



U.S. Small Business  
Administration

**Statement of Stephen D. Umberger  
District Director  
Baltimore District Office  
U.S. Small Business Administration**

**before the  
Senate Committee on Small Business and Entrepreneurship**

**Field Hearing on “Federal and Local Government Serving Frederick’s  
Diverse Small Businesses”**

**Frederick, Maryland  
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**Statement of Steve Umberger  
Baltimore District Director  
U.S. Small Business Administration**

Good afternoon. I am Steve Umberger, District Director, of the U.S. Small Business Administration's Baltimore District Office. I'd like to thank the Committee for the opportunity to testify this afternoon and to thank Senator Cardin for his unwavering advocacy for Maryland's entrepreneurs.

While a small business owner's dedication, experience, and skill are clearly the heart of the business, today's changing business climate often prompts the owner to seek outside help. This help can come from federal programs, like SBA, as well as state and local programs.

SBA was created in 1953 to offer programs and assistance to the nation's small business owners. Our mission is to foster success among small businesses. We have a variety of financial guarantee, technical assistance, and business development programs, aimed at helping entrepreneurs start, run, and grow their businesses. In addition, the SBA plays a critical role in times of disaster by assisting business owners, homeowners, and renters with their recovery efforts.

The Baltimore District Office serves the entire state of Maryland, with the exception of Prince George's and Montgomery counties which are served by the Washington Metropolitan Area District Office. Though located in downtown Baltimore, my staff and I routinely visit communities across the state to train entrepreneurs, economic development professionals, and lenders alike on the merits and benefits of our programs.

The process of starting a business can be overwhelming, but help is available. There are a variety of challenges that all entrepreneurs face when opening or growing a small business. Of course, planning is key. Whether completing a business plan or a marketing plan – it requires a great deal of thought and research. SBA and our resource partners have services and the expertise to assist small businesses with accessing capital, engaging international markets, and reaching their business goals.

Free one-on-one counseling is available through our federally funded resource partners, the Maryland Small Business Development Center (SBDC) Network and the Service Corps of Retired Executives (SCORE). Both organizations are available to guide entrepreneurs through difficult processes, including business planning, loan packaging, and marketing. Counseling services are free, and counselors serve every Maryland county. The SBDC network and SCORE also offer educational workshops, for a nominal fee, that cover everything from "getting started" and bookkeeping, to social media and website development.

SCORE has a chapter here in Frederick at the Frederick Innovative Technology Center (FITCI) at Metropolitan Court, serving Frederick and Maryland's western-most counties. The SBDC network has counselors located at Frostburg State University, also serving Frederick and western counties.

SBA also funds Women's Business Centers. The Maryland Women's Business Center is located in Rockville, with an office here in Frederick on North Market Street. They too offer free counseling and low-cost training.

Additionally, SBA provides government contracting and business development assistance through our 8(a) Business Development Program. The federal government is the nation's largest purchaser of a wide variety of goods and services. Doing business with the government can be a great way for entrepreneurs to expand their markets and increase their client base. There are specific socio and economic requirements for the 8(a) program and, in most cases, the firm must have been in business for a minimum of two years to qualify. Once approved for the program, the small business is assigned a Business Opportunity Specialist in the District Office who will work closely with them during their enrollment in the nine-year program. There are 10 firms in Frederick County currently active in the 8(a) program.

We also offer the Historically Underutilized Business Zones, or HUBZone, certification program. This contracting program is tailored around specific geographic areas in which the federal government focuses to foster investment, redevelopment, and job creation. There are currently nine HUBZone certified firms in Frederick County.

Additional contracting assistance is available to Service Disabled Veteran Owned Small Businesses and Woman Owned Small Businesses. There are 57 self-certified Service Disabled Veteran Owned Small Businesses and 138 self-certified Woman Owned Small Businesses located in Frederick County. Furthermore, our office has marketing and outreach specialists who focus on opportunities for veterans and women's business owners, which are priorities for the agency.

A universal challenge for small businesses is access to capital. This is an area where the SBA can greatly assist entrepreneurs. The SBA acts as a guarantor of funding provided by a traditional banking source. Our participation in the loan process is beneficial to an entrepreneur who may have difficulty acquiring the necessary capital to start a business. We work closely with over 90 lenders across the state to meet the needs of Maryland's entrepreneurs. Both national and community lenders are within our portfolio and well versed in SBA programs.

SBA offers several loan guaranty programs. Our hallmark loan program is the 7(a) loan, offering flexibility in loan structure in amounts up to \$5 million dollars. These loans are made through mainstream banking sources and other approved non-bank lenders. Another program is our Microloan program. It is geared for smaller capital needs with amounts up to \$50,000. These loans are made through non-profit intermediary micro-lenders, of which we have five serving Maryland.

For anyone interested in purchasing or improving real estate or acquiring machinery or equipment, the SBA 504 Certified Development Company Loan Program is a very attractive option. The program provides long-term, fixed rate, subordinate mortgage financing. The entrepreneur invests 10% of the loan amount and the balance is provided by a conventional lender and an SBA Certified Development Company (CDC). Key features of this loan are long-

term repayment options, historically low interest rates and a job creation requirement. These loans are made through the CDC and there are currently four serving Maryland.

In fiscal year 2018, 708 entrepreneurs throughout our district received SBA guaranteed loans totaling over \$236 million dollars. So far this fiscal year, through July 31, 534 loans have been made in excess of \$183 million dollars.

Here in Frederick County, over the past two years, SBA has supported 81 small business loans valued at a total of just over \$35 million dollars.

Before I close, I wanted to mention an additional outreach event that SBA is coordinating in Maryland. In September, SBA and the 11 participating Small Business Innovation Research (SBIR) program agencies will make an SBIR Road Tour stop at the University of Maryland. The SBIR program helps foster small business innovation through early-stage research and development awards. This event is another chance for the SBA to connect the Maryland small business community with resources and opportunities.

In closing, thank you to the committee for the opportunity to join you today and to Senator Cardin for all your support of the small businesses and entrepreneurs throughout the great state of Maryland.