



U.S. Small Business  
Administration

**Statement of Thomas Salisbury  
Regional Administrator, Region VII  
U.S. Small Business Administration**

**before the  
House Committee on Small Business**

**Hearing on “Silicon Prairie: Tech, Innovation,  
and a High-Skilled Workforce in the Heartland”**

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Good Morning, my name is Tom Salisbury and I am the Regional Administrator for Region VII of the United States Small Business Administration, or SBA. I would like to thank Representative Davids and the U.S. House of Representatives Committee on Small Business for the opportunity to speak this morning on the SBA's role in assisting existing and aspiring businesses achieve their American dream.

I came to this role after 35 years in the private sector working in and with the small business community, including lending, and then the last eight years as the small business liaison for U.S. Senator Roy Blunt of Missouri. That experience has embedded in me a fundamental respect and appreciation for America's small businesses.

I'd like to recognize the work of the District Director and Deputy District Director of the Kansas City District Office of the SBA, Jon Malcolm Richards and Dennis Larkin, respectively. That office is responsible for the western half of Missouri and an area of Eastern and NE Kansas that includes the 3<sup>rd</sup> congressional district. The remainder of Kansas is covered by our office in Wichita. Region VII is composed of the entirety of the states of Missouri, Kansas, Nebraska and Iowa. Those offices are staffed by a total of 37 dedicated public servants, with experience ranging from 52 years (the only job that person has ever had), to celebrating their first anniversary and everything in between. These individuals work every day to inform, educate,

assist and counsel the business community, lenders, resource partners, investors and entrepreneurs regarding the many services available through a relationship with the SBA.

While a small business owner's commitment, energy, and skill are clearly the heart of any new or existing business, today's evolving business climate often prompts the owner to seek outside help. This help can often be from federal programs, many delivered through the SBA, as well as from state and local programs.

The SBA was created in 1953 by then President Dwight D. Eisenhower to offer programs and assistance to an expanding small business community being created by returning veterans from two recent wars. Our mission is to encourage, counsel, and foster success among small businesses. The SBA has a lengthy array of financial, technical assistance and business development programs aimed at helping entrepreneurs start, grow and expand their particular business. Additionally, the SBA plays a critical role in disaster recovery by assisting businesses, homeowners, and renters with direct financial assistance.

I would like to take an opportunity to briefly discuss ways the SBA has engaged on the topics at hand today: access to capital and the workforce issues facing small businesses.

As someone who has worked in the banking industry and now in my role at the SBA, I know that access to capital is key for small business growth and development. For many start-ups

and small businesses this means meeting with a local lender to discuss their loan eligibility and options. In both small and large communities, many of those lenders will have personal knowledge of the borrower. They often are neighbors and friends. However, lenders may have lending criteria that some small businesses may not be able to meet.

That is precisely where the SBA plays a critical role. Through the 7(a) loan program, SBA works with lenders to provide loans to small businesses that cannot access capital through conventional means. SBA guarantees a portion of the loan, which reduces the risk and enables the small business to access capital on competitive terms. The 7(a) loan program provides for partial guarantees of loans up to \$5 million. On loans up to \$150,000, the guarantee is 85% of the amount of the loan. For loans over \$150,000, the guarantee is 75%. It helps both parties: the borrower acquires the funding and the lender gets the protection it needs to make the loan to its customer. These loans are made at very competitive rates. The fees assessed are also very low, but necessary. Everybody wins. In FY19 the Kansas City District Office approved 674 7(a) loans for over \$288 million.

SBA also supports lending through non-profit, community-based intermediaries that provide smaller dollar loans and technical assistance services. These microlenders make loans of up to \$50,000 and are integral in helping those borrowers establish future credit worthiness and bankability. These nonprofit microlenders are critical in the underserved communities.

Staying on the subject of access to capital, small businesses with larger projects that involve real estate purchase or improvement or the purchase of large equipment, or the refinancing of other debt used for that purpose, find the SBA 504 Certified Development Company Loan Program to be of great help. This program provides long term, fixed rate, subordinate mortgage financing at very favorable terms. This program generally involves the CDC at 40% of the project cost, a traditional lender at 50% and the business invests only 10%, leaving funds available for other purposes. In FY19 the Kansas City District Office approved 52 504 loans for nearly \$45 million.

The SBA also operates the Small Business Investment Company (SBIC) program. An SBIC is a privately owned and managed investment fund that's licensed, regulated, and partially financed by the SBA. The SBICs use their expertise in certain sectors or industries (including technology firms) to invest in qualified small businesses. There is a licensed SBIC located here in the 3<sup>rd</sup> congressional district and it and other SBICs from across the country invested \$58 million in Kansas small businesses in FY2018.

Ensuring these lending and financial products reach rural parts of the country is a top priority of the Administration. Last year the SBA and USDA signed a memorandum of understanding to enhance collaboration between the agencies and increase access to capital. We are confident this alignment will help grow investment opportunities and boost economies in rural America.

In addition to our financial and lending products, the SBA has a comprehensive array of programs for entrepreneurs and small businesses looking for help. This includes assistance to businesses who want to participate in government contracting, or who are looking to grow and sell in foreign markets, or who need one-on-one counseling provided through SBA resource partners such as Women Business Centers, Small Business Development Centers and our SCORE network of retired executives, some of whom are represented here today. We also support veterans and returning service members through Veterans Business Outreach Centers and our 'Boots to Business' training program.

Specific to technology, I did want to highlight a research and development program that the SBA is heavily involved with across the country. SBA monitors, supports, and establishes the policy guidance for the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. The SBIR/STTR programs help foster small business innovation through early-stage research and development awards. As part of SBA's outreach efforts related to the SBIR/STTR programs, SBA and the 11 participating federal agencies travel around the country on the SBIR Road Tour providing information to small business concerns on how to access SBIR/STTR funds to support research, development, and commercialization of innovative technologies. In fact, the SBIR Road Tour came to the Kansas City area earlier this year.

I mention all these items to highlight the vast resources available to small businesses and entrepreneurs through the SBA, many at no cost. We are proud to stand by to assist job creators in Kansas, Missouri and across America with our products.

The SBA is also aware of the workforce issue facing our country's small businesses.

I recall a visit our former Administrator Linda McMahon made to Kansas during her Ignite tour. Last year, she and I visited Firelake Construction, a woman owned information technology construction company based in Lenexa. Firelake is a growing small business that participates in the 8(a) program and performs work across the public and private sectors.

During our roundtable conversation with the company, the workforce challenges facing the company and the region were discussed.

It's engagements like these that the agency has taken back to Washington, D.C. to address workforce challenges and opportunities. The SBA is a participant on the President's National Council for the American Worker. This is an effort to ensure American workers receive the training and skills needed to fill the job openings in the country. Part of it includes the 'Pledge to America's Worker', an initiative to commit to job opportunities and workforce training. To date, 'the pledge' has been signed by hundreds of companies and a bi-partisan mix of 38 state governors who have committed to workforce education programs in their state.

Here in the Kansas City area, I recently accompanied our Acting Administrator, Chris Pilkerton, to visit with Geiger Concrete Company, which has multiple locations in the region, and has committed, through the pledge, to adding 125 new jobs by 2022.

We are very engaged with local economic development agencies, who in turn have connected the SBA with enterprises like IWERX, a Kansas City workspace provider for startup and small companies, many of which are tech, that don't currently need large space, but do need an office from which to grow. IWERX recently told us of a company that started in their space but just relocated to a larger space due to growing from 4 employees to 14 in the last 6 months.

As I conclude, it's important to note what a strong environment it is for small businesses in Kansas and across the country.

With the United States enjoying a roaring economy and unemployment rates the lowest in over 50 years, optimism regarding business investment is soaring. Prospective business owners are encouraged to take that 'big step' and lenders are supportive. In addition to the efforts on workforce, the administration has a number of initiatives designed to spur this growth.

For example, the Tax Cuts and Jobs Act has proven to be a great initiative to encourage growth in the economy and to encourage investment.



Also, the newly negotiated USMCA trade deal is very important to small business growth. It is the first U.S. trade agreement with a chapter dedicated to small business and includes important provisions for technology companies such as digital and IP trade protections. The SBA was at the table to represent small businesses while the USMCA was being developed and I am encouraged to see Governor Kelly urge support for the agreement.

Representative Davids, it's never been a better time to start a small business. I'm honored to be a part of a great agency like the SBA and to work alongside dedicated public servants and job creators. As we like to say at the SBA, we help power the American dream. I would like to thank you and the Committee for your support of our efforts and for hosting this important hearing today.

I look forward to answering any questions you might have.