Small businesses play a critical role in the American economy. They are the engine of job growth – having created 64 percent of net new jobs in the past 15 years. They are drivers of innovation and advancements that help support productivity enhancements and growth across the economy. And they are more likely to reinvest in local communities and U.S. jobs, strengthening communities and strengthening our economy.

Recognizing this critical role of small businesses, President Obama has been working since coming into office to ensure that small businesses have the tools and resources they need to address the challenges they face, to bring the power of their ideas to the market place in ways that can catalyze and transform our economy, and to create jobs through new innovations in products and services.

Small businesses encompass a wide swath of America – from “mom and pop” Main Street stores to young innovators dreaming of the next new “Google.” At the core of every small business is the entrepreneur. These entrepreneurs need the tools to make their dreams come true for they are the source of America’s competitive advantage – to inspire and empower an ever greater diversity of communities and individuals to build great American companies.

Over the past two years, the President and agencies across the Administration have worked to implement policies and programs to help small businesses bridge the gap and encouraged public-private partnerships to support workforce re-training and entrepreneurship. These include:

- Providing tax cuts to help small businesses grow and create jobs;
- Expanding access to capital for small firms;
- Expanding entrepreneurship education and mentorship programs;
- Strengthen and educate our workforce;
Identify and remove unnecessary export barriers to help small businesses expand overseas; and
Invest in promising new clean energy technologies to support high-growth start-up companies.

1. **Access to Capital and Tax Breaks for Small Businesses**

America’s preeminence in generating innovative new companies depends on open and well-functioning credit and capital markets. During the financial crisis and recession access to capital dried up particularly for small firms. As our economy has recovered, some small businesses in particular have continued to struggle to access capital to maintain operations or grow. The Administration has been focused on addressing these shortfalls and barriers since taking office. From the Recovery Act in February 2009 to the Small Business Jobs Act in September 2010, to the recently enacted tax deal during the Lame Duck session, the Administration has fought for tax cuts for small businesses and new mechanisms to help small and growing businesses access the capital they need.

**Cutting Taxes for Small Businesses 17 Times.** Since taking office, the President has signed into law 17 tax cuts to help small businesses invest in their firms and create jobs. These tax cuts include:

- **Zero Capital Gains Taxes on Key Small Business Investments.** As part of the Small Business Jobs Act, capital gains taxes on key small business investments were temporarily eliminated. This provision was extended through the end of this year in December, and the Administration has proposed to make it permanent.

- **100 Percent Bonus Depreciation to Support New Investments in Capital and Machinery.** Building off of early provisions providing 50 percent bonus depreciation and raising the amount small businesses can expense, the President signed a tax cut into law in December that allows 2 million businesses – large and small – to expense 100 percent of their investments in machinery and other equipment this year.

- **Raising the Maximum Amount Small Businesses Can Expense to $500,000:** The Small Business Jobs Act raised the amount small businesses could immediately expense in 2010 and 2011 to $500,000 – increasing the amount of investments 4.5 million small businesses and individuals can immediately expense.

- **A New Small Business Health Care Tax Credit:** Already in effect, this tax credit created by the Affordable Care Act helps up to 4 million small businesses cover the cost of insuring their workers.

- **Tax Relief and Simplification for Cell Phone Deductions.** The Small Business Jobs Act changed tax rules so that the use of cell phones could be deducted without burdensome
extra documentation – making it easier for virtually every small business in America to receive deductions that they are entitled to.

**Supporting $42 Billion in Small Business Administration Lending.** The Administration has supported $42 billion of loans to nearly 90,000 small businesses through provisions under both the Recovery Act and the Small Business Jobs Act that enhanced Small Business Administration lending.

**Expanding SBA Loan Sizes to Allow More Businesses to Access Credit.** The Small Business Jobs Act increased the maximum 7(a) loan size from $2 million to $5 million, increased the maximum 504 loan size from $2 million to $5 million for regular projects and from $4 million to $5.5 million for manufacturing projects, and increased the maximum microloan size to $50,000.

**Commercial Real Estate Refinancing.** On February 17, SBA announced the 504 commercial real-estate refinancing program. Borrowers will be able to refinance up to 90 percent of the current appraised property value or 100 percent of the outstanding mortgage, whichever is lower, plus eligible refinancing costs. Congress authorized SBA to approve up to $15 billion in loans under this program ($7.5 billion in both fiscal 2011 and 2012). Together with the first mortgage, this temporary program will provide up to $33.8 billion of total project financing.

**Creating a New Small Business Lending Fund (SBLF) to Support Community Banks Lending to Small Businesses.** The Small Business Lending Fund is a $30 billion initiative that encourages lending to small businesses by providing low cost capital to qualified community banks with assets of less than $10 billion. Through the SBLF, community banks and small businesses can work together to help create jobs and promote economic growth in local communities across the nation. The program provides community banks with an incentive to expand loans to small businesses. The largest incentives will go to banks that do the most to increase their lending; rewarding performance, not promises. Treasury recently began accepting applications and all SBLF investments will be completed by September 27, 2011. To date, Treasury has received applications from over 250 institutions totaling more than $4 billion in funds requested. Treasury expects to complete initial fundings under the program in the first quarter, and will continue thereafter to fund institutions on a rolling basis.

**Establishing a State Small Business Credit Initiative to Support Innovative State Programs.** The State Small Business Credit Initiative was established by the Small Business Jobs Act to help spur up to $15 billion in lending by strengthening innovative state programs that support private sector lending to small businesses, including collateral support programs, Capital Access Programs (CAPs) and loan guarantee programs.

**Launching Two $1 Billion Initiatives for Impact Investing and Early-Stage Innovation Fund.** Over the next five years, SBA will commit $200 million each year to each of its recently announced funds - the Impact Fund and the Innovation Fund – with no expected cost to the taxpayer. SBA will commit $1 billion to the Impact Fund to match those funds that invest growth capital in companies located in underserved communities. SBA will also commit $1 billion to an early stage Innovation Fund that will target the “Valley of Death” that many start-ups face.
Supporting Tax Credits for Private Investment in Lower-Income Communities. The Treasury Department is reforming the existing New Markets Tax Credit to make it more effective in attracting private-sector funds for investment in start-ups and small businesses operating in lower-income communities, while the Administration is proposing to expand the credit from $3.5 billion to $5 billion in its FY2012 budget.

2. Entrepreneurship

Entrepreneurship plays an essential role in generating innovation and stimulating U.S. economic growth. New firms account for most net job growth, and small businesses employ 46 percent of high-tech workers. Yet market obstacles limit entrepreneurship, as would-be entrepreneurs struggle to raise funds without an established reputation or without giving ideas away. The Obama Administration, through the following initiatives has committed to helping entrepreneurs build vibrant businesses that lead to new jobs and economic growth.

Startup America. Recently, the Administration launched the Startup America initiative to dramatically increase the prevalence and success of high-growth entrepreneurs across the country. This initiative has generated many of the policies outlined in this document (see more at www.whitehouse.gov/startupamerica), and also brought together a private-sector alliance of entrepreneurs and business leaders to form the independent Startup America Partnership. The Partnership consists of top entrepreneurs, venture capitalists, angel investors, corporations, universities, foundations, and other leaders, joining together to grow the entrepreneurial ecosystems that support innovative, high-growth U.S. startups (see more at www.startupamericapartnership.org).

U.S. Patent & Trademark Office (USPTO) Gives Applicants Greater Control Over Examination Timing and Enables Fast-Track Examination Within 12 Months. The USPTO is pursuing an Enhanced Examination Timing Control Initiative to give innovators more control over the application processing and support a more efficient market for innovation.

Department of Veterans Affairs (VA) Launches New Incubators to Help Vets Start High-Growth Businesses. The VA established two of the first integrated business accelerators focused solely on helping our Veterans launch and sustain their own businesses. These programs provide guidance on how to access government resources for starting a business, as well as a business incubator facility where experienced entrepreneurs train and develop veterans to build successful companies.

Increasing Opportunity for Women-Owned Small Businesses (WOSBs) – Women’s Procurement Plan. SBA released its final Women-Owned Small Business Rule to expand Federal Contracting Opportunities. The rule identifies 83 industries in which WOSBs are under-represented or substantially under-represented in the federal contract marketplace. Women owners of small businesses can now register online at www.sba.gov/wosb.
**SBA Funding for Small Business Development Centers (SBDCs).** Over the past year, through its resource partners, the SBDCs, the Women Business Centers (WBCs) and SCORE, SBA provided business counseling to more than 1.5 million entrepreneurs. Last year, SBA announced the opening of four new WBCs. Over the past several weeks, SBA announced 36 awards to SBDCs to support job creation and retention within the small business community through in-depth business counseling and advising for entrepreneurs and small business owners. A total of $50 million will be awarded to SBDCs.

**SBA Entrepreneurial Mentor Corps (EMC) to Aid High-Growth Early-Stage Companies.** EMC aims to serve hundreds of early-stage companies each year, encouraging the great American entrepreneurs of today to groom the great entrepreneurs of tomorrow. The program provides “on the ground” support to entrepreneurs and pairs them with experienced mentors to leverage the mentors’ experience and expertise.

**Small Business Innovation Research Program (SBIR).** The SBIR program provides early funding technology companies to take research from the lab to the marketplace – and has supported companies such as Qualcomm, Semantech, Genentech and iRobotics. SBIR represents the single largest early stage investment tool in the government, providing approximately $2.5 billion annually to small businesses.

**Emerging Leaders.** The Emerging Leaders initiative identifies small businesses that show a high potential for growth, providing the network and resources required to build a sustainable business and promote the economic development. Approximately 680 small businesses in urban and Native American communities have participated in this training since the initiative’s inception in 2008.

3. **Exports**

Creating jobs in the United States and ensuring a return to sustainable economic growth is the top priority for the Obama Administration. A critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods, services, and agricultural products. The Administration has taken numerous steps to improve the private sector’s ability to export. As part of the President’s National Export Initiative – which seeks to double the nation’s exports in five years – the Administration is working to remove trade barriers by helping firms - especially small businesses - with financing, and export advocacy abroad.

**Connecting Small Medium Enterprises to Export Opportunities.** The Department of Commerce’s (DOC) Commercial Service trade professionals in over 100 U.S. cities and in nearly 80 countries help U.S. companies get started in exporting or increase sales to new global markets. U.S. Commercial Service services include:
• Market Intelligence to help U.S. exporters target the right market(s) for their products and services
• Trade Counseling to provide them with the information they need to navigate the export process from beginning to end
• Business Matchmaking services to connect them with the right partners and prospects
• Trade Advocacy for U.S companies to level the international playing field for international procurement

In calendar year 2010, the first year of the National Export Initiative, DOC’s Commercial Service helped over 5,500 U.S. companies export for the first time or enter additional export markets, over 85 percent of which were small and medium-sized companies.

*International Buyer Program (IBP).* DOC’s IBP brings foreign buyers to trade shows in the U.S. to meet with U.S. companies, many of whom are small businesses that cannot afford to travel overseas. In 2010, Commerce recruited nearly 13,000 foreign buyers to visit trade shows here in the United States, facilitating approximately $770 million in export successes.

*Invest in America Program (IIAP).* DOC’s IIAP program promotes exports and Foreign Direct Investment (FDI) in the U.S. through international trade and investment missions. In 2010, there were 35 missions, with 401 participants and $2 billion in anticipated export successes. Small businesses represented 79 percent of all trade mission participants from 2008 to 2010.

*SBA Export Express Loan Program.* The Small Business Jobs Act significantly increased the maximum loan sizes for Export Working Capital Program loans and International Trade loans to $5 million. Since FY 2005, SBA has supported over 15,000 international trade-related loans worth over $4 billion and has trained and counseled over 30,000 small businesses on international trade topics. Through the Act, the Export Express pilot loan program became a permanent program with 90 percent guarantees for loans up to $350,000 and 75 percent for loans up to $500,000.

*The U.S. Export Import Bank’s (EXIM) Small Business Export Loan Programs.* In 2010, the EXIM Bank supported $5.1 billion in authorizations small business loans, up from $3.3 billion in 2008 – representing over 20 percent of total EXIM authorizations. EXIM has two new programs for small businesses that are helping to fuel this growth. The Supply Chain Finance (SCF) program enables companies from small business suppliers to large exporters to borrow at reduced rates, minimize their need for borrowing, maximize cash flow, and more precisely manage their risk. Through this program, EXIM has already approved over $550 million in loans to approximately 1,000 new small business clients. A second program, 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.

*U.S. Department of Agriculture (USDA) Support for Small and Medium Enterprises.* In 2010, through its partnerships with the Department of State, USDA allocated $29.1 million to 802 small U.S. agricultural companies to carry out promotions of their branded products around the world.
USDA Export Credit Guarantee Program (GSM-102). The GSM-102 program provides credit guarantees to encourage financing of commercial exports of U.S. agricultural products, while providing competitive credit terms to buyers. In CY 2010, the GSM-102 program facilitated the export of approximately $3.2 billion in agricultural products.

4. Workforce Development

As the economy recovers, we need to take the necessary steps to retrain workers in fields that are no longer growing and better prepare the next generation of the workforce for the jobs and the economy of the future. Businesses have incentives to invest in their employees, to treat their workers well and help them flourish. In some areas, a lack of trained workers is holding back employment even at a period of overall labor market slack. This is why the Obama Administration has launched several initiatives that will prepare the workforce of today to retrain and reengage with the global economy, including investments in science, technology, engineering, and math (STEM) education.

Department of Labor’s (DOL) Workforce Investment System. DOL oversees a national network of more than 2,900 One Stop Career Centers, located in communities in every state. One-Stop Career Centers are designed to provide a full range of assistance to job seekers and employers under one roof. Established under the Workforce Investment Act, the centers offer training referrals, career counseling, job listings, and similar employment-related services. Employers can use the centers to recruit skilled workers and partner in job training and other programs. Through these centers, states served 8.1 million adults and dislocated workers from July 1, 2009 through June 30, 2010. To find a One Stop Career Center, visit http://servicelocator.org/.

DOL’s On-line Tools to Help Jobseekers. To help all workers find the information they need to make informed career decisions and get good jobs, DOL created two new online tools available at http://mynextmove.dol.gov. The first tool is “My Next Move.” This online tool helps first time and experienced workers explore the job market based on their interests. The site provides information on each occupation’s skills and requirements, the occupation’s outlook, other similar jobs, local salary information, training opportunities, and job openings as well. The second tool is “mySkillsmyFuture.” This site helps more experienced unemployed workers determine how their current background and experience qualifies them for other potential jobs.

DOL’s Working with Industry to Build a Skilled Workforce. DOL works with business and industry to develop industry competency models and to identify and validate the competencies that employers need in high-growth, high-demand sectors. Employers, educators, and career counselors use these competency models to design training curriculum, develop career pathways, and to help workers earn industry-recognized credentials. Learn more at http://www.careeronestop.org/competencymodel/.
DOL’s On the Job Training National Emergency Grants. In June 2010, the Department announced $75 million in Recovery Act funds for On-the-Job Training National Emergency Grants. For workers experiencing prolonged unemployment, On-the-Job Training gets them back into the job market earning a paycheck and refreshing their work skills and habits. For employers, On-the-Job Training offers the unique opportunity to offset initial training costs to fill positions while building organizational productivity as the participant learns job requirements.

DOL’s Employment and Training Administration (ETA) Project Growing America Through Entrepreneurship (GATE). Project GATE helps emerging entrepreneurships create, sustain, and/or expand their existing small business. Project GATE teamed ETA’s training and assistance programs with local economic development entities such as SBDCs, WBCs, chambers of commerce, entrepreneurial service providers, and small business loan providers to provide counseling services.

DOL’s ETA’s Job Training and Education Grants. In FY 2011, ETA will invest over $975 million in competitive grants for job training and building education capacity. To see upcoming grant opportunities, visit: http://doleta.gov/pdf/ETA_Funding_Opportunities.pdf

Improve America’s STEM Education. The President has pledged to prepare an additional 100,000 STEM teachers by the end of the decade, with strong teaching skills and deep content knowledge. The Administration’s Educate to Innovate campaign harnesses public-private partnerships to improve K-12 STEM education, make STEM education more accessible, move American students up the international rankings in STEM literacy, and expand STEM career opportunities.

Skills for America’s Future Program. The program brings together businesses, nonprofits, and schools to train Americans for the jobs of a new century through the Skills for America’s Future program. This initiative is designed to have businesses and community colleges work together to match the work in the classroom with the needs of the boardroom.

Race to the Top. The Administration launched “Race to the Top,” a program designed to spur systemic reform and embrace innovative approaches to teaching and learning in America’s schools. An educated workforce is critical to small businesses—67 percent of the small business workforce has high school degrees or less—and this program will work toward improving America’s K-12 education.

DOL’s Trade Adjustment Assistance Community College and Career Training Grant Program to Strengthen Community Colleges. Last year, the Administration worked to enact $2 billion over the next four years to help community colleges improve and expand their programs. This program will help community colleges to meet local and regional labor market demands, and will also help colleges move toward the approaches that will produce the greatest returns for their students through rigorous evaluation, data collection, and greater use of online learning. This is a key part of the Administration’s agenda to ensure that America reclaims its leadership in the world with the highest proportion of college graduates by the end of the decade.
5. **Clean Energy**

In the President’s State of the Union speech, President Obama issued a challenge to the Nation that “by 2035, 80 percent of America’s electricity will come from clean energy sources.” The President compared the challenge America face’s today to the one it faced following the Soviet’s launch of Sputnik in 1957. During the first two years of the Administration, the President made significant investments in clean energy, and small business participation has been an important contributor to the advancements made to date. To help small businesses, the Administration has implemented several programs. Building on these accomplishments, the President’s FY 2012 Budget includes about $8.7 billion for clean energy technology programs that advance R&D, as well as innovative deployment efforts.

*Expanding the Advanced Research Projects Agency-Energy (ARPA-E) program to promote innovation.* ARPA-E supports promising early-stage research projects aimed to deliver game-changing clean energy technologies. To date, roughly 37 percent of ARPA-E funds – $132 million – have 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. In partnership with SBA, DOE is using a portion of ARPA-E funds to support four private business accelerators to mentor and support 100 clean energy technology startups across the country. The President’s 2012 Budget includes an additional $650 million for the ARPA-E program.

*DOE’s Small Business Innovation Research (SBIR) Phase I through III Initiative.* With the help of ARRA funds, DOE increased its funding of SBIR and Small Business Technology Transfer (STTR) Phase I and Phase II awards by $91 million to $235 million in FY2010. These funds permitted a supplemental solicitation that emphasized highly commercializable technologies. Examples of clean energy technologies funded include an innovative wave energy converter (Resolute Marine Energy) and a bio-based intelligent roof coating technology to reduce heating and cooling loads of buildings (United Environment and Energy). In addition, through its new Xlerator program, DOE awarded $57 million in SBIR Phase III awards in 2010 to help innovative small businesses bridge the gap between Phase II and commercialization.

*Energy Innovation Hubs.* Energy Innovation Hubs are large, multi-disciplinary, highly-collaborative teams of scientists and engineers working to achieve a specific high priority goal. The first three Hubs were competitively awarded in 2010. The Penn State-led Greater Philadelphia Innovation Cluster (GPIC) is also the winner of the federal Energy-Regional Innovation Cluster (E-RIC) competition. The E-RIC competition is a ground-breaking $129.7 million multi-agency grant program that delivers coordinated, targeted grants to spark the growth of innovative, energy-efficient building systems and technologies. This effort involves extensive collaboration across agencies, including DOC, SBA, Education and DOL. GPIC consists of 90 partners that will focus on developing technologies to make buildings more energy efficient and to commercializing its research in partnership with new and existing small businesses to produce new products and services. The two other hubs focus on developing fuels from sunlight and nuclear modeling and simulation. The President’s FY2012 Budget calls
for doubling the number of hubs by adding three that will focus on critical materials, advanced batteries and energy storage, and smart grid materials.

**Small Business Loans for Energy Efficiency Retrofits.** Access to financing is an important barrier to increased retrofit investment in some market segments. To address these gaps, the SBA is working to encourage existing lenders to take advantage of recently increased loan size limits to promote new energy efficiency retrofit loans for small businesses.