

Testimony by the Honorable Bobby L. Rush
at the
Government Management, Organization, and Procurement
Subcommittee Hearing
on
“Minority Contracting: Opportunities and Challenges for Current
and Future Minority-Owned Businesses”

Wednesday, September 22, 2010 – 10:00 a.m.

Good morning, Chairwoman Watson, Ranking Member Bilbray and members of the subcommittee.

Thank you for inviting me to testify before your subcommittee on this important hearing on “Minority Contracting: Opportunities and Challenges for Current and Future Minority-Owned Businesses.”

I want to also thank you, Madam Chair, for this subcommittee's consideration this morning of my legislation, H.R. 4343.

During the first half of 2009, Congress took extraordinary steps to turn the nation's economy around and create jobs that would fuel our economic recovery.

Many states have already begun to distribute contracts using funds provided by the American Recovery and Reinvestment Act of 2009. However, across the country, minority-owned firms are being shut out of the process because of artificial barriers that I believe this Congress *simply must break down*.

Outside of the federal marketplace, minority-owned firms are struggling to stay afloat and find the needed financial and technical assistance to continue their operations. In business, the metaphor of the ‘level playing field’ comes to mind.

But that metaphor doesn't quite describe the circumstances for minority-owned businesses.

Far from being on the playing field, many of them find themselves standing outside the stadium door of that playing field and raising their voices, as loud as they can, saying "we're here and we want to participate!"

That's why I'm here, today, because so many of them can't be. Historically, minority-owned firms have long faced an uphill battle in gaining a foothold on the national economic scene. In 1997, a study by the Urban Institute identified several obstacles faced by minority-owned firms. At the top of that list was the lack of access to financial capital; limited access to informal business networks; lesser skilled human capital; and limited access to non-minority markets. Today, minority businesses make up almost 20 percent of all firms yet continue to be largely forgotten by the federal government.

For example, a 2007 Government Accountability Office report found that *four federal departments* and *only one agency* paid more than \$4 billion for advertising from fiscal year 2001 to 2005. Needless to say, the report found that these federal agencies did a poor job of directing much of that money to these minority-owned firms. The question remains, to me and so many others I represent, why are these companies continually shut out of a process that these men and women, *who are also taxpayers*, also help fund and support?

Quite frankly, I find this unacceptable and so should all of you.

I am stating, unequivocally today, that by *building up* minority-owned firms we can begin to truly drive the economic

recovery that Congress, and the Obama Administration, has been so diligently working towards.

Before I came here, today, I spent some time looking for ways to assist minority-owned firms, of all sizes and business sectors, in their efforts to succeed and prosper in their efforts to create jobs in America. Minority businesses employ nearly five million Americans.

I looked at the Minority Business Development Agency (MBDA), under the Department of Commerce, as it's *the only federal agency* created *specifically* to help minority-owned firms.

Unfortunately it currently lacks the resources it truly needs to bring about significant change, especially in today's tough economic climate. If there was ever a time when this agency—*given its mission*—needs to be strengthened, I say that time is now! To that end, I introduced **H.R. 4343, the Minority Business Development Improvement Act of 2009.**

If adopted, this bill would:

- Establish the Minority Business Development Program to assist qualified minority businesses by providing technical assistance, loan guarantees and contracting procurement assistance.
- The bill authorizes the Director of MBDA to certify any entity as a qualified minority business that satisfies each of eight criteria outlined in the bill
- The bill authorized \$200 million to the Director to carry out the technical assistance program and \$500 million for loan guarantees.

- The bill would also allow firms participating in the program to bid on select, set-aside contracts for goods and services.

Ladies and gentlemen, I believe it is time to bring the Minority Business Development Agency to the forefront of our nation's economic recovery discussion and, indeed, to give it the critically needed resources that will allow this agency to work in tandem with other federal agencies that are, likewise, engaged in and committed to growing businesses and creating jobs.

I am sure that other witnesses at today's hearing will concur that it is important to foster and enhance the creation of wealth in minority communities all across our nation.

As we continue to climb out of the economic ditch we find ourselves in, I'm sure that each of you have felt, in your own way, the desire to turn things around and to regain our economic footing for the people in our local communities and throughout the nation.

I urge members of this subcommittee to join me in a united effort to create a viable platform for minority-owned business development.

I thank you, again, for your support and the opportunity to speak this morning and I look forward to our shared future.

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