



## Remarks by NNSA Administrator Thomas P. D'Agostino, 12th Annual Small Business Conference & Expo, Kansas City, Missouri

### Speech

May 10, 2011

Thank you for the opportunity to be here today. Before we begin, I would like to take a moment to acknowledge Congressman Emanuel Cleaver, who we are lucky to have join us for today's program.

I don't need to tell anyone in this room how important Congressman Cleaver has been for the nuclear security enterprise, for our Kansas City Plant, and indeed for the people of Kansas City. As many of you know, Congressman Cleaver worked at the Kansas City Plant before running for mayor.

What some may not know is that Congressman Cleaver has played a leading role in working with the Obama Administration to ensure that we are connecting with businesses and communities that use and benefit from federal contracting opportunities most effectively.

He has been a leader on urban development issues since prior to his election to Congress, as the former Mayor of Kansas City. Now, in his role as a Member of the critically important House Financial Services Committee, Congressman Cleaver continues to lead.

Congressman Cleaver has worked hard to promote and develop Kansas City's Green Impact Zone, and has worked continually to create sustainable communities, including jobs and housing. This includes his focus on the 150-block initiative in the City's urban core.

Finally, as Chairman of the Congressional Black Caucus, Congressman Cleaver brings yet another crucial perspective to this process. He plays an important role in helping to make sure that people back in Washington understand ways we can help to empower minority and underserved communities by partnering with capable contractors on important projects.

Congressman, thank you for all of your many years of service, for your support of programs like this, and for making time to be here.

It is fitting that we are holding this meeting in Kansas City, home to one of our nation's most important national security facilities. The 2,500 hard working, talented and dedicated federal and contractor employees at KCP play a vital role in implementing the President's nuclear security agenda and keeping the American people safe and secure.

KCP is also a model for the many ways we are working to invest in the future and improve the way we do business across the nuclear security enterprise. Promoting small business contracting is a major part of that vision.

President Obama and Secretary Chu recognize that in these tough economic times, small businesses and entrepreneurs are indispensable to our nation's economic recovery.

It is through the innovation of entrepreneurs like you that new industries and durable jobs will be created – something our economy needs after going through the worst recession since the great depression.

It is especially important that we work to diversify our nation's small businesses. According to a Small Business Administration report, studying data from 2002 through 2006, there is a major gap in business ownership by minority communities. According to this study, in 2002 the White population was 6.3 times that of African Americans, 19.0 times that of Asians, and 5.6 times that of Hispanics. But the number of White-owned establishments was 53 times that of Blacks, 16 times that of Asians, and 25 times that of Hispanics.

Through President Obama's initiatives to help small business owners, we are working to close this gap and make sure all Americans have the same opportunities to have a successful small business.

The President is urging government agencies to meet the combined goal of 23% for all federal contracting with small businesses, as well as specific goals for underserved small business groups that, for too long, have been left behind. The Department of Energy and NNSA are working to help the Federal Government not only meet this standard, but surpass it.

The Obama Administration's investment to small businesses is unparalleled. Since taking office, the President has signed into law landmark legislation that has helped small businesses, including the Health Care Affordability Act, the Small Business Jobs Act, and the Recovery Act. Many people don't know this, but fully 32 percent of all Recovery Act contracts went to small businesses.

President Obama has said, "Entrepreneurs embody the promise of America: the belief that if you have a good idea and are willing to work hard and see it through, you can succeed in this country. And in fulfilling this promise, entrepreneurs also play a critical role in expanding our economy and creating jobs."

That's why, in this year's State of the Union Address, the President outlined a plan for winning the future by out-innovating, out-educating, and out-building the rest of the world. As part of that effort, the White House launched "Startup America," a national campaign to help America achieve these goals by promoting high-growth entrepreneurship across the country. That includes helping to encourage private sector investment in job-creating startups and small firms, accelerate research, and address barriers to success for entrepreneurs and small businesses.

As you know, the Department of Energy and the National Nuclear Security Administration are engines of innovation. We are committed to increasing the role that small businesses play in our enterprise.

Small businesses create about 2 of every 3 new jobs in America each year. More than half of working Americans own or work for a small business. And small businesses drive American innovation and competitiveness.

I am proud to represent the Secretary and the Deputy Secretary at this conference. Under their leadership, the Department has made promoting and encouraging small business contracting a major priority. During the 10-year period between FYs 2000 and 2010, the Department's total small business achievement more than doubled – from \$3.8 billion in FY 2000 to \$7.7 billion in 2010.

We have worked to make it easier for small businesses to have access to capital. Our minority banking program at DOE helps get start-up capital to small




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DOE’s strategic sourcing initiatives will ensure that small businesses will have a strong presence. More small businesses will have the opportunity to team with others across multiple sites. Together, we are creating a wonderful environment for a small business to expand on a regional or even national level.

Our small business strategy is part of a broader effort to do more with less. Like the rest of the Obama Administration, we are keenly interested in being good stewards of the taxpayer’s money, and in working to promote economic competitiveness and job growth. The Department of Energy is a major part of the President’s plan to win the future.

For my own organization, the National Nuclear Security Administration, it is particularly important to emphasize our ability to be effective stewards of finite tax dollars.

Last month, President Obama proposed an FY2012 budget request that includes \$11.8 billion for NNSA. That request seeks the resources we need to invest in the future by building the modern nuclear security enterprise required to implement the President’s national security agenda.

Often our small business partners can help find innovative, more cost-effective ways to get the job done. That is why the Secretary and I have made promoting small business contracting a major priority.

As a department, DOE exceeded our annual business goal for FY 2010 by placing more than \$1.8 billion in contracts in the small business community. That’s good, but we want to increase that number to \$2.0 billion.

At NNSA, our federal offices obligated \$396 million in small business contracts in 2010, surpassing our small business goal by 39 percent for the year.

Collectively, our seven M&O partners obligated almost \$2 billion on small business contracts in 2010. That is up from \$1.6 billion in 2009.

Here in Kansas City, almost \$95 million dollars of procurements went to small businesses last year against a procurement base of a little more than \$200 million. That is an astonishing 47.3 percent.

Taken together, this means that NNSA’s budget resulted in almost \$2.4 billion in small business obligations in 2010 – out of a total NNSA FY2010 Procurement Base of \$9.5 billion. This demonstrates how committed the Department and NNSA are to engaging small businesses in our enterprise. More importantly, it demonstrates how essential small businesses are to our mission accomplishment.

Our motivation for using small businesses is not altruism. For us, small business is good business. Using small business companies helps us be more efficient in the use of taxpayer dollars, reducing overhead operating costs.

Take, for example, the Supply Chain Management Center (SCMC), which is managed right here in Kansas City. Since 2007, we have saved more than \$213 million by pooling the purchasing of common goods and services and by leveraging combined purchasing power. Small businesses play a major role in producing those savings. More than 90 percent of the award value identified in the current agreements were awarded to small businesses.

Small businesses even play a role in our international nuclear nonproliferation missions. In 2009, President Obama outlined an ambitious goal of locking down vulnerable nuclear material within four years. Through the NNSA’s Second Line of Defense Program, the Department of Energy has teams of people working all over the world to install radiation detection equipment at ports, airports and land border crossings. The goal is to crack down on the smuggling of nuclear material to prevent a terrorist from ever using it here in the United States.

Those efforts rely heavily on three small business-led teams to get that job done. This \$700 million, seven-year effort demonstrates the strength of small business capabilities on an international scale.

Taken together, I think this shows how seriously we take our partnership with the small business community, and the vital role that our small business partners are playing. Together, we are investing in a leaner, more efficient and stronger enterprise. And we are investing in the communities that we call home.

Thank you for the opportunity to join you today, and have a great conference.

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