



**Testimony of Mark Madrid
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**Before the
House Committee on Small Business**

Hearing on

**“Oversight Over the SBA’s Office of Entrepreneurial Development”
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Good morning, Chairman Williams, Ranking Member Velázquez, and distinguished members of the committee. Thank you for the invitation to discuss our SBA Office of Entrepreneurial Development (OED).

I came to the Small Business Administration (SBA) from the private and nonprofit sector, and I have seen firsthand the way that public-private sector partnerships can benefit our small businesses. Prior to SBA, I led the Stanford University Latino Entrepreneur Initiative/Latino Business Action Network. As a proud Texan and the son of a small business owner, I previously served as CEO of the Greater Austin Hispanic Chamber of Commerce and COO of the Houston Hispanic Chamber of Commerce.

Since 2021, I have been privileged to lead the OED, the SBA's technical assistance arm on the ground that helps our small businesses access training, counseling, and other resources. Under Administrator Guzman's leadership, OED has made great progress in working to help small business owners grow through a customer-centric and technology-forward approach.

The U.S. economy continues to experience a record small business boom. More Americans are starting small businesses than ever before – “act[s] of hope,” as President Biden called them in his State of the Union address. More than 14 million small businesses have started since January 2021, including nearly 473,000 in September.

SBA is focused on providing the critical technical assistance that America's 33 million small businesses need, whether they are a new business or an established small business seeking to grow their revenue or market share. Our goal is to create a long-term relationship that can last throughout the business lifecycle, so that small businesses can thrive in the entrepreneurial ecosystem. SBA's Resource Partners and networks, including Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), SCORE, and Community Navigators, have demonstrated a significant impact in empowering small businesses.

The SBA OED leads the Train. Hope. Rise. Innovate. Venture. Elevate. (THRIVE) Emerging Leaders Reimagined program, which provides executive-level training designed to accelerate growth of small businesses. More than 8,000 small businesses have graduated from this initiative since 2008, supporting nearly \$1 billion in new financing and more than \$4 billion in government contracting. The 2023 THRIVE cohort has over 850 participants in more than 50 locations across the Nation, priming our graduates to scale their businesses and create jobs.

I've seen the impact of the THRIVE program firsthand when I visited with Stephanie Johnson, a Certified Public Accountant who completed the THRIVE program last year. She is the founder of Simmons-Johnson Consulting in Houston, a woman-led 8(a) firm focused on project management and disaster recovery. Her first exposure to contracting began in 2018 when she was awarded a contract to help the Federal Emergency Management Agency (FEMA) with the recovery after Hurricane Harvey. She credits the THRIVE program for helping her develop the skills to take on more complex contracts and hire additional employees.

There are scores of entrepreneurs just like Stephanie who utilize one service in the small business ecosystem such as becoming certified in the 8(a) program, and then take another step to obtaining additional training with THRIVE or another program.

SBA seeks to meet our entrepreneurs wherever they are in their business journey with the right set of tools and resources. SBA amplifies its reach through a network of resource partners, the largest of which is the SBDC program. SBDCs, which are affiliated with state universities, economic development agencies, and other partners, have notable reach via 63 Lead Centers and nearly 900 Service Centers. The SBDC network counseled over 306,000 clients in Fiscal Year (FY) 2022 and helped them start over 20,000 new small businesses and obtain over \$7.8 billion in capital. The number of SBDCs at Minority Serving Institutions (MSIs) has increased more than 10 percent from Program Year 2022 to 2023. In FY 2023, MSIs hosted lead centers in 18 states and territories and over 125 MSI-hosted SBDC Service Centers.

SBA's Office of Small Business Development Centers provides critical oversight to ensure that taxpayer funding is utilized effectively and in accordance with applicable laws and guidance. Accordingly, we conduct annual site visits, audits, and measure performance goals, and data sharing between SBA and SBDCs. SBA is committed to protecting taxpayer dollars and the private information of every small business that seeks assistance from the agency, SBDCs, and other SBA Resource Partners. SBA has strong information security protocols, encryption, and other measures to protect client privacy and prevent any personally identifiable information (PII) from being disclosed. SBA is currently reviewing comments on a proposed rule that would provide even greater protection for individual client privacy and confidentiality while maintaining SBA's ability to provide effective award oversight.

SBA and SBDCs also work together to bolster cybersecurity for small businesses. There are growing threats to small businesses from sophisticated cyber criminals and small businesses are targets because they do not have the resources of large corporations. According to the Federal Bureau of Investigation's Internet Crime Complaint Center, there were nearly \$10.3 billion in losses from cyberattacks and malicious activity in 2022. SBA is focused on equipping small businesses with security solutions and tools to protect against these targeted attacks.

October is National Cybersecurity Awareness Month, and I am proud that the SBA is hosting our second annual SBA Cyber Summit this month to share insights from leading experts in this field. We are hosting educational sessions and will share expert strategies with over 2,500 participants to empower small business owners with knowledge and tools to protect their businesses from evolving digital risks. Additionally, SBA established competitive grants for states under the Cybersecurity for Small Business Pilot Program to provide training and other critical assistance. In August, we awarded \$6 million in funding to six state grantees from Colorado, Indiana, Ohio, Virginia, Hawaii and Wyoming.

In nearly every state in the country, our Nation's record small business boom is being led by women, particularly women of color. For the first time, the SBA's network of WBCs has expanded to all 50 states, the District of Columbia, and Puerto Rico. Under this Administration, we have tripled the number of WBCs at Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs), and other MSIs.

In FY 2022, WBCs served more than 84,000 clients with a range of services from counseling, business planning, capital readiness, and government contracting. This led to more than 2,800 new business starts and 8,350 loans that helped women-owned firms create jobs in their communities.

Another critical partner during this record small business boom is SCORE. Celebrating its 60th anniversary next year, SCORE provides free mentoring, resources, personalized coaching, and education to our small businesses from volunteer experts who have a demonstrated track record and distinguished knowledge in business. With more than 10,000 volunteers across all 50 states, Puerto Rico, and U.S. territories, SCORE served more than 322,000 unique clients in FY2022 alone.

Importantly, SCORE has also expanded their reach to ensure that underserved entrepreneurs have access to services. SCORE established specific Hubs for Women Entrepreneurs, Black Entrepreneurs, Hispanic Entrepreneurs, Asian-American, Native Hawaiian and Pacific Islanders Entrepreneurs, Veteran Entrepreneurs, and Rural Entrepreneurs across the country.

Finally, I'd like to highlight the success of the Community Navigators program. Congress established Community Navigators as a pilot in the American Rescue Plan to ensure that the economic recovery would reach our smallest of the small businesses and underserved entrepreneurs—building bridges with hyperlocal and culturally competent content from trusted partners. Today, I report that the Community Navigators program achieved Congress' vision of reaching more small businesses and providing them with resources to start and grow.

SBA utilized a Hub and Spoke model, where mobilized Hubs could collaborate with local service providers, including SBA Resource Partners and SBA District Offices, to expand the reach of our services and fill gaps in the ecosystem. We partnered with a total of 51 grantees, from large organizations, like the National Urban League and the Syracuse University Institute for Veterans & Military Families (IVMF), to smaller Hubs, like the Dallas Entrepreneur Center and the Southern Alleghenies Planning Commission.

In the first 18 months of the program, Community Navigators provided customized, hands-on counseling to nearly 29,000 individuals and helped them access \$249,000,000 in funding. More than 294,000 individuals attended a training session hosted by Community Navigators and the service provided 175,000 hours of training and counseling services. These services were accessed by multiple demographics, including rural Americans, women, communities of color, small businesses in Indian Country, entrepreneurs with disabilities, and Veterans.

A Veteran Owned Small Business that benefited from Community Navigators is Michael Bower, the President of Eagle Metalcraft in Syracuse, New York. After serving in the Marine Corps, Michael wanted to create a manufacturing business and utilized a SCORE mentor and his local SBDC to build his business fabricating metal for the semiconductor market. But Michael told me that it was the support of the Community Navigators program that allowed him to scale with support from IVMF. IVMF, an SBA Community Navigator grantee, provided direct connections to sophisticated accounting assistance from a CPA firm spoke to help Michael navigate his payroll and capital acquisition. Michael also wanted to compete for government contracts, and it was Community Navigators that provided the connections to procurement

specialists so that he could scale his business. As a result of the support he received, Michael hired ten employees in the last year.

Michael and Eagle Metalcraft is just one enduring example of Community Navigators. The data illustrates that Community Navigators complemented the entrepreneurial ecosystem by allowing affinity groups for underserved entrepreneurs to dive deep with trusted advisors for additional support. Seven SBDCs in Arkansas, Delaware, Florida, Vermont, Wyoming, Illinois, and Indiana were Community Navigator program grantees. Six other SBDCs in Hawaii, New Hampshire, South Carolina, South Dakota, Colorado, and Pennsylvania served as Spokes.

The President's 2024 Budget requested funding for Community Navigators. SBA looks forward to continuing the discussion with Congress on supporting this impactful program through the annual appropriations process.

In closing, I am energized to lead OED with our delivery of critical, timely, and relevant services for our diverse and resilient small business owners across America. With Administrator Guzman's whole-of-SBA approach, we will continue to increase and advance entrepreneurial and capital readiness support for America's small businesses. Just as my dad and mom built a Texas Panhandle welding business from the ground up, our nation's small businesses are building and serving as the backbone of our economy every single day.

I appreciate the opportunity to appear before you today to share stories of the way SBA's entrepreneurial ecosystem is benefiting Main Street entrepreneurs in our communities. I look forward to your questions.