



**Testimony of Mary Waters  
Deputy Commissioner of International Trade  
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**The Committee on Small Business Subcommittee on Economic Growth, Tax, and Capital**

**“The SBA Office of International Trade and the STEP Program as Key Tools for Recovery and Expansion”**

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10:00 A.M. EST**

Chairwoman Davids, Ranking Member Meuser, and Members of the Subcommittee, thank you for the opportunity to testify before you this morning about the impact of the STEP program on small business exporters.

My name is Mary Waters and I am the Deputy Commissioner for International Trade at the Georgia Department of Economic Development. I oversee the state’s International Trade program and lead a global team focused on helping Georgia companies grow by exporting. More than 80 percent of the export clients we serve are small businesses with fewer than 100 employees.

I am also the current president of the State International Development Organizations, or SIDO, a non-partisan organization comprised of state international trade offices.

First, I want to thank the Committee for your commitment to small business exporters and the State Trade Expansion Program – or STEP. As the title of today’s hearing makes clear, STEP is a valuable resource for small businesses in Georgia, and a key program in our agency’s on-going efforts to help companies grow through the pandemic. In fact, the pandemic’s financial impact on local exporters was one of the reasons why Georgia decided to apply for a STEP award in FY 2020 for the first time in several years.

Exporting is an important avenue of growth for small businesses and for the U.S. economy overall. Exporting firms pay on average 18-20 percent higher wages than non-exporters, and diversification of sales helps businesses mitigate risk and become more globally competitive. U.S. exports also support millions of direct and indirect jobs in our states.

In Georgia, total trade with the world exceeded \$166 billion in 2021 and reached 223 countries and territories. This includes over \$42 billion in exports, a new record and an increase of nine percent from 2020. More than 85 percent of the companies that contributed to our state’s record exports last year are small and medium sized firms. However, of the more than 1.1 million small businesses in Georgia, only a small fraction of them export to global markets. The U.S. Department of Commerce estimates that just 10,755 Georgia companies exported in 2019.

The mission of SIDO’s member states, and the Georgia Department of Economic Development in particular, is to continue to help small businesses begin exporting and expand to new markets. STEP is a vital component of our shared mission. Lack of financing and limited budgets are among the leading reasons why small businesses choose not to export. STEP provides companies the confidence and support to start the export process.

I want to provide a brief overview of STEP in Georgia.



Georgia was an early participant in the STEP program in 2011 and 2012, but stepped away in FY 2013 after its application was denied. Due to the financial impact of the pandemic on small businesses, Georgia wanted to expand its trade services to include financial assistance awards, and applied for a STEP grant in 2020. Georgia was fortunate to receive \$162,488 in 2020 and \$240,000 in 2021 through STEP. We have experienced a steep learning curve in launching the STEP grant during the pandemic, but the response from small businesses has been tremendous. According to our most recent data, those funds assisted 124 small businesses, including 23 new to export firms. To-date, exporters have reported more than \$1.69 million in sales, for a return on investment of 10.4 to 1 during the initial grant performance period.

We use STEP funds to help companies participate in trade shows, travel to meet new customers in foreign markets, optimize their websites for global sales, participate in U.S. Commercial Service programs, and other approved export activities. I want to highlight a couple of great success stories.

1. A minority-owned agribusiness company with products for animal nutrition used \$1,725 in STEP funds to travel to a tradeshow in the Middle East. As a result of participation, the company reported more than \$500,000 in export sales to three markets.
2. A woman-owned business in Georgia's booming FinTech industry used \$6,000 in STEP funds to participate in two tradeshows during 2021. As a result, the company expanded sales of more than \$100,000 to five European markets.
3. A minority-owned new-to-export firm used STEP funding to travel to a trade event in South Africa and is now negotiating potential contracts with two new customers.

These are just a few examples of how STEP helps our local small businesses compete in the global economy. It is also important to note that small business export success is a shared mission with our federal partners. There are more exporters than any single agency can support on its own. Agencies must work together to support existing and aspiring exporters statewide. Georgia has a long-standing collaborative partnership with federal, state and local resources to ensure our exporters receive the assistance they need to succeed in global markets. STEP serves as a nexus program that connects the SBA, U.S. Department of Commerce, our Small Business Development Centers, and other federal trade agencies to develop a more coordinated assistance plan for Georgia companies.

At SIDO, we are committed to working closely with the SBA and Congress on continuing to strengthen the STEP program. Reauthorization of the program is critical to supporting greater U.S. exports in the years ahead. I want to complement the SBA Office of International Trade and the STEP team for their partnership. Georgia's re-engagement with the STEP program reflects the efforts of SBA and state grantees to work together to improve the grant program for the benefit of U.S. small businesses.

Before I conclude, I want to provide a few recommendations on how we can continue to strengthen the program.

- 1) **Measure ROI by the long-term outcomes and by all components of the trade process:** Obtaining an export sale, especially for new-to-export firms, involves several steps and can take years, depending on the industry. Each phase of the export process – export education, market research, identifying buyers, website localization, etc. – plays a role in export success. In determining ROI, it is difficult to separate one component from the other, since all are part of the reason for a company's success. We recommend measuring the ROI by the long-term outcomes and by taking all components of the trade process into consideration. In addition, instead of requesting specific ROI metrics every quarter, which requires extensive administrative work, focus on collecting and analyzing the ROI at the end of the grant reflecting



all components of the trade process. This will allow grantees time to collect the necessary information from businesses and paint a more accurate picture of the real ROI for the STEP year.

- 2) **Reduce the administrative burden:** This includes the application process, the quarterly reporting requirements, and the A-STEP system. The SBA mandates extensive reporting requirements – many of which are not required by Congress – that take a significant amount of time every quarter. This creates an unnecessary cost burden on SBA as well as states – especially smaller states.

Most importantly, this takes away time and resources that states can otherwise use to assist small businesses with their exports and effectively manage the STEP grant – the primary goal of the program.

- 3) **Increase the funding to \$30 million or more:** To make the program effective for both states and businesses, we need to increase the funding to make it worth it. Increased funding will allow grantees to support more trade activities and/or increase the value of financial assistance awards to small businesses, which achieves the primary objectives of STEP to increase the number of small businesses that export and the dollar value of those exports.

I want to thank the Committee again for your support and leadership on this issue. We strongly support the reauthorization and full funding of the STEP grant program and look forward to working with you on that process.

Thank you for the opportunity to appear before you today, and I look forward to your questions.