



Testimony of Dr. Antonio Flores, President & CEO of the Hispanic Association of Colleges and Universities

In Support of S. 2920, Sec. 351: Minority Entrepreneurship and Innovation Pilot Program

Hearing on “Business Start-up Hurdles in Underserved Communities: Access to Venture Capital and Entrepreneurship Training”

Submitted to the U.S. Senate Committee on Small Business and Entrepreneurship

September 25, 2008

On behalf of the Hispanic Association of Colleges and Universities (HACU) and its 262 Hispanic Serving Institutions (HSIs) and the more than 400 member institutions which it represents, I want to express my gratitude and full support for S. 2920, Sec. 351: the Minority Entrepreneurship and Innovation Pilot Program, an initiative that will direct the SBA administrator to make grants to HSIs and other MSIs (1) To assist in establishing an entrepreneurship curriculum for undergraduate or graduate studies that includes training in various skills sets needed by successful entrepreneurs; and (2) for the placement of small business development centers or a small business incubator on the physical campus of the institution. I want to thank Chairman Kerry and Ranking Member Snowe and the other distinguished members of the Senate Small Business and Entrepreneurship Committee for including this critically important provision in the Small Business Administration Reauthorization and Improvement Act of 2008.

According to the U.S. Small Business Administration, small businesses make up 98 percent of all businesses and create the majority of new jobs added to the economy and “minority-owned businesses are a fast growing segment of the U.S. economy.” The Small Business Administration Office of Advocacy reported that in 2002, Hispanics constituted the largest minority business community and owned 6.6 percent of all U.S. firms.

Hispanic business development continues growing at an even more rapid pace given the significant expansion of the Hispanic community in the past two decades. There are approximately 2 million Hispanic-owned businesses in the United States that generate almost \$300 billion in annual gross receipts. By 2010, there will be 3.2 million Hispanic firms generating \$465 billion. (Source: Small Business Administration, HispanicTelligence)

Another report by the U.S. Census Bureau in 2007 reported that the growth of Hispanic-owned businesses grew by 31percent between 1997 and 2002, three times the national average. In addition, the report stated that nearly 1.6 million Hispanic-owned businesses produced nearly \$222 billion in revenue in 2002. The U.S. Census Bureau further reports that overall Hispanic purchasing power is expected to reach more than \$1 trillion by 2011.

Firms owned by Hispanic women, in particular, have seen a tremendous growth in recent years. According to the Center for Women's Business Research, for example, between 1997 and 2004, the number of firms owned by Hispanic women increased by nearly 64 percent, to 553, 618 and their combined revenue climbed more than 62 percent, to \$44.4 billion. By 2006, according to a new report by the Women's Business Research Center reported 750,000 businesses in the U.S. that were majority-owned by Hispanic women – an increase of 121 percent in the period from 1997 to 2006. Overall Hispanic women represent thirty-seven percent of all Hispanic businesses for the year ending 2006 according to estimates by the U.S. Bureau of the Census.

While Hispanic-owned businesses are bringing much-needed jobs and services to our nation's economy, for many Hispanic small business owners and developers, this is their first business experience. Others have limited English skills and or limited education attainment. As a result, they are unaware of good, sound business practices, including management, financing options, new technologies and innovations, marketing strategies and other issues that preclude

them from building their capacity to improve their business and become more successful entrepreneurs in our increasingly competitive global marketplace. Other Hispanic entrepreneurs who are interested in pursuing a lifelong dream of some day owning their own business, have little if any information that can help them realize their dream and become an integral part of the business and economic structure of the United States.

As you are aware, HSIs play a critical role in educating the majority of Hispanics attending postsecondary institutions today. Approximately half of nation's two million Hispanic college students attend an HSI. HSIs are located in urban and rural areas, where large concentrations of Hispanics reside. These are also communities in which Hispanics are establishing small businesses. Hispanic entrepreneurs are represented in variety of business ventures. They own small grocery stores, hair salons, printing shops, restaurants, construction companies, and many other types of businesses. In 2002, nearly 3 in10 Hispanic-owned firms operated in construction and other services such personal services and repair and maintenance (Source: U.S. Census Bureau). HSIs are well poised to provide research, training and technical assistance to current and future entrepreneurs. The establishment of the small business centers and/or incubators on the campus of the institution will provide much-needed support to small Hispanic business entrepreneurs and help to revitalize the surrounding community and our nation's economy.

For these reasons, HACU applauds the committee's interest in authorizing the Minority Entrepreneurship and Innovation Pilot Program (S. 2920, Sec. 351). I strongly urge the Committee to adopt the legislation.