

it that much more difficult. And small community banks that were the source of a lot of lending for small businesses are still working their way through some problems. Many of them were involved in the real estate market one way or another, and that creates difficulties as well.

So we know we still have some challenges. I assume that Tim has already described to you what we're doing both on the SBA side and at Treasury to try to loosen up capital for entre-

preneurs and businesspeople like yourselves. But with that, we're interested in finding out in more detail where you think we can be most helpful.

With that, Tim?

NOTE: The President spoke at 12:36 p.m. at Cleveland State University. In his remarks, he referred to Secretary of the Treasury Timothy F. Geithner. Audio was not available for verification of the content of these remarks.

## Remarks in a Discussion at the New Media Session of the Winning the Future Forum on Small Business in Cleveland February 22, 2011

*The President.* Hi, guys.

*White House Director of Online Engagement Sarah Bernard.* Hello!

*The President.* I thought I'd join you here.

*Council of Economic Advisers Chairman Austan D. Goolsbee.* The President.

*The President.* I'm sorry, did I interrupt an answer?

*Director Bernard.* Nope. [Laughter] Thanks for joining.

*The President.* You bet.

*Chairman Goolsbee.* Okay.

*The President.* All right.

*Chairman Goolsbee.* The President of the United States is here. Why don't you tell us why you're here.

*The President.* Well, Cleveland, I think, is a great example of cities all across the country, but especially in the Midwest, who are starting to reinvent themselves. These are typically manufacturing cities. They were built on the auto industry, on heavy manufacturing, steel. And as manufacturing has become much more productive, fewer workers are in manufacturing—even though manufacturing continues to contribute a lot to the economy—and so these regions are having to think, what's going to be the businesses of the future that end up employing more people and providing more opportunity? And small businesses are going to be the ones that I think are going to be making

the biggest impact on regions like this one—a lot of risk takers, a lot of entrepreneurs here.

And what we wanted to do is make sure that we listen to small businesses, hear from them, find out what kinds of barriers they're meeting, whether it's capital or finding the right workforce or how do they partner with larger companies. And so far we've already gotten some terrific ideas.

*Chairman Goolsbee.* He's better at this than we are. [Laughter]

*The President.* No.

*Chairman Goolsbee.* We got some questions for you from [whitehouse.gov](http://whitehouse.gov)—

*The President.* All right.

*Chairman Goolsbee.* —that we were going to shoot to you. James Pepitone in Addison, Texas: "With the virtual death of local banking, it's next to impossible today to get bank loans for anything other than fixed assets. For working capital, speculative funding, for others, entrepreneurs must look to saved capital, family, friends, or even a first customer. Traditional financing sources only help the more traditional forms of business. Innovators must look elsewhere." There were a lot in this spirit, and we were wondering what your view is.

*The President.* Well, one of the things we hear most frequently from small businesses is the problem of startup capital. Obviously, a lot of small businesses do get started with the entrepreneur's savings, family loans, credit cards.

But over the last 2 years, it's been especially tough for small businesses because of the credit crunch, both in the banking industry as well as the fact that folks don't have home equity loans that they could use potentially to start a business, their credit cards might have been maxed out.

And so what we did over the last 2 years was try to make sure that the Small Business Administration, the SBA, filled some of this hole. We increased the guarantees that SBAs will provide to banks if they loaned—if they made a loan to a small business. We eliminated some of the fees that might be required. And as a consequence, volume from the Small Business Administration went up substantially.

The other thing that we did was we increased the limits on the loans that might be provided through the SBA. So the SBA has done a lot of good work. The Treasury Department has also tried to make sure that they set up funds that would help to facilitate lending to small businesses. That's especially important in part because small businesses, a lot of times, have trouble getting loans when their collateral has gone down, their—the value of their holdings have gone down. And typically, that's been real estate for a lot of small businesses.

So we've got a range of products that, through the SBA, through Treasury, are providing loans to small businesses, helping encourage small banks to get back into the business of lending again. But we heard some good ideas here today about, for example, providing tax credits for angel investors that—right now there have been some discussions in Congress about setting up some additional legislation that could help small businesses, and we're going to see if we can implement it.

*Director Bernard.* We had a lot of questions come in about—our comments and thoughts about the—preparing the next-generation workforce. Roy Paulson in Temecula, California, noted: “The economy develops in pockets and clusters. Why don't we match this with our workforce development for the best results? We all know that people have many different jobs over their lifetime, and we need to retrain where and when it's needed: keep it simple,

apply it quickly, keep it local. The local aspect allows easy access for the people that need the training, and it's tailored to the local environment and conditions.”

*The President.* Well, the answer is in the question. I think that question is spot on. What you find as you travel around the country is, is that there's certain regions that are starting to gain expertise in biotech or they're starting to gain expertise in advanced battery manufacturing or they're starting to gain expertise in a particular industry which requires a particular skill set. And if we can get businesses to partner with local community colleges or local universities and have them help to design the training process for the jobs that already exist, it's a win-win.

For the businesses, it's—means that all their workforce training costs are absorbed somewhere else, which is obviously good for their bottom line.

For the students, what it means is that if you actually go through this program, you know that there's going to be a job at the end of the day because the employers have actually helped to design the program. And so Skills for America's Future is a program that we've been trying to implement that gets those partnerships between businesses and colleges and universities.

The local community college is a particular asset that has been underutilized over the last several years that we want to really ramp up. The Department of Labor is also working with State and local governments so that they can design and tailor their own particular approach to training.

But the key here is to recognize that for the vast majority of folks out there, you're not going to have one job or two jobs during the course of your career, you're probably going to have six or seven different jobs. And even mid-career, you may have to start retraining.

And what we want to make sure of is, A, that there's financing out there for you to retrain, which is why we increased access to student loans, eliminating some of the unwarranted subsidies that went to banks so that we could expand the Pell grant program; make sure that

starting in 2014, if you take out student loans, that in repaying them you'll never have to pay more than 10 percent of your income. So we've expanded access to universities and colleges.

But we also want to make sure that you're being trained for the right stuff. And that's particularly true for your second career, for older students. They've got a family, they may be working—they can't afford to go to school, take out loans, and then it turns out that what they were getting trained for didn't provide an immediate job opportunity.

*Director Bernard.* Helpful. I don't know how your time is. Do you have time for—

*Chairman Goolsbee.* He's the President of the United States.

*Director Bernard.* —another thought? [Laughter]

*The President.* I'll—

*Director Bernard.* I think you've got to go.

*The President.* —I'll take one.

*Chairman Goolsbee.* You got one online?

*The President.* I'll take one more question if you got it.

*Director Bernard.* This is really putting me on the spot. Let's see what's just come in.

*Chairman Goolsbee.* Some of them we have to clean up.

*Director Bernard.* Yes, we have a lot of comments about a lot of things coming in.

*The President.* Generally speaking, though, the—what I'll do is just talk about what I've heard in some of these forums.

*Director Bernard.* That's great.

*The President.* In addition to financing, I think the other thing that people really wanted to find out is how can they get mentored and partner with some larger businesses. And we're very lucky; we've got Steve Case here, who obviously used to be with AOL. Now, he's has agreed to be the chairman of our, sort of, umbrella organization that is Startup America, which is going to help to mentor and partner with would-be entrepreneurs, get them with more mature businesses, medium-sized businesses, large businesses.

Because a lot of times what they need is financing, but sometimes, what they need is mentoring, networking. They need to—if you're in the high-tech space, the most important thing for you is to potentially get in front of a Steve Case or a Steve Jobs or a Mark Zuckerberg or others and get a sense of what it is that is happening in your industry, who are the players there. And so that's another opportunity through a public-private partnership—doesn't cost money, but it can potentially provide opportunities.

*Chairman Goolsbee.* And we did hear from a number of people who, they're in a later part of their career, and they said, look, we still want to be productive. Can we—how can we help out? How can we teach the next generation? That seems it fits with your theme there.

*The President.* Absolutely.

So bottom line is that small businesses create two out of every three jobs in America. We're here in Cleveland to make sure that we're highlighting all the tools that are available right now to increase opportunities for small businesses: tax credits if you're providing health care to your workers, tax credits if you're interested in investing in a small business. Right now you get zero capital gains on those investments.

There are a whole range of tools that we're trying to bring to bear to make sure that we continue to be the most dynamic economy in the world. And I'm sure that Austan and Sarah will be interested, monitoring our web site to get even better ideas as time comes up, and let's make sure people know what the web site is. It is—

*Director Bernard.* Whitehouse.gov.

*The President.* Whitehouse.gov.

All right. Thank you, guys.

*Director Bernard.* Thank you.

NOTE: The President spoke at 1:33 p.m. at Cleveland State University. In his remarks, he referred to Steven P. Jobs, cofounder and chief executive officer, Apple Inc.; and Mark E. Zuckerberg, founder and chief executive officer, Facebook, Inc.