



**U.S. Small Business Administration
Washington, D.C. 20416**

TESTIMONY of

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**U.S. Senate Small Business and Entrepreneurship Committee
Monday, March 16, 2015**

Good morning, Ranking Member Cardin, and members of the committee. Administrator Contreras-Sweet sends her regards and regrets that she could not attend today's hearing.

I am Antonio Doss, and I serve as District Director of the U.S. Small Business Administration's Washington Metropolitan Area District Office. Our office is one of 68 district offices located in major markets around the country. Although based in the District of Columbia, we support the small business community in Prince George's County, Montgomery County, Northern Virginia and Washington, D.C.

I am joined today by my colleague, Steve Umberger, the District Director of the SBA's Baltimore District Office, which supports entrepreneurs and Maryland small business owners who reside outside of Prince George's and Montgomery Counties.

As you know, the SBA's mission is to strengthen the nation's economy by enabling the establishment and vitality of small businesses. We help create an environment whereby entrepreneurs and small business owners have unmatched federal support to innovate, launch, hire and grow – and in so doing, become critical drivers of their local economies.

Underpinning all of our efforts is the notion of inclusive "entrepreneurship." By this I mean that we work to ensure that SBA products and services are available to small business owners regardless of age, race, gender, geography or socioeconomic status. Indeed, our current Administrator has placed a special emphasis on strategies that enable us to better reach underserved and economically challenged segments of our market.

My testimony today will focus on our lending programs, but I would be remiss if I did not mention government contracting, because of the essential role it plays in the capital region and throughout Maryland. Government contracts provide billions of dollars in revenue for local small businesses. SBA programs like the 8(a) business development program and HUBZone help ensure that underserved small businesses receive their fair share of the federal pie.

Last year, we were pleased to join Senator Cardin and the NASA Administrator to announce that the federal government met our statutory goal of awarding at least 23 percent of federal contracts to small businesses. This was an important achievement that meant more than \$83 billion flowed to small firms, which create nearly two out of three net private-sector jobs in America.

Providing more capital to underserved and minority small businesses has been a particular focus of Administrator Contreras-Sweet. She was a commercial business banker in Los Angeles specializing in minority lending before joining President Obama's cabinet. She has a unique understanding that many minority communities were hit especially hard in the recession, and the SBA plays a special role to serve these communities since our charter is to fill in the gaps of commercial lending.

In FY 2014, we made loans more affordable by waiving fees on all 7(a) loans under \$150,000. As a result, minority lending under \$150,000 increased 23 percent in FY 2014. We are encouraged by these results, and plan to continue the fee waiver in FY 2016.

The microloan program is another key piece in our underserved strategy. It helps ensure that borrowers in all communities have the support and technical assistance they need to start a business, grow, and ultimately achieve long-term success. The microloan program provides funding for loans up to \$50,000 through non-profit lenders. Over half of all microloans have been awarded to minority-owned businesses; nearly 30 percent of microloans were awarded to African-American business owners. This community was hit particularly hard by the economic crisis.

Another effective program for underserved borrowers is our Community Advantage Loan Program. This program allows our microlenders, CDCs, and other non-bank lenders to offer 7(a) loans up to \$250,000. The program also helps meet the credit, management, and technical assistance needs of small businesses in underserved markets that might not qualify for traditional financing.

SBA approved a record \$19.2 billion in lending under the 7(a) program last year. We expect another record-breaking total this year based on the escalating demand for SBA financing. Last year, \$5.5 billion dollars – or 29 percent of all 7(a) loans – were awarded to minority borrowers. Maryland small businesses received \$245 million in SBA-supported loan approvals under the 7(a) program. Maryland's minority-owned businesses accounted for 38 percent of the number of loans guaranteed by SBA in the state and 44 percent of the dollar value.

We have made progress on underserved lending, but we know more must be done to achieve our vision. We are taking steps to do more by making SBA loans easier to access, quicker to process, more affordable, and less cumbersome to originate.

SBA partners with 80 active lenders serving Maryland businesses, and we are working to expand that number through an aggressive loan modernization program. This spring, we

will roll out SBA One, a revamped lending platform that will serve as a one-stop shop for all steps of the loan process, from determining eligibility through closing out the loan.

In another effort to streamline the SBA loan process, last year we rolled out a new SBA predictive credit scoring model for loans \$350,000 or less. It puts greater emphasis on a borrower's business credit score, so those who incurred personal debt during the downturn can still qualify for a small business loan. These reforms are dramatically cutting the time and cost of receiving SBA-backed financing.

Finally, we are making it easier to connect with SBA lenders. Just last month, we introduced a new Web-based tool called LINC. It allows prospective borrowers to fill out a simple online form and get connected with interested SBA lenders within 48 hours. LINC will roll out in waves. It began by connecting small business owners with microlenders and nonprofit lenders. Later this year, we plan to add banks and conventional commercial lenders.

SBA remains committed to helping current and aspiring entrepreneurs secure the financing and support they need to start, sustain, and grow their enterprises. The new tools we have implemented are designed to get more credit in the hands of small businesses from all walks of life. We are committed to innovations that will allow us to serve and assist minority-owned business in Maryland and across America.

Thank you for the opportunity to provide this testimony, and I welcome your comments and questions.