

Trump must be an advocate for the Small Business Administration

BY LLOYD CHAPMAN, CONTRIBUTOR - 12/05/16 02:50 PM EST

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During his campaign, President elect-Trump said, "I will be the greatest jobs President God ever created."

More than 90 percent of firms in the United States have less than 20 employees and are responsible for over 97 percent of the net new jobs, according to a report by the Small Business Administration (SBA). U.S. Census Bureau data mirrored the SBA's findings.

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If Trump wants to create the "jobs, jobs, jobs" he promised he needs to focus on small businesses. The single largest federal program in history to create jobs and boost the middle class economy is the Small Business Act that mandates that a minimum of 23 percent of all federal contracts be awarded to small businesses.

Trump needs to resist the inevitable pressure from the Pentagon and Republicans in Congress to combine the SBA with the Department of

Commerce, thus closing the SBA and ending all federal programs for small businesses. This has been the favored tactic to close the SBA since the Reagan years. It was most recently proposed by Sen. Richard Burr (R-NC) in 2011.

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Why all the pressure to close one of the smallest agencies in government? The Pentagon's major prime contractors want 100 percent of all federal contracts. They can't achieve that goal as long as the Small Business Act and the SBA stay in place.

Census Bureau [data](#) reports 99 percent of all U.S. firms have less than 500 employees. That means only 1 percent of firms in the U.S. have over 500 employees. Based on that data, federal law mandates 99 percent of U.S. firms receive just 23 percent of all contracts, while 1 percent of all firms in the U.S. are receiving 77 percent of all federal contracts.

You would think the Pentagon's largest prime contractors that comprise a miniscule 1 percent of all firms in the U.S. would be satisfied with receiving 77 percent of all federal contracts, but they're not.

Think of the economic lunacy of closing the SBA and dismantling the Small Business Act that mandates a mere 23 percent of all federal contracts be awarded to the 28 million American small businesses responsible for more than 50 percent of the private sector workforce, more than 50 percent of gross domestic product, more than 90 percent of all U.S exporters, and most importantly, the overwhelming majority of net new jobs.

Think of the horrific economic consequences of adopting policies that could result in less than 1 percent of all firms in America receiving over [95 percent](#) of all federal contracts while the 99 percent of U.S firms with less than 500 employees that create virtually all the new jobs could receive less than 5 percent of all federal contracts.

As opposed to giving in to pressure to close the SBA, Trump should dramatically increase the agency's budget and staffing, reopen all its offices around the country that President George W. Bush closed, and dramatically reinvigorate and expand the SBA's with a multitude of new programs for small businesses.

More than 30 years ago, the SBA budget was more \$1 billion dollars. This year, the agency's annual budget is a paltry \$711 million. To put that into perspective, that's approximately 0.12 percent of the Pentagon budget. It has been reported the Pentagon cannot account for up to 25 percent of their expenditures. That means the Pentagon loses more money in a day than it takes to run the SBA for a year.

If the Reagan Administration succeeded in its [attempt](#) to combine the SBA with the Department of Commerce, it would have destroyed the only government agency assisting America's 28 million small businesses in favor of Pentagon contractors. This would have had a disastrous economic effect, as those contractors do not create new jobs and it's [reported](#) they don't pay their share of taxes.

This tactic was attempted again during the Obama Administration. It seems Trump may be planning the same move as he has yet to announce a [permanent](#) candidate to head the SBA.

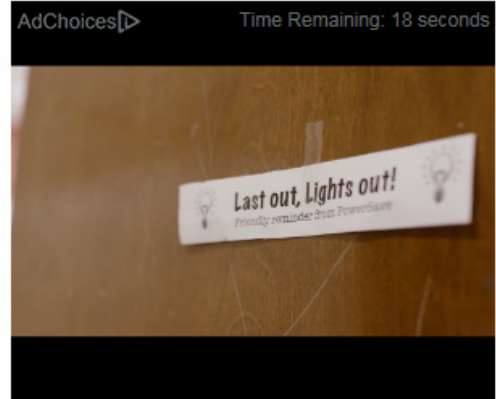
If President elect-Trump truly wants to make good on his campaign promise to

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be “the greatest jobs President God ever created” and create [25 million new jobs](#), he simply cannot do this without the 28 million small businesses that are responsible for more than 90 percent of the new net jobs.

It will not be possible to create the jobs Trump promised without the SBA and the Small Business Act. The latter, which mandates that 23 percent of all federal contracts go to small businesses, is the largest economic stimulus plan ever established for job creation and the middle class economy.

Lloyd Chapman is President and Founder of the American Small Business League.

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