

Feb 9, 2011

**(Washington)---** Congressman Allen West (FL-22) today met with the Administrator from the Small Business Administration, Karen G. Mills, to discuss the state of South Florida small businesses and explore solutions as to how to better grow these businesses in this difficult economic environment.

“I’ve spent the past month speaking with small business owners in the 22nd Congressional District,” West said. “From loans to the lack of government contract opportunity, I’ve learned from my constituents that there are many things the SBA could be doing differently to help small businesses.”

Of the top 100 employers in Palm Beach County, 61 are small businesses. 17 of the 21 fastest growing companies in Broward County are small businesses. Congressman West currently sits on the Small Business Committee in the United States House of Representatives.

Congressman West and SBA Administrator Mills discussed expanding credit cards and personally guaranteed loans to businesses. They also talked about how the local SBA can better help connect small businesses with government contracts.

“While providing access to capital is part of the SBA’s mission, small businesses need increased confidence through lower taxes and sound healthcare reform,” West said. “I look forward to working the SBA in the future to reach these goals.”

Congressman West discusses [Small Business on CBS News](#)

Below is the letter provided to the SBA administrator:

*February 8, 2011*

*Ms. Karen G. Mills*

*Administrator*

*Small Business Administration*

*409 Third Street SW*

*Washington, DC 20024*

*Dear Administrator Mills,*

*Thank you for meeting with me on Capitol Hill to discuss the state of small business in the Twenty-Second Congressional District of Florida. As you know, Florida, my Congressional District and many places in the United States have been hard hit by this recession.*

*In my Congressional District of the top 100 Employers in Palm Beach County 61 are small businesses. In Broward County of the 21 fastest growing companies 17 are small businesses. Small businesses drive the economy in the Twenty-Second District and that is why I am honored to have been appointed to the Small Business Committee in the United States House of Representatives.*

*In speaking with many small business owners in the Congressional District several themes emerged with regard to the Small Business Administration (SBA). The first issue is the SBA loans. Most small business owners do not use SBA-backed loans because loans are not an important source of financing for small businesses. Changes to the 504 loan program and raising the limit on SBA Express loans will not make much difference because so few companies receive them.*

*According to the National Association of Government Guaranteed Lenders, banks made 44,220*

*SBA 7(a) loans in 2009. Given the number of businesses operating last year, this means that 7(a) loans went to less than 1% of small businesses with employees. Moreover, the Federal Reserve explained that 7(a) loans account for 90% of all SBA loans.*

*In short, expanding the SBA programs as a solution to small business credit problems will not be successful because SBA loans are not an important source of capital for most small business owners.*

*According to an article in Bloomberg Business Week the SBA needs to focus on the types of credit that they do use. These are:*

*· Credit Cards, both business and personal*

*· Trade credit (used by 60% of small businesses)*

*· Loans from Owners*

□□□□□□□□ *Personally guaranteed loans (used by 40% of small businesses)*

*Small business owners have stated over and over that they do not want to borrow from the SBA they want to reinvest their money from reduced taxes and regulations. If the SBA wants to expand small business access to credit, the SBA needs to enhance access to the sources most of them use for financing.*

*Another issue is the huge disconnect between small businesses and government contracting.□ There are many reasons that the Federal Government falls short of awarding 23% of its contracts to small businesses. Studies have shown that billions of dollars spent with large companies are incorrectly counted toward small business quotas. It is a daunting task for a small business to learn the ins and outs of government contracting, let alone have the time to put together a Request for Proposal.*

*At a local level the SBA and Procurement Technical Assistance centers are failing to help connect small business owners with government contracting opportunities. These agencies need to retool their programs and be able to prove that they are growing the number of small businesses that are actually winning government contracts.*

