



**Testimony of Mark Madrid
Associate Administrator
Office of Entrepreneurial Development
U.S. Small Business Administration**

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

February 1, 2022

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Good afternoon, Chairman Cardin, Ranking Member Paul, and distinguished members of the committee. Thank you for the invitation to discuss the SBA's Office of Entrepreneurial Development.

Our mission is to help small businesses start, grow, and expand by providing quality training, counseling, and access to resources. We achieve this mission through layering an expansive national Resource Partner network, grant programs, Community Navigator services, and entrepreneurship education. We spearhead this portfolio with Administrator Isabella Casillas Guzman's guiding north star of delivering a best-in-class customer experience, supporting new small business creation and job growth across the country, while significantly advancing equity and leaning into technology. We are honored to steward the technical resource and entrepreneurship education arms of the Agency under Administrator Guzman's results-driven leadership.

I am a product of entrepreneurship. Like many of our U.S. small business owners, my dad was unrelenting in changing the course of our family's destiny, as he built his welding business in the Texas Panhandle. We are proud of my dad for his evolution from the cotton fields to being his own boss. Mi Papa (my dad) died last year from Covid-19, and we almost lost my mom. We thank God that she survived. I consider supporting small businesses—like my dad's—the honor of a lifetime, and I have a proven track record of doing so on the ground.

Supporting small businesses like my dad's has given me the greatest sense of purpose in my life. Through my work leading Hispanic Chambers of Commerce in Texas, most recently serving as CEO of Stanford University Latino Entrepreneurship Initiative and Latino Business Action Network, and now at the SBA's Office of Entrepreneurial Development (OED), I have had the distinct honor of building a body of work and a seasoned track record based on listening to the unique needs of small business owners across the U.S. and truly empathizing with them. As a result, I am energized to lead this office.

A critical component of OED's footprint is the services delivered by our Resource Partners: our network of Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and SCORE. OED also spearheads the Community Navigator Pilot Program and our Strategic Learning Initiative. Additionally, OED's Office of Entrepreneurship Education (OEE) leads our Cybersecurity Grant Program and Regional Innovation Clusters.

Distinguished members of the committee, you know as well as anyone that the last two years have tested America's entrepreneurs in ways they could have never imagined. I am proud to report to you today that entrepreneurship in America is booming. In fact, in no year prior to 2021 did more Americans take that courageous, American step of starting a business. The data proves it. In 2021, Americans submitted 5.4 million applications for new businesses, the highest level ever recorded.¹ That 2021 level surpassed the previous record for new business applications by more than 1 million, and it was 53% higher than the average of the previous five years.

This burst in new businesses is pervasive across the economy. It is seen across goods and services sectors, in rural and urban states, and it includes what the Census calls high-propensity new businesses, those with a strong likelihood of hiring employees. In 2021, there were 1.8 million applications for these likely-to-hire businesses—36% higher than the previous five years' average.²

This record pace of new business creation is a credit to the thriving entrepreneurial spirit in this country, which has shown itself resilient even in the face of a global pandemic. It is also thanks to the strong emergency economic support provided by Congress, starting with the bipartisan CARES Act and continuing through President Biden's American Rescue Plan: stimulus checks and child tax credits that gave economic security to families; aid to state and local governments that prevented public sector layoffs; and, of course, the SBA's aid to small businesses, which reached \$450 billion in 2021 alone, under the leadership of Administrator Guzman.

Recovery legislation has included \$440 million for the SBA's entrepreneurial development programs. Today, I discuss how OED is honoring that investment through action, in support of the entrepreneurship wave sweeping the country. The millions of new businesses are as diverse as they are numerous, and so is the range of their counseling needs. Some entrepreneurs benefit most from women-specific counseling; others need an experienced business mentor; and still others need technical advice from a university-connected organization or one with strong ties to their local community. I will discuss how OED programs provide that much-needed, diverse range of small business support, starting with the Community Navigator Pilot Program.

This program is designed to reduce barriers that small businesses, including those owned by disadvantaged groups such as veterans, women, and those from rural communities and communities of color, often face in accessing critical support. Funded by the American Rescue Plan Act of 2021, it provides \$100 million in grants to 51 organizations that work with hundreds of organizations and nonprofits to connect America's entrepreneurs to SBA and federal, state, and local resources so that they can recover and thrive.

This program is more critical than ever as many small businesses are facing headwinds from Omicron. It complements and bolsters the SBA's core counseling programs by leveraging a national network of Community Navigators, who, to use the words of Administrator Guzman, are "reaching those business owners who don't know that help is out there, or don't know how to access that help, and even those who may not think our programs are really for them."

In October, SBA announced the program's grantees that were selected through a rigorous review process. Diversity and inclusivity are at the core of this initiative, as illustrated by our eight Tier 1 grantees: National Urban League, U.S. Black Chambers, US Hispanic Chamber of Commerce, U.S. Pan Asian Chamber of Commerce, Syracuse's Institute for Veterans and Military Families, Oweesta Corporation (which has a special focus on serving small businesses in Indian country), Local Initiatives Support Corporation (which has a unique reach to women entrepreneurs), and International Rescue Committee.

After working on the ground for two months, our Navigators are well underway in supporting small businesses. For example, in December, Daughters of Zion in Memphis, Tennessee, a Tier 3 \$1 million grantee, held a workshop to help walk more than 30 local entrepreneurs through how to complete applications for the Economic Injury Disaster (EIDL) loans, the Targeted EIDL Advance, and the Supplemental Targeted Advance before the December application deadlines for these programs.

In addition to Community Navigators, SBA's Resource Partners are a critical element of OED's service portfolio. Small Business Development Centers (SBDCs), which are supported by our Office of Small Business Development Centers, have tremendous reach via 62 state Lead Centers and over 900 Service Centers. Our SBDCs provide support to small business owners that is contextualized to the communities that they are serving. Their ongoing Building a Dream Team Series focuses on supporting SBDC leadership by delivering culturally competent success strategies to assist diverse business owners in realizing the American dream.

Our SBDCs' pandemic relief efforts have been bolstered by the \$192 million in funding that they received through the CARES Act, which has enabled SBDCs to amplify their support for small businesses. In FY 2021, our network of SBDCs counseled and trained over 818,000 clients and helped them to start over 26,000 new small businesses.

Small business owners view SBA Resource Partners as a critical lifeline. One such example is Ms. Saskia Foley, the CEO of Radius Corporation in Kutztown, Pennsylvania, which I had the honor of visiting recently. Radius creates sustainable toothbrushes and other daily use household items. Saskia told me about how she took over as President from her father back in 2014 and has been partnering with the Kutztown SBDC over the past several years, particularly during Covid-19. Her SBDC mentors supported her through the process of applying for and receiving an SBA

Economic Injury Disaster Loan (EIDL) and two draws of SBA's Paycheck Protection Program (PPP). Both EIDL and PPP loans helped Radius retain its 29 employees and prevent layoffs. Notably, Saskia also told me about how she has leveraged export counseling.

Our network of Women's Business Centers, supported by the SBA's Office of Women's Business Ownership, also create gateways to opportunity for entrepreneurs. WBCs were bolstered by the \$48 million in CARES Act funding in FY21 and that same year, Women's Business Centers assisted more than 87,000 small businesses and helped them start over 3,300 new small businesses.

Our WBCs are positioned across the country and reach into rural areas. They serve entrepreneurs like Adelle Starin who owns Baby's on Broadway in rural Little Falls, Minnesota. Adelle created Baby's on Broadway in 2013 and has received critical support from the SBA-powered Women's Business Alliance in Little Falls throughout her entrepreneurial journey. With assistance from an SBA lender, she expanded her business by acquiring a storefront and becoming a durable medical equipment supplier. Her local Women's Business Center provided mentorship and guidance to the resources she needed. To weather COVID's impact on her small business, her WBC helped her access the Paycheck Protection Program and secure an Economic Injury Disaster Loan. And now on a growth trajectory, Adelle has been accepted into Emerging Leaders. Adelle and Baby's on Broadway are a testament to the layered support provided by SBA through our resource partners.

SCORE is another component of our technical assistance ecosystem, with over 10,000 volunteer mentors spread across a local footprint of over 250 chapters and a robust online platform. In FY 2021, SCORE mentors counseled and trained over 570,000 clients. Our Resource Partners' efforts have been further scaled by their new Centralized Hub for Covid-19 support. That hub is fully operational and has helped our Resource Partners create efficiencies by enabling them to rapidly train their network.

Through our Office of Entrepreneurship Education, we deliver an expansive e-learning and in-person training portfolio to all entrepreneurs including the underserved, unrepresented and under-accessed. This portfolio includes the Emerging Leaders initiative, an immersive, executive-style training program for maturing small business. In December, I had the honor of announcing the 759 Emerging Leaders graduates in 52 locations across 37 states, celebrating their completion of this rigorous, seven-month, executive-level program. Collectively, this group represents \$1.2 billion in gross annual revenues and employs over 10,000.

Notably in this space of delivering to the underserved, OEE also leads Agency efforts in Cybersecurity and Regional Innovation Clusters (RICs). In 2021, SBA announced five new RICs: Acendian in Missouri, AgLaunch in Tennessee, Development Capital Networks in

Oklahoma, Unmanned Aerial Systems in California, and Startup Junkie Consulting in Arkansas. This new cohort brings the total number of RICs across the United States to 12.

America's small business owners are tenacious, and we admire their resilience. We are honored, as you are, to support them as they persist, recover, and thrive. We share your commitment to entrepreneurs and strengthening the support that we provide them, particularly at this inflection point. I look forward to continuing our collaboration.

Thank you for this opportunity to appear before you today.

¹ U.S. Census Bureau Business Formation Statistics, Seasonally Adjusted Business Applications, U.S. Total

² U.S. Census Bureau Business Formation Statistics, Seasonally Adjusted High-Propensity Business Applications, U.S. Total