

# NATIONAL SMALL BUSINESS WEEK: CELEBRATING OUR MAIN STREET CHAMPIONS

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## HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTEENTH CONGRESS FIRST SESSION

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SEPTEMBER 14, 2021



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## NATIONAL SMALL BUSINESS WEEK: CELEBRATING OUR MAIN STREET CHAMPIONS

TUESDAY, SEPTEMBER 14, 2021

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
*Washington, DC.*

The Committee met, pursuant to call, at 11:05 a.m., via Zoom, Hon. Nydia M. Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Mfume, Phillips, Newman, Bourdeaux, Delgado, Houlahan, Mr. Kim, Craig, Luetkemeyer, Williams, Hagedorn, Stauber, Meuser, Ms. Young Kim, Van Duyne, Donalds, and Fitzgerald.

Mr. MFUME. [Presiding.] Good morning, ladies and gentlemen. I am Kweisi Mfume from the State of Maryland; obviously not Nydia Velázquez who has, unfortunately, been detained, but I suspect should be joining us a little later in today's hearing. I want to officially call this hearing to order.

Without objection, the Chair is authorized to declare a recess at any time in the proceedings.

Let me begin by saying that the standing House and Committee rules and practices will continue as they usually do to apply during remote proceedings. All Members of the Committee are reminded that they are expected to adhere to these standing rules, including decorum, when they are participating in any remote event.

Now, with that said, the technology that we are utilizing today requires us to make some small modifications to ensure that Members can fully participate in these proceedings. It is important to note that House regulations require Members to be visible through a video connection throughout the proceedings, so please keep your cameras on. If you have to participate in another proceeding, please exit and then log back again later.

And in the event that a Member encounters technical issues that prevent them from being recognized for their questioning, I will then move to the next available Member of the same party, and I will recognize that Member at the next appropriate time slot provided they have returned, obviously, to the proceeding. Should a Member be interrupted by technical issues, again, I will recognize that Member at the next appropriate spot for the remainder of their time once those issues have indeed been resolved.

In the event a witness loses connectivity during testimony or questioning, I will preserve their time as the staff attempts to address the technical issues. I may need to recess the proceedings from time to time or at a particular time to provide for a witness

to connect. We would like to have everybody's participation obviously.

And, finally, remember to remain muted until you are recognized to minimize background noise. In accordance with the rules, staff has been advised to mute participants only in the event if there is an inadvertent sound or set of background noises. And should a Member wish to be recognized, they must then unmute themselves and seek recognition at the appropriate time.

Again, I would just like to say for those of you who may have joined a moment or two late, as you can see, I am not Chair Velázquez, the Chairwoman of the Small Business Committee. She, unfortunately, has been detained and expects perhaps to join us at some other part of this hearing. But as Vice Chair of the Committee, let me begin by thanking the small businesses that are here with us today. Time is always a luxury for entrepreneurs like you, so I really, really appreciate your testimony.

Since 1963, Americans have come together to celebrate National Small Business Week. Every year during this week, we recognize the small businesses in our communities and the entrepreneurial spirit that helps to make this country great.

Reading the biographies of today's witnesses, it is clear that this spirit is alive and well, and, moreover, their stories are evidence that regardless of circumstance, small business owners will always rise to the occasion and achieve great things.

The integrity and the character of these businesses shine bright over the past 18 months, a dark time, as we know, in our nation's history. COVID introduced challenges that would have been unthinkable a short time ago, but through it all, small businesses have done what it takes to survive and to serve their communities, nonetheless, during a time of great crisis. From grocers supplying essential goods to small manufacturers producing PPE, small firms have been there for our country every step of the way. And for that we thank you.

Today, we are joined by small businesses operating in the districts that we have the privilege to represent. These entrepreneurs may be separated obviously by long distances and operate in different industries, but their determination and their will to succeed unite them today.

So I look forward to hearing your success stories, and I know the Ranking Member and everyone else in this Committee feels the same way. What has happened and what has hurt your business we are interested in. We want to know how we as a Committee can help your businesses become stronger than ever, because businesses like yours number merely 30 million and employ half the private workforce.

So, long story short, you are indeed the foundation of our economy and the glue that holds our communities together. For our country to ultimately recover, we need your businesses operating at full strength.

And I would like to, if I might now, yield to the Ranking Member, Mr. Luetkemeyer, for his opening statement.

Mr. Luetkemeyer.

Mr. LUETKEMEYER. Thank you, Mr. Chairman, and thank all of the small business owners here with us today as we celebrate

National Small Business Week, including my constituent, Jan Haviland, owner and president of Haviland Corporation. Small business owners like you are the drivers of the United States' economy and workforce, and you have been absolutely vital in getting our nation's economy back up and running after the forced nationwide shutdowns and altered capacity restrictions this past year.

Small businesses are the life blood of our communities. They are comprised of job creators and innovators alike. Across the United States, there are an estimated 32.5 million small businesses, making up 99 percent of all our nation's businesses, employing over 61 million workers.

Whether you realize it or not, small businesses have impacted the lives of every single American. As Ranking Member of the Small Business Committee, it is an honor to work alongside my colleagues to create commonsense policies that uplift our nation's small businesses while also protecting the American taxpayer. I understand the duty we have in fighting the deregulation, lower taxes, access to capital, and increased SBA oversight, especially in the wake of the pandemic.

As you all know, COVID-19 devastated small businesses with overreaching State and local shutdown measures and altered capacity restrictions. Through no fault of their own, small businesses have faced extreme challenges that are still ongoing. As a response, Congress has created numerous small business relief programs to provide much needed assistance to main street USA. Some of these programs, such as the Paycheck Protection Program, have successfully assisted millions of small businesses from coast to coast providing hundreds of billion of dollars in assistance. Unfortunately, small businesses continue to face increasing obstacles.

NFIB's August job report found that 50 percent of all small business owners reported job openings they could not fill in the current period. A record high reading. Additionally, inflation continues to skyrocket to the highest rate in 30 years. And my Democratic colleagues continue to top their reckless tax and spend spree, leaving struggling small business owners with the bill.

As our nation celebrates small businesses this week and every week, we must support main street USA by advancing pro-growth policies that allow small business owners and their employees to contribute to the economy and create jobs. We must get irresponsible partisan spending under control, provide tax relief for job creators, and remove burdensome government mandates that are being forced upon small business owners.

Again, I want to thank our panel of witnesses for taking time away from their businesses for this important hearing as we celebrate small business resiliency. Look forward to your testimonies.

And, with that, Mr. Chairman, I yield back.

Mr. MFUME. Thank you. The distinguished gentleman from Missouri, the Ranking Member, yields back.

I just noticed that we have been joined by our Chairwoman, the distinguished Nydia Velázquez of New York.

Madam Chair, I would be happy to yield back to you appropriately so at this time so that you can continue.

Chairwoman Velázquez. [Presiding.] Well, I just want to thank you and all the Members for being in this Committee today, and

I just want to excuse myself. Both the Ranking Member and myself, we are voting on the Financial Services Committee reconciliation package.

But I would like to introduce our witnesses. And our first witness is Mr. Tod Greenfield, the vice president of Greenfield Clothing in my district, Brooklyn, New York. Greenfield Clothiers is a Brooklyn manufacturer of hand-tailored men's clothing. The company was founded in 1977 by Martin Greenfield when he bought the factory from his former employer.

Survivor of the Holocaust, an immigrant to America, he joined in 1947 as an entry level floor boy, ultimately rising to vice president of production before buying the company. Now, Martin, along with his two sons, Tod and Jay, run the company as a trio of managers. Tod has worked around the clock during the COVID-19 pandemic to ensure his company stays open, whether by adapting his business to make PPE or utilizing pandemic assistance programs from the SBA to ensure his workers maintain pay.

Thank you, Mr. Greenfield, for being here today.

And now I call on the Ranking Member to introduce his witness.

Mr. LUETKEMEYER. Thank you, Madam Chair.

Ms. Jan Haviland is owner and president of Haviland Corporation in Linn, Missouri. Founded in 1946, Haviland Corporation began manufacturing custom floor and window squeegees in St. Louis, Missouri. In 1974, they moved to the current location, Linn, Missouri, where the manufacturing is still done today.

As industry evolves and grows, Haviland continues to expand its product offerings accordingly. And during the pandemic, they were able to expand their operations to provide crucial PPE supplies to Missourians and beyond. This kind of adaptability and ability to cater to new demands is part of what makes small businesses great. They operate to meet the needs of their customers and community, not answer to big corporations.

Haviland has been a family-owned business since they opened their doors and has a mission to continue manufacturing of products in the United States, creating jobs and innovations that keep our country and economy strong. It is companies like the Haviland Corporation that have helped Missouri lead the charge in our nation's economic recovery.

Ms. Haviland, thank you so much for being with us today, taking time out of your schedule to share your small business testimony. Thank you so much.

And, with that, Madam Chair, I yield back.

Mr. MFUME. [Presiding.] I think the Chair may have exited. I do want to thank her for coming in to the hearing to explain the situation that both she and the Ranking Member are faced with as the dualities of this process that happen from time to time.

So, having said that, I would like at this particular time to do two things. One is to introduce a witness myself, and then the other obviously following that would be to yield to the distinguished gentleman from Texas for his chance to do the same.

As we know, this is a time to formally pause and to recognize the services, the sacrifice, and indeed the integrity of our small businesses that exist throughout our communities. In Maryland's Seventh Congressional District, which I have the honor to represent,

small businesses like in your district represent the real fabric of our community. In my district, from Randallstown to Woodlawn to Catonsville, Baltimore City, Baltimore County, downtown Columbia, and several other communities, those businesses have become the foundation of the recovery that we have witnessed here in central Maryland.

This morning we will hear from my guest, Ms. Shelonda Stokes, who is president of the Downtown Partnership of Baltimore and the CEO of the Downtown Management Authority, a business improvement district in the heart of Baltimore City. In these capacities she is responsible for building an environment that is conducive to businesses of all types and, indeed, all sizes.

Ms. Stokes Co-Chaired the Small Business Recovery Task Force during last year's COVID-19 shutdown, and she serves on the National Women's Business Council as a Presidential appointee.

Prior to taking over the Downtown Partnership, Ms. Stokes was president and CEO of a full-service marketing and entertainment agency that she cofounded. Her deep understanding of what it takes to create and to sustain a small business, particularly Black-owned businesses, has led to an innovative new program helping small business start-ups in downtown Baltimore City.

And so it is my, indeed, pleasure to welcome Ms. Stokes to speak with us today about small businesses here in my district but also across the country.

Ms. Stokes, thank you very much for being with us.

Ms. STOKES. Thank you for having me.

Mr. MFUME. Go right ahead.

Ms. STOKES. Thank you so much. And so I will not go into the formal introduction.

Mr. MFUME. Oh, Ms. Stokes? Ms. Stokes, I am sorry. This is what happens when you are not the Chair. I think the process here is we are going to do the introductions and then come back and allow each one of the guests today to speak. So it is my error. I apologize. Thank you for letting me step on you as you got started there.

And, with that, I would like to yield now to the distinguished gentleman from Texas, Mr. Williams.

Mr. WILLIAMS. Well, thank you, Mr. Chairman.

And thank you, Ranking Member, for extending me the opportunity to introduce one of our witnesses and one of my friends. I am proud to introduce Natasha Hudson.

Ms. Hudson is the owner of Hudson's on Mercer Street, a live music venue in Dripping Springs, Texas, which is located in my district in the great State of Texas. Mrs. Hudson and her husband started the business 6 years ago to bring fashion and knowledge of the music business to the historic district of Dripping Springs just outside of Austin, Texas.

Prior to starting this business, Ms. Hudson was a lifelong musician from Nashville, Tennessee. After teaching music out of her home for 2 years and building a clientele, she expanded the business to a 4,000-square foot event space and hired a teaching staff of 12 people. Her hope is to spread the power of music and the arts to the community has made Hudson's on Mercer the place—I re-

peat, the place—for night life and community events in Dripping Springs.

Ms. Hudson, I can't thank you enough for joining us today. We look forward to hearing more about your small business experience and your work with local communities. And I know that because of small business owners like yourself, and even myself, we will turn this economy around from the devastation we have seen from COVID.

So I also want to thank all of our other witnesses for joining us today, and thank you for being the heartbeat of this country.

And I yield my time back.

Mr. MFUME. The gentleman yields back his time.

The Chair recognizes Mr. Fitzgerald of Wisconsin.

Mr. FITZGERALD. Thank you, Mr. Chair.

Good morning. Good morning. It is my honor to introduce Ms. Gena Felder, chief financial officer for TJ Hale Company.

Gena, welcome.

TJ Hale Company is a manufacturer of fixtures. It is located in my district, the Menomonee Falls, Wisconsin. The company was founded in 1950 in a 3,000-square foot shop in Butler, Wisconsin, which is also in the district, and specialized in supermarket interiors and architectural woodworking. The company has since expanded to 120,000 square feet of integrated manufacturing facilities and offers interior service for retail, hospitality, restaurants, and businesses, as well as architectural millwork in other industries throughout the United States and across the globe.

Ms. Felder has spent over two decades with TJ Hale and is responsible for the overall financial strategies and financial management functions of the company. She is responsible for accounting, treasury, budgeting, and financial planning, taxation, risk management, legal, and information systems. That is just about everything. I can't think of anything else they could have you doing. She is also a member of the company's executive committee, and wanted to welcome Ms. Gena Felder as not only a constituent, but as a witness. So glad you are here today.

I yield back.

Mr. MFUME. Thank you very much. The gentleman yields back.

The Chair would like to recognize Mr. Greenfield to proceed with his testimony, and then we will go in the order in which the guests have been introduced.

Mr. Greenfield.

**STATEMENTS OF MR. TOD GREENFIELD, VICE PRESIDENT, MARTIN GREENFIELD CLOTHIERS, BROOKLYN, NY; MS. JAN HAVILAND, OWNER AND PRESIDENT, HAVILAND CORP., LINN, MO; MS. SHELONDA STOKES, PRESIDENT, DOWNTOWN PARTNERSHIP OF BALTIMORE, BALTIMORE, MD; MS. NATASHA HUDSON, OWNER, HUDSON'S ON MERCER, DRIPPING SPRINGS, TX; AND MS. GENA FELDER, CHIEF FINANCIAL OFFICER, TJ HALE, MENOMONEE FALLS, WI**

#### **STATEMENT OF TOD GREENFIELD**

Mr. GREENFIELD. Thanks.



Good morning, Chair Velázquez, Ranking Member Luetkemeyer, and distinguished Members of Congress. Thanks for giving me the opportunity to testify today.

I am Tod Greenfield. I live in Nassau County, New York. I am an owner of Martin Greenfield Clothiers in Bushwick, Brooklyn. We manufacture custom clothing for business people and weddings, as well as Presidents and celebrities.

As you just heard, my father, Martin Greenfield, emigrated to the United States as an orphaned Holocaust survivor in 1947. He got his first job as a floor boy at the GGGs clothing factory we now operate at. In 1977, after his employer decided to shut down the factory, Martin purchased it and established Martin Greenfield Clothiers.

Dad has always been grateful for having been liberated from Buchenwald by the United States Army. He started his career as a union member and always felt a strong desire to give back to the communities that welcomed him. When the neighborhood got rough and factories started moving away, Martin pulled other owners together and helped establish one of the first industrial parks in New York City now known as Evergreen.

My father always considered the needs of the employees, the neighborhood, the vendors, and customers in his decision-making process. These values instilled into my brother Jay and I who currently run the company. I also serve as the current board Chair of Evergreen.

Our company wasn't prepared for the COVID shutdown and sudden loss of business. We could not have survived the devastating effect without the two PPP loans, the EIDL loan, and the Employee Retention Credit we received. These enabled us to hang on and continue paying our employees' healthcare during the shutdown and the long months after.

Our business, custom-tailored clothing, is very dependent on events. Business people dressing for the office, lawyers dressing for court, and film and television production. Our industry was particularly hard hit because of this dependence upon in-person events. This came on top of decades competing against cheap imports from foreign manufacturers who benefit from unfair government support. Directly because of COVID, our sales were down over 50 percent for an entire year. We are finally experiencing a return in demand for our clothing; however, sales are still down over 25 percent.

As the only union men's clothing manufacturer left in New York City, we are an important resource, providing living wage jobs to over 50 mostly immigrant craftspeople. Just as our father was able to send my brother and I to college, so have hundreds of our employees been able to establish their families here in Brooklyn. We were able to provide safe access to sewing machinery and space for Parsons School of Design students while their school was closed because of COVID. Over the years, we have hosted classes from Parsons, FIT, School of the Art Institute of Chicago, and many other schools who seek hands-on learning experiences.

When the COVID lockdown silenced our factory, we were able to safely reopen to produce and donate tens of thousands of masks and thousands of hospital gowns needed by our local frontline com-

munity. Before our first PPP loan was funded, we raised money through a GoFundMe enabling us to purchase mask-making supplies. We donated masks to St. Nick's Alliance, Downstate Medical Center, the New York City Administration for Children's Services, as well as many hospitals and frontline workers.

I want to thank you. Your actions through the CARES Act and the American Rescue Plan provided life-saving support to our company, our employees, and our community here in Brooklyn. However, this support has ended before the pandemic. I urge you to consider some additional relief targeted to especially hard-hit industries like ours which depend on in-person events.

Thank you for your time today.

Mr. MFUME. Mr. Greenfield, thank you very much for your testimony, and congratulations on being a generational business that has survived many decades here in this country. We appreciate your time here with us.

The Chair would like at this point to recognize Ms. Haviland for her testimony. Please go right ahead.

Ms. Haviland, you are muted.

Ms. HAVILAND. There we go. Is that better?

Mr. MFUME. There we go. That is a lot better. Thank you.

#### STATEMENT OF JAN HAVILAND

Ms. HAVILAND. Okay. Mr. Chairman and Ranking Member Luetkemeyer, Members of the Committee, I am honored for the opportunity to testify for the Committee today about National Small Business Week.

I am Jan Haviland, owner of the Haviland Corporation in Linn, Missouri, a rural town of about 1,500 people. I am Chairperson of the Missouri Leadership Council for the NFIB, industrial representative for the Meramec Regional Planning Commission, and on the board of directors for the Missouri Chamber of Commerce.

Haviland Corporation is a 75-year-old business started in about 1946 by my in-laws Warren and Van Haviland. Warren served in World War II and the Korean Conflict and was a combat disabled veteran recognized in both with a Purple Heart and Bronze Star. After World War II, Warren worked with his father-in-law, a sanitary supply distributor in St. Louis. Warren enjoyed the industry and saw a need for premium floor squeegees, thus Haviland Corporation began.

Van Haviland was a majority stockholder since the inception of Haviland, until my daughter and—Alice and I, purchased the business in 2014, thus making Haviland a woman-owned business for all 75 years. And since that time, we have done different types of squeegees to increase our product plans.

In 1974, Haviland outgrew its location in St. Louis and moved to Linn, Missouri in Osage County. There the factory was built in a new Linn Industrial Park, and we have had two additions in the eighties and the nineties to that building. Our staff has been consistent for many years, and in 2010, I was named president of Haviland and my daughter was named executive vice president, and she is now well on her way to becoming the third generation to run Haviland.

The business practices changed, we had to contend with changes, one of which was increased in products imported from China. We had some purchases of materials from China, but greatly reduced those purchases around 2009 because quality decreased and we wanted to continue being a made-in-the-USA product as we are today.

Raw material lead times have become a huge problem. We have seen an increase in our lead times go from 2 to 5 days to 4 to 6 weeks or even more, caused by the lengthening of time needed to get the materials. We have adjusted our order times to make sure those materials do arrive so our products get out the door in a timely manner. When the COVID-19 pandemic arrived in March of 2020, we saw a drop in business for several months. And with the help of the PPP funds, we were able to go through the rest of the year. We also provided our county with personal protection equipment in the form of washable gowns.

Since January of 2021, we have experienced numerous cost increases from all suppliers, from corrugated boxes, steel, steel finishes, rubber, freight, plastic parts, nuts and bolts, and numerous other product parts. In return, it has also caused us to increase prices we have to charge. We usually had a 2 to 5 percent increases every 2 years, but this year we are looking at a 10 to 12 percent increase.

As the tax increase in the federal government is proposed for C corporations, this would wipe out about two-thirds of our price increase. In running a business it is essential to have the money to cover cost increases, repair and replace equipment, do building repairs, and to provide health insurance and wage increases for employees, hoping those don't get wiped out with inflation. The price increasing on materials, what would remain in our pocket with that price increase, would be very little to cover the federal tax increase on C corporations. The choice of either pricing ourselves out of the market or covering the cost of doing business because of higher taxes will have Haviland in a nearly impossible situation.

In 1946, Haviland had a choice of becoming a C corp, a partnership, or a sales—a sole proprietorship. The C corp model is chosen because it provided liability protection, even though it carried with it two levels of taxation, corporate and individual. And small businesses like ours are reluctant to change over to another type of business model. By treating all sizes of C corps the same with the current proposed tax increases, this would jeopardize the small business C corps by taking a disproportionate share of profits, dollars needed to make their businesses grow.

We are a small business with less than 20 employees. We provide health insurance for our employees, their families, pension plans, stock ownership, profit-sharing plans, and college tuition donations for our employees' children, as well as other benefits. We proudly manufacture in the United States, and Haviland Corporation believes in Americans helping Americans, and this has been a corporate mission since inception with Warren and Van Haviland. It is about providing jobs to pay for those little league uniforms or for piano lessons, paying taxes to improve roadways, and providing insurance for our staff to relieve some of the stress that comes with illness.

It is important we work with one another, and by manufacturing in the United States of America, we can do that. Now we need your help to ensure that this ability to operate and grow and own those small businesses continue.

Thank you.

Mr. MFUME. Well, thank you very much, Ms. Haviland. Congratulations to you and your daughter on three generations of business owners, but even more so, I guess, to have founded a woman's-owned business 75 years ago I am sure was a story in and of itself. We appreciate your time and your testimony.

The Chair would like to again now recognize Ms. Stokes, who I inadvertently cut off previously for her testimony. You know, it is just great that you are here, Ms. Stokes. I have known you for years, and I am going to give you a few minutes so that people here on the panel will get to know you as well.

Please proceed.

#### **STATEMENT OF SHELONDA STOKES**

Ms. STOKES. Thank you so much, Vice Chair Mfume. I know in the absence of Chair Velázquez, I want to thank her, you, and Ranking Member Luetkemeyer, and all of the Members of this Committee.

As you mentioned, I am Shelonda Stokes, an honor to stand before you today.

You are talking about a poor girl from Baltimore City who matriculated through the Baltimore public school system, graduated from Baltimore Polytechnic Institute and then Morgan State University with a degree in electrical engineering, to owning a minority business and now serving as the president of Downtown Partnership of Baltimore.

To the Committee, I thank you for your leadership and commitment in advancing economic opportunities for all Americans through your work on behalf of small businesses. Your efforts and your foresight over the last 19 months is really making a difference to countless small businesses and their employees as we continue to navigate a health and economic crisis unlike anyone has seen in at least five generations. And so I would be remiss if I didn't use this opportunity to thank all of the Members of Maryland's congressional delegation.

Vice Chair Mfume, a special shout-out to you. I thank you for your support and commitment to Baltimore. To you, to Senator Cardin and Van Hollen. I mean, you guys have been tireless advocates for small businesses and our city. I would also like to thank just my board and our team, of course, and my family.

So a little bit about the organization, and I want to talk about a program that we are highlighting in representing Downtown Partnership, which we oversee 106 blocks. It is an improvement district in downtown Baltimore representing property owners, businesses, 118,000 employees, 43,000 residents, and millions of annual visitors.

So we provide services that make this area clean, safe, and vibrant for businesses, residents, and visitors, and our impact extends beyond downtown to the communities. We are proud that many of our frontline team members are returning citizens, who we

support with full benefits and a \$15 an hour starting wage. And we are excited that, you know, downtown is home to several federal agencies, thank you, thriving corporations, and entrepreneurs. And although we are small in geography, we are the city's largest economic engine with jobs and tax revenues that support our businesses.

So beginning with the pandemic, you know, my team and I have been extremely busy adding new tools to support the communities, the small businesses that we are talking about—restaurants, retailers. I mean, we generated grants and gift card programs to really help pay rents, provide meals, and do those things that we know our community needed. And during the shutdown, I was asked to Co-Chair, along with Councilman Eric Costello from Baltimore City, the mayor's Small Business Recovery Task Force. And in this rite, we were able to help coordinate the city's economic response by channeling the dollars you all provided in federal relief funds, reducing business fees, streamlining permitting, and doing things and expanding and creating opportunities like outdoor dining.

What we know is that federal stimulus and assistance provided substantial infusion of resources to State and local governments to help us turn the tide of the pandemic and lay the foundation for a strong and equitable recovery. Specifically, we benefit from both PPP and EIDL, those funds, and we are excited about the potential in working with Mayor Scott's administration to advance our city with the ARPA funding you have coming. And if we could put on the record just an early support for the pending infrastructure bill.

So as we recognize Small Business Week, I would like to highlight a new program that we created titled BOOST. BOOST stands for Black-Owned and Operated Storefront Tenancy. And we created this program to do three things. We wanted to fill main street storefronts that were left empty by the pandemic. You know, our vacancy rates increased. We want to be intentional about accelerating the growth and success of minority businesses and we want to make sure that we are serving as a catalyst for making downtown Baltimore more reflective of the demographics of our city.

And so we launched the program in February. We selected in this first cohort five Black-owned businesses to participate. Each organization receives up to \$50,000 in grant funding. They get below-market rents in beautiful storefronts, and they get robust training in the areas of technical, legal, accounting, and marketing. We designed this program to have a force multiplier effect on the health and wealth of our citizens, and we designed it with all of our learnings from past programs.

So we see BOOST as this perfect example of how public-private partnerships work. So thank you for your continued support.

And in addition to what we received from public support, we had sponsoring corporations like our title sponsor, Fearless, of the program. This is a model not just for being a title sponsor, but this is now a \$40 million minority-owned firm that is headquartered in downtown Baltimore. We had other giants like Baltimore Gas and Electric, M&T Bank, T. Rowe Price Foundation, so many others who jumped in to say how could they help and layer on to the public support to help grow and scale our businesses.

Our program is simple, and when combined with other federal and NGO programs, BOOST improves the return on investment, because we see these businesses as they are more likely to succeed and then hire from within the community.

To highlight those winners for this first cohort, we had the Black Genius Art Show, which is a multimedia creative space and fashion brand; Codetta Bake Shop, which was just featured on Good Morning, America, but this is a cafe and bakery specializing in creative desserts; Elite Secrets Bridal, a bridal design house and boutique; NKVSKIN, a natural beauty company featuring both products and services; and Media Rhythm Institute, a hip-hop inspired media space with a cafe and educational studio.

So Vice Chair Mfume, in your opening, you asked what the Committee could do to help, and I will respond with three things. One, we need you to keep doing what you are doing to provide federal support. Our businesses and our communities, we need it. You can also continue to infuse downtown with federal agencies that really help catalyze the community, and serve as customers for our restaurants and our retailers, and advocate for the continuation of programs like BOOST. And so we just thank you. It is an honor to be here.

Mr. MFUME. Thank you. Thank you very much. Ms. Stokes, your time is expired. I want to thank you for being a—

Ms. STOKES. Thank you.

Mr. MFUME.—former small business owner yourself and now a fierce advocate for small businesses, particularly here in the State of Maryland. And your work with the National Women's Business Council and all the other things are greatly appreciated by this Committee.

The Chair would now like to recognize Ms. Natasha Hudson so that she too might be able to offer her presentation.

Ms. Hudson, thank you very much for being with us. The floor is yours. Please proceed.

#### STATEMENT OF NATASHA HUDSON

Ms. HUDSON. Good morning. Thank you so much. Thank you for your admiration for small businesses. These stories so far this morning have been truly inspiring, and I feel very grateful to be a part of such a group. So let me tell you a little bit about us. It is a privilege and an honor to address you today. Thank you for listening to our story.

My name is Natasha Hudson. My husband, Chad, and I, own Hudson's on Mercer Street, a live music venue in Dripping Springs, Texas. Dripping Springs is a fast-growing community about 20 minutes west of Austin. It is lovingly described as "West of Weird." Dripping Springs is home to many local-owned wineries, breweries, distilleries, boutiques, and wedding venues, and is a great spot for tourists and locals.

We started Hudson's on Mercer Street almost 6 years ago, and it has become a creative and encouraging musical hub and event center for our community. We feature local and regional acts, party bands, singer/songwriters, and open mic. We also offer music lessons for any age and skill level with an emphasis on live perform-

ance. We are all about building confidence and loving everyone who comes through our doors.

Having a huge passion for our community, we never say no when asked to donate our venue to raise funds for foundations and individuals in need. Our chance to give back is what we missed the most during the pandemic closures.

A music venue sounds frivolous to some, but to us it is our dream and the way we serve our community. This venue is also the way we support our family of five kids and provide jobs for many to do the same.

In 2020, we were shut down for nearly 7 months. By offering live streams of musical acts and virtual music lessons, we fought to keep our business afloat and help provide income for local musicians and bands who counted on us for work, but that only took us all so far. When we were near the bottom of our business and personal accounts and had gone through all personal savings to try to stay open, we were given a sign of hope when we were approached by Congressman Williams' team. They shared with us a plan that made us feel encouraged and validated. We waited eagerly for the Shuttered Venues Operators Grant to officially open their application process.

We read all we could and joined webinars to help us understand what information they would be requesting. As prepared as we thought we were and with the help of our CPA, the process was still a bit overwhelming and was difficult to navigate at times. With website complications and application dates pushed back, we grew weary. However, complications were completely understandable because this was the first time support of this stature had been offered to music venues.

Thanks to the grace of God, the hard work of our brothers and sisters in Congress, and the SBA, we were awarded a generous amount to cover our losses from 2020. It came in the nick of time and single-handedly put Hudson's on Mercer Street back on the map with no fear of demise. For that we are eternally grateful. What you did for our family-owned business is incredible, and we thank you from the bottom of our hearts.

The Shuttered Venues Operators Grant repaved the road for success and ensured that our business will remain alive and strong. We aspire to provide more community outreach and hope that the joy of music and fellowship is the legacy of Hudson's.

Thank you for your time today.

Mr. MFUME. Well, thank you very much. I have heard a lot of locations, but I have never heard west of weird, so—

Ms. HUDSON. Yes.

Mr. MFUME. I really appreciate that very, very much.

Ms. HUDSON. Thank you.

Mr. MFUME. And thank you for making time to be here with us, obviously.

Ms. Gena Felder is the last witness for this panel. And Ms. Felder—and I hope I am—is it Felder or Felder?

Ms. FELDER. Felder.

Mr. MFUME. Felder. Excuse me. Ms. Felder, thank you for your patience, and please feel free to proceed.

**STATEMENT OF GENA FELDER**

Ms. FELDER. Thank you.

First, I would like to thank you, Vice Chair Mfume and Mr. Luetkemeyer, for giving us the opportunity to present today.

As CFO, I am proud to represent TJ Hale for this Subcommittee meeting and appreciate the opportunity to discuss our interactions, struggles, and involvement with the SBA.

As Mr. Fitzgerald explained our business, we have been in business over 70 years. We work with retail and hospitality. So as our CEO says, our business went from 60 to 0 very fast. The impact of TJ Hale from COVID-19 was catastrophic. Our annual revenues for many decades hovered around \$25 million to \$30 million. With our revenue stream virtually dried up, open orders were canceled, completed orders that were ready to ship were put on hold. Overall, we saw 80 percent reduction in revenues compared to 2019. And the majority of 2020 revenues came in the first quarter.

Through our existing lender, we were able to secure a PPP loan, which was funded in April of 2020. During this process, TJ Hale had no contact with the SBA.

In March of 2020, TJ Hale employed 104 employees. We strived to maintain a skeletal crew of 40 to 50 employees to ensure that our business and future business activity could be managed if and when it returned. We also recognized the need to retain key employees.

Throughout 2020, the company continued to fund medical insurance for all furloughed employees. During this time, we lost many talented employees, who we still struggle to replace. As of the current date, we have 73 employees.

On October 8, 2020, we filed for PPP loan forgiveness with 96 percent of our loan projected to be forgiven. And that is where the struggles begin.

In January 2021, the company filed, through its current lender, an application for a PPP 2 loan. On January 25, we received confirmation that our application was in the queue. Our expectation was that our PPP 1 loan forgiveness and our PPP 2 loan funding would occur in March of 2021. On February 5, our lender received a request from the SBA for the forgiveness of TJ Hale's PPP loan through some affiliation requirements. TJ Hale submitted the appropriate form 3511 on February 8.

On March 11, the SBA requested that we resubmit the form again. And unknown to TJ Hale and our current lender, at that time our forgiveness application was put on hold and consequently our funding for PPP 2 was also put on hold.

On May 12, we were notified by our current lender that our PPP 2 loan application had been withdrawn by the SBA because the funds—their program ran out of funding. We were then told we had until May 31 to submit a new application for funding with the Community Financial Institution.

On May 14, we were able to connect with a CFI lender who submitted an application on our behalf. On May 18, we received confirmation we were in the queue. Hallelujah. However, we were then, again, asked for the affiliation rule documentation, which we provided again. On May 24, we were told the affiliation rule hold



was still on our account. And as you may be aware, time was ticking because May 31 was the projected end date for funding.

So on May 25, we reached out to our local SBA office in Milwaukee, the entire executive board of the SBA, as well as Congressman Scott Fitzgerald's office, to assist us to resolve this hold that was placed on our PPP loan that was also holding up our second loan. We were finally able to connect with Ellie Berg at the local office; however, she stated, "please know the district offices do not have the ability or authority to clear any hold accounts in connection with PPP loans or applications."

On June 15, Congressman Fitzgerald's office started—excuse me—it is very emotional for me—leading the charge to assist TJ Hale through their efforts, the hold was finally released on June 25, and our PPP loan 2 loan was now pending validation. On June 30, the loan was finally approved.

An important takeaway from this process for us is that although we are making a recovery, we are way behind pre-COVID revenue levels. The initial PPP loan was to survive as a company and secure employment and benefits for as many employees as possible. Our PPP 2 loan, as we see it, is to help revive the business for 2021 and the future rebuilding to pre-COVID levels.

Respecting the fact that the program was developed and rolled out in an extremely short period of time, our observation with the SBA is they would have benefited from forming some kind of SWAT team to help resolve issues with lenders and borrowers in real time.

Again, thank you for the opportunity to let me share my story.

Mr. MFUME. Well, thank you very, very much, Ms. Felder. It clearly sounds like it has been an emotional period and an emotional ride. Glad to know that the business is still there, though. That is the difference between so many others who have shuttered and have not been able to come back. So best of everything to you and the 73 employees that are still there with you.

At this particular time, we have been rejoined by the Chair of the full Committee. So I would like to recognize Chair Velázquez before we move into questions.

Madam Chair, you are muted.

Chairwoman Velázquez. Thank you, Mr. Mfume, for yielding, and thank you for sitting on the Chair today.

I really appreciate all the witnesses for sharing your stories. And we all know that this has been an unprecedented crisis in our nation, the extent of which we never were prepared to face.

And so let me start by asking Mr. Greenfield, a constituent from my district, the first question. And first, let me thank you for sharing your story.

Last year, we fought hard to ensure our businesses could get sources of funding to retain their workforce and keep their businesses going. Can you share with us your experience with SBA COVID-19 relief programs and the challenges you have faced during the pandemic?

Mr. GREENFIELD. Sure. Thank you, Chair. So we received—we applied for and received both PPP loans and also the EIDL loan. We are also working to get the Employee Retention Credits.

Our company was hit very hard and still hasn't resolved the issues. Until all in-person events, courts, and business meetings come back online, our business is going to continue to suffer.

When we applied for the forgiveness for our first PPP loan, we actually spent 200 percent of the loan proceeds on forgivable expenses. So it was a great help, but it didn't provide the funding needed for that 6-month period.

Chairwoman VELAZQUEZ. And so you mentioned that you were able to transition your business in the early days of the pandemic to help first responders all while many were working from home. How was that adjustment with manufacturing employees working from home?

Mr. GREENFIELD. Well, it was very challenging. I have a lot of elderly employees, but they had sewing machines at home. I got permission from the union to do home work. All other industries were operating from home with Zoom. We can't produce things, but we can sew at home. So we were cutting the masks and bringing them to employees in their homes to sew at home and getting them back and donating them to the first responders and the frontline community.

And, you know, as a clothing manufacturer in New York City, we were there and we were able to make tens of thousands of masks and hospital gowns when they were desperately needed by our community. And, you know, that is part of the value of preserving manufacturing in the inner city locations.

Chairwoman VELAZQUEZ. But the workers also step up, and that is why it is so—I would like to ask you, can you explain why it is so essential to be supported by union workers and what this mean for the quality of your product?

Mr. GREENFIELD. Well, we always have a strong attachment to our workforce, our workers. We are a family-owned business. We are really like a family here. When my father started the business in 1977, he hired seven people when he started and four still work for us today.

Chairwoman VELAZQUEZ. Thank you.

Mr. GREENFIELD. So our connection to our workforce is strong. And we supported them during the shut down, they supported us, and together we were able to help support our community.

Chairwoman VELAZQUEZ. Thank you so much.

Mr. Chairman, I yield back.

Mr. MFUME. Thank you very much, Madam Chair.

The Acting Chair would like to now recognize the distinguished Ranking Member, Mr. Luetkemeyer.

Mr. LUETKEMEYER. Thank you, Vice Chairman. And, Mr. Mfume, you are doing a great job today. You are a natural for this.

Mr. MFUME. No.

Mr. LUETKEMEYER. You are flowing very well through all of the meeting here. Keep up the good work.

Mr. MFUME. Well, thank you. You are very kind, but I can assure you this is like being thrown in the pond. I am just trying to stay afloat.

Mr. LUETKEMEYER. Well, you have got a good life preserver on then, I guess. You are doing well.

Mr. MFUME. Thank you.

Mr. LUETKEMEYER. Ms. Haviland, thank you for being here today. And, you know, as you well know, my little hometown is not very far from Linn, Missouri, ride by your company a lot as we go on Highway 50 there.

Can you tell me—you know, you survived all the years as a family-owned business. What has it been like—what kind of changes have you had to adjust to? And in the environment that we are in today, what sort of changes are you making now on the fly to be able to continue to exist?

Ms. HAVILAND. Today, we, again, as I said, we like to be American made, so we are constantly trying to find suppliers that we can use that are American products or supplies that we can put into the products we do. We have been very lucky that our workforce has been very consistent. And so consequently, the knowledge of making our product is very, very deep within our company. But we are always looking for maybe something new, somebody may need a little different product. We would be happy to make and try and create that for them, and that has helped us tremendously.

We went from just doing floor squeegees to windows and also doing the blades that go on automatic floor scrubbers. And so that is—you know, just looking ahead and trying to figure out what is the next product or project coming down the road.

Mr. LUETKEMEYER. Well, I know you were able to transition to be able to help the local county health department with some protective personal equipments and washable gowns. And how did that feel to be an essential business where you had to show up every day and be able to produce these things and be a part of the support group to try and stem the pandemic and help all of us get through that?

Ms. HAVILAND. Well, being in the sanitary supply business, we are an essential business to begin with, but being able to reach out to the community and say, hey, this is something that we can produce for you and feel a good feeling that everybody had that we were helping out our community to reach a level that might not have been able to be met easily. And we were able to produce that.

Mr. LUETKEMEYER. You mentioned in your testimony that you are a C corp. I know that this last day or two here, we found that there is a—that the administration and the Members on the other side of the aisle are proposing a huge tax increase for C corps. How is that going to affect you? Have you looked at that yet?

Ms. HAVILAND. I have not looked through the whole thing, but as a C corp, when we were originally started in 1946, we only had three choices: C corp, sole proprietorship, or partnership. And it wasn't until 1958 that the S corporation came in. By that time, we were well on our way. And it will—if we have to look at paying a large—much larger tax in C corporations, small businesses are going to have a very hard time trying to increase prices and stay in business and be marketable still, and I think this is really going to be a challenge.

Mr. LUETKEMEYER. I got a question along those lines, you know. You talked a while ago about some of the increased costs. I know that supply chain disruptions are part of increased costs. There is an inflationary factor across the whole board right now. How much of this can you eat and how much of it do you have to

pass on, and how competitive is your market for your products so that you at some point can't market your products because you are not competitive anymore with your pricing?

Ms. HAVILAND. Well, compared—many of the people that do the squeegee business in the United States have gone to importing. Right now, they are limited in what they are able to get. We have seen some increase because of people not being able to get those imports anymore. And when that reopens, we will, you know, be losing probably some customers because of cost prices. And if we increase our prices beyond what we can compete with, we will lose much of the increase that we planned to do for this year. And, you know, when we are looking at two-thirds of the increase being gone just to pay taxes, that is significant.

Mr. LUETKEMEYER. Wow. I know you mentioned that you got some PPP funds. How instrumental were those with your company by being able to continue to exist because of those funds and your employees continue to be employed?

Ms. HAVILAND. We used those to the full extent. It kept everybody here employed and working throughout the pandemic, and it was forgiven. And we were very happy that we were able to get those.

Mr. LUETKEMEYER. Well, I wish you much success, continued success. We will continue to salute you as we, you know—you know, help all the folks in Linn, Missouri, there. So thank you for being with us today.

And, with that, Mr. Chairman, I will yield back.

Ms. HAVILAND. Thank you.

Mr. MFUME. Thank you very much. The gentleman from Missouri yields back.

I will now recognize myself for 5 minutes.

And, Ms. Stokes, I would like to come to you for a couple of quick questions, and obviously take as much time as you can within the allotted time to expand. But when I was listening to Ms. Felder from Wisconsin and all that she was going through, it occurred to me that a lot of businesses like hers have to be their own advocates.

Ms. STOKES. They do.

Mr. MFUME. I think, in her case, she was fortunate to have Representative Fitzgerald there in the Fifth District to help her out, but everybody needs advocates. And since you have gone out of a small business operation and working with this national business council of women, but more importantly advocating, can you tell us what this Committee or what government agencies or what other organizations might be able to do to assist you and others who go out when you are not in a congressional hearing day in and day out and fight for and work for and advocate for small businesses such as hers?

Ms. STOKES. No. Thank you so much. And you are really asking the number one question. Coming from being a business owner myself, I think some of what you experienced and the challenges was figuring out where information—like, how could you find out where resources were available.

So the first thing that you guys do—and I mentioned it earlier—making the resources available is step one. But aligning with orga-

nizations like Downtown Partnership through the SBA and the way that you do with other things is so vitally important, especially as we look to talk to individual business owners that just need help.

And there is so many—there is a myriad of things that they need. Some of what we learned, similar to the experience just referenced, was that people—I mean, that their doors were closing. They had no idea where to turn. In some cases, they qualified but just didn't have anybody to hold their hand throughout the process.

So as a convening organization, we could step in the role of that. There are others in the city—BDC and others—who could really step in and hold hands of organizations as they did that.

And so, you know, I would just ask that, as you continue to roll these out, that you align with organizations like Downtown Partnership and others who can help foster that information and share it more broadly.

Mr. MFUME. And because every small business is different and located in different places throughout our country, rural or urban or east, west, north, south, are there some fundamental basics and universality that you could or think you should recommend for businesses, particularly those who may be watching this and not participating, or even for those who are on this particular panel who have worked so hard to advocate on behalf of themselves? Are there some rules to this, some key points that we ought to keep in front of us?

Ms. STOKES. Right. One of the biggest lessons, I think, that we learned in a lot of this, Vice Chair Mfume, also came from the work that we have done with the National Women's Business Council. And for all of it, it is leveraging what exists. The SBA is a great starting point for some of the information that is available to these businesses.

But, more importantly, I think as they go through all of this, no doesn't necessarily mean no in this, right? I mean, we are, as Downtown Partnership, a 501(c)(6) organization who in the first round of PPP did not qualify.

And so having, you know, advocacy and all of those types of things, really being able to tell the stories as you allowed us as businesses to share today, help you all see where other areas can be. And so if there is a need, you know, galvanizing and aligning with other organizations to get the message out so that we can get that to you, so that those initial noes can be shifted or maybe given in other ways is extremely important.

Mr. MFUME. Thank you very much. I get the sense that a lot of those stories are reflected in Ms. Greenfield and—Mr. Greenfield and Ms. Haviland's comments before us. In both of those instances, these businesses have been around for generations and had to advocate, particularly then, when nobody else would.

So I am just hoping that this testimony is reproduced and made available for people, particularly made available for the SBA and others who oftentimes are looking for ways, I hope, to continue to advocate for and to help businesses, particularly those who run up against bureaucracies and can't seem to get a lot done.

So my time has expired. I want to thank you very much, Ms. Stokes.

The Chair would like to now recognize the distinguished gentleman from Texas, Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Before I get started, I would like to say to everybody on this call, we need to cut taxes. We do not need to raise taxes for small business.

Ms. Hudson—

Ms. HUDSON. Correct.

Mr. WILLIAMS.—good to have you with us. And the Shuttered Venue Grant Program recognized that businesses like yours were some of the first to close and last to open as a result of the COVID-19 we saw. Even with the SBA disastrous rollout, I applaud you for being so resilient in reopening your doors. I know that the SVOG grant was a huge lifeline for Hudson's on Mercer, along with thousands of other venues. I am thankful you were able to weather the SBA's incompetence and keep your doors open. It is community-driven business owners like yourself who are going to rebuild main street America and regrow our economy.

So my first question to you is: I just want to give you a moment to elaborate on how the grant helped your venue recover and how business has grown since the reopening.

Ms. HUDSON. Yes, sir. Thank you so much. One of the blessings has been to be able to pay rent and utilities consistently and not have that worry in the back of our mind of how are we going to get there to the next month.

Another thing is being able to hire more staff again and get them working and needing a bigger staff because we are able to hire bigger bands and musicians and work them again on stage. They bring in a crowd, and we all worked together to generate income for each other. So that—the grant made that able to get started again. So it has—that has been wonderful.

Mr. WILLIAMS. In your testimony, you mentioned some complications with the SVOG application process. Unfortunately, it is not uncommon to hear that Biden's SBA has been difficult to work with. I hear from countless businesses in my district about lack of communication and inconsistent updates from the SBA that have kept many of you in the dark.

Now, while I am glad to hear you finally received an award after months of waiting, these issues still need to be addressed and resolved for those who have not. So, Ms. Hudson, can you discuss your personal experience with the SVOG application process and how responsive the SBA was to your inquiries?

Ms. HUDSON. Yes, sir. It was probably the most unclear, confusing experience that I have had, even though I am very grateful that it did all work out in the end. Even getting into the website to be able to fill out the application came with many steps that were unclear, and it was hard to dig through web—other websites to find what information you would need. So that was—it was challenging to get even into the website.

And then the application itself was very thorough, and that makes sense. They want to make sure we are a legitimate business and we—our numbers need to be accurate and all of that. But it was a lot of information needed and sometimes information that we didn't know we needed beforehand.

So—and then there was the delay with the website too. So it was all pretty challenging.

Mr. WILLIAMS. One of the reasons this grant program was so impactful is because your business does more than just provide musicians with a platform to perform. Hudson's of Mercer provides a wide range of services to the community, from giving music lessons, to inspiring artists, to provide a venue for local foundations to raise money and make an impact on a variety of causes. And I want to say thank you for your contributions to the 25th District of Texas and all the work you have done in the community.

And I would just ask: Can you expand on some of the other ways that Hudson's reopening has influenced your local community?

Ms. HUDSON. Yes, sir. We are back to partnering with foundations. In fact, this Saturday, we are joining up with an organization who raises money for cancer patients and their families for alternative methods of healing.

So those are the things that we really strive to focus on, and so we are able to do that again. We are bringing music into our town all the time. People are here and being able to perform and getting the joy of music. Our music lessons are back full speed, in person and virtually, and that gives our students an outlet to perform for 200 or more guests a couple times a month. So those—as young performers, that is wonderful experience for them. So that is definitely one of the beautiful parts of being open again.

Mr. WILLIAMS. Well, you can't do it closed. You have been a great witness, as has everybody. And I just want to close by saying, we need to always consider cutting your taxes, not raising your taxes.

With that, I yield my time back, Mr. Chairman.

Mr. MFUME. The gentleman yields back the remainder of his time.

Thank you very much again, Ms. Hudson.

The Chair recognizes the gentleman from Wisconsin, Mr. Fitzgerald.

Mr. FITZGERALD. Thank you, Mr. Chair.

And I just wanted to, once again, thank Gena for being here today. I think many of the Members of the Small Business Committee, especially in the last couple of months, we have been focused on, you know, for the most part, numbers and cases. And I have had a couple of experiences—and, again, you can just tell the emotion that is in Gena's voice this morning.

I met with the Wisconsin Bankers Association about a week ago, and one of the bankers there who—it is a medium-size bank—and, you know, he literally was trying to explain to me, at one point in February of 2020, when they—they had hundreds of people that their—that there were customers of theirs for many, many years, and he was losing sleep wondering if any of them would be able to survive this. And he explained it was only through the PPP loans that they did. And, you know, with literally hundreds of files on their conference table at one of the banks, he said, I just didn't know if they were going to make it. So I think it is important for us to remember the human element in all this and how difficult and gut-wrenching this would be.

And I appreciate all the small business owners. I once was a small business owner. And, you know, I realize that the proprietor, that the owner, that the boss is sometimes the last person in line. And that is hard to go home and tell your spouse that, well, there may or may not be a paycheck next week. So I understand kind of what you are going through.

I will just say this, and I wanted to ask Gena kind of where we are at. In many instances, it looks like the loans went out, no matter how difficult it was to acquire them, to accommodate them. And now we are in this phase of the forgiveness part. And I am just as worried about this with the amount of red tape that currently exists and how we are going to work through that.

So, Gena, can you just explain kind of what your experience is so far on the loan forgiveness part of this?

Ms. FELDER. Sure. TJ Hale was—in 2013 was bought 70 percent by a private equity firm. So that is where I was mentioning before the affiliation rules, because the affiliation rules say you have to have under 500 employees. So we had to prove to the SBA that we were considered or investment company is considered a small business investment company, or SBIC licensed by the SBA. So TJ Hale—was not subject to that affiliation rule.

So the form 3511 that I mentioned before has four ways you can be waived, and the third waiver on that form is are you funded by an SBIC company, which we checked yes to the box. And the instructions say, if you answer yes, you don't need to complete any other sections of the form. So we did that, submitted that, thought we were on our way.

So for 2 months, we thought everything was being processed. Our bank actually submitted the forgiveness application in November, and it wasn't until February that they received any communication that there were any issues with the forgiveness being processed.

And that, of course, like I said, held up the PPP 2 loan. We couldn't get financial statements issued because, you know, we were banking on the forgiveness, and we were doing financial modeling based on that.

So—and it really took until the end of May for that finally to be lifted, and only through—we believe, efforts through Shannon at your office helping guide that process for us.

Mr. FITZGERALD. Yeah. Thank you. And that kind of is my point.

And I would just say to the Chairman and the Ranking Member, I mean, I think part of what this Committee's oversight should be is to kind of bird-dog this process all the way up to the end to make sure that the SBA is doing the due diligence on the followup. I really think that, you know, the Members of Congress, we can have an impact on that, but this Committee should be higher profile and really watch this closely, so—and I know we have no time left, so I would—I would absolutely love to hear comments on that in the future.

Thank you. I yield back.

Ms. FELDER. Thank you.

Mr. MFUME. Thank you very much. The gentleman yields back.

The Committee has just about expired its allotted time for this first panel.



I want to thank the entire panel, all of you, for bringing with you five different stories for this Committee to hear and to understand and to be a part of the public record. We hope that the persons who have been watching this have learned something and gained something.

But most of all, we hope that all of you will continue to do what you do, because you really do represent in many respects the real backbone of businesses that we can't always see and don't always know about. Some of you are nameless and faceless, but your stories are really monumental in terms of what they do in the aggregate to hold this country together.

So I thank you for your time. All of you are free to exit the Zoom platform now if you would like and to continue to watch by way of streaming.

And I also want to just thank the Members on both sides of the Committee, particularly Mr. Luetkemeyer, the Ranking Member, for their patience with me today as we try to get through this first round together.

And at this particular point in time, I would like to yield to the distinguished woman from Pennsylvania, Ms. Chrissy Houlahan, who will now Chair and guide the second panel.

Ms. HOULAHAN. [Presiding.] Thank you, Representative Mfume.

And my name is Chrissy Houlahan. I represent Pennsylvania's Sixth Congressional District just outside of Philadelphia. It is my pleasure to begin panel two, and I will begin right away, since we are a little behind, by saying, of course, welcome, and let me yield first to Ms. Craig, who will introduce our first witness.

Ms. CRAIG. Thank you so much, Madam Chair, for yielding.

And thank you to all of our witnesses for being here today. I am really pleased that we are holding this great bipartisan hearing to honor our nation's small business heroes, and especially to listen to every single one of you.

I am very proud to support the bipartisan resolution recognizing this week as National Small Business Week.

Small businesses employ over 130,000 employees in my district across all professions. I am proud of the work of this Committee and Congress has done, especially over the last 18 months, to bring aid to our local business owners. But I know that there is more to be done.

I am so proud to introduce here today a constituent and business owner from my district, Eric Childs. He owns Mind's Eye Comics.

And, Eric, I am so pleased to have you here from Mind's Eye Comics here this morning.

I am especially grateful to Eric for serving on my newly formed small business task force with a diverse set of other small business owners from across Minnesota's district—Second District, representing industries from breweries to manufacturing to technology solutions. In fact, we are holding our first meeting on my small business task force tomorrow during Small Business Week in Lakeville.

Today, I am looking forward to hearing more about how Eric's decision to buy Mind's Eye, as a longtime patron, was an opportunity to build community, and how he has been able to bring our

community together at Mind's Eye Comics, especially through the last 18 months.

Thank you so much, Mr. Childs, and welcome. I really appreciate you serving as a witness today.

With that, Madam Chair, I yield back.

Ms. HOULAHAN. Thank you, Representative Craig.

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

Mr. HAGEDORN. Well, thank you very much, Madam Chair. I appreciate that.

I am honored today to introduce Ms. Krystal Hernandez, owner of the well-known and much loved Mexican restaurant, La Plaza Fiesta, in Madelia, Minnesota. Madelia is a town of about 2,500 people, and it is really just one of the finest establishments that we have in our district, and we are so honored to have Ms. Hernandez with us.

She also owns a grocery store right next door, so she has been expanding her business. And I think there is even more to talk about as far as maybe moving into other locations. We will get into that.

Through many trials and tribulations, including a devastating fire that wiped out about eight businesses in Madelia's main street in 2016, and then of course the recent obstacles with COVID and everything, Ms. Hernandez has worked hard to build a terrific small business, and she and her husband and others have worked tirelessly utilizing her business, La Plaza Fiesta, as a means of bringing the entire community in Madelia together.

And I have said it many times. Our small businesses are the people on the ground that have the most to gain and also the most to provide and to give to our communities to keep them going. And that is why it is so important that we do everything possible to help them keep rolling along.

Instead of promoting an environment that views, you know, competition as hostile, La Plaza Fiesta and their team are working with surrounding restaurants, and they kind of feed off each other. If one restaurant needs something, they help out and vice versa. And that is exactly the type of thing we need to be seeing in order to build all of our communities across the board.

It is this type of attitude, love of community, and great food and drink, I tell you—I have full disclosure. I have been there several times. It is a great spot to eat and drink—that is allowing La Plaza Fiesta to expand their second location. They have taken all that they have done, and they are moving to Sioux Falls, South Dakota. Not moving, but they are expanding to Sioux Falls. So we congratulate Ms. Hernandez on that.

We are so blessed to have integral members of our community like Ms. Hernandez that make Minnesota's rural downtown so special and vibrant and resilient, and no matter what the world throws at them. And this was so important to keep our rural economy rolling.

So without further adieu, I would like to first congratulate, again, Ms. Hernandez and her team at La Plaza Fiesta for all their success, and welcome her to testify on our national small business hearing today.

Thank you, Krystal.

And thank you, Madam Chair, and I yield back.

Ms. HOULAHAN. Thank you, Mr. Hagedorn.

And now I would like to yield to Ms. Bourdeaux to introduce our next witness.

Ms. BOURDEAUX. Thank you, Chairwoman.

And thank you to our witnesses for joining us today. It is wonderful to hear from small business owners from across the country about their stories and the contributions they make to their communities.

I am extremely proud—

Ms. HOULAHAN. Ms. Bourdeaux, you may have two sound versions on right now.

Ms. BOURDEAUX. I am so sorry. I will be right back. I have got to reboot. Sorry. One sec.

Why don't you move on to the next one, and I will be back.

Ms. HOULAHAN. All right.

Ms. BOURDEAUX. It will only take a minute.

Ms. HOULAHAN. I will now yield to Mr. Stauber to introduce our next witness, and I will come back to Representative Bourdeaux.

Mr. STAUBER. Thank you very much.

And I am very excited to introduce the witness from Minnesota's Eighth Congressional District, Mark Lunde. Mark started Lunde Auto Sales in Wadena, Minnesota, in 2016. A used car dealership with nine employees between their two stores, Lunde Auto Sales provides a personal touch to the car shopping experience. Lunde Auto Sales has an A-plus rating from the Better Business Bureau, a testament to Mark's leadership.

Mark is an active member in his community, serving as a city of Wadena city counselor, a member of the Wadena Housing and Redevelopment Board, a member of the Tri-County Hospital Foundation Board, and a member of the Wadena Hockey Association Board.

Thank you, Mark, for taking time out of your busy schedule to share your testimony with us today, and I look forward to questions and answer.

And I yield back. Thank you.

Ms. HOULAHAN. Thank you, Mr. Stauber.

And I will circle back around to Ms. Bourdeaux—I am sorry. Yeah—to Ms. Bourdeaux to introduce her witness.

Looks like she might not be back, so I will yield now to Mr. Meuser to introduce our witness as well.

Mr. MEUSER. Well, thank you, Chairwoman Houlahan. I appreciate it very much. I am about to introduce someone who is no stranger to you either.

It is my pleasure to introduce Mr. Barry Schlouch, a fantastic business—small business person as my witness for today's hearing. Mr. Barry Schlouch and his wife, Deb, founded Schlouch, Incorporated, a site design and heavy civil construction firm headquartered in Blandon, Pennsylvania, in my district, Chairwoman; many employees from yours as well.

Barry and Deb founded Schlouch, Incorporated, in 1983 in the basement of their home in Berks County, Pennsylvania, a fantastic

American business story. That year, they won their first job, which I was told a couple of times how excited they were, a \$15,000 contract to prepare a site to construct a Wendy's restaurant.

Today, Schlouch, Incorporated, employs over 285 people and is known as the leading total site preparation specialists in eastern and most of Pennsylvania, I believe, serving many local, regional, and national customers.

Since forming Schlouch, Incorporated, Barry and Deb have created conscientious relationships between employees and customers alike, while providing excellent quality of work to their customers. Creating a safe environment for employees and customers has been of the utmost importance to Schlouch, Incorporated, and it shows in every day of their work.

As Barry states in his testimony and will, his company has three main priorities: safety of the people, safety of the people, safety of his people.

Over the last 38 years, Barry has not only built an incredibly successful business that employs hundreds of people, but he has set an incredible example for small businesses across the great Commonwealth of Pennsylvania.

I would just add that knowing Barry and the trials and tribulations and accomplishments they have had, they have been very strategic, very thoughtful. They certainly work hard, but they work smart. Caring is a big part of what their company culture is about, certainly for the long-term interest of the business itself, of its employees.

I have actually attended a morning huddle where they very happily join about 6 a.m. as the day begins in that line of work. They care for their customers, they care for their payers, and they care tremendously for our community. Again, as you well know, Madam Chair, nothing special occurs throughout Berks County and surrounding counties without usually Barry's involvement.

Barry, I thank you for the excellence you bring to our community as both an employer and as a leader in our community, and I look forward to your testimony and sharing your experiences with us.

And I yield back. Thank you.

Ms. HOULAHAN. Thank you, Representative Meuser, and welcome to our—to my neighbor, Barry.

And, with that, I will yield back to Representative Bourdeaux to introduce our final panelist.

Ms. BOURDEAUX. Thank you, Madam Chairwoman. Sorry about that. The brave new world of Zoom here.

Thank you again to our witnesses for joining today's hearing, and it is so wonderful to hear from our small business owners across the country, to hear about their stories and their contributions to their communities.

I am extremely proud to have Maurice Contreras of Volcanica Coffee, which is headquartered in Suwanee, Georgia, and to hear his testimony today. He is one of the many very diverse small business owners that we have throughout Georgia's Seventh District.

Maurice started Volcanica Coffee after visiting his homeland in Costa Rica. While he was there, he saw an opportunity to import great-tasting coffee from volcanic regions, such as in Costa Rica, to consumers. The company started part time in his garage and now

operates a coffee plant near Atlanta, Georgia, with 20 employees that includes his wife and his two children.

I met Maurice during a manufacturers' roundtable held in my district during the August district work period, and I am extremely proud and grateful to have him join us today. And coffee drinking has been sort of one of my key vices, and so it is particularly relevant and a business that I deeply appreciate.

Thank you, Maurice, for taking time out of your busy schedule to join us. I look forward to hearing your testimony.

Ms. HOULAHAN. Thank you.

And, with that, we will move over to our panelists' testimony, and I will now recognize Mr. Childs for 5 minutes.

**STATEMENTS OF MR. ERIC CHILDS, OWNER, MIND'S EYE COMICS, BURNSVILLE, MN; MS. KRYSTAL HERNANDEZ, OWNER, LA PLAZA FESTA, MADEIRA, MN; MR. MAURICE CONTRERAS, PRESIDENT, VOLCANICA COFFEE COMPANY, SUWANEE, GA; MR. MARK J. LUNDE, CHIEF EXECUTIVE OFFICER, LUNDE AUTO SALES, WADENA, MN; AND MR. BARRY SCHLOUCH, PRESIDENT, SCHLOUCH INCORPORATED, BLANDON, PA**

#### **STATEMENT OF ERIC CHILDS**

Mr. CHILDS. Thank you, Representative Houlihan and Chairwoman Velázquez, Ranking Member Luetkemeyer, and other Members of the House Committee on Small Business, for this opportunity to share my testimony today.

Also, thank you to Representative Craig for the invitation to testify at today's small business hearing. This is truly an honor and a privilege to be a participant in representing the small businesses of Minnesota's Second Congressional District and residing city Burnsville.

Today, I will do my best to express a few moments significant to my journey, in hope to convey who I am and how I came to be the proprietor/owner of Mind's Eye Comics and the positive difference I choose to make in my community utilizing my business.

Early on in my life, I was encouraged, I was taught that I could be anything I aspired to be and achieve anything I put my mind to. All that is required is a little hard work and dedication. Simple but powerful concepts. These ideas reinforced in faith and a belief that God has purpose for each of us.

For these lessons, I am extremely grateful. Thank you, Herbert Logan Childs and Barbara Sue Childs, my parents. Thank you for your wisdom, integrity, character, and belief in me.

Thank you, Ms. Davanni, for seeing the value in all your fourth grade students, including myself. Thank you for being willing to sacrifice your own hard-earned money for your class and, on occasion, even your personal time, all to find a way to engage, help, and encourage each of us. For me, it was comic books you would discover to be the catalyst for completed assignments and instilling a passion for reading.

Thank you, Dr. Helgeson, my high school humanities instructor, for showing us there is greatness in all of us, and celebrating all cultures in your class.

Each one of these individuals have impacted my life tremendously and left a lasting impression on me, one of positivity, inspiration, encouragement, and a belief that we are all connected and can make a positive difference in the lives of others. I share these personal insights of my past influences first because these are the philosophies and the beliefs at the core of the businessman before you today.

These ideas would prove to be instrumental to the future core purpose of Mind's Eye Comics and would be put to the test beginning a little over 3 years ago after acquiring the business in 2018.

Mind's Eye Comics first opened in 1998 by Mr. Troth—Mr. Andrew Troth. Troth established the comic shop, in my opinion, that finally showcased the medium in the way it deserved, much like any other respectable bookstore. Beautiful layout; clean, well-organized space would become my favorite comic bookstore in Minnesota. With excellent customer service, a welcoming atmosphere, and a wide selection, Andrew truly had raised the bar on what it meant to be a comic shop.

For 20 years, I was a patron of Mind's Eye Comics, later in life would become the place I brought my own children to encourage their reading.

In 2018, Mr. Troth announced he planned to retire and would be closing the store. I couldn't watch the place that was so important to so many and so unique in our community to come to an end. I couldn't accept it, so much so that I asked Mr. Troth if he would consider selling the store, to which he replied, No, unless of course you are inquiring for yourself. He says, For you, Eric, I would consider it, as your heart's in the right place.

This marks the beginning of the next chapter. The baton has been passed.

Thank you, Mr. Troth, for trusting me with what you started and considering me a worthy ambassador of this truly unique and special place of culture, imagination, and creativity.

Now instead of closure, I saw opportunity. I saw an opportunity to build community, inspire and enrich the lives of others. Mind's Eye Comics now advocates for literacy, makes Black history more accessible through graphic novels, assists educators in discovering alternate graphic source materials to coursework, provides an outlet for the works of independent and minority creative teams, and still serves as your community hub of all things geek.

So, in closing, I would like to share a story from my first summer open in 2018.

Two young boys no older than 12 years of age came in and began, you know, just excitedly perusing the comics on the shelves, one of which, after making his purchase, rushed over to our nook and began reading, completely captivated and flipping through the pages.

The other young man soon came over and joined his friend that was reading, and he asked his friend, he said, Is your mom going to be okay with you spending all of your money on these comics, to which he replied, She is always trying to get me to read. I am reading.

Thank you, guys, for the time.

Ms. HOULAHAN. Thank you.

And from a former educator and somebody who spent a lot of time on childhood literacy, I really appreciate the story, and also really appreciate your shout-outs to all of your educators and teachers in your past. And thank you again, Mr. Childs.

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

#### **STATEMENT OF KRYSTAL HERNANDEZ**

Ms. HERNANDEZ. Thank you. It is an honor to be here, and I just want to say thank you for letting us be here.

Like Representative Hagedorn said, I am Krystal Hernandez. I am the owner of the La Plaza Fiesta and Fiesta Market, which is located in Madelia, Minnesota, which is about a population of 2,500.

And my husband and I purchased the restaurant in 2012, and we pride ourselves on providing a welcoming atmosphere with fresh-made meals. We are committed to ensure each visitor enjoys their experience and their meal when they come in our doors, and we want to help keep Madelia a destination in southern Minnesota.

You might be looking at me wondering why I have a Mexican restaurant, but I have always had a dream of owning a restaurant, since I was little. I came from a family that we didn't get to go out to eat very often. We didn't have a lot of money. And I always—I came from a very work—hardworking family as well. My parents always had two or three jobs.

And the day came, when I was 14 years old, that I had to get my first job to help with family bills, to keep our house, and it was a dishwasher job. And, from there, I guess the rest is history, you could say. I fell in love with the restaurant business, and I worked my way up. And I met my husband at a Mexican restaurant that I worked at in Owatonna, Minnesota.

And the last 10 years that we have been in business has been full of challenges, from a devastating fire to a global pandemic. But one thing has stayed consistent. We have learned valuable lessons through all of it and have come stronger—come out stronger in the end because of it. For the longevity of the business, we have learned how to pivot and overcome the crazy obstacles put in our way, and we have been grateful for the community we live in.

We are who we are because of our amazing support system here in Madelia and the surrounding areas, and it is important in a small town to come together and raise each other up in any way. And we have been—we have been a witness of that, because all of the businesses in our town have supported us from day one, and Madelia is such a special town because of our like-minded mind-sets. We have amazing businesses who faithfully support one another.

In February of 2016, I was 8 months pregnant with our first child, and eight other businesses on Madelia's historic main street were engulfed in flames and reduced to rubble. It was a devastating blow to our established location that we have worked my entire life for to create. And with the help of charitable donations, our strong faith, community outreach and involvement, positive mind-sets, and a lot of people in the mix, we were able to temporarily relocate at the Madelia Golf Course while we rebuilt our restaurant on main street.

The restaurant has never been an easy business to be in, but our passion for serving and cooking meals makes it all worth it at the end.

As we were recovering and overcoming the fire, the global pandemic happened, as we all know, and this was hard because everything was and sometimes still is unknown. We worked really hard to pivot our menu, pay our staff, because we knew, if we would lose them, we would lose Plaza, and just take one day at a time.

We prayed a lot. Our faith is everything, seriously. We were fortunate—sorry—to survive through it all, but that was a big help because of the PPP loans and the restaurant revitalization funds. I know we wouldn't have the same outcome if it wasn't for that. Sorry.

We have gone from a staff of 5 people to 30, and I take that responsibility very seriously. And they are the backbone of who we are and—because of our success today. So, without them, we would be nothing. I—some of them have been with us since day one and have endured every challenge with us by my side.

I honestly love what I do, and I love sharing with the people who helped me along the way. And my biggest passion is to teach people about other cultures and to mix cultures together into a community.

We are planning on opening a second location for the restaurant in Sioux Falls, South Dakota, starting in January of 2022, and we are partnering with some friends that are eager to mix both of our passions and our experience together into one beautiful location.

Thank you.

Ms. HOULAHAN. Thank you, Ms. Hernandez, for that really passionate testimony.

Mr. Contreras, you are now recognized for 5 minutes.

#### **STATEMENT OF MAURICE CONTRERAS**

Mr. CONTRERAS. Thank you.

Good afternoon, Chairwoman Velázquez, Ranking Member Luetkemeyer, and Members of the Committee, and Congresswoman Bourdeaux.

My name is Maurice Contreras, the CEO and founder of Volcanica Coffee. We are a specialty coffee roaster of exotic imported coffee from volcanic regions from around the world.

I am honored to come before this Committee to tell you about our company. We are a family-owned business that I started in the garage of our home 17 years ago. It all began after frequent family vacations to my homeland in Costa Rica. During one of those vacations, I realized there was an opportunity to import, teach, and introduce great-tasting coffee to the U.S.

Coffee had always been in my blood and has been in our family for at least two generations, starting when my mother and grandfather would assist in the harvesting of coffee beans high in the mountains of Costa Rica.

Volcanica Coffee started out as a part-time side business, but we now operate a large coffee roasting plant near Atlanta in Suwanee, Georgia, with 20 employees that includes my wife Diane, and our son Aaron and daughter Adriana.



When I started the business in 2004, it required a lot of work and research. I had to learn how to build a website, how to drive traffic through borrowing books from the website. I spent many early mornings and evening hours building the business.

I will tell you it was not an overnight success, but even with limited time to work on it, it grew every year to the point that I could leave my corporate job in the wireless telecommunications industry and focus on growing the business full time.

Today, we carry over 150 different coffees imported from volcanic regions from around the world. Our focus is on high quality, using the latest coffee roasting machines manufactured in the USA that have low emissions. We have various quality control measurements in place to ensure that we only ship great-tasting coffee, and we offer 100 percent customer satisfaction.

Volcanica Coffee carries a broad line of estate, peaberry, decaf, and flavored coffees. We fresh roast and quickly ship to consumers around the world. Our website offers subscription programs and individual purchases, and we are also available on Amazon.

Specialty coffee has been a growing trend, and many consumers have been discovering that coffee can be enjoyed much like a fine wine, with various flavor notes depending on the region and roasting techniques. Coffee is much more than just a drink to make you alert. The coffees we import are from mineral rich soil that are very aromatic with a remarkable taste and are also kosher certified.

We have been growing very rapidly as consumer preferences have shifted to brewing high-quality coffee at home. We are honored that last month we were ranked number 514 on the Inc. 5000 list of the fastest-growing private companies in the U.S. by Inc. magazine.

Just this month, we moved into a larger coffee plant, nearly doubling our capacity, to accommodate our growth.

We have been blessed—and giving back is very important to us—so we donate 1 percent of our website retail sales to the organization called charity: water, which brings clean, safe water to communities around the world. Over 7 million people now have access to clean water through projects funded by charity: water. We also donate to local charities and first responders.

I am very grateful for the opportunities that we have here in the United States to be able to experience the American Dream. I am also grateful to be able to build a business with our family and to provide employment opportunities for our Members.

Thank you, and I am very happy to answer any questions.

Ms. HOULAHAN. Thank you, Mr. Contreras. I really appreciate your testimony as well.

Mr. Lunde—I hope I am pronouncing that correctly—you are now recognized for 5 minutes as well.

#### **STATEMENT OF MARK J. LUNDE**

Mr. LUNDE. Thank you. It is Mark Lunde.

Ms. HOULAHAN. Lunde.

Mr. LUNDE. You bet. Thank you.

Thank you, Chairwoman Velázquez and the Small Business Committee, for having us here today.

I actually have three broader topics. While our exact business challenges and opportunities are always a moving target, I have got three broader topics I wanted to comment on. And one is the federal minimum wage and how it affects us as a small business.

While I agree a livable wage is certainly the goal and aspiration of every American, many experts agree and most data suggests that even \$15 an hour is not a livable wage in most parts of the country. And across-the-board mandates, which are another real-life example of an unfunded mandate to a private business, while they do have limits and exclusions, are harmful to competition in specifically rural markets where I live. Furthermore, they stifle new opportunity and training opportunities for people entering the workforce.

And I wanted to give an example of an 18-year-old that we recently hired, a high-school graduate who chose not to enter college and chose to enter the workforce with us. And had we been forced to pay him \$15 an hour or more with a mandate, we wouldn't be able to hire him. And in the time he has worked full time for us, starting at \$10 an hour, he has earned two raises, been placed on a monthly bonus program, which puts his pay much higher than the per hour minimum that could be proposed.

And I believe that wages, like prices, should be set, corrected, and ruled by the market with all moving parts considering job types, parts of the country, parts of the area that you live in.

Employers in 2021 should be as aggressive as ever to push wages upward, and those that aren't will be out of business pretty swiftly.

Following the pandemic, the underserved market, such as hospitality, retail, restaurant, several others like that, they have all seen huge spikes in their human resource expenses. And while we certainly want to avoid inflation, some view this as simple market correction. And many of these sectors' employees and former employees have taken this time to go back to school or seek other opportunities altogether.

And so, with that, that is that one.

The other big one for us, in rural Minnesota at least, and I think across the nation as I read, is affordable daycare. This is a huge stumbling block for economic development in the country, let alone in rural America. In fact, according to the Committee for Economic Development's Report of Child Care in State Economies, in 2019, there were 674,000 childcare programs in the United States with revenues of \$47 billion employing 1.5 million workers. And the spillover impact to those programs generated an additional \$52 billion in local economies.

And regarding employment, direct—beyond direct jobs in that industry, an additional 507,000 jobs are supported within communities, leading to an overall jobs impact of 2 million workers.

Now, obviously, these numbers have been hugely affected by the pandemic. And just in our small area, I know of three different home-based and small daycare centers that called it quits early in the pandemic and shut their doors for good for one reason or another.

According to Rania Antonopoulos of the Levy Institute, they estimate that, following the great recession, had investments in care infrastructure been in conjunction with the investments in physical

infrastructure, they would have yielded twice as many new jobs as the latter investments alone.

Particularly in rural America where I live, there again, we have a huge hill to climb in the way of economic development and getting people back to work, and part of that is investing seriously in daycare, home-based childcare, and after-school programs.

Thirdly is kind of—is kind of something that seems to be winding down, which is unemployment benefits, or extended benefits. All the like are kind of lumped in here. And, again, while totally necessary in the full throes of the pandemic and uncertain times, mandated shutdowns and the like, this has become a joke in many areas. Many, if not most, businesses I know of up and down main street—factories, offices alike—are in desperate need of employees.

Businesses are changing models, hours, and even services because of lack of available workforce. Meanwhile, those same able-bodied workers are or were collecting checks versus working. Some call this a work ethic issue. Some call it a government handout. I call it just bad for business.

In 25 years of business, I never dreamed that I would literally have to compete with unemployment compensation to attract and retain employees. I believe any and all forms of this must come to an end really quickly so we can get back to work.

Those are my topics. Again, I thank the Committee for having all of us, and I am open to any questions.

Ms. HOULAHAN. Thank you so much, Mr. Lunde, for your testimony as well.

Mr. Barry Schlouch—I know I never pronounce that right—you are now recognized for 5 minutes.

#### **STATEMENT OF BARRY SCHLOUCH**

Mr. SCHLOUCH. Thank you, Representative Houlahan, and thank you, Representative Meuser, for inviting us. And thank you to all the Representatives for taking this time to listen to small business. And congratulations to all my peers for the courage and the willingness to come along and share your story. I have got like four pages of notes myself of learning.

With that, I hope you have all played Monopoly, and I hope you landed on Reading Railroad, okay? That is where I live, Reading Railroad, Reading, PA. And we are in the process of restoring a rail from Reading to Philadelphia, which I am very involved in, so stay tuned to hear more about that.

But back to the three things. Thank you for the wonderful introduction, Congressman Meuser. I am not going to kind of go through our background, but we did start straight out of our basement in 1983 as a 25-year-old and a 23-year-old next to me, my wife. And we built this company from a capital investment of \$2,000 to about a billion 7 in business, collectively over the 38 years, and we are doing about \$100 million a year now. So amen for America. I mean, where else could you do that? It is America.

So I feel the dream is alive and well. Our daughter is positioned for success. She is 39 years old. She will be the proud leader of a woman—women in construction—women in mining construction, so it proves out that women can succeed as well, and Stacy is a role model.

I want to talk about the three things of safety—the first priority, safety; the second priority, safety; the third priority, safety—and how it can transform every business.

So that is what we do at Schlouch. And, really, to work safe and be safe, it takes a tremendous commitment. It takes leadership, it takes standards, it takes process, it takes training, it takes execution, and it takes accountability.

So we are faced with what is called the fatal four every day, which is electrical, falls, struck by, and caught between. So our company was positioned for success for the pandemic not knowing it. And, believe me, I could do without this pandemic.

So when it came about in February last year and we got word of this and we got information, we created what we called the fatal five. I told you what the fatal four is. The fatal fifth is COVID-19. So we go every day for zero injuries, every day, okay? And we have gone sometimes over—years with no injuries.

Our goal is zero COVID-19. Now, people are like, wow, that is impossible. Well, we ran all the way with 285 employees and families through Thanksgiving 2020 with zero COVID-19, okay? But we followed the process. We had the standard. We had the accountability. We were trained.

When the Governor shut down our business, he thought that was best for the State. Construction got shut down. Thanks to Congressman Meuser, I got to speak with him, and we repositioned them for success and reopened construction safely 6 weeks later. But I had to prove to the Governor and his team that we could do it safely, and we have.

So I just want to talk to you a little bit about the things that we are doing. So, this morning, I started with an app on my phone. This is how a day starts. I have an app. I asked a—I answer the questions, symptoms, anybody positive? That app goes in to all 285. If we got yes to any question, boom, we contact trace right away. And, boom, we quarantine or whatever is necessary.

So a couple weeks ago—I live on a 70-acre farm with my wife here, and I was out cutting hay. And I got a call from my IT guy who said, Hey, do you have your laptop?

Yeah.

Wipe it down.

The IT department—a mother of one of the people had tested positive, had touched my computer. Wipe it down. That is the degree of what we are doing today. Okay.

So I am asking government to listen to us, trust us, empower us. We got it. Okay? And I have asked Governor Wolf that, the same thing. I know you are trying to help us, but mandates really create distrust. It widens the gap. I spent all day yesterday mitigating the President's speech last week, because I am vaccinated and we have a lot of vaccinated people, but not everybody's vaccinated.

We got this, and, now, the unvaccinated people, when this plays out, are going to have to prove to me every week that they are not positive by getting a test. They have got to prove it to me. Okay? That doesn't build trust. It doesn't build cohesiveness. And there are ways that we can do it, and I have shared it with you, you know, that we are already doing.

I want to share with you also, the online training has been great. The working from home has been great. We are continuing it. And I know I am running out of time. And we are promoting it. So where there has been international articles on the details of what we are doing, you know, as a company, we want to take the success, share it, and we want to get to zero COVID-19 for the country.

Ms. HOULAHAN. Thank you so much, Barry. I really appreciate your testimony and insight as always.

That concludes the opening remarks of all of our panelists, and we will now move on to Member questions, and we will be alternating back and forth between both sides. And so I will first recognize Ranking Member Mr. Hagedorn for 5 minutes.

Mr. Hagedorn, are you still on?

I don't see him, so I will go on instead to Ms. Bourdeaux next.

Ms. BOURDEAUX. Thank you so much.

Maurice, thank you so much for joining the Committee today. And just thought I would talk a little bit more about your experience. You know, one of the things we talk about a lot in this Committee is how do we help support small businesses as they are getting started, and then how do we support them as they are growing.

And so, just to start off, you know, if you could tell us a little bit about your journey. You had a successful career prior to starting your business. What made you start a small business, and what obstacles did you face to getting up and running?

And you need to unmute.

Mr. CONTRERAS. Yeah. Thank you.

So when we got started, it really—I started it only with \$5,000, which was good on a virtual company, you know, on a website. But when we moved into the manufacturing plant, it required several hundred thousand dollars. The equipment and the tax laws that had been in place for small businesses, especially a C corp, were very favorable to us, and really allowed us to be able to buy new equipment, build out the plants, and even, you know—you know, as our business grew, we invested more and more and more. And, you know, our tax liability wasn't as great because of the laws. And that really helped us tremendously.

Part of the reason why, you know, I started the business was somewhat as—you know, I wanted to create a legacy for our family and do our—do something else, not just work for large corporations. And so, at first, it was kind of toying around and just, you know, figuring out what would work.

Coffee was not my first thing. I did a couple of other things. But, you know, it was—it was really that. It was knowing that, you know, long-term, you know, to build a business and to have the American Dream really was attainable, but it just required a lot of work and action to get started and do it.

Ms. BOURDEAUX. And just along those lines, what has been some of the biggest challenges as you have gotten bigger? So, this sort of, getting started, you had the capital and the resources to get there, but you have now expanded and grown and has that been a smooth process? Are there things that we need to be thinking

about as a committee to help promote small businesses and to help them to grow?

Mr. CONTRERAS. Yeah. It is funny, you know. Every time I think that we are going to get to a plateau where, okay, all right, now I can relax and maybe enjoy some of our fruits, now I have to spend another 40,000 here, another 60,000 here, another 100,000.

So what would be very helpful is just to have availability to access credit for small businesses and it has been difficult, you know. We don't even have a line of credit yet with our existing bank that we have been doing business with since the beginning.

Hopefully that is going to come together, but, you know, something to be able to help us, you know, make those initial investments. That would definitely help. And then the other thing right now, which is already been mentioned, is the issue that everybody has with employment, you know. Hopefully, that is going to end.

I know a lot of the programs that are in place have ended, but it really is a struggle and anything that can be done on your all's end to get the people that are on the social payroll to come back to work would be very beneficial to us.

Ms. BOURDEAUX. Okay. Well, thank you very much for your time and for coming and many best wishes for the future growth and success of your company.

Mr. CONTRERAS. Thank you.

Ms. HOULAHAN. [Presiding.] Does the gentlelady yield back?

Ms. BOURDEAUX. I yield back, yes.

Ms. HOULAHAN. The gentlelady yields back. And I now recognize the gentleman from Minnesota for 5 minutes, Mr. Stauber.

Mr. STAUBER. Thank you, Madam Chair.

Mr. Lunde, from your testimony, it sounds like you believe the federal government often gets in the way of small business success. As a small business owner myself, I agree with you. Is there anything that you think the government is getting right at the moment, i.e., a tax policy or SBA assistance program.

Mr. LUNDE. Yeah. Thank you, Congressman Stauber, I do. First of all, I think the steps taken by this very Committee just last week in advancing the \$25 billion legislation to help small businesses directly is a huge step. You know, I have had an opportunity to review that legislation and so many times they are so packed filled with different small little programs that don't actually affect anything and don't really get the money where it goes or where it should be going. In this case, I believe it does.

And, furthermore, for all the complaining I have heard about the SBA over the last 17, 18 months, I think with the huge job that they had to do getting funds into bank accounts to get people's, you know, health insurance and to get people's paychecks paid, they have just done a fabulous job and, obviously, not flawless, but I think they have done a wonderful job of helping the American businesses is what they are there to do.

Mr. STAUBER. Thank you very much. And then let's go to the business you are involved in. You know, with reports of used cars up 41 percent due to inflation, have you begun to feel the impacts on your business and are there adjustments you are already planning to make in the wake of inflation?

Mr. LUNDE. Sure. Yeah. Another great question. New and used car inventories seem to be a topic on a lot of people's minds lately. We see it on the news a lot, you know, on Facebooks of the world. We have certainly seen higher wholesale prices at our auctions and we buy a lot of vehicles from around the country and we see it pretty much coast to coast.

And so, you know, with that, yes, of course, higher wholesale prices is going to translate to higher retail prices with the major manufacturers, you know, stalled in manufacturing. Obviously, the big, big stores, the big, big franchise dealers and what not are consuming a lot of what would normally be left for independents like myself.

And so that, of course, means more competition equals higher prices equals higher prices for the consumer buying a car. So we are seeing that. We are seeing higher prices obviously that will lead to inflation.

I don't know if that is a temporary inflation, but for now the market of used cars, especially, is up and the market for new cars is practically nonexistent.

Mr. STAUBER. I think one of the concerns for new cars, Mr. Lunde, is the chip shortage and the chip shortage is made—many of them are made in the Communist country of China that are holding up the out of dealers from getting their new chips. We are hearing dealerships that normally get 40, 50 cars a month are getting two or three new cars just because of the chip shortage. And I think that is where we, in America, we can mine the critical minerals and rare earths. Manufacturers should make those chips here so the supply chain dependency is in our own hands. We are learning from cobalt so many things, including supply chain dependency, which would help.

And then the last question is, are there any major concerns that you are having with discussions—let me rephrase that. Are there any other major concerns you are having with discussions in Washington that could impact your business?

Mr. LUNDE. Specifically, no. I think the general thing, as you mentioned in your introduction of me, I am also on the city council here in Wadena, so I get a lot of phone calls, emails, things of that from local business people and citizens alike. And I think the biggest thing going in business right now in the car business, in general main street businesses is just general uncertainty. You know, I hear a lot of people asking, when do you think we will get back to normal? And then there is this new thing, of course, called the new normal, which I think we are all tired of hearing that one too.

I think in reality there is no going back to, quote/unquote, normal. This is business as usual. This is the new economy and businesses have changed. As you mentioned through COVID, we have learned a lot. And some of it very positive.

The Zoom meeting we are having here today. Think of all the savings costs and otherwise that this allows us to do. So—

Mr. STAUBER. In my remainder 20 seconds, can you talk about discussions that we are having about minimum wage and over-spending by the federal government? You got 15 seconds.

Mr. LUNDE. You bet. There again, my belief on minimum wage is, there was probably a time and there was certainly a time in this country where that was necessary. I don't believe that is right now.

I think that employers and businesses alike can and should up their spending on that. They are going to do it on their own any way or they are just going to be left without employees.

So I think it is an overreach by the federal government.

Mr. STAUBER. Okay. Thank you.

And, Madam Chair, I yield back. Thank you.

Ms. HOULAHAN. The gentleman from Minnesota yields back. I now recognize the gentleman from Pennsylvania, Mr. Meuser, for 5 minutes.

Mr. MEUSER. Thank you, Chairwoman Houlahan. Mr. Schlouch, very nice to see you. Deb, Mrs. Schlouch, very nice to see you. We really appreciate you being here in your opening testimony. It was on target as I certainly would have expected, so appreciate that.

So the Paycheck Protection Program clearly was very important to help through COVID-19. Barry, I would like to know when COVID-19 first begun, we had a strong federal response. We had a statewide response. How did Schlouch, Incorporated weather the pandemic and relate it to some of the factors from the government?

Mr. SCHLOUCH. Well, like everybody on the call, it was a huge challenge. The worse thing that happened was when I had to show up in the morning and tell 285 families and our workers to go home and I don't know when you are coming back. That was horrible. I never thought I would see that in my lifetime at least while I am healthy. Generally that happens when you go out of business or you bankrupt, but I did it because it was the order.

So and then we spent 6 weeks, about 70 percent loss in revenues that we normally would have. So we got some waivers. In Pennsylvania, there was a waiver process and we did get some waivers for some hospitals and things like that. So we did get about 30 percent going. We paid for our employees' healthcare during the time. We kept it going.

So it was a risk I was willing to take because, you know, I believe in them. So that was hundreds of thousands of dollars that we put out during it not knowing how this was going to end. And I got to say the PPP really helped. We received it. It has been forgiven and it really helped offset the loss.

However, if we can get to point where government starts listening more and allows us to help, we could have actually kept working safely through the whole thing where outdoors heavy civil and that money could have helped somebody else. So we did it. We got through it. It was very chaotic and we did the best we can with what we had.

Mr. MEUSER. All right. Great. In the interest of time, I know safety is one of your mantra at your company. Feel free to comment on that, but I am also very interested in your thoughts on some of the big federal legislation coming along? We have got a 3.5 or 2.5, whatever it happens to be, reconciliation bill and also a transportation infrastructure bill, which, as you know, I feel very strongly for the T&I bill, not so much for the reconciliation bill.



I would like your thoughts and what you think the economic impact is to our community, as well as Schlouch, Incorporated as well.

Mr. SCHLOUCH. Well, let me start with infrastructure because, you know, there is nothing I can do there because government owns the infrastructure and the public right away. You can help as you can with safety and our military. Those are the two areas, I think, if you want to help, those are the areas you can help.

However, with the infrastructure, don't put in things like project labor agreements and things like that that penalize our employees. We have 285 of the best, and when you start thinking like project labor agreements that prohibits our employees from working on public works projects and I fully oppose that one. They are baked in these transportation bills. I would never ask Congress to prohibit union labor from working on public work, but somehow Congress has made it okay to prohibit nonunion.

So as far as the 3 and a half trillion dollar budget bill or the expansion bill, I sent a letter to Representative Houlahan I oppose it. And we oppose it because it increases taxes at a very poor time. I mean, right now inflation is going up, prices are going up.

We would have to try and pass it through or it would come out of profit, and it would hinder—you know, right now we are investing heavily in wages and in training and we do the things that we need to do with the money that we work hard to earn.

And as I did with you, I called you on the PPP. I told you how I spent every dollar of that money and it all went to wages, training. Every red cent of that we got in forgiveness.

Mr. MEUSER. That is great. Speak about inflation a little bit. How has that affected your business and do you see it in the short-term or longer term problem?

Mr. SCHLOUCH. Well, construction is crazy. I mean, if you follow materials and you follow what is going on and some of it we are still recovering from supply chain from the pandemic, we had to give it some time because, you know, lumber is way up, steel is way up. Whatever we can manufacture locally, we should invest in locally, but it is a real problem with the cost and I don't know how much more our end users, which are the homeowners and the businesses, are going to be able to bear out of this.

Ms. HOULAHAN. Unfortunately, the gentleman's time has expired.

Mr. MEUSER. Thank you, Madam Chair.

Ms. HOULAHAN. You are welcome.

Mr. MEUSER. Thank you very much, Mr. Schlouch.

Ms. HOULAHAN. I now will yield to the Ranking Member, Mr. Hagedorn, who will be recognized for 5 minutes.

Mr. HAGEDORN. Madam Chair, thank you for that. Really appreciate it and, again, so proud to have Krystal Hernandez from La Plaza Fiesta restaurant with us today and as I have said many times that our small businesses are pillars of the community and they have big investments in the community and they have done—they do so much, especially for our small towns.

And what Ms. Hernandez and her team have done is a testament to that in the city of Madelia, about 2,500 people. So appreciate you being here.

And Ms. Hernandez, I was inspired to hear that some of your fellow taxpayers have stepped up with Paycheck Protection Program restaurant revitalization fund, things like that. It seemed to have a big impact in helping you get through a tough time with the coronavirus.

I also was kind of interested, though, in talking about your other business. How is it that you decided to expand into the grocery business and, you know, maybe you can tell us your background on that as a small business person why you made that decision?

Ms. HERNANDEZ. Okay. That is a good question. I kind of always wanted to have a Hispanic store ever since the one that was currently in Madelia had closed. Way back before the fire, we had this crazy idea like we always do, we always have these crazy ideas and we started getting it ready and we were 30 days out of opening—the day of the fire, we were 30 days out of opening so it got pushed behind again.

And so the reason is because in our town there is 35 percent of the population is Hispanic and not just from Mexico. Like they are from Guatemala, El Salvador, Honduras, all Central America. And we have a chicken processing plants in Madelia that we are so thankful for in our town and a lot of those people are employed there.

And our grocery store—our regular grocery store doesn't have a lot of their products that their used to in their countries. And so we just thought it would be good to provide that in our community. We also—a lot of people always wanted like to-go meals, things ready quicker than a restaurant can provide.

So we thought that our initial idea was to open up like a little deli with a few ethnic groceries and now it is kind of expanded into like a mini supermarket.

Mr. HAGEDORN. It sounds like you really found a way—you got a niche market there and you are going to meet the demand. It sounds like good business. So we wish you well in that enterprise as well. Tony Downs, that group, was actually at our job fair today. I am in Mankato at South Central College at a job fair.

So quick question: So how do you think some of the labor shortages and inflation maybe with the products that you have to purchase or inflation from other businesses that you do business with, how has that affected your business now and do you need some help there?

Ms. HERNANDEZ. It has made it very chaotic. Kind of just like everything, but we have been—I don't know. I just always have a positive mind set. I know that is really important and our faith has kind of pulled us through everything.

If I am being honest, it has been challenging in a lot of ways. There is shortages on food, there is shortages on even to-go boxes right now. Napkins. Things that are obviously vital to staying in business now that we actually get to be open, now there is so many shortages on that.

Thankfully, I am super grateful for our 30 core people that we have working for us, but just like everybody else, we are competing with, like, unemployment and things like that and trying to find employees.

Now that we are growing, we need more employees as well. So it has been challenging, but yeah.

Mr. HAGEDORN. So a lot of supply chain issues and probably sometimes not even able to provide the products and services that you would like, but hopefully that will get ironed out. I know the workforce issues have been tough extra federal unemployment benefits, which have prevented some people from going back to work.

Those are ending now, but you are a lifelong resident of southern Minnesota. You are an entrepreneur who started her business, I think, at what, 22, something like that. You have been through more challenges than you can shake a stick at and what we don't want is some bad government getting in the way from this point forward.

So I would just like to congratulate you on what you and your team have done. Really appreciate what you have done for the community of Madelia and the folks down here in providing the example to others and I wish you well on your expansion to South Dakota and to the grocery store business as well. Thank you for being here and testifying.

Madam Chair, I yield back.

Ms. HERNÁNDEZ. Thank you.

Ms. HOULAHAN. The gentleman yields back. And I want to now say thank you to our panel for taking the time to walk us through your successes and your challenges as well. We really appreciate it and we know that it is really not easy to take time away from operating your businesses. So we really appreciate your thoughts and insights, particularly, my background is in entrepreneurs as in small businesses and I know just how important hours of your time is.

So this concludes the second panel of three and those of you who participated in the second panel can now exit the Zoom platform and those who are participating in the third panel hopefully are here already. If you would like, you can continue to watch the proceedings on the live stream.

And with that, I will have the opportunity to introduce Representative Dean Phillips who will be taking over as the Chair for the next panel. And thanks so much, once again, for joining us.

Mr. PHILLIPS. [Presiding.] Thank you to my colleague Chrissy Houlahan and welcome to our third panel today. Grateful to all of those who have testified before and eager to have our final panel start. We will just take a moment to introduce each of you, but for turning it over to testimony, and I will now yield to Representative Newman to introduce our first witness. I want to make sure our panelists are on. All right. Well, if Ms. Newman's not here, I will introduce our first panelists.

Let me just get this. Mr. Jaime Di Paulo in his 10 years of president and CEO of the Illinois Hispanic Chamber of Commerce. Jaime has more than doubled its membership—[audio malfunction]—he has established four priorities as CEO such as being the meeting point for the Latino companies in Illinois multiplying the ways to train Hispanics with small businesses ensuring that Hispanic companies can have all the information to access credit and government contracts, and bringing together minorities from Illinois to access better business opportunities.

Throughout his career he has helped open and grow hundreds of businesses in his community and he grew the LBCC membership from 30 to 900 Members. He previously served as the business development director for the Greater Oklahoma City Hispanic Chamber of Commerce and worked as the director of the Mexican and American Thinking Together Foundation.

And now I would like to yield to our Ranking Member on the Subcommittee on Investigations, Ms. Van Duyne, to introduce our next witness.

Ms. VAN DUYNE. Thank you very much. I would like to interview Susan Shaw. Susan grew up in Hurst, Texas, before at Howard Payne University. After spending several years in the title business and 7 years in retail, Susan and her husband Howard bought a family-owned independent insurance agency in 2000, which is now called Shaw Insurance Agency. And they have been serving the DFW community since 1981. Married with two adult children, an adult stepson, she is an avid reader, mission-minded world traveler, and a self-described community volunteer junkie, which I can personal attest to.

Active in the Hurst Chamber of Commerce, she serves as the executive Board of Directors, she chairs WILD, which is Women Inspiring Leadership Development. She has received numerous awards since she was the 2015 Shining Star Award for her involvement in the Community Enrichment Center, the 2017 HEB chamber member of the year, the 2018 Shining Star Award by the HEB chamber, and she was selected as the 2019 director of the year for the chamber and the recipient of the Gertrude Award for 2020.

So, Susan, I am so happy that you are here with us. Thank you so much.

I yield back.

Mr. PHILLIPS. Thank you, Ms. Van Duyne.

And now I will yield to Ms. Houlahan to introduce our next witness.

Ms. HOULAHAN. You thought you could get rid of me.

Mr. PHILLIPS. Right back at you.

Ms. HOULAHAN. I want to have the opportunity now and the pleasure to introduce Mr. Donald Fox. And while I came to know Mr. Fox under really difficult circumstances, it has been a genuine honor to learn about him and see first hand his passion for serving Members of our community.

Mr. Fox is the owner, president, and CEO of Fox Theaters, LLC, which is a movie theater company based in our district in Wyomissing, Pennsylvania. The company was founded in 1957 by his father Richard Fox and it now operates 20 screens in three theater locations, one in Wyomissing and two in Ocean City, Maryland. Don has over 40 years of industry and national trade associated experience and he is currently reviving the business after suffering devastating pandemic related losses as you can probably imagine over these last 18 months.

Emergency Federal Relief programs that we have championed here in this Committee, including the SVOG, the PPP, EIDL loans, and ERC have all been keys to the survival of his business. Don resides with his wife in Wyomissing. Again, it is my pleasure to introduce him and I look forward to his testimony.

And with that, I yield back, Mr. Chair.

Mr. PHILLIPS. Thank you, Ms. Houlahan. And now I would like to yield to Ms. Young Kim to introduce our next witness.

Ms. YOUNG KIM. Thank you, Chairman. And it is my honor to introduce Mr. Mitch Cook. Hello, Mr. Cook. Mr. Cook is co-owner of Avalon Bagels to Burgers. It is a small business representing California's 39th district and serving the most delicious bagels and burgers in all of southern California.

Mr. Cook and his business partners, Mark Cook and Gilbert Mendez, started Avalon Bagels to Burgers in 1997, first in Yorba Linda and established a second location in Placentia in 2001. More importantly, Mr. Cook is a father of four and grandfather of ten. Oh, my goodness. I just became a grandma of my very first child, but ten grandchildren. Kudos to you. You know, I had the pleasure of visiting his small business in Placentia a couple weeks ago and meeting some of his employees.

Mr. Cook, I want to thank you for taking the time out of your busy day from running your business to joining us today. I look forward to hearing more about your business and what you do for our community.

Mr. PHILLIPS. Thank you, Ms. Kim. And I believe I yield back one more time to you to introduce our last witness.

Ms. YOUNG KIM. Yes. It is my pleasure to introduce Mr. Greg Owens. He is a cofounder and CEO of Sherrill Manufacturing and Liberty Tabletop in Sherrill from New York. I am introducing Mr. Owens on behalf of Representative Claudia Tenney. Mr. Owens and his business partner Matt Roberts started Sherrill Manufacturing in 2005 after flatware producer Oneida Limited moved its manufacturing overseas from upstate New York.

Both former Oneida employees, Mr. Owens and Mr. Roberts, they purchased the company's old New York factory and hired back many of their former colleagues. In an era when many U.S. manufacturing firms have moved to China or elsewhere, Sherrill Manufacturing now flourishes with tens of thousands of customers nationwide while supporting over 15 employees in stable, well-paying positions.

I look forward to hearing Mr. Owens' insight into how we can help renew the American manufacturing to strengthen self-sufficiency, the availability of high-quality jobs, and flourishing communities across the nation.

Thank you, Mr. Owens, for joining us today.

Mr. PHILLIPS. And thank you, Ms. Kim.

With that now, we will go to our testimony. I will recognize Mr. Di Paulo for 5 minutes for your opening statement.

Ms. HOULAHAN. Representative Newman would like to introduce her witness, too.

Mr. PHILLIPS. Oh, I had introduced him in the—maybe you didn't hear me.

Ms. HOULAHAN. Oh, never mind. I take it back.

Mr. PHILLIPS. Okay. I hope everybody did hear my introduction, but Mr. Di Paulo, if you would like to begin your 5-minute opening statement, you can proceed.

**STATEMENTS OF MR. JAIME DI PAULO, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ILLINOIS HISPANIC CHAMBER OF COMMERCE (IHCC), CHICAGO, IL; MS. SUSAN SHAW, OWNER, SHAW INSURANCE AGENCY, HURST, TX; MR. DONALD FOX, PRESIDENT AND CHIEF EXECUTIVE OFFICER, FOX THEATRES LLC, WYOMISSING, PA; MR. MITCH COOK, CO-OWNER, AVALON BAGELS TO BURGERS, YORBA LINDA, CA; AND MR. GREG OWENS, CHIEF EXECUTIVE OFFICER, SHERRILL MANUFACTURING INC., SHERRILL, NY**

**STATEMENT OF JAIME DI PAULO**

Mr. DI PAULO. Thank you, Representative. My name is Jaime Di Paulo. I am the President of the Illinois Hispanic Chamber of Commerce and thank you, Chairwoman Velázquez, and all the Members of this House Committee and especially to my congresswoman and my dear friend, Mary Newman, for allowing me to speak in front of you today.

And I would like to thank the Board of Directors at the Hispanic Chamber of Commerce, Illinois Hispanic Chamber of Commerce, for the trust they believe in me. We have an incredible Chairman and 11 very committed businesspeople. They are really committed to move the agenda as taking care of small businesses in our community. And also to the team at the Illinois Hispanic Chamber of Commerce, mucho gracias. Thank you for your hard work day in and day out.

This is the reason we are here testifying. It is an honor to testify at this hearing and to have the opportunity to share some matters for your consideration. As we have been all working hard to endure and overcome the pandemic, several things have happened that merit your attention and consideration. Yes, thousands of Latino businesses have disappeared. They are no longer in business, but many, many others remain standing and remain strong ready to fight on.

We know things that we have done better or worse without the U.S. assistance. The assistance has been made available from you. And yes, much, much work remains to be done if you want Latino businesses to reach their full potential. Small businesses are the backbone of the United States economy making up 99 percent of all businesses.

The federal government has an interest in creating and maintaining the level of playing field for all businesses throughout this country. Certain changes to the disadvantaged business program would help to further establish a level playing field, structural changes that would improve the competitiveness that DBE in the U.S. economy as whole include: number one, keep all graduates from DBE programs until 2 years up to the President declares a national emergency due to COVID ended.

And number two, modify the gross receipts calculation, but not counting the subcontract expenses by DE firms. Number three, increase the small business size standards by 25 percent effective immediately and then annually to match the inflation. This changes will give small businesses throughout the United States a fighting chance to make it through the pandemic stronger than they started.

This could translate into real jobs, real opportunities in every economy throughout the country. A stronger economic framework will help create a stronger fearful economy for everyone.

Latino businesses are the life line in the communities in which they operate. Continued investment by the United States Congress to ensure that these businesses have access to critical, technical assistance throughout organizations like the Illinois Hispanic Chamber of Commerce and any little Chamber of Commerce around the State, around the country will deliver significant return.

These organizations are key stakeholders in the communities. They are from the own community. The great majority of them built these organizations from the ground up. Latino business owners and entrepreneurs they care about their own. Providing these resources to enable them to guide and serve Latino businesses is a much needed step that must be fully considered as we move forward to the post-pandemic future.

As to specific recommendation, the IHCC worked closely with Illinois Center at to propose the creation of Hispanic business center at the SBA to create initiatives that are geared to serve communities with very specific needs like programs that the SBA operates to support women, veteran, and Native American communities.

We are happy to offer for the record a memorandum that outlines the reasoning of the creation of Hispanic business centers, and also known in Chicago as the Hispanic Center for Entrepreneurship. We ask that this Committee consider making an investment to ensure the largely unrepresentative, underserved Latino businesses receive the assistance that can enable them to achieve their full potential and I assure you if we do that, we will have a better taxpayer dollars base.

In closing, I can see Mr. Chairman and Members of this Committee there are many issues to discuss. Count on me for my full support and participation of this honorable Committee as many times as necessary so that together we can find solutions to this problems. We are here to help as we always say in the chamber. Thank you for this incredible opportunity. It has been an honor to represent over 170,000 businesses in the State of Illinois. This is from a Mexican immigrant to you. Thank you so much for this magnificent opportunity.

Mr. PHILLIPS. Thank you, Mr. Di Paulo. And I don't think I have ever seen a witness use that 5 minutes to such perfection in my career in Congress. Thank you.

And now it is my pleasure to recognize Ms. Shaw for 5 minutes for your opening statement.

#### **STATEMENT OF SUSAN SHAW**

Ms. SHAW. Great. Thank you so much. I was very honored when Representative Van Duyne called and asked me to do this today. So thank you. I appreciate that. I appreciate all that you are doing to pay attention and listen to our small businesses and the challenges that we face. Thank you to the other Committee Members for allowing us to be here today.

I am co-owner of Shaw Insurance Agency. It is a family-owned insurance agency started by my father in 1981 who was actually a nuclear physicist for General Dynamics for a number of years,

didn't want someone else to put the ceiling on himself. So then he started a real estate company and then later on insurance. He did not find insurance quite as interesting as I do, though.

So in 2000, my husband and I purchased the insurance agency and it was only one carrier, one company, and only home. So growing up in an entrepreneurial family, Howard and I really jumped in knowing that we didn't know insurance at the time, but we knew people and we knew ourselves and we knew that we lived our values and we knew what culture that we wanted the agency to grow into. And so we also understood not all business is good business. So we very carefully grew the company that way.

Now, we represent over 60 companies, 60 carriers with the personal lines department, as well as a commercial department. So March 2020 came around and the way of doing business around the country kind of changed in an instant. While some States were certainly hit harder than others, it was the small businesses in each community around the country that really bore the brunt of those shut downs.

Small businesses don't have the same deep pockets. They can't afford to keep the staff and the electricity on, so sometimes they have to make those hard choices just in order to save their business. I felt strongly from the beginning that we were not going to go remote if at all possible. I knew from human nature that routine and people are important, but especially in times where fear is a presiding factor.

Fear of the unknown is hard and certainly none of us expected this to last as long as it did. We are still dealing with it, although I believe strongly that not only Texas, but especially north Texas kind of fared better than many parts of the rest of the country. Decisions had to be made not only about my own personal business, but I am the Chairman of the board of the HEB Chamber of Commerce and so we had to make decisions every day that affected the chamber, as well as all of our Members.

How do we continue to support them became the question that the chamber president and I discussed daily many times multiple times a day. We made hard choices, but our mission was to support the small businesses and we did so in many different ways.

Every decision we made advancing business and strengthening community. We did remain open during the pandemic in its entirety. We made changes in the way that we did business. We closed the lobby to walk-in people, sales people, delivery, and even our own clients.

We did temperature checks daily and our agents had to record that daily when arriving for work and sign the form in the back. We had a local company come in multiple times to fog the entire office to kill any airborne bacteria, any airborne germs, anything that we could do to make our staff know that we were there to help them and there to protect them.

We wiped down and we still continue to wipe down all touch points three times a day in an effort to maintain top cleanliness and, again, reduce the risk of spreading germs. After deciding to open back the lobby, we met with our staff to see what their comfort level was. We continued to do the touch points, cleaning those. At the beginning after spring break last year, the kids couldn't go



back to school. We had every agent bring in their laptops in the hope that we didn't have to go remote, but we wanted to be ready if we did.

We ended up having two agents that needed to work from home in the mornings in order to help their children do remote schooling. At noon, they would head back to the office and start their workday over again. We had got through the year that way. When it came time for school to start again, we noticed two of our agents were getting really stressed about this.

So we decided to offer to allow them to bring their children to work and do their school here. This time school was not going to be just until noon every day; it was going to be all day. We offered this option and the relief was palpable for our staff. You can see that relief. We had school that day that way for 6 weeks.

During all this time, I saw people spiraling emotional and physically from the stress. That was the emotional toil that Howard and I wanted to avoid. Our staff feels the same way. We feel like we avoided what so many others went through, but it wasn't without sacrifice. It was tough. We continued to work our regular hours to maintain that sense of normalcy.

Our insureds needed us and we made sure that we were there for them. Most importantly, our staff knew that we valued them and we did what we could to take care of them physically as well as emotionally. We did not cut hours; we didn't cut pay. We maintained full staff with full benefits the entire time.

While we are not through with the pandemic all the way, things continue to change. We as small business owners must learn to cope and be willing to change still when necessary. Lessons learned along the way, but overall caring and dealing with our clients and our staff with compassion has allowed us to still grow during this time when many businesses closed their doors.

Challenges are necessary and part of the journey, but if you don't use those opportunities to encourage, teach, mentor, and lead other people, you would have wasted the journey in front of you.

Thank you for allowing me to share my story.

Mr. PHILLIPS. Thank you so much, Ms. Shaw. And now Mr. Fox, you are recognized for 5 minutes for your opening statement.

#### **STATEMENT OF DONALD FOX**

Mr. FOX. Representative Phillips, Representative Houlihan, and Members of the House Small Business Committee, thank you for the opportunity to testify before you today. As the owner of a small business, I am deeply respectful over the work that you do on behalf of companies like mine.

I am president and CEO of Fox Theaters, a movie theater company based in Wyomissing, a suburb of Reading and Pennsylvania's 6th congressional district. The company founded in 1957 by my father Richard Fox with a single drive-in theater outside of Reading, today operates 20 screens in three theater locations, one in Wyomissing and two others in the resort town of Ocean City, Maryland.

Forty years at the helm of Fox Theaters has given me a valuable perspective from the negotiating with Hollywood movie studios to competing against much bigger regional and national movie theater

companies to delivering a high-quality experience to our customers, all with the limited resources of a small businessman.

One of my most satisfying aspects of my work is providing gainful employment, whether it be first jobs to 16 and 17-year-old high school students or to senior citizens looking to make some extra money or full-time employment for theater cleaners, kitchen workers, supervisors, and theater managers. They all dedicate themselves to providing first-class, first-run movie theater entertainment 7 days a week to our loyal customers.

We have all been through an unprecedented time for the last year and a half. As was the case with most nonessential businesses, we closed our doors on March of 2020 and, except for a few weeks, stayed closed the rest of the year. During that period, our sales were down 96 percent. Prior to March of 2020, we employed 125 people in Pennsylvania and Maryland, but when the pandemic started, we had to lay off all but two full time and three part-time employees.

Thanks to Congress' speedy action, the Paycheck Protection Program helped us bring back more of our full-time management, even though we were still shutdown, to provide them a steady and reliable income.

Today, we are employing 65 people who are all working very hard at rebuilding our business. Federal emergency relief has been key to the survival of my company. In addition to PPP, we were able to access economic injury disaster loans and employee retention tax credit program, both of which have been very meaningful.

With those funds we were able to keep the electricity on and a skeleton crew employed while we waited for the pandemic to end so our customers could return to watch movies in our theaters. But it didn't end. It continued on and on, and our debts piled up.

Representative Houlihan, as you know, we struggled and pivoted where possible to figure out a way to survive the pandemic. We sold curbside popcorn to our loyal customers and set up a pop-up drive-in theater at one of our locations, but it barely scratched the surface. The movie theater industry needed a rescue package, especially if small and independent operators like Fox Theaters were going to survive the pandemic.

Movie theaters joined the Save Our Stages cause launched by live music venues to ask the federal government to help entertainment venues across the country survive until the audiences could safely return. No one ever imagined that it would take until the summer of 2021 for the movies and our customers to begin to come back. The economic loss that we experienced was devastating for businesses, big and small, that rely on people gathering together.

Thankfully in 2020 in December 2020, the \$15 billion Shuttered Venue Operators Grant program, SVOG, the crown jewel of federal relief for our industry passed Congress and was signed into law. What was then a cause for celebration soon became a long and challenging setback. Over the next 6 months, businesses teetering on the brink of bankruptcy held on while the Small Business Administration struggled to get their program up and running.

The roll out of SVOG was extremely challenging, and from the time the bill was signed until the time the funds were disbursed, thousands of small operators that were shuttered by the pandemic

waited anxiously to receive this emergency relief. Many of you on this Committee and in Congress were instrumental in helping companies like mine navigate the bureaucracy and you allocated more federal resources to solve the operational issues the program was facing.

In particular, the support we received through Representative Houlahan's efforts to expedite the SVOG funds were critical for the survival of my company and for many others. Fox Theaters lives another day because of what Congress did, but we are not out of the woods yet.

The Delta variant surge has thrown a wrench into what we thought was the start of a comeback earlier this summer and now, unfortunately, the release dates of major Hollywood movies are changing once again.

The demise of the movie theater industry has been predicted many times over whether it be by cable television, DVD, and now streaming. But Americans don't want to remain in their living rooms. They crave a shared experience out of the home with families, friends, and strangers and the thrill you only get in a movie theater immersed in the big screen. I am so grateful for the work Congress has done and continues to do, and on behalf of my family, my employees, and the thousands of Fox Theaters' customers in Pennsylvania and Maryland, I thank you very much.

Mr. PHILLIPS. Thank you, sir.

And now I recognize Mr. Cook for 5 minutes for your testimony.

#### **STATEMENT OF MITCH COOK**

Mr. COOK. Thank you, Representative Phillips and Representative Young Kim, and other Members of the Committee. Appreciate the opportunity to testify in front of the Committee and to hear the stories of so many other small business people and the journeys we have all been on. Thank you for the opportunity to tell my story.

My name is Mitch Cook. As you know, I am one of the owners of Avalon Bagels to Burgers. We are a fast, casual restaurant and we specialize in bagels, sandwiches, melts, salads, smoothies, and grilled items that we make fresh every day. We have two locations in the 39th district, both owned in North Orange County in Southern California in the 39th district, one of which opened in 1997, the other in 2001.

We employ approximately 30 people between both sites and we serve the best customers in the world. About 15 percent of our people have been with us for over 15 years and a host of others for over 10 years as well.

One of our slogans is we reserve the right to overserve our customers, and we have tried to make that our objective from the day we opened. And we try to treat each other as family and our customers like our friends. When the pandemic began, we were like everyone else has talked today, thrown off our moorings in a hurry. From mid-March of 2020 through the end of May, we were losing cash and revenue and wondering how long we could sustain the business, how long could we stay open? Things became pretty desperate. We ended up every Tuesday selling off boxes of meats and vegetables and toilet paper, anything we could do to generate income and our customers stood by us.

Fortunately, we had some cash reserves. We were able to keep all of our staff, but had reduced operating hours. In mid-May of 2020, we received our initial round of PPP funding and that was a huge blessing. It allowed us to cover our expenses and make up some back pay to those who had a shortfall due to our reduced hours. That loan was approved for forgiveness in October of last year and gave us a base to make due the balance of 2020 and all the variations that came with the recurring shut downs and changes in regulations and closures.

Because our revenue had such a significant drop in the second quarter of 2020 and thanks to the PPP Extension Act introduced by Representatives Young Kim, Bourdeaux, Luetkemeyer, and Velázquez, we were eligible for the second round of Payroll Protection Program funding in April of 2021. For those of you who worked on getting these funds through to so many across the country, I would like to say thank you.

In both instances when the money actually hit our bank account, I couldn't believe it was coming. And when it did, I almost felt like Jimmy Stewart in "It's a Wonderful Life." So thank you very much. We were desperately in need.

The current challenge, as you have heard all morning, had to do with labor shortages in trying to determine how to price our products when the cost components—every cost component we have is increasing. With regard to the labor issue, the unemployment benefits seem to be a reason to discourage people from applying for work and while I know they were recently—the pandemic specific unemployment benefits were recently discontinued, I hope this will encourage more and more folks to apply for work.

Hopefully, the inflation factors will come under control as has been mentioned, again, many times, whatever we can do to help the supply chain disruptions would be a tremendous benefit to all of us. And at the end of the day, we are all obviously working to support our families and those we love, especially at the small business.

I feel like that is the heartbeat of what we do. So it has been an honor to be a part of this group, and thanks for the opportunity to share a little bit about our story.

Mr. PHILLIPS. Thank you, Mr. Cook. And last but not least, I recognize Mr. Owens for your 5 minutes of testimony.

#### **STATEMENT OF GREG OWENS**

Mr. OWENS. Thank you, Chairwoman Velázquez, Ranking Member Luetkemeyer, and our Representative in New York's 22nd congressional district, Claudia Tenney, the rest of the Committee Members, I thank you for the honor and privilege to testify before the House Committee on Small Business during National Small Business Week.

My focus will be on the successes and the issues facing small business in the manufacturing sector of our economy. It is my hope that the Members of this Committee and staffers will take the time to read through my written statement as there is simply not enough time to cover all the topics that I want to discuss in detail.

My name is Greg Owens, and I am here representing our company, Sherrill Manufacturing, and our brand Liberty Tabletop.

Though, it may sound hard to believe, Sherrill Manufacturing is the only flatware manufacturer silverware left in the United States.

Our company sells and manufactures our flatware. We also sell other kitchen and tabletop items online. Everything is made in the USA. Sherrill Manufacturing also has a GSA contract to supply flatware to our military, something that we and all of our employees are proud to produce every day.

Our company was formed back in 2005 when Matt Roberts and I purchased the flatware manufacturing equipment from Oneida Limited located in Sherrill, New York. The Oneida factory was once the largest flatware manufacturing facility in the world employing over 2,300 people.

Why did Oneida Limited decide to scuttle the factory that had been around since Abraham Lincoln was President? The answer is simple: Unfair competition from China. The math was simple: After years of fighting to keep the facility alive, Oneida management realized that they could purchase manufactured product from Chinese factories cheaper than they could buy the raw materials to make it with here in the United States.

This situation, unfortunately, still exists today. The American steel industry is largely protected from dumping by the Chinese and others by tariffs under Section 232. While tariffs on steel may be in place to protect the raw material side of the manufacturing business, there is little been done to protect the manufactured goods side.

This means that the Chinese continue to dump subsidized steel in to the United States, but instead of doing it in the form of raw materials, they simply do it in the form of finished products. The only viable solution to this is to increase tariffs on finished goods across the spectrum to a level that is sufficient, perhaps similar to those on raw materials, to stop the ill-effects of this unfair trade practice by the Chinese and others who seek to gain unfair advantage over American manufacturers.

As the only manufacturer of flatware in the United States, the pandemic had a major impact on our business. Our sales grew by over 150 percent from pre-pandemic levels. Why? Because Americans, the American consumer want to buy American. However, there is an issue here. When you go to store to buy products by law the purchase that you are making, the product package has to have country of origin label on it. That is not the case online.

Included in the U.S. Innovation and Competition Act, commonly referred to as the China bill, the Senate has taken action in the form of an amendment to the bill requiring the country of origin labeling, or COOL, listings be made for products sold on the web. I am hopeful that the House version, which is being drafted, now will contain similar COOL language and be passed into law shortly.

My final point, but perhaps the most important of all is that there can be no Renaissance in American manufacturing without workers. A simple walk down main street looking at all the help wanted signs provides graphic evidence that we have a worker crisis. There are currently 1.3 million more job openings than people

on the unemployment rolls. Population growth is at historic lows and workforce participation rates are also down substantially.

Automation will help to some degree, but will fall far short of bridging the worker gap, but there is a solution and it is an adjacent, seemingly unrelated news story that seems to make the paper every day. We are also in the middle of an immigration crisis. While I realize there are widely divergent views on this issue, I am not sure anyone believes that the current situation is in any way acceptable.

America is starved for workers and we have millions of people who are either already here or arriving in increased numbers every day. I believe it is time to put aside the partisan wrangling and the rhetoric in order to put this situation in order and resolve these two major issues facing us today as we rebuild our post-pandemic economy.

Despite the partisan divide on many issues, made in America, including the return of a manufacturing industry to our shores, is one issue that seems to draw all sides together. The pandemic has taught us many supply chain lessons.

To give us a level playing field and protect us against industrial policies of other nations that unfairly dump their products in our marketplace, give us the raw material we need to build our widgets, give us the labor force that we need to expand our production in our factories, give us all these things and American small business will turn on the lights in factories across the country and help drive our economy to future decades of growth and prosperity.

I appreciate the opportunity to address the Committee today, and look forward to answering a couple questions perhaps.

Mr. PHILLIPS. All right. Thank you, Mr. Owens.

And now we will move to questioning. And it is my pleasure to recognize my colleague, Ms. Newman, for 5 minutes.

Ms. NEWMAN. Well, good morning, everyone. I apologize for—specifically to Jaime. I am so sorry, my friend. I was in a T&I markup, and they had me in a cage. I couldn't get out. No. I am kidding. I do have a question for you regarding your testimony and thank you so much for articulating all of the wonderful things that the Hispanic Chamber of Commerce does because it is remarkable in our State and it is a really great model for our entire country.

So my question has to do with disadvantaged business program or we frequently refer to it as DBE. I know you shared some of the improvements. I would love for you to recap them for this team for the record, but then also I have one other tiny question, so if you want to share, Jaime, the floor is yours.

Mr. DI PAULO. Thank you, Representative Newman. And in our chamber, we have very unique Chamber of Commerce. We helped several federal programs. We have in our offices a small business development center and we also have a PTAC, a procurement assistance center and several other programs. The U.S. Department of Transportation and we work with the Atlantic to create opportunities for minority-owned companies to get access to fair contracting, really.

So what I was talking about, Representative Newman, is we need to implement the level playing field. So if minority companies, actually, are there to grow, the object of the program is for them

to become primes eventually. And the way the program is set up right now, they will never become primes because after they graduate after 2 years, they don't qualify to be DBEs and so on and so forth.

If they make too much money, they are kicked out of the program. So the objective here is to make sure they become primes. And after they become primes, obviously, the wealth goes up. So that is what I was talking about.

Ms. NEWMAN. Great. And one other question before I let you go. So I know that, you know, the lack of labor is affecting everybody and there is a bunch of different reasons for that whether it is childcare or they are working with an illness in their family or whatever it might be, do you have any immediate solutions for our small businesses that are looking for labor that the chamber has had success with or other programs that you know are helping bridge that gap in matching unemployed with small businesses?

Mr. DI PAULO. Thank you, Representative Newman. That is a great question. The word of the day is labor force. What did the labor force want? And the several indicators that address that issue. One of them is the federal benefits that just ended. So some States that is a good thing now. We are going to see an influx of laborers coming back to the workforce, but especially in the service industry, people went out and got other jobs. The manufacturing, construction, those two industries are booming. So that is where the labor force went usually, especially in the minority communities.

So what we see now is restaurants in commerce adjusting to those schedules and we see, for example, in Illinois, as you may know, restaurants, for example, they were open three shifts; now they are adjusting to open up two shifts and hoping they can bring some more laborers coming in to work. So we going through the adjustment period.

We are going to see labor improvement pretty soon in the next couple months once the economy and everybody else is back to the workforce 100 percent.

Ms. NEWMAN. Well, thank you so much, Jaime, and I really appreciate your thoughts and comments today.

And I yield back, Chair.

Mr. PHILLIPS. All right. Thank you. Now it is my pleasure to recognize Ms. Van Duyne for 5 minutes.

Ms. VAN DUYNE. Thank you very much, Chairman. Thank you. By the way, Mr. Owens, I understand you are from Rome, New York. I lived there for 4 years. My dad was in the Griffiths Air Force Base. So I read all about you. I have actually been to your facility before. We actually have some of your products. So I love the small businesses upstate New York around the country.

Ms. Shaw, thank you for joining us again. Look, I appreciate all that you have done. I love that story that you told about, you know, opening up your conference room and having kids come in so that your workers would feel comfortable, they would be able to keep their eye on the kids, make sure they are going to school. It is those types of things that I saw around our district, around our communities that really helped, I think, you know, working families be able to achieve success in the last 18 months.

In your testimony, you thought that North Texas fared better than most during the pandemic. Can you elaborate a little bit on maybe that success?

Ms. SHAW. Certainly.

Well, for one thing, we didn't shut down like so many—excuse me—of the other States around the country did. I feel like we fared better because of that. And, because of the fact that we did not shut down, there were people moving here constantly.

I am in the Dallas-Fort Worth area, and the growth in our area has just exploded, and so those people coming in, buying homes, paying into the community, paying taxes into the community, and buying services and goods, all of those really helped to keep the north Texas area vibrant in a time that—that many businesses were still struggling, of course, but I feel like we fared better than other parts of the country in many ways.

Ms. VAN DUYNE. So this administration and the majority continue to pose several tax increases that will undoubtedly affect small businesses. We have a Small Business Administration who did not see the tax hikes at all—that tax hikes are affecting small businesses. You know, coming off an almost two-year pandemic, can you talk about how tax increases on your small business would affect you and other businesses?

Ms. SHAW. I don't see how it can not hurt the small businesses. Increased taxes mean we won't be able to give our employees raises that we would like to. It means we can't maybe do maintenance that needs to be done sometimes to the building and your facilities. It keeps us from hiring additional employees, and it hinders our ability to do upgrades to computer equipment and some of the other things that it takes to keep a business running as it should.

I don't know how it would not hurt us. I can't find a reason.

Ms. VAN DUYNE. Okay. Thank you.

So, in your role as the Chair of the Hurst-Euless-Bedford Chamber of Commerce board, have you seen labor shortages or heard from chamber members who are struggling to find workers, and what are you hearing that led to these shortages, and how have businesses responded to them?

Ms. SHAW. Absolutely.

I believe every single business that I am aware of from the small mom-and-pop businesses to our local hospitals to the airport, DFW Airport, to our waste management, they all have shortages. They all are looking for qualified people. Republic Waste Management, they have started their own training school.

So they are all trying to find ways to participate in that job market. You know, they are trying to find the people. The government checks, I think they were way too much and went on for way too long, and it took the incentive away from people to go back to work. They became too comfortable staying at home. And then, whenever they could make more money staying at home than coming back out to work, when they go back to work, it is gas, it is money for lunch, it is money for childcare.

And so, when everybody—they were being paid more to stay at home, then our businesses that were opening up, as they were opening up, our essential businesses, such as our first responders and our hospitals losing those people, that is not the same people



that are working in minimum-wage jobs. These are people from the minimum-wage jobs all the way up to our hospitals that are struggling.

For the Chamber of Commerce, we worked tirelessly to try to work with our Members. We—actually, we have a business expo coming up, and we have incorporated a job fair into that. So we have worked with all three cities in Hurst, Euless, and Bedford, and we will be putting signs out trying to really get more community involvement and trying to let the people that are searching for a job or ready to get back in the workforce, we are trying to introduce them and put them together with the local business owners.

So we are hoping that our job fair will go well, and so, you know, we are just trying to do anything that we can to help support our local businesses.

Ms. VAN DUYNE. Excellent. I see my time has expired. Thank you very much.

I yield back.

Ms. SHAW. Thank you.

Mr. PHILLIPS. All right. Forgive me.

And now it is my pleasure to recognize Ms. Houlahan for 5 minutes.

Ms. HOULAHAN. Thank you, Mr. Chair.

And thank you again, Mr. Fox, for joining us today, for the opportunity to kind of share a little bit about your experience in terms of live venues, in terms of the people who are from industries like yours who were the very first to have to close and who will still be the very first to experience being able to get back to some sense of normalcy. I am very, very grateful to you for the narrative that you can share with us and the experience that you can share with us.

And, particularly for this part of the country, for the middle, mid-Atlantic of the country, our experience is very different than other parts of the country's experience were, and we did have to do a lot of things very differently in our part of the country so that we could protect, frankly, other parts of the country from experiencing what it is that we have experienced over the last 18 months. And so, for that, I really want to pay tribute to you for having done the right thing in keeping people safe and healthy in their homes.

So, with that, I would love to know if you could share with me what we can do from this point on. You mentioned your concern with the delta variant. I have concerns, too. I don't believe that we are necessarily out of the woods here and that people still, I think, are a little bit reticent to come out and participate in live events.

What can we be doing to be helpful to continue to bring people around to your businesses?

Mr. FOX. Representative Houlahan, thank you very much for the question. And, again, thank you for the honor to be speaking to all of you today.

So I have been listening to all the testimony. I am surprised by some of the things I heard, not surprised by some others. Your question is a good one, and I am going to say a word that I don't think I have ever heard said yet today: Immunization. That is what we need to do. I know it is a political topic, and I don't want to get into politics.

But, for my industry, that is the difference maker. And I think that is what will ultimately lead us out of the delta surge or any other surge that we are going to have in pandemic, is immunization. Herd immunity, whatever you want to call is going to be as the result of that. But, until we get more people immunized, we are going to have this battle in my business and in any other business that is asking the public to come, because the public is a diverse group, and it is a group of younger people who feel that they don't need the vaccine or older people who won't dare go anywhere without a mask or a vaccine, and a lot of people in between.

And people who go to movies represent every walk of life, every socioeconomic group, and we would like them to gather together to have fun, to enjoy, to take some time out, to eat, drink, and recline, like we have in the front of our theatre.

And, without, you know, the vaccine, it is not going to—it is not going to work, and so we just need more vaccination, and that is the difference maker for us.

I do want to shout out two things that I did hear from two of the other testifiers, Mr. Owens and Mr. Di Paulo. I loved what you both said about how to address some of the labor issues. I think immigration is a tough topic. We have huge labor challenges in our industry for a lot of reasons—a lot of reasons that Mr. Di Paulo spoke about.

And I think what the—what the pandemic has shown us is that the federal government can act and act quickly with great focus, not without problems, bureaucratic problems, but it can work. And I applaud what you have all done, Members of this Committee and Congress, to—to not just save our industry, but to save American industry. You have done an amazing job, and I am very proud of the federal government and what it has done.

Ms. HOULAHAN. Thank you. And I think you are right. I have been listening to the testimony all day, and I haven't—you are right—heard immunization as an answer, and I think that it is really, really important.

One of the things I am really proud about Pennsylvania's Sixth for is, for a certain amount of time, we were leading the nation in terms of vaccination rates, literally the county in the country that was most vaccinated.

And what is really, really cool about parts of our community is that we are 40 percent Democrat, 40 percent Republican, and 20 percent Independent, and we collectively believe that immunization is the way that we can find our way out of this. And so, for that, I am appreciative.

With my last 45 seconds, if you can give one piece of advice—I am an entrepreneur to another entrepreneur—to our entrepreneurs out there about having the stomach to be able to be an entrepreneur, what would be your seasoned experience that you can share with the rest of us on that?

Mr. FOX. You know, don't—you don't get a lot of sleep as an entrepreneur. You wake up thinking about the—your customers and the people who work for you and all the challenges that are out there, so just keep yourself in good shape, eat healthy, and, you know, believe in the people who work for you, because they are extraordinary. And treat your customers like kings, because they are.

And, without customers, you have no business. Without employees, you have no business. And, in my business, without movies, we have no business. So those are our big three.

Thanks.

Ms. HOULAHAN. And, with that, we have run out of time. I thank you so much.

And I yield back, Mr. Chair.

Mr. PHILLIPS. Thank you, Ms. Houlahan.

And now I yield to Ms. Young Kim for 5 minutes of questioning.

Ms. YOUNG KIM. Thank you, Chairman. And I want to thank our Committee Chair and Ranking Member for holding this important hearing. And I am delighted to participate and honor our small business owners from our respective districts during this National Small Business Week.

In my mind, every week should be National Small Business Week to honor the great work our entrepreneurs do in creating jobs and being the engine of our middle class and mainstream stream economy.

Small businesses have already suffered through one of the worst economic crises and market disruptions in our nation's history because of that COVID-19 pandemic.

But fortunately our country came together in a bipartisan way to provide immediate relief for struggling small businesses through programs like PPP, and gave entrepreneurs like my witness, Mr. Cook, and many others that testified today to keep their capital and keep their businesses open and retain employees during the pandemic.

And, once again, in the 117th Congress, we showcased once again what we can achieve in a bipartisan fashion by passing that PPP Extension Act that allowed additional 2.7 million loans for \$54 billion total in aid. So I am really glad that our witnesses took advantage of those PPP loans and were able to use it to keep your business open.

So, with that, I would like to ask Mr. Cook, you know, we are all struggling, but you weathered through the difficult times, and you are now successful. So I want to thank you for being the job creator. But I see that you started your career in industrial engineering.

So can you explain to the Committee what made you change course in your career and establish your own business and take on this risk of becoming an entrepreneur?

And, in your time as an entrepreneur, how would you compare this COVID-19 pandemic with other economic downturns?

Mr. COOK. Thank you, Representative Kim, and thanks to all of you for the opportunity to be a part of this morning of sharing our stories.

How I ended up switching from industrial engineering to owning our own business is kind of a long story. In 1971, in El Monte, California, my parents bought a Taco Bell franchise, so I grew up all through high school and through college, small family business, and you all know the story—working tirelessly and being involved in the day-to-day operations of getting by.

Then went through school and had an engineering degree, and I did work for different corporations for 16 to 18 years. And, al-

though it was good, there was always a part of me that missed the day-to-day life of owning your own business. And, in general, in my opinion, life is relationships. It is relationships at every level, with people, with God, with ourselves, with others.

And I just found that, when you own your own business and you are in the—kind of into the fray every day with folks, those are deep. And so—

Ms. YOUNG KIM. Yeah.

Mr. COOK.—we were able to purchase a few more Taco Bells in 1996, and then, in 2001, had the opportunity to get involved with Avalon. And so that—just kind of the way I was wired led me more toward having my own business and giving own shot.

With regard to how it has compared, the tough part, I am sure all of you can relate to. This downturn was so fast and so sudden, and to have to make decisions on the fly so quickly compared to, say, the 2008, 2009 recession where you kind of saw it coming and there was a gradual slope to it, that was really tough.

But, again, I just reiterate what everyone said. Thank you to all of you at the federal level that were able to provide us with funds. It was a life-saving box for us, so thank you.

Ms. YOUNG KIM. Sure. Thank you for sharing your story.

Now, as you continue to operate your business, I know there is a lot of the policies that affect your operations. So can you share with us how the increase in inflation and price of goods and the supply chain disruptions are impacting your business operations?

Mr. COOK. You know, again, as everyone else has said and as just Econ 101 is, as our costs go up, we have to change our prices. And, especially when you are small, that is—that is a tough exercise to do repeatedly and to do often.

So that is—it has been hard, and we don't want to drive away customers in trying to stay competitive. So the inflation is high. But, on the supply chain disruption is every day as we show up, we don't have something. So it has been tough on productivity. It has been tough on offering our customers the best products we can, and has just made what is already a tough business—any business is tough, but what has made an already tough business has just added a whole layer of complexity on it that has made it tougher as well.

But thankfully we have been able to weather it, and we look forward to what lies ahead.

And just want to reiterate, too, with Mr. Owens' idea on immigration, I appreciate you sharing that thought, that we are for the immigrant. We are a nation of immigrants, and I know it is a very, very complex issue, but we encourage you to do whatever you can to make it fair and just for folks to come here and pursue whatever they feel they would like to.

Thank you.

Ms. YOUNG KIM. Sure. Thank you so much for your testimony.

And, from one immigrant to another, I am here to live the American Dream because of the opportunities that this country provided for me and my family. And thank you for mentioning the importance of welcoming immigrants to this country who wants to also live that American Dream.

So thank you, all of you, for your hard work and for weathering through the difficult times. And we are here to be your small business advocate.

Thanks again for joining us. I see that my time is up. Thank you so much.

Mr. PHILLIPS. Thank you to my friend from California.

In fact, no more beautiful words could be uttered to close this hearing. And I want to thank you all, all of our witnesses, for joining us. You have been heard. We have your backs and, rest assured, despite what you all see on TV screens at night, we are unified on Small Business Committee to supporting you.

Many of us are business owners ourselves, and your testimony hits home to us, and we want to thank you.

So, with that, I must ask that you log out of the platform now. If you want to continue watching for a few more moments on YouTube live stream, please feel free to do so.

But, most importantly, heartfelt gratitude. Keep the faith, and hang in there. We are going to be helping you out. Promise.

Thanks, everybody.

And, with that, we will now close the hearing, but just some brief comments first.

You know, hearing from our main street champions during such a difficult time in our nation's history, especially for the business community, is touching, inspirational, and reminds us of why we must unify behind support for small businesses. I believe representation begins with listening. That is what we have done here today on a bipartisan basis.

And, on that note, just in the last week here in my district, Representative Angie Craig, my colleague here from Minnesota, and I hosted a roundtable. And, just yesterday, Representative Van Duyne from Texas came up to Minnesota, and we also had a listening session with small businesses, hearing many of the same things that were shared today.

I think it is important for Members of Congress on a bipartisan basis to sit together and listen together to the issues that are facing so many in our country.

I think right now about Christine Lantinen, the owner of Maud Borup, which is one of the oldest candy makers here in Minnesota. She talked yesterday about being 100 employees short right now, paying for shipping containers from Asia that had been \$3,000 per 40-foot container that are now \$25,000, if you can even get one.

We know how tough it is. We know how inflation impacts you. We know how labor crunches impact you. We also want to ensure that your tax dollars are well used, just like all of us, of course. We are unified to that end.

So I ask that you all keep the faith, you keep in touch with us. I think it is integral, imperative that we continue to fulfill our mission to provide support to small businesses. During COVID, where some of the funds have been distributed, in my estimation, many of our estimation, in an inequitable fashion, we can and must rectify that. And we have to ensure that capital provision is available to entrepreneurs in this country.

Moments ago, stories were told of immigrants coming to this country with big dreams, and that is exactly what the United

States is all about. And, to the extent that we can ensure that there is access to capital so that those dreams can be pursued, we must do so, and do so fast.

So, with that, I want to thank all of our witnesses for joining us today, and I would ask for unanimous consent that Members have 5 legislative days to submit their statements and supporting materials for the record.

And, without objection, so ordered.

And so, if there is no further business to come before the Committee, I do not have a gavel, but I have a pen, and we are adjourned.

Thanks, everybody.

[Whereupon, at 2:19 p.m., the committee was adjourned.]

## APPENDIX

Testimony of Tod Greenfield to The Committee on Small Business hearing: “National Small Business Week: Celebrating our Main Street Champions” Tuesday, September 14, 2021

Good morning Chair Velazquez, and distinguished members of Congress, Thanks for giving me the opportunity to testify today. I am Tod Greenfield, I live in Nassau County, NY. I am an owner and VP of Martin Greenfield Clothiers in Bushwick, Brooklyn. We produce custom clothing for businesspeople and weddings, as well as presidents and celebrities.

As some of you may know, my Father Martin Greenfield emigrated to the United States as an orphaned Holocaust survivor in 1947. He got his first job as a floor boy at the GGG clothing factory we now operate in. Martin went to night school to learn English, got his citizenship, and worked at the factory for 30 years, becoming the production manager. In 1977 after his employer decided to shut down the factory Martin purchased it and established Martin Greenfield Clothiers. Martin has always been grateful for having been liberated from Buchenwald by the United States Army. He started his career as a Union member and always felt a strong desire to give back to the communities that welcomed him.

When the neighborhood got rough and factories started moving away Martin pulled other owners together and helped establish one of the first Industrial parks in NYC, now known as Evergreen. My father always considered the needs of the employees, the neighborhood, the vendors, and customers in his decision-making. These are values instilled into my brother Jay and I who worked alongside Martin for over 35 years. I currently oversee production, human resources, sourcing, and facility management at our company. I also serve as the current Board Chair of Evergreen.

Our company wasn't prepared for the Covid shutdown and sudden loss of business. We could not have survived the devastating effect without the 2 PPP loans, the EIDL Loan, and the Employee Retention Credit (ERC) we received. These enabled us to hang on and continue paying our employees' healthcare during the shutdown and the long months after.

Our business (custom suits and tuxedos) is very dependent on events, business people dressing for the office, lawyers dressing for court, and film and television production. Our industry was particularly hard hit because of this dependence upon in person events. This came on top of decades of competing against cheap imports from foreign manufacturers who benefit from unfair foreign government support. Directly because of covid, our sales were down over 50% for an entire year! We are finally experiencing a return in demand for our clothing; however, sales are still down over 25%; but we are confident demand will continue growing.

As the only union men's clothing manufacturer left in NYC, we are an important resource providing living wage jobs to over 50 mostly immigrant craftspeople. Just as our father was able to send my brother and I to collage, so have hundreds of our employees been able establish their families here in Brooklyn. We were able to provide safe access to sewing machinery and space for Parsons School of Design students while their school was closed because of covid. Over the years we've hosted classes from Parsons, FIT, School of the Art Institute of Chicago, and many other colleges and high schools who seek hands-on learning experiences.

When the Covid lockdown silenced the factory, we were able to safely produce and donate tens of thousands of masks and thousands of hospital gowns needed by our local frontline community. Before our first PPP loan was funded, we were able to raise money through a GoFundMe enabling us to purchase mask making supplies. We donated masks to St. Nick's Alliance, Downstate Medical Center, The New York City Administration for Children's Services, as well as many hospitals and frontline workers. However, this support has ended before the pandemic. I urge you consider some additional relief to especially hard-hit industries like ours which depend on in person events.

I want to thank you. Your actions through the CARES Act and the American Rescue Plan provided lifesaving support to our company, our employees, and our community here in Brooklyn!



Chairwomen Velazquez, Ranking Member Luetkemeyer, and members of the committee, I am honored for the opportunity to testify before the committee today on "how our business was established, how the pandemic has affected our business and changes small businesses are currently facing.

I am Jan Haviland, owner and president of Haviland Corporation in Linn, Missouri, a small rural town of about 1,500 people and home of State Technical College, one of the top 3 Technical Colleges in the United States.

I am chairperson of the Missouri Leadership Council for NFIB (National Federation of Independent Businesses), Industrial Representative for the Meramec Regional Planning Commission, and on the Board of Directors of the Missouri Chamber of Commerce.

Haviland Corporation is a 75-year-old business, started in 1946 by Warren and Van Haviland. Warren Haviland served in World War II and the Korean Conflict and was a Combat Disabled veteran recognized in both with a Purple Heart and Bronze Star. Van Haviland was the majority shareholder since the inception of Haviland Corporation until my daughter, Alice Andrews, and I purchased the business in 2014, thus making Haviland Corporation a women owned business for all 75 years.

Van's father was a Sanitary Supply Distributor in St. Louis, Missouri for many years. When Warren returned from WW II he worked for his father-in-law, Mr. Charles Bushart and found enjoyment within the industry. Warren talked with Mr. Bushart about the needs the Sanitary Supply Industry had, that were not being met. The conclusion was the industry needed quality Floor Squeegees. So Haviland Corporation began in February of 1946 in the garage of the Haviland Household. During the next 75 years other products were added to the line-up of Haviland products, such as window squeegees, squeegee blades for automatic floor scrubbers, tools and blades for asphalt application, and squeegees for the building and roofing trades.

In 1974 Haviland Corporation, having outgrown its 3-story location in St. Louis, moved to Linn, Missouri, in Osage County, where the Haviland and Bushart families had been vacationing since 1914. There a 120 X 60 ft. factory was built in the "new" Linn Industrial Park. As our business grew two new additions were added, one in the 1980s and one in the 1990s. Our staff has been consistent for many years, retiring our first employee at our Linn location with 46 years of service.

As business practices changed, over the years, we had to contend with the changes that were brought about with increased products being imported from China. We did some purchasing of supply parts from China but reduced those purchases around 2009 because quality decreased and we wanted to continue being a "Made in the USA" product, as we are today.

I was named President of Haviland Corporation in 2010 and my daughter was named Executive Vice President. She has been handling many of our day-to-day decision as

she prepares to become the "3<sup>rd</sup> Generation" to run Haviland Corporation. Supply lead times have become a huge problem as we need to make sure we have the materials to get our products out the door in a timely manner. We have seen an increase in our lead times go from 3-5 days to 4-6 week, or more, caused by the lengthening of time to get supplies and an increased volume in orders.

When the Pandemic arrived in March of 2020, we saw a drop in business for several months but were helped with PPP funds to get us through the next 6 months of 2020. We also provided our county with 50 Personal Protective Equipment (PPE) washable gowns for the health department.

Since January of 2021 we have experienced cost increases from all suppliers, including corrugated boxes, steel, steel finishes, rubber, freight, plastic parts, bolts, nuts and other parts necessary for completing our products and getting it out to our customers. This in turn is causing an upturn in the prices we must charge our customers. We usually have between a 2-5 percent increase every two years, but this year, being the year to increase prices, we are looking at a price increase of between 10-12 percent. As I look at the tax increase the federal government is proposing for "C" Corporations, this would wipe out about 2/3 of our price increase. In running a business, it is essential to have money to cover cost increases, repair and/or replace equipment, do building repairs and to provide all full-time employees with full health insurance, and wage increases for full- and part-time employees, hoping they will not be wiped out by inflation.

With prices increasing on supplies, some 3 to 4 different times, since the beginning of 2021, wage increases, insurance increases, and repair and equipment price increases, what would be remaining from our product price increase would be very little, to cover the costs of doing business. As a small C-Corporation, with worldwide distribution, and approximately 15-20 employees, depending on the time of year, we could price ourselves out of the market because of having to pay higher taxes to the federal government. The choice of either pricing ourselves out of the market or covering the costs of doing business because of higher taxes will put Haviland in a nearly impossible situation.

At the time Haviland Corporation was established in 1946, there was a choice of being a "C" Corporation, which provided liability protection, but gave us two layers of federal tax at the corporation and individual levels or choosing a partnership or sole proprietorship, which would be a single layer of taxation at the individual level but sacrificed the umbrella of liability protection. Many small businesses established before 1958, when the "S" Corporation option became available, are still in existence today. By treating all sizes of "C" Corporation the same, with the current proposed tax increase, this would jeopardize the small business "C" Corporations by taking a disproportionate share of profits; dollars needed to help their businesses grow, as I

mentioned earlier. Because "C" Corporations provide liability protection, small businesses like ours are reluctant to change over to another type of business model.

As I stated we are a small business of around 15-20 employees. We provide health insurance for employees and their families, a pension plan, stock ownership and profit-sharing plans and college tuition donations for our employee's children, as well as other benefits. We proudly manufacture in the United States and Haviland Corporation believes in Americans helping Americans, this has been a company mission since our inception with Warren and Van Haviland. It is about providing jobs that pay for little league uniforms or piano lessons, paying taxes to improve roadways and providing insurance to our staff to relieve some of the stress that comes with illness. It is important we work with one another and by manufacturing in the United State of America, we can do that. Now we need your help to ensure this ability to own, operate and grow the small business continues.

DOWNTOWN  PARTNERSHIP  
OF BALTIMORE

Testimony of  
Shelonda Stokes

President of Downtown Partnership of Baltimore, Maryland

“National Small Business Week: Celebrating Our Main Street Champions”

Before the  
U.S. House of Representatives Small Business Committee

September 14, 2021

## **INTRODUCTION**

Good morning, Chair Velazquez, Vice-Chair Mfume, Ranking Member Luetkemeyer, and Members of the Committee. My name is Shelonda Stokes, and I'm honored to serve as President of Downtown Partnership of Baltimore, Maryland ("Downtown Partnership"). I also have the distinct pleasure of being a small business owner for more than 20 years and I serve as a member of the National Women's Business Council.

I thank the Committee for its leadership and commitment to advancing economic opportunities for all Americans through your work on behalf of small businesses. Your efforts and foresight over the last nineteen (19) months are making the difference to countless small businesses and their employees as we continue to navigate a health and economic crisis unlike anyone has seen in at least five (5) generations. But for you, many members of the Downtown Partnership and their employees would be former members - out of business and mere bystanders to the economic recovery we are creating.

## **ABOUT DOWNTOWN PARTNERSHIP OF BALTIMORE, MARYLAND**

Downtown Partnership of Baltimore oversees a 106-block business improvement district in the heart of Downtown Baltimore, providing services that make the area a clean, safe, and vibrant place for businesses, residents, and visitors. We are proud that many of our staff members are returning citizens, who we support with full benefits and a \$15/hour starting wage.

Industry-leading companies as well as a talented workforce choose Downtown Baltimore to live, work and play. We're proud of our recognition as a leading destination for medicine, education, and tourism. We also boast the fastest-growing residential Census Tract in Baltimore (Tract 401) and is home to thousands of entrepreneurs and independent businesses. Although small in geography, just one percent of the City's total area, we are its largest economic engine, with jobs and tax revenues that support residents across Baltimore neighborhoods.

Since the beginning of the pandemic, my team and I have been busy adding new tools to support our community. These include business impact surveys, a retail gift card program that gave restaurants and retail businesses cash up-front for rent and other business costs; grant funding to

artists; a free meal program; and virtual marketing efforts to promote small businesses.

During the shutdown, I served as co-chair to the mayor's "Small Business Recovery Task Force," which coordinated the City's economic response to the shutdown. We helped channel Federal relief funds, reduced business fees, and streamlined permitting for things like outdoor dining.

In my capacity as both President of Downtown Partnership and co-chair of the Business Recovery Task Force, I can attest to the need for Federal support that exists and the integral role your leadership has played. This Committee's efforts have sustained our community and thousands like it across the country.

Federal stimulus and assistance provided a substantial infusion of resources to state and local governments to help us turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. I see that being the case for the foreseeable future which is why I'm honored to sit before you today.

#### **BEING INTENTIONAL ABOUT INCLUSIVE ECONOMIC GROWTH – THE DOWNTOWN PARTNERSHIP BOOST PROGRAM**

In a normal year, small businesses experience high rates of failure, particularly Black-owned firms. The pandemic has exacerbated those rates. Pre-COVID, Black-owned businesses had less than half of the investment at start-up than other types of firms. Forbes reported last year, despite emergency government relief funding, minority-owned businesses were losing more revenue and relying more on personal savings to stay afloat.

As we recognize Small Business Week amid this elongated pandemic, I would like to highlight a new program we created to help correct this imbalance. It's called BOOST, which stands for Black-Owned and Operated Storefront Tenancy. BOOST was created to fill main street storefronts that were left empty by the pandemic, accelerate the growth and success of minority businesses, and serve as a catalyst for making Downtown Baltimore reflective of the demographics of our City.

We launched the program in February and have selected five Black-owned retail businesses to participate in the first cohort. Each organization will receive up to \$50,000 in grant funding, below-market rents in beautiful storefronts, and robust training in the areas of technical, legal, accounting,

and marketing. We designed BOOST to have a multiplier effect on the health and wealth of our city and its citizens. This is not about simply "checking a box." BOOST is designed to overcome systemic failures that prevented minorities from building generational wealth by combining operating capital and business management tools.

BOOST is a perfect example of the benefit of public private partnerships. In addition to public support, sponsoring corporations include title sponsor, Fearless, a \$40 million minority-owned company headquartered in Downtown Baltimore, along with other giants like Baltimore Gas and Electric, M&T Bank, and the T.Rowe Price Foundation. Our program is simple and scalable. It can use private investment to leverage public funding or vice versa. When combined with other Federal and NGO programs, BOOST improves the return on investment because the businesses are more likely to succeed and grow over the long term. When they do, they typically hire from within the community and create generational wealth.

The BOOST Class of 2021 Winners are:

- The Black Genius Art Show – a multi-media creative space and fashion brand;
- Codetta Bake Shop - a café and bakery specializing in creative desserts;
- Elite Secrets Bridal - a bridal design house and boutique;
- NKVSKIN – a natural beauty company featuring both products and services; and
- Media Rhythm Institute - a hip-hop-inspired media space with a café and educational studio<sup>1</sup>.

**CONCLUSION**

It is an honor to appear before this Committee, and I extend my sincerest appreciation for your work. You are stewards for thousands of small

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<sup>1</sup> More information on our Winners is found in the Appendix to this written testimony.

businesses struggling to put themselves on the map. The resources that flow through this room are an economic lifeline.

As we recognize Small Business Week, Downtown Partnership doubles its resolve to grow small businesses and do so in a way that reflects the people we serve. Our communities are built on small, locally-owned businesses and, despite globalization, I believe this is where our economic future lies. When this Committee supports main streets, the investments stay in the community. Your work is saving jobs and small businesses. It is also establishing the foundation for our post-COVID economy. During this Small Business Week, I join you in recognizing and supporting American Small Businesses of every shape, size, and color.



## APPENDIX: BOOST 2021 BUSINESS BIOGRAPHIES

### **The BOOST Class of 2021 Winners**

#### **The Black Genius Art Show**

The Black Genius Art Show is multi-media creative space and fashion brand owned by Bryan Robinson.

Robinson is an educator and multifaceted media artist born and raised in Baltimore, Maryland. Under the motto "Create Everyday," Robinson has created hundreds of original illustrations, a collection of garments featuring his unique characters, and has an assortment of animated projects in the pipeline. Robinson currently works with school-based programs, universities, youth groups, galleries, art initiatives and community-based organizations throughout Maryland. Through BOOST, Robinson will be opening a Gallery space called Genius Guice Studios in Downtown Baltimore, a fully functional art house with amenities. A one stop shop to see, wear, create and experience art. More details coming soon.

[Website](#) | [Instagram](#) | [Facebook](#)

#### **Codetta Bake Shop**

Codetta Bake Shop is a café and bakery specializing in creative dessert items owned by Sumayyah Bilal and Christopher Burgess.

As a bakery, Codetta specializes in traditional American-style desserts such as cheesecake, cupcakes, buttercream cakes, ice cream, and other delicious treats. Through BOOST, Codetta is expanding to a full-service eatery serving breakfast, lunch, and brunch. Their menu will consist of a combination of sweet and savory items made with high quality ingredients and expert cooking techniques, available for purchase by the local weekday workforce as well as weekend brunch clientele. Codetta seeks to become a touchstone of service, atmosphere, and high-quality food for the Downtown Baltimore community.

[Website](#) | [Instagram](#) | [Facebook](#)

### **Elite Secrets Bridal**

Elite Secrets Bridal is a bridal design house and boutique owned by LaTonya Turnage.

Elite Secrets Bridal was founded in 2015 with a goal to change the bridal industry. Elite Secrets storefront is currently located in Baltimore's esteemed Mount Vernon fashion boutique district. Founder LaTonya Turnage has been a driving force behind the company's philosophy of combining expertise and excellent service with style and grace. Elite Secrets leaves pretense to the side, focusing on bringing the best designers and emerging bridal gowns from all over the world to Baltimore Brides. Through BOOST, Elite secrets will open a second location that specializes in showcasing local bridal designers.

[Website](#) | [Instagram](#) | [Facebook](#)

### **NKVSKIN**

NKVSKIN is a natural beauty company featuring both products and services owned by Nikia Vaughan.

This direct-to-consumer natural beauty brand offers a complete line of facial skincare products to improve the skin's appearance and treat common concerns such as acne, hyperpigmentation, and eczema. The Company started in 2018 with a simple facial oil product and has since grown and matured both its product line and skincare educational program. Founder Nikia Vaughan is a recognized servant leader and community advocate with a natural skincare certification and an anticipated 2021 esthetician license. Through BOOST, NKVSKIN will open a retail location Downtown.

[Website](#) | [Instagram](#) | [Facebook](#)

### **Media Rhythm Institute**

Media Rhythm Institute is a hip-hop-inspired media space with a café and educational studio owned by Deverick Murray, Jimmie Thomas, and Tiffany Welch.

As an educational incubator, Media Rhythm Institute develops the next generation of media and entertainment industry professionals through STEM-based workforce training, academic achievement and industry

opportunities. Through BOOST, MRI plans to open a centralized creative entrepreneurial hub for emerging artists. Focusing on music, media, and wellness, this creative mixed-use space will highlight local art through a retail, production, and performance lens.

[Website](#) | [Instagram](#) | [Facebook](#)



It is a privilege and an honor to address you today. Thank you for listening to our story.

My name is Natasha Hudson. My husband, Chad, and I own **Hudson's On Mercer Street**, a live music venue in Dripping Springs, Texas.

Dripping Springs is a fast growing community about 20 minutes west of Austin. It is lovingly described as, "WEST OF WEIRD".

Dripping Springs is home to many locally owned wineries, breweries, distilleries, boutiques, and wedding venues and is a great spot for tourists and locals.

We started Hudson's On Mercer Street almost 6 years ago and it has become a creative and encouraging musical hub and event center for our community. We feature local and regional acts, party bands, singer/songwriters, karaoke and open mic. We also offer music lessons for any age and skill level with an emphasis on live performance.

We are all about building confidence and loving everyone who comes through our doors. Having a huge passion for our community, we never say "no" when asked to donate our venue to raise funds for foundations and individuals in need. Our chance to give back is what we missed the most during the pandemic closures.

A music venue may sound frivolous to some, but to us, it's our dream and the way we serve our community. This venue is also the way we support our family of 5 kids and provide jobs for many to do the same.

In 2020 we were shut down for nearly 7 months. By offering live streams of musical acts and virtual music lessons, we fought to keep our business afloat and help provide income for local musicians and bands who counted on us for work. But that only took us all so far.

When we were near the bottom of our business and personal bank accounts and had gone through all personal savings, we were given a sign of hope when we were approached by Congressman Williams' team. They shared with us a plan that made us feel encouraged and validated.

We waited eagerly for the Shuttered Venues Operators Grant to officially open their application process. We read all we could and joined webinars to help us understand what information they would be requesting.

As prepared as we thought we were, and with the help of our CPA, the process was still a bit overwhelming and was difficult to navigate at times. With website complications and application dates pushed back, we grew weary. However, complications were completely understandable because this was the first time support of this stature had been offered to music venues.

Thanks to the grace of God, the hard work of our brothers and sisters in congress and the SBA, we were awarded a generous amount to cover our losses from 2020. It came in the nick of time and single handedly put Hudson's On Mercer Street back on the map with no fear of demise. For that we are eternally grateful. What you did for our family owned business is incredible and we thank you from the bottom of our hearts.

The Shuttered Venues Operators Grant re-paved the road for success and ensured that our business will remain alive and strong. We aspire to provide more community outreach and hope that the joy of music and fellowship is the legacy of Hudson's.

Thank you for your time.

TJ Hale Company  
Menomonee Falls, Wisconsin

September 10, 2021

#### A Success Story That Almost Wasn't

As CFO, I am proud to represent TJ Hale Company for this subcommittee and appreciate the opportunity to discuss our interactions and involvement with the SBA. The Company, based in Menomonee Falls Wisconsin has had a long and successful history of over 70 years, starting originally as a small family business and then migrating to a diverse enterprise. The business started out designing and manufacturing fixtures for the retail industry. Since then, the Company has diversified into a broad range of products and services across multiple industries including business interiors, hospitality, education, experiential, retail, architectural millwork, storage and transportation, and restaurants. By leveraging the strong mid-west work ethic and innovation, the company has weathered many economic downturns through the years.

Covid-19 hit with catastrophic impact across most of the global economy. In March 2020, after the "Safer at Home" directives were made across the country, Congress scrambled to define and execute economy surviving and then reviving programs. Through the SBA and other Federal Agencies, they implemented the Paycheck Protection Program (PPP 1&2), the Main Street Loan Program, Other SBA Loan and Grant Programs and the Employee Retention Credit Program included in the CARES Act.

The impact to TJ Hale from Covid-19 was catastrophic. Our annual revenues hovered around \$25mm to \$30mm over many decades. By March 2020 our revenue stream virtually dried up. Open orders to be fulfilled during the rest of 2020 were cancelled. All completed orders ready to ship were put on hold. Overall, we saw an 80% reduction in revenues from 2019 with the majority of 2020 revenues coming in the first quarter before Covid-19 hit.

Through our existing lender, TJ Hale was successful in procuring a PPP 1 Loan of \$1.8mm which was funded in April 2020. The process was smooth with our lender who did the administrative requirements with the SBA. TJ Hale had no direct contact with the SBA other than the financial and certification requirements on SBA's web portal.

In order of magnitude, TJ Hale had 104 employees in March 2020; at our lowest point we had 13 employees for approx. 6 weeks during July 2020. We furloughed most of the employee base during this 6-week period as we had no business activity to transact. We strived to maintain a skeletal crew of approximately 40 - 50 employees to ensure future business activity could be managed, if and when it returned. We recognized the need to retain key employees throughout this process. Throughout 2020 the company continued to fund medical insurance for those furloughed employees. By January 2021, some of the previously deferred orders were being reinstated and our workforce was back to 58 employees. During this time, we lost many talented employees who we are still struggling to replace.

As of current date we have 73 employees; some of the employees who left us during their furloughed period have rejoined the company. We have been successful in recruiting others.

On October 8<sup>th</sup>, 2020, we filed for PPP 1 Loan Forgiveness with 96% of loan projected to be forgiven.

In December 2020, through our existing lender, we were fortunate enough to secure a \$3mm Main Street Loan Program which required ownership to put up additional equity as part of the funding.

In January 2021, the company filed (through its current lender) an application for a PPP 2 loan for \$1.8mm, on January 25<sup>th</sup>, we received confirmation that our application was in the queue. Our expectation was that we would receive the PPP 1 Loan forgiveness AND receive approval for PPP 2 in March 2021.

On February 5<sup>th</sup>, our lender received a request from the SBA for further information on the forgiveness of TJ Hale's PPP 1 loan regarding affiliation requirements. TJ Hale submitted the executed form 3511 on February 8<sup>th</sup>.

On March 11<sup>th</sup>, the SBA requested that we resubmit the form. Within 24 hours of the SBA request the company submitted additional documentation supporting proof of satisfying the affiliation rules. This request by the SBA was made in error as the original documentation previously sent was in order. We were subsequently told that due to the resubmission the "clock" started over on the funding of our application. Despite the documentation being submitted and, unknown to TJ Hale and our lender, the SBA put the PPP 1 loan forgiveness on hold, and by consequence, put our PPP 2 loan on hold.

Between March 11<sup>th</sup> and May 12<sup>th</sup> there was no communication by the SBA to TJ Hale or our lender acknowledging the affiliation rule hold was still on our loan which was preventing both the forgiveness on PPP 1 and approval of PPP 2. On May 12<sup>th</sup>, we were notified by our current lender that our PPP 2 loan had been withdrawn by the SBA because the program ran out of funds, and we had until May 31<sup>st</sup> to submit a new application with a Community Financial Institution (CFI) lender.

The company moved mountains to try and get a local CFI to provide PPP2 funding. We were provided a list of "CFI lenders", which most of the names were non-profits who were not in the business of lending. On May 14<sup>th</sup>, we were able to connect with MEDC Wisconsin, who submitted an application on behalf of TJ Hale. On May 18<sup>th</sup>, we received confirmation that we were in the queue. We were asked again for the affiliation rule documentation, which we provided. On May 21<sup>st</sup>, our loan activity disappeared from our original lenders view, and was supposed to be available to MEDC. On May 24<sup>th</sup>, we were told the affiliation hold was still on our account and neither lender thought they could resolve the hold.

On May 25<sup>th</sup>, we reached out to the Milwaukee SBA office, the entire executive board of the SBA as well as our local Congressman Scott Fitzgerald to resolve the hold placed on PPP 1 which was also holding up lending of PPP 2 Loan by MEDC. We were able to connect with Ellie Berg at the local SBA office. She stated in her correspondence "Please know that the district offices do not have the ability or authority to clear any hold codes in connection with a PPP loan or application. Unfortunately, neither Chris or I have access to the PPP portal to view PPP applications, hold codes or any notes from a PPP reviewer."

On May 26<sup>th</sup>, we were informed by Martin Andrews of the SBA "SBA reviewed the 1<sup>st</sup> Draw holds this morning and cleared them, which will allow the 2<sup>nd</sup> Draw application to advance to Under Review within the next 24 hours. Under Review means that the 2<sup>nd</sup> Draw application is undergoing the Compliance

Check, which is the final step of the process and usually takes about 48 hours to complete". However, it wasn't cleared. We were continuously checking on the status of the loan, with the SBA, the MEDC, our old lender and not receiving any response on how this issue could be resolved. The PPP funding had to be in place by May 31<sup>st</sup>, however later we learned there was an extension to June 30<sup>th</sup> to get the loan approved.

On June 15<sup>th</sup>, Scott Fitzgerald's office started leading the "charge" to assist TJ Hale. Through divine intervention or other outside efforts, the hold on PPP 1 was lifted on June 25<sup>th</sup> and PPP 2 was now showing as pending validation. On June 30<sup>th</sup>, the loan was approved, and TJ Hale was funded on July 8<sup>th</sup>; one day before the funding deadline.

The company is now projecting a recovery of 60% of the pre-covid revenue levels for 2021. Without both PPP loans and the Mainstreet Loan program we would have had to shut the doors.

The most important takeaway is that although we are making a recovery, we are way behind pre-covid revenue levels. Some of our pre-covid revenue streams are gone for the foreseeable future requiring the company to invest and commit significant resources to cultivate new revenue streams. This will take several yearly business cycles to effectuate. The initial PPP 1 Loan was to survive as a company and to secure employment for as many employees as possible on the payroll. The PPP 2 loan, as I see it, are the funds to revive the business and ensure the best possible chance of recovery for 2021 and rebuilding to pre-covid levels. We are confident with the continued support of the SBA and our elected officials, that small businesses like ours will continue to grow and provide valuable employment opportunities.

Respecting the fact that the program was developed and rolled out in an extremely short period of time our observation with the SBA is they would have benefited from forming a SWAT team to help resolve issues with lenders and potential borrowers in real time.

Other ideas for improvement:

1. Broader marketing effort to advertise complete SBA offerings.
2. SBA Programs that do not require an owner guarantee or limited guarantee offset by higher interest rates.
3. Keeping resources in place during times when small businesses are facing crisis situations, i.e., those in areas affected by protests, crime, economy, pandemic, natural disasters.



National Small Business Week | Celebrating our Main Street Champions

09/14/2021



*Testimony of Eric Childs*

Proprietor/Owner, Mind's Eye Comics

**Mind's Eye Comics**

200 E Travelers Trail, STE 105

Burnsville, MN

Thank you, Chairwoman Velázquez, Ranking Member Luetkemeyer, and other members of the House Committee on Small Business for this opportunity to share my testimony today.

Also, thank you to Representative Craig for the invitation to testify at today's small business hearing.

This is truly an honor and a privilege to be a participant in representing the small businesses of Minnesota's 2nd Congressional District and residing city Burnsville.

Today, I'll do my best to express a few moments significant to my journey thus far. In hope to convey who I am and how I came to be the Proprietor/Owner of Mind's Eye Comics, and the positive difference I choose to make in my community utilizing my business.

Early on in my life I was encouraged, I was taught that I could be anything I aspired to be and achieve anything I put my mind to. All that's required is a little hard work and dedication. Simple, but powerful concepts. These ideas Reinforced in faith, and a belief that God has a purpose for each of us. For these lessons I am extremely grateful. Thank you, Herbert Logan Childs and Barbara Sue Childs, my parents. Thank you, for your wisdom, integrity, character, and belief in me. Thank you, Ms. Davanni for seeing the value in all your 4th grade students including myself. Thank you for being willing to sacrifice your own hard-earned money for your class, and on occasion even your personal time. All to find a way to engage, help, and encourage each of us. For me, it was comic books you would discover to be the catalyst for completed assignments and instilling a passion for reading. Thank you, Dr. Helgeson my High School Humanities instructor for showing us there is greatness in all of us and celebrating all cultures in your class. Each one of one of these individuals has impacted my life tremendously and left a lasting impression on me. One of positivity, inspiration, encouragement, and belief that we are all connected and can make a positive difference in lives of others.

I share these personal insights of my past influences first because these are the philosophies, and beliefs at the core of the businessman before you today. These ideas would prove to be instrumental to the future core purpose of Mind's Eye Comics and would be put to the test beginning a little over Three years ago after acquiring the business in 2018.

Mind's Eye Comics first opened in 1998 by Mr. Andrew Troth. Mr. Troth established a comic shop, in my opinion, that finally showcased the medium the way it deserved, much like any other respectable bookstore. The beautiful layout, clean, well-organized space would become my favorite comic bookstore in Minnesota. With excellent customer service, a welcoming atmosphere, and a wide selection. Andrew truly had raised the bar on what it meant to be a comic shop. For twenty years I was a patron of Mind's Eye Comics. Later in life would become the place I brought my own children to encourage their reading. In 2018 Mr. Troth announced he'd planned to retire and would be closing the store. I couldn't watch a place the was so important to many, and so unique in our community come to an end. I couldn't accept it... So much so, I asked Mr. Troth if he'd consider selling the store. To which he replied "No. Unless of course you're inquiring for yourself. For you Eric, I would consider it, your hearts in the right place." This marks the beginning of the next chapter; The baton has been passed.

Thank you, Mr. Troth for trusting me with what you started, and considering me a worthy ambassador of this truly unique and special place of culture, imagination, and creativity.

Now instead of closure I saw opportunity. I saw an opportunity to build community, inspire, and enrich the lives of others.

Mind's Eye Comics Now Advocates for literacy, makes black history more accessible through graphic novels, assist educators in discovering alternate graphic source materials to course work, provides an outlet for the works of independent and minority creative teams, and still serves as your community hub of all things Geek!

In closing I'll share a story from my first summer open in Burnsville in 2018.

Two young boys, no older than twelve years of age, came in and began excitedly perusing the comics on the shelves. One of which immediately after making his purchase, rushes over to the reading nook takes a seat. He dives into one of the comic books he'd just bought, he was so excited as he read. Grinning, completely captivated, and flipping through the pages. The other young man soon joined his buddy in the reading nook. He asked his friend that was reading so happily, "is your mom going to be okay with you spending all your money on comics?" To which he replied, "she's always trying to get me to read, I'm reading!"

My name is Krystal Hernandez & I am the owner of La Plaza Fiesta & Fiesta Market. We are located in Madelia, Mn which is a population of 2500. My husband and I purchased our restaurant in 2012. We pride ourselves on providing a welcoming atmosphere with fresh made meals. We are committed to ensure each visitor enjoys their experience and their meal when they come in our doors.

The last 10 years have been full of challenges, from a devastating fire to a global pandemic. One thing is for sure, we have learned so many valuable lessons through it all and have come out stronger in the end because of it. For the longevity of the business, we learned how to pivot and overcome the crazy obstacles put in our way.

We have always been grateful for the community we live in. We are who we are because of our amazing support system. It is so important in a small town to come together and raise each other up in any way. Madelia is such a special town because of our likeminded mindsets. We have amazing businesses who faithfully support one another.

In February 2016, La Plaza Fiesta along with 8 other businesses on Madelia's historic Main street were engulfed in flames and reduced to rubble. It was a devastating blow to our established location that we had worked so hard for in Madelia. With the help of charitable donations, our strong faith, community outreach and involvement, & a lot of positive mindsets, we were able to temporarily relocate at the Madelia Golf Course while we rebuilt our restaurant on Main Street. We reopened on Main Street in June 2017. We also added our ethnic grocery store (which was set to open 30 days before the fire) in September 2018.

The restaurant business is never an easy business to be in but our passion for serving and cooking makes it all worth it at the end of the day. As we were recovering and overcoming the fire, a global pandemic happened as we all know. This was harder because everything was (and sometimes still is) unknown. We worked really hard to pivot our menu, pay our staff (because we knew if we would lose them, we lose Plaza), and just take one day at a time, and PRAYED A LOT! We were very fortunate to survive the pandemic but we definitely had help in doing so. If it were not for PPP loans and the Restaurant Revitalization Funds I am not so sure that Plaza would have had the same outcome. We are so thankful that we had our grocery store to lean on as well during the shutdown of Mn as income as well.

We have an amazing staff today. We started as a staff of 5 people in 2012 & have grown to employing 30 people today. I am so fortunate to have these people as my backbone who help make us the success that we are today! I take my responsibility very seriously and invest in them as much as I can. Some have been with us since day one and have endured every challenge with me by my side. I love what I do and love sharing it with the people who help me along the way!!

We are planning on opening a second location for the restaurant in Sioux Falls, SD starting in January of 2022. We are partnering with some friends & are eager to mix both of our passions & experience together into one beautiful location.



**Committee on Small Business  
Testimony at Remote Hearing -  
National Small Business Week: Celebrating our Main Street Champions  
September 13, 2021**

**Maurice Contreras  
CEO & Founder  
Volcanica Coffee Company**

Good afternoon, my name is Maurice Contreras the CEO and Founder of Volcanica Coffee. We are a specialty coffee roaster of exotic coffee imported from volcanic regions from around the world. I am honored to come before this committee to tell you about our company.

We are a family-owned business that I started in the garage of our home 17 years ago. It all began after frequent family vacations to my in homeland in Costa Rica. During one of those vacations, I realized there was an opportunity to import, teach and introduce great tasting coffee to the U.S.

Coffee has always been in my blood and has been in our family for at least two generations, starting when my mother and grandfather would assist in harvesting the coffee beans high in the mountains of Costa Rica.

Volcanica Coffee started out as a part-time side business, but we now operate a large coffee roasting plant near Atlanta, Georgia with 20 employees that includes my wife, Diane, and our son and daughter.

When I started the business in 2004, it required a lot of work and research. I had to learn how to build a website and how to drive traffic through borrowing books from the library. I spent many early mornings and evening hours building the business. I will tell you it was not an overnight success, but even with limited time to work on it, it grew every year to the point that I could leave my corporate job in the wireless telecommunications industry and focus on growing the business full-time.

Today, we carry over 150 different coffees imported from volcanic regions from around the world. Our focus is on high quality using the latest coffee roasting machines manufactured in the USA that have low emissions. We have various quality control measurements in place to

ensure we only ship great tasting coffee, and we offer 100% customer satisfaction. [Volcanica Coffee](#) carries a broad line of estate, peaberry, decaf, and flavored coffees. We fresh roast and quickly ship direct to customers around the world. Our website offers subscription programs and individual purchases.

Specialty coffee has been a growing trend and many consumers have been discovering that coffee can be enjoyed much like a fine wine with various flavor notes, depending on the region and roasting techniques. Coffee is much more than just a drink to make you more alert. The coffees we import are from mineral-rich soil that are very aromatic with a remarkable taste and are also Kosher Certified.

We have been growing very rapidly as consumer preferences have shifted to brewing high-quality coffee at home. We are honored that last month we were ranked number 514 on the Inc. 5000 list of the fastest growing private companies in the U.S. by Inc. Magazine. This month we moved into a larger coffee plant nearly doubling our capacity to accommodate our growth.

Giving back is very important to us and we donate 1% of our website retail sales to the organization called charity: water, which brings clean and safe water to communities around the world. Over seven million people now have access to clean water through projects funded by charity: water. We also donate coffee to local charities and first responders.

I am very grateful of the opportunities that we have here in the United States to be able experience the American dream. I am also grateful to be able to build a business with our family and to provide employment opportunities for our team members.

Thank you.

Committee on Small Business  
 US House of Representatives  
 2361 Rayburn House Office Building  
 Washington, DC 20515-6315

Mark Lunde Statement to Committee on Small Business

First, I would like to thank Chairwoman Velazquez and the Small Business Committee for having us.

I have three (3) specific items I would like to comment on, these are specifically:

1. Federal Minimum Wage

While I agree that a livable wage is certainly the goal and aspiration of every American, it does not belong in the hands of the government. Many experts agree and most data suggest that even \$15 per hour is not a livable wage in most parts of the country. Across the board mandates (another real-life example of an "unfunded mandate" to a private business), while they do have limits and exclusions, are harmful to competition specifically in rural markets. Furthermore, they stifle new opportunity and training opportunities for people entering the workforce.

Example: We have an 18-year-old, recent High school graduate who chose to enter the workforce vs. attend further schooling at this time. Had we been "forced" to pay him \$15 per hour, we would not have been able to hire him. In the time he has worked full time for us, starting at \$10.00 per hour, he has earned two raises and been placed on a monthly bonus program making his actual pay much higher than the \$15 per hour "minimum" that is proposed.

Wages, like prices, should be set, corrected, and moved by the market. With all moving parts considered (job types, parts of the country/state/area), employers in 2021 should be as aggressive as ever to push wages upward and those that aren't will be out of business.

Following the pandemic - the underserved markets such as hospitality, retail, restaurant, and several others) see huge spikes in their human capital expenses...while we certainly want to avoid inflation, some view this as a simple market correction and many of these sectors' employees and former employees have taken this time to go back to school and/or seek other opportunities.



## 2. Rent/Eviction Moratorium

It is my understanding that this is slated to expire in October, my hopes is that it will not be extended.

This was a controversial item for many to begin with. While many needing "protection" from eviction were receiving \$600 weekly in extended unemployment benefits, among other benefits, they were not paying for their housing. During this time with a clearly one-sided protection, landlords have suffered massive losses, loss of investment, and take hits to their personal and business credit as their primary sources of revenue have dried up under specific legislation with little ability to get help (with some exceptions of PPP Loans and other help) that were largely only available to "established" businesses.

I have had calls from friends and colleagues alike of people renting out homes in Minnesota and subsequently subletting them while being protected under the moratorium to not have to pay anything (meanwhile collecting rents from unsuspecting renters). While this would fall under sleazy and clearly unscrupulous, it is essentially legal - which is appalling. With the restrictions placed on property owners and landlords, we again find a situation where opportunity is stifled by legislation. I would support (and believe is necessary) a continuance of rental assistance for those who truly qualify and if able to work and are seeking employment or are working.

## 3. Unemployment Benefits

Unemployment benefits, extended benefits and all the like are lumped in here. Again, while totally necessary during the full throws of the pandemic and uncertain times, mandated shutdowns, and the like... this has become a joke in many areas. Many if not most businesses up and down main street, factories and offices alike are in desperate need of employees. Businesses are changing models, hours and services because of lack of available workforce, meanwhile those same able-bodied workers are/were collecting checks vs. working. Some call this a work ethic issue. Some call it a government hand out. I call it just bad for business. In 25 years of business, I never dreamed I would literally have to compete with Unemployment compensation to attract and retain employees. Any/all forms of this must come to an end-quickly.

# HOW A CONTRACTOR'S SAFETY PLAN IS PROTECTING CONSTRUCTION CREWS, CLIENTS FROM COVID-19 & INJURIES

How do you keep COVID-19 off the construction site?

Barry Schlouch, president and cofounder of Schlouch Incorporated, thinks he's figured out a way to do it—and he's made it his company's goal.

"We want zero COVID-19," Schlouch says. "Some people will say that's a little extreme. Well, I don't think so. What's wrong with having zero COVID-19? I think it's a good thing."

He says it starts by promoting safety as a priority throughout the organization. Through careful development and implementation of its meticulous safety plans, Schlouch Incorporated, based in Blandon, Pennsylvania, celebrated zero lost-time injuries last year, and now the site development contractor is aiming to do the same during the COVID-19 pandemic.

With \$95 million in annual revenue, Schlouch Incorporated has 285 employees and about 300 pieces of equipment in its fleet. The contractor focuses its work primarily in Central and Eastern Pennsylvania, with recent projects including the sitework for a \$150-million expansion of Hersheypark and an emergency room expansion and new hospital campus for the Lehigh Valley Health Network.

Schlouch Incorporated's safety environment has taken years of intentional consistency to create.

"At our company, we have three main priorities," he says. "The first priority is the safety of the people. The second priority is the safety of people. The third priority is the safety of the people."

"I keep those three because sometimes priorities can veer off. You can't veer off when the three are the same. If we fade on priority number one, we go to priority number two, which is the same thing. If we fade on priority number two, we go to priority number three, which is the same thing. It doesn't matter which priority you go to, we get the same outcome."

He says staying committed to fostering a safe construction environment goes hand-in-hand with future success.

"What I found is that safety takes mindfulness, thoughtfulness, planning, preparation, process, execution and accountability," Schlouch says. "When you really get that down, you can do the rest. The mindset of safety paves the way for quality and production."

At Schlouch Incorporated, 13 professionals with their [Safety Trained Supervisor Construction certification](#) oversee their jobsites and the company's plans to prevent the "Fatal Four" incidents in construction, which include falls, getting struck by an object, electrocution, and getting caught in or between an object. [According to OSHA](#), eliminating the "Fatal Four" incidents would save nearly 600 workers' lives in the United States every year.

In March, as Schlouch was at [CONEXPO-CON/AGG in Las Vegas](#), the world changed, and the company realized it needed to figure out how it was going to respond to the pandemic. The STSCs came to Schlouch with an idea.

"What our STSCs said is, 'Barry, we need to design a plan for 'Fatal Five,'" Schlouch says. "What's 'Fatal Five?' Well, the fifth is COVID-19. We designed safety protocols of how you mitigate and prevent COVID-19 just like you do with a fall, just like you do with the electrical, just like you do with trenching."

The decision to treat COVID-19 like other major construction safety incidents is instrumental to its prevention, Schlouch says.

"In the [hierarchy of controls](#), the first line of defense is always to eliminate the hazard," he says. "What you want to do with COVID-19 is you want to keep it off the job or out of the office."

## CREATE ONLINE TRAINING RESOURCES

Schlouch Incorporated turned its COVID-19 prevention plan into a narrated, 12-minute online training program, based off [CDC](#) and [OSHA guidance](#).

All employees must adhere to the company's safety plan, which includes nearly 30 specific COVID-19 infection control protocols, and it is part of new hire orientation, as well as posted for reference on the company's online portal. The

safety plan is updated continually in accordance with changes to the CDC and OSHA guidelines.

## TRACK RISKS WITH APP

Schlouch Incorporated employees — without exception — must begin by completing a health assessment checklist performed by the designated pandemic safety officer assigned to each jobsite and the office. The pandemic safety officer then logs the information into an app that the company uses, and the executive team is immediately notified of potential risks.

If an employee is found to be at risk through any of the provided information, the company pays the person to be off during the two weeks of quarantine. This benefit gives employees added incentive to be forthright without fear of negative consequences that could affect their jobs or finances.

"We want them to be honest, so there's no reason to be dishonest," Schlouch says. "That's important too in the whole equation to remove the constraints."

## TRANSFORM SAFETY HUDDLES

Schlouch Incorporated also includes COVID-19 prevention information in its daily safety huddles.

Crews are also required to wear appropriate PPE and practice social distancing whenever possible, but Schlouch says the key is to not rely on those as primary protective measures.

"PPE is a second line of defense," he says. "We wear hard hats, but if you don't have to walk under a cliff where there's rock laying at the top of the cliff that could roll down and hit you on the head, you don't need to walk in that section. You want to remove the hazard instead of relying on PPE."

## INCREASE SANITATION MEASURES

In early March, Schlouch Incorporated added hand washing stations on all its jobsites. Crews are also provided with sanitizing wipes to clean equipment touchpoints, including controls, handles, and screens.

"They wipe down the equipment in the morning ... we wipe it down at the end of the day, and if a mechanic works on the machine, they wipe it down," Schlouch says.

## RECOGNIZE THE VALUE OF REMOTE OPPORTUNITIES

Like many employers during this time, Schlouch Incorporated saw much of its office staff shift to working at home.

"We learned that in some cases it may make sense and be more convenient for employees to be working from home," Schlouch says. "It could be a recruiting tool that we can start employing people that live further away. We see that we can access more talent at a greater geographic location."

Online training is another benefit that Schlouch plans to continue beyond the pandemic.

"There's just a lot of opportunity in online training, and we want to pivot and keep that going forward," he says.

## USE THE POWER OF SOCIAL MEDIA

Establishing a safe construction environment should be celebrated — and one of the best ways to do that is through an active social media presence, such as on LinkedIn or Facebook.

"We have a huge presence with our families and our employees on social media," Schlouch says. "It's a good reinforcer. If Jane or Joe is at work, the spouse sees we're doing training or recognizing people."

Schlouch says a positive social media presence works not only as a retention tool, but it also helps recruit others to join the team.

Schlouch Incorporated has seen its safety plans pay off with zero COVID-19 cases so far. And their clients have taken notice.

"Our clients want what we have on their jobs," Schlouch says. "They don't want to be shut down because of positive COVID-19 on their jobsites. And a lot of times that's what happens. We paved the way for our clients to be safer, and we built more trust with our clients as well. So we have a competitive advantage from that standpoint, because this is what they want."

These are benefits that will last long after the pandemic has ended, he says.

"I think the companies that can build the trust are the ones that are going to be around," Schlouch says. "Because people want to go to a place where they feel safe and even more so today than before."

**The value of local Chamber of Commerce**

**To Support Small Business Ecosystem:**

**Perspectives & News Challenges**

**U.S. House of Representatives Committee on Small Business**

**September 14, 2021**

**Testimony by: Jaime di Paulo**

**President & CEO, Illinois Hispanic Chamber of Commerce**

Thank you, Chairwoman Velázquez, Congresswoman Marie Newman from our beloved Illinois, and all of the members of this House Committee that has a most important role to ensure that small businesses continue to drive our nation's economy. It is an honor to testify at this hearing and to have the opportunity to share some matters for your consideration.

**Credentials**

Since January 2019, I have been the President & CEO of the Illinois Hispanic Chamber of Commerce (commonly known as "IHCC") since January of 2019. IHCC is one of the leading Hispanic business support, advocacy, and development organizations in the country, with more than 30 years of experience providing assistance and leadership to the more than 170,000 Latino-owned businesses in Illinois.



I have the honor of serving as a member of the Business Enterprise Program for Minorities, Females, and Persons with Disabilities (BEP) Council in Illinois and as a member of the Board of the Northeastern Illinois University Foundation Board of Directors.

I previously served as the Executive Director of the Little Village Chamber of Commerce (LVCC) and led the transformation of the Chamber into an active, effective business assistance and advocacy organization in one of Chicago's most important commercial corridors.

I also served as Business Development Director for the Greater Oklahoma City Hispanic Chamber of Commerce. I am proud to have received recognition for my work in several areas, including from the Government of Mexico.

#### **Personal Mission Statement**

I thought it would be important to share with the Committee information about my work over the last 20 years so that you have a sense of my passion for and the importance that I give to my work: Like all of you, my work has focused on leading and supporting the effort to ensure that small businesses in underserved communities have a real, tangible opportunity to access resources that will enable them to grow and reach their full potential.

With your continued support, Latino, minority and other underserved, unrepresented businesses WILL BE the drivers of local economic development and job creation in many communities throughout the country. The growth and success of Latino businesses will enable this community to accumulate wealth and contribute to the enhancement of the quality of life for all in local communities.

**The Work Ahead**

As we have all worked so hard to endure and overcome the pandemic, several things have happened that merit your attention and consideration. Yes, thousands of Latino businesses have disappeared, but many, many more remain standing and ready to fight on. As much damage as it caused, the pandemic has also brought to the forefront a recognition of the needs and challenges of these businesses. We thank you and salute the members of this Committee, Congress and the Administration for all of your efforts to support small businesses. We know things would have been much, much worse without the assistance that has been made available. And yes, much, much work remains to be done in a period that extends far beyond the pandemic if you want Latino businesses to reach their full potential.

**What the Growth of Latino Business Can Achieve**

I would like to take this opportunity to share with you some important facts about Latino businesses in our state. There are well over 170,000 Latino-owned businesses in Illinois, a number that (we hope) will continue to grow as Latinas and their male counterparts start businesses at a much faster pace than any other group. More than eighty-five percent (85%) of Hispanic businesses in Illinois are located in the Chicago Metropolitan area and Northeastern Illinois. Latino businesses in Illinois have achieved massive growth in numbers since 1997, nearly doubling in size every five years. The growing Latino business community is relatively young, which partially accounts for the fact that although large in numbers, Hispanic businesses are remarkably small in size. Recent reports

establish that when Latino-owned small businesses achieve parity with their majority counterparts, the results will be impressive. In Illinois, for example, we have learned that economic activity will increase by billions of dollars and that hundreds of thousands of new jobs will be created.

### **IHCC**

IHCC's mission is to cultivate knowledge, connections, and collaboration to effect transformational social change and achieve sustainable economic impact through entrepreneurship. We promote economic growth by empowering entrepreneurs. We are working to build an ecosystem to accelerate Hispanic business growth and prosperity. We work every day to be the leading voice to advance Hispanic business potential to drive our local economies.

### **IHCC work during pandemic**

At the beginning of 2020, we could have never imagined all that has happened as a result of the COVID-19 pandemic. An unprecedented public health and economic crisis of epic proportions. I am proud to say that we at the IHCC worked diligently to rise to the challenge.

We intensified our commitment to assist the Latino business community, providing direct assistance and working closely in collaboration with all stakeholders. We prepared ourselves, planned carefully and have continued to execute our work diligently. We focused on ensuring that our most valuable resource; the talented, dedicated professionals that comprise the IHCC team, had everything that they needed to respond to this very important, unprecedented call to action.

In 2020, IHCC was a leading partner in a broad, intensive effort that helped create and retain 18,092 jobs. We worked day-in and day-out to ensure that Latino businesses knew that we were there to help and worked in earnest to deliver needed assistance.

Our assistance to small businesses to access financial resources totaled over \$80 million in 2020, including revenue growth, grants, business loans and others.

We were true to our “We Are Here to Help” motto, delivering more than 20,000 hours of direct assistance through counseling sessions that took place via phone calls, video conferences, and in-person sessions when conditions allowed. We served, and continue to serve, hundreds of Latino entrepreneurs and business owners and many from other communities. For Latino businesses, our work during the pandemic has grown in importance based on our ability to deliver the bilingual, bicultural assistance that is so greatly needed to ensure that Latino businesses have an opportunity to overcome the pandemic.

In sum, IHCC provided some form of assistance to nearly 11,000 individuals, including many that continued to receive assistance from our programs beyond the pandemic relief resources. Our program include a Small Business Development Center funded by the SBA, a Procurement Technical Assistance Center funded by the Defense Logistics Agency, a Small Business Transportation Resource Center funded by the US Dept of Transportation, our LatinX Incubator program designed to increase Latino participation in the technology industry and others.

I highlight these programs because they represent how our organization has become an incredibly important resource for Latino business owners and entrepreneurs. It is a distinct honor but unfortunately, it makes IHCC one of the

very few if not the only Latino business organization that is able to provide a full menu of assistance to a business community that can contribute so much with the proper support. I will offer a specific recommendation for your consideration a little bit later in my remarks.

### **Challenges for the future**

As we think beyond the pandemic, we encourage you to consider the following call for a strategic, focused, targeted approach to support Latino business growth. We must strive to:

- Ensure that Latino small businesses gain a full understanding of the resources that are available to them, including federal, state and local programs;
- Ensure that Latino small businesses become intimately familiar with technical and business counseling assistance that is available to them at no cost, including assistance to prepare and apply for available resources; -
- Enable Latino small businesses to build a relationship/establish a connection with a network of organizations committed to supporting them to reach their full potential;
- Maximize the level of bilingual-bicultural technical assistance/guidance that is available for Latino businesses.
- Address the challenges that Latino businesses face by having minimal access to resources; their lack of expertise in back-office management and their growing difficulty to access capital. We remind you that in spite of these

and many other challenges; many Hispanic businesses have managed to thrive and are visible examples of the opportunities that are available for Latino businesses to reach their full potential.

#### **Improvements to the Federal Disadvantaged Business Program**

Small businesses are the heart of the United States' economy, making up more than 99% of all businesses. The Federal government has an interest in creating and maintaining a level playing field for all businesses throughout the Country. Certain changes to the Disadvantaged Business Program will help to further establish a level playing field. Structural changes that would improve the competitiveness of DBE firms, and the US economy as a whole, include:

- 1 Stay all graduations from the DBE program until two years after the President declares the National Emergency due to Covid-19 ended;**
  - Many small businesses, especially DBEs, are still struggling due to the impacts Covid-19 has had on our economy. Those that may be in a position to graduate from the DBE program will not be in a position to compete against global, billion-dollar firms.
- 2 Modify the Gross Receipts calculation so that subcontractor expenses are not counted against DBE firms (see 13 CFR § 121.104(a));**

- Today, subcontractor expenses are calculated as part of the Gross Receipts total for each DBE firm, although those expenses are not retained by the DBEs, and the DBEs are not allowed to markup subcontractor expenses.
- DBEs are penalized for partnering with other firms, or using subcontractors. This can only be avoided by not using subcontractors. However, most DBE firms (small businesses) do not have broad enough capacity to perform a complete scope of work on a government contract without partners.

**3 Increase the small business size standards by 25%, effective immediately, and then annually to match inflation (see 13 CFR § 121.201);**

- The NAICS code size standards are not regularly updated, and do not reflect the current economic environment.
- Further, they set one standard that applies to all economic markets throughout the Country. However, \$1m in Boise is different than \$1m in New York.

These changes will give small businesses throughout the United States a fighting change to make it through the pandemic stronger than they started, which translates into real jobs and opportunities in every community throughout the Country. A stronger economic framework will help create a stronger, fairer economy for everyone.

**What do Latino businesses mean for the Illinois economy?**

On average, Hispanic businesses have one-tenth of the revenue and have less than half of the total number of employees of the average business. This fact alone establishes that the great majority of Latino businesses are in great need of assistance to reach their full potential. But Latino businesses have also demonstrated their capacity to drive job creation, economic growth and prosperity. A study conducted by IHCC in collaboration with DePaul University in 2013 established that the outcome of Hispanic businesses achieving parity with other businesses would result in adding almost \$300,000 in new annual revenue per business, significantly growing the tax base; and in the creation of over 700,000 new jobs. Estimates of this positive economic impact remain constant, but the pandemic is likely to set back Hispanic businesses in the process to achieve parity, adding urgency to the need for access to assistance.

Just as importantly, Latino businesses are the lifeline of the communities in which they operate. many communities. Continued investment by the US Congress to ensure that these businesses have access to critically needed assistance, through organizations like Chambers of Commerce and business associations, will deliver a significant return. These organizations are key stakeholders in their communities, as the great majority of them are built from the ground up by Latino business owners and entrepreneurs. Providing these organizations resources to enable them to guide and serve Latino businesses is a much-needed step that must be fully considered as we move toward a post-pandemic future.

This is a solid investment that will enable local communities to not only recover from the pandemic, but build momentum in their path to growth and prosperity.



As to our specific recommendation, during the Obama Administration, IHCC worked closely with Senator Dick Durbin to propose the creation of "Hispanic Business Centers" at the SBA, to emulate initiatives that are geared to serve distinct communities with specific needs, like programs that the SBA operates to support Women, Veterans and the Native American communities. Senator Durbin introduced and the Senate approved \$1 Million Dollars in funding for a Hispanic Business Centers pilot program at the SBA. The bill was a part of member initiatives (or "earmarks") that were still being considered by Congress at the time. Sadly, prior to the bill coming to the House for consideration, Congress approved a resolution to eliminate member initiatives. We are happy to offer for the record a memorandum that outlines the reasoning for the creation of Hispanic Business Centers, many of which have been highlighted in my testimony. We ask that this Committee consider making an investment to ensure that largely underrepresented, underserved Latino businesses receive the assistance that can enable them to achieve their full potential. I assure you that this will be a sound investment of taxpayer dollars.

**Thank you.**

## WRITTEN STATEMENT OF PROPOSED TESTIMONY:

I was very honored when Congresswoman Beth Van Duyne asked me to participate in this Small Business "National Small Business Week: Celebrating our Main Street Champions"! Thank you Beth. I appreciate all you are doing to pay attention to the Small Business Owner and to try to understand the challenges we face.

I am a co-owner of Shaw Insurance Agency, a family agency started in 1981 by my father, who was a Nuclear Physicist for General Dynamics for many years, however, after opening up a Real Estate office, his main passion was Real Estate, not Insurance! My husband Howard and I purchased the agency in 2000 where it was just one carrier and only wrote home! Prior to that, my background had been in the Title business and selling Real Estate. Howard owned a contracting company for 17 years and then sold Real Estate as well. When the opportunity came up to purchase the agency, we jumped on it! Growing up in an entrepreneurial family as well as being a small business owner as a Realtor, we knew from day 1 that we did not want to try to be everything to everyone and that most importantly we understood that *all business is not good business*. We only wanted to carry "A" rated carriers and began to build Shaw Insurance growing from the 1 home carrier only to now having a Personal Lines Department and Commercial Department with over 60 Carriers in house to serve our clients.

Although Howard and I had never owned an Insurance Agency before, we knew people, we knew, and lived our values, knew how to market ourselves and most importantly, we knew what we wanted the agency culture to look and feel like. We have a total of 9 in the agency and we work hard to serve our clients well.

March 2020 came and the way of doing business around the country changed in an instant. While some states were certainly hit harder than others, it was the small businesses in each community that bore the brunt of the shutdowns. Small business doesn't have those same deep pockets. They can't afford to keep the staff and the electricity, so they must choose in sometimes flailing attempts to save their business.

We were fortunate in that I felt very strongly from the beginning that we were not going remote if possible. I knew from human nature that we need people and routine, but especially in times where fear is the presiding factor. Fear of the unknown is hard and certainly none of us expected this to last for as long as it did. We are still dealing with it, although I believe strongly that not only Texas, but our North Texas area in particular fared better than the majority of the country did. Decisions had to be made not only about my business but as Chairman of the HEB Chamber of Commerce, we had to make decisions that affected the Chamber as well as all its members. How can we continue to support them became the question that the Chamber President and I discussed daily, usually multiple times each day. We made hard choices, but our mission was to support our small businesses and we did so in many different ways.

So, Shaw Insurance remained open during the Pandemic in its entirety. We made changes in our way of doing business such as closing the lobby to walk in salespeople, delivery people and even our clients. All deliveries were made on the side door where the person opening the door had to be masked and then have delivery person put the package on the table, thereby reducing the chance of our agents picking up something that could have been contaminated. Temperature checks were required daily when arriving for work and we had a form by the back door for each agent to record as they took their temperature. That went on for months. We had a local company come in multiple times to fog the office to kill any possible airborne particles that could contain airborne germs. We wiped down and continue still wiping down all touchpoints 3 x day to maintain top cleanliness and reduce the risk of spreading germs. When clients did come in, it was by appointment only and our receptionist would take them directly to the Sales Office and the one agent would come in to meet, both wearing masks. Afterwards, the area was cleaned thoroughly.

After deciding to open the lobby back up, we met with the staff to see their comfort levels. They chose to continue taking temperatures daily, cleaning touchpoints 3 x daily and if client came in to ask their comfort level and act accordingly regarding the mask.

After deciding to open the lobby back up, we met with the staff to see their comfort levels. They chose to continue taking temperatures daily, cleaning touchpoints 3 x daily and if client came in to ask their comfort level and act accordingly regarding the mask.

At the beginning when the kids didn't come back from Spring Break, we had every agent bring in their laptop so we could get them set up for remote in worst case scenario. We ended up having 2 agents that needed to work from home in the morning to help their child do remote learning for school. At noon, they would head to the office to finish out the day. We did that through the end of the school year. When it came time for school to start again, we noticed our two agents were getting stressed and did not want to have to work from home again. Howard and I decided to offer to them to bring the girls here to the office. We have extra office space, and the girls would be able to have their own space for school. This time school was not going to be only until noon, but all day. When we offered this option to our staff, you could see the relief on their faces! We had school that way for 6 weeks and it worked great for everyone.

During all this time, I saw people spiraling emotionally and physically from the stress. The kids have been hit so hard literally not having school for over a year. The emotional toll was what Howard and I wanted to avoid from the beginning and we have all talked about it. Our staff feels the same – that we avoided what so many others went through. Yes, it was tough, but we continued to work regular hours and to maintain a sense of normalcy. Our insureds needed us and we were there for them. More importantly, our staff knew we valued them and did what we could to take care of them physically and emotionally. We did not cut hours or pay and maintained full staff during this time.

While we are not all the way through this Pandemic and things continue to change. We as small business owners must learn to cope and be willing and ready to change when necessary. Lessons learned along the way, but overall caring and dealing with our clients and our staff with compassion has allowed us to still grow during this time when many businesses closed their doors.

Thank you for allowing me to share our story.

**Testimony of Donald Fox  
Fox Theatres LLC  
Wyomissing, Pennsylvania  
September 14, 2021**

Thank you, Chairwoman Nydia Velázquez, Vice-Chair Kweisi Mufame, Ranking Member Blaine Luetkemeyer, my representative from Pennsylvania's 6th congressional district, Representative Chrissy Houlahan, and the rest of the Members of the House Small Business Committee, for the opportunity to testify before you today. As the owner of a small business, I am deeply respectful and appreciative of the work done by this committee. Thank you for having our backs, especially over the last eighteen months, when the emergency federal relief you have provided has kept my business afloat.

I am the owner, President and CEO of Fox Theatres LLC, a movie theater company based in Wyomissing, a suburb of Reading, in Pennsylvania's 6th congressional district. The company, founded in 1957 by my father, Richard Fox, with a drive-in theater outside of Reading, today operates twenty screens in three theater locations. Our eight-screen flagship theater, Fox Berkshire, is in Wyomissing, Pennsylvania, and the other two, the Sun & Surf Cinema and the Fox Gold Coast are in the beach resort town of Ocean City, Maryland.

I had the good fortune to grow up in this great industry, starting out sweeping floors, popping popcorn, tearing tickets, and learning every aspect of the business from my father, who, after I took over, was proud to become the first small-town theater owner to get elected president of the National Association of Theater Owners (the other NATO!).

Forty years at the helm of Fox Theatres has given me a valuable perspective - from negotiating with the Hollywood movie studios, to competing against much bigger regional and national movie theater companies, to delivering a high-quality movie experience to our customers - all with the limited resources of a small businessman. But one of the most satisfying aspects of my work is providing gainful employment. Whether it be first jobs for 16- and 17-year-old high school students, senior citizens looking to make some extra money or full-time employment for theater cleaners, kitchen workers, supervisors and theater managers - they all dedicate themselves to providing first-class, first-run movie theater entertainment, seven days a week, to our loyal customers.

We've all been through an unprecedented time for the last year and a half. As was the case with most non-essential businesses, we closed our doors in March of 2020 and, except for a few weeks, stayed closed for the rest of the year. During that period, our sales were down 96% and, so far this year, we are still down over 70% from 2019. Prior to March of 2020 we employed over 125 people in Pennsylvania and Maryland, but when the pandemic started, we had to lay off all but two full-time and three part-time employees. Thanks to Congress's speedy action, the Paycheck Protection Program (PPP) helped us bring back more of our full-time management employees, even though

we were basically shut down, to provide them a steady and reliable income. Today, we employ about 65 people all working very hard rebuild our business.

Federal emergency relief has been key to the survival of my company. In addition to PPP loans, we've been able to access the COVID-19 Economic Injury Disaster Loan program (EIDL) and the Employee Retention Credit program (ERC), both of which have been very meaningful. With those funds we were able to keep the electricity on and a skeleton crew employed, while we waited for the pandemic to end so our customers could return to watch movies in our theaters. But it didn't end, it continued on and on and our debts and bills piled up.

Representative Houlihan, as you know, we struggled and pivoted where possible to figure out a way to survive the pandemic. We sold curbside popcorn to our loyal customers and set up a pop-up drive-in theater at one of our locations. But it barely scratched the surface. The movie theater industry needed a rescue package, especially if small and independent business operators like Fox Theatres were going to survive the pandemic. Movie theaters joined the "Save Our Stages" cause launched by the live music venues to ask the federal government to help entertainment venues across the country survive until audiences could safely return. No one ever imagined that it would take until summer of 2021 for the movies and our customers to begin to come back. The economic loss that we experienced was devastating for businesses big and small that rely on people gathering together.

Thankfully, in December 2020, the 15-billion-dollar Shuttered Venue Operators Grant program, SVOG, the crown jewel of federal relief for our industry, with key support from so many of you here, passed Congress and was signed into law. What was then a cause for celebration soon became a new long and challenging setback for all of us. Over the next six months, businesses teetering on the brink of bankruptcy waited anxiously while the Small Business Administration struggled to get the program up and running.

The roll out of SVOG was extremely challenging, and from the time the bill was signed until funds were disbursed, thousands of small businesses that were shuttered by the pandemic waited anxiously to receive this emergency relief. Many of you on this committee and in Congress were instrumental in helping companies like mine not only navigate the bureaucracy, but also allocating more federal resources to solve the operational issues the program was facing. In particular, the support we received through Representative Houlihan's efforts to expedite the SVOG funds were critical for the survival of my company and many others.

Fox Theatres lives another day because of what Congress did, but we are not out of the woods yet. The Delta variant surge has thrown a wrench into what we thought was the start of a comeback earlier this summer, and now unfortunately the release dates of major Hollywood movies are changing once again. Nonetheless, I am optimistic about the future of the movie theater business, and only just two weeks ago, we set a Labor

Day weekend box-office record. But our suppliers, the film studios, must have confidence that moviegoers are ready and willing to come back to the theaters.

The demise of the movie theater has been predicted many times over, whether it be by television, cable, DVD and now streaming. But Americans don't want to remain in their living rooms - they crave a shared experience, out of the home, with family, friends and strangers - and the thrill you only get in a movie theater, immersed in the big screen.

I am so grateful for the work Congress has done and continues to do. On behalf of my family, my employees and the thousands of Fox Theatres customers in Pennsylvania and Maryland, thank you very much!

Statement of  
Mr. Mitch Cook  
Co-owner  
Avalon Bagels to Burgers

before the

Small Business Committee  
U.S. House of Representatives  
on

“National Small Business Week: Celebrating our Main Street Champions”

Madam Chair, Ranking Member, Representative Young Kim, and Members of the Committee thank you for inviting me to testify in front of the Committee and tell my story. My name is Mitch Cook, one of the owners of Avalon Bagels to Burgers, a fast casual restaurant specializing in bagels, sandwiches, melts, salads, smoothies and grilled items made fresh each day. We have 2 locations in the 39th District, one of which opened in 1997, the other in 2001. We employ approximately 30 between both sites and serve the best customers in the world. Approximately 15% of our people have been with us for over 15 years and a host of others for 10 plus years. One of our slogans is "We reserve the right to over serve our customers" and we have made that our objective from the very beginning. We also try to treat each other like family and our customers like our friends.

When the pandemic began, we were, like everyone else, thrown off our moorings in a hurry. From mid-March of 2020 through the end of May we were losing cash and revenue and wondering how long we could sustain the business. We were so desperate we had to sell our inventory, including meats, rolls, dairy products in boxes every Tuesday. Fortunately, we had some cash reserves and were able to keep all our staff but with reduced operating hours. In mid-May of 2020, we received our initial round of PPP funding and that was a huge blessing. It allowed us to cover expenses and make up some back pay to those who had a shortfall due to our reduced hours. That loan was approved for forgiveness in October of last year and gave us a solid base to make it through the balance of 2020 and the variations that came with the recurring spikes, closures, and regulations. Because our revenue had such a significant drop in the second quarter of 2020, and thanks to the PPP Extension Act introduced by Representatives Young Kim, Bourdeaux, Luetkemeyer, and Velazquez, we were eligible for the second round of PPP funding in April of 2021. For those of you who worked on getting these funds through to so many across the country I would like to say thank you. In both instances I could not believe the money was coming, and when it did, I almost felt like Jimmy Stewart in "It's a Wonderful Life", so thank you!

The current challenges as I am sure you are aware have to do with labor shortages and trying to determine how to price our products when every cost component we have is increasing. Regarding the labor issue, the unemployment benefits also seem to be a reason to discourage individuals to apply for job. And while the pandemic unemployment benefits were recently discontinued, I hope this will encourage more people to apply for job openings. Hopefully the inflation factors will come under control, whatever actions you can take toward

stabilizing prices will benefit all small businesses. Another concern for our business is the current supply chain disruption because it has disrupted our orders and increased prices on some of our ingredients.

Again, thank you for the invitation to testify during National Small Business Week and I look forward to your questions, Representative Young Kim.



Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
Honorable Nydia Velazquez, Chairwoman

Subject: Written testimony to the Committee on testimony to be delivered September 14, 2021 via Zoom during "National Small Business Week: Celebrating our Main Street Champions"

Thank you for the honor and privilege to testify today before the House Committee on Small Business during National Small Business Week. My focus will be on the successes and issues facing small businesses in the manufacturing sector of our economy. I come before you today not to simply point out the challenges that small manufacturers face in today's globalized economy, but I also come offering practical solutions that will benefit our businesses and our economy in general.

My name is Greg Owens. I am here representing our company, Sherrill Manufacturing, and our brand, Liberty Tabletop. It sounds hard to believe, but Sherrill Manufacturing is the only flatware, stainless steel silverware company left in the United States. The company was formed back in 2005 when Matt Roberts and I purchased substantially all of the flatware manufacturing equipment from Oneida Ltd. located in Sherrill, New York.

The Oneida factory was once the largest flatware manufacturing facility in the world with over 2,300 employees. Why would Oneida Ltd. decide to scuttle the factory and lay off all of the manufacturing employees? The answer is simple. Unfair competition from China. The math was also simple. After years of fighting to keep the facility alive, Oneida realized that they could purchase manufactured product in a box shipped to Long Beach California cheaper than they could buy the raw material to make it here in the United States. This was possible because Chinese government-owned and subsidized stainless steel mills were selling raw material to their production facilities in China at about half the world market price.

This situation still exists today, which brings me to issue number one. The American steel industry is largely protected from dumping by the Chinese and others by tariffs under Section 232. We applaud this action as the steel industry is an integral part of our industrial base and a matter of national security. While tariffs on steel may be in place to protect the raw material side of the business, there has been little done to protect the manufactured goods side. This means the Chinese continue to dump subsidized steel into the United States, but instead of doing so in the form of raw material they simply do it in the form of finished products. In the end, American manufacturing businesses, large and small, are unable to compete against the unfair industrial policy of a nation like China, which uses non-market practices to gain advantage and drive foreign competitors out of business.

The solution to address this is increased tariffs on finished goods across the spectrum at a level that is sufficient, and similar to those on the raw material, to stop the ill effects of this unfair trade practice by the Chinese and others who seek to gain unfair advantage.

Turning to the raw material side of the current manufacturing environment, I am sure you have heard about shortages across the supply chain from basic raw materials to advanced manufactured products such as chips for automobiles. Similar shortages are impacting our manufacturing business in the area

of stainless steel. Steel production in the United States has fallen substantially over the past few decades, mirroring the decline in American manufactured goods. If we are to have a renaissance in American manufacturing, companies will need steel, plastics, electronics and other inputs in larger supplies than are available today. As manufacturing activity increases, we are already starting to see the impact on raw materials. Prices for our basic grade type 304 stainless steel have doubled over the past year. Lead times have pushed out and, in many cases, contracts for supply from the 4 major producers of stainless steel have simply been canceled. I am working with a group of interested parties ranging from small steel distributors to manufacturers to identify the source of the problem and to try and come up with solutions. One thing is for certain, if we expect our steel industry to ramp up production to meet the increased demand of U.S. manufacturers who want to buy American made steel, our government needs to somehow assure them that trade policy and general economic policy will be stable enough over the coming decades to encourage them to make those large investments necessary to increase output. One way of doing this is to put some teeth back into the Berry Amendment and the Buy American laws that are riddled with loopholes in the form of expanded thresholds and reduced domestic content percentages. If Congress takes action to sure up these existing laws, train government procurement personnel in the rules, then monitor and enforce those laws, this will be a huge first step in building confidence in the steel industry moving them to increase output knowing there will be expanded future demand.

Generally speaking, disruptions to the supply chain during the pandemic made it evident that decades of globalization have led to the deterioration of our industrial base to the extent that we simply no longer make many of the products we consume here in the United States. Once full shelves from the department store to the grocery store are now half stocked due to continued supply chain disruptions.

In addition to the disruptions caused by lack of supply, increased demand has played a role as well. As the only manufacturer of flatware in the United States this had a major impact on our business. It is up 150% over pre-pandemic levels. Why? Because Americans want to buy American. Searches for products online containing the phrases “made in America” and “made in USA” are more than double what they were pre-pandemic and up almost 5-fold over where they were a decade ago. However, there is an issue. When you go to the store by law the products you purchase are required to have country of origin labeling on the package. That is not the case online. In fact the importers are so aware of the pro Made in USA movement that they have started to go to great lengths to trick the American consumer into thinking that they are buying American when in fact the product is imported. A Google search for “toasters made in USA” will bring this issue to your screen with one click. You will find multiple listings for things like “The top 10 toasters made in USA.” These will lead you to a website that provides links to where you can buy one, likely on Amazon. Of course, this is all false information because there are no toasters made in the USA anymore. By the time you get to the actual product page where you add to cart, the “made in USA” claim has faded away and no country of origin is listed.

The solution is already in the works. Included in the U.S. Innovation and Competition Act, commonly referred to as the “China Bill,” the Senate has taken action in the form of an amendment to the bill requiring country of origin labeling, or “COOL,” for listings of products on the web. In the end the American consumer wants to know and has a right to know where the products that they are purchasing are made. I am hopeful that the house version which is being drafted now will contain similar COOL language as well. This will not only benefit the American consumer, but it will be a huge boon for those

companies who are currently making their products here at home or wish to begin making things here again. Who knows, perhaps one day there will again be a toaster that is Made in the USA.

My final point, but perhaps the most important of all, is that there can be no renaissance in American manufacturing without workers. The pandemic forced us all, including those in government, to make hard choices. As many as possible simply needed to stay home. Enhanced and extended unemployment benefits, which have recently expired, were part of that effort. Many blamed the shortage of workers on this alone. While it was certainly a contributing factor, the job market remains extremely challenging. As in the months before the pandemic there are millions more job openings than there are people on the unemployment rolls. A simple walk down Main Street looking at all of the help wanted signs provides graphic evidence that we have a worker crisis.

With historically low population growth in the United States, hovering around 1%, lower, and a low workforce participation rate, driven by a robust economy allowing many to retire early, this situation is likely to get far worse before it gets any better. Some degree of automation from self-checkout to robotics in factories will solve some issues but will also fall far short of bridging the worker gap as it is simply impossible to automate everything. But there is a solution, and it is an adjacent seemingly unrelated news story that seems to make the paper every day. We are in the middle of an immigration crisis as well. While I realize there are widely divergent views on this issue, I am not sure anyone believes that the current situation is anything short of a disaster, particularly for the immigrants themselves who frequently fall victims to violence during the process. Millions of people have arrived in our country, unvetted, undocumented, and now live in a shadow economy while the debate continues about what should be done. Although certainly not the majority of those desperate people seeking a better life, there are certainly criminals in the mix. There is no medical exam, vaccination process or any other controls.

Sometimes by combining two seemingly unrelated problems the result can be a solution for both. I believe this to be the case here. My favorite museum is the one at Ellis Island. To walk through and read the stories about the many waves of immigrants, where they came from, why, where they ended up settling, what they did and how the process was all handled so efficiently was fascinating. After thinking the issue through from many angles my conclusion and I hope yours as well, is that it is time to remove the word "museum" and create Ellis Island 2.0. America is starved for workers and we have millions of people who are either already here or are arriving in increased numbers every day. It is time to put aside the partisan wrangling and put order in a situation that will in the end resolve two major issues that we are facing today as we look to rebuild the post pandemic economy.

I have had the honor and privilege of engaging with many members of Congress as well as the Executive Branch of government and one thing sticks out very clearly, providing me with a great deal of optimism as we continue to grow our business and the Liberty Tabletop brand. Despite the partisan divide on most issues, Made in America, including the return of manufacturing industry to our shores, is the one issue that draws all sides together. While some of this will benefit large businesses who certainly have their voice in Washington DC, the return of manufacturing to the United States will have its largest impact on small business. Give us a level playing field and protect us against the industrial policies of other nations that unfairly dump their products in our market. Give us the raw materials we need to build our widgets. Give us the labor force that we need in order to expand production at our factories.

Give us these things and American small business will turn on the lights in factories and stores across the nation to help drive our economy into future decades of growth and prosperity.

Sincerely,

Gregory L. Owens  
Co-Founder and CEO  
Sherrill Manufacturing, Inc/Liberty Tabletop

September 2, 2021

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Steny Hoyer  
House Majority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
House Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Steve Scalise  
House Minority Whip  
U.S. House of Representatives  
Washington, DC 20515

**RE: Reconciliation - Employee Retention Tax Credit**

Speaker Pelosi,

On behalf of The National Automatic Merchandising Association (NAMA) and our membership, I am writing to urge you to include access to fourth quarter Employee Retention Tax Credit (ERTC) in the final budget reconciliation package.

As passed by the Senate, The Infrastructure Investment and Jobs Act terminates the ERTC three months early—making wages paid after September 30, 2021, ineligible for the credit.

The convenience services industry, which provides workplace snacks, meals and beverages to millions of employees every day, has been tremendously impacted by COVID-19. And the industry continues to struggle as the nation deals with the Delta variant and businesses extend work-from-home operations. NAMA research shows that across the broader vending and convenience services industry, approximately 50,000 jobs (28.74% of the industry) have been lost since the start of the pandemic.

Past Federal- and State-mandated shutdowns produced a vast reduction in serviceable client locations. Office buildings, schools, colleges and universities, and other locations where vending machines, office coffee services and micro markets (unattended retail outlets) are deployed, remain closed or dramatically decreased to this day.

Convenience services is a small, entrepreneurial, and diverse industry. From traditional vending and micro markets, office coffee and pantry services, manufacturing, and small-drop distribution services—convenience services meet the needs of over 40 million American consumers daily at work, home, school, and play. Vending and convenience services operators have kept America's essential response teams and front-line workers going during a time of national crisis. Operators have kept machines, micro markets, and pantries in hospitals, state and federal buildings, police stations, firehouses, truck stops and rest areas, stocked with necessary sustenance, even while putting themselves at risk to do so.

The ERTC is one of the few financial safety nets available to small businesses during the pandemic and has enabled convenience services companies to keep employees on the payroll. Cutting off this small business lifeline before the planned deadline would greatly impact businesses fighting to remain open for business, and hard-working Americans employed.

As you consider the Infrastructure Investment and Jobs Act, and craft the reconciliation package, please do not do so on the backs of those who need it most—small businesses. We urge you to add the ERTC into the final budget reconciliation bill and **make it available through the end of 2021 as previously promised.**

Sincerely,



Carla Balakgie, FASAE, CAE  
President & CEO

CC: The Honorable Richard Neal  
The Honorable Nydia Velazquez  
The Honorable Kevin Brady  
The Honorable Blaine Luetkemeyer

*NAMA represents the \$31 billion U.S. convenience services industry. By providing advocacy, education and research, NAMA works to promote and protect the industry's nearly 160,000 hardworking employees. Through traditional vending and micro markets, office coffee and pantry services, product manufacturing and small-drop distribution, convenience services meets the needs of over 40 million American consumers daily at work, home, school and play.*

