MOVING AMERICA’S SMALL BUSINESSES & ENTREPRENEURS FORWARD

Creating an Economy Built to Last

National Economic Council

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Introduction

From Main Street shops to high-tech startups, America’s small businesses and entrepreneurs are the engine of our economy and one of our country’s greatest assets. Over the last two decades, small and new businesses have been responsible for creating 2 out of every 3 net new jobs, and today the country’s 28 million small firms employ 60 million Americans, half of the private sector workforce. When America’s small businesses are strong and growing, our communities are strong and growing. President Obama understands that to create an economy built to last—one that ensures millions of hard working Americans have the opportunity to achieve the American Dream—we must make sure that every entrepreneur and small business in America has the tools they need to grow.

When President Obama took office in January 2009, the economy was in free-fall, losing over 800,000 jobs a month. In the fourth quarter of 2008 and the first quarter of 2009, the economy shrank at an average annual rate of 7.8%. Small businesses in particular were struggling under the weight of the worst economic crisis of our lifetime, weak consumer demand, and a credit crunch created by the Wall Street meltdown.

From the moment he took office, President Obama has fought tirelessly to move our economy forward and invest in entrepreneurs and small businesses so they can do what they do best—take risks, develop new ideas, grow businesses, and create new jobs. To help them expand and hire, the President has signed a total of 18 tax cuts for small businesses, from greater expensing to the President’s signature call to eliminate capital gains taxes on investments in small businesses. The President has also established two new small business lending funds and expanded Small Business Administration lending programs, which have hit an all-time record.

The President also recognizes the vital role that innovative, fast-moving firms play in creating jobs and expanding the economy, which is why he signed into law the bipartisan JOBS Act to make it easier for growing firms to go public and raise capital. It’s also why he signed into law the most significant reform of our patent system in 50 years with the bipartisan America Invests Act.

Finally the President knows that in the 21st century, entrepreneurs face a new set of global challenges. That’s why he has helped small businesses expand and compete in foreign markets with a more than 6% increase in the number of small businesses exporting from 2009 to 2010 – making progress toward the five-year goal of doubling exports through the National Export Initiative.

As a result of these efforts, small businesses are at the forefront of America’s economic recovery. In the last 26 months we have created 4.25 million private sector jobs – many of them at small and new businesses – and triple the number of jobs added during the last economic recovery in 2002-2004. We know there is still a great deal of work to be done, but the actions we’ve taken – and the partnerships we’ve built – are creating a more inclusive economy, a more resilient economy, and an economy that is driven by a strong and growing middle class.

To move forward we must continue to make smart investments in small business. As part of the President’s “Congress To-Do List”, at this make-or-break moment for the middle class, we can act right now to help hard working small business owners create jobs by giving them a tax credit for new hires and a tax deduction for new investments. His business tax reform plan would make tax filing simpler for small businesses and entrepreneurs so that they can focus on growing their businesses rather than filling out tax returns.

There is simply no excuse for inaction.

This report, the second by this Administration, provides a sampling of the many investments of the Obama Administration to support small businesses and is a reflection of the depth and breadth of the President’s commitment to American entrepreneurs.

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By the Numbers:
Access and Opportunity for Small Businesses and Entrepreneurs

**INVESTING TO JUMPSTART PRIVATE SECTOR HIRING AND CREATE JOBS**

- The President has signed into law 18 tax cuts that directly help small businesses. This includes new tax credits for hiring unemployed workers and veterans, and allowing small businesses to write off the full cost of new investments in things like new machines and computers against last year’s taxes.

**EXPANDING ACCESS TO CAPITAL AND MARKETS**

- Helping small, main street banks provide more loans to help small businesses grow their local community by investing over $4 billion in 332 banks and community development loan funds through the new Small Business Lending Fund.

- Supporting nearly $80 billion in loans to more than 150,000 small businesses since January 2009; FY 2011 was a record year with $30 billion in lending supported through the 7(a) and 504 programs.

- Leveraging private capital through a $1 billion early-stage fund to invest in young, high-growth companies to help them cross the funding “Valley of Death” so they can innovate, grow, and create jobs.

- Committing $1 billion, along with private capital, to invest in companies located in underserved communities or emerging business sectors, such as clean energy, to harness the power of all of America’s small businesses to lead us through the recovery.

- Securing commitments from 13 of the nation’s largest lenders to increase lending by $20 billion over the next 3 years to small businesses so they can start, grow, and succeed.

- Ensuring that every small business can compete for and win federal contracts by awarding nearly $300 billion in federal prime contacts to small businesses, including $120 billion in federal prime contracts to minority-owned small businesses since 2009.

**CUTTING RED TAPE**

- Putting a record $2.8 billion directly into the hands of more than 13,000 businesses in FY2011 alone through Small Business Investment Companies, achieved through a 54% reduction in license processing times.

- Patent applications filed today will take nearly 40% less time to receive an initial patentability determination on their innovation compared to January 2009.

- Making it easier for small businesses in federal declared disaster areas to get a loan by reducing the electronic loan application paperwork by 70%.

**BOOSTING RESOURCES TO ACCELERATE BRINGING IDEAS TO MARKET IN THE U.S. AND ABROAD**

- The President signed into law the most significant reform of our patent system in 50 years with the bipartisan America Invests Act. The patent system overhaul cuts the current patent backlog, provides a fast track option for processing within 12 months that will unleash innovation by rewarding inventors, offers entrepreneurs new ways to avoid litigation regarding patent validity, and protects American inventors’ intellectual property abroad.

- Providing more than 1 million entrepreneurs with free counseling and technical assistance each year through a network of more than 14,000 counselors. More than 2.5 million entrepreneurs have accessed free online training since 2009 through expanded online resources.

- Helping small businesses expand and compete in foreign markets with a more than 6% increase in the number of small businesses exporting from 2009 to 2010 and $60 million in federal-state-local partnership grants – making progress toward the five-year goal of doubling exporting through the National Export Initiative.
For the first time since the 1990s, American manufacturers are creating new jobs, which is good for companies up and down the supply chain...They’re deciding that if the cost of doing business here is no longer much different than the cost of doing business in countries like China, they’d rather place their bets on America. They’d rather bet on the country with the best colleges and universities to train workers with new skills and produce cutting-edge research. They’d rather place their bet on the nation with the greatest diversity of talent and ingenuity; the country with the greatest capacity for innovation that the world has ever known.”

- President Barack Obama at the Master Lock Company in Milwaukee, Wis., Feb. 15, 2012

- **Cutting Taxes for Small Businesses:** To date, the President has supported 18 direct tax breaks that bolster small business growth. In September 2010, he signed the Small Business Jobs Act, which included eight new small business tax cuts that, among other forms of tax relief, extended accelerated bonus depreciation for two million businesses, making investment and growth more affordable; made investments in one million small firms eligible for zero capital gains taxes; and allowed two million self-employed Americans to deduct their health insurance costs when calculating their self-employment taxes.

- **Supporting Small Business Lending:** In September 2010, the President established a new Small Business Lending Fund to provide capital to qualified community banks and community development loan funds in order to
encourage small business lending, leading to over $4 billion in funding to more than 330 banks. In addition, the President established the State Small Business Credit Initiative to strengthen new and existing state programs that support lending to small businesses by making nearly $1.4 billion funds available to over 150 state-run programs in 54 states and territories. This initiative is expected to spur up to $15 billion in new lending to small businesses. Finally, the President initiated a series of measures that enhanced Small Business Administration lending.

- **Lowering Health Care Costs:** As part of the Affordable Care Act, small businesses with less than 25 full-time equivalent employees that provide health insurance may qualify for a small business tax credit of up to 35% to offset the cost of insurance. In 2014, the maximum credit increases to 50%.

- **Supporting High-Growth Entrepreneurship:** President Obama launched *Startup America*, an all-hands-on-deck effort to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. The White House Startup America Initiative is a government-wide policy effort to expand access to capital, cut red tape, and accelerate innovation. The President’s Startup America Legislative Agenda includes measures to unlock capital that were part of the bipartisan Jumpstart Our Business Startups (JOBS) Act. And leaders in the private sector have launched the Startup America Partnership, an independent alliance of entrepreneurs, major corporations, and service providers that has mobilized over $1 billion in business resources to serve as many as 100,000 startups over the next three years.

- **Boosting Innovation:** In September 2011, President Obama signed the America Invents Act, a historic patent reform legislation initiative. The act is designed to help American entrepreneurs and business to bring their inventions to market sooner, creating new business and new jobs. Representing the most significant reform of the Patent Act since 1942, this also gives the U.S. Patent and Trademark Office additional resources to reduce patent application waiting times significantly. The act recognizes that the many key industries where the United States leads depend on a strong and healthy intellectual property system.

- **Strengthening Small Business Protection:** The Dodd-Frank Act, signed in July 2010, provided several key reforms to aid the financial system and help support small businesses, for example calling for banks to report better information on small business lending in order to ensure fair practices.

- **Increasing U.S. Exports through the National Export Initiative:** The NEI, established by executive order in March 2010 to assist the nation in doubling its exports by 2014, helps small businesses confront the unique challenges they face in exporting into overseas markets through improving advocacy and trade promotion programs, increasing access to export financing for small businesses, facilitating overseas connections for small businesses, reducing barriers to trade, and robust enforcement of trade rules.

- **Bolstering Entrepreneurial Development and Education:** The Administration has implemented programs to connect entrepreneurs with experienced individuals and organizations so that they can further develop their businesses and create jobs.

- **Expanding Federal Contracting Opportunities:** In April 2010, President Obama signed a Presidential Memorandum highlighting the need to provide small businesses with opportunities in Federal contracting. Subsequently, agencies have been directed to accelerate payments to small contractors, reducing payment time on average from 30 to 15 days, in order to help put money in their hands faster.

- **Treating Businesses Like Customers:** In January 2012, the Administration launched an online effort called BusinessUSA to reduce the complexity of small business interactions with the federal government. This multi-agency effort is jointly headed up by the Small Business Administration and the Department of Commerce to ensure that small businesses and exporters find what they need quickly and get consistent information regardless of where they begin their search.
I. An Economy Built to Last Starts with Small Business

Small firms account for half of private sector non-farm employment.\(^1\) Between 1993 and 2010, more than half of firms in the private sector had one to four employees, and 98% had under 100 employees. Figure 1 demonstrates that the smallest firms had the largest proportionate job losses between the first quarter of 2007 and the first quarter of 2011. Similarly, bank financing of small firms fell dramatically during the recession and has not returned to pre-recession levels (see Figure 2). The Federal Reserve’s Senior Loan Officer Opinion Survey further shows that credit tightened for small firms in 13 consecutive quarters between Quarter 1 in 2007 and Quarter 1 in 2010; and, since 2010, that credit standards for large firms eased at a faster rate than for small firms.

Small firms are more dependent on banks for financing than larger firms. A number of studies have documented the critical relationship between banks and small firms. Among other things, this ratio is higher for small firms than for larger firms, because larger firms have access to other forms of finance including public debt and equity markets. Recent research shows that in recessions involving banking crises the likelihood of becoming unemployed is greater in sectors more dependent on bank and other forms of external finance.

Figure 1: Private Sector Job Recovery by Firm Size, 2007-2011

Note: Small firms have fewer than 500 employees. Shaded area denotes recession. Source: Bureau of Labor Statistics, Business Employment Dynamics.
During the crisis in 2009, the effort to increase the amount of capital invested in financial institutions and other entities to support small-business lending evolved along two lines: investment of capital directly into financial institutions that provide the majority of small business loans, and additional funding to new and existing programs that provide credit support to small business loans. In terms of direct investment that strengthened the small-business lending capacity of these institutions, the Administration invested over $11 billion through multiple programs to over 1,000 financial institutions, most of which were small banks, but also included credit unions, community development financial institutions (CDFIs), and business loan funds.²

The programs that provide small-business credit support include the new State Small Business Credit Initiative (SSBCI), which is expected to support $15 billion in new small business lending, as well as existing programs, such as loan-guarantee programs housed in the Small Business Administration (SBA), the Department of Agriculture (USDA), and the Export-Import Bank (Ex-Im Bank). Other Administration programs also helped provide small firms with access to capital at a critical period. For example, the Financial Stability program was modified in 2009 to protect auto parts suppliers, many of which are small businesses, to ensure that they would be paid for any parts they shipped, regardless of the fate of the recipient car company.

By the end of FY2011, these credit access programs supported more than $150 billion in outstanding small business loans. As a result, loans supported by government credit access programs account for approximately 5% of total outstanding small business loans in 2011, compared to 2% of outstanding loans in 2008.³ The marked increase may be in part due to the introduction of two programs.
administered by Treasury – the Small Business Lending Fund (SBLF) and the SSBCI – and increases in the scope of aforementioned loan-guarantee programs. In fact, as of the beginning of January, institutions participating in the SBLF have significantly increased lending to small businesses, that is, roughly $4.8 billion over their baseline.

Venture capital is another important source of financing of young firms, which are typically small. Despite increases each year, neither the number nor the value of deals for venture financing has returned to pre-crisis levels. The number of deals fell from 4,111 in 2008 to 3,065 in 2009 before reaching 3,673 in 2011. Deals totaled $30.6 billion in 2008, $19.8 billion in 2009, and $28.4 billion in 2011. To provide an incentive for seed-stage investment, the Administration has proposed to make the capital gains exclusion permanent for qualified small business investments.

These initiatives have been instrumental in lessening the impact of the financial crisis and accelerating the economic recovery.
II. Cutting Taxes and Jumpstarting Private Sector Hiring

**By the Numbers**

- **18 direct tax breaks supported to spur small business growth, including:**
  - 100% expensing of new investments in 2011
  - Zero taxes on capital gains from key small business investments
  - Covering up to 35% of employer’s contributions to employee health insurance premiums
  - Doubling the deduction for entrepreneurs’ startup expenses
  - Tax relief for businesses that hire recently unemployed workers and veterans with service-connected disabilities

- **Additional proposed tax relief, including:**
  - A 10% income tax credit for payroll added through new hires or wage increases
  - Extension of 100% expensing through 2012
  - Making permanent the temporary small business capital gains exemption

President Obama firmly believes that entrepreneurs and small businesses are engines of economic growth, and that their investments and innovation have been at the forefront of our economic recovery. That’s why he and his Administration have focused on strengthening small businesses by signing into law 18 tax cuts for small businesses, ranging from 100% expensing to the small business health tax credit, to the temporary tax exclusion of capital gains from key small business investments.

- American Recovery & Reinvestment Act (ARRA) Act
- Small Business Jobs Act
- Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act
- Temporary Payroll Tax Cut Continuation Act
- Middle Class Tax Relief and Job Creation Act
- Affordable Care Act
- Hiring Incentives to Restore Employment (HIRE) Act
- VOW to Hire Heroes Act

Additionally, through the American Jobs Act and To-Do List for Congress initiative, the President has pushed Congress to go further still in providing targeted tax relief to small businesses that will keep more cash in their pockets so they can grow and hire.

**Tax Incentives that Reduce the Cost of New Investments**

President Obama believes that business investment in capital is a key driver of economic growth, both by supporting demand today, as well as by laying the groundwork for future success. For this reason, he has proposed and signed into law a number of provisions that encourage and support new small business capital investment.
Generally, businesses are allowed to recover the cost of capital expenditures over time through depreciation expense. Depreciation deductions are intended to assist in the proper measurement of taxable income by reflecting predictable reductions in the value of installed income-producing property that occur due to normal wear-and-tear and obsolescence.

As part of the Recovery Act, the President allowed small businesses to recover the costs of certain capital expenditures faster than under the ordinary schedule, by depreciating 50% of the cost in the year the property was placed in service. The President’s Small Business Jobs Act then increased the amount of investment small businesses could immediately write off in 2010 and 2011 to $500,000 for qualifying investments and raised the total phase out limit to $2 million.

Following this, in December 2010 the President signed into law legislation that provided immediate 100% expensing of investment costs. This allowed businesses and investors to deduct immediately the full cost of most investments in machinery, equipment, other qualifying property rather than having to depreciate them over time – a benefit that was estimated to generate over $50 billion in additional investment last year.

By allowing an immediate deduction (or “expensing”) of investment costs, the tax relief signed into law by the President lowers the effective tax rate on income derived from business investments. This not only benefits the small businesses that are newly able to make capital investments that will allow them to expand, but also encourages additional demand for capital goods and support for the businesses that manufacture those goods.

Furthermore, by providing an immediate window of opportunity in which the costs of investing in qualified property are lower, a temporary expensing policy encourages firms to shift investment that might otherwise be put off to later years into the temporary, lower cost window. (This incentive is especially powerful for investments in longer-lived assets.) This investment demand shifts speeds and enhances the overall economic recovery and job growth. In fact, a study by two University of Michigan economists found that the 2002 and 2003 bonus depreciation policies – which provided a smaller incentive for investment than the President’s proposal – had “noticeable effects on the economy,” with “capital that benefited substantially from the policy” seeing “sharp increases in investment.” Additionally, this proposal helps simplify accounting for small businesses since, when expensing, they take the deduction up front and do not have to track depreciation.

In December 2010, the National Federation of Independent Business called expensing a “big victory” for small business: “Bottom line – just about every small business can write-off the full amount of investments they want to make in 2010 and 2011.” In a 2010 letter signed by the U.S. Chamber of Commerce, more than 80 business groups – representing industries from aerospace and wireless to builders, contractors, and retail stores – wrote that “...bonus depreciation will encourage companies of all sizes to invest in newer, more efficient, and more environmentally-friendly equipment, which will
help large and small businesses alike.”

Additionally, the President is proposing to extend for another year the 100% expensing provision, by allowing all firms to continue to claim an immediate deduction on investments in key plants and equipment in 2012.

To provide additional incentive in research and development and advanced technology manufacturing, the President is also proposing to make the R&D credit permanent and increase the alternative simplified credit rate from 14% to 17% and to provide and enhanced deduction amount under the Domestic Production Deduction for taxpayers engaged in the production of certain advanced technology property.

Promoting Job Creation by Lowering the Cost of New Hires

The President has proposed or signed into law a number of tax breaks that would provide targeted relief to small businesses that are expanding and investing in their workforce.

Small Business Hiring Income Tax Credit. In his most recent budget proposal, the President proposed a 10% income tax credit on total wages in 2012 in excess of those in 2011 – providing firms with an incentive to increase wages or work hours for existing employees as well as hire new employees at a higher wage. The credit would be available to all firms – as well as nonprofits – but would be capped at $500,000 per business to incentivize small business hiring. Firms would be able to claim the credit on a quarterly basis, getting support out to businesses quickly and providing an immediate early incentive to hire and increase payrolls.
Under the President’s proposal, nearly two million companies that make new hires or increase wages would receive a 10% income tax credit on their new payroll, encouraging over $200 billion in new hiring and pay raises. The Congressional Budget Office recently found this type of targeted tax relief to be the single most effective business tax option for boosting hiring and spurring economic growth.

A key plank of President Obama’s American Jobs Act was the proposal to offer a full payroll tax holiday in addition to the 3.1% payroll tax cut for all firms. The President’s plan would provide a direct incentive to encourage firms to hire additional employees or raise wages for their current employees. The National Federation of Independent Business has said that such a payroll tax holiday for small businesses “would … [help] struggling businesses reduce costs,” and that “eliminating the payroll tax can reduce unemployment and keep people working during a period of slowed economic growth.”

Moreover, targeted tax relief for small businesses is one of the five to-do items the President has called on Congress to pass as part of a concrete plan that creates jobs and helps restore middle class security.

By providing targeted tax relief to the businesses that are expanding and making investments in their workforce, the Small Business Hiring Credit will help spur economic growth and job creation and strengthen the recovery.

**New Tax Credit for Hiring Unemployed Workers.** This credit could provide up to $10.4 billion in tax relief for businesses that hired recently unemployed workers by providing a tax credit equal to $1,000 for each eligible employee through 2010 who was retained for more than one year.

**New Tax Credits for Hiring Unemployed Veterans.** The Returning Heroes Tax Credit provides a tax incentive of up to $5,600 for businesses that hire unemployed veterans, including the long-term unemployed. The Wounded Warrior Tax Credit provides a tax incentive of up to $9,600 for businesses that hire veterans with service-connected disabilities.

**Elimination of Capital Gains Taxes on Key Small Business Investments**

Because of the President’s initiatives, over one million small businesses are now eligible to receive investments this year that, if held for five years or longer, could be completely excluded from any capital gains taxation.

**New Temporary Tax Exclusion for Capital Gains.** The President’s Recovery Act temporarily increased to 75% (up from 50%) the amount of long-term capital gains from certain small business stock that can be excluded from taxes. The September 2010 Jobs Act eliminated these taxes altogether for stock acquired between then and January 1, 2012, providing an immediate incentive for increased investments in small businesses.

**Proposal to Make Permanent the Expanded Elimination of Capital Gains Taxes on Key Small Business Investments.** The President is proposing to make permanent the tax cut to eliminate taxes on capital gains on certain stock investments in small businesses. In addition, this tax cut would be expanded so that it would also be allowed under the Alternative Minimum Tax (AMT) and to increase the “rollover” period for qualified small business stock investments, making the permanent elimination of capital gains taxes available to more investors.
Helping Small Businesses Provide Affordable Health Care

Relative to their larger counterparts, small businesses have traditionally been severely disadvantaged by the current U.S. health care system — having to pay as much as 18% more per worker than large firms for the same health insurance policy. Because of the difficulties in the small group employer-sponsored insurance market, many employees of small firms lost access to employer-sponsored insurance between 2000 and 2010 (see Figure 3).

**Figure 3: Percent of Private Sector Workers Receiving Offers of Health Insurance by Establishment Size, 2010**

![Figure 3: Percent of Private Sector Workers Receiving Offers of Health Insurance by Establishment Size, 2010](chart)

*Source: Medical Expenditure Panel Survey*

**Market Reforms that Level the Playing Field for Small Employers.** In 2014, major reforms in the small group health insurance market will mean that employers purchasing health insurance will no longer be subject to higher premiums if an employee becomes sick.

**New Small Business Healthcare Tax Credit.** The Affordable Care Act created a new small business health care tax credit, effective starting in 2010, which covers up to 35% of an eligible employer’s contributions to employee health insurance premiums. The credit increases to 50% in 2014. For tax year 2011 alone, the tax credit will benefit an estimated two million workers at an estimated 360,000 small employers nationwide. Moreover, the President’s FY 2013 budget calls for expanding and simplifying
the credit. If the President’s proposal were enacted, the tax credit would benefit nearly four million workers and half a million employers in 2012, while providing an additional $14 billion in tax credits over the next ten years.

New Deduction for Healthcare Expenses for the Self Employed. Building on the Affordable Care Act, the Small Business Jobs Act of 2010 allowed self-employed entrepreneurs to deduct the cost of health insurance in 2010 for themselves and their family members in calculating their self-employment taxes, providing a significant tax cut this year for entrepreneurs purchasing health insurance for themselves and their families.

Supporting Entrepreneurs and Startups

The Administration’s tax proposals offer additional supporting to entrepreneurs starting new businesses.

Doubling the Deduction for Entrepreneurs’ Startup Expenses. The Small Business Jobs Act temporarily increased the amount of startup expenditures entrepreneurs can deduct from their taxes from $5,000 to $10,000, offering an immediate incentive for aspiring entrepreneurs to invest in starting up a new small business. Additionally, the President’s budget calls for making this increased deduction amount permanent, providing additional incentive for investing in starting up a new small business.

Simplifying Tax Credits. The Treasury Department is working on a set of regulatory reforms to the existing New Markets Tax Credit that will make it easier for community development entities to attract private sector funds for investment in startups and small businesses operating in lower-income communities. The reforms, which are expected to go into effect later this year, will relax the reinvestment requirements for community development entities investing in certain operating businesses.

Additional Support during a Weak Economy

The President has enacted a number of tax provisions that provide additional relief to help small businesses affected by a weak economy.

- **Five Year Carryback of Net Operating Losses.** Small businesses with deductions exceeding their income in 2008 were able to use an enhanced net operating loss tax provision to get a refund of taxes paid in prior years. This provision enabled small businesses with a net operating loss (NOL) in 2008 to elect to offset this loss against income earned in up to five prior years. Typically, an NOL can be carried back for only two years.

- **A Five Year Carryback of General Business Credits.** Building on temporary Recovery Act measures, the Small Business Jobs Act allowed certain small businesses to “carry back” their general business credits to offset five years of taxes—providing them with an instant tax break—while also allowing these credits to offset the Alternative Minimum Tax, reducing taxes for these small businesses.

- **Estimated Tax Payment Relief.** The President signed into law legislation that provided temporary estimated tax payment relief that has allowed small businesses to keep needed cash on hand.
Simplifying Taxes for Small Businesses and Reducing the Burden of Tax Compliance

When the Administration released its framework for business tax reform earlier this year, simplifying taxes for small businesses was one of its key principles.

**Tax Relief and Simplification for Cell Phone Deductions.** The Small Business Jobs Act changed tax rules to simplify deductions for business cell phones—making it easier for small business owners to receive deductions that they are entitled to without burdensome documentation.

**Limitations on Penalties for Errors in Tax Reporting that Disproportionately Affect Small Business.** The bill changed the penalty for failing to report certain tax transactions from a fixed dollar amount—which was criticized for imposing a disproportionately large penalty on small businesses in certain circumstances—to a percentage of the tax benefits from the transaction for penalties assessed after December 31, 2006 (subject to maximum and minimum penalty amounts).

**Simplifying the Tax Code for America’s Small Businesses.** Tax reform should make tax filing simpler for the overwhelming number of small businesses and entrepreneurs so that they can focus on growing their businesses rather than filling out tax returns. As part of business tax reform, the President is calling for getting rid of complicated depreciation schedules for most small businesses, expanding simple and easy to use cash accounting, and simplifying tax returns for millions of Americans by streamlining the home office deduction.
III. More Doors, More Dollars: Cutting Red Tape and Improving Access to Capital

**By the Numbers**

- Supporting nearly $80 billion in loans to more than 150,000 small businesses since January 2009; FY 2011 was a record year with $30 billion in lending supported through the 7(a) and 504 programs.

- Investing over $4 billion in 332 banks and community development loan funds through the new Small Business Lending Fund. These institutions have increased their lending to small businesses by $4.8 billion over baseline levels with this investment – with 68% of participants increasing lending by more than 10%.

- The Obama Administration’s historic government-wide review of regulations on the books – the “regulatory lookback” – has already identified more than $10 billion in savings in the next five years, with far more savings to come. Many of these regulations focus on small businesses: for example the Department of Defense improved small businesses’ cash flow by issuing a new rule to accelerate payments on contracts to as many as 60,000 small businesses.

- Since the start of the Administration, SBA has provided nearly $775 million in support of 6,822 businesses through its disaster loan program.

- Since the start of the Administration, the community development financial institution (CDFI) fund, through the CDFI program and the New Markets Tax Credit, has been responsible for supporting more than 155,000 full-time jobs, nearly 37,000 construction jobs, and financing over 18,000 businesses and microenterprises.

Access to capital is critical to the long-term success of America’s small businesses. When credit markets froze during the height of the financial crisis in 2008, small businesses felt the combined effects of diminished access to capital and falling sales. Mindful of this relationship, this Administration has implemented and promoted a range of initiatives to provide new and small businesses with the capital they need to grow.

Since taking office, President Obama has focused on significantly increasing small business lending programs to ensure capital is available when small businesses need it most. In addition, the Administration has streamlined loan processes, making it easier and faster for small businesses to apply for a loan.

The Administration continues to build on these successful programs. Through new policies, programs, and legislative initiatives, the Obama Administration has achieved a “More Doors, More Dollars” approach to small business lending. Now, agencies and community banks can meet small businesses’ needs better than ever before, with more points of access, improved loan turnaround times, and increased loan amounts and loan volumes.
At the same time, The Obama Administration has taken a series of historic steps to eliminate unnecessary costs and to ensure that our regulatory system is cost-effective, evidence-based, and modern – demonstrating that we don’t have to sacrifice Americans’ health and safety to ensure a level playing field for small businesses.

**More Dollars: Increasing Access to Capital**

Through a number of initiatives, the Administration has significantly increased funding for small business lending.

**New Lending and Credit Initiatives**

A new Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI) were part of the Small Business Jobs Act that the President signed into law in September 2010.

**Small Business Lending Fund.** The President requested a new SBLF that was established by the Small Business Jobs Act. This legislation created a dedicated fund that encourages lending to small businesses by providing low cost capital to qualified community banks and community development loan funds (CDLFs) with assets of less than $10 billion. The purpose of the SBLF is to encourage Main Street banks and small businesses to work together, help create jobs, and promote economic growth in communities across the nation. The Treasury Department invested over $4 billion in 332 institutions through the SBLF program. Collectively, these institutions operate in over 3,000 locations across 48 states and five territories. As of December 31, 2011, institutions participating in SBLF have made important progress in increasing their small business lending, helping to support small businesses and local economies across the nation. In total, SBLF participants have increased their small business lending by $4.8 billion over a $36 billion baseline, and by $1.3 billion over the prior quarter. Increases in small business lending are widespread across SBLF participants, with 84% of participants having increased their small business lending over baseline levels. A substantial majority of SBLF participants—more than 68%—have increased their small business lending by 10% or more. As noted in the President’s 2013 budget, investments made through the SBLF are expected to generate a positive return (or budget savings) of over $80 million.

**State Small Business Credit Initiative.** The SSBCI was funded with $1.5 billion from the Jobs Act to support state and local programs that provide lending to small businesses and small manufacturers that are creditworthy but are not getting the loans they need to expand and create jobs. SSBCI is expected to help spur at least $15 billion in new private financing through 2016. The Treasury Department has already approved funding through SSBCI to more than 150 state and local small business programs, including collateral support programs, Capital Access Programs (CAPs), loan participation programs, loan guarantee programs, and state-sponsored venture capital programs. As of December 31, 2011, these state and local programs have already generated more than $240 million in new small business financing thanks to SSBCI support.

**Support for Community Development and Small Business Commercial Real Estate**

**504 Refinance Program.** The 504 Refinance Program is a temporary program to help small business owners facing maturity of commercial mortgages or balloon payments before December 31, 2012, refinance their existing owner-occupied commercial real estate loans through the SBA-guaranteed 504 loan program. Congress authorized the program to provide up to $15 billion in lending support over two
years (FY2011-FY2012). Access to SBA guaranteed mortgage refinancing options helps small businesses avoid foreclosure, keep their doors open and save hundreds of thousands of jobs. As of March 31, 2012 this program has produced over 1,100 approved loans resulting in over $2.1 billion in supported dollars, with most of this activity taking place the past five months as the program has really taken speed.

**Community Development Financial Institutions Fund.** Through monetary awards and the allocation of tax credits, the CDFI Fund helps promote access to capital and local economic growth in urban and rural low-income communities across the nation. From 2009 to 2011, the CDFI Fund made 770 awards totaling over $600 million enabling locally-based organizations to further goals, such as economic development (job creation, business development, and commercial real estate development); affordable housing (housing development and homeownership); and community development financial services (provision of basic banking services to underserved communities and financial literacy training). Many of the CDFIs are providing microenterprise loans, small business loans and loans to nonprofits working in some of the country’s most distressed communities. Additionally, The CDFI Fund modified its application and compliance requirements under the New Markets Tax Credit (NMTC) program to encourage more investments of equity in businesses. From 2009 to 2011, $12 billion in NMTC were made available to underserved communities. Furthermore, through the new SBA Community Advantage program, CDFIs are now able to lend to small businesses through SBA’s 7(a) program. Since the start of the Administration, the CDFI Fund, through the CDFI program and the NMTC, is responsible for supporting more than 155,000 full-time jobs, nearly 37,000 construction jobs, and financing over 18,000 businesses and microenterprises.

**Community Development Capital Initiative.** Treasury’s Office of Financial Stability launched the Community Development Capital Initiative (CDCI) to provide low-cost capital to depository CDFIs, including banks, thrifts, and credit unions. The program was designed to recognize CDFIs’ unique, mission-oriented focus and their success in reaching underserved communities. CDCI investments were made at a dividend rate of 2%. To encourage repayment, while recognizing the unique circumstances facing CDFIs, the dividend rate under CDCI is low initially and will gradually increase to 9% after eight years. CDCI completed funding on September 30, 2010. $570 million was disbursed to 84 financial institutions in 26 states, the District of Columbia, and Guam.
Increased SBA Lending

In 2011, loans supported by the Small Business Administration hit an all-time high of $30 billion, largely due to loan enhancements enacted through the Small Business Jobs Act. As of March 30, 2012 SBA approved more than $11.6 billion in Jobs Act loan guarantees, which supported just under $14.5 billion in lending to small businesses. Since enactment of the Jobs Act, SBA 7(a) and 504 programs have assisted nearly 21,000 small businesses.

Reducing Fees and Raising Loan Program Guarantees. The Recovery Act implemented reduced fees for SBA’s two largest loan programs, 7(a) and 504, and also raised the guarantees on SBA’s 7(a) loan program. As of September 30, 2010 SBA approved $22.6 billion in Recovery Act loan guarantees, which supported $30.4 billion in lending to small businesses. From February 17, 2009 to September 30, 2010, weekly SBA loan dollar volumes rose more than 90% in the 7(a) and 504 programs compared to the weeks preceding the Recovery Act’s passage. Overall, more than 63,500 small businesses received SBA loans with Recovery Act enhancements.

Record Performance Continues for the Small Business Investment Company Program. At a time when capital was scarce for small business, financing from the SBIC growth capital program has provided a record $7.48 billion under this Administration, from January 2009 to March 2012, to help small businesses grow and create jobs.

The FY 2011 investment volume is the highest single-year volume in the over 60-year history of the SBIC debenture program, achieved through an increased number of new SBIC licenses, decreased license processing times, and continued dramatic increases in initial capital to new funds. 18 new debenture SBIC licensees were issued in FY 2011, continuing the growth that commenced in FY 2010 and well exceeding average of 10 debenture licenses in the four years preceding the Administration. SBIC debenture license processing times were maintained at 5.9 months in FY 2011, a nearly 54% decrease from an average of 12.8 months in 2009.

In FY 2011, the SBA issued $1.83 billion in new commitments to all SBICs, facilitating the $2.83 billion in financing for small businesses investments. Since the start of President Obama’s Administration, 2,953 small businesses were financed, including 32% of which were in low-to-moderate income areas or in minority or women-owned businesses.

- $1 Billion Impact Investment Fund. SBA will provide guarantees of up to $1 billion over five years to those funds that invest growth capital in companies located in underserved

Recovery Act Helps Ohio Manufacturer Create Jobs

In September 2010 SBA approved a $630,350 Recovery Loan Act Loan (504) for BDG Wrap Tite, Inc. in Solon, Ohio as part of a $1,500,000 project to purchase and renovate a building that had been derelict for three years. The building had become an eyesore for the neighborhood. The renovations that Wrap Tite had made converted the derelict building into a “Green Building” with passive heating and passive lighting.

The purchase enabled Wrap Tite to expand its production and hire additional workers. Prior to move, the company employed 14 employees and at the time of the press conference (September 20, 2011) with the Administrator and the Vice President the company employed 23. As of April 2012 the company employs 35 people and is looking to hire an additional 3 to 5.

Wrap-Tite, Inc manufactures and sources flexible packaging solutions and poly bags covering a wide range of applications. It is a leading provider of converted stretch films, reclosable poly bags, tapes, mailers, packing slip envelopes, and other related packaging items. Wrap Tite adds value by buying large rolls of plastic film and tap, and cutting it down to sizes that its commercial customers need. Wrap Tite’s customer base is large and primarily consists of packaging distributors and catalogue companies.
communities. The $1 billion will include investing in economically distressed areas as well as those companies in emerging sectors such as clean energy and education technology. SBA will provide up to a 2:1 match to private capital raised by these funds, partnering with private investors to target “impact” investments. In 2011, SBA licensed the first Impact Investment Fund in Michigan, providing up to $130 million in capital to high-growth businesses. In 2012, SBA licensed the second Impact Fund with a national focus on growth-stage clean-tech and positive impact companies in targeted clean energy businesses.

- **$1 Billion Early-Stage Innovation Fund.** Early-stage companies face difficult challenges accessing capital, particularly those without the necessary assets or cash flow for traditional bank funding. For high-growth companies, the gap is particularly acute in the so-called “Valley of Death,” an industry term for financing rounds between $1 million to $4 million. Over the past four years, only 6% of all venture capital has been deployed in that stage, with 70% of the financings going to only three states: California, Massachusetts, and New York. The Innovation Fund will target this gap and provide up to a 1:1 match to private capital raised by early stage seed funds.

**Permanent Expansion of SBA Loan Sizes.** The Small Business Jobs Act fulfilled the President’s pledge to permanently increase SBA loan limits, helping ensure that small businesses that are in a position to expand and create jobs have access to the capital they need. The Jobs Act increased the maximum 7(a) loan size from $2 million to $5 million; raised the Export Express loan limit to $500,000; increased the maximum 504 loan size from $1.5 million to $5 million for regular projects, and from $2 million to $5 million for projects that meet public policy objectives; increased manufacturing and green energy projects loan sizes from $4 million to $5.5 million; and increased the maximum Microloan size from $35,000 to $50,000. The Jobs Act also temporarily increased working capital loans from $350,000 to $1 million. These expansions have resulted in over 4,500 loan approvals totaling over $10.6 billion in supported dollars (through March 2012) that previously would not have been awarded.

**Figure 4: Number and Size of SBA Loans Approved, 2006-2011**

![Graph showing number and size of SBA loans approved, 2006-2011](image)

Opening Doors: More Lenders and More Points of Access

The Administration has increased the points through which small businesses can obtain information and access to capital programs. Because navigating these multiple points of entry can often be difficult, the Administration has also launched a new initiative, called BusinessUSA, to centralize information. This “no wrong door approach” allows businesses of all sizes a single point of entry to access these opportunities.

**BusinessUSA:** BusinessUSA is a one-stop, central online platform where businesses of all sizes can access information about available federal programs without having to waste time navigating the federal bureaucracy. BusinessUSA adopts a "No Wrong Door" policy that uses technology to quickly connect businesses to the services and information relevant to them, regardless of which agency’s website, call center, or office they go to for help.

**Increased Points of Access.** Last year, 3,786 financial institutions made an SBA guaranteed loan, up 41% from the start of the Administration. This group included over 1,200 lenders that had not made a loan in the previous two fiscal years. Between fiscal years 2009 and 2011:

- More than 3,600 community banks made a 7(a) loan
- Nearly 260 community banks made a 504 loan
- More than 160 non-profit institutions made a microloan loan

**Jumpstart Our Business Startups Act (JOBS Act).** On April 5, 2012, President Obama signed the bipartisan Jumpstart Our Business Startups Act (JOBS), enacting key ideas the President proposed last fall to help our small businesses and startups access capital they need to grow and create jobs. This new law creates an enhanced environment for growth.

- **Crowdfunding.** The JOBS Act provides certain exemptions from Securities Exchange Commission (SEC) requirements in order to allow entrepreneurs to raise up to $1 million per year through an SEC-registered crowdfunding portal, freeing people to invest a percentage of their income in these businesses. For investors with an income of less than $100,000, investments will be capped at the greater of $2,000 or 5% of income. For investors within an income of more than $100,000, investments will be capped at 10% up to $100,000. The crowdfunding provision also requires crowdfunding portals to provide investor protection, including investor education materials on the risks associated with small issuers and illiquidity.

- **Emerging Growth Companies and Initial Public Offerings.** The JOBS Act also addresses some of the barriers for small businesses ready to make their initial public offering (IPO). These changes to the SEC rules include measures to streamline the process, making it easier to reduce the cost and complexity. For example, JOBS Act increases to $50 million from $5 million the annual public offering threshold for companies to be exempt from full SEC filing requirements (Regulation A), thereby allowing more companies to use the SEC's simplified process. Within two years of enactment and every two years thereafter, the SEC would be required to review the threshold amount and increase it as necessary.

**Increased Private Lender Commitments.** In September 2011, SBA announced commitments by 13 of the largest banks in the country to increase lending for small businesses by a combined $20 billion over the next three years. The new small business lending commitments represent an increase of 10% or more beyond the current levels of lending at many of the participating banks. The 13 private lenders
How Community Advantage Helps Mission-Focused Lenders Make More Loans

In February of 2011, SBA rolled out a new initiative aimed at increasing the number of loans in underserved communities called the Community Advantage loan program. At the same time, Bitterroot Gymnastics in Missoula, Montana, was looking to expand. They had outgrown their existing facility and needed a larger facility, but were having difficulty securing a loan because of their lack of collateral. They went to the Montana Community Development Corporation, one of the SBA’s newly approved Community Advantage lenders, to seek help. Bitterroot Gymnastics received a Community Advantage SBA loan in December of 2011. They have since renovated a vacant industrial space and reopened with a larger, more usable space.
How a Microloan Turned One Woman’s Hobby into a Business

Kipri Johnson was a recreational baker until she happened upon Partners for Self-Employment, Inc., an SBA microlender in Miami, and turned her hobby into a business. Initially, Ms. Johnson utilized the matched savings fund program offered by Partners from 2007 to 2009 “because it was a good way to save money for my business. Each dollar I put in was matched two dollars” by Partners. In two years Ms. Johnson was able to save about $4,500 to purchase items she needed to grow her business: a printer, product labels, mixes and other startup materials. Since using the matched savings program, Ms. Johnson has borrowed and benefitted twice from Partners’ Level 1 loan program where maximum loan limits are set at $1,500. She says she is now ready to pursue Level 2 funding which is capped at $3,000. In 2010, Kip’s Mixes enjoyed a 50% increase in sales over 2009 sales. But, for Ms. Johnson, her measurable success is in her entrepreneurial growth and maturity in developing her business, in doing her own marketing and promotions, and in developing her website.

- **Financing Innovation through Microlending.** These loans (up to $50,000) are designed for small businesses needing small scale financing and technical assistance for startup or expansion. They are delivered through intermediary lenders, which are nonprofit community-based organizations with experience in lending and technical assistance. There have been nearly 12,000 loans totaling over $140 million to microbusinesses since January 2009.

**Cutting Red Tape through Smarter Regulations**

Smart regulations can increase business confidence and spur investment, while poorly designed ones can burden businesses with unjustified costs. This Administration’s regulatory record demonstrates that we don’t have to sacrifice Americans’ health and safety to ensure a level playing field for small businesses and drive growth, job creation, and innovation.

The Obama Administration has taken a series of historic steps to eliminate unnecessary costs and to ensure that our regulatory system is cost-effective, evidence-based, and modern. On January 18, 2011, the President issued Executive Order 13563, which requires that whenever agencies issue new regulations, they ensure that the benefits justify the costs, select the least burdensome alternatives, consider public participation, harmonize and simplify rules, adopt flexible approaches to rulemaking, and ensure that regulations are driven by real science.

The Executive Order also called for a historic government-wide review of regulations on the books—the “regulatory lookback”—to streamline, modify, or repeal regulations and reduce unnecessary burdens and costs. In August 2011, over 20 agencies issued their final plans and detailed the regulations they plan to revisit. The plans include over 500 initiatives that will reduce costs, simplify the system, and eliminate redundancy and inconsistency – which means many billions of dollars in savings for American businesses.

The Obama Administration’s approach to smart regulation has resulted in more benefits, fewer rules, and minimized costs:

**Fewer Rules.** The number of final rules reviewed by the White House Office of Information and Regulatory Affairs (OIRA) and issued by Executive Agencies during the first three years of the Obama Administration was actually lower than the number reviewed and issued during the first three years of the previous Administration.
**Minimized Costs.** In the past decade, the costs of economically significant rules reviewed by OIRA were highest in fiscal year 2007. The costs of regulations were far higher during the last two years of the previous Administration than during the first two years of the Obama Administration. And in the last five fiscal years (2007 through 2011), the majority of regulatory costs came during the Bush Administration.

**More Benefits.** The net benefits of regulations issued through the third fiscal year of the Obama Administration have exceeded $91 billion. This amount, which represents benefits in excess of costs and includes not only monetary savings but also lives saved and injuries prevented, is over 25 times the net benefits through the third fiscal year of the previous Administration.

**Streamlined Loan Application Process**

The Administration has worked to streamline and simplify the process for many of its loan programs to ensure capital gets to small businesses as quickly and efficiently as possible.

**Small Loan Advantage.** Under this flagship program described above, SBA now encourages banks to use more of their own paperwork, which has significantly streamlined the loan application process. To cut red tape even further, in May 2012 SBA announced it will delegate to Preferred Lenders the final credit decisions on these loans.

**Disaster Loan Application.** SBA provides direct lending support in federal declared disasters and will launch a streamlined application in June 2012. The new disaster loan application will reduce the electronic loan application paperwork by 70%. These direct disaster loans allow businesses to repair and/or replace disaster damaged real estate, inventory, machinery and equipment, etc. and also provide funds for working capital. From January 2009 through March 31, 2012, SBA provided nearly $775 million in support of 6,822 businesses.

**CAPLines Program.** The CAPLines program was reworked and streamlined to help more small businesses finance contracts through a revolving line of credit. This is especially important because often times when small businesses get a government contract, they may not have the necessary cash-on-hand to hire workers and buy materials to help fulfill their orders. CAPLines provides a path for these small businesses to finance contracts while avoiding high interest rates. Since the re-engineered program was implemented in September 2011, the agency has seen a more than 220% increase in approvals through this working capital financing program.
IV. Skills & Training: Building a 21st Century Workforce

**By the Numbers**

- The President’s FY 2013 budget proposes an **$8 billion Community College to Career Fund** to provide resources and support necessary to enhance the development and improvement of educational and career training programs for workers.
- The Obama Administration has invested **$500 million through the Trade Adjustment Assistance Community College and Career Training Initiative** to develop programs that provide pathways for individuals negatively impacted by trade to secure quality jobs in high wage, high skill fields.
- **More than 1 million entrepreneurs** receive free counseling and technical assistance each year through SBA’s network of more than **14,000 counselors**.
- **More than 2.5 million entrepreneurs** have accessed free online training since 2009 through expanded online resources.
- **Over 36.7 million people** received services from the Labor Department’s Employment and Training Administration, including critical lifelines to job seekers and small businesses seeking out a skilled workforce to succeed in a competitive global economy.

The ingenuity and productivity of the American worker is one of our nation’s key competitive advantages. Ensuring that workers have the skills and training they need to compete on the global playing field is a cornerstone of an economy built to last. However, America’s businesses face a skills shortage that threatens to hamper their ability to compete. Despite high unemployment, many businesses struggle to find enough workers with the skills and training they need. This is why President Obama has challenged every American to commit to at least one year of higher education or post-secondary training. But we know building a 21st Century workforce doesn’t stop after one year in the classroom. Ensuring the future competitiveness of America’s economy includes life-long learning and entrepreneurial training, counseling, and mentoring to help more Americans start their own small business.

**Community College Partnerships**

Many industries have difficulty filling jobs requiring specific technical skills, even with many Americans still looking for work. In the coming years, America will need to fill millions of good-paying mid- and high-level skilled positions in high-growth industries from healthcare to advanced manufacturing, to clean energy and information technology, including many positions in small businesses.

**Proposed Community College to Career Fund**

The President’s FY 2013 budget proposes an $8 billion Community College to Career Fund (CCCF) to provide resources and support necessary to enhance the development and improvement of educational and career training programs for workers. The three-year, $8 billion fund would be jointly administered by the Departments of Labor and Education, and would give community colleges increased resources to
become community career centers, where individuals would be able to learn critical skills and earn industry-recognized credentials sought by local and regional small businesses. Through increased employer coordination with community colleges, the CCCF would ensure that small employers have the skilled workforce they need, and that workers are receiving training and credentials relevant to the local or regional needs of the small business community. Additionally, the CCCF will support pathways to entrepreneurship for 5 million small business owners over three years through the nation’s workforce system and its partners, including: a six-week online training course on entrepreneurship that could reach up to 500,000 new entrepreneurs, as well as an intensive six-month entrepreneurship training program resulting in entrepreneurship certification for 100,000 small business owners.

**Trade Adjustment Assistance Community College Career Training Grants**

The Obama Administration has made historic investments in community colleges, which provide a linchpin for 21st century workforce training. The Obama Administration has already invested $500 million through the Trade Adjustment Assistance Community College and Career Training initiative. These funds support partnerships among community colleges, employers, and Workforce Investment Boards to develop programs that provide pathways for individuals negatively impacted by trade to secure quality jobs in high wage, high skill fields including advanced manufacturing, transportation, health care, and science, technology, engineering, and math (STEM). Because of the focus on local employers, many small businesses have partnered with community colleges to develop training programs directly suited to their own workforce needs. The Administration will invest an additional $1.5 billion in this initiative over the next three years.

**Business and Community College Partnerships to Build Americans’ Skills**

Last year, the Obama Administration helped launch Skills for America’s Future, an industry-led initiative to improve industry partnerships with community colleges and build a nationwide network to maximize workforce development strategies, job training programs, and job placements. Through this initiative the President announced a new partnership of private sector employers, community colleges, and the National Association of Manufacturers to provide 500,000 community college students with industry-recognized credentials that will help them secure jobs in the manufacturing sector.

**Goal to Increase Credential Attainment by 10%**. The Administration, through efforts at the Departments of Labor (DOL) and Commerce, plays a vital role in increasing access to industry-recognized credentials, in partnership with community colleges, businesses, and labor unions. This year, DOL set a high priority performance goal to increase the number of training program completers who earn industry-recognized credentials by 10% by September 30, 2013.

**Expand Access to College through Pell Grants**

Since 2008, the Administration has increased the maximum Pell Grant by $900, to $5,635 in 2013, ensuring access to postsecondary education for almost 10 million students. The Administration has consistently prioritized this core program, which is often used as a means of financing two-year degrees in vocationally-oriented programs.
High-Skilled Foreign Workers

The Obama Administration is deeply committed to fixing our broken immigration system so that it meets our 21st century national security and economic needs. While continuing to fight for comprehensive immigration reform and target legislative measures, the Administration is taking steps to attract and retain immigrants who create jobs and boost competitiveness here in the U.S. These actions are helping to attract new businesses and new investment to the U.S. and to ensure that our nation has the most skilled workforce in the world.

**H-1B Technical Skills Training Grants.** The Administration has invested $342 million in competitive grants to provide American workers with training, job placement, and other assistance in the high-skilled occupations and industries for which employers are now using H-1B visas to hire temporary foreign workers. Of the total H-1B Technical Skills Training Grants awarded, more than $163 million has been designated to provide on-the-job training, allowing participants to learn new skills while earning a regular paycheck – a critical investment to help small businesses find skilled labor.

**US Citizenship and Immigration Services Entrepreneur-in-Residence.** U.S. Citizenship and Immigration Services (USCIS) has partnered with business experts to ensure that the visa pathways most often used by immigrant entrepreneurs are clear, consistent and aligned with business realities. Through its innovative Entrepreneurs in Residence (EIR) initiative, USCIS has formed a tactical team comprised of both USCIS employees and entrepreneurs from the private sector who are working collaboratively over a period of 90 days to assess current policies, practices, and training in order to streamline existing visa pathways for immigrant entrepreneurs interested in coming to the U.S. to create jobs.

**Embracing More of the World’s Best and Brightest Science and Technology Graduates.** The Department of Homeland Security (DHS) has expanded the list of STEM degree programs that immediately qualify eligible graduates on student visas for an Optional Practical Training (OPT) extension—an important step forward in expanding the nation’s pool of talented high-skilled graduates and potential entrepreneurs in science and technology fields. By expanding the list of STEM degrees to include such fields as neuroscience, medical informatics, and econometrics, more highly skilled foreign graduates will have an extra 17 months to remain in the U.S. to pursue work training in their field of study beyond the initial 12 months available to all graduates.

**Strengthening the EB-5 Investor Visa Program.** The EB-5 program allows immigrant investors to put their own capital to work creating jobs and opportunities for U.S. workers. USCIS is enhancing the program by (1) hiring additional economists, business analysts, and corporate attorneys to review filings and ensure that the agency can leverage business expertise in its adjudications, (2) opening up direct lines of communication between Regional Center applicants and USCIS adjudication teams, (3) providing certain applicants with the opportunity for an interview before a USCIS panel of experts to resolve outstanding issues, and (4) creating process efficiencies which will improve processing times and enhance investor predictability.
Development Programs for Entrepreneurs and Small Business Employees

Through engagement with entrepreneurs across the U.S., the Obama Administration knows how important mentors and partnerships can be for small businesses and entrepreneurs who want to grow. Building off those engagements, the President has supported programs to connect entrepreneurs with experienced individuals and organizations so they can further develop their business and create jobs.

**SBA District and Regional Offices.** SBA’s network of 68 district and 10 regional offices are the point of delivery for most SBA programs and services. They work to accomplish the SBA mission by providing quality service to the small business community; and work with SBA resources partners and intermediaries to accomplish the SBA mission.

**Small Business Development Centers.** SBDCs provide free or low-cost assistance to small businesses using programs customized to local business and economic needs. SBDCs offer counseling in marketing and business strategy, finance, technology transfer, government contracting, management, manufacturing, engineering, sales, accounting, exporting, and other topics. SBDCs are funded by grants from the SBA and matching funds. There are 63 SBDCs with more than 1,000 SBDCs service centers in the 50 states and insular territories. In 2011 SBDCs helped small businesses leverage over $3.6 billion in capital infusion.

**Women’s Business Centers.** WBCs represent a national network of 110 educational centers. Through these centers, SBA provides women entrepreneurs with face-to-face counseling, training, and assistance to help them develop strategic plans, conduct market studies, implement new technologies, and access capital. These centers have trained and counseled more than 160,000 women, many of them in underserved and economically disadvantaged communities and are, for the first time, in every state in the continental U.S. Participants are more likely to start businesses; their businesses are more likely to survive over the ensuing years; and they are better prepared to seek financing and to plan effectively for future business growth.9

**Public Workforce System and One-Stop Career Centers.** Employers, including small businesses, are not only customers but critical partners of the public workforce system administered by Employment and Training Administration (ETA). Employment and training programs work with small businesses in their local and regional economies to develop job-specific training. Representatives from the business community comprise a majority of State and local Workforce Investment Boards (WIBs), including a business representative serving as the board chair. These WIBs administer 3,000 One-Stop Career Centers across the country at the state and local level, and service on the boards is an important way that small businesses in key sectors in the economy can ensure that job training is meeting the needs of area employers.
SCORE for the Life of Your Business. SCORE has over 13,000 volunteer business professionals provide mentorship and share real-world, ethically sound business practices to help entrepreneurs and small business owners at various stages in their business lifecycle. With nearly 370 community-based chapters and an award winning online advice and training website, SCORE has served nearly 1.6 million entrepreneurs since 2009.

Supporting Entrepreneurship through Unemployment Insurance. A number of States – including Delaware, Maine, Maryland, New Jersey, Oregon, and Pennsylvania – have Self-Employment Assistance (SEA) programs that encourage and enable unemployed workers to create their own jobs by starting their own small businesses. In February, the President signed into law the Middle Class Tax Relief and Job Creation Act of 2012, which extended SEA eligibility to long-term unemployed workers receiving federal unemployment benefits and provided $35 million to states across the nation to support SEA programs.

Self-Employment Training Demonstration. ETA is developing a new Self-Employment Training Demonstration focused on the role of One-Stop Career Centers in supporting self-employment in coordination with SBA programs. Developed based on promising results from previous DOL entrepreneurship experiments, the demonstration will test how entrepreneurial services – such as case management, counseling, financial support, assistance with refining potential products and services, technical skills training in small business ownership, mentoring, and information about access to capital – can be an effective alternative to traditional employment preparation and training for low-income dislocated workers.

New Online Training courses for Entrepreneurs. Over 2.5 million entrepreneurs have registered for a free SBA online course or assessment to help strengthen their business education to date. SBA online training courses are free, self-paced, and targeted to the specific needs of small business owners. Planning assessment tools and other digital tools allow users to explore entrepreneurship and connect with the right solution to fit their individual needs. In addition, the US Patent and Trademark Office (USPTO) has built two new online modules for inventors and entrepreneurs.

Mentoring for Success: How SCORE Helps More Small Businesses Succeed

In October 2010, Patrick Hickey, executive chef at Gourmet Bay Catering outside of Charleston, S.C., heard the owner talk about his desire to sell the business. By Summer 2011, the owner was ready to sell, and Patrick and his fiancée Erin Marqua decided to buy the business. The only problem was their complete lack of business experience. “We needed to have a lot of help because we’d never run a business or even purchased a house,” Erin said. So Patrick and Erin visited the Charleston Metro Chamber of Commerce, where they discovered the local SCORE office. SCORE connected them with counselor Greg Kopach. Through phone, email and face-to-face counseling sessions, including a session on profit and loss statements over dinner, Greg helped Patrick and Erin understand the company’s accounting and review the necessary paperwork. In October 2011, Patrick and Erin successfully purchased Gourmet Bay. They continue to call on Greg whenever they need assistance.

• Young Entrepreneur Online Training Course. The Young Entrepreneurs online training course and podcast is specifically designed for a younger audience and features the stories of other young entrepreneurs that have successfully started a business.
- **Intellectual Property Awareness Assessment Tool.** The Intellectual Property Awareness Assessment Tool is a web-based tool designed by the USPTO to assess intellectual property (IP) knowledge and provide personalized training resources for small businesses and inventors. Based on user responses, this program assesses intellectual property awareness among inventors and businesses and educates them on how to determine their IP assets and risks.

- **Government Contracting Classroom.** The GC Classroom is an online training destination where small businesses can acquire the confidence and know-how to compete for the more than $500 billion in federal contracts that are awarded each year.

- **Native American Small Business Primer.** SBA’s new online Native American Small Business Primer emphasizes business planning and market research as essential steps to take before going into business; informs Native American entrepreneurs about the legal aspects of starting a business, including the types of ownership (legal structure) and licensing; and provides key information on seed money for starting up, raising capital, and borrowing money.

- **Green Business Opportunities.** This small business guide provides online training for entrepreneurs who are looking to enter the home energy retrofit market. The course provides free business counseling and information for those seeking to launch a new business or expand an existing business in the energy efficiency market.
“When students excel in math and science, they help America compete for the jobs and industries of the future.”

- President Obama remarks at the White House Science Fair, Feb. 7, 2012

Supporting Efforts to Increase Youth Entrepreneurship. The White House, in conjunction with SBA, DOL, and USPTO has launched efforts to focus on the needs of young entrepreneurs to create a better environment for young business leaders.

- **Young Entrepreneurs Series.** In conjunction with the White House, SBA hosted six events across the country focused on young entrepreneurs. The events reached roughly 12,000 people both in person and online and occurred in New York, NY; San Diego, CA; Ames, IA; Tahlequah, OK; Charlotte, NC; and Milwaukee, WI. The events helped to celebrate and promote the launch of a broader nationwide initiative focused on young entrepreneurs.

- **Start Young.** In December 2011, SBA announced the Start Young Initiative, a partnership with DOL’s ETA. The primary goal of this initiative is to provide Job Corps participants with the fundamental knowledge about small business opportunities and resources available to them by the end of a specialized training, encouraging economic self-sufficiency and personal growth within their local communities. SBA’s New York Small Business Development Center is providing the Entreskills learning and teaching curriculum for this initiative. The three pilot sites
(Philadelphia, New York, and Milwaukee) started in April 2012 and concluded in June 2012 with support from the Brooklyn SBDC, Milwaukee WBC, and the Philadelphia SCORE Chapter. There is the potential to expand this pilot.

- **Emerging Leaders Program (formerly Emerging 200 or e200).** The Emerging Leaders Program identifies small businesses that show a high potential for growth. Through eight months of specialized training, the Program provides small businesses with the network and resources required to build a sustainable business and promote economic development within communities across the country. The majority of these businesses are drawn from underserved communities. The results of the Emerging Leaders initiative show nearly 75% of participating small businesses have maintained all or added new employees, with over 900 new full-time employees added from 2009 to 2011. In addition, 67% of participants reported increased revenues over the past year and have leveraged over $26 million in new financing. Businesses also secured over $330 million in federal, state, local and tribal contracts. The 2011 Emerging Leaders training cycle included approximately 485 small businesses enrolled in 27 markets across the country.

- **Camp Invention/Club Invention.** USPTO in collaboration with InventNow is bringing children together in teams to engage them in investigations, experiments, and engineering challenges that are designed to integrate STEM skills. The program introduces intellectual property concepts at age-appropriate levels through approximately 1100 camps in 49 states and D.C.

**On-the-Job Training.** On-the-Job (OJT) training allows hired workers to earn wages while receiving training at the workplace. Employers are reimbursed for a portion (typically up to 50%) of the costs of training a new employee. OJT is of particular value to small businesses because it can offset initial training costs to fill skilled positions, while building organizational productivity and loyalty as the participant learns necessary skills. DOL has made a significant investment in OJT – first through the award of $75 million in OJT National Emergency Grants to 41 states, the District of Columbia, and three federally recognized Native American tribes. These grants were made possible with funds from the American Recovery and Reinvestment Act.

**Supporting Efforts to Increase Encore Entrepreneurship among Older Americans.** There are over 76 million Baby Boomers, and in addition to being the most populous generation, they are also wealthier, better educated, and living longer than their predecessors. While the economic downturn has increased the need to work beyond retirement age for some, many are eager to stay active and engaged in ‘encore careers’ of their choosing. SBA is partnering with AARP to provide SBA’s 30+ online training courses to AARP’s network of 40 million 50+ Americans.

**Educating Entrepreneurs and Small Businesses about Security Concerns.** Although entrepreneurs are familiar with most types of financial business risks, they may not be familiar with how security risks can affect their business. DHS designed a program to ensure that entrepreneurs and small business owners know how to best prepare and protect their colleagues and businesses in the event of an emergency. In addition, DHS USCIS’s Verification Division conducts extensive outreach to small businesses through business associations and other entities to provide education about the use of E-Verify and the Form I-9. So far in FY 2012, the Verification Division’s Outreach Branch has participated in 77 events in 19 states and D.C. to deliver live presentations, sit on panels, and staff exhibits about E-Verify. In addition, the Verification Division also reaches small businesses through webinars. So far in FY 2012, 164 webinars have been delivered to more than 8,400 participants.
V. Federal Contracting Opportunities: A Win-Win for Small Business and the Federal Government

**BY THE NUMBERS**

- Nearly $300 billion in prime contracts and more than $200 billion in subcontracting since fiscal year 2009 have been awarded to small businesses by federal agencies.
- 50% improvement in time it takes to pay small business prime contractors following the Obama Administration’s implementation of QuickPay in September 2011.

The Administration continues to fulfill its commitment to being a good customer to our nation’s small businesses and is committed to ensuring an appropriate share of its contracting needs goes to small businesses.

Each year, the federal government spends about half a trillion dollars on goods and services and works to maximize small business participation in federal contracting, including small businesses owned by women, socially and economically disadvantaged individuals, service-disabled veterans, and those in areas hardest hit by the economic decline. The Administration is committed to meeting the statutory goal of 23% of federal contracting dollars being awarded to small businesses. In fiscal year 2010, the federal government awarded small businesses nearly $100 billion in federal prime contracts, which was 22.7% of eligible contracting dollars. This marked the largest two-year increase in over a decade and the second consecutive year of increases after three years of decline.

Additionally, the federal government has awarded over $70 billion to small businesses through subcontracting opportunities. Under the Recovery Act, 32.62% of all federal contracting dollars, or $11 billion, went to small businesses. These dollars provided small businesses a much-needed boost to create and retain jobs and help revitalize our economy.

The federal government also works to achieve statutory sub-goals of awarding 5% of prime contracting dollars to small disadvantaged businesses, 5% to women-owned small businesses, 3% to service-disabled veteran-owned small businesses, and 3% to historically underutilized business zones (HUBZone) certified firms.

For example, the Women-Owned Small Business Contracting Program was authorized more than a decade ago and was finally implemented by the Obama Administration last year. This rule identifies over 300 industries in which women-owned small businesses (WOSBs) and economically disadvantaged women-owned small businesses (EDWOSBs) are under-represented and authorizes government contracting officers to set aside federal contracts for those businesses. In addition to opening up more opportunities for EDWOSBs and WOSBs, the rule is another tool to help achieve the statutory goal that 5% of federal contracting dollars go to women-owned small businesses. Since the WOSB program was launched in early 2011, more than 9,500 firms have taken steps to certify for the program.
Sturges Manufacturing, Inc. began producing suspenders in Utica, New York in 1909. Today, Sturges is an ISO-9001 certified manufacturer of custom-designed engineered straps and webbing for the safety, firefighting, military and mountain climbing industries. Sturges has been able to achieve an advantage over competitors by designing innovative solutions for its customers, with two patents on file and two more pending. Selling to the federal government was once a strong source of revenue for Sturges; during World War II, the company sold over two million rifle slings to the military for U.S. soldiers. The number of government contracts received by Sturges had slowed over recent years, and in 2009 the company sought assistance to improve sales from the NYS Small Business Development Center (SBDC) Procurement Assistance Center located at SUNY Institute of Technology in Utica. The SBDC Procurement Assistance Center’s Government Contracting Coordinator provided training in accessing technical data packages, qualified product and manufacturer lists and federal bidding opportunities. With a renewed emphasis on procurement, government sales have once again increased. Sturges was recently awarded a contract from the U.S. Army Pine Bluff Arsenal to manufacture over 40,000 straps for mortar shells.

“We contacted the SBDC to learn what we needed to do to obtain government contracts and how to expand our presence,” said Tyler Griffith, vice president. “We continue to turn to the SBDC when we run into a roadblock.”

Parity. The SBJA reaffirms “parity” among federal small business contracting programs. This means that contracting officers are free to choose among businesses owned by women and service-disabled veterans, as well as businesses participating in HUBZone programs and 8(a) programs. The Federal Acquisition Regulation (FAR) Final Rule published in March 2012 that clarified parity will help federal agencies meet each of the government’s small business contracting goals.

Repeal of Competitiveness Demonstration Program. The law repeals the Competitiveness Demonstration Program, which actually harmed many small firms. By repealing this program, the Administration will reinstate small business contracting set-asides in about 10 industries where small businesses typically excel, such as landscaping, construction, and pest control. The repeal was published as a FAR Final Rule in December 2010.

Annual Certification of Business Size. The SBJA requires annual certification of a firm’s size and status through the Government’s Online Representations and Certifications Database. SBA published a proposed rule in October 2011.

Policy on Prosecution of the Size and Status Fraud. The SBJA strengthens the government’s ability to take legal action against willful misrepresentations of small businesses’ size or status to gain a federal contract or grant.
SBA will issue a government-wide policy on the prosecutions of fraud or misrepresentation of size standards, which will be published on agencies’ websites.

- **Mandatory Small Business Training.** SBA and the Office of Federal Procurement Policy worked with the Federal Acquisition Institute and the Defense Acquisition University to develop the Small Business Programs course, which provides students a foundational overview of the various types of small business programs, including the purpose, legal authority, government-wide small business procurement goals, small business resources, and information on how to effectively utilize small business in government acquisitions. Upon completion of the course, students will be able to identify key personnel and offices responsible for ensuring maximum practicable participation of small business concerns, as well as identify considerations and methods for meeting small business requirements throughout the acquisition process.

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**The Mentor-Protégé Program Helps Small Business Compete for Federal Contracts**

DynCorp International, LLC (DI) provided mentoring and business support to protégé CenterScope Technologies, Inc. (CSTI), which has become a pre-eminent provider of CONUS and OCONUS deployment and movement control services for the U.S. Army and other federal customers. Since the inception of the Mentor-Protégé Agreement with DI, CSTI experienced 160% employee growth, adding 99 full-time equivalent employee positions within the company. CSTI has also emerged as an international competitor, possessing new core competencies related to establishing operations and conducting business around the world.

CSTI developed innovative new technology in support of the War-Fighter, most notably **CRC-in-a-Box™**, which had an immediate and positive impact on the length of deployment and movement control cycles, collaboration with U.S. Army and stakeholders, and support for U.S. Army cost reduction strategies.

**CRC-in-a-Box** automates processes previously bogged down by information-sharing systems that did not apply the benefits of electronic record-keeping, automated database administration, and information-sharing capabilities of the internet. **CRC-in-a-Box** was developed at no cost to the Government or the Taxpayer. The results of implementing CSTI’s proprietary **CRC-in-a-Box** software have been both immediate and impressive. CSTI has reduced deployment lifecycles by as much as 67% and created an estimated $2M in cost avoidance. For the U.S. Army and its civilian contractors, CSTI’s tools and processes have expedited getting “boots on the ground” faster in support of the War-Fighter, resulting in substantial long-term cost savings to DoD.

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**White House Initiative on Small Business Procurement.** In January 2011, the White House established the Small Business Procurement Group to facilitate regular discussions among high-level officials in all agencies to share their strategies and tactics to increase contracting opportunities for small businesses. The initiative is designed to hold senior officials at each agency accountable to their small business contracting goals, share best practices, and ensure sufficient outreach and matchmaking events are conducted to increase small business utilization in federal contracting. As part of this initiative, the Obama Administration worked to formally hold senior officials accountable to these goals by ensuring the largest procuring federal agencies include small business procurement performance in the performance evaluations of senior executives whose job responsibilities include procurement.
“We said American workers could manufacture the best products in the world. So we invested in high-tech manufacturing and we invested in clean energy...And we’re growing our exports so that more of the world buys products that are stamped with three simple words: ‘Made in America.’”

- President Obama in Detroit, MI, Sept. 15, 2012

**Increased Agency Accountability for Small Businesses and Underserved Communities through Updated Scorecard.** To hold agencies accountable to their small business contracting goals, SBA released a new and more comprehensive contracting scorecard format in FY 2009 that improves the way small business contracting performance is measured across the government. The annual Scorecard is an assessment tool to (1) measure how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals, (2) provide accurate and transparent contracting data, and (3) report agency-specific progress. The prime and subcontracting component goals include goals for small businesses, small businesses owned by women, small disadvantaged businesses, service-disabled veteran-owned small businesses, and small businesses located in HUBZones.

Every two years, the SBA works with each agency to set their prime and subcontracting goals and their grades are based on the agreed upon goals. Each federal agency has different goals based on their unique procurement mix, determined annually in consultation with SBA.
More Efficient Government Contracting Procedures

In addition to offering increased federal contracting opportunities to small businesses, the Obama Administration is committed to making contracting procedures more efficient. This means small businesses will be able to spend more time working on the project and less time dealing with government bureaucracy.

QuickPay. In September 2011, the President announced that the federal government would pay small business contractors faster. A week later, the Office of Management and Budget (OMB) issued guidance to all agencies to move from paying small business prime contractors in 30 days to 15 days. This provides a permanent infusion of cash flow, with tens of billions of dollars getting into the hands of small business quicker, which can be put towards working capital, business expansion, marketing, and job creation.

Elimination of Programmatic Inefficiencies

- **HUBZone.** The Historically Underutilized Business Zones (HUBZone) program helps small businesses in designated urban and rural communities gain preferential access to federal procurement opportunities. The HUBZone Program implemented new processes in FY2009 and FY2010 to minimize fraud, waste, and abuse. This new approach minimizes the number of ineligible firms obtaining certification. SBA also performed more than 3,000 site visits of HUBZone firms to enhance the program’s integrity and ensure that the program serves the vital needs of eligible small businesses. This year, SBA is working with its 68 district offices to execute a targeted HUBZone program recruitment plan to increase the number of HUBZone certified firms, and ultimately increase the number of HUBZone firms winning federal contract dollars.

- **Revised 8(a) Regulations.** The 8(a) Business Development Program was created to help small businesses owned by socially and economically disadvantaged individuals compete in the marketplace. It also helps these companies gain access to federal and private procurement markets. In 2010 and 2011, SBA conducted the first major review of the 8(a) regulations in over a decade. New regulations, which were drafted after gathering over 2,500 comments from small businesses and stakeholders were finalized and released in February 2011. The new 8(a) regulations, effective March 14, 2011, strengthen tools such as the mentor-protégé program and ensure that benefits of the program flow to the intended recipients.

**Stronger Oversight and Enforcement.** Working with its federal partners, the SBA has taken multiple steps to strengthen oversight and enforcement to better ensure the benefits of federal small business contracting programs are going only to eligible firms. Significant steps have been taken to strengthen certification processes, bolster ongoing monitoring and oversight, and ensure timely enforcement. To that end, SBA has developed and implemented a three-pronged approach to small business contracting programs to combat fraud, waste and abuse:
- **Effective Certification Process.** Clear and comprehensive eligibility screening ensures that only qualified, eligible firms participate in SBA programs.

- **Continued Surveillance and Monitoring.** Targeted and thorough examinations, reviews, and site visits identify firms which commit fraud or no longer qualify.

- **Robust and Timely Enforcement.** Prompt, proactive enforcement removes bad actors, deters wrongdoing, and reassures those entitled to participate in SBA's programs. This Administration is committed to ensuring the benefits of the small business contracting programs flow to the intended recipients and has taken more small business contracting-related suspension and debarment actions in the last three years than were done in the previous decade.

*Launching the First in the Nation Federal Procurement Center for Minority-Owned Businesses.* In direct response to the nation’s minority-owned business community and the White House initiative to promote greater government contracting among minority-owned businesses, Commerce’s Minority Business Development Agency (MBDA) launched the Federal Procurement Center (FPC) in Washington, DC. The FPC is the first specialty business center in the nation that assists minority-owned firms in competing for and winning federal government contracts. Services include information on federal regulations and contracting requirements and facilitation of relationships between minority-owned businesses and federal program managers.
VI. Small Business Manufacturing

BY THE NUMBERS

- The Obama Administration’s partnership with 16 of the world’s largest corporate buyers, whose purchasing power totals $300 billion annually, provides small businesses an opportunity to break into private sector supply chains.

- 60,497 manufacturing jobs have been created or retained and manufacturers have made $1.9 billion in total capital investments this year through the work of Commerce’s Manufacturing Extension Partnership.

- More than 220% increase in approvals and over 125% increase in dollars through SBA’s streamlined CAPLines working capital loan programs since October 2011.

- Increased investment in manufacturing research and development by 29% in FY2012 and requested an additional 19% increase in FY 2013.

- Advanced Manufacturing Jobs and Innovation Accelerator Challenge will offer approximately $26 million in funds and technical assistance resources from across the Administration, to support approximately 12 projects aimed at enhancing the competitive position of U.S. manufacturers.

- In March 2012, the President announced a $1 billion proposal to create a network of up to 15 Institutes for Manufacturing Innovation around the country.

U.S. manufacturing has led the economic recovery, adding 485,000 jobs over the past 26 months. This represents the first period of sustained job growth in manufacturing since the 1990s. President Obama understands that we have the opportunity to build on this momentum and revitalize American manufacturing. Increasingly, manufacturing companies are making the decision to ‘insource’ – to bring jobs back home and make additional investments in America. These companies are making these choices because of rising costs abroad combined with the competitive advantages associated with American industry, including continued productivity improvements by American workers, our world-leading universities, and a strong business environment.

A strong and growing manufacturing sector is necessary for a strong and growing economy. The manufacturing sector provides outsized benefits, from its central role in supporting innovation, to its importance in exports, to its good-paying jobs.

To support a strong and growing manufacturing sector, and accelerate the emerging trend of insourcing, we must have strong small manufacturers that often form the backbone of manufacturing supply chains. Small and medium-sized manufacturers comprise 86% of all manufacturing establishments and employ 41% of the U.S. manufacturing workforce.

That is why the Administration is committed to encouraging more supply chain partnerships between small suppliers and large buyers providing small businesses the support they need to locate here in the
United States, through initiatives and programs like the American Supplier Initiative, Advanced Manufacturing Partnership, and Manufacturing Extension Partnership.

**Supply Chains**

Large companies looking to invest in the U.S. rely on a supply chain of small businesses to support their production. Indeed, contracts with large companies are an important stepping stone for the growth of small businesses; evidence shows small businesses who were suppliers to large companies reported revenue growth of more than 250%, on average, between one year before and two years after their first sale to a large corporation. For these same small businesses, employment increased by more than 150% on average.  

The strength of these small manufacturers is vital to the strength of U.S. manufacturing, and has a critical impact on the investment decisions of larger firms. The U.S. automobile industry is a good example of the linkage between large and small firms. The President’s difficult decision to provide support to General Motors and Chrysler, on the condition that they and their stakeholders made the sacrifices necessary to restructure, was about more than the health of those two companies. GM and Chrysler were supported by a vast network of auto suppliers, which employed three times as many workers and depended on the auto companies business to survive. An uncontrolled liquidation of a major automaker would have had a cascading impact throughout the supply chain, causing failures and job loss on a larger scale. Because Ford and other auto companies depended on those same suppliers, the failure of suppliers could have caused those auto companies to fail as well. This interdependence up and down the supply chain led some experts at the time to estimate that were GM and Chrysler allowed to liquidate, at least 1 million jobs could have been lost. Strengthening U.S. supply chains is critical to the overall vitality of American manufacturing.
“We’re living in a new and challenging time, in which technology has made competition easier and fiercer than ever before... But that shouldn’t discourage us. Because I know we can win that competition. I know we can outcompete any other nation on earth. We just have to make sure we’re doing everything we can to unlock the productivity of American workers, unleash the ingenuity of American businesses and harness the dynamism of America’s economy.”

-President Obama at GE, Schenectady, NY, Jan. 21, 2012

The American Supplier Initiative

The American Supplier Initiative, an Administration-wide effort, supports small and medium manufacturers by addressing four key areas in which small businesses need help in order to become successful suppliers in the private sector: access to markets, access to capital, workforce skills, and business capacity building.

Supplier Connection. Supplier Connection is a free, online portal created by the IBM Foundation that helps remove barriers that small businesses face in trying to break into large company supply chains. As
Helping Small Manufacturers Export

GAME Equipment, LLC qualified for the SBA International Trade Loan to develop and expand exports. GAME manufactures agricultural harvesting equipment with a focus on heavy tractors to harvest sugar cane worldwide. GAME also produces sugar cane loaders, vegetable spraying tractors, pineapple harvesting equipment, and sandbag loaders, all while operating out of a single location in Napoleonville, LA with 33 employees. Their equipment is exported to countries in South America, Africa, Europe, and Asia.

The loan was easy to apply for and the business is growing due in large part to this loan. The equipment purchased with loan proceeds will allow GAME to almost triple production capacity in order to meet the strong demand for their products. The loan proceeds will also allow for GAME to increase employees in the future as production capacity continues to increase.

Advanced Manufacturing

Advanced manufacturing is a matter of fundamental importance to the economic strength and national security of the United States, and is of vital importance to our ongoing ability to innovate as a nation. Advanced manufacturing involves both new ways to manufacture existing products, and the manufacture of new products emerging from new advanced technologies.

Small manufacturers play an important role in the manufacturing innovation ecosystem, but often face unique challenges in developing and adopting technological innovations. Through existing programs and new initiatives, the Administration has taken steps to support commercialization and the scaling up of new technologies for small and medium-sized manufacturers.
The Manufacturing Extension Partnership

The Manufacturing Extension Partnership (MEP) serves as the connection between small manufacturers and technology opportunities and solutions in the global marketplace.

Innovation Engineering Leadership Institutes. MEP utilizes its network of 60 centers and 1,200 field staff across the country to help coach manufacturers in the importance of innovation and product development. To date MEP has trained over 3,500 business leaders through the Innovation Engineering Leadership Institutes and provide follow-up opportunities to use the Innovation Engineering Management System that help to increase the cycles of product development and testing.

National Innovation Marketplace. MEP’s National Innovation Marketplace is a web-based portal to connect technology requestors (typically original equipment manufacturers, or OEMs) and potential suppliers. In addition, MEP’s technology scouting services help fill the specific technology needs of manufacturers (whether through universities, manufacturers, entrepreneurs, etc.) and supplement that with technology driven market intelligence that helps the manufacturer understand the growth potential of their innovations once technology needs are met.

Buy American Supplier Scouting. Buy American Supplier Scouting is a collaboration of federal agencies and MEP to scout for U.S. manufacturing capabilities to support the Buy American Provisions of federal funding programs, including projects funded by the American Reinvestment and Recovery Act. Pilot collaborations with the U.S. Department of Energy’s Office of Energy Efficiency and Renewable
Energy show the MEP Buy American Supplier Scouting program works. As of December 2011, MEP found exact or partial product matches for 53% of waivers submitted. Of those matched, over half were found to be viable U.S. suppliers and therefore the waiver requests to produce those items abroad were denied. MEP is also in the process of expanding the program on a larger scale with other federal efforts such as the Department of Transportation’s (DOT) Next Generation Rail Program. MEP is also operating other Supplier Scouting projects with other federal agencies and OEMs, including the Defense Logistics Agency, Naval Air Systems Command, and Department of Veterans Affairs (VA). These efforts focus on leveraging the MEP network to find small- and medium-sized U.S. manufacturers who can solve difficult supply chain and procurement issues facing the federal agency and OEM partners.

**ExporTech™ Program.** The program assists manufacturers in developing an international growth plan, and provides experts who vet company plans and connects the companies with federal, state and local organizations that can help them move quickly beyond planning to actual export sales. ExporTech™ is deployed nationally as a collaboration between MEP and the U.S. Export Assistance Centers as well as numerous state trade offices and other regional partners throughout the country. To date, 56 ExporTech™ program have been completed in 23 states with over 380 companies participating. Companies that have gone through the ExporTech™ program report significant impacts to their bottom lines:

- The average participant increases sales by nearly $170,000
- Many companies generate export sales within 3 to 6 months of completing the program, and some have negotiated sales before the program’s final session
- The average participant reported cost savings of $34,000
- The program saves the average company over 120 hours of labor time by navigating them through the international growth process

**Advanced Manufacturing Partnership.** Launched by the President in June 2011, the Advanced Manufacturing Partnership (AMP) is a national effort bringing together the Federal government, industry, universities, and other stakeholders to identify and invest in emerging technologies with the potential to create high-quality domestic manufacturing jobs and enhance the global competitiveness of the United States. To build on the success of the AMP, the Administration has launched the Advanced Manufacturing National Program Office, to coordinate federal efforts supporting advanced manufacturing initiatives. As part of the initial launch, the Administration announced a $500 million investment to:

- **Build Domestic Manufacturing Capabilities in Critical National Security Industries.** Beginning in Summer 2012, the Departments of Defense, Homeland Security, Energy, Agriculture, Commerce and other agencies will coordinate a government-wide effort to leverage their existing funds and future budgets with an initial goal of $300 million, to co-invest with industry in innovative technologies that will jumpstart domestic manufacturing capability essential to our national security and promote the long-term economic viability of critical U.S. industries. Initial investments include small high-powered batteries, advanced composites, metal fabrication, bio-manufacturing, and alternative energy, among others.

- **Reduce the Time to Develop and Deploy Advanced Materials.** The Materials Genome Initiative is investing more than $100 million in research, training and infrastructure to enable U.S. companies to discover, develop, manufacture, and deploy advanced materials at twice the speed than is possible today, at a fraction of the cost. In much the same way that advances in
silicon technology helped create the modern information technology industry, advanced materials will fuel emerging multi-billion dollar industries aimed at addressing challenges in manufacturing, clean energy, and national security.

- **Invest in Next-Generation Robotics.** The National Science Foundation (NSF), National Aeronautics and Space Administration (NASA), National Institutes of Health (NIH), and the Department of Agriculture (USDA) are coming together to make available $70 million to support research in next generation robots. These investments will help create the next generation of robots that will work closely with human operators – allowing new ability for factory workers, healthcare providers, soldiers, surgeons and astronauts to carry out key hard-to-do tasks.

- **Develop Innovative Energy-Efficient Manufacturing Processes.** The Department of Energy (DOE) will launch an effort to leverage their existing funds and future budgets, with initial goal of $120 million to develop innovative manufacturing processes and materials to enable companies to cut costs of manufacturing, while using less energy.

**National Network for Manufacturing Innovation.** In March 2012, the President announced a $1 billion proposal to create a network of up to 15 Institutes for Manufacturing Innovation around the country. The Institutes will bring together industry, universities and community colleges, federal agencies, and states to accelerate innovation by investing in industrially-relevant manufacturing technologies with broad applications to bridge the gap between basic research and product development, provide shared assets to help companies – particularly small manufacturers – access cutting-edge capabilities and equipment, and create an unparalleled environment to educate and train students and workers in advanced manufacturing skills. The first pilot institute will be funded with an initial $45 million investment from the Department of Defense (DOD), DOE, DOC, and NSF. The pilot will be selected through a competitive process that uses existing resources and fits within the agencies’ statutory missions, using current funding and authorities, while addressing key challenges faced by the U.S. manufacturing sector.

**Advanced Manufacturing Jobs and Innovation Accelerator Challenge.** Anticipated for announcement in mid-May, 2012, the Advanced Manufacturing Jobs and Innovation Accelerator Challenge is expected to offer approximately $26 million in funds from the DOC’s Economic Development Administration (EDA), the National Institute for Standards and Technology (NIST), DOE, DOL’s ETA, SBA, and NSF and technical assistance resources from several additional agencies, to support approximately 12 projects aimed at enhancing the competitive position of U.S. manufacturers in the global marketplace and strengthening U.S. advanced manufacturing capabilities in key industries. Cluster-based investments bring together educational and research organizations, state and regional economic development authorities, and the private sector to conduct proof-of-concept and commercialization activities.

**Matchmaking Tool.** Today’s advanced manufacturers need the physical capacity to establish businesses quickly and build things competitively. Currently hundreds of millions of square feet of commercial, industrial and manufacturing space sits idle due to plant closures. EDA is creating a pilot system to match companies in need of production facilities with vacant space to help turn those empty sites into thriving, productive facilities of advanced manufacturing. The goal is to create a model, based on four to six key manufacturing communities in key states that could be replicated to create a nationwide inventory. This new tool will be a valuable resource for domestic companies looking to expand as well as foreign companies exploring the North American market.
**National Design Engineering and Manufacturing Consortium.** Funded by EDA (along with other federal agencies, private, state, and university partners that provide financial or technical assistance), NDEMC enables small and medium-sized manufacturers to develop and test their products using advanced modeling and simulation tools that have historically only been available to large companies. NDEMC is designed to exploit regional commonalities among supply chain industries and its operational framework is expected to be self-sustaining, scalable, and transferable to other industry sectors and regions across the U.S.

**Accelerating Development and Deployment of Advanced Manufacturing Capabilities.** NIST is investing over $90 million in R&D targeting challenges in advanced manufacturing. NIST research in advanced manufacturing supports industry by providing the measurement technologies and solutions necessary to improve productivity and efficiency of existing manufacturing processes or to enable the manufacture of new advanced technologies. NIST R&D in advanced manufacturing is targeting:

- **Nanomanufacturing.** NIST is developing measurement methods to help companies overcome technical barriers to cost-effective, high-volume nanomanufacturing of materials, devices, and systems. Key customers include aerospace, semiconductor electronics, and solar industries.

- **Biomanufacturing.** Working closely with industry and the Food and Drug Administration, NIST is developing the tools needed to support more efficient and controllable manufacturing processes for biologic drugs, a multibillion dollar industry.

- **Smart Manufacturing.** NIST is developing the measurements and standards to support widespread adoption of improved automation, robotics, quality control, and supply chain management tools to help manufacturers improve their competitiveness.

- **Advanced Materials.** Working with customers from the automotive, aerospace, chemical, and materials industries NIST is developing the modeling tools necessary to reduce the time and cost between the discovery of new materials and their commercial deployment.
VII. High Growth Entrepreneurship and Innovation: Giving Startups the Tools to Grow

**BY THE NUMBERS**

- A record **$2.6 billion in growth capital to high-growth companies** through Small Business Investment Companies (SBIC) in 2011.
- **Streamlining the Small Business Innovation Research program** to provide greater access for innovative small firms to more than **$2.5 billion annually** in early-stage federal research grants.
- **$1 billion commitment to impact investing** through the SBIC program’s Impact Fund initiative to support startups and job creation in economically distressed areas and emerging sectors.
- **$132 million** in funding through the Advanced Research Projects Agency at the Department of Energy for **clean energy sector small businesses**.

America’s economic growth and international competitiveness depend on our ability to innovate. Innovation fuels the creation of new industries, new companies, new jobs, and new products and services. President Obama knows that today’s entrepreneurs are tomorrow’s Fortune 500 companies. That’s why the President has tasked his Administration with crafting policies that eliminate barriers to startup formation, drive investment to the best ideas, and accelerate the growth of young companies in the marketplace. It is entrepreneurs in clean energy, medicine, advanced manufacturing, information technology, and other innovative fields who will build the new industries of the 21st century, and solve some of our toughest global challenges.

**Startup America**

In January 2011, President Obama called for an all-hands-on-deck effort to accelerate the success of high-growth entrepreneurs across the country. The White House Startup America Initiative is a government-wide effort to improve the environment for high-growth startups, in five key areas: unlocking access to capital to fuel startup growth; connecting mentors and education to entrepreneurs; reducing barriers and making government work for entrepreneurs; accelerating innovation from “lab to market” for breakthrough technologies; and unleashing market opportunities in industries like healthcare, clean energy, and education. Some of these efforts have already been outlined above, particularly in sections regarding access to capital and training; additional efforts are described below.

At the same time, the private sector has responded to the President’s call to action by forming the Startup America Partnership, an independent nonprofit alliance of entrepreneurs, major corporations, and service providers that has mobilized over $1 billion in business resources to serve as many as 100,000 startups over the next three years. The Startup America Partnership has also launched 20 new
entrepreneur-led regional networks across the country, from Startup Hawaii to Startup Iowa to Startup Virginia, with many more in the pipeline.

Connecting Mentors and Education to Entrepreneurs

**Entrepreneurial Mentorship Corps.** SBA, DOE, and the Advanced Research Projects Agency-Energy (ARPA-E), launched the Entrepreneurial Mentor Corps program in February 2011. This program funded four competitively selected clean energy business accelerators – Clean Energy Trust, CleanTECH San Diego, Cleantech Open, and the Nevada Institute for Renewable Energy Commercialization – which together match experienced mentors to 100 clean energy companies around the country. These mentors helped accelerate the startup company’s success by providing targeted advice on revenue growth, employee growth, avoiding pitfalls, and obtaining financing.

**New Incubators to Help Vets Start High-Growth Businesses.** VA has established two of the first integrated business accelerators focused solely on helping our Veterans launch and sustain their own businesses. The first accelerator program is a brick-and-mortar facility in Milwaukee, Wisconsin. Veteran Entrepreneurial Transfer (VETTransfer) is a non-profit business incubator providing physical office space and shared services to help Veteran-owned businesses get off the ground. The second program is a virtual, online business accelerator focused initially on Veteran entrepreneurs in Roanoke, Virginia and Philadelphia, Pennsylvania. The VetSuccess Employment Accelerator (VetSEA) will provide a suite of online tools and resources that assist veterans in all phases of the entrepreneurial process, from assessing their skills readiness to developing a business plan to launching and building a new company.

**Center for Teaching Innovation and Entrepreneurship in Engineering.** NSF has awarded a $10 million grant over five years to launch Epicenter, a national center for teaching innovation and entrepreneurship at the nearly 350 engineering schools throughout the U.S. Directed by the Stanford Technology Ventures Program (STVP) at Stanford University’s School of Engineering, in partnership with the National Collegiate Inventors and Innovators Alliance (NCIIA), the center will serve as an education, research and outreach hub, inspiring the nation’s undergraduate engineering students to develop innovative products and services for lasting economic and societal impact.

**Clean Energy Business Competitions for Students Nationwide.** To support and empower the next generation of American clean energy entrepreneurs, U.S. Energy Secretary Steven Chu announced $2 million in funding for the National University Clean Energy Business Challenge. This nationwide initiative has created a network of regional student-focused clean energy business creation competitions whose winners will compete for a National Grand Prize at a completion held at the DOE in Washington, D.C. in early summer 2012. Six regional competitions serve to inspire, mentor, and train students from across the country to develop successful business plans to create a new generation of American clean energy companies.

**Administration Commits to Advance Entrepreneurship Education.** The Departments of Education and Labor are advancing a youth entrepreneurship agenda that infuses entrepreneurship education into a range of existing programs involving K-12 education, career and technical education, community colleges, universities, and low-income youth. As part of this effort, the Department of Education is launching a new National Education Startup Challenge, inviting middle school, high school, and college students to develop an innovative solution to an education problem and prepare a business plan for a new company or non-profit organization to deliver that solution.
Reducing Barriers and Making Government Work for Entrepreneurs

President Obama understands that the key to the nation’s historic and future economic success is America’s unique culture of entrepreneurship. The U.S. has always been a place of great opportunity and offered great reward for those that took a risk and began their own enterprise. This is why President Obama is committed to making sure the U.S. government does all it can to make starting businesses easier and remove barriers to growth.

America Invents Act. In September 2011, President Obama signed the America Invents Act, a historic patent reform legislation initiative. The act is designed to help American entrepreneurs and businesses to bring their inventions to market sooner, creating new businesses and new jobs. Representing the most significant reform of the Patent Act since 1942, this also gives the USPTO additional resources to reduce patent application waiting times significantly. The Act recognizes that the many key industries where the U.S. leads depend on a strong and healthy intellectual property system.

Startup America Reducing Barriers Roundtable Series. In 2011, senior Administration officials visited eight cities and held roundtable discussions to ask entrepreneurs for their ideas on which Federal regulations and processes could be changed to foster greater entrepreneurship, innovation, and job creation. At the end of this series of roundtables, a report to the President was drafted on how to best reduce barriers and continue to strengthen America’s entrepreneurial spirit. The critical input received through the Reducing Barriers initiative informed many of the Administration’s leadership on the bipartisan Jumpstart Our Business Startups (JOBS) Act.

Reducing Student Loan Burdens for Young Entrepreneurs. President Obama announced new executive actions to make it easier for Americans to manage student loan debt, including a “Pay As You Earn” proposal to let upcoming graduates cap their monthly federal loan payments at 10% of their income, with any remaining debt balance forgiven after 20 years. Entrepreneurs with student loans can already take advantage of the Administration’s income-based repayment (IBR) plan, limiting loan payments to 15% of their income and forgiving all remaining debt after 25 years. To spread awareness of this program, the SBA has launched a new website walking young entrepreneurs through the process of reducing their monthly student loan payments, and the U.S. Department of Education has committed to developing new guidance for borrowers to facilitate young entrepreneurs’ use of this program.

Policy Entrepreneur-in-Residence. In 2012, the EDA Office of Innovation and Entrepreneurship (OIE) began holding “office hours” – both virtual and in-person, for entrepreneurs to connect directly with the Federal government to help them interact in areas where they must interact with federal agencies, but also where their ideas could have great national impact. To date, OIE has met with over 200 entrepreneurs in New Orleans, LA; Cleveland, OH; and Lowell, MA.

Apps for Entrepreneurs Challenge. Entrepreneurs and small businesses need better tools to navigate the federal government’s vast resources – including programs, services, and procurement opportunities. The Administration’s Apps for Entrepreneurs challenged programmers to develop tools using open government data, with $20,000 in prizes awarded.

Health Data Initiative. In February 2011, the Department of Health and Human Services (HHS) launched the Health Data Initiative, an initiative that promotes the uses of health data for innovators and developers while rigorously protecting privacy and confidentiality. The goal is to unleash the power of private-sector innovators and entrepreneurs to utilize HHS data to create applications, products,
services and features that help improve health and health care -- while also helping to create jobs of the future at the same time. HHS is promoting the uses of data through its developer platform, healthdata.gov, to innovators across the country through grassroots "meetups," public competitions, "code-a-thons" and more.

**Education Data Initiative.** Led by the U.S. Department of Education, in close partnership with the White House and other agencies, the Education Data Initiative seeks to make education-related data available, accessible, and machine-readable for private-sector entrepreneurs and innovators to develop new products, services, and features that can improve the well-being of the American people. For example, existing federal databases of higher education outcomes (e.g. institutional prices, enrollment, graduation rates, etc.) are adding gainful employment data (e.g. loan repayment rates, starting salaries, employment rates, etc.) that can fuel new or improved online services that help students and their families make the best possible choice of which college to attend, based on cost and outcomes. Similarly, making federal financial aid application data securely available to applicants in machine-readable form promises to help customize and personalize college-choice applications and services. As another example, promoting the newly developed Learning Registry—an open source technical system to help educators and learners use and share digital content—can help fuel the next generation of educational technology services and tools.

**Energy Data Initiative.** DOE is also unleashing the power of publicly available energy-related data to help spur innovators and entrepreneurs to develop new products and services. One area of focus is the Green Button Initiative, an Administration-inspired and industry-led effort to make it easier for electricity customers to get secure online access to their own energy data in a consumer- and computer-friendly format, called “Green Button.” With their own data at their fingertips, customers will be able to use web and smartphone apps to pick the best rate plan for them; take advantage of customized energy efficiency tips; utilize easy-to-use tools to size and finance rooftop solar panels; and download virtual energy audit software that can cut costs for building owners and help get retrofits started sooner.

**Safety Data Initiative.** This May, DOL, HHS, the Department of Transportation (DOT), National Institute of Justice (NIJ), Consumer Product Safety Commission (CPSC) and the White House Office of Science and Technology Policy (OSTP) are launching the Safety Data Initiative that spurs Americans’ entrepreneurial spirit toward the goal of developing and deploying a range of innovative digital tools and mobile applications to enhance public and product safety. Bringing together technologists and software developers, first responders, and concerned citizens through challenges and data jams they will share ideas for novel, data-based digital tools that could empower people to make informed decisions about their safety and the safety of others, with the goal of building prototypes within 90 days.
**Small Business Innovation Research 2.0.** The Small Business Innovation Research (SBIR) program is a set aside from the research budgets of 11 participating agencies with over $100 million in annual extramural research budgets. The Small Business Technology Transfer (STTR) program is a set aside program to facilitate cooperative R&D between small business concerns and U.S. research institutions.

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**SBIR Helps Luna Innovations Reach for the Stars**

Corrosion is a significant problem for NASA’s Kennedy Space Center (KSC)—particularly for launch pads, tanks for storing liquid oxygen and liquid hydrogen, tubing, and other metal support equipment. The combination of a warm coastal climate and the acidic exhaust from launch vehicles produces an extremely corrosive environment. Under a SBIR contract from NASA, Luna Innovations, Inc. developed ultrahydrophobic technology that focuses primarily on KSC’s launch pad facilities and support equipment that contain materials susceptible to corrosion.

Luna’s dual-layer approach:
- saves money and time by preventing corrosion on steel surfaces,
- is significantly easier to apply than current coatings,
- requires only two coats rather than three,
- provides more flexibility in choosing an application method, and
- reduces the release of harmful volatile organic compounds.

The Obama Administration worked successfully with Congress to achieve a six-year reauthorization of these critical programs. The programs have provided early funding to technology companies such as Qualcomm, Symantec, and Genentech. SBIR and STTR represent the single largest early stage investment tool in the government, providing approximately $2.5 billion annually to small businesses. SBA continues to implement SBIR 2.0 to reinvigorate the program in a way that makes the SBIR and STTR programs more entrepreneur-friendly by:

- **Leveraging Best Practices.** The Administration is raising awareness of best practices among agencies to improve commercialization rates of SBIR awardees. For example, the NIST SBIR Program office helped pilot incentives for small businesses to spin-out commercially-viable technologies from federal labs resulting in 19 patent protected technologies, including two royalty-bearing exclusive commercial licenses. This small pilot achieved such big results it was soon copied by other agency SBIR offices throughout the federal government.

- **Streamlining.** SBA has reinvented the SBIR.gov website with new features allowing these innovative companies to navigate opportunities across eleven federal agencies. Entrepreneurs can now benefit from search across all open solicitation topics, search of past awards, transparent reporting of agencies’ annual performance, a unified calendar of events across all agencies, and guided walk-throughs for various constituents.

- **More Public-Private Partnerships.** SBIR 2.0 will increase alignment with the private sector and fostering cross-agency partnerships. In the last 12 months, the program completed a joint solicitation between several agencies on robotics. Recently, outreach was focused on education research topics across agencies, such as Department of Education and Navy.
• **Celebrating Entrepreneurship.** Over the last two years, the SBA has hosted the Tibbetts Awards for the best in the SBIR program. The Tibbetts Awards showcases the best companies in the recent history of the program. SBA recognized over 60 small businesses in 2011 and 2012.

**Accelerating Innovation from Lab to Market**

*Presidential Memorandum: Accelerating Technology Transfer and Commercialization of Federal Research in Support of High-Growth Businesses.* One driver of successful innovation is technology transfer, in which the private sector adapts federal research for use in the marketplace. One of the goals of the Administration's "Startup America" initiative, which supports high growth entrepreneurship, is to foster innovation by increasing the rate of technology transfer and the economic and societal impact from federal R&D investments. This is accomplished by committing each executive department and agency that conducts R&D to improve the results from its technology transfer and commercialization activities with the goal to significantly increase outcomes over the next five years. In FY 2011 alone the Department of Defense’s SBIR program participants received over $2 billion in commercialization investment.

**America’s Next Top Energy Innovator.** On the one year anniversary of the Obama Administration’s Startup America Initiative, DOE kicked off a second year of “America’s Next Top Energy Innovator,” a program that allows startup companies to license groundbreaking technologies developed by DOE’s 17 national laboratories for $1,000 and build successful businesses. As part of this effort, the Department reduces both the cost and paperwork requirements for startup companies to obtain an option agreement to license some of the 15,000 patents and patent applications held by the national laboratories.

*National Advisory Council on Innovation and Entrepreneurship.* Convened by the DOC to support President Obama’s innovation strategy, NACIE develops policy recommendations that foster entrepreneurship and identifies new ways drive economic growth and create jobs. Managed by EDA’s OIE, NACIE strives to ensure that the U.S. remains the source of paradigm changing innovations and the companies that deploy them. Members of the active council include successful entrepreneurs, investors, and university and non-profit leaders.

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<th>How SBIR Helps High-Tech StartUps Grow</th>
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<td>In 2007, Asif and Rubina Khan started Nitek, Inc., a small high-tech firm in Columbia, S.C., as an extension of Asif’s work as director of the University of South Carolina Photonics and Microelectronics Laboratory. Nitek is an pioneer in deep ultraviolet LED technology, which could change the way we purify water, treat skin diseases and sanitize medical instruments.</td>
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<td>The great thing about being a small business in a high-tech field is that “ideas can come from anywhere,” Asif says. Of course, the not-so-great thing about being a small business, even one that could potentially change the world, is the struggle for financing. Because new technology requires an extensive R&amp;D and sometimes even the establishment of new markets, it can take time to establish new markets, traditional financing sources, like banks, find the ventures too risky, while private investors prefer a quicker route to profitability. But thanks to the Small Business Innovation Research (SBIR) and Small Technology Transfer Research (STTR) programs, Nitek has been able to not only continue pioneering LED technology, it has also been able to grow and create jobs. So far, Nitek has received around $5 million through the SBIR and STTR programs. Since 2007, the company has grown from 1 employee to 14 employees in 2011, and they plan to continue expanding.</td>
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Improving the Patent Process. Under the recently enacted Leahy-Smith America Invents Act (AIA) of 2011, USPTO is undertaking major reforms to improve the patent process. These include reducing the amount of time it takes to get a patent and improving patent quality through new post-grant review, supplemental examination, and inter partes review procedures to test patent validity at greater speed and at lower cost than litigation. The transition to a first inventor to file system is also a significant step toward international harmonization and will provide greater certainty to small businesses and independent inventors, for whom the cost of proving who was first to invent was prohibitively expensive. The USPTO provides 50% fee reduction, among other things, to small entity inventors, and has an array of services designed for them. In addition, several “acceleration initiatives”, for patents related to sectors like green tech, food and nutrition, and medical technology, have benefited small businesses by significantly shortening the amount of time it has taken to receive a patent.

- **Accelerated Patent Processing.** In September 2011, USPTO began accepting applications for accelerated patent processing under “Track One.” This new prioritized examination process provides applicants with greater control over when their applications are examined and promote greater efficiency in the patent examination process. Track One allows inventors and businesses, for a fee, to have their patents processed within 12 months, particularly benefiting advanced manufacturing industries.

- **Inventors Assistance Program.** Through the Inventors Assistance Center, former Supervisory Patent Examiners and experienced Primary Examiners provide patent information and services to the public and answer general questions concerning patent examining policy and procedure. The Center is available through a dedicated phone number, 1-800-PTO-9199, the USPTO website, a dedicated e-mail box for questions, bi-monthly on-line chats, and an e-newsletter, The Inventor’s Eye.

- **Patents for Humanity.** USPTO has launched a program to award accelerated examination of applications for humanitarian technologies. Awardees will be competitively selected based on their advancement of medical technology, food and nutrition, clean technology, and information technology. The program advances the President’s global development agenda by rewarding entrepreneurs and innovators who bring life-saving technologies to underserved people of the world, while enabling patents to play a greater role in meeting the world’s development challenges.

- **AIA Pro Bono Program.** USPTO assists financially under-resourced independent inventors and small businesses nationwide with obtaining a patent. The program was launched in June, 2011, in Minnesota and was the first of its kind in the U.S. Under the AIA, the USPTO has the ability to establish a 75% reduction for qualifying “micro entity” inventors and small businesses. Five additional programs are slated to begin operation during 2012, including Denver and Austin, and a task force has been formed that includes the major IP law associations, members from the USPTO, and Federal Circuit judges in order to broaden pro bono assistance nationally.

- **Global Innovation Awards.** USPTO, in collaboration with the X-Prize Foundation and the National Center for Food Protection and Defense, exposes elementary and junior high students through FIRST® LEGO® League to patents and the innovation process.

Educating Small Businesses on Intellectual Property. To assess the awareness of small businesses about intellectual property and to offer them free customized training accordingly, the USPTO has been
pilot-testing an Intellectual Property Awareness Assessment Tool. The USPTO also has similar IP education initiatives for inventors and small businesses, including the Inventors Assistance Program and the Inventors Assistance Center, as well as collaborations with the Minority Business Development Agency and the Native American Intellectual Property Enterprise Council.

**Improved Ability to Commercialize Federally Funded R&D.** The Department of Commerce, through EDA, NIST, and USPTO is implementing several initiatives to improve the nation’s ability to commercialize federally funded research and development.

**University Commitments.** The National Advisory Council on Innovation and Entrepreneurship (NACIE) has provided policy recommendations and spurred greater efforts by university leaders to improve technology commercialization. Similarly, the USPTO through its University Outreach Program provides engineering universities with IP education for students, faculty, and staff in order to improve their understanding of the USPTO, the intellectual property system, and technology commercialization. Thus far, the program has reached over 25,000 students through over 400 classes. Through the College Inventors Program, and in partnership with the Abbott Fund, and the Ewing Marion Kauffman Foundation, USPTO also offers cash awards for undergraduate and graduate R&D projects in high-risk, high-reward areas of critical national need. To broaden university access to the patent system, the USPTO is implementing a new 75% “micro entity” fee reduction that includes institutions of higher education.

**i6 Challenge.** Commerce’s Office of Innovation and Entrepreneurship (OIE) i6 Challenge, now in its third year, is a leading federal grant challenge to help commercialize our most cutting edge technologies and create high-growth startup companies that will ultimately create high skilled employment in their regions. This program annually provides approximately $12 million in funding to university and private research centers to connect innovation and entrepreneurship and develop business models. Additionally, i6 winners raise several million dollars of their own funding to supplement these efforts.

In 2011, OIE implemented i6 Green in partnership with USDA, DOE, EPA, NSF, NIST and USPTO. i6 Green winners are showing a clear, specific, and realistic approach to accelerating the movement of clean economy technologies to the marketplace, including technologies to advance renewable energy, energy efficiency, reuse & recycling, restoration and/or green buildings.
Lending to Innovators for a Cleaner Tomorrow

Industrial Services Inc. provides both the know-how and the equipment to convert millions of gallons of seawater into drinking water for municipal water supply companies and hotels and resorts around the world. When they couldn’t find what they needed or had issues of corrosion or faulty performance with available products, ISI designed and built its own products. Shumway also invented an energy-recovery device now used in some of the largest desalination plants in the world. Shumway credits his international experience as a key reason for ISI’s success.

With funding from several loans guaranteed by the U.S. Small Business Administration, Shumway developed a unique customer tool he calls a “plant configurator,” which allows customers to design their own desalination plants and give them direct, transparent access to equipment pricing. The SBA loans were also helpful because ISI needed up-front cash to support construction costs. “International transactions are commonly based on letters of credit, so the SBA loans provided us with access to cash when needed,” he explained.

Since its founding by Scott Shumway in 2003, ISI revenues have increased from $200,000 to nearly $8 million in 2010.

Innovation Pathway 2.0. The FDA’s Center for Devices and Radiological Health (CDRH) launched "Innovation Pathway 2.0". This program aims to reduce time and cost of bringing safe and effective, breakthrough technologies to patients. The latest update will now also offer new and modified tools and methods to deepen collaboration between the FDA and innovators early in the process, prior to pre-market submission, with the goal of making the regulatory process more efficient and timely. The Pathway also serves as a living laboratory to test new tools and methods for breakthrough devices that may also be applied to other technologies for enhancement of all device pre-market programs.

Enhanced Regional Economic Competitiveness. Competitive, high-performing regional economies are the building blocks of national growth. Regions have coordinated and focused their resources to accelerate innovation, economic development, business development and workforce development around promising industry areas. Under leadership from the White House, federal agencies are working together to support these regional partnerships, including EDA, the MEP program, DOL, USDA, and SBA. In addition to the Jobs and Innovation Accelerator Challenge described in the Manufacturing section, these initiatives were designed to develop and support regional innovation cluster programs across the Government:

- **Energy Regional Innovation Cluster.** DOE worked with six agencies to ensure its $125 million Hub investment in Green Building research would support economic, business and workforce development in the winning region. Together, the agencies involved in this effort awarded nearly $130 million over 5 years for the Greater Philadelphia Innovation Cluster, which was selected for this project. The SBA provided over $150,000 to its partner Small Business Development Center, which is working to include regional small businesses in energy efficient building projects.

- **Space Coast Cluster.** In 2010, DOC, NASA, DOL, and SBA collaborated to provide funding to support the Space Coast industry in Florida, including funds aimed at serving small business through counseling and training.
• **Southern Ohio Water Cluster.** The Environmental Protection Agency (EPA) and SBA are working together to provide funding to a water cluster in southern Ohio. Federal funds help to link up regional small businesses with EPA's water technology lab in Cincinnati, Ohio and provide counseling and training support to local businesses.

• **Pilot Contract-Based Clusters Initiative.** In September 2010, SBA provided nearly $6 million in funding to 10 regional economies across the country to help develop and grow small businesses in key industry supply chains. These Regional Innovation Clusters are working in focus areas that include, but are not limited to, smart grid, nuclear technology, hydrogen fuel cell technology, agriculture technology. Three of the clusters, termed Advanced Defense Technology clusters, are specifically focused on meeting the needs of the defense industry by developing and promoting technologies with defense applications, including aerospace and cyber security. All ten clusters focus on supporting small businesses by fostering a synergistic network of businesses, university researchers, regional economic organizations, stakeholders, and investors, while providing matchmaking, business training, counseling, mentoring, and other services.

• **Regional Innovation Acceleration Network.** Accelerating the development of high-growth, innovation-based firms are the hallmark of a 21st century economic development strategy. EDA is working with the State Science and Technology Institute to create a national network of venture development organizations to build capacity for supporting innovation and entrepreneurship in distressed regions. Venture development organizations, such as JumpStart in Northeast Ohio and Ben Franklin Technology Partners in Pennsylvania, provide a variety of services that directly benefit small businesses, including access to capital, expert business assistance, and network development. Through this investment, EDA is supporting the identification of best practices in cultivating regional innovation and entrepreneurship, measuring the economic impacts of activities designed to support these objectives, and providing assistance to regions interested in establishing venture development organizations to support business development.

**Investments in Broadband Technology for Small Businesses.** Broadband technology is a necessary piece of American infrastructure. However, many areas of the Nation are not able to access this critical technology. These investments will help to remedy that problem and allow rural and small businesses better access to broadband in order to make their enterprises more efficient.

• **The Broadband Technology Opportunities Program and the Broadband Infrastructure Program.** The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided a total of approximately $7 billion in grant and loan funds to DOC’s National Telecommunications and Information Administration (NTIA) and USDA’s Rural Utilities Service (RUS) for projects that increase access to and adoption of broadband service across America. A key element of President Obama’s strategy to build the innovation economy of the future – one that supports new and better jobs, and enhances America’s global competitiveness – is expanding affordable access to and adoption of high-speed Internet in America. Through BTOP, NTIA has invested nearly $4 billion in approximately 230 projects to expand broadband access and adoption in the United States. Additionally, BIP has enabled the RUS to make broadband investments that will connect nearly 7 million rural Americans, along with more than 360,000 businesses and more than 30,000 critical community institutions like schools, healthcare facilities, and rural public safety agencies, to new or improved service. In total for the
broadband program, more than $2.33 billion in grants and $1.19 billion in loans were made to 320 projects totaling over $3.5 billion. Of those 320 projects, 297 were for infrastructure, 4 for satellite broadband service support and 19 were for technical assistance, of majority of which went to tribal communities. The potential commercial benefits to small businesses are clear, including more affordable access to information and job training for employees; improved access to partners, vendors, and suppliers; faster, more cost-efficient outreach to potential and actual consumers through websites, e-mails, and e-commerce; more efficient business management through cloud computing and other online tools; and access to regional, nationwide, or even global markets.

- **The SCORE Broadband Consortium.** In collaboration with the Federal Communications Commission, SBA engaged SCORE (Counselors to America’s Small Business), Women’s Business Centers and Small Business Development Centers to develop training content for materials to assist and advise small business entrepreneurs on improving business access and productivity through technology. These professional counselors within the SBA partner network also educate companies on the small business opportunities arising from developing and expanding broadband technologies. This group provides Internet and e-commerce mentoring, training and services to ensure success for entrepreneurs and small business owners. Consortium founders included AT&T, Best Buy, Cisco, Constant Contact, Google, HP, Intuit, Microsoft, Skype and Time Warner Cable Business Class. SCORE is distributing the broadband training curriculum to their partners in all of the 110 Women’s Business Centers.

*Investments in Clean Energy and Green Jobs.* President Obama is focused on keeping America on the cutting edge of clean energy technology so that we can build a 21st century clean energy economy and win the future. Small businesses have an important role to play in developing and deploying clean energy solutions and creating green jobs.

- **Advanced Research Projects Agency-Energy.** A new DOE agency set up to promote and fund high-risk, applied, advanced energy technologies with breakthrough potential. Startup companies and small business are often best structured to pursue such projects—large companies may find the high-risk projects unattractive, while universities may be more focused on basic research. In terms of funding to date, $132 million, roughly 37% of ARPA-E funds, has been allocated to small businesses. ARPA-E remains engaged to help small businesses succeed after the award is made by offering resources designed to help companies overcome both technical and commercial challenges.

- **Improve Battlefield Energy Security.** DoD has called upon small businesses to develop and rapidly transition energy technologies for the combat force, resulting in improved military capabilities, fewer energy-related casualties, and lower costs for the taxpayer. On March 2, 2012, DoD convened several hundred small businesses about the release of $18.0 million to fund six military programs to reduce the energy demands of future expeditionary outposts. An important objective of the fund is identifying new sources of energy innovation. By leveraging small businesses and entrepreneurs to accelerate energy innovation for DoD, the program aims to strengthen national security while promoting small business development at the same time.
• **GSA Green Proving Ground Program.** By evaluating and adopting new ideas and technologies, aims to drive innovation in environmental performance across federal government buildings and help build the clean energy economy of the future. The program provides opportunities for American companies to showcase their innovative technologies in a real world application as well as receive critical feedback upon performance. This enables American industry to continually improve their products and remain competitive and provide exposure to the industry's leading edge technological developments.

In order to further identify technologies and practices that optimize energy performance, protect and conserve water, enhance indoor environmental quality, reduce waste and environmental impact of materials, reduce greenhouse gas emissions associated with building operations, and promote integrated design, GSA issued a Request for Information which closed in January 2012 with over 160 expressions of interest. GSA is in the process of selecting 12 technologies for field testing.

• **The USDA Agricultural Research Service.** ARS is USDA’s principal intramural scientific research agency. ARS obtains patents and licenses technology resulting from intramural research conducted by USDA. The ARS budget represents 1% of Federal R&D expenditures, yet routinely, ARS scientists receive at least 15% to 25% of the National Excellence in Technology Transfer Awards presented by the Federal Laboratory Consortium for Technology Transfer, attesting to the strong long-standing USDA culture of ensuring that research outcomes are delivered to end users in the agriculture sector. Metrics from FY 2010 show a strong focus on small businesses:

- 115 of 197 (58%) active commercialization licenses are with small businesses
- 125 other licenses are with universities and institutions of co-inventors of USDA innovations, consolidating rights for subsequent licensing for commercialization; many—if not a majority (exact figures not available)—of the resulting sublicense agreements are also with small businesses enterprises
- 246 of 323 (76%) active licenses are exclusive or partially exclusive
- 125 of 323 active licenses have at least 1 product in the marketplace
- In addition to licenses, 260 Cooperative Research and Development Agreements (CRADAs) represent formal research partnerships, predominantly with U.S. small business (approx. 65%), to find solutions to high national priorities for agricultural industries and to facilitate

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Two Success Stories from GSA’s Green Proving Ground

Synap Sense Corporation, a University of California generated start-up company, developed wireless sensor technology that reduced power needed to cool a GSA demonstration data center by 48% and reduced total data center power usage by 17% - with a payback of 3.4 years. Data centers represent less than 2% of GSA’s inventory, but more than 5% of the agency's total energy consumption, therefore the potential of this technology is significant and represents a best practice that could help agencies meet mandated targets cost effectively.

Lumenergi, a startup, helped GSA pilot test the effectiveness of digitally controlled, workstation-specific lighting technology (“smart lighting”), in a 30,000 square foot space in GSA’s Phillip Burton Federal Building. The smart lighting technology delivered a 40% lighting energy savings, and the market potential led GSA to install this technology in more than 150,000 workstations for further testing.
adoption of innovation-based research outcomes for private sector commercialization. CRADAs convey the right to negotiate exclusive licenses by the partners without Federal Register notice
VIII. Increased U.S. Exports through the National Export Initiative

**By the Numbers**

- **More than 6% increase in the number of small businesses exporting** between 2009 and 2010 – **more than 293,000 small business exporters**, exceeding the previous record in 2008.

- Following an increased focus on small business through the National Export Initiative, a **growing number of small businesses are helping America meet the President’s five year goal of doubling exports** and increasing the number of export-supported jobs by 2 million.

- **More than $60 million committed to federal-state-local partnerships** through the State Trade Export Promotion grant program to increase small business exports in communities across the country.

- **More than 87% of the Export-Import Bank’s transactions in FY 2011** were with small businesses, supporting **$6 billion in total financing** for small business exports and reaching record high levels for the third year in a row.

- The Overseas Private Investment Corporation provided nearly **$1 billion in financing and political risk insurance to U.S. small and medium enterprises**, representing nearly 80% of its projects in FY 2011.

With 95% of the world’s consumers living outside our borders and the International Monetary Fund forecasting that nearly 87% of world economic growth over the next five years will take place outside of the United States, there are enormous opportunities for American small businesses to sell their products and services around the globe.

To help more businesses reach these markets, President Obama established the National Export Initiative (NEI), with the goal of doubling U.S. exports by end of 2014.

A key component of the NEI is ensuring that America’s small businesses have the tools, resources and relationships they need to make exporting a growing part of their business operations.

Small businesses face particular resource hurdles, limiting the ability of many to participate in global trade. For example, small businesses are more likely to need external financing to undertake an export transaction, a particularly daunting task with the tightening of credit markets. Small businesses also face insufficient knowledge of foreign markets, in contrast with larger firms’ access to market intelligence and direct presence in targeted foreign markets. In addition, small businesses are also less likely to know about federal government assistance and services that can support their growth into foreign markets. Finally, small businesses face higher real and perceived risks of exporting. They have fewer resources to address trade barriers, and they are less likely to have a diversified foreign customer base.
The NEI addresses these challenges through five key priorities:

- Improving advocacy and trade promotion,
- Increasing access to export financing,
- Reducing barriers to trade,
- Enforcing trade rules, and
- Promoting strong, sustainable, and balanced growth.

The Obama Administration’s targeted focus on supporting America’s exporters through the National Export Initiative is strengthening our recovery. Exports are contributing significantly to the United States’ overall economic recovery. In 2011, just the second year of the NEI, U.S. exports of goods and services hit record levels, totaling $2.11 trillion. Exports of goods and services supported 9.7 million jobs in 2011, up 1.2 million from the 2009 level of 8.5 million, which means we are 60% of the way to the President’s goal of increasing export-supported jobs by 2 million jobs in just the first two years of the NEI. Export-supported jobs accounted for 6.9% of total U.S. civilian employment in 2011. Moreover, a new trend points to small and medium enterprises (SMEs) accounting for a growing share of national exports. According to the U.S. Census Bureau, firms with fewer than 500 employees steadily raised their share of overall U.S. goods exports from 27% in 2002 to 34% in 2010 – a seven percentage point increase over eight years. 2010 also saw a record 293,000 companies exporting, rebounding from the 276,000 that exported during the financial crisis in 2009 and exceeding the previous record of 290,000 in 2008.12

**Improving Advocacy and Trade Promotion**

Under the National Export Initiative, the Export Promotion Cabinet and Trade Promotion Coordinating Committee agencies have increased their efforts to help U.S. companies export around the globe. For example, the Administration developed an enhanced client intake registration form on [www.export.gov](http://www.export.gov), the federal government’s export assistance web portal. The form enables agencies to more accurately identify new-to-export and new-to-market U.S. companies and refer them to the most appropriate federal resources for personalized service.

In addition, the Obama Administration is helping small businesses to export through a number of key initiatives:

*Small Business Working Group Trade Promotion Coordinating Committee.* TPCC is the interagency body that is principally responsible for coordinating the development of trade promotion policies and programs to meet the President’s mandate to double U.S. exports by the end of 2014. Various activities of the interagency group include: Coordinating on the redesign of the [www.export.gov](http://www.export.gov) web site to help new-to-export and new-to-market companies; implementing a “Train the Trainers” program; creating “Export Outreach Teams” nationally to provide local small business counselors with exporting basics; connecting SMEs to export opportunities such as Export Intermediary Matchmaker events around the country; providing trade finance counseling at major international trade shows; coordinating with Ex-Im Bank on an outreach effort to train more community bank lenders in government-guaranteed, trade financing programs; partnering with the Federal Reserve Bank’s district offices and Office of the Comptroller of the Currency’s regional offices; and training lenders on the USG’s export finance programs.
**DOC Advocacy and Export Promotion Efforts.** Since the implementation of the NEI, the International Trade Administration’s (ITA) U.S. and Foreign Commercial Service (US&FCS) has helped more than 9,200 U.S. companies successfully export, supporting over $100 billion in total exports. Approximately 85% of the companies assisted by US&FCS clients are small and medium businesses. Commerce has also coordinated 77 trade missions to 38 countries with over 1,100 companies participating. Participating companies have secured more than $1.25 billion in export sales as a direct result of these trade missions. Small businesses represented 81% of all trade mission participants from 2008 to 2011. US&FCS led this effort, with support on specific trade missions from partners, such as Fed Ex, the U.S. Chamber of Commerce and other state and local partners.

- **SelectUSA.** Established by Executive Order of the President, SelectUSA is a government-wide initiative to drive business investment in the United States and serve as an ombudsman to the investor community. As part of the US&FCS, SelectUSA works with state, regional, and local economic development organizations to promote and facilitate overall U.S. business attraction and retention, while exercising strict geographic neutrality.

- **Foreign Buyer Delegations.** The U.S. Commercial Service’s International Buyer Program matches foreign buyers with U.S. exhibitors at U.S. trade shows. For SMEs with limited resources to travel abroad, this program provides an excellent opportunity to connect directly with foreign buyers and distributors. Since the implementation of the NEI, ITA has recruited over 25,000 foreign buyers to visit major U.S. trade shows and directly connect with U.S. companies, which have resulted in $1.7 billion in export successes. IBPs enable U.S. companies to meet a breadth of prospective buyers from around the world all in one domestic venue. Given this, there is significant demand from U.S. trade show organizers to participate in the IBP.

- **Trade Fair Certification Program.** One of the fastest ways to increase exports by U.S. companies is to encourage them to attend major trade shows in other countries. Since the implementation of the NEI, 6,500 companies have participated in trade shows certified by the Department of Commerce, resulting in nearly $11 billion in exports.

- **Commercial Advocacy.** Commercial advocacy is designed to coordinate Federal Government resources and authorities to level the playing field on behalf of U.S. business interests as they compete with foreign firms. The commercial advocacy process leverages the instruments of U.S. diplomacy on behalf of U.S. companies to ensure fairness and transparency. Since the implementation of the NEI, ITA’s Advocacy Center recorded 46 advocacy wins and helped U.S. companies successfully compete for $72 billion in international contracts with total U.S. export value of more than $44 billion.

**IPR Attaché Program.** USPTO supports U.S. rights holders by advocating strong IPR protection and enforcement by U.S. trading partners. The program currently includes attaché posts in Beijing, Guangzhou, New Delhi, Moscow, Cairo, Rio de Janeiro, Bangkok, Geneva, and Mexico City.

**Patent Prosecution Highway.** USPTO and partner countries reciprocally offer expedited treatment for patent applications that have issued as patents in any of 22 corresponding countries. The program helps U.S. applicants export their technology to foreign markets quickly after receiving a U.S. patent, by significantly lowering the time and cost of examination and raising the likelihood of allowance in foreign patent offices. As a result, there is greater opportunity for small businesses to compete and grow internationally.
The Market Development Cooperator Program. This DOC program is designed to expand U.S. exports and supports the President’s National Export Initiative. The MDCP provides Federal financial and technical assistance to trade associations, chambers of commerce, and other industry groups that are particularly effective in reaching and assisting SMEs. MDCP partnerships help to underwrite the startup costs of competitiveness-enhancement projects, which these groups are often reluctant to undertake without Federal Government support.

Technical Assistance for Specialty Crops Program. Due to an extensive outreach effort by USDA in 2010 targeting the U.S. horticultural industry, the TASC program allocated more than $7.3 million (a record) in FY 2010 to 26 organizations representing hundreds of small businesses. TASC works to open, retain, and expand export markets for U.S. specialty crops.

International Small Business Collaboration. The Obama Administration understands that it is difficult for small businesses to make connections overseas. The following programs help to remedy that problem.

- **International Visitors Center.** The SBA International Visitors Center works closely with foreign dignitaries and business leaders to provide key information on the U.S. economy and on SBA’s unique support structure for small businesses. Since the start of the Administration, the Center has met with over 4,000 visitors from more than 125 countries.

- **China Road Shows.** USPTO offers IP-related programs to SMEs in cities nationwide. The program provides information and resources to help SMEs obtain and protect their IP in China and increase their awareness of threats of IP theft in China. The program guides both SMEs that are currently operating in China and those that are considering it.

- **Trade Shows.** Trade shows are one of the most effective tools to successfully link U.S. small businesses to foreign buyers of agricultural products. U.S. pavilions at international trade shows create national identity and visibility for all U.S. exhibitors. In CY 2010, USDA supported U.S. Pavilions at 27 international trade shows in 19 countries. As a result, nearly 1,000 exhibitors, most of which are small and medium sized businesses, reported $179 million of on-site sales and over $1 billion of estimated 12-month sales. U.S. companies introduced over 6,000 new-to-market products and made close to 16,000 serious business contacts at those shows. On average, 70% of the companies participating in these shows were small companies.

- **Reverse Trade Missions.** Reverse trade missions bring overseas buyers to the United States to introduce them to U.S. products and exporters. USDA made increasing the number of reverse trade missions a major focus in 2010. This campaign brought more than 2,400 foreign buyers together with U.S. small businesses as part of more than 240 such trade missions.

- **MBDA Taking Firms Global – South Africa, China and Australia.** In FY2011, MBDA, in partnership with Navistar and Cummins Engine, attended a Business Investment and Opportunity Mission hosted by the South African Department of Trade and Industry. The goals of the mission were to help create jobs in the U.S. economy and to provide minority-owned businesses with direct exposure to U.S. automotive original equipment manufacturers (OEMs) in South Africa. Specifically, this mission provided MBDA’s diverse manufacturing clients with direct market exposure to more than $100 million in contract opportunities with U.S. automotive OEM's already doing business in South Africa. The South African trade mission also
exposed investors to MBDA’s expert knowledge and capabilities, and our commitment to matching South African opportunities with U.S. minority-owned businesses in the automotive industry. Every business participating in the mission is now pursuing opportunities either in South Africa or in the U.S. as teaming partners.

**Increasing Access to Export and Investment Financing.** Access to credit remains a major issue for exporters, especially small businesses. The trade finance agencies – SBA, Ex-Im Bank, and USTDA – have taken steps to expand or maximize the use of their export credit programs. The Overseas Private Investment Corporation (OPIC) offers development financing tailored specifically to U.S. small businesses, helping these companies gain footholds in emerging markets.

- Since the implementation of the NEI, the SBA has guaranteed 2,651 export finance loans to 2,127 small businesses, for a total of $1.3 billion in loans awarded. The total export value supported by the loans was $2.8 billion. In addition, 7,136 individual lenders (primarily community bank representatives) were trained on granting international trade finance loans.

- Financing provided by the Export-Import Bank enables U.S. exporters to compete on a level-playing field by providing capital not available through commercial markets and minimizing U.S. exporters’ international commercial and political risk. Since the implementation of the NEI, Ex-Im Bank’s financing for small businesses has exceeded $18 billion. In FY 2010 and again in FY 2011, nearly 90% of the number of total transactions approved by Ex-Im Bank involved small business exporters.

- Annual Small business financing has risen almost 100% from $3.2 billion in 2008 to over $6.0 billion in 2011. The increased volume was driven by changes in processes that facilitated participation with banks, brokers and other export intermediaries, and by the development of products that mirrored the needs of small businesses. The increase has been achieved on the same level of staff.

- As part of its efforts to increase the extension of export related credit to small businesses, Ex-Im Bank’s Global Access for Small Business initiative has held 34 forums across the country over this period and 12 on-line Webinars in the past year, reaching approximately 5,000 small business exporters.

- Financial support for the expanding international activities of small business extends beyond export financing. OPIC, the U.S. Government’s development finance institution, helps U.S. small businesses reach new customers and expand into emerging markets which can otherwise be difficult to access. It offers medium- to long-term financing and political risk insurance to U.S. companies making eligible investments in developing and emerging markets, where conventional financial institutions are reluctant to lend. In FY 2011, 78% of OPIC’s projects, representing nearly $1 billion in commitments, involved American small and medium-sized businesses.
Increasing Trade Support through the Small Business Jobs Act. The Small Business Job Act (SBJA) was passed by Congress in September 2010 and included several changes to SBA’s Office of International Trade structure and programs. Highlights include:

- **A Permanent Export Express Loan Program.** The Export Express pilot loan program became a permanent program with 90% guarantees for loans up to $350,000 and 75% guarantees for loans up to $500,000.

- **Permanent Higher Loan Limits for the Export Working Capital Program and International Trade Loans.** The Act significantly increases the maximum loan sizes for Export Working Capital and International Trade Loans to $5 million.

**State Trade and Export Promotion (STEP) Grants Pilot.** The State Trade and Export Promotion Program is a three year pilot grant initiative (funded for two years), intended to increase the number of small businesses that export and to increase the value of exports by the small business sector.

The 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa are eligible to apply for competitively awarded grants under the Program.

Activities authorized under the program include participation in foreign trade missions and market sales trips, subscriptions to services provided by the DOC, design of international marketing products and campaigns, development of export trade show exhibits, sponsorship of training, and other efforts aligned with program goals.

**Increased Export Financing.** With the increases in allowable loan size, community banks have expressed a renewed interest in participating in SBA’s export loan programs. By the end of 2011, 517 community banks had signed up to offer the permanent Export Express program. The number of community banks approved to offer the Export Working Capital loan program under delegated authority increased by over 70% since the passage of the SBJA, making it easier and quicker for exporters to obtain trade financing. The International Trade Loan Program (ITL) facilitates access to capital for small businesses that are currently manufacturing products abroad and now want to bring their production facilities back into the U.S. for the purposes of exporting to take advantage of increased labor productivity, proximity to raw materials, quality control, re-linking their supply chain, and other such

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**Export Working Capital To Help Manage Long Payment Cycles**

With a mounting concern for the worldwide harmful effects of many well-known and much used agricultural insecticides, fungicides, and herbicides, Jose A. Lopez founded Marketing Arm International, Inc. in 1993 to develop and market only environmentally safe and friendly agricultural products of the highest quality and performance. Proud to be “green,” the Company’s products are used by farmers, agronomists, horticulturalists and even homeowners worldwide. From its humble beginnings in Mr. Lopez’ living room and with SBA’s help, the company has grown to occupy 12,000 square feet of manufacturing & warehouse space, and to employ a workforce of 11 employees. In order to expand to the other side of the globe, Marketing Arm International needed additional lines of credit to accommodate the long cash cycle associated with international sales. The SBA’s Export Working Capital Program allows the company to successfully manage this cycle and aggressively pursue new markets. Marketing Arm has steadily increased its export sales to approximately $9M in 2011, covering over 30 countries in Central and South America and Asia. With its recently expanded export working capital line of credit, the company will begin its entry into Asian markets by participating in the US Department of Commerce’s Trade Winds Asia trade mission in May 2012.
reasons. The ITL can also be used to assist a small business that is experiencing an adverse impact from imports, even if they are only selling their products domestically. Certain qualifications must be met to take advantage of the ITL Loan Program under these circumstances.

The dollar volume for loans made under all three core SBA loans for exporters increased significantly between FY2010 and FY2011. The Export Working Capital program volume increased by over 108%, growing from $128 million to $266 million. The Export Express program volume increased 168%, growing from $13.5 million to $36.2 million. The International Trade Loan volume increased over 1,200%, growing from $2.3 million to $31.2 million. Since the inception of the NEI, SBA has supported nearly $1.8 billion in small business exports through its loan guarantee programs.

In the past two years, more than 500 community bank lenders have been trained through joint efforts with bank regulatory agencies in seven cities and in an online webinar. Going forward, the goal is to train another 500 community bank lenders in 7 to 8 cities throughout the country and an additional webinar in the coming year, thereby helping to expand the financial infrastructure for delivering trade financing to small and medium-sized exporters.

**Global Access for Small Business.** On January 13, 2011, Ex-Im Bank launched Small Business Global Access in partnership with the National Association of Manufacturers, the U.S. Chamber of Commerce, and several financial institutions. This initiative is dedicated to dramatically increasing the number of small businesses exporting goods and services in order to maintain and create U.S. jobs. To date, Ex-Im has sponsored 34 Global Access forums for small businesses around the country. These forums bring exporters together with community banks, insurance brokers, other USG agencies and Ex-Im export finance specialists for one-on-one training in Ex-Im Bank finance and insurance products. An estimated total of 3,000 small businesses have attended these events. In addition, to help meet the ambitious goals of Global Access, Ex-Im is also holding several webinars throughout the year and has developed a new small business portal on the Bank’s website.

**Global Credit Express.** Ex-Im Bank recently launched its first direct loan program to help small business exporters access hard-to-find short term working capital lines of credit. Under the Global Credit Express pilot program with 9 lenders, small businesses are able to access 6 to 12 month working capital lines of credit of up to $500,000. This year, the program could help small exporters access up to $100 million in much needed capital.

**Supply Chain Financing.** In 2010, Ex-Im Bank developed its Supply Chain Finance Guarantee product to enable small business suppliers to borrow at reduced rates, minimize their need for borrowing, maximize cash flow and more precisely manage their risk. It is designed to enable suppliers to sell their accounts receivable to a lender to obtain early payment of invoices, thereby allowing them to increase liquidity to fulfill new orders. Ex-Im has already approved over $1.5 billion in these facilities for suppliers to four large U.S. exporters which is making credit available to over 1,000 of their small business suppliers.
**Express Insurance.** Designed in 2010 specifically for small businesses, Express Insurance reduces the time frame and the complexity of insurance that small businesses obtain to protect their export receivables from foreign buyer and country risk. The application is reduced from 4 pages to 2, the risk coverage is simplified, and the target turnaround time for a quote is 5 days. To date, Ex-Im Bank has issued over 200 Express Insurance policies in the amount of over $150mm, almost all of which is issued to new small business customers.

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**Company Moves Operations Back from China and Creates More U.S. Jobs**

ServerLIFT is a high-tech company that specializes in the manufacturing of lifts for lifting and handling data center servers. It was founded in 2002 in response to a growing demand for a safe and efficient way for staff to handle servers and other IT equipment in data centers.

This company originally manufactured in China and moved operations back to the U.S. in several stages over the past few years. In the last year this effort, combined with growth in domestic and international sales, helped ServerLIFT double the number of its U.S. employees. They received a $250,000 Express Insurance policy from Ex-Im Bank in June, 2011, with approved foreign buyers in Ireland and Turkey. This new financing product was developed specifically for qualified small businesses. It features a streamlined application and provides both a policy quotation and two foreign-buyer credit indications up to $300,000 within five business days. ServerLIFT can now seek new business by extending terms to international buyers via Express Insurance. As a result of having an insurance policy with Ex-Im Bank, ServerLIFT has expanded its list of potential distributors and, therefore, driven up overall sales.

"The Bank’s support gives us the support that we need to pursue foreign buyers," said Ray Zuckerman, CEO of ServerLIFT. "Extending credit makes us more attractive to our customers and allows us to sell to larger companies."

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**USDA Support for Small Businesses.** USDA market development programs support the efforts of U.S. companies, including small businesses, to build and maintain commercial markets overseas for hundreds of food and agricultural products. USDA’s partners in developing trade at the state level specifically focus on supporting small and medium sized business export efforts. In CY 2010, through its partnerships with State Departments of Agriculture, USDA allocated $29.1 million to 802 small U.S. agricultural companies to carry out promotions of their branded products around the world. These programs are some of the initiatives and tools designed for U.S. small businesses to increase their presence overseas.

- **Trade Facilitation Desk.** In response to concerns of U.S. agribusinesses, including small businesses, USDA launched a Trade Facilitation Desk (TFD) to help clarify and identify the documentation required to successfully export food and agricultural products. The TFD serves as an “ombudsman” and key point of contact for exporters, small and large, seeking assistance and guidance on our trading partners’ import requirements. The TFD also provides assistance with shipments that are detained at port of entry, including expeditious outreach to foreign governments and U.S. regulatory agencies to minimize the costs associated with detention of the shipment.

- **Export Credit Guarantee Program.** The GSM-102 Program provides credit guarantees to encourage financing of commercial exports of U.S. agricultural products. In CY 2010, the GSM-102 Program facilitated the export of approximately $3.2 billion in agricultural products. In continued efforts to expand knowledge and use of the GSM-102 Program, USDA implemented a
“contact the exporter” procedure benefiting small, new-to-export firms. This procedure offers assistance in using the program and introduces firms to a contact person, who can provide necessary information for successful program usage.

- **Joint Efforts.** USDA also increased its efforts to reach small, new-to-export businesses in collaboration with other U.S. Government export finance partners. USDA staff participated in joint seminars and conferences with the Ex-Im Bank, the SBA, and the DOC. These joint efforts have enhanced interagency coordination on export finance and ensured that conference participants (including exporters and financial institutions) are made aware of the full gamut of U.S. Government export finance opportunities.

**Reducing Barriers to Trade**

Under the National Export Initiative, the Administration has made a renewed effort to reduce barriers to foreign markets, particularly overseas. Tariff barriers, burdensome customs procedures, discriminatory or arbitrary standards, and lack of transparency relating to relevant regulations in foreign markets present particular challenges for our SMEs selling abroad.

**Newly Enacted and Pending Free Trade Agreements.** As of May 15, 2012, the trade agreements with Korea and Colombia had entered into force, and the Panama trade agreement was still pending. These agreements will open these important markets to U.S. exporters by lowering duties on many U.S. exports, and addressing non-tariff barriers that impact many small businesses.

**Trans-Pacific Partnership.** The Trans-Pacific Partnership (TPP) is a key initiative through which the Administration seeks to advance the United States’ multi-faceted trade and investment interests in the Asia-Pacific region, by negotiating an ambitious, 21st regional trade agreement. In addition to the high-standard, market opening elements of current U.S. trade agreements, the TPP will feature cross-cutting issues not tackled in previous trade agreements including strengthening small and medium-sized enterprises through greater participation in international trade.

**Robust Enforcement of Trade Rules.** The Obama Administration is aware that efforts to enhance U.S. commercial competitiveness and to maximize the potential of U.S. exporters can be thwarted by unfair trade practices of foreign governments and firms. Ensuring that U.S. companies and workers have the opportunity to compete on a level playing field is thus a critical part of the Administration’s efforts to advance business competitiveness in the U.S. and abroad, and is a key component of the NEI.

The Administration actively monitors foreign government compliance with trade agreements to which the United States is a party and pursues enforcement actions, using dispute settlement procedures and applying the full range of U.S. trade laws when necessary.

**Creation of the Interagency Trade Enforcement Center.** In his 2012 State of the Union Address, the President called for “the creation of a trade enforcement unit that will be charged with investigating unfair trading practices in countries like China.” The President carried through on that commitment on February 28, through the signing of an Executive Order that established the Interagency Trade Enforcement Center (ITEC). The ITEC brings a “whole-of-government” approach to addressing unfair trade practices and has the following core missions: (1) to coordinate the enforcement of U.S. trade rights under international trade agreements and domestic trade enforcement authorities; (2) to liaise with the U.S. Intelligence Community for the exchange of information related to potential violations of international trade agreements by our foreign trade partners; and (3) to conduct outreach to U.S.
workers and businesses in order to better identify foreign trade barriers. As appropriate, the ITEC will support U.S. engagement with foreign trade partners through the World Trade Organization, as well as through increased utilization of trade enforcement authorities under various domestic trade laws. The Office of the U.S. Trade Representative (USTR) and DOC are leading the efforts of ITEC, with the support of USDA, DHS, Department of Justice (DOJ), Department of State, and Treasury, as well as the Intelligence Community.

**Taking Robust Action on Trade Enforcement Since Day One.** The Obama Administration’s new initiative on trade enforcement builds upon substantial efforts since the start of the Administration to defend the rights of U.S. workers, businesses, farmers, and ranchers under international and domestic trade rules.

- **World Trade Organization.** The Obama Administration achieved a landmark win for American aerospace workers in 2010, when the WTO ruled that European governments had illegally subsidized Airbus’s large civil aircraft by more than $18 billion over four decades. The Administration has also initiated five strategic and systemic disputes in the WTO against China—doubling the annual rate of WTO challenges against China compared to the prior Administration and going to the core of China’s industrial policies, including its export restraints on industrial raw materials, prohibited subsidies for wind power equipment, and misuse of trade remedy investigations to restrict U.S. exports to China.

- **Import Safeguards.** In 2009, President Obama ordered safeguards applied to tire imports from China, a move that addressed a surge of tires from China and that led U.S. tire companies to increase production by more than 10%, hiring more than 1000 workers in the process. In so
doing, the President applied the “Section 421” safeguard law for the first time since China joined the WTO in 2001. In 2011, the Administration achieved a WTO Appellate Body win affirming the legality of the safeguard.

**Counseling SMEs about Recourse from Unfair Trade Practices.** SMEs and their workers are a critical driver of growth and innovation in the U.S. economy. Because such firms are often unaware of the range of relief that the AD/CVD laws can provide to remedy trade distorting practices, IA’s Petition Counseling and Analysis Unit regularly advises SMEs about the recourse that the unfair trade laws can provide. In FY 2011, IA conducted 345 of these types of counseling sessions with U.S. companies, over 65% of which were with SMEs. In addition, IA provided assistance to nearly 100 exporters facing foreign trade remedy actions. These companies include major U.S. manufacturers, small- and medium-sized exporters, and producers of key agricultural exports. Together, these firms employ more than 1.6 million Americans and have substantial operations in more than 35 states.

**Trade Agreements Compliance Program.** Since the start of the NEI, DOC’s Trade Agreements Compliance Program has initiated 208 investigations of foreign trade barriers affecting small business, and successfully resolved 67. Examples include removing the burdensome and non-transparent Chinese certification requirements affecting a York, Pennsylvania, specialty refrigerator company, and ensuring that Chile provides procedures for all U.S. companies to obtain advance rulings on customs matters, increasing predictability which is particularly useful to resource-constrained small businesses.

**Protecting Intellectual Property Rights.** DOC has undertaken numerous activities and generated resources to assist SMEs to protect and enforce their IPR, both in the United States and abroad. DOC’s International Trade Administration (ITA) launched and maintains the U.S. Government’s IPR Portal, [www.STOPfakes.gov](http://www.STOPfakes.gov), which provides businesses with the ability to educate themselves on IPR issues in the U.S. and in foreign markets, get free advice from private sector lawyers, communicate concerns about IPR-related trade problems to trade specialists from the Office of Intellectual Property Rights and report IPR violations to law enforcement agencies. The DOC also established the 1-866-999-HALT hotline answered by U.S. Patent and Trademark Office (USPTO) IPR experts, who work with the Office of Intellectual Property Rights to help businesses secure and enforce their IPR through international treaties. The White House Intellectual Property Enforcement Coordinator, through the development and implementation of the Administration’s Joint Strategic Plan on Intellectual Property Enforcement, coordinates with the Departments of Agriculture, Commerce, Health and Human Services, Homeland Security, Justice, State, Treasury, and the Office of the United States Trade Representative to improve enforcement of intellectual property owned by U.S. small businesses here at home and overseas.
IX. Tapping the Potential of Underserved Communities

BY THE NUMBERS

- **Over $18 billion in SBA loans and over $120 billion in federal prime contracts** to minority-owned small businesses since 2009.
- **More than $10 billion in SBA loans and over $50 billion in federal prime contracts** to women-owned small businesses since 2009.
- **More than $480 million in Patriot Express SBA-guaranteed loans to over 5,000 veterans and $30 billion in federal prime contracts** to service-disabled veteran-owned small businesses since 2009.
- **Over $17.6 billion in SBA-supported loans** to rural communities.
- SBA and USDA committed to **drive $350 million of investment capital** through impact funds and existing Small Business Investment Companies into **rural small businesses** over the next five years.

America is engaged in the toughest global competition in its history and we cannot succeed without every player in the game. Yet, some of America’s most promising entrepreneurs, including women-owned and minority-run businesses, face an uphill struggle. A recent study by the Kauffman Foundation found that women high-tech entrepreneurs raised nearly 70% less capital when starting their firms than men did. Small dollar loans on the balance sheets of our nation’s banks, which are heavily correlated to underserved communities, are down about 20% or $53 billion since 2008.

We need the contributions of every entrepreneur to underpin our future prosperity. Central to the goal of creating an economy built to last is ensuring all of America’s innovators have access to the tools they need to start or grow their business and opportunities to succeed. That’s why President Obama has worked every single day to cultivate a more inclusive, more open and more equal environment that supports the contributions of all America’s entrepreneurs.

Helping Minority-Owned Small Businesses Grow and Hire

*African American-Owned Small Businesses.* The success of the nearly 2 million African American-owned businesses in the United States is critical to our economy. African American firms are an engine of job creation, from 2002 to 2007 paid employment by African American-owned firms grew by 21% from 754,000 to nearly 910,000 compared to a decrease in employment of 1% for non-minority firms. President Obama is committed to ensuring these firms have the tools they need to continue to grow and create jobs in their communities.

- **Expanding Access to Capital.** Since the start of the Administration through March 31, 2012, over $1.5 billion through over 5,600 SBA loans went to African American small businesses.
• **Expanding Access to Federal Contracting.** Since January 2009, African American-owned small businesses have won over $26 Billion in federal prime contracts.

**Hispanic-Owned Small Businesses.** There are more than 2.3 million Hispanic-owned businesses in the US, employing 1.9 million people. Due to their unique assets and language skills, Hispanic-owned businesses are more likely to be exporters compared to non-minority firms. Among firms generating 20% or more of their sales in exports in 2007, Hispanic firms (2.4%) were twice as likely to export compared to non-minority firms (1.1%). Supporting these small businesses helps ensure that America’s economy remains globally competitive for the 21st Century.

• **U.S. Hispanic Chamber of Commerce Partnership.** SBA has joined forces with the U.S. Hispanic Chamber of Commerce (USHCC) to help support thousands of Hispanic small businesses and entrepreneurs grow and create more jobs. Through this collaboration, the SBA and USHCC are working with national and local Hispanic organizations to increase Hispanic-owned small business participation in SBA programs. The goal of the partnership is to increase lending to Hispanic small businesses; increase awareness of SBA programs and services among Hispanic-owned small businesses; increase participation of small Hispanic-owned businesses in SBA’s procurement programs, with a focus on women and veterans; and increase trade opportunities for small Hispanic-owned businesses.

• **Expanding Access to Capital.** Since the start of the Administration through March 31, 2012, over $3.8 billion through over 10,800 SBA loans went to Hispanic-owned small businesses including over $128 million through nearly 300 international trade loans.

• **Expanding Access to Federal Contracting.** For many small businesses, winning a federal government contract is an opportunity to build capacity and grow their business. SBA works with federal agencies to provide increased opportunities for Hispanic-owned small businesses to compete for and win federal contracts. Since January 2009, Hispanic-owned small businesses have won over $29 billion in federal contracts.

**Native American-Owned Small Businesses.** Each year, more than 230,000 American Indian and Alaska Native and 38,000 Native Hawaiian-owned businesses add billions to the American economy. These small businesses are also vital to Native American communities and the Administration is committed to helping them grow and hire.

• **Increasing Access to Capital.** Since the start of the Administration through March 31, 2012, nearly $358 million through nearly 1,300 SBA loans went to Native American-owned small businesses.

• **Expanding Access to Federal Contracting.** For many small businesses, winning a federal government contract is an opportunity to build capacity and grow their business. SBA works with federal agencies to provide increased opportunities for Native American-owned small businesses to compete for and win federal prime contracts. Since January 2009, Native American-owned small businesses have won nearly $35 billion in federal contracts.

• **MBDA Opened a New Native American Business Center in Alaska.** In FY2011, MBDA launched a new MBDA Business Center in Anchorage, Alaska, managed in partnership with the National Center for American Indian Enterprise Development (NCAIED) and the University of
Alaska-Anchorage, to target Alaska Native Corporations, a community of large and medium-sized businesses that generate over $7 billion in annual revenues and represent a substantial source of contracting and sub-contracting opportunities for both Native American, and non-Native American owned firms.

- **Native American Educational Training.** This USPTO program is a collaboration with the Native American Intellectual Property Enterprise Council and with the U.S. Indian Arts and Crafts Board to provide information to Native American businesses and students about intellectual property and opportunities for economic growth.

**Asian American and Pacific Islander-Owned Small Businesses.** The success of the 1.5 million AAPI-owned businesses in the United States, which employ more than 2.8 million workers, is critical to our economy. Between 2002 and 2007, AAPI-owned firms outpaced the growth of non-minority firms in gross receipts (55% AAPI growth), employment (27%), and number of firms (40%). The Administration is doing all that it can to ensure that Asian Americans entrepreneurs have the tools they need to continue to succeed.

- **Expanding Access to Capital.** Since the start of the Administration through March 31, 2012, over $13 billion went to AAPI small businesses through over 19,000 Small Business Administration loans.

- **Expanding Access to Federal Contracting.** Since January 2009, AAPI small businesses have won over $34 billion in federal contracts.

**Expanding Opportunities for Women-Owned Small Businesses**

Women-owned businesses represent one of the fastest-growing segments of the economy. Forty years ago, women owned just 5% of all small businesses. Today, women own 30%, a total of 7.8 million small businesses generating $1.2 trillion a year in sales. Between 1997 and 2007, women-owned companies in the U.S. grew at nearly twice the rate of all US privately held firms, adding roughly 500,000 jobs while other companies lost jobs.

Yet, while women-owned small businesses play a critical role in our economy, according to the National Women’s Business Council, few take advantage of federal loan programs. More than half (55.5%) of women-owned businesses had to use personal or family savings to start or acquire their business. Many women entrepreneurs also struggle to advance their businesses beyond the startup phase. The Obama Administration has worked to expand opportunities for women-owned businesses through increased access to credit and federal contracting opportunities.

**Increasing Access to Credit and Counseling Services.** SBA loans are 3 to 5 times more likely to be made to minority- and women-owned businesses than conventional small business loans made by banks. The President has expanded SBA lending, making more than $10 billion available through over 30,900 SBA loans to women-owned businesses between January 2009 and March 31, 2012. Additionally, the SBA has opened 10 new Women’s Business Centers around the country, for a total of 110 centers that have trained and/or counseled over 160,000 people, primarily underserved and economically disadvantaged women.
Expanding Access to Federal Contracting. The Obama Administration implemented the new Women-Owned Small Business Federal Contract program, which helps level the playing field for women-owned small businesses in over 300 industries where women are underrepresented by giving them greater access to Federal contracting opportunities. To date, over 10,000 firms have taken steps to participate in this program. Additionally, since 2009, women-owned small businesses have been awarded over $50 billion in federal prime contracts.

Strengthening Programs that Reach Women Business Owners. In October 2010, the SBA, National Women’s Business Council, and the White House Council on Women and Girls co-hosted the White House Forum on Women’s Entrepreneurship. Since then, SBA has held 10 regional events across the country as part of the Women’s Entrepreneur Summit series to hear directly from women who are building and growing companies in many industry sectors. The final report highlighting the findings from this series of Women’s Entrepreneur Summits was published in the Spring of 2011, including the top issues women face as they start and grow businesses and what SBA continues to do to help support these women.

NY Urban Economic Forum for Women’s Entrepreneurship. Under the auspices of the White House Business Council, the White House launched a multi-city series of Urban Economic Forums in conjunction with the U.S. Small Business Administration. The first forum was held in February 2011 at Barnard College and was hosted in conjunction with the White House Council on Women and Girls focusing specifically on women urban entrepreneurs. The intent was to connect the President’s economic vision and agenda to the needs of women urban entrepreneurs, demonstrate the Administration’s ongoing commitment to supporting the success of women-led businesses and connect area women entrepreneurs to resources and networks that can help them grow and hire.

Supporting Veteran Small Business Ownership

As small business owners, veterans continue to serve their country and to create jobs. Already, veterans own about 2.4 million businesses or 9% of all of America’s businesses. These businesses generate about $1.2 trillion in receipts and employ nearly 5.8 million Americans. The Administration is committed to ensuring veteran entrepreneurs and service-disabled veteran-owned businesses have the tools they need to continue to grow.
**Patriot Express Loans.** Patriot Express loans are offered by SBA’s network of participating community banks nationwide and feature one of SBA’s fastest turnaround times for loan approval and an enhanced guaranty and interest rate on loans up to $500,000 to small businesses owned by veterans, reservists and their spouses. The Patriot Express loan can be used for most business purposes, including startup, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Since January 2009 through March 31, 2012, Patriot Express loans have provided more than $480 million in SBA-guaranteed loans to over 5,000 veterans to start or expand their small businesses.

**Service Disabled Veteran-Owned Business Contracting.** The Service-Disabled Veteran-Owned Small Business Concern Procurement Program allows federal agencies to set acquisitions aside for exclusive competition among service-disabled veteran-owned small business concerns. SBA works with service-disabled veteran-owned small businesses to build awareness of federal contracting opportunities and to ensure they have the resources they need to bid for federal contracts. Since 2009 $30 billion in federal prime contracts were awarded to service-disabled veteran-owned small businesses.

**Veterans Business Outreach Centers.** The Veterans Business Outreach Program (VBOP) is designed to provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has 16 organizations across the country participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC).

**Veterans Employment and Training Systems.** Through VETS, the Department of Labor provides an online, step-by-step toolkit for employers interested in hiring veterans. The toolkit is designed to assist and educate employers who have made the proactive decision to include transitioning service members, veterans and wounded warriors in their recruitment and hiring initiatives. Recognizing that each employer is unique, this guide allows business owners to select from promising practices and other resources that employers are using to successfully welcome talented and skilled veterans into their small businesses. VETS has partnered with the United States Chamber of Commerce to hold “Hiring our Heroes” Veterans Job Fairs across the United States. Since the program’s launch in March 2011, over 150 hiring fairs in 48 states and the District of Columbia have been held, resulting in almost 10,000 veterans finding jobs. Hiring fairs in 400 communities are planned for 2012, as well as the creation of a standalone program for military spouses. These fairs have been critical resources for small businesses to meet qualified veterans, learn about how military credentials can translate to the civilian workforce, and network with VETS and non-profit agencies about the continued employment of veterans.

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Making It Easier for Veterans to Get a Loan

Colin Burgos is the owner of Combat Ready USA, a small, veteran-owned retailer of tactical gear for the military and law enforcement communities based in San Clemente, California. Burgos started the business after separating from the Marine Corps as a Sergeant, knowing that many Camp Pendleton-based Marines were purchasing tactical equipment from online stores in order to make their jobs easier, spending hundreds of dollars in the process. Burgos heard about the Patriot Express loan program and called the Santa Ana District Office to find out more information, eventually completing his business plan and submitting it to US Bank for consideration. US Bank approved his loan request for $250,000 which allowed Burgos to make some tenant improvements and purchase inventory. The doors to Combat Ready USA opened in late 2007. Four years later, he’s pleased with the overall growth in sales, having added three employees including his former drill instructor from the Marine Corps. Last year, Combat Ready USA entered the 8(a) business development program and was recently awarded its first contract through the program.
National Veterans Entrepreneurship Training Program. SBA is developing a National Veterans Entrepreneurship Training program entitled, “Operation Boots to Business: from Service to Startup” that is being piloted this year at four Marine Corps bases across the country. The pilot program includes an introduction to entrepreneurship video, 90 minutes of introductory classroom instruction, and an optional eight-week online intensive skills building class for those interested in learning more about entrepreneurship and business ownership. In addition, SBA has partnered with Syracuse University on three new training programs for America’s veterans and their families:

- **The Entrepreneurship Boot Camp for Veterans with Disabilities.** The SBA and the Institute for Veterans and Military Families at Syracuse University continued to grow their partnership in 2011. The Institute’s Entrepreneurship Bootcamp for Veterans with Disabilities (EBV) offers cutting edge, experiential training in entrepreneurship and small business management to post-9/11 veterans with disabilities resulting from their service to our country. The EBV program is designed to open the door to business ownership for our veterans by developing skills in the many steps and activities associated with launching and growing a small business, and by helping veterans leverage programs and services for veterans and people with disabilities in a way that furthers their entrepreneurial dreams. Since its launch, the EBV program has grown to eight world-class institutions across the country.

- **Women Veterans Igniting the Spirit of Entrepreneurship.** A program focused on training, networking, and mentorship for women veterans, Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE) consists of an online training program and in-person three-day conference where participants are exposed to accomplished entrepreneurs and entrepreneurship educators from across the United States. The program includes two tracks of training; a ‘growth track’ tailored to those participants already in business, and a ‘startup’ track focused on potential future entrepreneurs. Courses include business planning, marketing, accounting/finance, operations/production, human resources and work life balance. VWISE is a third program offered by the Institute for Veterans and Military Families at Syracuse University in partnership with the SBA.

- **Operation Endure and Grow.** Operation Endure and Grow is another program offered by the Institute for Veterans and Military Families at Syracuse University in partnership with the SBA. This eight-week online course is geared toward members of the National Guard and Reserves, their families, and partners. It focuses on the fundamentals of launching and/or growing a small business for those who will be maintaining the business when the service member is deployed or in the event he or she is killed or injured while serving their country.

Vocational Rehabilitation and Employment. This VA program is a comprehensive vocational rehabilitation program for service-disabled veterans that provides up to 48 months of extensive services leading to employment. Every VR&E program participant is provided a comprehensive vocational evaluation to determine transferable skills, aptitudes, and interests; explore labor market and wage information; and to focus on vocational options that will lead to a viable suitable employment or independent living goal. Results from the evaluation help determine which of the 5 tracks to success (Reemployment with Previous Employers, Rapid Access to Employment, Self-Employment, Employment Through Long-term Services, or Independent Living) is most appropriate. Depending on the rehabilitation needs of the individual, services may include training such as on-the-job, vocational/technical school, college-level (certificate, 2-year degree, 4-year degree or beyond). VR&E pays for tuition, fees, books and supplies associated with training as well as a monthly subsistence
allowance. Currently, the VR&E program has about 110,000 program participants. Close to 20,000 Veterans achieved their rehabilitation goals in FY 2010 through FY2011. Thus far in 2012, VR&E has assisted over 5,000 Veterans achieve rehabilitation.

**Mentorship Incubators for Veterans.** VA, in partnership with SBA and DOL, has established two of the first integrated business accelerators focused solely on helping our veterans launch and sustain their own businesses. The first accelerator program is a brick-and-mortar facility in Milwaukee, Wisconsin. Veteran Entrepreneurial Transfer (VETransfer) is a non-profit business incubator providing physical office space and shared services to help veteran-owned businesses get off the ground. The second program is a virtual, online business accelerator focused initially on veteran entrepreneurs in Roanoke, Virginia and Philadelphia, Pennsylvania. The VetSuccess Employment Accelerator (VetSEA) will provide a suite of online tools and resources that assist veterans in all phases of the entrepreneurial process, from assessing their skills readiness to developing a business plan to launching and building a new company.

**The Innovation Initiative (VAi2).** This program provides a structured process for bringing new solutions from new sectors into VA from private industry and the 300,000-strong VA workforce. Focus areas include improving access to care, increasing quality, driving down cost, and driving up veteran satisfaction. Since the program’s official launch in 2010, over 600 ideas in eleven topic areas have been evaluated. Currently $108 million is funding a portfolio of 128 innovations across multiple challenge areas.

**Interagency Task Force on Veterans Small Business Development.** At the President’s direction, SBA led the first-ever Interagency Task Force on Veterans Small Business Development, which included representation from seven federal agencies and four veterans service organizations. The Task Force is focused on increasing the number of veteran-owned businesses and the number of Americans – including other veterans – those businesses employ. Through public meetings, the Task Force gathered input and ideas which ranged widely in scope, strategy, and feasibility. In November 2011, the Task Force delivered its first report to the President, which included 18 recommendations across three priority areas: increasing opportunities for growth, improving and expanding counseling and training services, and reducing barriers. To read the full report, visit [http://www.sba.gov/about-offices-content/1/2985/resources/31141](http://www.sba.gov/about-offices-content/1/2985/resources/31141).

**Connecting Veterans to Exporting Opportunities.** In 2010, Ex-Im created the new position of Veterans Outreach Coordinator. The purpose is to reach out to all veterans and veterans groups and to connect export finance opportunities with potential opportunities for sales abroad.
Supporting Small Businesses in Rural America

Rural America is home to a vibrant economy supported by nearly 50 million Americans and many of the nation’s small businesses are located in rural communities. Rural communities provide our country with affordable agricultural products, competitive manufacturing capabilities, and an independent, renewable energy supply. These enterprises not only create new jobs, but also improve our competitiveness globally.

The White House Rural Council. The White House Rural Council focuses on actions to better coordinate, streamline, and leverage federal program efforts in rural America. In particular, the primary goals of the Council are to create jobs and economic opportunities through increased access to credit, promote innovation through renewable energy and broadband expansion, improve access to quality health care and education, and expand opportunity through conservation.

Increasing Access to Capital. SBA supports rural small businesses with approximately $520 million in much needed loans through the 7(a) and 504 loan programs annually. In total since the start of the Administration through March 31, 2012, SBA supported loans have made over $17.6 billion in capital available to rural communities, including $1 billion to rural agricultural small businesses. Additionally, in 2011 SBA launched Community Advantage, which increases points of access in rural communities by opening the SBA 7(a) loan program to community-based, mission-focused lenders. Since 2011, SBA has supported $2.6 million in Community Advantage loans to rural small businesses.
**Rural Development Capital Market Project.** In 2011, USDA Rural Development (RD) established the Capital Market project team to identify investment tools that businesses and financial institutions can use to create jobs, spur business growth, encourage entrepreneurship, and expand economic prosperity in rural communities. Since 2009, USDA Rural Business-Cooperative Programs have provided nearly $7 billion in guarantees, loans, and grants, creating or saving over 266,000 jobs and assisting 50,000 businesses.

**Agricultural Technology Innovation Partnership.** The ATIP network is comprised of nine technology-based economic development (TBED) members to further enhance likelihood that agriculture research outcomes will be adopted by the private sector for commercialization. ATIP has initiated the Rural Agriculture and Business Innovation Forums that provide solutions to identified ag-sector local and regional problems and create opportunities to improve the economic viability of the rural agri-economy. Problems and opportunities are identified via a community listening session convened one month ahead of the Forum. In 2012, these Forums will be convened in partnership with Rural Business Services, Cooperative Extension Service, and NIST Manufacturing Extension Partnership programs. The first of these is scheduled for July in Ohio.

**Doubling Investment Funds for Rural Small Businesses.** In the White House Rural Council’s August 2011 announcements, the President announced that SBA will commit to driving $350 million of investment capital through the SBIC Impact Investment Program and existing SBICs into rural small businesses over 5 years, doubling the rate of historical investment in rural America by SBICs. SBA would provide up to a 2:1 match to private capital raised by the fund towards investments in distressed areas and emerging sectors, such as clean energy.

**Connecting Rural Small Businesses with Private Investment Capital.** To further achieve this goal, SBA and USDA hosted a series of Rural Private Equity and Venture Capital roundtables nationwide to provide a platform for connecting private equity and venture capital investors with rural startups. At the time of printing, 5 of the 6 roundtables had been completed. SBA is also encouraging the formation of SBIC’s with a specific rural focus. There are currently two potential SBICs in SBA’s pipeline that would have a rural focus as part of their investment strategy.

**Rural Jobs Accelerator.** DOC’s Economic Development Administration (EDA), USDA, the Appalachian Regional Commission (ARC) and the Delta Regional Authority (DRA) have launched the Rural Jobs and Innovation Accelerator Challenge (Rural Jobs Accelerator), which is a coordinated inter-agency effort designed to spur job creation and economic growth in distressed rural communities. This initiative coordinates complimentary Federal funding streams to help rural communities identify and maximize local assets, and connect to regional opportunities and self-identified clusters that demonstrate high-growth potential. EDA and USDA are leveraging approximately $14 million in existing funding, with an additional $1 million in funding from the ARC and the DRA. The Rural Jobs Accelerator is expected to make awards to approximately 20 regions across the country.

**Small Business Assistance to Farmers.** The Recovery Act provided immediate assistance to 2,875 producers who needed loans but were unable to obtain commercial credit from conventional lenders, including more than 600 socially disadvantaged producers and almost 1,200 beginning producers. These loans were used to purchase land, livestock, equipment, feed, seed, and supplies, or to construct buildings or make farm improvements, all of which spur growth in rural communities. In total, the USDA’s Farm Service Agency (FSA) issued nearly 37,000 loans in FY 2010, providing more than $5 billion in assistance, including $2.2 billion to 20,000 beginning or socially-disadvantaged producers combined.
The Recovery Act also provided $800 million to farmers and ranchers whose operations were at risk due to lost crops as a result of natural disaster. In addition, the safety net provided by FSA offered farmers a range of tools to help them weather unforeseen periods of financial difficulty, such as a fixed base of minimum financial assistance for income certainty, emergency and disaster payments, stabilization assistance during seasonal cash flow slumps, and payments to transition to new types of crops or reserve land for conservation purposes. More than $11 billion was invested in FY 2010 to provide a safety net for this critical small business sector that serves American households.

**Department of Agriculture Rural Business and Cooperative Service**

RBS works with private sector and community-based organizations to finance rural businesses, create sustainable jobs, promote a clean rural environment, and promote economic development throughout rural America. In FY 2011, RBS obligated almost $1.9 billion, provided 4,457 loans and grants, assisted over 15,500 businesses, and helped create/save an estimated 67,410 jobs. A Business Programs (BP) division and a Cooperative Programs (CP) division make up RBS.

**RBS Business Programs Division.** This division provides loan guarantees, direct loans, and grants to small rural businesses, farmers, and ranchers that help create and save jobs and promote a clean rural environment. Recipients include individuals, corporations, public and private companies, cooperatives, Indian tribes, and nonprofit organizations. In 2011, the Business Programs Divisions obligated over $1.49 billion in loans and grants, provided 1,310 loans and grants, assisted 12,875 businesses, and helped create or save over 65,000 jobs in communities throughout rural America. BP loan and grant programs are as follows:

- **Business and Industry Loan Program.** B&I provides loan guarantees to community banks. The program also supports community banks by boosting their legal lending limits, expanding their lending portfolio, and allowing increased benefits through the sale of the guaranteed and non-guaranteed portions of the loan in the secondary market. In 2011, the B&I Guaranteed Loan Program obligated over $1.4 billion in loan guarantees, provided 511 loans, assisted 947 businesses, and helped create or save over 27,806 jobs in communities throughout rural America.

- **Rural Business Enterprise Grant Program.** RBEG provides grants to assist small businesses with their specific needs. In 2011, the RBEG program obligated over $42 million in grants, provided 585 grants, assisted 10,399 businesses, and helped create or save almost 13,300 jobs in communities throughout rural America.

- **Intermediary Relending Program.** IRP provides loans to local organizations (intermediaries) that they use to establish revolving loan funds. These loan funds will finance business and economic development activities that help create and save jobs in disadvantaged and remote communities. In 2011, the IRP program obligated over $19 million in loans, provided 57 loans, assisted 649 businesses, and helped create or save over 14,600 jobs in communities throughout rural America.

- **Rural Microentrepreneur Assistance Program.** RMAP provides direct loans, technical assistance grants, and technical assistance only grants to microenterprise development organizations (businesses of less than 10 people), to support the development and success of rural micro entrepreneurs and microenterprises. In 2011, RMAP obligated over $15 million in
direct loans, provided 87 loans, grants and technical assistance grants, assisted 492 businesses, and helped create/save an estimated 2,304 jobs.

- **Rural Economic Development Loan and Grant Program.** REDL provides zero interest loans to local utilities, which they, in turn, pass to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. In 2011, RBS obligated almost $29.5 million in direct loans, 47 loans, assisted 163 businesses, and helped create/save almost 4,100 jobs.

  The REDG Program provides grant funds to local utility organizations, which use the funds to establish Revolving Loan Funds (RLF). In 2011, RBS obligated over $6.25 million, provided 23 grants, assisted 231 businesses, and helped create/save 2,974 jobs.

- **Rural Business Services' Biorefinery Assistance Program.** Administered through USDA Rural Development, the Biorefinery Assistance Program (BAP) directly supports the commercialization of new technology for the development of advanced biofuels. BAP provides loan guarantees of up to $250 million for the development, construction, and retrofitting of commercial-scale biorefineries. These projects include technology adopted in a viable, commercial-scale operation of an advanced biorefinery. Projects also include technologies that have technical and economic potential for commercial application in an advanced Biorefinery. BAP has provided $568 million that will create over 300 jobs while assisting seven advanced biofuels refineries.

- **Rural Energy for America Program.** REAP provides loan guarantees and grants that assist rural small businesses and agricultural producers with the cost of purchasing and installing renewable energy systems and energy efficiency improvements. REAP program help businesses create and save jobs, additional wealth, and a clean rural environment. In FY 2011, REAP provided $62 million in grants, saved or created 1,610 jobs, assisted 2,764 small businesses. REAP also provided $34 million in loans, saved or created 263 jobs, and assisted 545 small businesses.

**RBS Cooperative Programs Division.** This division promotes the use of the cooperative form of business as a viable option for marketing and distributing agricultural products. CP programs provide grants to small rural businesses, farmers, ranchers, cooperative members, Tribal organizations, educational institutions, and organizations. In 2011, The Cooperative Programs Division obligated over $54.5 million, provided 403 grants, assisted 618 businesses, and helped create or save 586 jobs. CP grant programs are as follows:

- **Value-Added Producer Grant.** (VAPG) provides planning grants used for feasibility studies or business plans for value-added agricultural products, and working capital grants for the expenses related to processing and/or marketing the value-added agricultural products. In 2011, the VAPG program provided over $40 million in grant funding to 299 projects in 44 states and Puerto Rico.

- **Small Socially-Disadvantaged Producer Grant.** SSDPG provides technical assistance grant to small, socially-disadvantaged agricultural producers through eligible cooperatives and associations of cooperatives. In 2011, the SSDPG program provided $2.94 million in grant funding to 19 businesses.
• **Rural Cooperative Development Grants.** RCDG helps establish and operate centers for cooperative development as a means of improving the economic condition of rural areas. In 2011, the RCDG program provided $7.94 million in grant funding to 36 businesses.

• **Rural Business Opportunity Grants.** RBOG promotes sustainable economic development in rural communities with exceptional needs through training and technical assistance grants for business and economic development planning, entrepreneurs, and economic development officials. In 2011, the RBOG program provided $7.9 million in grant funding to 109 businesses, which helped create 2,566 jobs throughout rural America.

**Support for Small Businesses that Hire Americans with Disabilities**

DOL’s Office of Disability Employment Policy (ODEP) provides national leadership to individuals with disabilities seeking employment, and works with businesses of all sizes to educate and encourage them to hire individuals with disabilities. Through *Business Sense*, ODEP’s electronic monthly newsletter, more than 55,000 small business subscribers receive tips on practices and resources to help them recruit, hire, and retain people with disabilities. [http://www.dol.gov/odep/](http://www.dol.gov/odep/)

**Disability Employment Initiative.** ODEP has partnered with ETA to implement the Disability Employment Initiative (DEI) within the public workforce system and its partners. Three-year grants are being awarded to states to build their capacity to improve educational, training, and employment opportunities and outcomes of youth and adults with disabilities. Self-employment and entrepreneurship training was one of several strategies on which grantee states could focus their efforts. The Department awarded $21 million to nine states in the first round of DEI grants in September 2010, and another $21 million in September 2011 in the second round. Competition for approximately $20 million in the third round of DEI grants opened on April 16, 2012 and will close on June 1, 2012. Grants to six to ten states are expected to be awarded in September 2012.

**Employment First.** ODEP is also implementing an “Employment First” Initiative to promote integrated, competitive employment or self-employment for people with disabilities. Three states have been selected to develop model Employment First programs; each state has the option of including self-employment as an element of their model.

**Customized Employment.** ODEP is promoting customized employment as a strategy to provide opportunities for individuals with significant disabilities and others with complex barriers to employment. Self-employment and entrepreneurship are both successful program models included within this employment strategy.

**STARTUP USA.** ODEP previously funded a successful three-year grant program documenting models for delivering self-employment services and supports to people with disabilities. A report about the grant’s results is currently being prepared for Congress, and ODEP will continue to provide funding to support the STARTUP program website, and to provide technical assistance to individuals with disabilities who wish to become self-employed. The STARTUP website contains an online training course for vocational rehabilitation counselors and other service providers on how to deliver self-employment services and supports to potential entrepreneurs with disabilities.
Add Us In. Through the “Add Us In” Initiative, ODEP is seeking to increase the capacity of small businesses, including those located in or serving underrepresented and historically excluded communities, to employ adults and youth with disabilities. Eight consortia made up of business associations, local workforce investment boards, disability serving organizations, and local government entities have received funding.

The Chicago, Illinois Add Us In consortium is working with FEDEJAL, a federation of Mexican small business owners and regional clubs, to create a small business incubator program for youth who have become disabled as a result of violence. This Add Us In consortium and its partners are creating a micro-loan program and are actively recruiting volunteer businesses to mentor participating youth in the development of a business plan and helping them to start their own small businesses.

Job Accommodation Network. ODEP’s Job Accommodation Network (JAN) provides individualized technical assistance, consulting, and mentoring services to individuals with disabilities, businesses, family members, and service providers on a number of employment and self-employment topics including small business development, business planning, financing strategies, marketing research, disability-specific programs, income supports and benefits planning, e-commerce, independent contracting, home-based business options, and small business initiatives for disabled veterans.

Employment Assistance Resource Network (EARN). EARN offers employers individualized consultation on all issues related to recruiting, hiring, and promoting candidates with disabilities and provides customized on-site training on a broad range of topics.

Other Key Administrative Initiatives

White House Urban Economic Forums. The White House Business Council and SBA are currently hosting a multi-city series of Urban Economic Forums designed to connect urban entrepreneurs and business owners to the local and national resources and networks they need to grow and hire, and to discuss ways to enhance their success. As of printing, forums were held in Birmingham, Detroit, Kansas City, Las Vegas, Los Angeles, New York City and Phoenix with two more upcoming forums scheduled for Columbus and Chicago in Spring/Summer 2012. To date, nearly 22,000 entrepreneurs have participated in person or online and over 700 have been paired with a mentor.

Council on Underserved Communities. SBA’s new Advisory Council on Underserved Communities, established in December 2010, consists of 20 members from across the country representing key sectors of the economy such as banking and finance, community development, nonprofit and academia, with some members being small business owners themselves. The CUC provides advice, recommendations and opinions on SBA programs, services and issues of interest to small businesses in underserved communities. The CUC meets in person twice a year and convenes via teleconference on a quarterly basis. All CUC members hold regional roundtables and town hall meetings at various locations throughout the year and the full council issues an annual report at the end of the fiscal year.

National Advisory Council for Minority Business Enterprises. NACMBE was established in April 2010 to advise the Secretary of Commerce on policy issues affecting minority-owned businesses, and to provide recommendations for supporting the growth of these businesses, both domestically and internationally. NACMBE members are nationally recognized leaders from both private and non-profit
sectors, and represent diverse industries, substantial minority-owned and Fortune 1000 corporations, trade associations, and academia.

_Minority Business Development Agency._ During FY2011, MBDA successfully launched a newly designed MBDA Business Center program. The new integrated and nationally focused program combined the traditional Minority Business Enterprise Center (MBEC) and Minority Business Opportunity Center (MBOC) programs into one program. Significant changes to the program included the elimination of geographic borders, allowing business centers to provide services to minority-owned businesses anywhere in the country and increased funding. Additional changes included longer funding terms, reduced paperwork burdens, the addition of merger, acquisition, and joint venture and strategic partnering support, coupled with enhanced export services. In FY2011, MBDA launched new business centers in Boston, Cleveland, Denver, Minneapolis, Anchorage, Riverside (California), and a specialty center in Washington, DC. Each new center hosted a kick-off event attended by the leadership of MBDA, business center leaders, state and local government officials, community stakeholders, and minority business owners.
Appendix I: Obama Administration Reports on Small and Growing Businesses

A National Strategic Plan for Advanced Manufacturing, February 2012  
*National Science and Technology Council*

Advanced manufacturing is a matter of fundamental importance to the economic strength and national security of the United States. It provides high-quality jobs, is an important source of exports, and is a key source of technological innovation. This strategic plan lays out a robust innovation policy that would reduce the gap between R&D and deployment of advanced manufacturing innovations.  

Intellectual Property & Women Entrepreneurs, February 2012  
*National Women’s Business Council*

This research focuses on the participation of U.S. based women entrepreneurs in Patents and Trademarks activity. Using data obtained from the United States Patents and Trademarks Office, the study probes, in-depth, the number of patents and trademarks obtained by women entrepreneurs as well as the concomitant gender gap for the period 1975-2010.  

Women Entrepreneurs Summit Series Report, 2012  
*U.S. Small Business Administration*

In 2011 SBA hosted 10 regional events across the country as part of the Women’s Entrepreneur Summit series to hear directly from women who are building and growing their own companies. This report highlights the findings from the Summits and the top issues women face as they start and grow businesses.  

A Roadmap to Renewal, December 2011  
*President’s Council on Jobs and Competitiveness*

The year-end report of the President’s Council on Jobs and Competitiveness reports progress to date on the Council’s recommendations to *Invest in Our Future* through education and innovation, *Build on Our Strengths* in the critical sectors of energy and manufacturing, and *Play to Win* by making overdue tax and regulatory reforms to stay competitive.  

Empowering Veterans through Entrepreneurship, November 2011  
*U.S. Small Business Administration for the Interagency Task Force on Veterans Small Business Development*

The first-ever interagency Task Force on Veterans Small Business Development, was chaired by SBA and included representation from seven federal agencies and four veterans service organizations. Through public meetings, the Task Force gathered ideas and delivered its first report to the President, which included 18 recommendations across three priority areas: increasing opportunities for growth, improving and expanding counseling and training services, and reducing barriers.  

2011 National Export Strategy: Powering the National Export Initiative, June 2011  
*U.S. Department of Commerce, International Trade Administration*

The National Export Strategy is the annual report of the Trade Promotion Coordinating Committee (TPCC), an interagency body comprised of 20 federal agencies responsible for implementing the National Export Initiative (NEI). The NEI was announced by President Obama in January 2010, and calls for the doubling of U.S. exports by the end of 2014.  
The White House
The Strategy for American Innovation seeks to harness the inherent ingenuity of the American people to ensure that our economic growth is rapid, broad-based, and sustained. Innovation-based economic growth will bring greater income, higher quality jobs, and improved health and quality of life to all U.S. citizens. The Strategy for American Innovation provides a multifaceted, commonsense, and sustained approach to ensuring America’s future prosperity.
http://www.whitehouse.gov/innovation/strategy

Fact Sheet: White House Launches “Startup America” Initiative, January 2011
The White House
“Startup America” is a White House initiative to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. This coordinated public/private effort brings together an alliance of the country’s most innovative entrepreneurs, corporations, universities, foundations, and other leaders, working in concert with a wide range of federal agencies to dramatically increase the prevalence and success of America’s entrepreneurs.
http://www.whitehouse.gov/economy/business/startup

Startup America Reducing Barriers Report to the President, 2011
U.S. Small Business Administration
In 2011 Senior Administration officials visited 8 cities and held roundtable discussions to ask entrepreneurs for their ideas on which Federal regulations and processes could be changed to foster greater entrepreneurship, innovation, and job creation. At the end of this series of roundtables, this report to the President was drafted on how to best reduce barriers and continue to strengthen America’s entrepreneurial spirit.

2011 Entrepreneurial Development Impact Report
U.S. Small Business Administration
The U.S. Small Business Administration’s (SBA) Office of Entrepreneurial Development (ED) designed a multi-year time series study to assess the impact of the face-to-face counseling programs it offers to small businesses. This study has examined clients who received face-to-face counseling services, starting in 2003. The SBA initiated this study as part of the Office of Management and Budget’s (OMB) Program Assessment Rating Tool (PART). SBA contracted with Concentrance Consulting Group to assist in administering the study, to analyze the findings and to write this report. This report is the eighth report in the study and presents the findings from three separate study groups each year. This year’s study group includes 2010 clients’ initial attitudinal assessment of their counseling experience, and a follow-up with 2009 and 2008 clients to assess the financial impact of the received assistance.

Women-Owned Businesses in the 21st Century, October 2010
This report, prepared for the White House Council on Women and Girls, documents the changes in women-owned businesses over time, explores disparities in the characteristics of businesses owned by women as compared to those owned by men, and discusses potential reasons for these disparities and the different outcomes that are associated with them.
Endnotes

1 < 500 = 49.8% in 2009.  [http://www.ces.census.gov/index.php/bds/bds_database_list](http://www.ces.census.gov/index.php/bds/bds_database_list). These data include nearly all non-farm private establishments with paid employees as well as some public sector activities (Jarmin and Miranda, 2002). [http://www.ces.census.gov/index.php/bds/bds_overview](http://www.ces.census.gov/index.php/bds/bds_overview)

2 CPP (629 banks with outstanding investments); CDCI (84 banks and credit unions); SBLF (321 banks and loan funds); CDFI (high estimate: additional 75 banks, credit unions and loan funds)

3 Department of the Treasury, July 31, 2011.

4 Source: PriceWaterhouseCoopers and National Venture Capital Association Note: Value is in nominal dollars.


13 Kauffman Foundation, Sources of Financing for New Technology Firms: A Comparison by Gender, July 2009, Page 10, Table 3. [http://www.kauffman.org/uploadedFiles/ResearchAndPolicy/Sources%20of%20Financing%20for%20New%20Technology%20Firms.pdf](http://www.kauffman.org/uploadedFiles/ResearchAndPolicy/Sources%20of%20Financing%20for%20New%20Technology%20Firms.pdf)


