

Testimony Prepared for SBA Administrator Maria Contreras-Sweet
U.S. Senate Small Business Committee Field Hearing
Fargo, North Dakota
Thursday, July 2, 2015

Thank you, Senator Heitkamp, for convening this hearing and for your leadership in the Senate to support North Dakota's small businesses and Fargo/Morehead's vibrant startup community.

North Dakota's GDP and personal income have grown faster than that of virtually any other state over the past decade, while your 3.1 percent unemployment rate is the second-lowest in the country. This progress is attributable almost exclusively to North Dakota's small business sector.

According to the 2011 census, 98 percent of North Dakota's firms are classified as small businesses and 54 percent of firms here are microbusinesses with between one and four employees. The SBA is committed to supporting this growth.

Here in Fargo, we're proud to be part of one of America's truly vibrant entrepreneurial ecosystems. The startup scene in Fargo has attracted national attention, and rightly so. It owes much of its success to the collaborative nature not only of individuals, but also educational institutions, private organizations, government entities and business organizations.

The desire to see others succeed, especially in a competitive small business environment, is spurred by a unique culture cultivated by those who have both succeeded and failed in past ventures. I'm told this is sometimes referred to colloquially as "North Dakota nice."

The SBA's North District Office has sought out opportunities to support entrepreneurs not only through our delivery of SBA programs and services, but also through formal and informal community organizations, gatherings, and initiatives.

This includes organizations and events such as Emerging Prairie, Startup Weekend, Women's Startup Weekend, 1 million Cups, Startup Drinks, E-commerce Breakfasts, Fargo Startup House, hackathons, and the incubator at NDSU Research and Technology Park. The SBA has been a proud partner in many of these efforts, helping to recruit new participants as well as mentor and coach entrepreneurs as they start up and scale up their enterprises.

The SBA plays an important role in ensuring North Dakota's entrepreneurs have access to capital and financing. I'm a former community banker. Since I joined the SBA, I'm proud to report that the SBA has supported \$146 million in lending to North Dakota's entrepreneurs. In the last year, our lending is up statewide by 22 percent.

Senator: I know you sat on the Industrial Commission as Attorney General, and I want to acknowledge the unique role played by the Bank of North Dakota. By using state resources to finance small businesses and lower interest rates, the Bank plays a critical role in alleviating

cash flow problems and giving entrepreneurs the ability to invest in new equipment, new jobs, and higher wages.

At the SBA, we're focused on assisting both small Main Street startups and high-growth small firms here in North Dakota.

In Fargo, we're proud of the work of our SBA microlender, Lake Agassiz Regional Development Corporation. Not only has it approved 22 microloans totaling \$460,000 since the beginning of FY14, but it's also provided technical assistance to help local startups manage their working capital.

The SBA is equally focused on funding high-growth, high-tech startups through the SBA's Small Business Innovation Research Program and the Small Business Technology Transfer Program. These programs help to minimize the risk in discovery and innovation and level the playing field with larger corporations.

Statewide, there are currently 142 open SBIR and STTR awards totaling more than \$32 million. Here in Fargo, innovators partnering with North Dakota State University are currently working to commercialize products in areas as diverse as wireless technology, wood plastics, and biotoxin detection. This is truly cutting-edge work.

Senator, as you know, just last month, our SBIR Road Show brought some of the government's top-decision makers on federal research grants to Fargo to meet with local innovators. The feedback we've received has been universally positive.

In addition to providing financing and research grants, the SBA is proud to fund an outstanding group of resource partners – our Small Business Development Centers, Women's Business Centers and SCORE executive mentors. SBA provides more than \$900,000 annually so these partners can provide tailored assistance to North Dakota's small firms.

We know small businesses need reliable financing to grow. But we also know how important it is to provide information about business fundamentals, regulatory compliance, how to access government contracts, how to export, and how to network your way into new opportunities and new customers.

This year in Fargo, our district office is standing up our first Emerging Leaders program. We've enrolled our first class of 16 experienced entrepreneurs committed to scaling up their firms. The national statistics for executives who've gone through the SBA's Emerging Leaders program are really amazing. Two out of three leaders who have been through this program have increased their revenue; three out of four have hired new employees; and **nearly half** have secured government contracts.

Finally, the SBA remains deeply committed to North Dakota's Native American population. Last fiscal year, North Dakota had seven Native-owned firms operating under our 8(a) program designed to

help socially and economically disadvantaged companies gain access to federal contracts. These firms were awarded more than \$19 million in government contracts. In addition, North Dakota has 18 HUBZone Firms that were awarded \$2.4 million in Fiscal Year 2014 and more than \$2.5 million already this Fiscal Year.

Senator: The SBA is engaged on many fronts to support the work happening here to promote small business growth across North Dakota. And we're especially proud to be part of the unique spirit of collegiality and cooperation that has made Fargo such an attractive place for entrepreneurs.

With that, I'd be happy to take your questions.