, I think, move on to our Veterans Business Centers, and Lou, I actually want to start with you. Can you briefly describe kind of the nature of the center that you run, the services you are providing and kind of the gambit of the folks that you are actually serving?

Mr. CELLI. That you, Ami. That is a great question and it is really a great way to start off the veterans' portion of this discussion. Our center is—I heard Don mention boutique services. I have heard some other people mention some specific services. We are a full-service resource center that provides a variety of different services, not only counseling and mentoring, but we also provide education. We provide nine-week courses, 11-week courses, three-day courses. We provide seminars, not only locally, but we have also been asked to provide these seminars nationally. We provide online counseling. We provide in-person counseling.

We provide a variety of services that have really stretched our resources to capacity, and I have always understood that we were the orphans of the program, you know, that we were the little guys on the block. We are the youngest entrepreneurial development program in the repertoire of the SBA of entrepreneurial programs, only having been around now ten years.

I hear Sharon's concern that 100 Women's Business Centers is a very difficult number of outreach efforts in order to service the

United States of America and I just want the committee to be aware that the Veterans Business Resource Centers number in total of eight. We have eight across the country. So we are now hyper-focused on this piece of legislation to try to grow this program to the degree that it was intended to be grown through Public Law 106–50.

The entrepreneurial effort that was passed in the 110th Congress, Public Law 110–186, sought to try to grow this program at least a little bit by funding the Office of Veterans Business Development out of the Small Business Administration from what historically had been a flat-funded program of $750,000 a year to $2 million a year and that authorization was summarily ignored as they remained flat-funded at $750,000 through the term of that authorization, from 2009 and 2010.

So I sit here and am jealous of all of you, trust me. You know, you have resources and outreach and capabilities that we only dream about, yet we have still been able to support our veterans in this effort. I will leave some of the statistics that I have to Director Sharpe as we talk about returning veterans.

Ms. SANCHEZ. Joe, do you want to add?

Mr. SHARPE. Well, first, I want to thank you for having this hearing and the American Legion really appreciates the support that we have received from Senator Snowe and Senator Kerry and now Senator Landrieu. But I need to make a few things perfectly clear.

The situation with veteran entrepreneurship is becoming intolerable. Many of the veterans are so angry and so frustrated with the lack of support that they are receiving from the Hill and from SBA that there is a real movement to move the entire program from SBA, move it to the VA. Veterans feel that they really don't have a seat at the table. The centers are underfunded. There is an expectation that the eight centers cover the entire country, that they provide special services that no one else can, and it has gotten to the point where the American Legion is looking at investing a sizeable amount of money to do the things that we feel the Federal Government should be doing. There are also three other Veterans Service Organizations, not-for-profit, that are raising money to do the same thing.

It is imperative with the number of veterans returning and wanting to start businesses that they receive the support that they need. A hundred-and-fifty-thousand to $200,000 for one center that is expected to cover six or seven States is just not feasible. If an organization in California—and this has happened—wants to do a program, then they expect Louis Celli or someone from Flint to fly out there and put that on for them because they feel like they are not getting that support from anywhere else. When we do our conferences during our national conventions, we have veterans flying in from both coasts for a two-day program, something that we feel that they should be able to get in their own States. And this is a serious situation.

There is going to be a veteran business seminar that will take place in July in Las Vegas. We expect over 2,000 veterans to fly to that event, and the Secretary of VA is speaking, not SBA. SBA has played a very minimal role in anything the veterans have done. As Louis had stated before, that veteran office in the SBA has been

flat-lined with a budget of $750,000 for years and they have somehow been able to use that money to keep five centers going, and now they have eight. We don't feel like we are getting support that is required.

Mr. WALKER. Could I respond to that? I would just like to respond. I think that you are preaching to the choir here in terms of veteran support, particularly from our bosses. That is why we fought so hard to get the bill passed last year. That is why we fought to secure in the Senate the funding to keep the three Veterans Business Resource Centers open, including Louis'. We included provisions to do so in the Senate appropriations bill, and we were fortunately successful in doing so.

I also do not want to in any way downplay the role that we are playing in terms of veterans in this bill. This bill proposes a significant increase to veterans services. By order of magnitude, what we are proposing in this bill is an over 1,225 percent increase in funding, from the historical level, for this upcoming year. And that is in response to fiscal year 2009. So a 1,225 percent increase should certainly show a level of support from people that understand that this program deserves increased funding. I think that that is one of the largest proportional increases in fundings that I have ever heard proposed on Capitol Hill.

Similarly, for the Office of Veterans Business Development, we are proposing raising its funding to $2 million. That is a massive increase, as well.

And in regard to one center serving, for instance, six or seven States, if you do the math with $8 million, which is the lowest amount that we would have in every year, that would be approximately 40 centers at $200,000 apiece. So if you did 40 centers across the nation, it would not be one center for every couple of States.

Additionally, we are trying to bolster what the SBA offices are doing for veterans. That is why this bill has the requirement that the SBA designate a Veteran Business Center representative for every State, and that way, there would be an additional 50 people out there that would be focused on veterans' needs, as well as a new computer network and other measures that we are working on.

So again, I do understand the frustration. I do understand the concerns. But I definitely, in defense of this bill, want to express the fact that a 1,225 percent increase is substantial, and that is the lowest level, it increases in the following years.

Mr. CELLI. Thank you, Matt. I just want to respond to that by saying that while we certainly appreciate the increased emphasis this year, that 1,200 percent really represents a ten-year increase which never happened. So we are just now trying to get caught up with where we should have been starting ten years ago, and while it may seem like a lot of money dumped into one pot overnight, it is really money that we never got over the past ten years. I mean, eight centers—and really, it has been five centers over the past ten years that were generated out of Public Law 106–50, which started in 1999. So I don't think that it paints an accurate picture to say that it is a 1,000 percent increase overnight. It is really—it is an outgrowth where we should have been anyway.

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Mr. WALKER. I agree that it is regrettable that there are not more centers, and that is not to say that more isn't needed in the future, but also, in terms of incremental growth, it is a substantial amount to do in the very beginning with the knowledge that more may need to be done, but we should do so incrementally in a way that can be done responsibly. I think it is a very large increase in support of the Veterans Centers, is what I am trying to say——

Mr. CELLI. I agree.

Mr. WALKER. And I think that in order to grow something incrementally, that is a pretty big step to take in years one through three.

Mr. CELLI. Right.

Mr. SHARPE. But Matt, I need to also state that that is a good start, but you and I both know that a lot of statutes, a lot of laws that have been enacted for the past ten years have not been carried out from the various agencies that were supposed to do them.

Mr. WALKER. I agree.

Mr. SHARPE. SBA, again, you fought hard for an increase in the budget. The Administrator of SBA never gave that department the money that they were allocated for. A lot of the laws that were passed last year have not been carried out. Most of the Federal agencies have not reached their three percent goals. VA is the only agency that has that. And when you start talking about having a seat at the table, that has not happened for veterans. We are still ignored. SBA has not participated in many of our programs and the perception is, even though you may pass a bill, that doesn't necessarily mean it is going to be enacted, the agencies are going to follow suit, and any type of recourse will be done to them if they don't fulfill their obligations.

Mr. WALKER. And I couldn't agree more, and going back to that bill, I have got to thank you for all of the hard work the American Legion and you personally did, and Louis, as well, in passing that bill. A perfect example of that is the Veterans Task Force. The Veterans Interagency Task Force was required to be stood up specifically for this reason, so that we could coordinate and leverage what it was that the Federal agencies were doing. It has been over a year and that hasn't taken place. So we have called on the SBA to do that, to get it up and running, and we are going to continue to push for that, particularly trying to get that up, because we really believe that it is an opportunity, and anything that anyone in this room can do to help to push that, we strongly encourage it, because it is something that our bosses believe in.

Mr. CRAVINS. And Joe, I want to thank you and Lou for being here, and I am new to the Hill but I am not new to government and the politics. One thing that I would advise you on, though, is realize that we have a new administration, as well, and I think before you write off the Small Business Administration—and I don't need to speak for Holly or for the Administrator—I think it is worth reaching out to the new Administrator and reconsidering inviting her and her staff to different events that the VA may be having because I think you need to reconsider that. I think it is good to—I understand past and you base people's—you base results on past experiences, but I think you will be—I can't speak for her, but I think if you reach out to the Administrator, you invite her to

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some of those events, I think you will be very pleasantly surprised or happy with the results you get. I think she is on the same page with our bosses on the VA issue.

Mr. SHARPE. I don't think it is a question of whether the American Legion personally reaches out. What I am conveying to this committee today are perceptions from veterans across the country. We have a Small Business Task Force. We are inundated every day with inquiries, that there is a lot of frustration around the country.

Mr. CRAVINS. Absolutely.

Mr. SHARPE. There is still a feeling that SBA is more concerned with the Women's Centers and 8(a) and HUB Zones than they are for veterans, and this comes out on a daily basis. And I am telling you that the hostility toward these various interest groups is getting to the point where there is a call to move the program to an agency that understands veterans and their issues.

Mr. CRAVINS. And we want to help with alleviating some of those concerns and some of that hostility, and I know that the Administrator and the administration would love to be part of that, too. So anything that we can do to do that, we definitely want to be a part. But thank you very much.

Let us move on to our Native American entrepreneurial development opportunities. Katharine, you are going to be talking to us about those issues today. Are there any specific issues to our Native Americans that would make targeted assistance necessary?

Ms. BOYCE. Yes, Don. Thank you very much for the opportunity to be here today. I represent the National Center, but I will try to do my best to describe or at least speak on behalf of other providers of business assistance in Indian Country.

First of all, I want to echo what you just said about the new SBA. I have been really pleased in my brief conversations with the new Administrator, Karen Mills, with Holly Schick, with the new National Director of the Office of Native American Affairs, Clara Pratte. They have all been tremendously outreaching and understanding of the real challenges of delivering business and entrepreneurial development assistance in Indian Country.

You know, in the last umpteen years, there has not been a lot of focus on Native American entrepreneurial development by SBA, particularly in the last eight years, or on small business development assistance from any other centers than the Native-focused centers. For example, during the Clinton administration, SBA provided about $5 million for a Native American outreach and had funded some Tribal Business Information Centers, and in the beginning of the next administration, that whole program was defunded. The funding for MBDAs, Minority Centers, and they run eight Native centers, has also been flat-lined about at $1.5 million. So there hasn't been a lot of money in this area at all.

There is a real—it is a unique set of problems in Indian Country. You have got, in most cases, first generation entrepreneurs. You have tremendous hurdles with financial literacy. I have to take my hat off to the Native CDFI, the Community Development and Financial Institutions system, that has developed in Indian Country because that is providing microlending and so increasing the amount of entrepreneurial development assistance. That is really important.

There is very limited access to capital in Indian Country or even traditional financing mechanisms. For example, an entrepreneur cannot use his home or her home or land as collateral to start a business because the land is not—the Tribal lands are not alienable, which is a major problem. For a tribe to start a business, particularly, for example, in government contracting, you have to waive sovereign immunity in order to qualify and that is a real challenge for Tribal councils to agree to waive sovereign immunity.

So all of these business challenges require more time by business counselors in these centers and that is one of the reasons why a lot of the other centers that are not Native-focused have not really spent the time that it takes to work with Native entrepreneurs.

So SBA funding, though, is really essential because SBA focuses on the start-ups. The Minority Business Development Agency funding more and more are focused on strategic growth companies. So they want more bang for the Federal dollar. They are looking for big contract awards and big financings in order to prove that their program is providing that return on investment, and it makes it more difficult for the Native Centers, because they need to meet their goals that MBDA imposes on them for those big numbers, but they still have their mission to service any Native American company that comes in the door, or entrepreneur.

So one of the things that I wanted to say, to echo the comment that Mr. Yancey made, this is a big problem, that you always have unfunded authorizations up here. I notice that the SBA budget request for fiscal year 2010, and I was delighted to see it, has $29 million for entrepreneurial development. There is no mention within that figure for Native American entrepreneurial development. So I am very anxious to help the committee move this bill along as quickly as possible so there is an authorization figure, at least a target. We have talked to the Appropriations Committees on both sides and it is hard to make a case if there is only $1 million right now in the budget for Native American outreach at SBA. To get higher, it is difficult without an authorization that is actually enacted. So——

Ms. SANCHEZ. Sorry. I know—just really quickly about the programs that are created by the grant work in conjunction with the preexisting technical assistance programs, and you spoke a little bit about the kind of unique nature of Indian Country and how these programs work. Who do you anticipate—or do you anticipate those programs being interested in applying for the assistance under the Act and kind of who would represent these service providers?

Ms. BOYCE. Okay. I think that there is a lot of interest in this legislation in Indian Country to the extent that it is known out there because every center that tries to provide development assistance to Indian people is short-funded. They don't have the capacity to develop big grant proposals to foundations. The ones who are more schooled in that kind of activity do better, obviously.

I think you will find that the existing centers run by the National Center, we have been working for quite a while with the Senate committee to make sure that this entrepreneurial development assistance legislation is available to centers like the ones the National Center runs. I think the Native American DCFI will apply

for this kind of funding. There are American Indian Procurement Technical Assistance Centers. They might apply. Tribes will apply for this funding. Alaska Native Corporations, likely.

I think the bill should include Native Hawaiian organizations and service Native Hawaiians, and every bill that has been introduced on this subject in the House and Senate prior to this bill has covered them, so I think you need to talk to more organizations that have a broad Native American representation in order to decide whether you want to pursue that narrow focus of this Native American bill.

I know that you all wanted me to focus on the match requirement. The National Centers, with the programs they run now, their cooperative agreements with other Federal agencies have to meet a match requirement, so I think we would be able to meet some sort of match requirement. But not everybody who would like to either start a center or augment what they are doing now would have the capability to meet this match.

So what we would recommend is that you lower that—either remove the match or lower it to 25 percent for the first two years and 33 percent for the last three years of the project, and for renewals, make that more flexible than requiring a flat 50 percent.

Mr. TRIOLO. Just a quick question. Can you briefly address or go through your relationship with the SBA and what else they could do or you would like to work with them in doing, to ensure that Native Americans are receiving proper technical assistance?

Ms. BOYCE. Yes. Actually, we have had a lot of meetings recently on this. The grant funding would be helpful. Access to more of the online capabilities and probably some of the tracking mechanisms for tracking return on investment and metrics for business success and so forth would be helpful. We have some of that. The National Center has some of that operationally already, but oftentimes we have to apply for other grants in order to fund that kind of activity.

We would like to explore the possibility of some sort of veterans capability. There are a lot of Native American veterans in the country. Native Americans have a higher percentage of serving in the military than just about any other ethnicity in the United States. They are very loyal and they have needs. So that is one area where I think that—I am glad that SBA is moving into this and we would like to work with them on that.

Microlending is really important in Indian Country, as I mentioned, and to date, SBA loan programs and their loan guarantee programs have not been as accessible to Native entrepreneurs and Indian-owned businesses, particularly Tribal-owned businesses, as they could be. So I think this is an area—I have already talked with the SBA—that there should be more focus and set up working groups and so forth.

Mr. TRIOLO. Can you also describe a bit as to your relationship with—your understanding of some of the current Technical Assistance Centers that are out there that do specific Native American issues and how they are able to work with other SBA resource partners, because my thought would be that even with a full-funded grant the SBA may not necessarily be able to put a center in every area that has a large population of Native Americans. So I think it is important that they also work to leverage other re-

sources. I am just wondering what you have seen, your experience in the past with that.

Ms. BOYCE. Well, I think there is some collaboration. There could be more, and we have talked about this before. My concern, even with the Senate bill's provisions, which we tend to prefer over what the House has passed in this particular area, is that what little funding is made available for Native American outreach, entrepreneurial development outreach, really ought to be focused on the native centers that are already providing this work, because they have a proven track record. They have already developed their culturally-appropriate business assistance. That is not to say that they couldn't do better, no question about it.

And so collaboration is helpful. But I would really not like to see—or I think it would be better if the primary focus of this funding be to assist the Native Centers and encourage collaboration, but not make the requirement so stringent that the only people who can require and meet the match and fulfill all the reporting requirements are SBDC-funded organizations.

And if that is the case, if there has to be that kind of mandatory collaboration because of financial constraints, then the Native Centers should have more access to the SBDC funding, because SBDCs are funded at a pretty substantial rate, far more than what Native Development Assistance has been provided. Granted, it is a smaller community, but still, there is a huge need in Indian Country for this assistance.

Ms. SANCHEZ. Great. Thank you.

Now, I would like to move into PRIME. If you could speak to PRIME, give us kind of what is the clientele again, what is the clientele that the PRIME program is meant to serve, and how does PRIME differ from SBA's Microloan Technical Assistance Program.

Ms. JONES. Sure. First of all, I want to say thank you for the opportunity to speak today and thank the committee for all of their leadership and commitment to small businesses and entrepreneurial development. PRIME is a program for investment for microentrepreneurs and it provides assistance to the low and very low-income microentrepreneurs and it is a program that, again, provides training and technical assistance. It doesn't provide any lending.

Ms. SANCHEZ. Why is PRIME so important to entrepreneurs, women-owned businesses? What factors account for this phenomenon? Can you just kind of give a little bit more into the services? I mean, one of the changes that we are making is moving it into the Office of Entrepreneurial Development, and kind of give that kind of background on what effect that would have.

Ms. JONES. Sure. PRIME is the only program—well, first of all, entrepreneurs lack the access to capital, only one of the barriers to starting, growing a successful small business in today's complex economy for microentrepreneurs. They frequently require business training in order to achieve business success. By investing in business training for disadvantaged entrepreneurs, PRIME has been successful in creating jobs and generating income in communities that need it most.

PRIME is the only Federal microenterprise program that provides intensive business training to low-income and very low-in-

come entrepreneurs. It is different from SBA because it is—again, it provides one-on-one training to the very low-income entrepreneurs and they are not—they are not looking for capital. They need training for, for example, developing business plans, mentorship, coaching, walking through what entrepreneurship may be, and how to develop their business.

Ms. SANCHEZ. Great. Thank you. Do you have any kind of comments as to what can be done to help women business owners accelerate their revenue growth given kind of the current state of the economy and what kind of assistance that could mean for women business owners and kind of the socially and economically disadvantaged group, folks that are being served by this?

Ms. JONES. Sure. The current economic climate has really affected, you know, the economy throughout, but microenterprise has actually grown and Women's Business Centers have done better in the economy and microenterprise has done better, but funding is definitely needed. Funding for the private sector foundations of personal giving have been severely curtailed due to the current economic climate, especially unfortunate because these funding sources dwindle. The demand for self-employment training has gone up considerably. Job losses have contributed greatly to the number of individuals who seek to start the businesses using the vocational and technical skills they may have honed in their careers.

We have requested $15 million for PRIME and we haven't received that funding since 2001. So that is something that we really need, because with the current state of the economy, PRIME has not—the current state of the economy, there are more people who have moved into self-employment and microenterprise is a much greater need at this point and the funding is not there. We see a lot of our members want—need to provide more technical assistance and training and they just don't have the funds to do that.

Ms. SANCHEZ. Just to get in, I mean, one of the changes in this piece of legislation that really affects PRIME is the move into entrepreneurial development, and it is our understanding that 90 percent of these microentrepreneurs are not seeking financing. So would it be correct to say that, well, SBA microloan programs, technical assistance pieces for borrowers, PRIME serves actually those not necessarily seeking capital, do I have that right?

Ms. JONES. No. They are not seeking capital. They are not seeking capital. They are seeking training and technical assistance. A lot of it is one-on-one training. For example, for Women's Business Centers, for Small Business Development Center programs, they define a client as someone who has received two hours of training. Under PRIME, a client is defined as receiving ten or more hours of service. So it is specifically focused on providing training and technical assistance. It is not microloans. It is not microlending. And it is the only Federal program that focuses on training and technical assistance for this population.

Ms. SANCHEZ. Thank you. Do you all have anything?

Ms. WEST. Yes. Thank you, Ami.

As you know, the PRIME program has typically been considered when we have reauthorized the SBA's loan programs. I would just like for you to speak to why it is so important for us to reauthorize

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PRIME now in this entrepreneurial development reauthorization legislation.

Ms. JONES. Well, again, in this economy, there is a growing need for microenterprise. There are a lot more people who have moved to self-employment. It has grown substantially, according to our members. AEO serves over 400 microenterprise organizations and we have served over two million entrepreneurs and we have heard from them that, you know, they are just screaming that they need assistance with training and technical assistance and they have seen an increase since the recession.

Ms. WEST. Right. So it is a matter of timing?

Ms. JONES. It is a matter of timing and the funding has not been there. The previous administration has, you know, since the inception of PRIME, which was 1999, has continually tried to eliminate funding for PRIME and Congress has seen the importance of PRIME. So it has been funded, but substantially less than what was authorized, which was the $15 million.

Ms. WEST. In this committee, Chair Landrieu and Ranking Member Snowe worked to include additional funds for PRIME in the stimulus bill earlier this year, and in our appropriations letter requested the $15 million in funding. So this committee has been supportive of that.

Ms. JONES. And we very much appreciate that.

Ms. WEST. Before we move off this topic, I wanted to ask SBA, back to the conversation we were having earlier about metrics outcomes of these programs, do you think that the EDMIS system can be used to evaluate the PRIME program and utilized in evaluating outcomes, or would you have to develop a separate tracking mechanism for that program?

Ms. JONES. First of all, I would comment that entrepreneurial development is the agency's hub for management and technical assistance and the expertise resides there in terms of how to do it, how to do it efficiently, and how to measure it. EDMIS has the capability to track the basics of what management and technical assistance means to entrepreneurs, which is what services they get, who provides it, how long do we spend with the customer, and what is the outcome. And so I believe that EDMIS would absolutely support the PRIME clients in that regard with very few, if any, modifications.

Ms. SANCHEZ. Great. Thank you, Holly.

Now I am going to actually turn it over to my colleague, John High, who handles trade for the committee. John.

Mr. HIGH. All right. Thank you, Ami.

Good afternoon, everyone. I just want to start off by thanking Dr. Morrison, Ms. Reilly, and Ms. Conrad for being here today to speak with the committee staff about small business trade issues. I know we are a little bit short on time, so we will try and just jump right into it and move quickly through it.

I just want to start off by saying that, as many of you know, the government offers a wide variety of assistance and counseling programs to small exporters. Chief among them is the SBA and the services offered through the Office of International Trade over there. I think we all know that they have some good programs that reach a significant number of small exporters.

Unfortunately, under the previous administration, this office was neglected a little bit, and I think when you look at the loan volume of the programs offered through their office, you will see a significant drop over the last five years, and I think that indicates to us that we need to make some changes.

Both Senator Landrieu and I believe Senator Snowe have recently introduced trade legislation, and one of the things that they have in common in their bills is moving the SBA Office of International Trade out of the Office of Capital Access at the SBA, in which it is currently housed, and creating a new office that is directly accountable to the Administrator.

So I would like to start with Dr. Morrison. Do you support this idea of moving the Office of International Trade from within Capital Access and creating a new office within the agency?

Mr. MORRISON. Yes, we do support that. We think that is a very good idea. It has been a problem for several years that the Office of International Trade has sort of descended within the SBA organization. Back in the 1980s when it was created, it did answer directly to the Administrator, and over time, as the agency has assumed other priorities and maintained more of a domestic focus, this has, I think, been to some degree neglected. Its track record, however, is terrific with the resources it has been given and there is every indication that with more emphasis, it could do more.

Mr. HIGH. Thank you, Dr. Morrison.

Ms. Conrad or Ms. Reilly, if you would like to make any comments on that. No? Okay.

Dr. Morrison, if I could just follow up real quick, do you have any other suggested changes that we can make to the office without unduly burdening the agency and impacting field operations in the agency? Do you have any other suggestions that come to mind as a way to improve the office?

Mr. MORRISON. Well, over time, I think that the—all IT people need to be in more of the U.S. Export Assistance Centers. We have 18 of them now, and in the last fiscal year, those 18 people underwrote over $2 billion worth of small business exports. It is quite an amazing record. If you do the math, for every dollar that we put into this program, we get over $500 in export sales, and those dollars create really good jobs in this country.

So I think that the program is well proven, but it is only in—we have 104 U.S. Export Assistance Centers in the United States and SBA is only in 18 of them. In fact, it is in fewer than that, because in a couple of cases, they have got one or two people in the same office. You look at a State like California with 50,000 small business exporters and probably two or three times that many that could become exporters and you have got SBA, they have got two people, 25,000 exporters per person.

I think that the committee and the agency really should look at it as an expansion of the program and to more of the U.S. Export Assistance Centers as a top priority.

Mr. HIGH. Sure. Ms. Reilly.

Ms. REILLY. Yes, thank you. Just on behalf of the Chamber, I want to thank Senator Landrieu and Senator Snowe for these important bills. I think all of us understand that small business is the backbone of our economy and that is why we fully support increas-

ing the SCORE funding by $10 million, as well as the SBTC funding. But trade and export promotion is really an important piece of this, and just what I just do a little bit within the U.S. Chamber is I am the Director of our Trade Roots Program. So what I do specifically is trade and education on exporting for small- and medium-sized companies. So I am in the real world most of my time. I am actually only in town four days this month and was in Wisconsin this morning.

I partner a lot with local Chambers of Commerce as well as universities and world trade centers to talk about what are the resources that are available for business. So part of our programs always include SBA, but they also always include the Export Assistance Centers as well as EX-IM Bank and whoever might be relevant locally. And another key of that is that we highlight the small and medium-sized companies that are exporting as our faces of trade.

What I can say is that there is really a lack of awareness of these agencies here in the real world. I think that, sadly, I spend a lot of time explaining just what SBA is and what they do and why they are there to help. So I think kind of on a more basic level, there is some work that needs to be done on the marketing side of SBA as well as the promotion side of it.

As far as international goes, really, it is pretty basic science. It is opportunity for small business. Ninety-six percent of the world's consumers are outside of the U.S. Jobs that relate to international trade pay 13 to 18 percent more. Small businesses that are exporting are less than one percent right now. So there is amazing opportunity for business and that is why it is crucially important to help these companies figure out how to get their exports and how to get their products abroad.

The World Bank came out with a recent study that said for every dollar spent on export promotion is a 40-to-one return on investment, and some States have taken this into account. Pennsylvania, for example, has developed what is called the Market Access Grant, which is a $5,000 grant for small- and medium-sized companies if they basically want to become international in any way. So they can go to trade shows, they can do trade missions, they can translate their website, and it has been a really—not a lot of red tape and a really good program for a lot of these companies in Pennsylvania. So we would recommend that turning into a Federal program.

Regarding the funding of the SBA, I just have to echo Mr. Morrison, as well, as far as the offices and the shortages of personnel out there. Often, there is one person in charge of five States and so they can't be everywhere and it is very difficult for them even to put a face on the SBA in the rest of the States, as well as collaborating and coordinating efforts with the Department of Commerce and with the Export Assistance Centers. They are a wonderful resource. They do a great job. But they are underfunded, as well, so I think that that is going to be something to look at, as well, is the Department of Commerce funding. We are recommending to double the Federal expenditure on that.

Mr. HIGH. Thank you for your comments.

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I just want to go back real quick to the staffing levels of the U.S. Export Assistance Centers. I know that that is an issue that is very, very important to Chair Landrieu. The center down in New Orleans has been vacant since 2003, I believe. Since then, I believe the number of financial specialists funded by the agency has gone from 22 down to, I believe, as low as 14 or 15. And as Dr. Morrison pointed out, now it is back up around 17 or 18. Unfortunately, the New Orleans position is still vacant, but I know the SBA is working on that and will hopefully have somebody soon.

But in Senator Landrieu's bill, this is something she addresses and I think that once we get this program back fully staffed to where it needs to be, I think we would be interested in looking at maybe expanding the program a little bit, and I know we have heard from various stakeholder groups that some of the areas of greatest need might be some of the fastest-growing export regions, such as New York, California, Texas, and Florida. And it sounds like, Dr. Morrison and Ms. Reilly, that you would be supportive of this idea and I just want to confirm that.

Mr. MORRISON. Absolutely. You have got one person in the entire State of Florida, and it is arguably the best State in the United States for small business exporting.

Mr. HIGH. Sure.

Ms. REILLY. We would support that, as well.

Mr. HIGH. Thank you.

Ms. WEST. Yes. I want to just jump in here and say that Senator Snowe has been working with Senator Landrieu in supporting an increase in the SBA staff that are sent to the USIACs, that it is a really critical position in connecting these small exporters to financing and the technical assistance they need to deal with some unique challenges.

We very much agree on the need to fill those positions and really increase the positions that have been vacant and really to increase the presence of SBA staff in the USIACs nationwide and would suggest that a study is necessary to understand where there are opportunities for growth in small business exports, and Senator Snowe's bill really focuses on that and we are working with Senator Landrieu. Any comments you have related to really the level of coverage in these USIACs would be appropriate, I think.

Mr. MORRISON. Do you want one now or later?

Ms. WEST. I would love it now. How many do we need and——

Mr. MORRISON. I think that if you are doing this good by scratching the surface with 18 people, you really should have in place a plan to grow this program to at some point 40 or 50 people. In some States, you are going to need several people. I mentioned California, Florida. It is a matter of scaling up existing operations. But in other cases, like in the Midwest where you have, as Liz pointed out, people covering four or five States, you have just got to do better than that. And I might note that SBA is forever cutting the travel budgets for these people so they get stuck in the USIACs and they can't go out and visit businesses or visit other bankers in other parts of their region.

Mr. HIGH. Thank you. And Dr. Morrison, just to follow up real quickly, I think one thing that is really important—would you agree that it is important to, before we start to look at expanding

the program, at least get it back up to where it was in 2002 and 2003?

Mr. MORRISON. Yes. I mean, it has been as high as 20 or 22 people at the beginning of this decade, so yes, absolutely, get it back to the starting point.

Mr. HIGH. Thank you. And before I just move on to one final question, Ms. Reilly, I just wanted to follow up with you. You had spoken a little bit about this idea of a State grant program to small businesses looking to export to provide them financial assistance to allow them to go to trade shows and et cetera, et cetera. I just wanted to kind of flesh this idea out a little bit more. We really like the idea behind it. I mean, I think everybody in this room agrees that it is very important to get more capital in the hands of all small businesses and especially small exporters with the opportunity that is available right now.

I would just like to ask you if you could give some more detail on this program, and Ms. Conrad and Dr. Morrison, if you would like to comment, as well. I think a good programmatic model that comes to mind that the SBA has already done in the past is the Fast Program, that used to be part of the SBIR/STTR program. I would just like to kind of get your thoughts, if you think that would be a good model for accomplishing this goal.

Ms. REILLY. Yes. Just a little bit more on the Market Access Grants and as they stand. Like I mentioned, they are a pretty simple system, which is good, I think, for a small, medium-sized business. They have so many other things to worry about, let alone how to find a new international market and what that takes. But it has to be a company that has been in good standing for over a year, that shows good financials.

Currently, the way the Pennsylvania system works is that the company puts the money up front and then they are reimbursed after they get back and they just have to prove that they, again, have been at a trade show or on a trade mission. I would be happy to send you more information from companies that have actually utilized those that have told me about them and how successful they have been.

Mr. HIGH. Sure. Thank you. And can I just ask real quickly, it sounds like it is a fairly new program, but have there been any significant issues with companies not adequately providing proof that they have attended these missions and stuff, because I think one issue that we would be concerned with is kind of oversight of this sort of program.

Ms. REILLY. Right. Absolutely. I haven't been aware of any issues because often, the companies that I have dealt with have actually worked through their USIACs to help them even find these markets and to begin to even go down that road with trade shows, so they have been all legitimized from the start.

Mr. HIGH. Thank you.

Dr. Morrison.

Mr. MORRISON. On that, I might mention that Los Angeles County runs its own trade missions, particularly to the Asia Pacific countries, and they have a contest for who can get the award to come on the trip and they scale and rank the businesses and the ones that seem to be the most export-ready for the markets that

they are going to visit receive, in effect, a scholarship, a significant amount of assistance. It is not hard to notice whether somebody is actually on the trip or not. I mean, they are all together at one place at one time. So I think there are plenty of ways to evolve checks against abuse.

Mr. HIGH. Okay. Thank you very much.

And just real quickly, before I turn it over to my colleague, Meredith West, one of the other big issues that I know this committee has been working on, and Senator Landrieu has put this in her trade bill and I know that Senator Snowe has been a big advocate for this, is creating a role for somebody in the government at a very high level to advocate for small exporters.

Back in March, Senator Landrieu, Senator Snowe, and Senator Schumer sent a letter to U.S. Trade Representative Ron Kirk asking him to create a Trade Representative for Small Business. The idea behind this is that we need somebody at a very high level advocating for small businesses, not only in trade negotiations to ensure that they get a fair deal and that they are not an afterthought, but also to just kind of help raise the profile of small businesses and maybe even contribute a little bit to better coordinating some of the trade and export promotion efforts across the government as a whole.

So I would like to see, Dr. Morrison and Ms. Reilly and Ms. Conrad, if you would like to comment on this at all and are you supportive of this idea.

Mr. MORRISON. I think it is a terrific idea. We have worked closely with USTR for a number of years and USTR does care about small business, but they care about small business intermittently and after the fact, in my experience. You need somebody at the agency that is strategic and proactive about this issue and can bring it to the attention of the people who are doing the trade negotiations and also can listen, can go around the country and listen to what small businesses feel they need from trade agreements and then tell them what they really are getting from the trade agreements.

Unfortunately, we sometimes get into a situation where the trade agreement is completed and then the first that the small business community hears about it is a plea to support the trade agreement without having had much input. I think an Assistant USTR for Small Business could solve a lot of those problems.

Mr. HIGH. Thanks.

Ms. Reilly.

Ms. REILLY. I think from our position that that would be something worth exploring a little bit more. I think that we see on the Commerce side the Trade Promotion Coordination Committee that has been put in place with, I think there are 22 agencies at that and everybody has a voice. I am not quite sure how often they meet or how effective they are, but I think that it would be something worth looking into, because if you are talking about raising the profile of small business at these negotiations, I think that there could possibly be other assets to do that already. There is a compliance issue to it. There is an intellectual property protection issue. And those people really should be representing small business as part of the bigger issues.

Another possible way might be to look at the District Export Councils and putting one of those members on the President's Export Council or something to that capacity. But I think it would be something we would want to look at a little bit more.

Mr. HIGH. Thank you.

Ms. Conrad, do you have any comments?

Ms. CONRAD. No.

Mr. HIGH. Okay. Meredith.

Ms. WEST. Okay. Thank you, John.

On the Market Access Grant Program, which Senator Snowe has included in her export opportunities bill, S. 1208, it allows for that grant to pay for a subscription to the Department of Commerce Gold Key Services, which now small businesses have to pay in many cases thousands of dollars to access Department of Commerce services in embassies around the world when they are trying to connect with foreign buyers, when they are trying to connect with export trading companies and actually the logistics of getting these deals done.

Have you seen the cost of some of those Department of Commerce services as a barrier to small businesses in pursuing some of these deals, and as you said, the 96 percent of the world's customers who live outside of the U.S.?

Ms. REILLY. Yes. I first have to say that the Gold Key Service is an amazing service. It is really well done. If it maintains its funding as it says with all of our foreign offices everywhere, I think that it can continue to be a great thing. But I do think that it has been cost prohibitive for a lot of, in particular, very small companies that are new to export. So I think often it is much easier if there is a company that has already found a couple of countries to export to and it is a little bit easier and then the costs are different that way. But I have talked to a handful of companies, very small ones, that have said that they would be interested in this service, but they just don't have the money up front to go down that road.

Ms. WEST. Okay. Thank you. The core part of SBA's current export assistance is their export finance programs, because small businesses, small exporters face particular challenges in financing the working capital that is needed to fill these export orders and providing sufficient liquidity and if they want to offer open account terms to their foreign buyers. So the SBA has a number of export finance programs—the Export Working Capital Program, the International Trade Loan, a pilot Export Express Loan.

Dr. Morrison or Ms. Conrad, could you comment on those programs and what needs to be done to expand access to them? As John mentioned, the numbers of loans in these programs have been very low—very low—and we want to make sure that small businesses are getting access to the working capital they need to participate in the global marketplace. So we want to consider the improvements to those loans that need to be made and this committee is going to be focusing on this in the months to come.

Ms. CONRAD. Thank you. Now I know why we invited the banker. [Laughter.]

Basically, you have two programs that lenders tend to use, and that is the—for exports—I shouldn't say two, three. You have got Ex-Im Bank, and for SBA you have got the Export Working Capital

Guarantee and the Export Express Program. We appreciate being able to use the EWCP as it offers us the opportunity to do lines of credit for small business exporters that cannot avail themselves of the Ex-Im Bank's rules under the programs.

The problems that we run into is that as contracts have grown, the SBA's limit is $1.6 million and with a 90 percent guarantee. Recently, I had a client who had a $3 million deal. It could not fit under Ex-Im Bank and we had to stand on our head to try to figure out how we could do it. So we certainly would like to see the amount of the loan increased, or the amount of the guarantee increased so that it would fit more in with what is going on on the ground.

The Export Express Program itself is a good program. It has been a pilot program, which means you never know when it is going to get funded again. It falls into place because a lot of times in banking, lines—you don't look at lines that are smaller than a certain amount because they are too cost prohibitive to the exporter, because there is—I am sorry. You have to monitor them. There are certain fees that are handled on that. So you would like to send them to the Export Express Program.

The problem with the Export Express Program is it, once again, stops at $250,000. So you have got a gap between where you have got most regional lenders that are going to do a line of credit and where SBA stops. So we would certainly suggest that that also not only be increased, but also—I was at an SBA lenders' roundtable around the Ex-Im Bank conference, and the amount $500,000, $600,000 was thrown around because you can do that locally, monitor it, and it costs less for the small business. So we would look to see that.

And then also, we would like to know that at least the program is going to be in place for a while. I was able to introduce the Export Express Program into BB&T as well as the Export Working Capital, but they love the Express Program. They love the Export Express Program. So that would be great.

The third thing I probably would bring up is the use of delegated authority. Ex-Im Bank calls it delegated authority. SBA—every agency has to have its own nomenclature—they call it PLP. So we will speak of it as delegated authority to make it easier for everybody to understand.

When Ex-Im Bank approached its lenders years ago with their own delegated authority program, they were doing about $500 million worth of loans. In three years, they did over $1 billion worth of loans. The reason it took three years is because you just don't have banks come in and start lending. What you are doing is you are allowing a bank to commit your guarantee, the Federal Government guarantee, so they have to be trained.

I know that SBA has been aggressive, has started to be very aggressive about getting out their delegated authority program. BB&T is one of them that is under their delegated authority program. But it would be great to be able to avail themselves—if they could find a way to move into and be able to avail themselves of the delegated authority.

And for those of you that don't know much about that, that just, as I said, simply means that normally when you are doing a loan

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and you have it approved internally, then you have to send it to SBA in order for it to be approved. And while they turn it as quickly as they can, sometimes it takes two weeks to get all the documents back. If you are doing the delegated authority under the Working Capital Program, you then are able to commit the line, sign the loan, get the documents, and close the loan, and that is going to be able to help the small business exporters.

Mr. HIGH. Thanks. All set?

Ms. WEST. I just have one last question here for Dr. Morrison. Right now, less than one percent of U.S. small businesses export, participate in the global marketplace. We have spent a lot of time in hearings here on the Hill talking about how small businesses are going to lead us to economic recovery. That is going to involve making sure small businesses are participating in the global economy. With less than one percent exporting right now, what needs to be done from your perspective as the representative of small business exporters to really move the needle there and make small businesses bigger players in the global marketplace? And what is a reasonable goal we can consider and expect for small business participation in this?

Mr. MORRISON. Well, to answer the latter part of the question first, you have countries around the world that are getting six or eight or ten percent of their SMEs to export and we are below one percent. I don't think it is unrealistic to shoot for five percent. I think we could do that. But that would be more than five times as many as we have got right now.

Conceptually, the problems in this country, or the problems for small business exporting anywhere are opportunity costs, transaction costs, fear factors, learning curves. All those things can be addressed through training, through helping smaller companies find customers, through teaching them the ropes of exporting. SBDCs over there have some international centers that do that. Through financing, both through Ex-Im and SBA, as we have talked about. It also helps if at the upper reaches of trade policy, some of these concerns are addressed on a continuing and strategic basis, which is one of the reasons I am happy about your initiative with USTR.

I just think that you have got to decide you want to do it and then you have got to press out in four or five different directions at once. It is obviously not impossible. You have got 240,000 SME exporters now in this country and you have got other countries that are doing better.

Another thing you can do, and you mentioned the States, is just look around at some of the States. I mean, most States consider it an important priority to encourage their companies to export and they have gotten very creative. There are a lot of very interesting things going on in the different States. Just find the stuff that is working and bring it here.

Mr. HIGH. Thank you, Meredith, and thank you, Dr. Morrison.

Just real quickly, I think we are just about out of time, but I just want to let everybody know that I am sure we are going to be doing a lot more on this issue. Senator Landrieu recently announced that on June 30, we are going to be holding a field hearing on trade issues down in New Orleans and we are very, very excited about

this field hearing. We are going to get a lot of feedback both from the Federal level and some local businesses who are involved in exporting, so thank you all for your feedback on that.

Mr. CRAVINS. I want to thank all of you on behalf of Senator Landrieu for being here this morning, and we have tried to get you out before the hail begins, Sharon's weather she brought.

On behalf of my staff, thank you so much. I want to thank the staffs for working hard—very hard. As you saw today, this is what bipartisanship looks like, when you can't really determine which staff works for whom because we have worked so hard on these issues together.

Again, thank you all. Holly, I want to thank you for being here, and I am hoping that this roundtable was more than just discussion of a bill. It was also an opportunity for you, and I know you guys work hard on meeting with these respective groups, and I am hoping that it will lead to meetings and talks and sit-downs, particularly with my friend Joe and his group, because that is what this was supposed to be about, too, was just talking and getting to deal with folks' concerns.

Matt, I know you had some closing remarks.

Mr. WALKER. Yes. I just wanted to echo what Don said about the bipartisan nature of the Chair and the Ranking Member as well as the staff and how much of a privilege it is to be able to have that relationship.

And in the spirit of bipartisanship and cooperation, I similarly want to impress on people before they leave one extra thought, and that is that all too often, we hear concerns about the government being fragmented and duplicative and too big. We heard a lot today about different people, different constituencies and different specialties and the varying concerns of different businesses and it evidences why there is a special purpose for the different entrepreneurship development programs.

But I want everyone to leave today with an additional thought, to continue to focus on ways that you can coordinate what you are doing for one another and to help one another. I was very encouraged to hear today Jody Keenan mention about the veterans computer program that you are working on and how you want to expand that beyond Virginia and into other SBDC networks. It would be great to share that with other entrepreneurship program networks, as well.

And similarly—I know that this is being done, so I don't want to try to infer that it is not, but there is a tremendous amount of power in this room and knowledge in this room and the ability for people to cross-refer people to one another and to work with one another and to share counseling advice and services and information and computer programs. It is absolutely essential that you do so because it is going to help everyone in the long run and it is going to show that there isn't duplication and that what you are doing is truly leveraging one another in what you do.

Thank you.

Mr. CRAVINS. Thank you all.

[Whereupon, at 12:33 p.m., the committee was adjourned.]

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