

**THE ROLE OF COMMUNITY NAVIGATORS IN
REACHING UNDERSERVED BUSINESSES**

HEARING

BEFORE THE

**SUBCOMMITTEE ON UNDERSERVED,
AGRICULTURAL,
AND RURAL BUSINESS DEVELOPMENT**

OF THE

COMMITTEE ON SMALL BUSINESS

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THURSDAY, MARCH 18, 2021

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON UNDERSERVED, AGRICULTURAL,
AND RURAL BUSINESS DEVELOPMENT,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2360, Rayburn House Office Building, Hon. Jared Golden [chairman of the Subcommittee] presiding.

Present: Representatives Golden, Crow, Delgado, Hagedorn, Williams, Stauber, Tenney, and Salazar.

Also Present: Representative Luetkemeyer.

Chairman GOLDEN. I call this hearing to order.

I want to make sure to note a couple of important requirements before we get going. Let me first say that standing House and committee rules and practice continue to apply during hybrid proceedings. All Members are reminded that they are expected to adhere to these standing rules, including decorum.

House regulations require Members to be visible through a video connection throughout the proceedings, so please keep your cameras on. Also please remember to remain muted until recognized to minimize background noise. If you have to participate in another proceeding, please exit this one and log back in later. In the event a Member encounters technical issues that prevent them from being recognized for questions I will move to the next available Member of the same party and recognize that Member at the next appropriate time slot provided they have returned to the proceeding.

For those Members physically present in the Committee room today, we will also be following health and safety guidelines issued by the House attending physician. That includes social distancing and the use of masks. Members and staff are expected to wear masks at all times while in the hearing room. And I thank you in advance for your commitment to a safe environment for all here today.

I am proud to serve as Chair of this Subcommittee.

Underserved, agricultural, and rural small businesses have experienced some of the harshest outcomes of the COVID-19 pandemic. The road to recovery they face is long and we should ensure to advance policies that will prioritize them so that they are not left behind. I hope to use this Subcommittee's first hearing during the

117th Congress to examine the newly created Community Navigator Program.

Throughout the COVID crisis large numbers of minority-owned and rural small businesses found themselves on the outside looking in when trying to access emergency relief. During the early days of the Paycheck Protection Program and Economic Injury Disaster Loan Advances, large financial institutions often prioritized larger customers at the expense of underserved rural small businesses. This lack of access to relief added insult to injury for small businesses bearing the brunt of the pandemic's economic impact.

When COVID struck, many small businesses in rural areas were still financially and structurally rebounding from the Great Recession. During 2020 slow rural population growth and declining labor force participation led to a much slower employment rate in rural areas than elsewhere. Rural businesses also face a lack of access to capital in general, as well as broadband connectivity, making pivoting to digital offerings and adapting to the COVID business environment much more difficult.

Minority-owned businesses have also been devastated by this crisis. Last year the number of actively working self-employed business owners fell dramatically across the black, Hispanic, and Asian American communities. And minority-owned firms that had been fortunate enough to avoid closure faced harsher financial conditions and have less cash on hand than white firms do.

These are the realities that led to the creation of the Community Navigator Program. Congress authorized the program as part of the American Rescue Plan Act of 2021. It will provide \$100 million for grants to organizations to participate in the program and \$75 million to support outreach and education. The funding for education and outreach will go towards offering services in the 10 most common languages other than English, making improvements to the SBA's website, implementing immediate campaign to educate underserved communities, and establishing an SBA call center.

The Community Navigator Program will supply grants to traditional business assistance organizations, like small business development centers, women's business centers, and its core chapters. These institutions have deep ties to the communities they operate in and will engage trusted, culturally knowledgeable partners to conduct targeted outreach to specific sectors of the small business community.

This outreach can manifest in various ways, including hiring dedicated staff to focus on these individual communities, or partnering with specialized community organizations and chambers of commerce via a hub and spoke model. The Community Navigator Program seeks to engage with underserved communities by providing technical assistance and enhanced outreach.

For this program to meet its stated goal Congress must closely monitor its roll out and work with the Administration to make the program operate as effectively as possible. That is why this hearing today is important.

I look forward to hearing from our witnesses about the potential impact of the program on underserved and rural small businesses and ways the Subcommittee can ensure as many small businesses benefit as possible.

With that, I will now yield to the Ranking Member, Mr. Hagedorn, for his opening statement.

Mr. HAGEDORN. Well, thank you, Mr. Chairman, and congratulations on your appointment as Chair of this Subcommittee. And on behalf of the Republican Members and myself we look forward to working with you during this Congress to especially help our small businesses and those in the rural communities and the agricultural sector.

Chairman GOLDEN. I very much look forward to working with you too and I am blessed to be two Congresses in a row working on a Subcommittee with a Member from Minnesota. And you got the other one sitting right in front of you.

Mr. HAGEDORN. And I know Congressman Stauber had a good working relationship with you as well.

So small businesses from all sectors of the economy have turned to the U.S. Small Business Administration programs for relief during the COVID-19 pandemic. Following the launch of the Paycheck Protection Program created by Congress in March of last year, the SBA processed more than 14 years-worth of loans in less than 14 days, serving or assisting over 50 million small business jobs during the program's first run. That is just unbelievable when you think about it, the amount of work and loans that were run through in such a short period of time.

The success of recovery programs like PPP is undeniable. However, there is no doubt that inconsistent guidance, burdensome paperwork, and administrative holes and delays have caused confusion for small businesses looking to utilize these programs. As Democrats continue to exploit the COVID-19 pandemic as an excuse to ram through their massive spending package and create new government programs, I believe Congress should focus on targeted and efficient relief that will aid small businesses as we reopen the economy.

The partisan \$1.9 trillion so called American Rescue Plan Act of 2021 directed the SBA to establish a Community Navigator Pilot Program. This program will issue grants or contracts with non-profits, resource partners, states, and localities, providing free assistance and resources to small businesses for programs made available during the COVID-19 pandemic. It is my hope that any new program created by Congress will aid existing SBA resource partners in their outreach to all communities and not duplicate current efforts.

Southern Minnesota is home to a diverse group of small businesses. In my district it is important that rural communities have the resources needed to contribute to the food supply, fuel rural America, and support other local businesses.

As we move past the pandemic it is critical that we ensure farmers and ranchers have access to the resources needed to maintain operations. To support rural communities and agricultural small businesses, I have introduced H.R. 1411, the Bipartisan PPP Flexibility for Farmers and Ranchers Act, which would allow farmers and ranchers categorized as partnerships to utilize gross income when calculating PPP loans. I hope the Members will support me on that bill. I think it can really help over 100,000 farm partnerships as we move forward.

Today's hearing will explore the role of community navigators in researching underserved communities. I look forward to hearing from our witnesses on the outreach completed by existing SBA resource partners, like small business development centers, during the pandemic and how they have reached underserved areas, including remote and rural communities. I look forward to discussing the Community Navigator pilot program's objectives and deliverables in addition to the standards which the navigators will need to uphold.

Congress has appropriated \$175 million for this program and we must ensure that we be proper stewards of the taxpayers' dollars and that the Navigator program yields beneficial results for small businesses.

With the economy in recovery and egregious and arbitrary lock downs finally coming to an end, new and existing federal COVID tools, such as the Community Navigator pilot program, need to be closely examined to determine the most effective, economical, and efficient next steps.

Thank you for being here today to discuss this important topic. I yield back.

Chairman GOLDEN. Thank you, Mr. Hagedorn.

Very quickly I will explain how this hearing will proceed. Each witness will have 5 minutes to provide a statement and each Committee Member will have 5 minutes for questions. Please ensure your microphone is on when you begin speaking and that you return to mute when finished.

With that, let us introduce our witnesses.

Our first witness today is Ms. Rebecca Shi, executive director of the American Business Immigration Coalition. As executive director of ABIC Ms. Shi works directly with a steering committee of over 350 CEOs, university presidents, chambers of commerce, and immigrant advocates to support the passage of pro immigrant policy at the state and federal levels.

Welcome, Ms. Shi.

Our second witness—one moment. Just for one second. Our second witness is Ms. Bridget Weston. Ms. Weston is the CEO of SCORE. As CEO Ms. Weston provides executive leadership and works directly and collaboratively with the board of directors to establish the vision and direction of SCORE.

In her 10 years with the organization she has developed an in depth understanding of the needs and challenges facing SCORE's staff, its 300 chapters, and over 10,000 volunteers.

Welcome back, Ms. Weston.

I would now like to yield to Ms. Salazar to introduce our third witness.

Ms. SALAZAR. Thank you, Mr. Chairman, for this opportunity.

And I would like to introduce my constituent, Ms. Pilar Guzman Zavala. Ms. Zavala is a small business owner in the City of Miami that I represent and the CEO of Half Moon Empanadas, an Argentinian style restaurant based in my district. She is also a mentor for women entrepreneurs in the City of Miami with the WIN Lab Miami from Babson College and the Florida International University StartUP program.

She is a Ricardo Salinas Scholarship recipient for the Aspen Institute and a Young American Leaders Program Fellow from the Harvard School of Business.

Additionally, Ms. Zavala is a Venture Cafe board Member and a Miami leadership and a Miami fellow graduate.

Small businesses are the foundation of our community. And during these difficult times our local job creators have been absolutely devastated. I am committed to restoring our economy and delivering much needed COVID relief for our struggling small business owners in South Florida.

Ms. Zavala's story is truly one of the American dream, just like mine. But her story is also one of the trials and tribulations. And we look forward to hearing from your experiences, Ms. Zavala.

Thank you so much for joining us today and to all of you for doing everything you are doing for our community. Your determination over the last year is an example to all of us small business owners. And I specifically and my staff are looking forward to visiting Half Moon Empanadas on our next trip to Miami.

Thank you, Ms. Zavala. I yield back.

Chairman GOLDEN. Thank you, Congresswoman Salazar.

With snow still on the ground in Maine and I am guessing in Minnesota too, the background in Florida there looks pretty warm and looks nice.

But thank you for the introduction and welcome to Ms. Zavala.

And I would now like to yield to the Ranking Member, Mr. Hagedorn, to introduce our final witness.

Mr. HAGEDORN. Thank you, Mr. Chairman.

Our next witness is Bruce Strong, who I believe you have met in the past and have worked with. And you were highly complementary of his previous testimony. I am looking forward to today.

Mr. Strong is the State Director for the Minnesota Small Business Development Center Network. He has extensive experience in community and economic development and in the mortgage lending and banking industries. Mr. Strong is an Air Force veteran and graduated summa cum laude from National College with a degree in business administration and marketing.

Yesterday, on March 17, the nation celebrated Small Business Development Centers Day. Small business development centers provide valuable resources to our small business constituents across the country. And I thank Mr. Strong and his SBDC colleagues for their critical work to promote entrepreneurship, small business growth, and the U.S. economy.

Mr. Strong, thank you for joining us today and thank you for your service to our great country.

Chairman GOLDEN. Thank you, Mr. Hagedorn.

Thank you all for joining us today. And why don't we begin with opening statements from our witnesses. First I will recognize Ms. Shi for 5 minutes.

STATEMENTS OF REBECCA SHI, EXECUTIVE DIRECTOR, AMERICAN BUSINESS IMMIGRATION COALITION; BRIDGET WESTON, CHIEF EXECUTIVE OFFICER, SERVICE CORPS OF RETIRED EXECUTIVES (SCORE); PILAR GUZMAN ZAVALA, CHIEF EXECUTIVE OFFICER, HALF MOON EMPANADAS; BRUCE STRONG, STATE DIRECTOR, MINNESOTA SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

STATEMENT OF REBECCA SHI

Ms. SHI. Good morning, Chairman Golden, Ranking Member Hagedorn. My name is Rebecca Shi and I am the executive director of the American Business Immigration Coalition.

ABIC believes that the economy recovery of our nation's small and underserved businesses is necessary to ensure our nation's recovery from the COVID-19 pandemic. Small business owners, especially African American, immigrant, rural, and other underserved and isolated businesses are the engines of their local economies.

ABIC is a bipartisan coalition of 1,200 employers, CEOs, and business associations across 13 states, including Florida, Texas, Maine, Colorado, New York, Arizona, Nevada, Utah, Illinois, Massachusetts, Wisconsin, North and South Carolina. Over the last 11 months ABIC created and implemented a small business recovery technical assistance program, leveraging a community navigator model. This program provides one-to-one technical assistance for small, underserved minority-owned businesses and growers to access critical resources, including but not limited to the Paycheck Protection program, federal and state small business loans and grants.

ABIC thanks Congress and President Biden for including \$100 million for community navigators in the American Recovery. We also thank Chairman Ben Cardin, Senators Marco Rubio and Susan Collins, and Chairwoman Nydia Velázquez for working tirelessly over the last 11 months to make improvements to the PPP, especially for the smallest borrowers, growers, and their lenders, like CDFIs and MDIs.

The community navigator model utilizes local nonprofits or 501(c)(3)s in a complementary non-competitive fashion with existing SBA technical assistance programs, like SBDCs, the NDCs, and SCORE. The unparalleled magnitude of the COVID-19 pandemic forced shutdowns and disproportionate impact of small minority-owned rural business and growers required a comprehensive, common sense, grassroots response. This community navigator model we utilize in Illinois, Florida, Texas, and South Carolina to assist growers, black and immigrant entrepreneurs.

This program assisted Pilar Guzman, whom you will hear later, introduced by Congresswoman Salazar, the owner of Half Moon Empanadas. We also assisted Chalmers Carr, the owner of Titan Farms, the largest peach grower in the country, based in South Carolina. He was denied a PPP loan by his bank because they did not understand how to calculate his 1,200 H2A workers. And Stacey Armstrong, an African American woman entrepreneur, a single mother, who employees less than 10 people at her gourmet popcorn shop, and she was denied a PPP first because her bank prioritized larger firms.

Each of these of entrepreneurs was ultimately assisted in getting a PPP loan by a community navigator and the self-help federal Credit Union, a CDFI that understands how to work with small and rural businesses.

Through this model ABIC directly assisted 219 small businesses and growers to receive over \$8.1 million in PPP loans with an average amount of \$37,000. This community navigator model was later adopted by the State of Illinois' Department of Commerce and the Cook County Illinois Economic Recovery Initiative to disperse local business recovery grants allocated by the CARES Act. The State of Illinois awarded \$88 million in business recovery grants to black, rural, and immigrant entrepreneurs.

I have a chart that I submitted as evidence just to show that using the community navigator model we were able to ramp up access to these grants to small, minority-owned, and rural businesses.

A couple of things I just wanted to point out, that as the navigator model ramped up from October to December of 2020, black participation increased by 25 percent and Latino participation increased between 30 and 46 percent. Over half of the applications for black and Hispanic applicants were received in November and December as a result of the navigator's program technical assistance. And over two-thirds, nearly 70 percent of our Spanish applications came in November and December as the navigators did outreach and document preparation for these borrowers.

In sum, our community navigators had over 20,000 applications by the end of October and throughout the rest of December and we were able to award, as I said, up to \$88 million.

The last thing that I would just mention is the mechanics of this navigator model. It is a hub and spoke model. The hub is the lead nonprofit responsible for capacity building, train the trainers. The spokes are the grassroots nonprofits, sort of your boots on the ground conducting direct technical assistance, document preparation for the businesses. A successful hub and spoke system creates an assembly line that feeds directly into a financial institution, a CDFI, and the goal is that the application is in excellent shape by the time it is received by that financial institution, so we can ensure efficiency in processing at scale.

The second piece is there is a high accountability structure to this model. As you all know, nearly every CDFI, or financial institution sends a processing number to the PPP applicant when the application has been received. And so what we require is not just, you know, general outreach or numbers of emails sent or just webinars, we ask that each navigator must demonstrate the receipts for the outreach so that we know that money is getting deposited in the banks.

So I will just wrap up and just say thank you very much for the opportunity to testify on behalf of this model.

Chairman GOLDEN. Thank you.

Ms. Weston, you are now recognized for 5 minutes.

STATEMENT OF BRIDGET WESTON

Ms. WESTON. Chairman Golden, Ranking Member Hagedorn, and Members of the Subcommittee, thank you for the opportunity to offer testimony today.

SCORE is the nation's largest network of volunteer business mentors, with more than 10,000 volunteers across 240 chapters, offering free and confidential advice and educational workshops to small business owners.

Founded in 1964 as a resource partner of the SBA, SCORE has helped more than 11 million entrepreneurs to start, grow, or troubleshoot their small business. Last year SCORE helped its clients to start over 45,000 new businesses and create nearly 75,000 new jobs. And despite the challenging business climate of this pandemic, SCORE helped 89 percent of our clients stay in business throughout the year. SCORE is the most effective, efficient business formation and job creation engine funded by the federal government.

In 2020, our costs to create a new job was \$156 and \$259 to create a new business. And for every one dollar appropriated to SCORE, our clients return \$67 in new federal tax revenue, further demonstrating that SCORE is a good steward of the federal dollar.

SCORE volunteers are the life blood of our organization and are passionate about helping small businesses succeed. Our volunteers come from all across the country with diverse backgrounds and experience in different industries. Our core services are mentoring, educational workshops, and online resources. Last year, SCORE volunteers held over 315,000 mentoring sessions, guiding and supporting our clients through the tremendous challenges brought on by the pandemic.

Many business owners told us they would to have applied for a PPP or an IDA loan without a SCORE mentor to walk them through the process. And our high rates of client satisfaction are captured by our net promoter score of 87, with 70 being considered excellent.

In addition to mentoring, SCORE provides virtual webinars on our website and our SCORE chapters offer local workshops that are in person or virtual. These workshops drew over 464,000 attendees last year.

Knowing that the pandemic has hit some businesses harder than others, one of SCORE's key areas of focus is fostering diversity, equity, and inclusion, both for clients and volunteers. Women and minority volunteers climbed to 38 percent of total volunteers last year, and this 5 percent increase represents the single biggest annual growth since we began tracking these metrics in 2012. SCORE currently serves a diverse range of small business owners; 60 percent of our clients are women and 46 percent are minorities. Early this year we launched SCORE for black entrepreneurs as part of our SCORE For All initiative, to help serve disadvantaged businesses. We plan to add more SCORE For All campaigns to help these businesses survive and thrive, supporting women, rural entrepreneurs, veterans, the 50 and older community, and disabled entrepreneurs.

SCORE is working harder than ever to reach underserved entrepreneurs, leveraging our community relationships nationally and locally. National partnerships include the BIPOC Support Foundation, Women Entrepreneurs Grow Global, and the Latino Coalition who introduce SCORE to new communities of small business owners. Across the nation our SCORE chapters are already operating

as effective community navigators by working in local communities to help underserved business owners. For example, over the past year SCORE Cleveland has rededicated itself to bring its services to the minority business community. The chapter has partnered with leading nonprofits that target these communities and services have more than doubled over last year.

When the pandemic hit, SCORE pivoted to deliver virtual mentoring and education without missing a day of service. And we accommodated a 30 percent increase in services last year without any increase in funding. Now, we are at capacity and will not be able to grow without additional resources. Based on SCORE's continued demonstrated impact, increased demand for services, and our plans to reach more business owners in underserved and disadvantaged communities, SCORE is respectfully requesting an increase, a \$9.5 million in funding, for a total FY2 appropriation of \$21.7 million. That additional funding would be spent to increase mentoring and education by reducing the administrative burden on volunteers, provide more direct funding to local chapters for community outreach, and focus to help more underserved businesses.

With this relatively small investment we can provide even greater value to the business owners and the economy. The increased funding would allow us to deliver more than half a million client services, with a projected outcome of 100,000 additional new businesses started or jobs created.

SCORE's mentoring and education are critical to helping small businesses overcome their challenges and succeed. SCORE stands ready to help our nation's most vulnerable small business owners so they can keep their doors open and keep people employed.

Thank you very much for your time, and I look forward to your questions.

Chairman GOLDEN. Thank you.

Ms. Zavala, you are now recognized for 5 minutes.

STATEMENT OF PILAR GUZMAN ZAVALA

Ms. ZAVALA. Hello. Hi, everybody. It is an honor to be speaking with you all today. Thank you, everyone, for taking the time to listen to my story. I think it is a story that reflects, you know, the reality of many small businesses like mine.

Thank you, Congresswoman Salazar, for that kind introduction. I am here in Miami, 77 degrees. But so my name is Pilar Guzman Zavala and I am the CEO of Half Moon Empanadas. I represent one of the almost, you know, more than 30 billion small businesses in America. I also represent today the minority in every sense, you know, I am a woman, I am Hispanic, I am an immigrant. And now my company is in an industry where there have been so much suffering and torture that I am also one of the, you know, minority restaurants that are still open.

You know, I came to America from Mexico when I was 22 years old, right after college. I went to Georgetown School of Foreign Service because I wanted to understand how to create economic development, how to elevate poverty. Little did I know back then that I would end up creating, you know, an impact as an entrepreneur in Miami and that my dreams will become clear in a, you know, in a new food category in America with empanadas, and that this

immigrant that has a hard time speaking in English in Georgetown would end up picking the President of the United States.

You know, Half Moon Empanadas, it is a small business in Miami with a concept of empanadas. Before the pandemic—we have been in business 12 years, before the pandemic was had 14 stores open. The Miami Airport, the University of Miami, different non-traditional locations here. And, you know, our story wasn't easy. We took us—from the beginning, it took us 7 years to get a paycheck from our company. We did everything wrong and we almost went bankrupt. It took us 10 banks locally to actually get us our first financing for our store in the airport. So I do know what it is to go through a financial system and understand how that works.

You know, when COVID hit, it was literally a year ago, March 13. That week we saw all of our stores closed. In a week, everything was like what happened. It was really scary and I see how great and how blessed we are to live in this country because we were able to apply to PPP. It took us three banks. It took us three banks to get noes because the large fund was not very—it was not responsive. The medium bank was overwhelmed. And so I—thanks to the community navigator, I was able to get, you know, the support that we needed. You know, they connected us with a local bank that approved us quickly. I think 2 days we were approved. This helped us to stay afloat and keep our salaries, you know, people in payroll. And because I am also a mentor here in the community, and I am part of a network of businesses, I joined the effort, too. And we were able to help with ABIC, with Becca's team and Impact Fund here in Miami, other women and Hispanic-owned companies, to get the support. From processing documentation and gathering paperwork. We actually got a lot of these businesses approved for PPP.

And so besides the PPP, we though we entrepreneurs don't stop we don't like to stay still. You know, we didn't stop there as a company. We did not only rely on help of the government, we re-invented ourselves, we became a restaurant in Miami making meals for seniors through our Miami-Dade County contract and we started our efforts in the digital space, you know, to send empanadas locally and nationally.

So when I think about this whole year, I actually was thinking about [inaudible]. It must have been so hard for all you guys, government officials, you know, trying to figure out what to do and coming up with an entire package to save our economy and our community. So I wanted to at least to take 2 seconds to thank you for the work you have done and for the effort, because it truly has made a difference in many businesses like mine.

I had the honor to speak to President Biden twice in the last month. On our first call, you know, I raised my hand. My husband could not believe that I actually interrupted the President and I said could I please give you a suggestion. And my suggestion to him was please remember that the small businesses are not the large 300 businesses, it is—there are a lot of tiny businesses that are what I consider truly a small, of one, five, ten, twenty people, and that we need to focus on that because we are—we sustain the economy.

So as we speak today, I am opening one store in Congresswoman Salazar's district. I cannot express to you how challenging it has been to open that store, because of COVID, because how hard it has been to hire. It is just really difficult compared to before. But I am a believer and I believe change is possible and I truly believe that challenges bring opportunities. And so I think this whole crisis has shown us, you know, all of us how to work together and how to actually focus on the things that really matter.

I am thankful for President Biden's leadership and for you guys' leadership, for Congress to approve, you know, the help. I do believe that this Community Navigator Program was helpful to me and to many here locally and that we should, you know, continue to do this kind of work.

Thank you so much for your time and your support.

Chairman GOLDEN. Thank you.

And finally we will recognize Mr. Strong for 5 minutes.

STATEMENT OF BRUCE STRONG

Mr. STRONG. Thank you, Chairman Golden. Thanks also to Ranking Member Jim Hagedorn and Member Pete Stauber, who are both from the great State of Minnesota, where I live and work. I would also like to recognize Nydia Velázquez, Chairwoman of the House Small Business Committee, Ranking Member Blaine Luetkemeyer, and Representatives Angie Craig and Dean Phillips, who are also from Minnesota, for their many years of service and tireless support of small businesses throughout the country.

My name is Bruce Strong and I am the state director of the Minnesota Small Business Development Network, or SBDC.

SBDCs have been operating throughout the country for more than 40 years and in Minnesota alone during that time we've provided more than 960,000 professional consulting hours to help 95,000 clients start 5,200 businesses, helped more than 80,000 existing businesses, and helped them all to secure \$3.2 billion in new business capital. Since March of last year our staff has worked tirelessly and literally day and night to double the number of clients that we served in a typical year in response to the COVID pandemic. Demand for SBDC assistance skyrocketed as business owners needed help with applications for the PPP and EIDL loan programs, or to reimagine their businesses due to government-ordered shutdowns.

Recently the U.S. Small Business Administration introduced the Community Navigators Program. They state the intent of the program is to broaden and intensify outreach and technical assistance to targeted sectors of the small business community, including persons with disabilities, women, veterans, and/or those in minority, immigrant, rural, or other underserved communities using a hub and spoke delivery model. We don't yet have the details as to exactly how the program will operate, but several SBDCs, including Minnesota, are working with SBA on a pilot of the program to build models for the future of this effort. A total of \$175 million has been allocated to the program under the American Rescue Plan. This is a significant sum and we are pleased to be working with SBA to develop the program. Assuming, that is, there is no requirement to provide matching funds for the program.

SBDCs have long worked with other community organizations to reach rural and underserved markets, but like other businesses, the pandemic forced us to reimagine our own business model. To continue meeting the surge in demand, we are creating even more partnerships between the SBDC and local community organizations. In Minnesota, for instance, we just signed a contract with First Children's Finance to provide specialized assistance to new and existing childcare businesses. We are working to complete a similar contract with the African Development Center to increase their services throughout the state, and I am seeking to create even more partnerships.

The Northern California SBDC has just launched a new inclusivity project that provides a simple but effective approach to reach out to the black and African community there. It goes beyond simply providing outreach by creating an actual challenge for the SBDC and local partners to provide real social change to obtain capital and start new black-owned businesses. The project has seen tremendous early success and was met with great enthusiasm when presented to SBDC state directors across the country just last week. So much so, that we will be soon adopting this project for implementation in America's SBDCs everywhere.

America's SBDC wishes to express strong support for the Community Navigators Program and we envision it will fit perfectly into these plans. We are particularly supportive of the outreach portion of the funding. SBDCs have too long been a "best-kept secret". We have been prohibited from marketing our services and that has truly hampered our outreach. That prohibition has only recently been lifted by the SBA. The Community Navigator Program will ensure that entrepreneurship education reaches all parts of the small business community, and it will go a long way to help our efforts to reopen the economy.

Thank you and I look forward to your questions.

Chairman GOLDEN. Thank you to all of our witnesses and we appreciate all the testimony that you shared with us.

I will now move to questions and I will begin by recognizing myself for 5 minutes.

I think I will begin with Mr. Strong. I did want to point out that I agree with Mr. Hagedorn that the PPP program worked well. For that matter, I agree with pretty much everyone that has joined us and testified today about that as well. I also look forward to hearing a little bit about H.R. 1411, your bill on PPP in support of farm partnerships. Last Congress you joined me, Congressman Hagedorn, in cosponsoring the SBDC Reauthorization legislation, which we passed through the House. Did not get taken up by the Small Business Committee in the Senate, so hopefully we can continue that work in this congress, but.

Mr. Strong, obviously there are some who might naturally conclude that some of the groups out there, like SBDCs or SCORE, could view the creation of a new program such as this one as potentially duplicative or in competition with the services you provide. You just ended up by putting forward really an endorsement of the program. So I wanted to give you the opportunity to say a little bit more about the potential effects of the program, how you think it will interact with SBDCs. And also if you have any concerns that

should be avoided in order to make sure that the programs are really complementary.

Mr. STRONG. Thank you, Chairman Golden.

I don't view the program as being duplicative or competitive with what we are already doing. Rather, I view it as being complementary to what we are already doing. As I mentioned, we have long had partnerships with other local organizations to help broaden the reach of the SBDC and particularly to provide deep reach into those markets that have typically been underserved. We have worked with the Metropolitan Economic Development Association, or MEDA, with the Neighborhood Development Center, with other local nonprofit groups and specifically those that serve communities and communities of color.

So, again, I believe that the Navigator Program will help us reach even more community organizations and partner with more organizations as we have recently done with the African Development Center and First Children's Finance here in Minnesota.

Chairman GOLDEN. Thank you very much. And you made a great point, by the way about previous prohibitions on marketing and outreach. What good are these services to businesses if they don't know that they exist in the first place. So look forward to continue to work with the SBDCs and SCORE and others on fixing that problem in this Congress as well.

Next I guess I would direct a question to Ms. Weston from SCORE.

Through your work with underserved and rural small business owners and entrepreneurs, what resources and technical support are most often requested? And how do you think this new partnership with the Community Navigator Program can help address these?

Ms. WESTON. Thank you for the question, Chairman.

And with SCORE mentors seeing tens of thousands of small business owners each year we really do have a pulse on what the challenges that small business owners are facing. In our mentoring sessions the common themes that our mentors hear do relate to funding. Do these small business have position funding or cash flow, and, along those lines too, attracting and retaining customers. Those are the two biggest challenges that we see.

With SCORE partnering across the country with local community partners, as well as nationally with some of the partnerships I had mentioned previously, it helps connect those business owners struggling with funding opportunities, access to capital, cash flow questions, or customer questions with those people that have been there, done that expertise. We have seen that the PPP and EIDL programs were more successful when they were partnered with a mentor like SCORE, SBDC. And we want these new federally funded opportunities, which are extremely valuable to these business owners, be able to take advantage of it. And SCORE mentors are ready to help those most vulnerable business owners navigate. The key is to make sure that they are connected to those disadvantaged and underserved communities.

We are doing that already across SCORE chapters. Maine, for example, partners with a number of organizations like the USDA, the Maine Farmland Trust, to make sure that that one-on-one busi-

ness mentoring service is provided to make sure they have the best opportunity for success.

Chairman GOLDEN. Thank you very much for that. And I hear repeatedly from business owners in Maine about how valuable the programs and services offered by SCORE are in starting businesses and making tough decision to keep them going as well. So thank you for that partnership in Maine.

My time has expired and the Ranking Member, Mr. Hagedorn, is now recognized for 5 minutes.

Mr. HAGEDORN. Thank you, Mr. Chairman.

You know, I was listening to testimony, especially from Ms. Shi and Ms. Zavala, and they were saying how important it is to make sure that our small businesses, all of them, have access to especially Paycheck Protection Program and everything else needed in order to get, especially at this time, from one side of the Coronavirus to the other. And so I think the work of the Committee, led by our Committee Chairwoman Velázquez and ranking Republican Luetkemeyer, was—and you, Mr. Chairman as well, and many Members of this Subcommittee, all of them, I think to extend the Paycheck Protection Program by 60 days, that bill that was just passed this week, pretty important. So hopefully we can work with our Senate colleagues and get that done and make sure that all of our businesses are cared for and have proper access to the program.

So, you know, Mr. Strong, I listened to your testimony. It is very good. And I certainly am supportive of small business development centers and women's business centers, veteran's business center, SCORE, you know, all of it. But you said you think this is more of a cooperative deal, these navigators, it is not going to be competition with you. What do you foresee them going out and basically bringing the business back to you? Is that kind of the concept? Or could you, you know, let me know what your thoughts are on that?

Mr. STRONG. Sure. Thank you, Representative Hagedorn and Chairman Golden for that question.

Again, the vision for the delivery is a hub and spoke model. In my estimation that is the SBDC acting as the hub and these local community partners acting as the spokes. That is similar to how our model has worked in the past. Oftentimes, particularly with communities of color, underserved markets and rural markets, folks really want to talk to somebody from their own community. They want someone that looks like them that can identify with them, and that is the strength in my estimation of the community partners in this hub and spoke and approach.

So I do believe it is going to be effective. I think the outreach can actually be a combination of that provided by the hub, by the SBDC, to make sure that folks are aware that the Community Navigator Program exists and what it does, but then also those local partners who can reach out specifically to the groups within their local markets and bring clients into the program that way as well.

Mr. HAGEDORN. Thank you. I do really appreciate the work that you do on behalf of Minnesotans and have spoken to many of

your clients over the last several years who have been, you know, very much aided by the work that you perform.

And during the Obama Administration we had Obamacare and we had these community navigators then and there were some problems with, you know, fraud and just other types of things. Are there standards in place do you think with the Small Business Administration that we can make sure that these folks are going to be trained up properly and we won't have any legal or ethical problems?

Mr. Strong, that is for you again.

Mr. STRONG. Representative Hagedorn, yes, I do—I believe SBA does a great job of oversight of the program that we currently run, our regular core program that has been in operation for 40 years. They have strong measures in terms of metrics and goals that we must achieve under that program. I believe the same will be true under the Navigator Program. And as long as we have a clear objective as to what this program is to do and what it is to accomplish, I am fully confident that the SBDCs will absolutely come to bat and make sure this program is successful, that it meets the actual challenges. That is already being demonstrated most recently in this Northern California SBDC program.

So, absolutely, I believe we will—once we set clear objectives and metrics for the program, we will be able to accomplish them.

Mr. HAGEDORN. I hope Members on both sides would make sure we do the proper oversight and follow up on that and make sure what you are saying is going to work out.

Lastly, real quickly, on broadband access—and I will stay with you, Mr. Strong, since we only have about 30 seconds—how important it is that we make sure that folks, not just in rural communities, but all across the country, wherever they might be, have access to broadband and high speed access in order to do their work and to market their businesses and so forth?

Mr. STRONG. Thanks again for that question, Representative Hagedorn.

Clearly the COVID pandemic underlined the importance of a strong broadband network. When we are all confined to our homes and required to work from our homes, without a strong broadband network, we are sunk. And that is why I believe that support for broadband funding is critical. Here in Minnesota the legislature is contemplating large scale programs to improve and increase the broadband network. I hope that the same—I trust the same is happening in other states across the country and I hope nationally we can come to a broadband program that helps provide a stronger network across the entire country.

Mr. HAGEDORN. Thank you. I am out of time. Appreciate it.

Chairman GOLDEN. Thank you. The gentleman's time has expired. The gentleman yields back.

I will now recognize Representative Jason Crow, Chairman of the Subcommittee on Innovation, Entrepreneurship, and Workforce Development.

Mr. CROW. Thank you, Chairman. Thank you to all the witnesses for coming in today. Really great testimony and really good information for us to look at these programs and how to better improve them.

You know, when I think about the Community Navigator Program I am reminded of this program in my district where the City of Aurora actually partners with the local nonprofit, the Village Exchange Center; has a program called the Natural Helpers Program where immigrants and refugees who have been here longer actually help fellow immigrants and refugees who have recently arrived actually navigate nonprofit resources and find their way around the community and better integrate it. And I think it is within that spirit that the Community Navigator pilot program is trying to help our underserved businesses the most.

So in that vein, starting with Ms. Shi, Ms. Shi, can you just tell me your thoughts on what types of private, nonprofit that are best suited to serve as community navigators?

Ms. SHI. Thank you so much for the question, Congressman.

We had the same experience at the start of the pandemic. After the Paycheck Protection Program was rolled out, immigrant owned businesses, refugee owned businesses, black owned businesses, you know, came to us and they had not heard about these other SBA programs or SBDCs. And so we trained local nonprofits, so nonprofits that they know in their community, that perhaps that they have gone there for English classes or citizenship classes. And so they started doing the one-to-one document preparation, outreach, and education about the PPP and [Audio malfunction.]. Sometimes you can open [Audio malfunction.] and, as you know, unique SBA processes where there will be a host of hand holding and to get them access [Audio malfunction.] three lenders that denied her until we had a navigator that assisted her. And Pilar is much more sophisticated compared to some of our small businesses and sole proprietors [Audio malfunction.] to do this kind of work for the ones that have the grassroots [Audio malfunction.] to our businesses, our sole proprietors, to all [Audio malfunction.] say do you know about these programs [Audio malfunction.]. And thanks to all of you [Audio malfunction.] PPP, but also be retroactive [Audio malfunction.]. This is the kind of outreach that is important and one they are made aware of the program, then our navigators like hold their hand and go through the entire document preparation for them. You know, because of the pandemic, for a lot of these smallest businesses, this is their first interaction with a government loan or a grant program, right. And so, you know, they are afraid, they are concerned and it is—you know, we all know if you check the wrong box, right, that affects your credit score. And then, you know, getting them access to a lender.

So I would say the best types of nonprofits are not so much—you know, in our experience, the ones that have done this work before, but really are willing to get in the gutter and be on the ground and hold the hands of our small businesses and get them through from the beginning to the end. And we have a very, very rigorous accountability measure. Because like with Pilar, we need to show that the money—so.

Mr. CROW. Ms. Shi, I will—yeah, I will stop you there. I want to give Ms. Zavala an opportunity to weigh in as well. But I appreciate that perspective and your thoughts on that very much.

Ms. Zavala, any thoughts on what you think would be the best nonprofits that could perform these types of services?

Ms. ZAVALA. Yes. Thank you for the question.

I saw that the CDFIs, the small—really small one branch, you know, banks, the Axiom—which now I think it is a different name—those are organizations that are close to the small—what I mean when I say close is they understand the issues they have with not having the perfect P&L, right. I have a perfect P&L. I didn't have it 10 years ago. So understanding—I think what is good about working with the local organizations is that they understand how to work on the context of that small business, which banks don't understand.

So and I think the issue of—you know, it is an issue of capacity. There is a lot of—there is the SBA, but is there the capacity to serve all of these? I think the numbers show that there is not the capacity. We need more.

Mr. CROW. Yeah. Thank you. Thank you. I am out of time, but really, really great thoughts.

Ms. ZAVALA. Thank you.

Mr. CROW. Thank you very much.

Mr. Chairman, I yield back.

Chairman GOLDEN. The gentleman yields.

I will now recognize Representative Roger Williams, Vice Ranking Member of the full Committee.

Mr. WILLIAMS. Thank you, Mr. Chairman. Thank you for your leadership. Ranking Member, thank you. And our witnesses, thank all of you for being here today.

I am a small business owner myself. I have been in business 50 years and still have my business and employ hundreds of people back in Texas. And I appreciate your stories. They are just so—they show the power of this great country.

Attending a trade school and learning a skill can be just as valuable as going to a traditional four year college. I am a strong advocate of career and technical education programs and push back against the belief that a college degree is necessary to get ahead in America. If someone learns a skill they are on their way to eventually translating their abilities into starting their own small business. However, learning how to run a small business is not easy task, as we all know.

So my question, to start out with, Ms. Weston, you touched a little bit about this earlier, but maybe you can go deeper, can you discuss some of the largest challenges you see from young entrepreneurs who come to your organization wanting to take a chance and start their own businesses and how any way the SBA can better utilize resources to spur new business creation? Because at the end of the day, risk and reward is the American dream.

Ms. WESTON. Thank you for the question, Congressman.

And we know at SCORE that being an entrepreneur or a small business owner—and you know this too—is challenging under the best of circumstances. And this year has been hard on everyone.

SCORE has data that there are some groups of businesses that have struggled more than others, but being a business owner and an entrepreneur you feel that you have to be that person who does everything, that you—you know, you are the Jack or Jill of all trades and you have to wear all of the hats. What SCORE and SBDC and other organizations that provide technical support do, is

we are that step by step guide to these businesses that help them fill those gaps when they don't have that information on the P&L, like small business centers do. You might be an expert as, you know, a plumber or a hair stylist, but you don't necessarily have that knowledge about how to do your accounting. That is where SCORE and the SBA resources come into play. SCORE stands ready for small business support for everyone. Some business owners do have unique challenges. We have been talking about historically under-represented groups and rural business owners and there are some needs that those groups have a greater need for, and we can address those too.

The important thing is, with 30 million small business owners out there that we as the resource partners and the technical assistance, get out there, get the word out, connect with these community organizations that have the reach into those communities so that these business owners know SCORE and other resource partners are here to help and provide that support. And when the business owner steps away and uses a mentor to answer those questions, they are much more likely to be successful.

Mr. WILLIAMS. That is great. I think your support finds there is a big difference between the sale of a dollar and the gross of a dollar. So thank you for helping on that.

Secondly, I think the Navigator Program has the potential to help a large number of small businesses realize the resources that they have at their disposal. However, in the past, there have been some serious issues of fraud, and we have talked about that this morning, and of leaking sensitive consumer information that led to some security threats against individuals.

Since we just allocated \$100 million to this program, we must make sure that we are making good—or being good stewards of taxpayer dollars and not repeating the mistakes of the past.

So, Ms. Shi, for you can you discuss what safeguards the SBA should put in place to ensure that this program is not opening itself up to waste, fraud, and abuse?

Ms. SHI. Yeah, absolutely. And thank you so much, Congressman, for that question. And that is extremely important.

So when we ran the navigator model in several states, including Texas, Florida, and South Carolina, we asked all of our navigators to show receipts for the PPP received by their small businesses. So that is part of our accountability structure. You know, I think it is very easy just to send a whole bunch of emails and do a webinar and say that, you know, we assisted businesses, right, but we actually—especially during this global pandemic as our businesses are struggling—we need to see that these funds are getting into the bank accounts of our small businesses as well as staying with them to go through the forgiveness process to turn the loan into a grant. So that is number one.

And number two is working with a trusted CDFI—and the I—or financial institution, to make sure that, you know, all the Ts are crossed, Is are dotted. And, you know, as we know with our financial institutions, there are also multiple layers of assurance and accountability.

But, so that is extremely important to us and this is taxpayer dollars and these are the local engines of our economy. And so we

need to make sure that these funds are getting to the folks that need it the most.

Mr. WILLIAMS. Okay. Thank you to the witness. And I yield my time back.

Chairman GOLDEN. The gentleman yields.

I will now recognize Representative Pete Stauber from Minnesota's 8th District.

Mr. STAUBER. Thank you, Mr. Chair. And thanks to all the witnesses for providing the testimony today.

And, Mr. Strong, thanks once again for coming to our Small Business Committee hearing and testifying. I am sure all the Minnesota Members really appreciate you coming here again and giving us quality time.

I would just like to give you a moment to share what worked for the Minnesota SBDCs, what has it looked like during the pandemic, and how has it changed from what you had done prior to the pandemic?

Mr. STRONG. Thank you, Representative Stauber. Thank you for those kind words.

What has changed for us is the sheer volume of the questions and the demand that we are receiving from the public. Obviously the Paycheck Protection Program and the EIDL loan programs were critical to those small businesses that were most affected as a result of the pandemic. And helping those businesses wade through the myriad regulations for both programs, both the PPP and EIDL loan programs, and the changing requirements that occurred during the launch of those programs, just caused so much confusion in the marketplace. We spent a great deal of time just trying to decipher those changes ourselves and then interpret those changes to the small business community so that we could most effectively help them apply for their loan, or help them apply for forgiveness under the Paycheck Protection Program. We are still to some extent struggling with issues regarding that. And this latest deadline of the Paycheck Protection Program expiring and hopefully being extended just kind of creates ripples throughout that program.

As Chairman Golden stated, SBA processed 14 years-worth of loan applications in a 14-day period of time.

Mr. STAUBER. Mr. Strong—

Mr. STRONG. That, you know, by itself is going to cause problems.

Mr. STAUBER. Mr. Strong, I want to just thank you and your organization for helping out the small businesses and helping with the lending institutions, because when we passed that legislation there were some blind spots. And when we knew better, we did better with the flexibility portion afterwards.

Mr. Strong, prior to the pandemic northern Minnesota was plagued with a childcare desert. The situation got worse during the pandemic. In your testimony you mentioned that Minnesota SBDC signed a contract with First Children's Finance to provide specialized assistance to new and existing childcare businesses.

Can you elaborate on this? On the work you are doing?

Mr. STRONG. Certainly. Thank you again for the question.

First Children's Finance has been around for a long time. They are a nonprofit group, they are a CDFI as well. They specialize in helping childcare businesses with all of the nuances, the legislation, and the requirements that are expected of a childcare business. And so partnering with them the SBDC will help broaden—the outreach will help broaden their outreach. It helps bring funding to them so they can pay additional counselors to come alongside. But it also helps the SBDC because we can help with the business aspect of running a childcare business, even though we may not necessarily understand all of the nuances of those requirements.

And you are exactly right, the childcare industry was struggling even pre-COVID. In Minnesota we found that small businesses were unable to grow because their employees weren't able to find adequate childcare, particularly in rural markets.

We are hoping and trusting—we believe that partnering with First Children's Finance will be of great benefit to the SBDC and all Minnesota businesses.

Mr. STAUBER. And, Mr. Strong, I think that is really great news because we know when there is adequate, secure childcare that benefits the economy, especially coming out of this COVID crisis. We want to make sure that the workforce is there to be had and having safe, secure childcare is certainly a priority.

So, Mr. Strong, once again, thank you for your testimony, and we will see you shortly.

And, Mr. Chair, I yield back.

Mr. STRONG. Thank you.

Chairman GOLDEN. The gentleman yields.

I will now recognize Representative Claudia Tenney from New York's 22nd.

Ms. TENNEY. Thank you, Mr. Chairman, and thank you to Ranking Member Hagedorn, and the witnesses as well. Great to hear from all of you. And thank you for holding this important hearing.

Obviously the COVID-19 situation has been challenging for all of us, all Americans, and especially our small business community, which are truly the backbone of our economy. And I can't emphasize that enough. As a small business owner in New York's 22nd District, over 94 percent of the workforce in my district come from small businesses. So our community's success, our economic success, depends on the success of our small businesses.

Last week I launched a small business outreach tour to meet with business leaders and employers across the 22nd District. So far I have met with over 30 businesses, have spoken with hundreds in the past, and have had the opportunity to discuss their priorities and their needs for relief and recovery.

The two common questions that I get are what programs and resources are available and, second, how do we navigate some of these cumbersome applications processes and rules. And I know as a business owner, also as an attorney, federal programs, you know, have helped thousands of businesses in my state, particularly in our underserved and rural communities, which my district is. We must continue to reach out to these underserved communities and educate our employers on how to use these resources and their em-

ployees. It is also imperative to understand that these programs need to be made simpler and easier to use because so many small business owners are so busy running their businesses they really don't have time to hire compliance teams and teams of lawyers. And I know that as my business was started over 75 years ago and I have been one of the owners for over 35 years, so I understand how complex this can be. And I really appreciate our witnesses.

And my first question—and some of these have been answered—I would like to address to Ms. Weston. And first I want to say thank you so much for SCORE. I have—as a business owner also, many of my colleagues have used SCORE and it has been a wonderful asset to people in the business community. So I just wanted to ask you, so many of these business owners have said this is—getting the money and the Navigator Program has been so daunting. What do you consider the biggest barrier and what recommendations do you have to fix those issues? Briefly, if you could.

Ms. WESTON. Well, thank you so much for the question, Congresswoman. And maybe one day you will consider becoming a SCORE volunteer since you are a small business owner yourself.

So one of the things that we heard from our clients, especially as it relates to PPP and EIDL, was just that Congress acted so quickly, there was such a drive to help these small business owners, and when things were really done quickly there was confusion—how to apply, who can apply for these loans, what that process is. And so what SCORE was able to do is set up our small business resilience program, which paired mentoring, check list, and step-by-step guides that were industry specific to help these businesses navigate the challenges they are facing.

So we saw nearly 600,000 people through that portal to help answer questions in a timely, specific, guided fashion so that we could get them to the right lender, the right program, the right resource. What we have seen is that these guides, mentors from SCORE or other resource programs, are what can really help make these federally funded programs successful. And the communication would be helpful across lines collaborating with other resource partners and other agencies.

Ms. TENNEY. And as you say that, I know you recommend more communication. We also have state programs that are now going to be enhancing some of the federal programs. And so that is where I consider SCORE would be a great resource for us to be able to access them.

Thank you, though. I appreciate that.

And for Mr. Strong, I wanted to ask a question about childcare, which is really important to me as a single mom, how important it is to have reliable safe childcare. But Mr. Stauber hit that question, but I was just going to ask you in looking at this model, a lot of businesses—this pandemic is forcing everyone to reimagine their business model. And in response to the demand, what would you say for the SBDC, what could we implement in a rural setting to help people in a pandemic for the future and how do we best reach out to some of these people in rural settings? I am running out of time, but if you could answer real quick, I would appreciate it.

Thank you.

I guess I will yield my time back. I am sorry.

Mr. STRONG. I lost your audio. I couldn't get the question.

Ms. TENNEY. Mr. Chairman, we will address it in another meeting.

Thank you so much. We will catch up with you in a private setting.

Thank you.

Chairman GOLDEN. The gentlewoman yields. Sorry about the technical difficulties. And we can submit it for the record if you like.

Ms. TENNEY. Absolutely. You need more broadband. Thank you.

Chairman GOLDEN. That is the truth.

I will now recognize the Ranking Member of the full Committee, Blaine Luetkemeyer from Missouri's 3rd Congressional District.

Welcome, Ranking Member Luetkemeyer.

Mr. LUETKEMEYER. Thank you, Mr. Chairman. And thank you all of the witnesses.

I have been listening in my office and trying to keep a lot of balls in the air this morning here. I apologize for getting here a little late. But, you know, one of the things that concerns me are—that I have been watching here is that, you know, I had a meeting this week with an SBIC group, a small business investor, and they were telling me that they were doing basically what the navigator proposal in this CARES Act, or the funding bill, actually was doing. So I mean I am curious—you know, they were trying to bring together all the different groups, whether the chamber or the libraries—in fact is one of the groups they were talking about, as well as historic and black colleges that they were working with and some other partners. So if they are already doing this, is this really necessary? What is your—can you explain to me? Mr. Strong, for instance, can you give me the reason why this is a good deal? Or should we continue it or change it around? Or what is your suggestion here?

Mr. STRONG. I am sorry, Congressman. I lost the last part of your question.

Mr. LUETKEMEYER. Okay. I was curious as to whether you believed—or what your opinion would be with regards to the necessity of the Community Navigators pilot program here in the COVID relief bill because I was talking with some folks in SBIC this week and they do the same thing—some SBDC folks that are doing the same thing.

So are we duplicating services I guess is my question?

Mr. STRONG. Well, thank you, Congressman. I appreciate the question.

And, again, it is going to be a challenge. It is always a challenge, especially when Congress is trying to act in as robust a fashion as they are. It seems like a lot of these programs are duplicative, but I think it is simply going to help increase the outreach and the effectiveness of the partnerships between SCORE, the SBDCs, the Women's Business Centers, and all of their local community organizations to provide even greater outreach into markets that haven't historically been very well served.

We continue to hear about underserved markets, particularly in communities of color and in rural markets. The more folks we can

have out there helping the existing small businesses and potential small businesses, I think the better.

Mr. LUETKEMEYER. Can you explain to me who all is going to qualify for this money and how they get it?

Mr. STRONG. No, I am afraid I can't. We haven't gotten the details of the program yet. I have only seen it in concept form. We are anxiously awaiting what the actual details of the program will be, eligibility criteria, and more importantly, or just as importantly, the metrics and goals that we hope to achieve through the program. I think that speaks to your question about effective use of this funding. We need to have clear cut goals, we need to have clear cut eligibility, and we need to have clear cut metrics for the outcomes of the program to evaluate its success.

Mr. LUETKEMEYER. If we are delaying—and SBA has got a lot of balls in the air right now. They have got a lot on their plate and I am very concerned about that. I am working with them on a lot of other issues right now. And if it is going to be a delay in getting this information out, putting this program together, how worthwhile is it if you wait until September to get it done, for instance? If we wait, you know, 4 or 5 months here, is it still going to be effective? Or is it—at that point we will be over the hump, so to speak, such that it is not going to be necessary?

Mr. STRONG. Thanks again, Congressman for the question.

I believe that the problem with underserved markets has been around a lot longer than the COVID pandemic. I think anything that we can do to help increase outreach to those markets is going to be beneficial. You know, if a delay—and hopefully it won't be 4 or 5 months before we get clearer marching orders on the pilot program isn't necessarily going to have an overall impact on its effectiveness.

Mr. LUETKEMEYER. Just a quick question for you with regards to the other programs that are out there. I am not sure you are involved with them, but just to kind of get your opinion on them real quickly. With regards to the restaurant program, for instance, are you working with any of the groups? Do you think that is going to be pretty impactful, those restaurant grants?

Mr. STRONG. I don't think there is a more important program out there than the restaurant grants. But, again, we have seen absolutely no details on what it will do or how it will work. But I can tell you—and Minnesota is not unique here—the hospitality industry has been decimated as a result of COVID and the required business closures that took effect as a result of that.

So absolutely we must provide some support to the restaurants and hospitality industry.

Mr. LUETKEMEYER. Well, I think the key—I thank the Chairman for his diligence here—but I think the key is going to be how these grants are doled out, how they are applied for, and how they—what kind of oversight is provided over them because I think it is a situation that is ripe for fraud if we are not careful. And I think hopefully you will work with us to provide some expertise in this so we can find a way to minimize that.

With that, I yield back the balance of my time.

Thank you.

Chairman GOLDEN. Thank you. The gentleman yields.

And we would now recognize Representative Maria Salazar from Florida's 27th for 5 minutes.

Ms. SALAZAR. Yes, and thank you very much, Chairman.

I want to congratulate Ms. Pilar Guzman because I think you are the epitome of the American dream and we need more people like you in this country. People that came with really not knowing any English, as you said, but willing to work and to take advantage of this fantastic American dream, or the American system that the Founding Fathers put together for people like you and me. So I think that we not only have love, but gratitude for this country. And I am sure that you feel the same way.

And, look, not only were you able to come, you were able to stay, you learned the language, you went to school, and then you put together a business, came COVID, and the government gave you money so you could keep that business. Where does that happen? Nowhere else. Is that true? Nowhere else. And that is why I congratulate you and I think that we Hispanic Americans, first generation, we should celebrate what a fantastic country we have. And that is why I am in Congress, because—and you are in business—because we want to keep this system for the future of our children.

Am I right?

Ms. ZAVALA. Yes, I support that 100 percent.

Ms. SALAZAR. and I just wanted to ask you, in which way we could spread the word and help other businesses like yours, specifically in our district, Miami and south Florida in order to—what else do you think we could do in order to send a message and give the info to people like you in order to continue living the American dream?

Ms. ZAVALA. Yeah, thank you for that question, Congresswoman.

I think that it is crucial that we support groups like ABIC, like Impact Fund here in Miami. I saw how hard it was for me, and I am a little bit sophisticated in the sense of, you know, I have systems in place, I have, you know, financials in place. It is so hard as a small business to understand what the PPP was, how to apply to it. You know, the bank wasn't replying. So, you know, ABIC in that sense helped me connect to the opportunity because I couldn't get in. With all my network in Miami, I could not get the PPP. So imagine the majority of the businesses that don't have that network, that are not mentors to other businesses, that don't have the community connections, they need ABIC, they need Impact Fund.

And what I say is, you know, it is great with the SBA, you know, has done, you know, during the crisis and before, but we must recognize that the numbers don't lie. This is not about parties or emotions, it is about numbers. And so we need to look at the numbers, who is getting the finance help. And why is it that the underserved, you know, communities don't have that access to financing. And in this case the PPP—the PPP just highlighted the systemic problem we have.

And so I think that one of the challenges is that we need more technical assistance, we need more, you know, guidance in how to getting a small loan, because we are lost. Access to information and having these local partners working one-on-one with businesses that already know them, it is important.

Ms. SALAZAR. And I thank you, because that is why I created a prosperity center within my congressional office. And I am glad that you are telling me that information is power. Because the more info that we put out there into the community for people like you—because like you said, that you had certain knowledge. There are many other businesses that are not as sophisticated or have as much information as you have.

So thank you for that.

I am not sure if I have to yield my time back or if I have a few more minutes. I don't have the—

Chairman GOLDEN. You still have a minute to go if you would like to ask another question.

Ms. SALAZAR. I could have—yeah.

And now let me ask you this, what about the—like you were saying, I have to definitely recognize the local people in the Impact Fund, our local partners who are with the American Business Immigration Council, ABIC, to help you connect and to give you those tools and that information, that technology or know that information, basic knowledge in order to be able to navigate the system and get to the money.

Now, the info in Spanish, even though you were knowledgeable in English, what else can we do for those people that also want to live the American dream but still do not understand the literature in English? What have you found out there? Do we need to promote more material in Spanish?

Ms. ZAVALA. Yes. I mean I think that first we need to just have the information available. You know, people were just lost in the process. Like nobody knew what to do with the PPP. And so, yes, it will be very helpful to have it in Spanish as, you know, the majority of our businesses here locally are Spanish speaker businesses. So certainly that is important and that is I think one of the barriers for many of our businesses.

Ms. SALAZAR. Thank you very much for that info. Thank you Ms. Guzman. Looking forward to meet you when I go down to Miami.

Ms. ZAVALA. Thank you, Congresswoman.

Ms. SALAZAR. I wish you a lot more success in opening up many more Half Moon Empanadas shops.

Ms. ZAVALA. Thank you.

Ms. SALAZAR. I yield back. Thank you, Chairman.

Chairman GOLDEN. Thank you very much.

I am going to ask a few more questions, so second round if Members can bear with me. I certainly recognize if you are not able to stick it out, however, Mr. Hagedorn, but if you do have more questions, I am happy to recognize you after.

Thank you to the witnesses. Just a few more questions.

One of them—I guess I will just follow up with you, Ms. Zavala, because that was a really good exchange right there. You know, early on in the pandemic my office was hearing from many, many businesses who were very eager for help from EIDL, from PPP, had a lot of questions. SBA staff were very busy working with the Treasury trying to build the program, and as a result people were really struggling to get information.

One of the things that the American Rescue Plan authorizes at SBA is a call center, where business owners such as yourself could call to get information, how do I apply, you know, what are the guidelines, you know. Many people were very concerned about taking the loan not knowing how they might qualify for forgiveness. These types of questions were everywhere. And as you said earlier, people were very concerned.

Do you think that having a call center that you could have called at the beginning when you were contemplating the Paycheck Protection Program and things like EIDL, would have been helpful? And would you have called it if it had existed?

Ms. ZAVALA. Thank you for the question, Chairman.

Yes. I mean I think that as the information is what was missing, the access is what—sometimes people were lost. Even before the pandemic, think about it, like where do you get financing. I get those questions all the time when I do mentorship. I get texts from companies, from people, I need support for this financing wise. Like there is a lack of information. And so, yes, a call center—there was an effort here in Miami led by the city Foundation where they put together a website with like specific questions about where to get the help during COVID, the loans or the individual help. And so, of course, those are important efforts.

Chairman GOLDEN. Thank you very much.

You know, I also wanted to say just thinking about the early weeks and months of the pandemic and the emergency it caused for a lot of small businesses, I actually had almost my entire team establish what we called a task force completely focused on aiding small businesses and accessing the EIDL and PPP. Even my D.C. staff were on the phone lines trying to develop expertise to connect business owners with assistance.

And, you know, I think it was one of the beautiful things that this Committee really took part in early on. Having had the PPP established—it wasn't perfect, we had to roll it out. And there was a lot of great oversight done by the entire Committee that resulted in follow on actions that improved the program over time and more, you know, accurately targeted it where it needed to be to have the biggest impact as time went on. A really important effort.

And one thing I—you may be aware, maybe you are not—I actually voted against the American Rescue Plan, but as Chairman of the Subcommittee I certainly intend to take part in that kind of collaborative oversight to make sure that these programs are very successful for all the businesses that are out there. Certainly there is a lot of need that remains.

So another question I wanted to ask for Ms. Shi, you ran the pilot program on the Community Navigator Program in various different states, could you talk a little bit about some of the issues you came across that SBA and this Committee should be aware of in order to avoid those same mistakes occurring as the program rolls out nationally?

You are muted. I am sorry, ma'am. Go ahead, try again. Looks like we may have some technical difficulties. We will submit that one for the record.

Ms. SHI. Is this better?

Chairman GOLDEN. Yes.

Ms. SHI. Oh, I am so sorry about that.

Yes, so some of the issues that we identified were the access to lenders, were for the sole proprietors, the Schedule C issues of not being able to have a fuller relief through the calculating with the gross income. And I would just say that because these were the boots on ground, it sounds similar, Chairman, with your office. Almost seems like you had your whole team as navigators. But really holding these small businesses' hands to get these loans and then helping to turn the loans into the grants were some of the issues and that we reflected back to the Committee, to the Chairwoman Velázquez—and thank you for her leadership on this—and to try to get the program major improvements over time as we have seen.

And just the other issue I think a couple of times that has come up about the accountability and the anti fraud measures. The other thing that we did in our program is to make sure the navigators and organizations that weren't producing, that were not helping businesses get the money in the bank, were defunded from the program, right. So that this is—we are in a pandemic, we are in an emergency, we require high performance and that these businesses like Pilar's, and even smaller employers, do get the funds that they deserve and do it quickly, so.

Chairman GOLDEN. Thank you. My time has expired on the second round. So I did want to make sure to offer an opportunity for further questions to the Ranking Member.

Mr. HAGEDORN. I have no more questions at this time. I would be happy to yield to our Ranking Member for any further question.

But thank you.

Chairman GOLDEN. Very good.

Well, I want to thank all of our witnesses for joining us today and all of the feedback that you provided. And certainly appreciate you bearing with us through all the technical difficulties that exist out there. Some people have commented on the side here more evidence of the need for this Committee to stay focused on access to high speed internet, particularly for small business owners all over America. And I think I heard the Ranking Member comment he looks forward to having everyone back in the Committee. I couldn't agree more.

But, with that, just some closing remarks.

You know, to the witnesses, your testimony today will be valuable as the Administration and this Committee moves forward to stand up and fine tune the Community Navigator Program. For a nearly a year COVID has hit underserved, agricultural, and rural small businesses particularly hard. Congress has taken many steps to make relief programs such as the Paycheck Protection Program, EIDL, and others there for small businesses more accessible, equitable, and to ensure that our small businesses get the greatest, you know, help out of this Congress and these programs as possible. But certainly there is always room to continue to make improvements.

Today we have heard about the impact that this program could have in underserved small businesses. That is why Committee Members need to do everything we can to ensure that the program is sped up and run effectively and efficiently without waste on getting the help into the hands of those who need it the most.

So, with that, I look forward to continuing to work with my fellow Committee Members and the Committee staff as we take a look at the roll out of this program and continue to support things like the Paycheck Protection Program, as we just extended the ability of small businesses to access that program through the remainder of the month of March.

With that, I think I will go ahead and close it out and ask unanimous consent that Members have 5 legislative days to submit statements and supporting materials for the record. And, without objection, so ordered.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

[Ms. Pilar Guzman Zavala did not submit her QFR's in a timely manner.]

A P P E N D I X

Rebecca Shi, Executive Director, American Business Immigration Coalition

Testimony for Congress

03-18-21 Committee on Small Business Subcommittee on Underserved, Agricultural, and Rural Business Development Hybrid Hearing

“Community Navigators” Helping Small and Underserved Businesses Recover, Rebuild and Thrive

The American Business Immigration Coalition (ABIC) believes that the economic recovery of our nation's small and underserved businesses is necessary to ensure our nation's recovery from the Covid 19 Pandemic. Small business owners — especially African American, immigrant, rural, and other underserved and isolated businesses — are the engines of their local economies.

ABIC is a bipartisan coalition of 1200 employers, CEOs, and business associations across 13 states including Florida, Texas, Maine, Colorado, New York, Arizona, Nevada, Utah, Illinois, MA, Wisconsin, North and South Carolina.

Over the last 11 months, ABIC created and implemented a small business recovery technical assistance program, leveraging a “community navigator” model. This program provides one to one technical assistance for small, underserved, minority owned businesses and growers to access critical resources, including but not limited to the Paycheck Protection Program, federal and state small business loans, and grants.

ABIC thanks Congress and President Biden for including 175M for Community Navigators in the American Recovery Plan. ABIC thanks Chairman Ben Cardin, Senators Marco Rubio and Susan Collins, and Chairwoman Nydia Velazquez for working tirelessly over the last 11 months to make improvements to the PPP, especially for the smallest borrowers, growers, and lenders like CDFIs and MDIs.

The “community navigator” model utilizes local nonprofits or 501c3's in a complementary (not competitive) fashion with existing SBA technical assistance programs like the SBDC's, MDCs, and SCORE. The unparalleled magnitude of the Covid 19 forced shut-downs and disproportionate impact on small, minority owned, rural businesses, and growers required a comprehensive, commonsense, grassroots response.

ABIC utilized a “community navigator” model in Illinois, Florida, Texas and South Carolina to assist growers, and Black and immigrant entrepreneurs. This Community Navigator model assisted Pilar Guzman, Latina owner of Half Moon Empanadas from Miami, Florida whom you will hear from today. We also assisted Chalmers Carr, owner of Titan Farms, the largest Peach grower in the country based in S. Carolina, who was denied a PPP loan by his bank because they did not understand how to calculate his 1,200 H2A workers. And Stacy Armstrong, an African American woman entrepreneur in Westchester Illinois who employs less than 10 people at her gourmet

popcorn shop and was denied PPP because her bank prioritized larger firms. Each of these entrepreneurs was ultimately assisted in getting a PPP loan by a community navigator and the Self Help Federal Credit Union - a CDFI that understands how to work with small and rural businesses.

Through this model, ABIC directly assisted 219 small businesses and growers to receive over \$8.1M in PPP loans, with an average amount of \$37,000. This Community Navigators model was adopted by the State of Illinois Department of Commerce and by Cook County, Illinois' Economic Recovery Initiative to disburse local business recovery grants allocated by the Cares act. The state of Illinois awarded \$88M in Business Interruption Grants to Black, rural, and immigrant entrepreneurs.

The chart below demonstrates how, in Illinois, Black and Hispanic participation in the recovery program increased as the Community Navigator Program ramped up during the period of September through December:

Month	White or Caucasian	Black or African American	Hispanic or Latino	Asian American or Pacific Islander	American Indian, Indigenous, Native American, or Alaskan Native	Multiracia l	Prefer Not to Respond
September	43%	16%	7%	22%	1%	2%	10%
October	54%	16%	7%	12%	1%	2%	9%
November	42%	21%	13%	12%	0%	2%	10%
December	41%	21%	10%	17%	1%	2%	8%

Source:

<https://www2.illinois.gov/dceo/SmallBizAssistance/Documents/BIG%20Detailed%20Data%201.8.21.pdf>

Some key takeaways:

- As the Community Navigator Program ramped up from October to December, 2020, Black participation increased 25% and Latino participation increased between 30% and 46%.
- Black and Hispanic applicants were 16% and 7% of the applicant pool, respectively, in September and October (started taking applications September 15). As Community Navigators continued to ramp up technical assistance and left the application open over time, that increased to 21% and 13% in November and stayed elevated through December.

- Over half of the applications for Black (53%) and Hispanic (57%) applicants were received in November and December, compared to 46% of applications overall received in those months.
- Over two-thirds (69%!) of our Spanish applications came in in November and December, compared to less than half (46%) of the total pool.
- In sum, our Community Navigators had over 20,000 applications by the end of October, so we could have stopped then, but we would have been leaving out a lot of businesses that could most benefit from the program, particularly in minority and Spanish-speaking communities that we targeted with technical assistance and outreach from our navigators.

Lessons from the PPP

- 1) Businesses that tend to benefit from government programs are often sophisticated, well resourced firms with accountants and attorneys. Businesses that are poor, less capitalized, un-banked or under-banked, and isolated geographically or linguistically are often left out.
- 2) Grassroots and community based organizations (501c3's) that are the closest to rural businesses and growers, tribal businesses, and businesses of color do not have the training or capacity to support these businesses to access government programs. They are currently shut out of the SBA's federal technical assistance dollars, while traditional technical assistance hubs like SBDCs and SCORE live in universities and have just a 20% reach in black/brown communities, per the SBA.
- 3) Including the 501c3s or nonprofits which are closest to underserved and very small businesses in federal Technical Assistance programs is critical, and will be necessary in economic recovery of small, minority owned and rural businesses

Last thing I will mention is the "mechanics" of the Community Navigator Model. It is a "Hub and Spoke" Model; The Hub is the lead non-profit responsible for capacity building and "train the trainers". The "Spokes" are grassroots nonprofits, the "boots on the ground" conducting the direct TA assistance, document preparation for the businesses. A successful Hub and Spokes system creates an assembly line that feeds into a CDFI or Financial Institution. Goal is that the application is in excellent shape by the time it is received by the CDFI/financial institution both to ensure efficiency and expeditious processing at scale.

Accountability structure: This is a highly accountable model. Nearly every CDFI/Financial institution sends a processing number to the PPP applicant once the application has been received. The navigator partner must collect copies of bank receipts to document the number of businesses it has helped directly and the amount received. End goal must be the actual number of businesses receiving PPP or another small business recovery program, not just "general outreach".

Thank you for this opportunity to testify on behalf of ABIC's "Community Navigator" approach ensure fair access for businesses that need it the most. Again, ABIC thanks Congress and President Biden for including 175M for Community Navigators in the American Recovery Plan.

Addendum

The Challenge

The COVID-19-induced small business crisis has been troubling but simple. Starting in March 2020, millions of small businesses stopped generating revenue, but still had payroll and other fixed costs (utilities, rent, debt payments, etc.). These businesses needed new sources of immediate liquidity, and Congress designed recovery programs like the [Payment Protection Program](#) (PPP) to cover their costs.

Nearly 1 year later, America's "[K Shaped](#)" recovery showed that many of America's biggest companies have [flourished](#) during the pandemic while [60%](#) of the businesses of color and rural businesses have laid off workers or permanently closed. Most [recent data](#) from the SBA showed that nearly 80% of businesses of color continue to be left out of the PPP despite being [most](#) impacted by the Pandemic.

ABIC's "Community Navigator" approach [was recently highlighted by the White House](#) to ensure fair access for businesses that need it the most.

"Hub and Spoke" community navigator Model

- The Hub is the lead non-profit responsible for capacity building and "train the trainers" for the "Spokes" - grassroots nonprofits that are conducting the direct TA assistance for the businesses.
- The "Hub" is responsible for coordination, developing a training curriculum, training the spokes, proactive about shaping policy based on feedback from the "Spokes", rapid response and proactive communications, troubleshooting, liaison to CDFI's, banks, CPAs, other financial counselors, resources and best practices for small businesses.
- A Successful "Hub" conducts weekly meetings and trainings with the "Spokes" on 1-1 document preparation, discuss and share best practices on outreach, education, and 1-1 counseling, regular and daily troubleshooting, develop calendar of webinars and coordinate massive outreach and promotion; list building and leadership development.
- The "spokes" are grassroots nonprofits dedicated to direct outreach and 1 to 1 document preparation for the businesses. Excellent performance means reaching or exceeding the agreed upon goal of PPP approved for Black and immigrant entrepreneurs in a particular region.
- An excellent "spoke" is dedicated to intensive, grassroots outreach, promotion and education including direct, daily calls, texts, emails, door-to-door to businesses in their community; robust list building; massive webinars, promotion in earned and paid media, social and ethnic media, leveraging other trusted partners like schools, churches, and local

elected officials; 1-1 document preparation, application walk-through and completion, financial coaching, troubleshooting; co-learning from the other spokes and the Hub.

- A successful Hub and Spokes system creates an assembly line that feeds into a CDFI or Financial Institution. Goal is that the application is in excellent shape by the time it is received by the CDFI/financial institution ensuring efficient and expeditious processing. End goal here is that the business will receive funds quickly (an excellently TA'ed PPP applicant on average receives funds within 24-48 hours).
- Embedding (via sub contracts) linguistically and culturally competent CPA's within the "HUB" provides timely, additional counseling for minority entrepreneurs, with the bonus of supporting this professional class of color.
- Accountability structure: This is a highly accountable model. Nearly every CDFI/Financial institution sends a processing number to the PPP applicant once the application has been received. The navigator partner must collect copies of bank receipts to document the number of businesses it has helped directly and the amount received. End goal must be the actual number of businesses receiving PPP or another small business recovery program, not just "general outreach".

Thank you for this opportunity to testify on behalf of ABIC's "Community Navigator" approach ensure fair access for businesses that need it the most. Again, ABIC thanks Congress and President Biden for including 175M for Community Navigators in the American Recovery Plan.



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“The Role of Community Navigators in Reaching Underserved Businesses”
 Statement to the Subcommittee on Underserved, Agricultural, and Rural Business Development
 Small Business and Entrepreneurship Committee
 United States House of Representatives
 March 18, 2021

Chairman Velázquez, Ranking Member Luetkemeyer, and members of the subcommittee—thank you for the opportunity to offer testimony regarding the role of community navigators in reaching underserved businesses. This written testimony will also provide information on SCORE’s history, programs, services and plans for the future.

First, SCORE would like to express our gratitude for our FY20 appropriation of \$12.2 million. We are very grateful for this funding, and it is having an immediate positive impact on the small businesses owners that SCORE volunteers serve in their local communities every day, resulting in significant business creation and job growth, which is detailed later in this testimony.

ABOUT SCORE

SCORE is the nation’s largest network of volunteer, expert business mentors, with more than 10,000 volunteers across 240+ chapters offering free and confidential advice, and free or low-cost educational workshops to current and aspiring small business owners.

Founded in 1964 as a resource partner of the SBA, SCORE has now helped more than 11 million entrepreneurs to start, grow or troubleshoot their small business. SCORE’s mission is to foster vibrant small business communities through mentoring and education, and we envision every person having the support necessary to thrive as a small business owner. Today, SCORE stands as a uniquely American organization in its synthesis of two historic national ideals: the entrepreneurial spirit and volunteerism.

SCORE’s Impact in FY20

In FY20, SCORE helped its clients to start 45,027 new businesses and create 74,535 new jobs. Despite the challenging business climate of the COVID-19 pandemic, 89% of clients stayed in business throughout the year, with help from SCORE.

SCORE remains the most efficient, effective business formation and job creation engine funded by the federal government. In 2020, our cost to create a new job was \$156.97 and \$259.84 to create a new business. In 2020, SCORE clients returned \$67.35 in new federal tax revenue for every \$1 appropriated to SCORE, (\$788 million in total).

SCORE helps small business owners through three main vehicles: 1) Free business advice and mentoring 2) Low or no-cost business training and education 3) Free business templates and resources.

Mentoring

SCORE is proud to be the nation's largest network of volunteer, expert business mentors, and our 10,000 volunteers are the lifeblood of SCORE. The majority of our mentors are current or former business executives and entrepreneurs, giving them firsthand experience of best practices and pitfalls to avoid, which they pass on to our clients through online or in-person sessions. In FY20, SCORE held 315,283 mentoring sessions. The high quality of these services is captured in our Net Promoter Score (NPS) of 87.33, on a 100-point scale of customer satisfaction and willingness to recommend the brand. An NPS of 30 and above is considered good, while 70 and above is considered excellent. The 2020 NPS benchmark for education and training industries nationwide is 71, while the consulting industry scored 51.

By creating meaningful, and often long-term relationships with our clients, SCORE mentors help clients to start new businesses or operate existing small businesses more efficiently, effectively and with greater success. Mentors provide the personal experience, practical knowledge and coaching support that clients need to thrive in the small business arena, offering information and strategies for improvement.

In FY20, SCORE mentors donated 3,980,987 hours of total service to mentoring and educating our clients. Through this generosity and the wisdom of their firsthand business experience, our volunteers have a profoundly positive effect on our small business owner clients, which, in turn, positively impacts their communities. SBA data shows that mentoring works – with business owners who receive three or more hours of mentoring reporting higher revenues and increased business growth.

Business Education and Training

Live Webinars & On-Demand Training

SCORE national headquarters provides ongoing workshops in both live webinar formats and on-demand training housed on the www.score.org website. These educational services are critical to our clients, providing information on numerous aspects of starting and growing a business. At least once a week on average, SCORE hosts live webinars in conjunction with SCORE volunteers, sponsors and outside subject matter experts. Designed to complement local workshops provided by SCORE chapters, these webinars reach entrepreneurs who cannot easily attend a local workshop, or who prefer to learn virtually. 204,925 clients attended these online workshop sessions in FY20.

Virtual Conferences

Now in its seventh year, SCORE's Virtual Conference series allows individuals in any geographic location to remotely participate in an online educational environment that offers the look and feel of an in-person event. These conferences meet the needs of our clients on their own terms, and are perfect for entrepreneurs who are short on time or geographically dispersed. Combining the educational elements of a small business conference with the networking and

interactive features of a trade show, virtual conferences allow participants to listen to keynote speakers, visit virtual booths to download materials, meet sponsors and mentors, and ask questions and connect with each other via a live-chat feature. Sessions are also recorded and available on demand after the conference, with topics including various aspects of starting or growing a small business, including marketing, finance technology and human resources. SCORE typically collaborates with the SBA to host the National Small Business Week virtual conference. The May 2019 multi-day event drew 5,949 attendees and 12,928 total unique webinar views.

One attendee commented: "I have to say, that was the best virtual conference I have ever attended. It was amazing, almost like going to a full-day conference. Minus the hassle of travel and staying at a hotel!"

Local Workshops

SCORE chapters offer local workshops that complement SCORE headquarters' national webinar program. These are often tailored in response to the needs of the local business community. Local workshops can be in-person or online, and may be a single session or a multi-day series. Topics include everything from finding financing to digital marketing tips, HR best practices and business planning. Popular local workshops include Simple Steps to Starting Your Business and Legacy Planning for Farmers. 347,389 attendees were served across 10,816 local workshops in FY20.

Templates and Resources

www.score.org is the central hub for free business templates, e-guides, checklists, blogs, infographics, videos, tools and other helpful resources to help entrepreneurs start and grow their small business. In FY20, 4,754,230 people visited the score.org website. SCORE chapters also have their own websites, which offer local resources and showcase local stories of business success.

SCORE VOLUNTEERS

Since 1964, SCORE volunteers have helped more than 11 million entrepreneurs to start, grow, or troubleshoot a business. SCORE's volunteer corps consists of 10,000 experienced businesspeople who are passionate about helping small businesses succeed. Volunteers come from all across the country, with diverse backgrounds and experience in different areas of industry. About half are currently working as entrepreneurs or executives, with the other half retired. Our 2020 client engagement index score is an impressively high 4.15 on a 5-point scale, and SCORE's overall NPS (net promoter score) also slightly increased to 87.33.

SCORE volunteers are active and well-networked members of their communities. They often provide valuable connections for SCORE clients, whether to local financial institutions, media outlets, government offices or other small-business-oriented organizations.

Each year all SCORE volunteers undergo mandatory online training that reaffirms their commitment to SCORE's Mentoring Methodology, represented by the acronym SLATE: Stop and Suspend Judgment. Listen and Learn. Assess and Analyze. Test Ideas and Teach with Tools. Expectation Setting and Encouraging the Dream. Following this methodology, mentors

take the extra time to listen to and understand each business's unique needs and challenges, resulting in a transformational relationship, as opposed to a merely transactional relationship.

Conversations between SCORE mentors and their clients are strictly confidential, with all mentors signing a Code of Ethics and Conduct that addresses the protection of each client's information and business ideas. Each year, all volunteers are also required to read, understand and agree to the Code of Ethics through mandatory online training in the SCORE Learning Management System.

In addition to volunteer mentors, who offer confidential business mentoring services, other types of SCORE volunteers exist. These include subject matter experts, who provide focused knowledge based on their professional skills or industry, workshop presenters, who lead local workshops, seminars and events, and administrators, who share their skills in marketing, tech, finance or fundraising, in support of chapter operations.

ONE SCORE

SCORE's operations are anchored and directed by a five-year strategic plan and annual tactical plans. These plans are developed based on trends affecting small businesses and volunteerism, extensive data collection in our business and from other organizations serving small businesses, as well as input from our key stakeholders. Above all else, our top goals are to help more small business owners and grow our volunteer corps.

The "One SCORE" initiative emphasizes operational efficiency, consistency and effectiveness so that everyone who interacts with SCORE has the same incredible experience. SCORE's volunteer mentors, The SCORE Foundation, donors, corporate partners, board members and staff work together with shared vision, consistent focus and renewed energy, as we serve our clients and prepare SCORE for continued success.

With all of SCORE working together, clients have access to any mentor and any needed information, no matter where they may be located. Chapters can learn from any other chapter and share information. Volunteers can connect with any other volunteer, client or staff member. Stakeholders benefit from partnerships of the entire SCORE organization.

Working together requires increased process capability and capacity, supported and enabled by information technology. "One SCORE," has generated centralization initiatives that ensure consistency across all chapters, and reduce administrative burden on the volunteer, allowing them to focus on mentoring and educating their clients. "One SCORE" also ensures SCORE continues to be a good steward of the federal dollar. Through the implementation of many of our "One SCORE" programs, we continue to demonstrate our commitment to compliance.

Centralized Accounting

In FY19, SCORE began the process of centralizing all accounting and financial systems nationwide, with the goal of reducing the burden on chapters due to reporting requirements, bookkeeping tasks and clerical duties, while allowing chapters to maintain control over how, when and where they raise and spend funds. All SCORE chapters were transitioned to centralized accounting by January 1, 2020.

This introduction of uniform policies and procedures for chapter treasury operations enables more consistent onboarding and training for chapter treasurers, and reduces the risk for the overall organization, accounting for every dollar – restricted or unrestricted – to the chapter level, and provides improved insight into SCORE’s financials to better support national accounting and fundraising. The SBA has reviewed and approved this system.

SCORE Engage: CRM Implementation

The “Engage” Customer Relationship Management (CRM) system replaces the old database and intranet. “Engage” improves the quality of engagement between users and SCORE through three main journeys – client mentoring, volunteering and training. “SCORE Engage” will also help improve the mentor matching process, and provide better insight into chapter performance through reports, dashboards and additional tools that enable integration between systems and data.

Currently, one-third of chapters have been rolled onto the Engage system, following a pilot period in which “early adopters” representative of all SCORE regions and chapter sizes tested the system and helped inform the business requirements, system user experience, features, functionality and change management. This transition to our new and improved system will be completed by the end of FY21.

Volunteer Onboarding

A revamped volunteer onboarding program launched in FY19 now welcomes our provisional members and provides them with the tools and information they needed to start their experience with SCORE off right.

The program creates a more flexible and inclusive SCORE for the next generation of volunteers. As part of the onboarding program, SCORE added new official volunteer classifications in addition to the traditional “mentor” designation, including subject matter experts, workshop presenters and chapter support roles. These new roles permit more flexibility for prospective volunteers who have valuable skills to contribute to SCORE but may not have the time to become full mentors.

The onboarding program supported by our “Engage” system ensures new volunteers are assigned to a coach, who provides direct assistance and welcomes them to their chapter. By assigning coaches to provisional volunteers, SCORE aims to generate greater volunteer satisfaction, engagement and retention.

Chapter Social Media Program

Now in its fifth year, the SCORE Social Media Program provides baseline content and centralized oversight of chapter social media content to drive local mentoring and workshop attendance, build local awareness of SCORE’s services, and ensure online brand consistency. The program also manages participating chapters’ online directory listings to ensure they are claimed, managed and fully optimized.

Proper management of this social mobile ecosystem has helped significantly improve organic search results in Google. This means that more people actively searching for “small business help” are finding their local SCORE chapter.

Last year, 92% of chapters ranked in the top ten search results for key search terms, compared to 68% at program inception, and 89% of chapters ranked in the top three search results. Social media users for participating chapters grew by 11.57%, bringing the total community of local chapters to 168,307 fans.

COMMUNITY NAVIGATORS

Fostering an inclusive and diverse volunteer membership is critically important to SCORE, and one of our core values is, “Diversity Matters.” This means that we believe in the importance, value and power of diversity – diversity of people and diversity of thought.

SCORE continued to diversify our volunteer ranks with women and minority volunteers climbing to 38.19% of total volunteers in FY20. While we are focusing even more on diverse volunteer recruiting going forward, this 5% increase from the previous year represents the single biggest annual growth since we began tracking these metrics in 2012.

Several national volunteer committees exist to foster an inclusive environment. Among them are the Inclusion and Diversity Committee, the Black American Committee, the Hispanic Volunteer Committee, and the National Women’s Committee. Their purpose is to help chapters recruit diverse clients and volunteers, and to assist in creating and executing diversity-focused client events.

Diversity and Inclusion: SCORE for All

SCORE is working harder than ever to reach underserved entrepreneurs, including minorities, women, veterans, disabled people and rural business owners. We regularly survey and connect with our clients and other business owners to fully understand the challenges facing small business owners today.

SCORE serves a diverse range of American small business owners and entrepreneurs. Among SCORE’S 2020 client base, 60% were women, 46% were minorities and 9% were veterans.

In early FY21, we launched SCORE for Black Entrepreneurs in response to client feedback. Before most Black entrepreneurs even open their doors, they face a range of obstacles, from a lack of capital to difficulty accessing government programs—not to mention encountering bias and racism along the way.

Through the SCORE for Black Entrepreneurs portal, Black small business owners can utilize SCORE’s Resource Library, which includes hundreds of free articles, templates, tools, videos, and checklists to meet any business need. They can sort by entrepreneur type, topic, and business stage to find exactly what they’re looking for.

Black entrepreneurs can also use this hub to connect with our diverse group of experienced, volunteer mentors, who are available to answer questions about starting and growing a small business.

Partnerships to Serve Diverse Entrepreneurs

SCORE forms alliance partnerships with other organizations who can introduce us to new communities of small business owners, particularly in underserved markets. Examples include the BIPOC Support Foundation, The Latino Coalition and Women Entrepreneurs Grow Global.

National corporate sponsors who partner with The SCORE Foundation also allow SCORE to facilitate additional programming beyond what federal funding allows. Recent examples include Facebook's partnership to support veteran entrepreneurs, and Constant Contact's partnership to support women entrepreneurs.

SCORE Chapters Are Effective Community Navigators

SCORE has also seen tremendous success working in local communities to help underserved business owners and reach those who are disadvantaged.

One example is in Cleveland, where economic and social conditions showed little improvement from 2010 to 2020, and high poverty rates persisted alongside low small business growth. These problems were worsened by the pandemic. As many as 30% of Cleveland's small businesses have been permanently closed, with minority communities disproportionately affected.

Over the past year, SCORE Cleveland has rededicated itself to bring its services to this very vulnerable community. The chapter has partnered with several leading nonprofits that target these communities e.g., Cleveland Foundation, Urban League SBDC, ECDI (Economic and Community Development Institute), the Women's Business Centers, Jump Start, the Business Growth Collaborative and Cleveland Neighborhood Progress. The results have been very positive, with service more than doubled compared to last year. Some of the most valuable services provided included assisting clients with the SBA's PPP and EIDL loan programs.

In response to the pandemic and the challenges minority business owners are facing, SCORE Inland Empire has partnered with several outside organizations to provide outreach, guidance and content to help bridge the gap that exists and help these businesses achieve success. Partners include AmPac Business Capital, the City of Ontario, education institutions, the Small Business Development Centers, Inland Empire Women's Business Center, CEEM, Hispanic Chambers of Commerce, Black Chambers of Commerce, and the Micro-Enterprise Collaborative Inland Southern California.

In the state of Maine, SCORE chapters are working together with a number of other organizations to reach both urban underserved businesses and rural entrepreneurs. Partnerships include The Indus Fund, a community-supported micro-loan program for immigrant entrepreneurs in Maine, the Portland Office of Economic Opportunity, and Prosperity Maine (PME), the Fork Food Lab food-based business workspace celebrating food from entrepreneurs'

home countries. Other partners include the Maine Department of Economic and Community Development, where SCORE mentors provide assistance for businesses reaching out to the DECD for help with PPP/Cares Act funding applications, and Maine Accelerates Growth, a network of economic development and business support organizations throughout Maine. With 240+ chapters across the SCORE network, and an existing infrastructure that allows us to access the entire wealth of resources and people, SCORE is well-positioned to scale our efforts to connect with partners and provide vital resources and connections to disadvantaged business owners.

SCORE'S RESPONSE TO COVID-19

Many more business owners are reaching out for SCORE's help than ever before, as evidenced by our 30% increase in FY20 total annual services. When the COVID-19 pandemic hit, SCORE quickly pivoted to delivering 100% virtual mentoring and education without missing a day of service. While the U.S. House of Representatives supported additional funding for SCORE's COVID-19 response in the HEROES Act, SCORE did not ultimately receive the \$10 million we requested to support our clients in crisis. Instead, we worked with corporate partners, utilizing their temporary interest in supporting small businesses through the pandemic to stand up our Small Business Resilience Program (SBRP).

The SBRP helps small businesses navigate the challenges they're facing through the COVID-19 pandemic and other catastrophic business interruptions. Using SCORE's free expert business mentoring and online educational resources, entrepreneurs successfully navigate COVID-19 federal and local government programs, adapt to change, launch new businesses post-pandemic, and inspire their customers to rally around their business.

Launched in March 2020, the SBRP has helped thousands of business owners to pivot, survive and thrive through a three-pronged approach of mentoring, education and resources. As of March 1, 2021, 588,734 users have visited the Small Business Resilience content on SCORE.org, with 881,919 total page views. 32,318 small business clients participated in COVID-specific mentoring sessions, and 6,777 people used the Real-Time Mentoring platform to get answers immediately to their most urgent business questions. 188,988 attendees benefited from business training workshops and webinars on COVID-responsive business strategies.

SCORE client Laura Licursi, owner of Elite Virtual Assistants in Mayfield Heights, OH, said of her mentor: "Mark has been amazing. I initially sought out a mentor when COVID-19 hit and I needed someone to talk to, bounce ideas off of, and help me develop ideas to generate new business. Mark always has great insight, has gone above and beyond with finding new information to share, pointing out new opportunities for me to explore and helping me find answers to see if a direction I wanted to go was viable."

Julia Petrus, owner of Cozy with Posey of San Francisco, CA, said: "When COVID-19 hit and I lost my job, I finally had the time to follow [my] passion. [My mentor] Susan really encouraged me to start my business and taught me the basics. She made me aware of what I had to do and how to get there. It was great to be able to really lean on someone who had been there. She's always so excited and supports every decision I make. I wouldn't be where I am today without SCORE."

Part of the success of this outreach owes to its grounding in real-time client research. Starting in March 2020, SCORE began surveying small business owners to understand the challenges they were facing and the resilience of both start-ups and established businesses. This research was used to inform SCORE's content strategy, and shared with the public through a series of infographics and the data report: "The Megaphone of Main Street: The Impact of COVID-19."

Utilizing both qualitative and quantitative data from a diverse group of roughly 3,500 small business owners across the nation, the Megaphone showed how COVID-19 has significantly and negatively impacted U.S. small businesses in terms of revenue, employment and cash flow. Black and Hispanic business owners were harder hit than White business owners, particularly in regards to funding opportunities. Data shows that Black and Hispanic business owners were more likely to seek both private and public funding opportunities than their White counterparts, and much less likely to receive it.

Since the pandemic began, we have seen firsthand how desperately small businesses owners need SCORE's guidance and support. Many business owners told us they would not have applied for PPP or EIDL without a SCORE mentor to walk them through the confusing and overwhelming process, step by step. New federally-funded opportunities, are extremely valuable to business owners, but only if those who need help the most can take advantage of it. SCORE stands ready to help the most vulnerable small business owners navigate these opportunities and utilize them effectively, so they can keep their doors open and keep people employed. Continued federal investment is critical to the survival rates of small businesses across America. Our clients are depending on us to help them succeed.

APPROPRIATIONS REQUEST

SCORE's mentoring and education are critical to helping small business owners overcome their challenges and succeed. Additional funding would sustain our Small Business Resilience platform, and significantly expand the number of clients we help through our COVID response model, empowering businesses to adapt, grow, and thrive, and positively impacting our nation's economy.

Based on our continued demonstrated impact, increased demand for services and SCORE's specific plans to reach more business owners in underserved and disadvantaged communities hardest hit by the COVID-19 pandemic, SCORE respectfully requests an increase of \$9.5 million in funding for FY22, for a total annual appropriation of \$21.7 million.

SCORE is scalable. With a relatively small investment, we can provide even greater value to business owners and the economy. In FY20, SCORE helped its clients to start 45,027 new businesses and create 74,535 new jobs. Our projections estimate that this increased funding would help us to deliver 540,243 additional client services (mentoring, workshops, education), with a projected outcome of 100,131 additional new businesses started and/or jobs created, beyond last year's impact numbers.

SCORE also provides tremendous return on investment to the American taxpayer, with every dollar invested return to the federal treasury many times over. In 2020, SCORE clients returned \$67.35 in new federal tax revenue for every \$1 appropriated to SCORE, (\$788 million in total). Please see below for details on how additional funding would be utilized, and what results we expect to achieve.

Increase Mentoring and Education by Reducing Administrative Burden on Volunteers: \$3.75 million

SCORE Headquarters shoulders some operational and administrative processes that demand considerable time and resources from our volunteer mentors, giving mentors more time to focus on what they do best – helping businesses succeed.

Our “One SCORE” initiative facilitates information and resource sharing across state, city and chapter lines, so clients and volunteers benefit from our nationwide network. SCORE is evolving to a more centralized operating model, with support functions executed and coordinated at the headquarters level, while direct client services are delivered through our local chapters. Centralization guarantees consistency across the entire organization, ensuring a high quality of service no matter how, when or where clients interact with SCORE.

Examples of this centralized operating model that have already been accomplished include: the centralized accounting system, chapter score.org websites, the chapter social media marketing program, implementation of @scorevolunteer.org email addresses for every volunteer and our Engage customer relationship management system (CRM).

With additional funding, SCORE would expand this “One SCORE” initiative through:

- Technological improvements to the Engage CRM that seamlessly connects clients with volunteers.
 - On-demand communication features including live chat on website and text messaging.
 - Development of customized learning management and marketing automation systems that offer clients personalized advice and resources based on their unique needs.
 - Educational training and support for volunteers to mentor using these new capabilities.
- A centralized administration system to connect clients with volunteers faster, and guarantee effective mentor pairing.
- Given the critical importance of complying with our federal grant, and being good stewards of our federal dollars, SCORE would maintain newly added staff positions, including a compliance manager and accounting specialist, and implement a procurement tracking system for all chapters who work directly with vendors and event spaces, to ensure contract process compliance.

More Support for Community Outreach/Local SCORE Chapters: \$3.25 million

Each year, SCORE’s chapters must raise additional funds to supplement our federal funding – typically \$5 to \$8 million in total. With an increase in direct field allocation, volunteers will be free to focus on their primary objective – mentoring and education – which will result in helping

more businesses to start, grow and succeed. Funds would be used for local client marketing and volunteer recruiting (50%) and operations including administrative support, office space rent and utilities, and phone service (50%). Funds would be allocated based on chapter performance metrics, opportunities for growth, and field leadership evaluations.

Help More Underserved Businesses: \$2.5 million

- Development of timely educational content including accessing emergency capital, thriving post-pandemic, and specialized content for businesses hardest hit by COVID-19.
- Increase content accessibility for disadvantaged entrepreneurs – for example: Black, Hispanic, Asian and Pacific Islander, indigenous, disabled, women, veterans and 55+ communities. This includes conducting research into specific client needs, translating content to Spanish and developing targeted educational programs.
- Nationwide program awareness campaigns and localized marketing outreach to attract new clients and volunteers from underserved markets and diverse communities.
- Add key staff positions to support diverse volunteer mentor recruitment and increase outreach to underserved communities, with a focus on partnership building.

**5 min: Pilar Guzman Zavala testimony for Congress
03-18-21 Committee on Small Business Subcommittee on Underserved, Agricultural, and
Rural Business Development Hybrid Hearing**

It is an honor to be speaking with all of you today. Thank you everyone for taking the time to listen to my story. A story that reflects the reality of many small businesses like mine.

My name is Pilar Guzman. I am the CEO of Half Moon Empanadas.
I represent one of the 32 million small business in America.
I represent what is best of America. America is the land of the opportunity.
I came to America from Mexico when I was 22 right after college. My entire work life has been done in America. I had the privilege to attend Georgetown School of Foreign Service. My focus there was to understand how to promote economic development to reduce poverty. My dream was to create better opportunities with the collaboration of businesses, government and international organizations.

Little did I know back then that I would end up creating this impact as an entrepreneur in Miami.

My husband, Argentinian born moved to America when he was 8 years old. Spend his whole life in McLean, VA until he decided to move to Miami to become himself an entrepreneur. Miami is home for us for the last 15 years. Miami is my community and where my children were born.

Half Moon Empanadas is a fast casual concept of empanadas in South Florida.
We have been in business for 12 years. Before Covid, we had 14 locations opened in Miami. But our story was not easy from the beginning. It took us 7 years to get a paycheck from our business month to month. I did a "master's degree" in finance when I applied for our first loan to finance our store in Miami Airport. It took 10 banks, 10 rejections, to get actually the financing. And it only happened because a mentor of mine recommended me to a local bank, whose leader believed in me, and approved the loan. Our first store in South Beach almost took us bankrupt.

The struggle to build Half Moon Empanadas was real for us from the beginning. So, when Covid hit, we felt the same emotions as to when we started. A year ago, 13 of the 14 stores were already closed. We kept the airport store opened, until all closed in May.

But we did what any entrepreneur does. We push and move forward. I called every person I knew that could buy our empanadas.

We applied to the PPP. And it took us 3 banks to get finally the PPP. We went to a large Bank, Bank of America, who did were not responsive. Then I moved to a local medium size bank that was overwhelmed. And finally, after a month of trying and waiting, I decided to call the Director of Impac Fund, Kathy Carvajal, the local partner of ABIC, and asked for help. She promptly connected me to a local bank, US Century Bank, that in two days approved my PPP.

I am a mentor and a board member for many local organizations, and I am also part of a network of entrepreneurs, EO. I was able to learn the reality of many entrepreneurs in many industries, and most of them were struggling to get the support. I decided to reach out to Kathy and help connect the entrepreneurs to different CDFIs, and local banks. IMPAC and ABIC were able to connect several small businesses, women and Hispanic owned companies, with a code so that their applications would be put first.

For us, and for many, PPP allowed us to keep all our salary people. Things continue to feel very unstable, and we continued to look for opportunities. So, I learned about a local need to feed the seniors and became certified to provide these meals through a contract that the Miami Dade County had with FEMA. We became a restaurant making meals for seniors.

We also continue our efforts on the digital space. Building our online ordering component.

My dream is to create a new category in food in America, with empanadas. This is the best country in the world to make your dreams come true. When I competed for the RFP in the Airport against bigger players, I told my husband when the biggest company was presenting. If this country is what I think it is, we are winning this.

I cannot imagine how difficult it has been for you as government officials to have to come up with a plan to support our entire economy and communities. I know in my own skin, this pandemic has been really difficult for businesses, for people in general.

I would like you to know is that the work that you have done to support small businesses matters. That the work you have done has helped many businesses like mine. Because of the PPP, I was able to keep 50 families employed.

The work must continue. There is always room for improvement and to do more. I saw with my own eyes, how important was the role of organizations like ABIC, Impac Fund, the CDFIs. They understood in the moment of crisis that we needed to connect with those businesses that were not too sophisticated, or not that connected. Local organizations understand this. Let's us learn from this. And the learning to me is that more support should come from the local level.

When I had the chance to speak to President Biden this past month, I expressed to him, how important the PPP was, and how important was to focus our efforts as a country to get to the "true" small businesses, those that are less than 20 employees. I also had a chance to speak to Secretary Yellen, and I expressed to her the importance of creating a pipeline of support for small businesses of technical assistance and financial support.

I see challenges as opportunities. I believe this whole crisis has showed us a different way to do things. I am thankful for President Biden's leadership, and your leadership to support programs like the Community Navigators. They are important, they make a difference.

Thank you so much for your attention and support.

Thank you Chairman Golden. It's my pleasure to speak to this committee again. I was here at the end of May last year as we were in the early stages of confronting the COVID-19 pandemic.

Thanks also to Ranking Member Jim Hagedorn and Member Pete Stauber who are both from the great state of Minnesota where I live and work. I'd also like to recognize Nydia Velazquez, Chairwoman of the House Small Business Committee and Ranking Member Blaine Luetkemeyer for their many years of service and tireless support of small businesses throughout the country. As mentioned, my name is Bruce Strong and I am the State Director of the Minnesota Small Business Development Center, or SBDC.

SBDCs have been operating throughout the county for more than 40 years and in Minnesota alone during that time we've provided more than 960,000 professional consulting hours to help 95,000 clients start or grow more than 5,200 new businesses and secure \$3.2 billion in new business capital. Since March of last year, staff in every SBDC has worked literally day and night to nearly double the number of clients we serve in a typical year in response to the COVID pandemic. Demand for SBDC assistance skyrocketed as business owners needed help with applications for the PPP and EIDL loan programs or to reimagine their businesses due to economic shutdowns.

Recently, the U.S. Small Business Administration published Information Notice 6000-806503 to introduce the Community Navigators Program. It states the intent of the program is to broaden and intensify outreach and technical assistance to targeted sectors of the small business community, including persons with disabilities, women, veterans and/or those in minority, immigrant, rural or other underserved communities, using a "hub and spoke" delivery model. We don't yet

have details as to exactly how the program will operate, but several SBDCs, including Minnesota, are working with SBA on a pilot of the program to build models for the future of this effort. A total of \$175 million has been allocated for the program under the American Rescue Plan. This is a significant sum and we're pleased to be working with SBA to develop the program. Assuming, that is, there is no requirement to provide matching funds for the program.

SBDCs have long worked with other community organizations to reach rural and underserved markets. But like other businesses, the pandemic forced us to reimagine our own business model. To continue meeting the surge in demand, we're creating even more partnerships between the SBDC and local community organizations. In Minnesota, we just signed a contract with First Children's Finance to provide specialized assistance to new and existing childcare businesses. We're working to complete a similar contract with the African Development Center to increase their services throughout the state. And I'm seeking to create even more partnerships.

The Northern California SBDC has just launched a new "Inclusivity Project" that provides a simple but effective approach to reach out to the Black and African American community there. It goes beyond simply providing outreach, by creating a *challenge* for the SBDC and local partners to meet specific goals and provide actual social change to obtain capital and start new black-owned businesses. The project has seen tremendous early success and was met with great enthusiasm when presented to SBDC state directors across the country just last week. So much so, that we'll soon adopt this project for implementation in America's SBDCs everywhere. But each SBDC will

adapt the program to include additional or different cultural communities to meet the need within their own state.

America's SBDC wishes to express strong support for the Community Navigators Program and we envision it will fit perfectly into these plans.

We are particularly supportive of the outreach portion of the funding. SBDC and other resource partner services have too long been a "best kept secret". SBDCs have been prohibited from marketing our services and that has truly hampered outreach. That prohibition was only recently lifted by SBA. The Community Navigator program will ensure that entrepreneurship education reaches all parts of the small business community and it will go a long way to help our efforts to reopen the economy.

Questions for the Record
Committee on Small Business
Subcommittee on Underserved, Agricultural, and Rural Business Development
Hybrid Hearing: The Role of Community Navigators in Reaching Underserved Businesses
Thursday, March 18, 2021, 10:00 A.M.

Questions for Ms. Bridget Weston, CEO, SCORE

- Ms. Weston, how will the expansion of SBA's resources in the 10 most common languages other than English effect the services SCORE Chapters provide their clients?

With 30 million small businesses across the U.S. and many more looking to start, SCORE supports the SBA's efforts to expand services to better support diverse entrepreneurs. SCORE had already been translating content on www.score.org, and continues to work on completing our website translation using Google Translate (similar to SBA.gov), which will increase accessibility in many languages. Our goal is to have this ready by the fall of 2021. Client who are not proficient in English can also request accessibility help, and SCORE will work with them to provide support customized to their specific situation.

- Ms. Weston, since SCORE did not receive additional funding in the CARES Act, how will the additional funding available to partners in the Community Navigator Program effect the services SCORE can offer?

We are still waiting to hear more specific details regarding the requirements of the SBA Community Navigator program and grant process. We have been in communication with the SBA and anticipate hearing those details soon.

We believe that with the Community Navigator grant, we will be able to support all of our chapters' efforts to increase their outreach and technical assistance to these underserved communities, as well as develop content to be used across the entire SCORE network to support this guidance. We anticipate a significant increase in clients who operate in these disadvantaged markets, with a focus on increasing access to capital, resources and other tools so that these business owners have the best chances for success.

SCORE has already seen tremendous success working in local communities to help underserved business owners and reach those who are disadvantaged.

One example is in Cleveland, where economic and social conditions showed little improvement from 2010 to 2020, and high poverty rates persisted alongside low small business growth. These problems were worsened by the pandemic. As many as 30% of Cleveland's small businesses have been permanently closed, with minority communities disproportionately affected.

Over the past year, SCORE Cleveland has rededicated itself to bring its services to this very vulnerable community. The chapter has partnered with several leading nonprofits that target these communities e.g., Cleveland Foundation, Urban League SBDC, ECDI (Economic and

Community Development Institute), the Women's Business Centers, Jump Start, the Business Growth Collaborative and Cleveland Neighborhood Progress. The results have been very positive, with service more than doubled compared to last year. Some of the most valuable services provided included assisting clients with the SBA's PPP and EIDL loan programs.

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In the state of Maine, SCORE chapters are working together with a number of other organizations to reach both urban underserved businesses and rural entrepreneurs. Partnerships include The Indus Fund, a community-supported micro-loan program for immigrant entrepreneurs in Maine, the Portland Office of Economic Opportunity, and Prosperity Maine (PME), the Fork Food Lab food-based business workspace celebrating food from entrepreneurs' home countries. Other partners include the Maine Department of Economic and Community Development, where SCORE mentors provide assistance for businesses reaching out to the DECD for help with PPP/Cares Act funding applications, and Maine Accelerates Growth, a network of economic development and business support organizations throughout Maine.

With 240+ chapters across the SCORE network, and an existing infrastructure that allows us to access the entire wealth of resources and people, If SCORE is the recipient of an SBA Community Navigator grant, SCORE is well-positioned to scale our efforts to connect with partners and provide vital resources and connections to disadvantaged business owners.

Questions for the Record
Committee on Small Business
Subcommittee on Underserved, Agricultural, and Rural Business Development
Hybrid Hearing: The Role of Community Navigators in Reaching Underserved Businesses
Thursday, March 18, 2021, 10:00 A.M.

Questions for Rebecca Shi, Executive Director of the American Business Immigration Coalition

- Ms. Shi, how can the Community Navigator program improve outreach and provide technical assistance to rural small businesses specifically?
 - *Rural small businesses by the very nature of their location are isolated. Often feeling cut off or left behind by government and government resources. By employing trusted partners in the rural community we can locate businesses where they are at, meet them for 1-on-1 assistance and help foster a pipeline of trust between their businesses and industries and Community navigators can be set up as fully remote, bringing laptops, portable scanners etc, to provide technical assistance to small businesses when applying for government assistance.*

- Ms. Shi, as a leader in state Community Navigator programs, can you describe how a nationalization of the program can benefit small businesses?
 - *By nationalizing the policy, we believe we can take the same grassroots success we have had in Illinois across the country. Covid hit all of the states. Bringing in businesses for access to government resources, partners resources, access to grants, capital or training should likewise hit all of the states. Using the already established 501c3s and grassroots partners to connect with the businesses in their communities works to break through those trust barriers and reach businesses where they are at, by people they already know. The Government has set up a lot of programs to help businesses but there is a lot of red tape and confusion. Community Navigators ease the anxiety of the business owners so they can focus on evolving their business but knowing there are resources available and help to find it*

- Ms. Shi, how does the counseling and training offered by the Community Navigators differ from the services provided by SBA's Resource Partners?
 - *Community Navigators and traditional services offered by SBA are complimentary. As Community Navigators - we see the role to really focus on an outreach and intake program. The Navigator role is to be present in the community, building relationships with small businesses by going door to door, making outreach calls, hosting events and partnering with trusted partners such as churches, local elected officials, etc to reach small businesses who might be overworked or under resourced and don't have time or capacity to navigate the services available to them without help. Navigators help businesses identify what they need, whether that be technical assistant and document preparation to apply*

for a grant, or referral to an accounting or banking partner to someone who will help process a loan. This differs from a traditional SBA resource partner in that community navigators can help drive attendance to the already existing government programs that small businesses might not either be aware of, or have had time to take advantage of their services without a partner like a Community Navigator helping them navigate that space.

- *Follow-up:* How do you envision the Community Navigators and SBA Resource Partners working together?
 - *In a good navigator program - step one is about outreach and building a brand. In reaching out to businesses that have largely been un- or underserved, Navigators build their brand by being trusted community partners. Our experience shows that residual engagement is important in building trust and establishing retention after the end of the initial program engagement. Small businesses in the communities we are focusing on are generally apprehensive to work with partners on the fringes of their trusted networks and growing our engagement universe gives us the opportunity to build trust in these areas. We will customize outreach to small businesses to ensure they are aware of the programs being offered, and ensure we are a resource they can count on. We use that relationship of trust to provide a comprehensive intake and referral system - in partnering the navigators with the SBA - navigators will be able to utilize the SBAs programs and referral businesses to the program that best helps with the business needs. The reverse is also true, the SBA can refer to Navigators that might need technical assistance, outreach or other services the navigator provides.*
- Ms. Shi, the Community Navigator Pilot Program, as enacted through the American Rescue Plan Act of 2021, authorizes funds for SBA to provide resources in the 10 most common languages other than English. Can you elaborate on the need for foreign language resources and technical assistance in America's small business communities?
 - *The [New American Economy](#) reports that as of 2017, immigrant and refugee owned businesses employed over 8 millions Americans, that as of 2011 immigrant entrepreneurs were twice as likely to start a business compared to U.S. born persons, and as of 2017 there were a total of 3.1 million immigrant entrepreneurs*

As reported in [New American Economy](#) based on studies done by the [American Community Survey](#) "1 in 5 immigrant entrepreneurs in the United States, or nearly 773,000 people, had limited English proficiency in 2018. This includes almost 182,000 immigrant business owners who reported being unable to speak English at all and more than 591,000 who could not speak it well."

The Community Navigators program is about ensuring that the resources the government is offering businesses are hitting all businesses in the economy. Immigrant businesses have been a driving force of our economy and will continue to play a role in

our economic recovery. To ensure access to the resources they need to survive and recover in the Covid economy, it's essential for the business and for employees of the business that language spoken is not the reason for lack of assistance. |

- Ms. Shi, what are some challenges the Community Navigator program faced on a state level that SBA should be aware of and avoid as they begin the national roll out?

There were three distinct challenges that Community Navigators faced on the state level that will need to be addressed nationally as the program scales.

- *Partner training - a lot of our community trusted partners are small nonprofits, they themselves might not have large grant management or marketing departments, they need a strong HUB partner or capacitor to help them with everything from graphic design promotional, to emails and social media posts, to walking step by step through the grant compliance process to ensure they are following all the rules of Federal grants, to helping design outreach plans. Even with the potential overhead, it's hard to replicate the trust relationships they have already built in their community and make their involvement worth it.*
 - *Information Sharing: The program works best in partnership with the other resources, having thoughtful national and regional based planning calls with the SBA so the SBA can help announce and train regarding their latest programs and vice versa so the navigators can provide direct feedback to the SBA on barriers to access of the resources business are facing will help drive success. the more open the lines of communication - the more ability there is for all parties to be successful*
 - *Data Collection: ABIC firmly believes in the accountability of the navigators. The program is not just about outreach to the void, we instituted specific tracking measures to know how many people we are reaching week over week. We have continued to improve on tracking business we are helping, how we are helping them, what services we are providing and providing not just 1 time technical assistance but a pipeline to ensuring future prosperity. Helping partners create data tracking systems that provide us feedback, results and aren't overly burdensome was and continues to be a learning curve.*
- Ms. Shi, how do you envision state and local governments participating in the Community Navigator program on a national scale?
 - *Having a strong partnership with community navigators can be a great resource for state and local governments. Community Navigators can not only drive out*

*state resources, but they are creating a network for businesses they have access to
- for example in Illinois we have mobilized this resource for other services such
as notifications around Covid vaccines.*

Questions for the Record
Committee on Small Business
Subcommittee on Underserved, Agricultural, and Rural Business Development
Hybrid Hearing: The Role of Community Navigators in Reaching Underserved Businesses
Thursday, March 18, 2021, 10:00 A.M.

Questions for Mr. Bruce Strong, State Director, Minnesota SBDC

- Are there any concerns you have regarding the transition of clients from the Community Navigators to SBDC staff that SBA should ensure are addressed?

Answer from Mr. Bruce Strong, State Director, Minnesota SBDC

No, we routinely work with organizations that may be considered “navigators”, whether under this SBA Community Navigator program or not. Clients are often referred back and forth between the SBDC and those organizations with no difficulty in the transition. In fact, clients are better served by connecting them with the organization that provides a service that best meets the needs of the business.



Missouri SBDC Lead Center
416 S. 6th St.
Lafferre Hall
Columbia, MO 65211
573-882-8570

March 15, 2021

Congressman Blaine Luetkemeyer
Ranking Member, House Small Business Committee

Congressman Luetkemeyer,

The purpose of this letter is two-fold. First, we would like to thank you for the CARES Act funds that allowed SBDCs to better serve those small businesses so seriously impacted by the pandemic, particularly those in underserved populations and communities. Second, to inform that SBDCs are perfectly positioned to continue and increase that great work with those underserved communities and populations made possible by the CARES Act funds through the SBA's proposed Navigator Program.

The Missouri SBDC, and many other SBDC networks, leveraged CARES Act funds to scale services to underserved communities and populations by investing those dollars in partnerships with existing service providers. We are currently partnering with minority facing organizations, community action agencies, organizations that serve immigrants, organizations that serve the urban core, organizations in the agricultural sector, rural economic development agencies, and others. The funding available through the American Relief Plan would provide funding to continue those efforts well beyond September 30, 2021 and to leverage additional partnerships to serve even more.

SBDCs have decades of successful experience serving small businesses and, further, we have developed systems that can provide a solid template for the Navigator Program. We would appreciate your support and consideration in ensuring the inclusion of SBDCs as partners serving as these primary Navigators.

Please do not hesitate to contact me with any questions.

Respectfully,

Greg Tucker
State Director, Missouri Small Business Development Centers
416 S. 6th Street, Lafferre Hall
Columbia, Mo 65201

missourisbdc.org



in cooperation with the U.S. Small Business Administration and University of Missouri Extension

