



MEMORANDUM

To: Obama Transition Team
From: Marilyn Landis, NSBA 2008 Chair
Todd McCracken, NSBA President
Date: November 13, 2008
Re: Small business and the Presidential transition

As you move forward with the enormous task of transitioning from the Bush Administration to an Obama Administration, we would like to point out ways that you can help ensure that small businesses can survive, grow, and help lead the U.S. out of our current economic situation. The number of new jobs created by small businesses since 1989 equals 93.5% of all net new jobs created during that period; we'd like that stunning record to continue, and know you would as well.

We at the National Small Business Association are committed to doing whatever we can to help you and the new Administration address the vital needs of the small business community. As the oldest national small business advocacy organization, our hallmarks have long been our pro-activity, strict non-partisanship, and the policy expertise of our nationally-recognized small-business leaders. After substantial internal discussions, we would like to offer the following key points as you begin to shape the next government:

Small business representation at any economic summit or national conference. It is crucial that the needs and realities of the cornerstone of our economy be strongly represented as economic policies are discussed and shaped. It is also important for small-business owners to be included and considered from the first days of the Administration. We can recommend specific individuals with a broad knowledge of small business and issue-specific expertise.

Elevate the SBA Administrator to Cabinet-level status and dedicate senior staff on the National Economic Council to small business. Given the great diversity of small business and the broad range of issues that affect the community, we believe it is important that small business impacts are considered during a broad range of issue debates. During the Clinton Administration, the SBA Administrator was treated as a cabinet officer, and we think it greatly improved dialogue on a number of key issues. It is no less important to appoint a strong leader and manager to head the SBA – someone who will have the respect of the rest of the Administration, Capitol Hill, and the small-business community. Given the importance of this role, this nomination should be one of your first. It would also be wise to consider small business as a key portfolio for senior NEC staff. Such a move would help ensure that the needs and potential of small business is considered on issues as divergent as energy policy and health care reform.

Strengthen the Small Business Administration. For more than 20 years now, the role and budget of the SBA has been continuously reduced. Given both our current economic struggles and the many ways in which interaction between government and small businesses must be improved, it is time to consider a new and enhanced mission for this critical agency. We have attached a short paper that raises some ideas for how the SBA could be enhanced, or even overhauled.

Strengthen the role of the Office of Advocacy in the SBA. The Chief Counsel for Advocacy at the SBA is

appointed by and serves at the pleasure of the President. However, the Chief Counsel is also obligated to serve as an objective and independent voice on the impact of policies on small businesses, a unique role in government. It is therefore important for there to be an early show of support for this office and its critical and sometimes difficult role. It is also important to select as Chief Counsel a judicious individual with a deep knowledge of the small business community and its myriad issues. We urge you to make this appointment early in your Administration.

Deal effectively with the small business credit crunch. While an additional paper will be forthcoming on small-business policy and priority recommendations for the early days of the Administration, we believe that the current small business credit situation cannot wait for action. We are pleased that President-Elect Obama appears to agree, given the steps outlined in his October 10 Small Business Rescue Plan. We strongly endorse and encourage the reduction (or even elimination) of fees on SBA guaranteed loans, along with an increase in the guaranteed portion of those loans. However, it appears that the market for securitization of those loans has collapsed recently, so additional steps may be necessary. This issue and some viable solutions are raised in a recent letter (attached) that Sens. Schumer and Kerry have sent to the SBA.

Prioritize the role of the U.S. Export-Import Bank in maintaining and increasing the flow of US export transactions (which, in turn, translate into US jobs). Trade finance is key to this important sector, which has lead the economy for the last several quarters. Two primary actions at Ex-Im should be addressed early in the new Administration: 1) the appointment of a new chair, who will lead this agency for the next several years. The new leader should be someone with an understanding of trade finance and the role it plays in fueling exports; 2) instruction of Ex-Im to make significant increases in its annual volume. In order for the volume to increase, it is key for the Administration and staff of Ex-Im to understand that additional risk must be incurred, and that more portfolio risk is acceptable.

Meet with NSBA and the small business community at the earliest possible time. We would hope that members of the transition team would meet with us early in the transition to discuss these issues more fully and to discuss how the small business community can help the new Administration create positive results for the country.

Best wishes for the enormous project you are now undertaking on behalf of the American people. We thank you for it, and look forward to helping in any way we can.

Attachments: Kerry-Schumer letter, NSBA health care principles, legislative priorities, role of small business paper, and survey data.