A YEAR IN REVIEW: THE STATE OF SMALL BUSINESS IN AMERICA

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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A YEAR IN REVIEW: THE STATE OF SMALL BUSINESS IN AMERICA

TUESDAY, DECEMBER 12, 2023

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

The Committee met, pursuant to call, at 10:11 a.m., in Room 2360, Rayburn House Office Building, Hon. Roger Williams [chairman of the Committee] presiding.

Present: Representatives Williams, Stauber, Meuser, Van Duyne, Mann, Molinaro, Crane, Bean, Hunt, LaLota, Velázquez, Golden, Landsman, McGarvey, Gluesenkamp Perez, Scholten, Thanedar, Chu, and Davids.

Chairman WILLIAMS. Okay. I would like to welcome everybody and first of all say Merry Christmas, Happy Holidays to everybody as we move into that season.

Before we get started I will lead us in the Pledge of Allegiance followed by Representative Hunt from the great state of Texas to lead us in prayer.

Would you please rise?

I pledge allegiance to the flag of the United States of America. And to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Mr. HUNT. Please bow your heads.

Heavenly Father, we are just truly grateful for the blessings of liberty and choosing our own way. We know, Lord, that it is not easy to have freedom, and we ask for wisdom and courage to do great things that we can just continue to live in a great country. We ask that those winds of freedom continue to blow around the world. We are with the people in Israel that are still suffering from just horrendous attacks, and so we are with them, and hostages and families. And we are grateful for those that help defend that freedom, and have defended that freedom, and will defend that freedom. So all this we ask in your name. Amen.

Chairman WILLIAMS. Good morning to everybody. And I now call the Committee on Small Business to order.

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

I now recognize myself for my opening statement.

Welcome to our last Small Business hearing of 2023. I want to thank our witnesses for being here today and I know all of you traveled a long way to share your stories with us and we greatly appreciate that.

This Committee serves as the voice for Main Street America in Washington. The goal today and every day is to learn more about the current state of small business from the people who know it best, our nation's job creators. There is no doubt that in a year like this one they have experienced many ups and downs. Starting a small business is a definition of the American dream and any American from any background can take a risk, bet on themselves, and bring a new service or product to the marketplace. Our economy is dependent upon small businesses and our entrepreneurs should be celebrated every single day.

As job creators, small businesses are the engines of our economy, accounting for over half of the payroll in half the entire country. More importantly, they are the beacon of light and extension of culture into each of our communities giving back selflessly through their businesses with many of their struggles often going unnoticed. I have been carrying on my family business for over 52 years and I understand the highs and the lows of being your own boss.

America's entrepreneurs have had to confront historic challenges over the past few years—the COVID-19 pandemic, out of control inflation, broken supply chains, high interest rates, access to capital, and a national labor shortage. But as small businesses have done countless times before, they endure.

Here on the Committee on Small Business, we have been working to create an environment where small businesses can thrive. Small business owners dedicate their lives and finances to the products and services they bring to the marketplace. Every business owner knows every extra hour of paperwork is one less hour they can tend to their business operations. Every inflated tax and extra dollar that could have gone somewhere else and every job vacancy is one more a small business owner must cover themselves.

As we listen to the state of small business in America, we salute the entrepreneurs who continue to fight and give selflessly back to their communities. We are eager to hit the ground running in the New Year and enact policy solutions that will help pave a path toward success for both now and in the future.

Today marks our 20th Full Committee hearing of the year and in each one we have heard about what small businesses are enduring at any given moment. I wanted to have this hearing today so we could specifically discuss the state of entrepreneurship as a whole and think about the bigger picture as we move forward in 2024. I am excited to have all of you here today with us. I am very much looking forward to today's hearing.

I ask unanimous consent to add a statement for this record from a small business owner advocate entrepreneur and two-time New York best-selling author, Carol Roth.

And without objection is so ordered.

And lastly, I would like to welcome Ms. Celeste Maloy, from the great state of Utah, as the newest Member of the majority on our Committee. Congressman Maloy is a fighter and came to Congress to advocate on behalf of the district's families and small businesses. We are excited to have her on our team and look forward to working with her.

With that I yield to our distinguished Ranking Member from New York, Ms. Velázquez.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman. I'd also like to thank all of our witnesses for traveling across the country to be here with us today.

It is important that on occasion we hold hearings like this to take stock and understand the landscape for small businesses and the impact of our policymaking.

Over the last several years, small businesses have faced a series of cascading crises from the initial COVID shock that closed more small businesses than any other time in history, to the following years of rising costs, supply chain disruptions, and labor shortages. We understand that running a business has been no easy task.

However, despite this array of challenges, our country's small businesses are more resilient than ever and they are helping to build a strong economy from the bottom up and the middle out.

While there is no argument that many small businesses are struggling, we must also acknowledge the clear positive economic indicators we saw in 2023. First, we can all be proud of the ongoing small business boom. So far this year, entrepreneurs applied to start another 4,500,000 million businesses accelerating even more from the record-breaking years of 2021 and 2022.

Second, we have seen a significant drop in inflation without a dramatic increase in unemployment—something that was unthinkable prior to this year and a step in the right direction toward a soft landing.

As a matter of fact, we have had 22 straight months of unemployment under 4 percent, the longest stretch in 50 years. While prices remain elevated, consumers and small businesses are getting relief in key areas like gas prices. Hopefully, price stabilization will give business owners the confidence to make long-term investments and give the fed the wherewithal to lower interest rates next year.

Finally, we cannot ignore last quarter's blockbuster growth, initially at 4.9 percent and recently advised upward to 5.2 percent. The strength of our economy in the face of these challenges has been propelled by many of the investments made last Congress through legislation like the American Rescue Plan, the bipartisan Infrastructure Law, the CHIPS and Science Act, and Inflation Reduction Act.

Despite this year being messy and chaotic on Capitol Hill, my hope is that this investment will give small firms the fuel they need to grow to their full potential.

I would like to once again thank our witnesses for joining us today and I yield back.

Chairman WILLIAMS. I will now introduce our witnesses.

The first witness here with us today is a dear friend of mine and a true Texan, Mr. Randy Thompson. Mr. Thompson is the president of the Board of Directors for Pal-Con Ltd., located in Stephenville, Texas. Founded in 1995 by Mr. Thompson and his sister, along with their mother and father, Pal-Con specializes in manufacturing the services of gas turbine regenerators and recuperators. Since its finding in 1995, Pal-Con has worked to expand into new markets. In 2012, Pal-Con won the rising star award from the Stephenville Chamber of Commerce. Mr. Thompson graduated from Tarleton State University, home of the Texans. And thank you for joining us today and we look forward to this conversation ahead.

Our second witness today is Mr. Daniel Grech. Mr. Grech is the founder and CEO of BizHack Academy located in Miami, Florida. BizHack Academy, founded by Mr. Grech in 2017, is a collective of marketing leaders who help businesses by equipping them with the skills required for digital success. Prior to founding his company, Mr. Grech was the VP of Digital Marketing and PR at OfferCraft, a small software startup in the hospitality industry. He also has years of journalism experience working as America's desk reporter for Marketplace at NPR from 2005 to 2009, and as a staff reporter at the Miami Herald from 2000 to 2004. Mr. Grech is a recipient of multiple awards including the PR News Platinum Award and his business, BizHack Academy is a Stevie Winner from the American Business as a Minority-Owned Small Business of the Year. Mr. Grech earned his bachelor of arts from Princeton University, his master's degree in Spanish language journalism while studying in Argentina, and his master of fine arts from Florida International University. Mr. Grech, thank you for joining us today, and we look forward to the conversation ahead.

I now recognize my colleague, Representative Meuser, from the great state of Pennsylvania, to briefly introduce their constituent who is appearing before us today.

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

It is my pleasure to introduce our next witness, my good friend, Mr. Nicholas Boyle, from Tamaqua, Pennsylvania. Mr. Boyle is the CEO of Northern Keystone Towing and Recovery located right outside of Tamaqua in Frackville, in the heart of Pennsylvania's Ninth Congressional. Mr. Boyle started his first company, Boyle Electro Mechanical in 2010, just a few years after graduating from high school. Today he continues to lead Boyle Electro Mechanical and operates seven specialized companies that range from information technology consulting to towing and recovery. Mr. Boyle is also a dedicated community volunteer serving on the Schuylkill County Planning Commission, and as Vice President and on the board of the Tamaqua Area School District. Really important roles being played in our community. Mr. Boyle graduated from Pennsylvania College of Technology, Penn Tech, great school in Williamsport within my district, where he earned his Bachelor of Science in Information Technology. Mr. Boyle embodies the spirit of the America entrepreneur. He is continually innovating, continually thinking, continually investing in his business and employees, while creating opportunities for those throughout our community. With such a diverse set of businesses and his years of experience, Mr. Boyle knows firsthand how today's economic headwinds are impacting small businesses like his across America and provide valuable insight into the current state of Main Street America.

I want to thank you, Mr. Boyle, very, very much, and all of our witnesses for testifying before this Committee and I look forward to today's conversation.

I yield back, Mr. Chairman.

Chairman WILLIAMS. Thank you. I now recognize the Ranking Member from New York, Ms. Velázquez, to briefly introduce our last witness, appearing before us today.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Our final witness today is Dr. Tammira Lucas. Dr. Lucas is the Founder of the Cube Cowork, the largest black women-owned co-working space in the United States offering babysitting services. She is a strong advocate for women in business, especially moms, having cofounded the National Association for Mom Entrepreneurs. Dr. Lucas is an author, speaker, philanthropist, and Assistant Professor at Coppin State University. She holds three degrees in business, including a Doctorate of Business Administration. Thank you, Dr. Lucas, for joining us today.

I yield back.

Chairman WILLIAMS. Thank you, again. And we appreciate all of you being here today.

Now, before recognizing the witnesses I would like to remind them that their oral testimony is restricted to 5 minutes in length. If you see the light turn red in front of you it means your 5 minutes is up. You are done. Okay? As concluded and you should wrap up your testimony. So we will be aware of that. And if you hear this (gavel tapping) I am kind of giving you a little heads up you are getting close to 5 minutes. Okay? All right.

I now recognize Mr. Randy Thompson for his 5 minute opening remarks.

Mr. Thompson?

STATEMENTS OF JAMES R. THOMPSON, PRESIDENT, BOARD OF DIRECTORS, PAL-CON LTD.; DANIEL A. GRECH, FOUNDER AND CHIEF EXECUTIVE OFFICER, BIZHACK ACADEMY; NICHOLAS BOYLE, CHIEF EXECUTIVE OFFICER, NORTHERN KEYSTONE TOWING AND RECOVERY; AND TAMMIRA LUCAS, CHIEF EXECUTIVE OFFICER/ASSISTANT PROFESSOR, THE CUBE COWORK/COPPIN STATE UNIVERSITY

STATEMENT OF RANDY THOMPSON, PRESIDENT OF THE BOARD OF DIRECTORS, PAL-CON LTD.

Mr. THOMPSON. Thank you for inviting me to testify in front of the Committee today on the state of small business from a Texan's point of view.

Like the Chairman said, my name is Randy Thompson. I am the president of Pal-Con, Ltd. in Stephenville, Texas. We build a heat exchanger for improved fuel efficiency and auxiliary equipment for emissions control for natural gas transmission and the power generation companies. Our heat exchanger actually reduced fuel consumption by up to 40 percent when installed on a gas turbine. We are also proud to day that our heat exchanger is 100 percent American made.

My company is strong. We have navigated all the challenges put in front of us in recent years, but we clearly have struggles we deal with every day—a workforce shortage, skilled labor shortage, supply chain issues, taxes, and regulations.

We need workers. Erath County is home to about 44,000 people and we have a 3.4 percent unemployment rate. That is nearly 1,500 people who are unemployed. There is no reason for one single person to be unemployed in Erath County. Why do the benefits of not working outweigh the benefits of working? That is a little messed up. There are over 5,000 jobs that could be done right now.

When I was younger, if I did not work, I did not eat. We combatted some of our work issues using the USCIS program earlier this year which got us to properly vet and hire candidates from a couple other countries. That took about 30 days. Well, it has been 9 months since we have been able to get anybody else so that did not work very well for us. So we have significantly had to increase our wages across the board in the last few years. Our payroll has increased over 40 percent since 2020. We believe that as our employees go, so do we and vice versa. But sadly, increasing wages is not enough for us to win this war on higher prices.

Being a small business owner in a thriving rural college town has its own issues, too. The lack of affordable housing in our area is often a deterrent for our candidates. We need all levels of government to put more emphasis on the need for affordable housing outside the metroplexes to draw in and keep more people in rural areas.

The lack of skilled craftsmanship is going to be detrimental to the U.S. economy. Where are the incentives for students to learn a trade? All the years spent pushing college on students have resulted in an unappreciation for the trades. Pal-Con is roughly 90 percent blue collar workers and 80 percent of them are skilled craftsmen. Trade schools need equal representation and the government needs to incentivize trade school attendance in the same manner as any other post-secondary education.

On the supply chain issue, the U.S. raw materials market still seems to be lagging behind. Three years of COVID-related restrictions had a negative impact on all our metal suppliers. Most of our suppliers do not have any inventory to speak of, and if Amazon can get it, why cannot they? It really hurts us. We will not purchase foreign, inferior materials to make our products.

I recently read that the U.S. metal fabrication industry is facing major hurdles. It is my understanding that the iron and steel manufacturing industry has declined nearly 40 percent in recent years. The United States needs to strive for self-reliance. We need to support domestic suppliers to support domestic manufacturers.

Another issue is taxes. Small businesses and median income families pay the majority of the taxes. Companies like Pal-Con and our employees end up paying far more in taxes on a percentage basis. If large corporations paid their fair share, then median income families would pay far less. The current tax curve is misaligned; it needs to be reworked to reflect the current wages based on the current cost of living. The small business sector and the median income families are seriously underrepresented. We have no voice. We cannot afford lobbyists or advocates. Tax breaks and loopholes exist in excess for domestic and foreign-owned large companies while our clients are tasked with mitigating the barrage of regulations as we pressure with environmental, social, and government requirements, Pal-Con Ltd. is a family-owned business with family-based morals. We are currently being discriminated against for project opportunities for not being a minority-owned business. Race, ethnicity, gender, and so on should have no bearing in determining who does the better job. We have met all our clients' requirements over the years and we are affiliated with more associations——

Chairman WILLIAMS. Time is up.

Mr. THOMPSON. Okay.

Chairman WILLIAMS. Thank you for your testimony.

Okay. Thank you for your testimony.

And I now recognize Mr. Grech for his 5 minute opening remarks.

STATEMENT OF DAN GRECH, FOUNDER AND CEO, BIZHACK ACADEMY

Mr. GRECH. Thank you, Mr. Chairman, and the Members of the House Committee on Small Business, for this opportunity to testify.

My name is Dan Grech. I am the founder of BizHack Academy. We are a South Florida company that trains small businesses, to use modern marketing tools such as artificial intelligence and digital advertising. Our 10-year goal is to help 10,000 small businesses in the U.S. grow faster by 2027.

The Japanese have a principle called ikigai. Ikigai is the intersection of four things: 1) what you love, 2) what you are good at, 3) what you can make money doing, and what the world needs.

Your ikigai is essentially your professional sweet spot. I like to think of it as your professional love.

The subject of this testimony is my decade-long journey to discover my ikigai and some of the lessons I learned along the way.

I am a small business owner who serves small businesses. I am the son of an immigrant from Spain and a public school art teacher in Philadelphia. Eighty-seven percent of the business owners we train are people of color, and many of them are immigrants. We offer programs in English, Spanish, and Haitian Creole. My background is as a Pulitzer Prize-winning, NPR and PBS journalist. Ten years ago I lost my job in journalism. I was unable to find another job in the media. I had lost my first professional love. I had lost my ikigai.

I found a glimmer of meaning when I started teaching a course in marketing at the local community college. Two years later I took the entrepreneurial leap. I quit my day job and started BizHack Academy. Over the past 7 years, we have taught 700 businesses how to run online ads. One of our students was an 80-year-old CEO. I helped him log into Facebook for the very first time. Seven weeks later he was running sophisticated ads promoting his consulting business. Our average course participant earns $29 in revenue for every $1 spent in ads. Digital marketing is something every small business needs and my team has proven it is something every small business owner with the right support can do.

The theme of today's hearing is resilience. Like many companies, BizHack went through a near-death experience at the start of the pandemic. Before COVID we only offered our training in person. After the lockdown we had to cancel all of our classes. Overnight we were essentially out of business.

Today, BizHack has transformed itself into an online training academy. Despite the economic headwinds, BizHack is thriving. We offer free webinars on marketing to our community. We run a scholarship program that has given $400,000 in tuition relief to nearly 300 businesses. We launched a course on AI for marketing that features guests from Microsoft, Apple, and Disney. We received funding Miami-Dade County, an example of a win-win public-private partnership.

On a personal level, the last few years have been trying for me and my family. The ups and downs have taken a toll on my health. It has made me less present for my wife and two kids.

Fast federal aid in the form of PPP and EIDL were a lifeline to BizHack and so many other businesses. Thank you, Congress, for coming together to sustain small businesses that are the heart and soul of the American economy. We are so grateful for your support.

I want to offer two recommendations to the Committee.

First, the government has an essential role in ensuring that high quality and affordable training is available to every small business and their employees. Unfortunately, much of the current training that uses federal funds is either out of date or out of touch. This Committee should explore how the SBA and its educational arms can be modernized to meet entrepreneurs' evolving needs.

Second, Congress must regulate generative AI to ensure that its negative impacts are minimized. This mandate was missed with social medial to disastrous consequences. When Congress is writing that legislation, however, it must give small businesses a seat at the table. Generative AI is the most powerful tool for small business growth in a generation. Small business advocates must help build the guardrails for AI so we don't inadvertently cut short its positive potential.

I spoke earlier about searching for my ikigai, my professional sweet spot, and I found it. My ikigai is to partner with business support organizations, such as the SBA, to provide training and marketing to businesses that could not otherwise afford it. Six years in, BizHack is 2/3 of the way to our ambitious goal of transforming the lives and futures of 10,000 small business owners. Thank you to the Committee for all that you do to support that mission.

Chairman WILLIAMS. Thank you.

And I now recognize Mr. Nick Boyle for his 5 minute opening remarks.

STATEMENT OF NICK BOYLE, CEO, NORTHERN KEYSTONE TOWING AND RECOVERY

Mr. BOYLE. First I would like to express how grateful I am to sit here before you today. As an American patriot, this is an amazing honor to testify before you and I thank you for the invitation.

With the help of an amazing management staff, partners, and supportive family, I operate seven businesses in Pennsylvania. Those businesses cover a broad range of industries from information technology consulting, long-term property rentals, towing and transportation, excavating, equipment and tool leasing, and land and project development. We have operated such diverse companies out of my paranoia that in the event of a shaky economy the fork would not fall out from beneath all of them.

This Committee represents the backbone of the American economy, and I hope today I can provide you with some good information for future legislation.

I would like to cover two topics today, one being interstate commerce and real estate revitalization.

Our towing company is in its infancy. We are coming up on our 2-year anniversary and we are currently operating eight trucks delivering customers safely back home all over the northeastern United States. The biggest hinderance in the business is the interstate commerce regulations. I am an advocate for state rights but sometimes the federal government can do a better job. Interstate commerce is one of those areas. It would be impossible for someone to start up one of these businesses without having a large amount of capital because of these regulations. I learned this quickly as we had a truck stopped in New York State and we were lacking a New York State fuel tax sticker. The truck was stopped. We had to get another towing company to finish the job. The next day we hired an attorney to review all the rules and regulations from our neighboring states that we operated in. At the end of this we end up with a truck plastered with seven different stickers and numbers representing all the states and federal regulations, a $1,000 fine for a $2 sticker for the State of New York, and an attorney with a new vacation house.

I would propose that this Committee investigate combining all the state and federal reports under one number, one simple form that any American who has a dream of becoming an owner-operate can understand and complete without paying a third party.

The next area that I would like to talk about is the real estate market. I am happy to report to you that despite the high interest rates that Americans are facing, the real estate market is very strong. We are seeing houses sell for record prices in our area. Long-term rental prices are up because of supply and demand as well as the highest interest rates that is keeping families from home ownership.

Short term rentals will have a major issue in the next 18 months as those properties were overvalued during COVID. However, you will not see what we have seen in 2008. We will not see a flood of housing hitting the market. Americans are not going to give up those 3 percent fixed mortgages. Legislation that would help this sector of small business should come in the form of grants or low interest loans to revitalize America's uninhabitable downtown apartment buildings. In my hometown of Tamaqua, we have about a mile of main street that has potential for major revitalization. The problem is that the projects are massive and the return on investment is too long or not at all. With proper funding these buildings could provide affordable housing to Americans and make it appealing for investors and property owners to bring these buildings back to livable standards. Unfortunately, this is going to be a very unpopular opinion, but the legislation that we would need would have to limit the prevailing wage which keeps these existing grants from being used. Currently, Tamaqua is sitting on a $1,000,000 grant that has not been used in over 2 years because of how the grant is written and the requirements of the prevailing wage. With revitalization of these buildings we will be able to have more affordable housing bringing more workers available to help all small businesses in that community.

I want to thank you again for having me here today.

Chairman WILLIAMS. Thank you.

And I now recognize Dr. Tammira Lucas for her 5-minute opening remarks.

STATEMENT OF DR. TAMMIRA LUCAS, CEO, CUBE COWORK/ COPPIN STATE UNIVERSITY

Ms. LUCAS. Good morning, Chairman Williams, Ranking Member Velázquez, and Members of the Committee. Thank you for the opportunity to testify.

I am Dr. Tammira Lucas, CEO of the Cube Cowork, the largest black women-owned coworking space that provides onsite babysitting services in the United States which supports over 250 local women entrepreneurs in Baltimore. I am also an assistant professor in the College of Business at the esteemed HBCU, Coppin State University.

There are a few obvious why supporting and establishing policies that directly positively impact small businesses should not be an option but instead a priority.

As I am sure you have all heard several times before, small businesses are the heartbeat of our communities. They are founded by local entrepreneurs who made the conscious effort to bet on themselves to build wealth for their families. They are maintained and fed by local residents of the community.

Main Street Alliance reports everywhere that small businesses thrive, poverty rates fall and property value rises. This investment in local communities is the backbone of the American economy where small businesses create 64 percent of all new jobs in the nation. In 2023, small businesses, especially minority-owned businesses in Baltimore City and County are still struggling to survive financially and growing their receipts significantly due to a myriad of reasons.

According to the McKinsley Institute for Black Economic Mobility, market barriers result from unaddressed needs often related to changes of access to capital expertise, and services. Sociocultural barriers encompass the bias and exclusionary ways in which black entrepreneurs are more likely to be blocked from gaining social capital such as relationships that make up business networks. Finally, institutional barriers are supported by the systems in which black-owned businesses operate and include factors a basic as their location.

As I speak in front of you today, I want to highlight many of the issues that entrepreneurs in Baltimore and similar cities around the country continue to face preventing them from achieving business sustainability, wealth creation, job creation, and crime reduction.

Maryland has the highest rate per capital of women-owned businesses in the United States. Maryland has 42 minority-owned businesses for every 100,000 residents, and 17.5 businesses owned by women per 100,000 residents.

Those that have acquired student loan debt are less likely to assume the risk of starting a business due to the lack of financial stability and the burden of the debt. As a business professor, I could constantly see students deciding to obtain careers that do not align with their goals or values to tackle their student loan debt. They also desire, like me, to start a business but understanding the realities of debt will not allow them to indulge themselves fully in the world of entrepreneurship. Affordable education is essential to the growth of our economy. The average black bachelor's degree holder has an average of 52,000 of student loan debt with an average salary of $49,000 after graduation.

Student loan debt forgiveness would immediately increase the wealth of black Americans up by 40 percent. If new businesses do not continue to start, our overall economy will be negatively impacted. More than half of the households in Baltimore City are run by single mothers who are living below the poverty level. However, this same demographic are the ones who are using their talents and nonexistent finances to start businesses to increase the household income and to employ individuals in their community.

Not only are they dealing with the lack of capital but they are also dealing with the major barriers, like the lack of affordable childcare, high student loan payments, and inflation. We continue to expect constituents in low-income areas to do miracles with very little.

In 2023, interest rates were at an all-time high. This rise impacted the amount of disposable income directly impacting small business owners' success.

I want to emphasize the importance of finding solutions specifically for entrepreneurs to access affordable childcare while starting or growing a business. Currently, our system is designed to only focus on providing childcare subsidies to women who are in the workforce. Entrepreneurship in the eyes of the system is not considered a workforce activity. However, entrepreneurs are creating the workforce. Aspiring or current entrepreneurs should not be forced to make a decision on whether they will start a business or go into the workforce due to the lack of affordable quality childcare. I want Congress to imagine living below the poverty level paying $15,000 a year per child for childcare while trying to start or scale a business. Mothers should not have to choose their entrepreneurial dreams over their children. The American Rescue Act childcare support ended September 30th threatening for continued existence of a third of the nation's childcare centers for quality and more on the 3,000,000 American children.

I have more to say but thank you.

Chairman WILLIAMS. We will now move to the Member questions under the 5 minute rule.

I now recognize myself for 5 minutes.

Before I was elected to Congress I served as Secretary of State of Texas in Governor Rick Perry's administration. The state wanted to undertake a lot of different infrastructure projects but we quickly realized we had a problem. We could not find enough welders in the state to compete with some of the other projects and that was an eye-opening experience for me that showed we had some serious workforce issues that still have not been fixed all these years in Texas.

So we continue to hear similar stories from many small businesses, especially in the manufacturing industry. Not only is it hard to find new talent but you have to pay top dollar to keep the good employees happy.

So Mr. Thompson, can you talk about some of the workforce issues you have been seeing in rural Texas and how have you been trying to recruit and retain top talent as lack of workers held back many of your business expansion plans?

Mr. THOMPSON. That is a good question.

You know, I am actually a welder by trade myself, and these boys that are trying to get in the welding business right now, they have no way to get there. Most of them are low-income families. They cannot get student loans for some of these trade schools like a kid going to college. And I also think our high schools, especially in the State of Texas—I cannot speak for anybody else—I do not think we are pushing enough vocation. We are just pushing college in the high schools and not helping these kids learn what is out there, whether it be a welder, whether it be air conditioning or electrician or anything like that.

Chairman WILLIAMS. Before I move on to someone else, Mr. Thompson, can you briefly tell us about some of the regulations that are hurting your business?

Mr. THOMPSON. I think there's really too many to answer. But a lot of it has got to do with minority owned. I mean, I have had one of my major clients tell us that we are going to probably lose some of the work from them just because we are not minority owned.

Chairman WILLIAMS. Okay. Mr. Boyle, you own and operate seven different businesses in different industries as you have explained. You are the definition of an entrepreneur and you have to fix problems, you see the marketplace rather than just sit on the sidelines. So it is my hope that this level of drive can be installed in more young people across our country. We have too many umpires and not enough people willing to play the game.

So Mr. Boyle, what advice would you give to someone who is looking to take the leap of faith and invest in themselves by starting their own businesses but might not be sure where to start?

Mr. BOYLE. I would have to give the advice as to do it. When I started out I was a junior in college and I did not know what I was going to do post-grad. And it was a scary work environment in 2010, locally anyhow. So I would give any advice to start a new business up is to take the bull by the horns and get it down, and push through it. There are going to be some hurdles as with anything else but you could definitely make it happen.

Chairman WILLIAMS. Well, risk and reward has always been what this country is about. Take a little risk, get some reward; right?

Mr. BOYLE. Absolutely.

Chairman WILLIAMS. That a boy.

So let me, just to follow up, can you speak to your business on how you have been navigating these fuel costs that go up and down?

Mr. BOYLE. The fuels costs, fuel surcharges, they have definitely been negatively impacting our clients. I have seen, we do some aggregate hauling for quarries and I have seen them, they set the fuel surcharge rate. And I have seen that as high as 27 percent which I could not imagine being able to operate with a 27 percent surcharge on aggregate.

Chairman WILLIAMS. Real quick, Mr. Grech, while I have got the remaining time, in a few words, how can digital tools help small businesses better succeed in the current economic environment that we see?

Mr. GRECH. Thank you for the question, Mr. Chairman.

Mr. Thompson was describing the difficulty in finding skilled workers when it comes to manual labor like welding. And I basically want to echo that that is exactly what many businesses are experiencing when it comes to knowledge work. And I think that there is an incredibly important role that the federal government has in helping subsidize a future ready workforce, whether it is a welder, or someone working on marketing inside of a company. Artificial intelligence tools, digital advertising, digital marketing in general are areas that knowledge workers need to understand in order to succeed.

Chairman WILLIAMS. Okay. Thank you.

I now recognize the Ranking Member for 5 minutes of questions.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Dr. Lucas, you mentioned the pivotal role of single mothers in the Baltimore economy despite the significant barriers that they face. How do you think expiring support for things like childcare will impact the ability of mothers to run a business in the coming months?

Ms. LUCAS. That is a good question. It is negatively going to impact new business creation for mom-owned businesses specifically because of the lack of affordable—not just affordable childcare but quality childcare as well. None of us would be here without our mothers, yet there are very small services that are geared to supporting moms and businesses and we have to really reevaluate how would the world actually run without a mother.

Ms. VELÁZQUEZ. The Small Business Administration has made a concerted effort to expand SBA resource partners to historically black college and universities. How was your experience with the Morgan State Women's Business Center?

Ms. LUCAS. That is an amazing question. The Morgan State Women's Business Center has been an amazing partner with our coworking space in deploying resources directly to the communities in Baltimore City and County and the surrounding areas. We have been able to really offer workshops, educational resources, and financial resources to really help sustain minority, women-owned businesses.

Ms. VELÁZQUEZ. So you think that efforts such as this one will close the gap in terms of disparities?

Ms. LUCAS. Absolutely. I think that those services and resources that are deployed into women's business centers should definitely increase to continue to support.

Ms. VELÁZQUEZ. Thank you.

Mr. Thompson, you expressed your commitment to locally manufacturing and sourcing your products. What are the broader benefits of domestic manufacturing, specifically for the surrounding communities and small businesses?

Mr. THOMPSON. How do I explain this? For like us, we want to do American. We can go offshore with supply and get it a lot cheaper but then you lose the quality and then, I am sorry but I am patriotic. I am an American and I am a Texan and so we try to help each other. That is just——

Ms. VELÁZQUEZ. Thank you.

Mr. THOMPSON.—the American way.

Ms. VELÁZQUEZ. Mr. Grech, having worked for and with many Latino-owned businesses, can you talk about the importance of entrepreneurship in the immigrant community and how these businesses benefit the communities they serve.

Mr. THOMPSON. Thank you very much for the question.

I am the son of an immigrant and more than 2/3 of the people who live in my immediate county are immigrants. Most of them are from Spanish-speaking countries. And most of them, many of them are entrepreneurs of need. Essentially, they come to this country penniless and with no networks and they have to essentially work to eat. And they are often the best of their home countries. The most ambitious, the ones with the greatest drive, and frankly, the biggest get up and go because there is nothing like leaving everything to start over. And these folks just need a leg up. They are documented immigrants and future American citizens. Their children are American citizens. And they struggle. They struggle so much. And so Miami-Dade County is funding a number of programs that we run in English and Spanish and Creole to help give them access to education. One of the biggest issues that we face is that they do not know that that training exists. And they were preyed upon by charlatans that take advantage of their newness and ignorance of the way things work and where help is available. So there is a huge role for the SBA and its funders, the organizations it funds to just spread the word that there is some really good and valuable training out there to help them.

Ms. VELÁZQUEZ. Thank you.

Dr. Lucas, access to healthcare remains a barrier to entrepreneurship for many people with dreams of starting their own businesses. How does a universal system benefit small business owners?

Ms. LUCAS. A universal system allows small businesses to really access affordable healthcare. I want to be very clear. I am a professor but that was not a decision just based off of my expertise, education, and love for education. It was because I suffer from a health condition that I need affordable healthcare. And so we have to think about how do we really provide that to all.

Ms. VELÁZQUEZ. Thank you.

I yield back.

Chairman WILLIAMS. I now recognize Ms. Van Duyne from the great state of Texas for 5 minutes.

Ms. VAN DUYNE. Thank you very much, Mr. Chairman.

This year we heard countless stories on how this administration has hampered the ability of small businesses to grow due to their reckless spending, and quite honestly, overregulation which is part of the reason why earlier this year this Committee passed my bill, the Small Business Regulatory Reduction Act. This bill requires the SBA to ensure for each fiscal year the cost to the Small Business Administration's rulemaking is not greater than zero, which also is requiring the SBA to issue a report on any regulations issued by other federal agencies that impact small businesses. I look forward to working with this Committee next session to ensure that Congress is reigning in the power of out-of-control regulatory glutton executive branch and I look forward to continuing the work on this Committee to see that my bill moves forward and to work to strengthen the small businesses across the country.

You brought up some excellent points, Mr. Thompson, about workforce development and the lack of focus on trades. And if you think about it, in the last couple of years, trades is really where it is at. Once you have that knowledge, once you have that experience, you can basically charge anything you want. And trust me; I have been trying to get some folks to the house. It is a very, very competitive market and not enough people are doing it.

Last summer we worked with our high school and our junior high counselors, our middle school counselors, on getting them access to businesses that were willing to work with them to introduce their trades to students. We focused on things like healthcare. We focused on law enforcement. We focused on aviation. It was a great experience because the counselors had, to your point, been really pushing for 4-year degrees and for kids to take out these massive loans to get a college education. When we introduced and we worked with some of the businesses who we had met with in roundtables who had told us they were having a very difficult time hiring, the introduction was phenomenal.

Are you doing any of those types of things? Are you working with some of the middle schools or some of the high schools to actually introduce what you do so that the students know that within their very city, their very locale that they have opportunities once they graduate?

Mr. THOMPSON. Yes, ma'am. We are working with Stephenville High School. They have come and toured our facility. We have went and had some roundtable meetings and offered our expertise.

Part of our problem in our area is there is not enough people out there to teach some of these vocations because there is such a demand for it out in the workforce that they would be crazy to go from $75 an hour to teachers' wages. So you know, that is something that we need to look at is increasing teachers. Because without teachers we would be a bunch of idiots to tell you the truth. So, you know, it is hard. That is the hard part is getting teachers for it.

Ms. VAN DUYNE. Yeah, that is a good point.

Mr. Grech, are you doing anything with your local middle schools or high school students?

Mr. GRECH. Yeah. BizHack primarily works with the community college and university level but, you know, community college in many ways is sort of the pathway into knowledge work for many immigrants and poor folk. And Miami-Dade College which actually where BizHack got its start, that was where I was teaching in their Entrepreneurship Center, many of those are folks that are kind of striving for the middle class. And what we have seen is that the need for workforce development, whether it is nursing, manual labor, or knowledge work is vast. And because higher education has gotten so, so expensive, I really do think there is a needed role for the government to subsidize some of this training so that we can stay competitive locally and globally.

Ms. VAN DUYNE. And I know that we have actually been fighting for that. We have introduced a number of bills that would do that.

Mr. BOYLE. Yeah. So I am the vice president of our local school district and I can tell you that we have a great outreach program with the high school. Many programs allow students to go to school till about noon and then they end up coming to the workforce. Our demographic of employees really are all local. Some of these guys have worked for me since they were 14 years old. They are now in their mid-20s buying houses. So we definitely, the outreach to the local schools is always important and it is always good to do that outreach to build back up small town American. So yeah, it is probably one of the most important things that we do.

Ms. VAN DUYNE. I appreciate all of your testimony, and I yield back.

Chairman WILLIAMS. I now recognize Mr. McGarvey from the great state of Kentucky for 5 minutes.

Mr. MCGARVEY. Thank you, Mr. Chairman.

Mr. Boyle, I appreciated your comments about your hometown in Pennsylvania having a great main street. I have got to brag about my main street in Louisville, Kentucky, where we just have incredible buildings. We have a great collection of the cast iron buildings that rivals, you know, New York and Portland, Oregon, in terms of its beauty and amount of buildings we have got there. From First Street to Ninth Street it is incredible. But then you get to Ninth Street and there is literally a physical barrier. The Ninth Street ramp comes off the expressway and separates east from west Louisville. Of course, that is also a mark of segregation in my community and it separates a largely historically black area from a more white area. And what you see then through redlining, through other practices over the years is you see a lack of opportunity, a lack of grocery stores, a lack of access to capital for a lot of these small businesses. And that is why I will say I am thankful for the work that we have done on the infrastructure law because, you know, my community is going to get $3,600,000,000 for projects like Reimagine Ninth Street which I really hope will open up opportunity which will open up entrepreneurship, which will open up opportunity for economic growth for everyone in Louisville, not leaving anybody behind.

Dr. Lucas, you stated we continue to expect constituents in low-income areas to do miracles with very little. I could not agree more. And I think it is incumbent upon us as policymakers to recognizes this fact.

So Dr. Lucas, how can the SBA lower barriers to entry and make resources more accessible to all to receive them, particularly in areas where our constituents are being asked to do a whole lot with very little?

Ms. LUCAS. That is a good question and thank you for asking that.

One of the things that I want to really highlight is that, you know, when you are implementing literally like tax incentives for small businesses, small business owners, we desire to pay living wages; right? However, it is impossible for many of us with inflation and so it is essential for our federal government leaders to create policies that will incentivize small business owners to pay living wage to their employees. It is also to identify that there is a gap as you said. There is a world, right, it is two different worlds out there and we have to really get down to making sure that we are addressing those needs and being very strategic on how we are placing capital in the hands of minority and women-owned businesses. At the end of the day there is a huge gap that has existed forever just because of the color of their skin or just because of, you know, them being identified as a woman. And so we have to really be honest with ourselves and deploy resources to mitigate that gap.

Mr. MCGARVEY. That is right. Initially, that gap was provided for in policy. I will state that was a decision and we have got to do what we can to reverse that.

I will ask you another question, Dr. Boyle—not Dr. Boyle. I am sorry. Dr. Lucas. I will get to you next, Mr. Boyle. I promise.

As we get ready to wrap up the year, what are some of the biggest challenges you notice that small business owners and aspiring entrepreneurs faced in 2023?

Ms. LUCAS. Great question. Again, access to capital. Access to social capital. Really being able to implement some of the information that they are receiving from many of the resources, like the women's business center or any of the supportive services that the SBA does. There is a lack of workforce. I totally agree with that and that comes with many of the other issues that have not been talked about outside of me addressing them as far as like childcare. Women are typically the ones that are working in the workforce but yet we are not really deploying those affordable resources to help them be in the actual workforce and support their families.

Mr. MCGARVEY. As one who dropped our youngest off at preschool before getting on the flight yesterday to Washington I appreciate that comment.

Mr. Boyle, I will get to you last.

You found a number of successful businesses and, you know, this Committee does great work because we all know the importance of entrepreneurship and small business. You get the last word. Same question. What challenges emerged in 2023 and what would you like to see?

Mr. BOYLE. I would, definitely going back, you know, 2023 start off pretty good and now I am seeing that the end of the year that lack of capital. Just like the good doctor here has just stated. I would like to see some better programs that are going to be out there to help the small businesses out because I feel like we are just starting the storm and 2024 is, I think, going to be a big challenge for small businesses.

Mr. MCGARVEY. Thank you very much.

I yield back.

Chairman WILLIAMS. The gentleman yields back.

And I now recognize Mr. Mann from the great state of Kansas for 5 minutes.

Mr. MANN. Thank you, Mr. Chairman, for having this important hearing. Thank you for our witnesses for being here today.

I am Congressman Tracey Mann and I represent the Big First District of Kanas, which is 60 primarily rural counties in the western and central part of Kansas. The Big First is home to more than

20,000 small businesses and more than 80 percent of the employees in my district are employed by small businesses which help drive our economy and define the American dream.

Unfortunately, as this hearing has highlighted, the dream is becoming farther and farther out of reach for especially our rural small businesses who continue to face unprecedented long-term challenges brought on in large part by Washington's addiction to spending and overregulation. After more than 2 years of near record inflation, high interest rates, regulatory burdens, and workforce challenges, rural America is hurting. But we have a saying in Kansas, our state moto, Ad Astra per Aspera, To the Stars Through Difficulty.

I am proud of the work House Republicans have done on this Committee to reign in the overregulation, out of control spending, and inflation-raising policies of the Biden administration to make it easier for small businesses to expand and grow their operations. But more importantly, I am proud of family farmers, aerospace startup entrepreneurs, and every rural weedkiller and restaurant owner, all the folks in my district who harness their God-given gifts and entrepreneurial spirit to produce a better future for their communities and our country despite and through all these challenges. We can and must do more for our rural communities in Congress and I am committed to doing just that.

A few quick questions. First for you, Mr. Thompson, you specifically mentioned in your testimony the important role your company plays in rural communities. Can you speak a little bit more to the broad impact that you see that your company has on the lives of folks in your rural community?

Mr. THOMPSON. Well, like I said, I live in a town of about 44,000 in our county, and we are probably the fifth largest company. We have got, of course, Tarlton State being the biggest. And our employees are our family. I mean, we have got right at 200 employees. I would say about 150 of them worked for us for 10 years or longer. We would have probably another 100 if we could get, you know, we supported our athletic department at Tarlton and at Stephenville High School. And you know, if we were not there where would they, you know, where would they work? Because, like I said, I mean, we are the fifth largest probably.

Mr. MANN. That is tremendous.

Mr. Thompson, what can Congress do to encourage the next generation of rural entrepreneurs? You know, we need more folks like you starting and building businesses in our rural communities. What aught Congress do or think about to have more rural entrepreneurs?

Mr. THOMPSON. You know, there are a lot of them there in Stephenville that would like to start their own business but the problem is, again, education as far as, you know, like there are four AC companies. There are five electricians. And they are so backed up and everything. Well, these kids are actually working for them. They are scared to go out and get it because, one, the interest rates are crazy. And they cannot afford it. Not starting out. I mean, you have got to have a little nest egg to start a company. I do not care who you are. There is nobody who started a company broke.

Mr. MANN. Yeah. Yeah. That is right.

I appreciate that. I appreciate you bringing up interest rates, which is my next topic for you, Mr. Grech. I know you work with thousands of small businesses. Explain to this Committee the impact of these interest rate increases that we have seen over the last couple of years and what that really means for our small businesses, urban and rural.

Mr. GRECH. Absolutely. Thank you for the question.

I just wanted to actually address one of the things that you had talked about, about what we can do with our rural workforce. One of the benefits of being in a remote workplace environment is that folks who live in lower cost of living locations actually have an incredible advantage when it comes to being hired as a knowledge worker. So I think another approach perhaps to rural employment issues, a way that will allow people to work for companies that are not local and also make a living or better than living wage is to train them in disciplines like digital marketing and then try to get them connected to companies that are maybe not necessarily directly inside of their community.

Now, to address your question, right now in addition to high interest rates, small businesses are facing a ton of headwinds—inflation, supply chain issues, a lack of skilled staff which we have talked a lot about. And I think there is just an incredible need and role for this Committee to help. Because I think 2024 will be another challenging year.

Mr. MANN. Thanks, Mr. Chairman.

Chairman WILLIAMS. Thank you.

I now recognize Ms. Chu from the great state of California for 5 minutes.

Ms. CHU. Thank you, Mr. Chair.

As we near the end of the first session of the 118th Congress, I want to acknowledge the hard work of this Committee to pass 22 bipartisan bills out of markup. And already we have passed 10 of those bills on the House floor, including my bill, the Investing in Main Street Act. This bill simply amends an outdated law to allow financial institutions to invest up to 15 percent, triple the current amount of 5 percent, other capital and surplus into SBA certified small business investment companies (SBICs) that specialize in high potential startup companies that need this capital. This common sense change would help to close the gap and access to capital which continues to be a challenge for small businesses. The Investing in Main Street Act passed the house in January on an overwhelming bipartisan vote just as it has in the previous three Congresses. I urge the Senate to finally take up this important legislation so we can get it signed into law. And there is a potential of having three times as much capital for these types of businesses.

And now I would like to ask Dr. Lucas, in 2021, democrats provided an historic $24,000,000,000 in funding for childcare as part of the American Rescue Plan. This funding is estimated to have kept 80 percent of childcare centers in the U.S. afloat as we continue to recover from the pandemic. But that lifeline expired in October of this year and democrats in Congress are pushing to secure President Biden's request of $16,000,000,000 in additional childcare funds.

Dr. Lucas, based on your experience working with mom entrepreneurs, can you elaborate on how devastating the current childcare funding cliff is for the small business community, both for entrepreneurs themselves as well as for their employees who are parents? What will happen to small businesses in this country if parents lose access to childcare?

Ms. LUCAS. Thank you for that question.

So many childcare providers actually have already begun to lay off their workers and raise fees to make up for the loss of the federal funding. And without affordable care, many women will be forced to scale back at work or quit all together. We know that women, especially black women, are the largest consumer groups. So in other words, we keep the economy flowing. If you do not invest in us, you are going to see an economy that is not going to continue to flow. You are going to see small businesses not continue to be created. And there is going to be a hinderance overall. And so affordable childcare is much bigger than what we probably see on the surface. Think about being a mother or being a woman and deciding whether you can actually have a child for the first time and/or start your business. I do not think that any American should have to choose between the two. That you should have the option to do both, and you should have the option to do both well.

Ms. CHU. Thank you for that answer.

Well, Dr. Lucas, democrats have been fighting for so long to finally pass a national paid family leave and medical leave policy so that parents do not have to choose between earning a paycheck and caring for their children. As part of the American Rescue Plan of 2021, Democrats created a temporary paid sick and family leave tax credit specifically to help businesses with fewer than 500 employees provide paid leave for their workers. That program expired in September 2021 but it was enormously helpful both for employers who claimed the credits and workers who were able to take off the time they needed to care for themselves and their families without losing their jobs or their paychecks.

Dr. Lucas, given your experience working with mom entrepreneurs, many of them single parents, can you speak to how important a permanent paid leave policy would be for helping small businesses attract and retain talented workers, especially mothers?

Ms. LUCAS. Absolutely. So our labor market is driven by working mothers; yet, we as a country do not effectively support the cycle of life by supporting moms in the workforce. Workers without access to paid leave are more likely than workers with paid leave to experience the financial and material hardships, including being more than twice as likely unable to pay their rent, utilities, and twice as likely to experience food insecurities.

Ms. CHU. Thank you for that and I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Stauber from the great state of Minnesota for 5 minutes.

Mr. STAUBER. Thank you, Chairman Williams and Ranking Member Velázquez for holding this hearing today. And thanks to our witnesses for taking the time out of your busy schedules to help us shed light on these important topics.

Since President Biden took office, over 700 regulations have been passed, costing nearly $440,000,000,000 and adding more than 236,000,000 hours of paperwork to small businesses.

Over the next decade, compliance with Biden's regulations will cost Americans more than $1,500,000,000,000. Regulations such as these are unacceptable as families struggle to make ends meet between choosing food, medicine, or even purchasing Christmas gifts for their children. We must do better for the small businesses in our communities.

As the backbone of our economy, it is no surprise small businesses bear the majority of this burden. It is clear; this administration's burdensome regulatory regime has only made life even more difficult for Main Street America this year. Small businesses are hurting enough from inflation, supply chain, and workforce challenges. They do not need the added burden of federal regulations.

Mr. Thompson, you mentioned in your testimony some of the issues your small business has faced this year. Can you speak to the regulations or policies that have affected your business this year specifically?

Mr. THOMPSON. Well, like I had mentioned, we actually got involved with the immigration to bring over some people to help us alleviate the employees. And you know, for some reason all of a sudden now we have red tape. Like I said, from the time we started to the time the boys were at our shop was 30 days. It has been 9 months and I will not say we have got an order for but we have been working with 60 more men to come over. And like I said, it has been 9 months. Have not heard anything because of the red tape.

Mr. STAUBER. On the regulatory side, what sort of additional costs have you experienced this past year?

Mr. THOMPSON. Most of that has trickled down from our suppliers. As far as regulations on us it has not been that bad I will have to admit.

Mr. STAUBER. Supplier, supply chain?

Mr. THOMPSON. Yes.

Mr. STAUBER. What is your increase in cost reference to supply chain do you think, a good estimate?

Mr. THOMPSON. It was around, the last time I checked it was around 35 percent.

Mr. STAUBER. Bidenomics coupled with this regulatory agenda is hurting small businesses. The government should be in the business of ensuring the economy works for Americans and our small businesses and does not hamstring our job creators. If we cannot find a way to help small businesses we must get out of their way.

One way the federal government seeks to help small businesses is through the SBA and their training programs.

Mr. Grech, from your experience, is the federal government and the SBA providing enough training and tools to help small businesses succeed?

Mr. GRECH. The SBA is filled with dedicated employees who really have the best interest of the small businesses at heart. But like any organization, they can do more and they can do better. Unfortunately, a lot of the training that is being provided is out of touch with what the cutting edge of technology is, and there is an incredible opportunity for a public-private partnership with frankly training academies like mine that are on the cutting edge to leverage federal funds to build the workforce of the future. This is imperative. It is not only required for us to survive in the U.S. economy but to be competitive globally.

Mr. STAUBER. Do you, in your experience, is a 4-year degree necessary?

Mr. GRECH. You know, I am the beneficiary of a 4-year degree and two masters. And the one thing I will say is that there is no better investment than in educating yourself. And whether it is a trade school to become a welder or to get a master's degree to become a tenured professor, the best money you will ever spend is in educating yourself no matter what destination you have.

Mr. STAUBER. You have obviously a lot of experience. I think you alluded to training to meet the demands and needs of today rather than yesterday and I really appreciate those comments. You know, we must allow our small businesses to endure and innovate. It is so important that the federal government really in many ways get out of your way and let you succeed and I think it is important.

Mr. Chair, I commend you for holding this hearing. This is really important.

And I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Ms. Gluesenkamp Perez from the great state of Washington for 5 minutes.

Ms. GLUESENKAMP PEREZ. Thank you, Mr. Chairman. And thank you to all the witnesses for being here today.

So when I talk to small business owners back home, one of the things that almost always comes up as a barrier to growth is access to affordable housing for their workforce.

Mr. Thompson, first, I would also like to congratulate you on the most magnificent facial hair I have seen in this Committee hearing. I do not know if anyone——

But in your testimony you mentioned the lack of affordable housing in your area as a deterrent for candidates. And like you, I live in a rural community and I hear from small business owners all the time about one of the biggest challenges to their growth. So earlier this year I had a constituent from Ilwaco, Washington come to speak to the Committee for the hearing on rural entrepreneurship and he talked to the Committee about how he had to lobby his city council extensively to be able to get zoning changes to allow him and his business partner to live in their commercial building because there was literally no other place for them to live. And it is a real challenge to get people to move to rural areas. And even if there is a good job, if you cannot have a house there, right, you have to figure out where you are going to live if you are going to take the job. And so that part of your testimony really resonated for me.

Could you, Mr. Thompson, expand a bit more about how this lack of affordable housing impacts your business in your opinion? What could we be doing better to incentivize people to move and stay in rural communities?

Mr. THOMPSON. As far as, you know, that is like in Stephenville an average house is renting for about $2,500 a month. Now, most of my employees on average, and this is on average, make about $60,000 to $70,000 a year. That is tough. As far as, you know, back to interest rates, it is kind of hard to go out there and spend the money to buy a couple of lots and build a house to rent or to live in when the interest rate is crazy right now. I mean, I think we will have that problem of not being able to afford the cost of living in Stephenville until we get the interest rates down. And like I said, all my employees make pretty good money but still, it is getting taken away in other ways, so.

Ms. GLUESENKAMP PEREZ. Yeah, housing stock is a real problem and you know, we are blessed in my county with a great building inspector who is a reasonable man but it is a challenge in so many communities.

Mr. Boyle, your testimony also mentioned barriers to housing development. Could you elaborate on the challenges you see facing access to affordable housing and how that impacts businesses like yours?

Mr. BOYLE. So in our small community we have an old main street where there is tens, hundreds of thousands of square feet that are no longer being used. Back in the early 1900s, probably up to the 1950s or '60s, they were all apartments. Now they have gone into disrepair. Those buildings are constantly, you know, for sale and they are getting flipped and then I think the new buyers realize that they got themselves into a big project. I think the federal government, you know, could definitely help us out in bringing more apartments to the market thus lowering the cost of affordable housing. The biggest challenge is that federal money is always tied in to this prevailing wage. And what happens is the prevailing wage is so expensive that the return on investment on these properties are so far out that it never gets used. Like I said before, we have $1,000,000 in Tamaqua for that kind of work. It does not get used. We have looked at it doing two or three projects and we have not used it. We have gone out of pocket for all of our product so far. That is how unattractive those programs are.

Ms. GLUESENKAMP PEREZ. Thank you so much for your testimony.

Mr. Chairman, I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Meuser from the great state of Pennsylvania for 5 minutes.

Mr. MEUSER. Thank you, Chairman Williams, very, very much. Thank you to our witnesses, particularly to my constituent, Mr. Boyle. I appreciate it.

So Mr. Boyle, I appreciate your comment earlier where you talked about paranoia. I spent some time, over 20 years, we built a small business into a large business. I used to try to call it healthy paranoia but sometimes it was not all that healthy. It was kind of unhealthy. But you persevere.

You know, one thing I do know is that government does not create jobs. Government's role is to create an atmosphere where you create the jobs. The worst thing that government can do is affect the opposite. Create atmospheres that make it more difficult to create jobs. Like a good ump in a baseball game I sometime analogize it, call the balls and strikes, which is following laws and the constitution which is our rule book, but outside of that be as unnoticed as possible. It seems that government has gotten very noticeable in our economy and negative affecting small businesses.

Let's take Bidenomics quickly. I mean, from energy to pending, to the regulations. What, $300,000,000,000 since they have been in office. Spending of over $6,000,000,000,000, $7,000,000,000,000. Where is it? I do not know if you all see it on your streets or in your towns but it has caused inflation which has done nothing but damage small businesses. Caused interest rates to go up. We have got pending taxes because the TCJA that our colleagues on the other side of the aisle, and certainly in the White House say was some sort of giveaway to the reach when meanwhile it enormously stimulated small businesses.

So, as a matter of fact, this year sales for small businesses may be up in some cases but profits are down. And I know to some profits is an ugly word but profits are what income taxes are paid upon. Do you know that the passthrough businesses income tax levels for the federal government are down 280, maybe 300,000,000,000? We will see what the final numbers are. $280,000,000,000 down from one year to the next causing huge deficits. Right? So here we have the revenue loss and then throw in because of the interest rates and the excessive spending our service on our debt since Biden has come into office is up $320,000,000,000 from 275 to 645, so actually 350. So those two factors combined have added $650,000,000,000 to our deficit this year. Is that not just wonderful? Besides that Bidenomics is fantastic.

But anyway, Mr. Boyle, what is your biggest challenge? I know you have been expressing it very well. Is it the regulations? I think they are. You expressed that in your opening. Give me an example of what is hurting your business, what you would like to overcome, and perhaps even what is stimulating your business besides you and your staff.

Mr. BOYLE. I could tell you going back to the regulations of the transportation side of the business. Government for some reason has to duplicate efforts. We have a USDOT number. It is in its name, US. But yet we have an MC number for interstate commerce. Why do we need two different numbers? Why do we need filings? The amount of money that we pay to lawyers and third parties could provide another job and a half to our towing company putting another truck on the road and providing more work for local families. That is one thing that government needs to clean up is the overregulation. And we are constantly filing these reports that does anybody actually look at them?

Mr. MEUSER. Well, they do. We have got thousands and thousands of employees that look at it.

The access to capital issue, how is the access to capital these days on main street?

Mr. BOYLE. I would say it is starting to dry up. We have seen on the real estate side of it, we were seeing 20-year notes with 20 percent down on the acquisition of new properties. We are now seeing our 15-year notes with 25 percent down. So now the banks are obviously getting a little nervous on it and it is taking young entrepreneurs that want to go and get that capital, now it is going to be harder for them to attain that.

Mr. MEUSER. Yeah, but more so in community banks and small businesses.

I have only got 13 seconds left but the Tax Cuts and Jobs Act, I would love to hear from all of you, perhaps afterwards or even perhaps submit in writing your thoughts if those provisions do get phased out.

Go ahead, Mr. Grech.

We are out of time.

Thank you, Mr. Chairman. I yield back. We will talk after.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Ms. Scholten from the great state of Michigan for 5 minutes.

Ms. SCHOLTEN. Fantastic. Thank you so much, Mr. Chair. Thank you to all of our witnesses for taking the time to come before us on this really important hearing. It is just so critical that we take stock of what we have been able to accomplish and just how much we have yet to do when it comes to supporting small businesses across the United States of America.

You know, it is a challenging time in the United States Congress but I think in this Committee, we pride ourselves on still being able to move things forward for our small business owners. I know small businesses are the lifeblood of the economy in West Michigan and it is so important to me to support them.

I also want to thank this Committee for passing H.R. 5424, the Main Street Competes Act. Grateful that this Committee again came together in a bipartisan fashion to pass meaningful bipartisan legislation that will help promote the competitiveness of our nation's small businesses.

My first question is for you, Dr. Lucas. You have been able to grow a thriving business that supports women entrepreneurs by incorporating childcare services into your business model. Of course, great testimony on that here today. As a working mom myself, I know how important this is.

Back in May during National Small Business Week, I sat down with many small business owners from my district. While their businesses were diverse, all of the owners I spoke to shared how a lack of stable childcare impacted not only them but their ability to hire and retain employees.

How can Congress help address this unique issue that are faced by women business owners and male business owners, as well as their staff who are also working parents?

Ms. LUCAS. Thank you for asking that. I did not get to my recommendations so I appreciate that.

I think that Congress should bring forth a policy allowing mom entrepreneurs to access childcare subsidies that will enable them to receive the assistance that they need for childcare to start and scale their businesses. And this should also include alternative childcare options to help bridge the gap of the lack of quality childcare facilities. So our space, we do not offer formal childcare but we offer babysitting services similar to the gym. And so our coworking members are able to access that resource so if they are working 3 to 6 hours they have 3 to 6 hours of uninterrupted time while their child is in a supervised play area. Being able to access a service and a resource like that is invaluable. We know as moms, I cannot speak upon a dad because I am not one, but as moms, if we are getting 3 to 6 hours of uninterrupted time we can literally change the world. And so resources and alternatives like that is important as well as, you know, having access to resources for moms who are looking to be entrepreneurs as a subsidy and not just for the workforce. You know, workforce subsidy childcare is important. I do think that it needs to increase, and not just increase on the person that is getting the subsidy but also the childcare centers. The problem is also the lack of affordable quality childcare centers in the United States, period.

Ms. VAN DUYNE. I hear that.

In Kent County we recently had a survey and there is close to 70,000 spaces of need that are currently being unmet. And you hit it right on the head. You know, it is not only just a box to check. Parents are often making that decision whether they are going to reenter the workforce or not based on the quality of the place that they can leave their children. So thank you for that attention to detail.

With such great recommendations I am going to ask you for some more. Childcare impacts mothers and fathers alike but specifically, I have a question for you about how we can best support our women entrepreneurs in particular. The number one driver of small businesses that got off the ground in the last 5 years, what can we do to increase accessibility of services and resources for these women entrepreneurs?

Ms. LUCAS. Great question.

One of the recommendations that I have is to ensure that the women's business centers are funded, you know, exceptionally funded. The services that these women are receiving is invaluable and really do help create that financial stability for their business but also create that social capital that you actually need that is outside of access to financial capital. That social capital is invaluable. And as women owned businesses, whether we want to believe it or not, more than half of women-owned businesses are mom-owned, I mean, are moms. And so we are still dealing with that barrier of balancing our families and our businesses. Sorry.

Ms. VAN DUYNE. Thank you.

I yield back, Mr. Chairman.

Chairman WILLIAMS. Yields back.

I now recognize Mr. Molinaro from the great state of New York for 5 minutes.

Mr. MOLINARO. Well, based on some of the testimony today the great state might be the overregulated state of New York we recognize. But to that said, Mr. Chairman, thanks very much for the hearing today. And of course, we recognize the benefits and the challenges facing small businesses. Eighty percent of new jobs created by existing small businesses across the country. In Upstate New York, in the 11 counties I represent, workforce recruitment and retention remains one of the biggest challenges. Earlier this year Mr. Bruno Schickel from Tompkins County, New York, from my district came to testify and he spoke very clearly about the one challenge that he faced even in an environment overregulated and overtaxed like New York is, has been workforce recruitment and retention.

Mr. Thompson, I was here for your testimony. I know that you had some more things to say so I want to add to your opportunity to do so. Would you share with us specifically some of the challenges that you and businesses like you face in recruiting skilled workers, especially as that might relate to rural communities?

Mr. THOMPSON. Well, like I said earlier, a lot of it has got to do with, well, there is just not enough skilled people out there and I think a lot of it has got to do with our failing the young school kids. Them not being able to even realize there is such a thing as an electrician. You know, a lot of people do not realize it. They are young kids. They just think the lights come on.

Mr. MOLINARO. Do you think there is value earlier on in public education or K-12 to identify vocational education as part of the traditional educational path?

Mr. THOMPSON. I think it is very important.

Mr. MOLINARO. And giving those opportunities to young people early on? My stepdad was a great mechanic, a brilliant mathematician so long as his head is under the hood of a car. But the second he had to take a test he probably would not have done so well. I suspect you think that vocational education early on might help address at least the desire among some young people to find a path toward success.

Mr. THOMPSON. Oh, definitely. When I was young, Stephenville was real big into vocational. You know, we had building trades where the boys learned how to build houses. Electrician. All that stuff. And that is who actually builds the houses in Stephenville now is my generation of the guys that were in vocational back when I was in high school. That is your electricians and everything.

Mr. MOLINARO. They are folks that build the houses in Upstate New York, too, thanks in part to apprenticeship programs, too, for those once they are out of the K-12 educational path.

Mr. Grech, I think you said it best. Small businesses recognize they must adapt or die. The SBA and the federal government obviously play an integral role in facilitating training programs to help and recruit, recruit and retain qualified workers. In your testimony you point out that the Committee should explore how the SBA, and in particular SBDCs, can demodernize to do a better job.

Could you speak to that a bit more broadly? And be specific about some of the steps that SBDCs should be required to take and opportunities they should be required to provide?

Mr. GRECH. Thank you for the question.

I want to share a perspective that has not been talked about yet which is the past year for my company since the advent of ChatGPT on November 30, 2022, has been the most exciting and exhilarating year in small business training in my company's history. I can watch in real time as small businesses use these productivity tools to do more, better, faster. My average training participant is saving tens of thousands of dollars within 6 weeks of starting our work with them. There has never been a tool in my lifetime that has the amount of productivity potential as AI.

That said, it still must be regulated because it has tremendous downside risks related to job loss, inventing false narratives, deep takes, and causing a lot of disruption. And so one of the things that I want to urge this Committee is to participate in regulating it but with a small business perspective in mind so that we can continue to reap its benefits.

The SBDCs and other local training arms of the SBA are essential partners for unlocking the potential, positive potential of this tool.

Mr. MOLINARO. I appreciate that. With my time running short I just want to say that many times here in Washington, and I heard it coming in, the debate is just give more money to WBDCs and SBDCs. I do not think they are underfunded. I think they need to be modernized and there needs to be a demand for greater efficiency. I did not have a small business but I served in local government. And local government gets stuck with more and more regulation, more and more burden and we have to do more and more with less and less. And we do so by modernizing, leaning on technology, and empowering the people who work for us.

Thanks, Mr. Chairman.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Ms. Davids from the great state of Kansas for 5 minutes.

Ms. DAVIDS. Thank you, Chairman. Thank you to the Chairman and Ranking Member for holding this hearing today. Thank you to all our witnesses for joining us and sharing both successes and challenges that you all are dealing with.

I would say first of all there has, of course, been an impressive rate of small business creation of the last few years. Entrepreneurs across the country have been stepping up to the plate. But also still facing some unique challenges, including affordable housing. So I want to kind of come back to the affordable housing component. I know Mr. Thompson shared a bit about that in the written testimony about a lack of affordable housing, pushing away or restricting prospective employees. And in the Kansas Third that I represent, Panasonic, which is of course not a small business, is building this massive battery factory in one of our smaller towns, De Soto and it is just outside of Kansas City and what people usually think of as Kansas City. And again, Panasonic is not a small business but this new plant is going to generate the possibility in a landscape for tons of small businesses. Grocery stores, gas stations, childcare facilities, so many other things. And I have been having all these conversations with folks at home about this and about the investments that are needed and how we prepare for such a big project that really is going to change kind of the landscape of our region. And affordable housing comes up in every single conversation. And I think when we are looking at an area that is mostly suburban but has a lot of rural parts we want to make sure that the housing is going up but that it is not too expensive for folks to be able to afford. And you know, I have been excited to work with folks on both sides of the aisle, including some of the folks you guys got to meet today on the Affordable Housing Credit Improvement Act which is a bipartisan piece of legislation. It strengthens tax credits for affordable housing and will boost housing construction nationwide. Just in Kansas, we need about 6,200 more affordable homes. For probably the great state of New York that does not maybe sound like very many but for us it is a lot.

Mr. Thompson, I know that you spoke a little bit about affordable housing challenges. I wanted to see if other folks wanted to chime in on whether or not you are seeing the impact of not whether or not but how are you seeing that play out in your areas?

Mr. GRECH. Sure. Thank you for the opportunity to speak about affordable housing. I live in South Florida which has seen some of the highest percentages of housing as a percentage of income. We are a very poor large city made up of folks who are increasingly unable to afford to buy a house. In fact, my own family cannot afford to purchase a home in the area where we want to live.

This is obviously a huge issue for small business owners. Many of the small businesses that BizHack serves are really subsistence businesses. We are working in our business. It is our job. And we are scraping by. And so there is absolutely a role for the government at all levels to provide affordable housing so that our small business owners and their employees can afford to live in the communities where we are serving.

Ms. LUCAS. I will go. Affordable housing continues to be an issue even in cities and counties in Baltimore. And what I will say is it does hinder the opportunity to have the wealth that you need in order to invest in an actual business. There are many ways that you can leverage home ownership, and unfortunately those that are coming from low income areas that desire to do that do not have the opportunity because of the non-affordable housing.

Ms. DAVIDS. Thank you. And——

Mr. GRECH. I am sorry to interrupt. There is one other affordable housing issue which has not been brought up which is increasingly our homes are also our workplaces. Home-based businesses need to market themselves more than storefronts and main street businesses because otherwise no one will know they exist. And so one of the things that I am seeing is that in addition to having an affordable house, think of it as their workplace and that they need to market themselves so people know that they exist.

Ms. DAVIDS. Thank you.

I yield back, Chairman.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Hunt from the great state of Texas for 5 minutes.

Mr. HUNT. Thank you, Chairman. Thank you, Ranking Member as well. I thank the witnesses for being here today. Greatly appreciate it.

We have had a very good year. Sorry, I am a bit under the weather so please kind of excuse my voice.

We have had a very good year fighting for the continued success of our American small businesses. And here in this Committee we shall be very proud of the work that we have done thus far.

In the Subcommittee on Rule Development, Energy, and Supply Chains, which I Chair, we have looked at the importance of small businesses and the scope of securing domestic energy production and the long-term goal of American energy independence for all of our communities in this country.

We are at the doorstep of the next step forward in the development of America's energy future and our small businesses are at the front leading the way for that.

The first question is for you, Mr. Thompson. Thank you for being here, sir. Welcome to D.C.

As a fellow Texan I would like to compliment you on your dedication to the community. I have been watching from the TV in my office and having being Made in America a priority and focusing on building up your business with the focus of your employees, I really appreciate all you have done in that capacity.

My question for you is do you believe that your business is in a stronger pathway financially today than it was before this current administration? And can you speak to some of the challenges that you have encountered in your businesses over the course of the past 2 years to stay competitive?

Mr. THOMPSON. No, I do not believe my business is what it was 4 years ago. The profits are down. We cannot get employees. I had a guy the other day ask me how Pal-Con is doing, were we busy? I said, we are as busy as we can be. And anytime you are busy as you busy as you can be that is not good. You want to be busier than you can be. And a lot of the regulations that they have put on our electric in Texas, you know what happened to us last winter.

Mr. HUNT. Yes, sir.

Mr. THOMPSON. You know, I just do not own Pal-Con. I own a ranch and I have got cows and they did rolling blackouts on me. You know, I had to haul water to my cows because everything froze because they shut my electricity off.

Mr. HUNT. Right.

Mr. THOMPSON. So you have got farmers and ranchers all over the state that because of the regulations they have got on electric sides put is in a bind. And like I said it is not just, you know, it is the whole state pretty well.

Mr. HUNT. So what you are saying is you have seen an increase in regulation. That is what hurt your business over the course of the past 4 years. You could see a demonstrative difference between the way it was 3 years ago juxtapose to the way it is right now?

Mr. THOMPSON. Yes.

Mr. HUNT. You could speak to that. And not just for your business but also for your ranch?

Mr. THOMPSON. Yes.

Mr. HUNT. Where is your ranch located, sir?

Mr. THOMPSON. Bluff Dale, Texas.

Mr. HUNT. Bluffdale. Have you had any encounters with illegal immigration there or anything like that, has that impacted your ranch as well?

Mr. THOMPSON. No.

Mr. HUNT. It has not?

Mr. THOMPSON. No.

Mr. HUNT. I ask that question because a lot of people that live in my district have ranches near the border as well and they are speaking about finding dead bodies on their ranches every single day because of the border crisis.

Mr. THOMPSON. Mine is actually up by Stephenville.

Mr. HUNT. It is further. It is by Stephenville so it is further north?

Mr. THOMPSON. Yeah. So yeah, we are, you know, quite a ways from the border.

Mr. HUNT. Yes, sir.

My next question is for you Mr. Grech. We are watching with the increase of the use of AI, I am a millennial. I love it. I think it is great. I think it makes our lives easier. I think it makes our lives better. However, we are kind of getting to the tipping point here to where when is too much going to be a problem? And how do we regulate the increases of AI without impeding the progress of what it can potentially be?

Mr. GRECH. Your colleague, Mr. Meuser said it beautifully that the government——

Mr. HUNT. He is okay. Just joking.

Mr. GRECH.—from the great state of Pennsylvania where I am a native. The government role is to be invisible. But to create the rules of the game and the guardrails to protect us, AI has a lot of risks associated with it. I think we are going to see in this upcoming presidential election some of the downside risk of deep fakes and fake news and misinformation and disinformation. It is a very powerful tool for our rivals overseas in terms of disruption.

But it is also extraordinary. You know, when I train these small businesses we have what we call an AI moment when it is like (finger snap) and you realize that there is a before and after in your life when it came just through the roof. We call it 1,000X productivity. Ten times faster, 10 times better, 10 times more. So the balance that we need to do, and we need to do this in a bipartisan way, is how do we mitigate the risks and unleash the potential.

Mr. HUNT. And I think this is actually a bipartisan issue that we could all figure out a way to work together on because we definitely need to continue to progress in this manner but we have to be very careful with how we do it.

So thank you for being here. I thank the witnesses so much for being here. I greatly appreciate it.

I yield back my time.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Thanedar from the great state of Michigan for 5 minutes.

Mr. THANEDAR. Thank you, Chairman. And thank you for holding this hearing. Thank all the witnesses for being here and your wisdom.

I am an immigrant and I came here, got a Ph.D. in chemistry, got an MBA. I wanted to start my own business and struggled through getting financing. Struggled through getting bank loans. And one of the things that helped me was getting a 504 loan from the Small Business Administration. And that is how I bought my first building to help me grow my business.

So I faced my own challenges as an immigrant coming here as an adult to start my businesses. Now I live in Detroit and I represent a city that is 78 percent African American. And I see many businesses struggle. Small women-owned businesses, black, brown businesses that struggle with all kinds of things, whether it is childcare issues, whether it is affordable housing for their employees, whether it is access to capital. And small business ownership still remains a struggle and beyond reach for many black and brown families.

How can we make it better? Dr. Lucas, how can we make this better, increase the number of people at the bottom of the economic ladder, low-income families to have their American dream, to have their dream of owning businesses? And make much more of a level playing field for all so that we can encourage entrepreneurship for all?

Ms. LUCAS. Thank you for asking that question. And you kind of took the words out of my mouth of we need to make sure that it is an equal, level playing field. It is highly unfair to struggle as a small business owner because of the color of your skin and where you are geographically located. There needs to be more capital infused in various areas in order to see that level playing field happen. It is not just giving minority-owned businesses money, but it is also how do we make affordable housing available? How do we make affordable and quality childcare available? How do we make those resources, those educational resources available so that those individuals do not have to acquire high student loan debt and make the decision to just go in the workforce when that is not their American dream.

Mr. THANEDAR. Thank you. Thank you.

How does public transportation figure into it? And also, other Members of the panel, if you have any thoughts on my first question.

Mr. GRECH. I am the son of an immigrant. My father came here from Spain when Spain was a very poor country under the leadership of a dictator. He does not have a college degree. He worked as a traveling clothing salesman for most of his career and he sent his son, you know, I went through public schools and then I went to Princeton University. And I am a very proud first generation American.

The number one equalizer to give a quality of opportunity to immigrant-owned businesses is education. And you are a beautiful example of that. You have a Ph.D. The key here is that the federally funded training must come in the different languages of origins of our immigrant populations and with different levels of sophistication so that we can meet entrepreneurs where they are.

What I learned when I taught an 80-year-old how to run ads on Facebook is that the capabilities of our entrepreneurs are endless with the right support.

Mr. THANEDAR. Thank you.

And Mr. Chair, I yield back.

Chairman WILLIAMS. The gentleman yields his time.

I now recognize Mr. Crane from the great state of Arizona for 5 minutes.

Mr. CRANE. Thank you, Mr. Chairman. I appreciate the opportunity to be here. Thank you to everybody on the panel who showed up today.

Mr. Thompson, I want to go back to some of the testimony I heard you giving earlier. You were saying that in the last couple of years when asked if you were in a better spot today, that your profits are down, you are as busy as you can be, you want to be busier than you can be and regulations are strangling your business, you have got rolling blackouts out there, can you tell us about any work shortages that you are having because of some of the regulations?

Mr. THOMPSON. Really, the work shortage is not due to so much regulations as like I earlier testified that we have had a couple tell us that because we are a minority—or that we are not minority owned that we are going to miss out on some projects?

Mr. CRANE. How does that make you feel, sir?

Mr. THOMPSON. Well, at the end of the day all us Americans are in this together. I do not know why we cannot just get along. I do not care what color, creed, or ethnicity you are, we all got to eat. We got to get along.

Mr. CRANE. Does it seem wrong to you that when we start talking like that it feels like the federal government starts picking winners and losers based on skin color and race and ethnicity?

Mr. THOMPSON. Definitely. Yeah.

This question is for the rest of the panel. How is the rest of your businesses doing under this economy right now?

Start with you, Mr. Grech.

Mr. GRECH. BizHack Academy is thriving. We are thriving because the need and the demand for cutting edge training and marketing has never been greater. This is largely spurred by the advent of generative AI through ChatGPT and other tools. And so as a result, we are seeing more participants in our training than we have ever seen. We ran a series of 11 master classes on AI for marketing and sales that averaged more than 350 live attendees per session, more than three times what we had seen prior to that.

Mr. CRANE. Do the rest of you guys down there want to take that one? How are your businesses fairing right now?

Mr. BOYLE. I would say all our businesses are thriving to the point that we are making money. We are not making money that we made the past couple of years and we are seeing that. We are planning right now for the next year that we are going to be investing less and less into those businesses and trying to keep some cash capital reserve back just in case we do come into a rough patch in the economy.

Mr. CRANE. Thank you.

Ma'am, at the end?

Ms. LUCAS. Well, thank you to services like the Women's Business Center at Morgan State University. Our business is actually thriving. I cannot say we started out thriving because, of course, we are black women-owned business and we typically do not get the resources and support and financial capital we need to survive.

Mr. CRANE. Interesting.

You know, I am an entrepreneur myself. I find the best entrepreneurs that I know regardless of where they come from or what color their skin is or anything like that, the ones that tend to be the most successful, they are not focused on where they started from. They are focused on where they are going and how to solve problems.

Mr. Grech, you said your father is an immigrant as well. Is that correct?

Mr. GRECH. Yes, sir.

Mr. CRANE. Do you think your father believes in equal opportunities or equal outcomes?

Mr. GRECH. My father is an incredible believer in education. He does not have a college degree, yet he is the most educated man I know. And what he instilled in me is a love of books and a love of learning. And I have made a study of entrepreneurship. I have read every book there is about entrepreneurship. The one thing is there is no substitute for lived experience. And so when we train businesses, we always train them in what we call real life campaigns. Nothing is theoretical. And so it is this combination of best practices that you can learn at a university with real world experience applying these in real life situations is where the real rubber hits the road and how we get the results that we get with the companies we train.

Mr. CRANE. Thank you.

Mr. Chairman, I yield back.

Chairman WILLIAMS. The gentleman yields back.

I would like to thank our witnesses for their testimony today

And for appearing before us today. And I hope when you leave here you will see that not everything in Washington is locked down. We agree on a lot, especially when it comes to Main Street America.

Without objection, Members have 5 legislative days to submit additional materials and written questions for the witnesses to the Chair which will be forwarded to the witnesses. I ask the witnesses to please respond promptly.

If there is no other further business, without objection the Committee is adjourned.

[Whereupon, at 12:02 p.m., the Committee was adjourned.]

APPENDIX

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TESTIMONY OF JAMES R. THOMPSON
COMMITTEE ON SMALL BUSINESS
Washington, D.C.
December 12, 2023

First of all, thank you for inviting me to testify in front of this Committee today on the state of small business from a Texan's point of view. My name is Randy Thompson and I am the President of the Board of Directors for Pal-Con, Ltd. in Stephenville, Texas. Pal-Con, Ltd. is a family-owned manufacturing company in Erath County. Stephenville is the Cowboy Capital of the World, we're home to Tarleton State University and Stephenville ISD – 6-time state football champions – Go YellowJackets! We build a heat exchanger for improved fuel efficiency and auxiliary equipment for emissions control for natural gas transmission and power generation companies. We are the only company in the world to build a brazed-core, plate-and-fin-style heat exchanger; our heat exchanger actually reduces fuel consumption by 40 percent when installed on a natural gas turbine. We are driven to support our local community, employees, and clients; we are proud Texans, and, moreover, we are proud to say that our heat exchanger is MADE IN THE USA. We make a unique product, my company is strong, we've navigated all the challenges put in front of us in recent years, but we clearly have struggles we deal with every day - a workforce shortage, skilled labor shortage, supply chain issues, taxes, and regulations.

We need workers! We are one of the larger employers in Erath County. Erath County is home to about 44,000 people and we have a 3.4 percent unemployment rate – that's nearly 1,500 people who are unemployed. There is no reason for one single person to be unemployed in Erath County; every company, restaurant, ranch, arena, and service provider from healthcare to HVAC in Stephenville is hiring. Why do the benefits of not working outweigh the benefits of working? That's messed up. When I was younger, I had to work to eat! We combatted some of our workforce issues with the USCIS Humanitarian Parole program earlier this year. The program allowed us to properly vet and hire candidates from countries like Nicaragua and Venezuela; we hired a handful of skilled candidates within a month's time. They are currently working and they are great employees – talk about a win-win. This program worked out great for us initially then hit a wall. Instead of being able to process immigrants in 30 days, it's been taking eight to nine months. We'd like to continue using this program but it's no longer feasible. In order to retain employees and hire new employees, we've significantly increased our wages across the board the last few years; our payroll has increased over 40 percent just since 2020. Sadly, increasing wages isn't enough for us to win this war on higher prices. We believe that as our employees go so do we and vice versa but inflation is killing us; we're paying more at the pump, more at the grocery store, more for interest, more for cars and trucks, more for the products and services that keep our homes going…and way more for our homes. Being a small business owner in a rural community is challenging but being a small business owner in a thriving rural college town has its own issues: the lack of affordable housing in our area is often a deterrent for candidates. We need all levels of government to put more emphasis on the need for affordable housing outside the metroplexes and large cities to draw in and keep more people in the rural areas.

General labor shortages aside, the lack of skilled craftsmen is going to be detrimental to the US economy. Where are the incentives for students to learn a trade? Where are the masons, electricians, welders, plumbers, HVAC technicians, contractors, and mill wrights of the future. There is a serious shortage of skilled laborers! As those in these occupations age out, who's going to replace them? All the years spent pushing college on students, even if they ended up with degrees they'll never use, have resulted in an

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underappreciation for the trades. Pal-Con is roughly 10 percent white-collar and 90 percent blue-collar workers. Of the 90 percent of our blue-collar workers, 80 percent of them are skilled craftsman - S K I L L E D C R A F T S M A N. Trade schools need equal representation, high schools need to teach trade basics, guidance counselors need to take the reins on promoting the trades, and government needs to incentivize trade school attendance in the same manner as any other post-secondary education. Property owners to industry to municipalities will falter without knowledgeable skilled craftsman.

The US raw materials market still seems to be lagging behind. Three years of COVID-related restrictions had a negative impact on our metal suppliers. Most of our suppliers are now only order takers, they don't have any inventory to speak of. If Amazon can get it, why can't my national and local suppliers get it? This hurts us! Our heat exchanger is 98 percent made in Stephenville, Texas, with US made materials. We do not want to, no, we WILL NOT purchase foreign, inferior materials to make our products! As a result, we've seen our share of price gouging. We understand supply and demand and we understand our suppliers are dealing with workforce shortages and other challenges of their own but we don't condone the random price increases that have plagued our industry in recent years. I recently read that the US metal fabrication industry is facing major hurdles related to labor shortages, the cost of raw materials, the higher cost of energy, the cost of improving technology, the cost of cybersecurity, and competition. It is my understanding that the iron and steel manufacturing industry as a whole has declined nearly four percent in recent years. In my opinion, we, by that I mean the United States, need to strive for self-reliance; we need to support domestic suppliers in order to support domestic manufactures.

It's no secret that small business and median income families pay the majority of the taxes to support government programs. Whether we're talking local, state, or federal programs, companies like Pal-Con and our employees end up paying far more in taxes on a percentage basis. If large corporations paid their fair share, then median income families would pay far less. The current tax curve is misaligned; it needs to be reworked to reflect the current wages based on the current cost of living. I guarantee that an employee who earned $20 an hour in 2020 ended up putting far more in his pocket after living expenses than an employee making $30 an hour today. The small business sector and median income families are seriously underrepresented – we have no voice; we cannot afford the lobbyists and advocates the large companies and wealthy have working on their behalf. The tax liability structure in the US needs to be reassessed. Tax breaks and loopholes exist in excess for domestic and foreign-owned large companies and wealthy citizens whereas our clients see little in regard to tax relief for their efforts to reduce the use of natural resources, specifically natural gas. Our clients spend millions of dollars to maintain, repair, and replace heat exchangers on their turbines in order to reduce fuel use and additional millions to maintain, repair, and replace emission control equipment to reduce emissions – their footprint if you will. For what? Why are there no tax incentives for natural gas transmission and power generation companies who are opting to do the right thing – to save natural resources, to reduce emissions? One of our clients is responsible for transporting 40 percent of the natural gas in the US. They are challenged with updating antiqued equipment while maintaining continuous supply under intense regulatory restrictions, their impact on the nation as a whole is immense but rarely recognized for the effort they make to keep this country functioning. We will rally for and support any initiative to provide a tax credit to our clients for purchasing heat exchangers to improve the efficiency of their turbines.

While our clients are tasked with mitigating a barrage of regulations, we are pressured more and more with ESG – I hate acronyms – Environmental, Social, and Governance requirements. We are a small business in a rural area; we are not equipped to track the number of gallons of wastewater we used last

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month – nor does it, nor should it, affect the work we do or the equipment we build. We do not purchase items known to us to be from the Congo (the Democratic Republic of the Congo), we don't hire children, we don't expect or require our employees to work in unsafe conditions or in an unethical manner. Pal-Con, Ltd. is a family-owned business with family-based morals and obligations to our employees, our community, our clients, and ourselves. We are currently being overlooked, discriminated against, for project opportunities for NOT being a minority-owned business. What happened to using the best man, sorry, best person, best company for the job? The Supreme Court overturned Affirmative Action in college admissions; Affirmative Action is unconstitutional and discriminatory on its own merits. Race, ethnicity, gender, and so on should have no bearing in determining who'll do a better job. We have met client requirement after client requirement over the years, we are affiliated with more third-party safety, op qual, and quality associations than I care to mention; our dedication to safety and quality has exceeded our clients' expectations every time....without any consideration given to my Texas accent – they say I have an accent; I don't notice it.

I never saw myself standing in front of a Small Business Committee in Washington, D.C., to discuss the current state of small business in my own words, well nearly my own words. I am not an eloquent speaker, I do better in a more casual setting, but I am grateful for this opportunity. I am hopeful that from my time today you'll take away that I am a small business owner (and rancher) with some notable experience in my industry, that I am a strong supporter of small business and the working class, that I strive every day to make the best decisions for my company, my employees, my community, and my clients. As we move forward after this hearing, I hope that you'll strive every day to make the best decisions for our country, my company, my employees, my community, and my clients by addressing the labor and skilled craftsmen shortage, enabling the supply chain and raw material manufactures to grow and regain market share, reassessing the tax structure and incentivizing natural gas transmission and power generation companies for using heat exchangers to improve turbine efficiency, and defunding affirmative action and ESG initiatives. At the end of the day, we need to get back to the basics – small business built this country, small business grew this country, and small business will rebuild this country.

Thank you and God Bless Y'all.

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Testimony to the House Committee on Small Business
Dan Grech of BizHack Academy
December 12, 2023

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Opening: BizHack's Near-Death Experience

Thank you, Mr. Chairman, and the members of the Committee, for this opportunity to testify on behalf of small business owners across the United States. A special thank you to Congresswoman Maria Salazar for inviting me to participate, and for all that you and your staff do to support the South Florida business community.

My name is Dan Grech. I am the founder of BizHack Academy, a South Florida company focused on training small businesses — particularly women-owned and BIPOC firms — to leverage the power of modern marketing tools, such as artificial intelligence and digital advertising, to promote their products and services online. We are on a mission to help 10,000 small businesses in the US grow faster.

The theme of today's hearing is resilience. That's a powerful theme for me and my business, and for many of the business owners I work so closely with.

Like so many other companies, BizHack Academy went through a near-death experience at the start of the COVID-19 pandemic. Until March 2020, BizHack was exclusively an in-person training academy. When a lockdown was put in place, we had to cancel our upcoming courses and refund the prepaid fees from our enrollees. Our cash reserves dwindled to next to nothing. Overnight, we were essentially out of business.

My small team and I started to work feverishly to pivot the company into an online training provider. Everything was up in the air: how we taught our courses, how we marketed them and to whom, whom we competed with, even what we charged. One of our original value propositions had been that we provided in-person training to South Florida companies. During the pandemic lockdown and the uncertain period that followed, we had to abandon that value proposition. It felt like starting a new company.

While this reinvention was underway, my team members came to me with a proposal. "So many of the business owners we serve are struggling right now with what to say to their customers and prospects and vendors and partners and team members," they said. "We need to help them." BizHack's 50+ certified

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instructors are some of the best marketers in the business world. My staff wanted BizHack to start holding free training webinars on how to communicate during a crisis.

To be candid, I was resistant. We were all working 18-hour days to relaunch our courses online. The company's bank account balance was dwindling, and I was afraid of not being able to make payroll for the same employees who brought me this proposal for free training. I had even started rehearsing the conversation I might need to have with my wife about borrowing money from our retirement accounts to keep the company afloat. (That conversation in my mind never went well...) But my team pushed me. I decided to lean into our community's most pressing needs.

Our first free training session was held on Thursday, March 26, 2020 — just 17 days after Florida had declared a state of emergency. The webinar's blunt title was "Keeping Your Business Alive During COVID-19: Marketing Tips and Tools." We featured the owners of three local businesses — a dance studio, a taco restaurant, and a pilates studio — who shared how they were adapting. We offered three concrete tips for marketing your business during a pandemic. (Tip #2 was "Start with what your audiences need right now" — advice we ourselves were following!) And we shared a list of two dozen grant programs from marketing software companies to provide funds to small businesses at risk. More than 100 business owners showed up for that first session, and the positive feedback was immediate. What came to be called the #BizHackLive Masterclass series was born.

Nearly every week for the next 18 months, on 60 Wednesdays at 12:30 pm ET via Zoom, we held masterclasses without fail and without funding, never charging a dime. Word spread, and business owners from across the U.S. and six continents attended. It was the most important work I've done in my career, and the outpouring of gratitude was overwhelming. We have received 160 reviews on Google and Facebook (every single one of them five stars), with sentiments such as these:

- **Kristel Rubio Morales of Urbaniza Group wrote**: "I've been a dedicated participant in BizHack's courses and masterclasses since 2019, and I can't

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emphasize enough how invaluable they have been in helping me stay current in my career."

- **Michelle Rupp of NRG Insurance wrote**: "Oh my. Digital marketing was a deep black hole that I needed to explore and master, and I was just groping around in the dark. Now I have a game plan and feel confident. Just knowing I am in the game with my business is a HUGE relief!"

- **Amy Williams of A-B Unlimited wrote**: "Your program has changed my life. My husband and I knew we had to make a change, but we were on autopilot. We were going through the motions. We realized that everything truly must go digital. BizHack Academy broke it down, not just embracing digital tools and how you're using them, but also why you're using them. Your course inspired us to switch how we pitched our clients. We tested and learned ... and it worked!"

Our free masterclasses were written up in the local newspaper and recognized with awards from the American Marketing Association, Ragan's PR Daily, the American Business Awards, and PRNEWS. And our work got the attention of Miami-Dade County, which in September 2021 started providing us a stipend to teach the masterclasses.

We are now four years into the masterclass series, with more than 100 webinars under our belt. The initiative is going stronger than ever. Earlier this year, we held 11 sessions on AI for Marketing and Sales featuring guests from Microsoft, Apple and Disney as well as more than a dozen small business owners. The webinars attracted an average of 350 live attendees per session. Our current season of masterclasses on business strategy is called "Grow More in '24," which will be the theme for all of BizHack's training in the coming year.

On a personal level, the past few years have been trying on me and my family. Like so many business owners, I work most of my waking hours and often in my sleep, waking up in the middle of the night with a task list rolling through my head. I've had to pivot the business several times, responding to changing market conditions and scratching for new lines of revenue. The ups and downs have taken a toll on my health and made me less present for my family. The most stressful part has been managing cash flow so I could pay my employees

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on time and in full, which I have done without interruption. I made a commitment to them and their families that I needed to honor.

I'm extraordinarily grateful for the fast federal assistance to businesses: the PPP and EIDL loan programs helped sustain BizHack Academy and so many other businesses in 2020 and 2021. While I understand there was fraud in the programs that must be rooted out, the funding was a lifeline for countless local small businesses. We would have died if that relief hadn't come quickly, and our communities and our economy would have been poorer for it. My company benefited from federal stimulus funds another way: As a vendor. The CARES Act and ARPA funded some of my training programs.

Thank you to Congress for coming together to help sustain the heart and soul of the American economy — the small businesses that generate so much of the economic activity, employment, innovation, and local flavor in our communities. We are so grateful for the support.

A crisis can break you — or it can break you open. COVID-19 gave me an intimate view into the needs of small businesses. A lack of access to capital and cutting-edge training is holding back many local businesses — particularly underserved women- and BIPOC-owned businesses. As the son of an immigrant and the owner of a certified minority-owned business enterprise in Florida, even at my lowest professional moment, when my business was at risk of falling apart, I felt duty bound to share my digital marketing expertise freely and without expectation. If I was going down, I would go down swinging. The underserved business-owner community returned that act of service in kind: they attended our trainings, they told their friends, and they enrolled in our paid offerings. If not for their patronage, BizHack would not have survived the pandemic. With their support, we have thrived.

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BizHack Today: A Thriving Marketing Training Provider

Within two months of the start of the pandemic, BizHack Academy completed our pivot to an online training academy. We relaunched all of our courses via Zoom, keeping prices the same, and enrollment was swift. We started training businesses from across the country and around the world. Most of our sales were to businesses that first learned about us by attending our free masterclasses. The company was back on stable footing, and we haven't looked back.

A signature element of all of our courses is personalized coaching, either through small group breakouts or one-to-one sessions with experts. This is expensive to provide, but it's the only way we've found to achieve transformative lasting results. As a result, our paid courses aren't cheap, and many businesses cannot afford them. And so, on June 20, 2020, three months after the lockdown began, BizHack launched a scholarship program to defray the cost of BizHack's signature accelerated program in social media advertising. The scholarships were completely self-funded.

In the three and a half years that this scholarship program has been running, BizHack has given out $412,000 in scholarships to 276 small businesses. Once again, this work got the attention of Miami-Dade County, which has committed nearly $100,000 in scholarship funds that BizHack will match dollar-for-dollar. This is yet another win-win public-private partnership.

BizHack Academy's next iteration is to begin offering all of our training in other languages, starting *en español*. The majority of the people we train in Miami are native Spanish speakers. I am bilingual in Spanish, and so are many of my coaches. We have translated our recorded course, "How to Find Customers Online," into Spanish, and we distribute it through the Strive305 Virtual Incubator platform run by Miami-Dade County. (We also created a version in Kreyòl for our Haitian-American business owners.) We are partnering with organizations that serve Spanish-speaking entrepreneurs, such as Prospera Florida and the Allapattah CDC, to offer our training programs in Spanish. We are even bringing our training to Spanish-speaking journalists in partnership with the National Association of Hispanic Journalists and the International Center for Journalism. Providing high-quality training in Spanish to American citizens and documented immigrants allows for a greater equality of opportunity through access to best-

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in-class training in their native tongue and the language of the clients that they serve. Spanish-speaking entrepreneurs don't get access to the same quality and variety of training as English speakers. We need to lift all American entrepreneurs so they can compete in the global marketplace.

BizHack is drawn to companies driven by a desire to positively impact the world. We center our training and consulting around "purpose-driven digital marketing through storytelling." We are committed to helping small businesses transform their digital presence and accelerate their growth by focusing their messaging on the ways their business makes the world a better place. Business owners who enroll in our courses and use our coaching services are taught to identify and articulate their deeply personal motivation for running their business, what we call their "Story of Me." We give small-business owners the skills and the mindset to take control of their marketing and grow sustainably, ensuring a positive legacy well into the future.

BizHack is one of the only marketing academies in the country that focuses its training on the specific needs and challenges of the very-small business — the solopreneur, the microenterprise, the freelancer, the home-based business, the mom-and-pop store — the businesses that populate our Main Streets and give our communities their local flare. These companies are particularly vulnerable to the vagaries of economic conditions and technological change. They are deeply constrained in time, money, and expertise, and every marketing dollar must count. Many of the micro businesses that most desperately need our help cannot afford our training, even with the help of our scholarship program.

That is why BizHack has partnered with more than 100 business support organizations (BSOs), most of them based in South Florida: Nonprofits such as chambers of commerce and networking groups; governments such as Miami-Dade County and the Village of Pinecrest; and university accelerators and continuing education programs such as StartUP FIU and the Idea Center at Miami Dade College. BSOs have become our primary conduit to reaching more business owners. They allow us to provide our training in cutting-edge marketing techniques for free or at a subsidized cost. Our goal in the coming year is to double the number of BSOs we partner with nationwide to 200.

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BizHack Academy's most important work in 2022 and 2023 was done in collaboration with Miami-Dade County. We partnered with two small-business initiatives: Elevate District 5 (from Miami-Dade District 5 Commissioner Eileen Higgins) and Strive305 (a program created by Miami-Dade Mayor Daniella Levine Cava). We were a founding partner in Mayor Levine Cava's Future Ready initiative, a comprehensive web of services aimed at building the workforce of the future that has become a model for similar efforts nationwide. BizHack is proud to provide technical assistance and development services in next gen marketing in support of these essential government-funded programs. Miami-Dade County's ecosystem of support for its small-business community is a fantastic example of innovation bubbling up from the local level to national prominence.

BizHack was founded in 2017, and we started with this BHAG (Big Hairy Audacious Goal): In our first decade, we wanted to transform the lives and fortunes of 10,000 small businesses. December 1st marked our sixth anniversary, and 2023 has been BizHack's most impactful year yet, both in terms of companies trained and lives impacted. We're nearly two thirds of the way to achieving our BHAG: 5,258 businesses have attended live one or more of our free masterclasses, and 931 businesses have graduated from our intensive marketing courses. With the help of our many partners, we are helping thousands of businesses get noisy about their mission, transition their products and services online, and leverage cutting-edge tools to grow faster.

My Background as a Journalist turned Entrepreneur

I am a small-business owner who serves small businesses. I am the son of an immigrant from Spain, where I am a dual citizen. I'm trilingual in English, Spanish, and Portuguese. Seventy percent of the businesses that BizHack Academy serves are women-owned, and 87 percent are run by people of color. I offer training programs in English, Spanish, and Haitian Creole. The training programs we offer cover all aspects of marketing, with an emphasis on three areas:

1. **Lead Generation**: To help businesses find their ideal customers online so they can sell more.
2. **Thought Leadership**: To position business owners as influencers in their industry to build trust and speed up the sales process.

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3. **AI Tools for Marketing and Sales**: To help marketers do more, better, faster while spending less.

While individual businesses pay BizHack directly for courses and coaching, our primary clients are business support organizations (BSOs) — nonprofits, governments, and educational institutions whose primary mission is to serve small businesses. These BSOs pay for BizHack's training, and they offer that training for free to their constituents as part of their commitment to provide technical assistance and development services.

My background is as a Pulitzer Prize-winning former NPR and PBS journalist turned entrepreneur and educator. I am the grandson of a Philadelphia public school science teacher and of a professional soccer coach from La Liga in Spain, and I carry forward a family legacy of teaching, coaching, and entrepreneurship.

I train business owners in two trademarked approaches to marketing: the Lead Building System LBS™, a proven process for online lead generation; and the Thought Leadership Pyramid TLP™, a systematic approach to content marketing. I've personally consulted with more than 1,000 companies, ranging from startups to Fortune 500 companies such as Royal Caribbean, Ryder, and NBCUniversal. I'm a member of the South Florida chapter of the Entrepreneurs' Organization, an alumnus of Miami Cohort 18 of the Goldman Sachs 10,000 Small Businesses Program, and a graduate of the Small Giants Leadership Academy. I was selected to be part of the 2024 class of the Jim Moran Institute for Global Entrepreneurship's Small Business Executive Program.

During my 15-year career as an award-winning journalist, I served as a correspondent for public radio's "Marketplace" and PBS's "Nightly Business Report;" news director of Miami's NPR station; and a reporter for *The Washington Post*, *The Boston Globe* and the *Miami Herald*. While at the *Miami Herald*, I was part of the team that won the 2000 Pulitzer Prize for staff coverage of the Elián González INS raid. I co-hosted one of the nation's first podcasts, "Under the Sun," which told the stories of South Florida.

I try to give back to the entrepreneurial and journalism communities that have given me so much. I have trained and mentored business owners at Babson College's WIN Lab, Nova Southeastern's Alan B. Levan Center of Innovation, and

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the Innovation Hub at Broward College. And I have taught courses in journalism at Princeton University, Columbia University, and the University of Miami.

I am a graduate of Princeton University, where I studied public policy with a minor in Spanish. I have an MFA in nonfiction storytelling from Florida International University. I have a masters in Spanish-language journalism from Universidad Torcuato di Tella and La Nación in Argentina. I was a Fulbright scholar in Buenos Aires, Argentina, studying the impact of the 2002 economic crisis on media organizations. I live in Surfside, FL, with my wife, Gretchen Beesing, who for 10 years served as CEO of the nonprofit Catalyst Miami. We have two children, Iris and Henry. Fun fact: My wife and I performed for more than a decade in the Miami improv comedy troupe Chasing Tales. (She was funnier.)

The Landscape of Marketing Training for Small Businesses

The speed of technological change has accelerated, particularly in the past year with the mass adoption of generative AI tools, and it's critical that small businesses keep up to stay competitive in a global marketplace. Large tech companies in the U.S., such as Amazon, Alphabet, Meta, Microsoft, and Apple — not to mention companies in China, India, and around the world that are not yet household names here — are rewriting the rules of what is required from a 21st century company.

At the same time, consumer behavior has changed permanently due to COVID, as people live more of their lives online and spend more of their time working from home. Customers expect their local Main Street businesses to be online, too — matching the conveniences of e-commerce and home delivery that Amazon and GrubHub pioneered. Macroeconomic headwinds such as the pandemic lockdown and reopening, inflation, supply chain disruptions, and perennial staffing shortages have made this one of the most challenging periods to be a small business since at least the Great Recession of 2007-2009.

These tectonic shifts in technology and consumer behavior impact every business, no matter its size. For example:

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- Retail storefronts and restaurants that once only relied on signage and word of mouth to market themselves now need to also offer the convenience of e-commerce and online delivery to stay relevant to their customers. If they don't, they will lose business to more digitally savvy competitors.

- Every business with a physical presence needs to attend to its search rankings, reviews, and map presence on Google, Yelp, and other directory sites. This is easier said than done. These directory sites can be complex to set up and time intensive to maintain. Google Business Profile, for instance, rewards companies that post photos on their profile with additional search traffic. Systematically soliciting reviews requires organization and training, and responding to negative reviews requires deft messaging. Some directory sites are now essentially pay-to-play, meaning deserving local businesses with no ad budget often are less visible than better-heeled national chains.

- Every small business needs a website; this has been true for decades, though many still don't have one. They need a customer and prospect list that they email regularly, though many businesses fail to collect the contact information of their clients. And they need to be active on social media (Facebook, Instagram, LinkedIn — and increasingly, TikTok, Threads, and YouTube). This social presence keeps the businesses relevant and top-of-mind for their clientele. And it's helpful to attract the best talent for their staff. To make matters even more challenging, the vernacular of the mobile web is the thumb-stopping video: a short vertical video designed to catch the attention of distracted audiences on their mobile phones. Managing this digital presence takes time, money, and expertise that most business owners simply don't have.

- I could go on and on. The list seems to grow every day.

A robust website, an updated directory presence, consistent messaging via email and SMS, social media engagement, and an online system for reservations and ordering are table stakes (a requirement) in the modern business world. Consumers simply expect it. Providing this is a huge — dare I say, overwhelming

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— challenge for most small businesses run by owners who are experts in the product or service they provide, but not in how to promote it online.

The tools of the trade for digital marketing are often not easy to use. (I like to joke that Google's advertising platform was built by Google engineers, for Google engineers.) Owners need to hire experts or invest in time-consuming training — luxuries that under-funded and over-stretched business owners can't always afford. Additionally, much of the "free" training that is most readily available to these small businesses is underwritten by for-profit software titans whose main motive is for learners to use their software solution or ad platform. Hubspot pioneered this "inbound" marketing approach, and Google, Meta, Microsoft, Apple, Amazon have all built extensive training ecosystems designed to get more people to use their products and services. (Or to recruit new talent: Amazon announced in November its "AI Ready" commitment designed to provide free AI skills training to 2 million people globally by 2025; Amazon acknowledges this training program will become a hiring pipeline.)

In the lingo of business, these ulterior-motive training initiatives are called "educational marketing." Emphasis on the word "marketing." The training programs are not solely designed to serve the learner. They're the "free irresistible offer" at the "top of the funnel" of a "customer journey" designed to cement "brand loyalty" and "position" a company to "convert" a new customer at a low "CAC i.e., Customer Acquisition Cost" and a high "LTV i.e., Lifetime Value." (I swear this is how marketers speak!)

The vast majority of digital training for small businesses happening today is being provided by these foxes in the henhouse.

We must provide an alternative: Small businesses need unbiased, learner-focused training without ulterior motives.

Several education providers have stepped in to fill this gap. They are 1) universities and colleges; 2) independent training academies and bootcamps, of which BizHack Academy is an example; and 3) business support organizations that provide free training to their members.

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Universities and Colleges

I'll start with our nation's colleges and universities. Technical degree programs, continuing education, professional development certificate programs, business incubator and accelerator programs, and micro-credentialing programs, particularly at community colleges, have traditionally provided unbiased and high-quality technical training. But the curriculum at colleges and universities is updated infrequently and slowly by design. Universities were designed as warehouses of wisdom and built to carry forward timeless principles.
They have struggled to fill the gap when it comes to cutting-edge tech education, particularly in a tech-forward field such as digital marketing. The marketing offerings I've seen from most universities are expensive, designed for executives at larger companies with big budgets, and often feature outmoded curricula taught by out-of-practice professors. Unless they bring in "professors of practice" who are working marketers to teach practicums, the curriculum is often years behind the latest technologies, platforms, and trends.

Independent Training Academies and Bootcamps

That is where independent training academies such as BizHack Academy step in. BizHack's mission is to serve small businesses with cutting-edge marketing training, coaching, and peer support so they can grow faster. Our most important metric of success is ROI — Return on Investment, whether measured in time saved or money made. We win when our businesses win, period. BizHack does not take money from any software providers, and our funders are not the software companies whose tools we train businesses on. This fierce streak of independence, which is born of my background as a journalist, is crucial for BizHack Academy to be an unbiased and learner-serving purveyor of digital tools training. We cannot be bought.

BizHack's approach builds on a model of independent training academies that was pioneered a decade ago: the coding bootcamp. The first coding bootcamp started in 2011 when a forward-thinking company called "Hungry Academy" posted on Hacker News an irresistible offer: a 5-month free developer training program in the Ruby programming language with a job guarantee for those who made it through. The following year, Codecademy, Dev Bootcamp, and HackerSchool were all founded within a few months of each other.

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There are now nearly 100 coding academies with an annual revenue of nearly $800 million, according to a 2023 report by Career Karma. While a handful of bad-actor coding academies were little more than diploma mills, churning out unprepared graduates saddled with debt, most are reputable training programs that partner with companies looking to hire their graduates. These bootcamps have a singular goal — to prepare their graduates for entry-level jobs — and they're incredibly responsive to the shifting needs of software engineering. Their speciality is up-to-the-minute training on the most in-demand coding skills. In Miami, I have worked closely with three code academies: Wyncode (which was acquired by Brain Station), IronHack, and 4Geeks Academy. I know the owners of all three, and I can attest to their integrity and to the quality of the education they provide.

The 21st century knowledge worker needs to know more than how to code, and some coding academies have expanded their offerings to non-development fields, such as web design, cyber security, product management, data science, and to a much lesser extent, digital marketing. In the same 2023 report, Career Karma found that only 2.8% of coding academies offer bootcamp programs in digital marketing.

Why do so few coding academies teach digital marketing? I have identified six reasons:

1. Marketing is a challenging area to teach because of the speed with which things change. Not only do the technical platforms change, but market conditions and consumer habits are also in constant flux. It's extremely difficult for any training provider to keep up with the latest trends. Most colleges and universities do a good job teaching marketing strategy; coding bootcamps are very good at teaching the technical tools. It's the rare education provider that can do both, plus simplify the content so it's geared to a small business owner, plus provide hands-on guidance on how to apply those best practices to a specific real-life marketing campaign.

2. The hiring market for marketing professionals is much smaller than other tech professions, such as software engineers. Even in large companies, marketing departments tend to be a fraction of the size of their

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engineering department counterparts. This means that the hiring partners that subsidize coding education and provide jobs to graduates don't exist to the same degree in the marketing field. That breaks the business model of coding bootcamps, which rely on a robust network of hiring partners and the promise of a job after graduating to attract students. The core issue is that most companies simply don't have that many entry-level marketing positions to fill.

3. As a result, digital marketing training tends to be geared more to professional development rather than new career pathways. This disrupts the financial model of full-time coding bootcamps with high tuition fees that pay for themselves once the newly minted coder is hired. Marketing programs tend to be part time and have lower price points. The people with the time and money to afford the training tend to be working marketers at mid-sized and larger firms. So the training is geared to them. It's a less profitable and therefore less attractive line of business, and most coding academies say "pass."

4. The financial incentives for the learner are not as compelling either. Upskilling in marketing tends to be more about survival than advancement. After getting trained, a mid-career marketer might get a raise or be able to switch jobs more easily. More often than not, they'll get to keep their jobs. Marketers who aren't fluent in digital marketing don't tend to survive in the industry.

5. Sales departments tend to regularly invest in training, because the ROI (Return on Investment) of that training in the form of increased sales can be immediate. There is a robust, decades-old sales training ecosystem headlined by reputable global providers such as Corporate Visions, RAIN Group, Sandler, and many others. (My father was a traveling clothing salesman, and growing up, I saw him benefit a lot from sales training.) Marketing as a discipline doesn't have that same tradition of investing in professional development, in part because the ROI of marketing training can be harder to measure.

6. Marketing is a mixed discipline that requires the soft skills of copywriting, graphic design, video production, and creative communications side by

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side with hard skills around optimization, automation, integrations, tracking, and data analysis. Digital marketing requires the deft combination of the left and right brain that is hard to teach and even harder for any single individual to master. In the field, you tend to find technical marketers and creative (or brand) marketers. Coding academies are better at training technical marketers, but the skillset is incomplete.

To make matters worse, small businesses are not a good target customer for almost any independent training provider. Small business owners often don't have time or money. Visionary entrepreneurs can be distractible students who can't sit still, and they rarely did well in grade school. Time spent training can mean time spent away from closing deals or from running the day-to-day of their business — or from precious time with their family.

I have witnessed up close the tough tradeoffs small business owners have to make to find the time (let alone the funds) to upskill themselves in marketing. They know they need and devoutly want to upgrade their marketing. But "life happens" to derail their best intentions. Small businesses are a very special use case, one that most independent training providers don't specialize in.

Business Support Organizations (BSOs)

That's the gap that business support organizations (BSOs) tend to fill. Countless chambers of commerce, industry and trade associations, networking groups, CDFIs, and economic justice organizations offer training workshops to their members. As do the local Small Business Development Corporations (SBDC), Women's Business Center (WBC), the Veteran Business Outreach Centers (VBOC), and SCORE chapters funded by the SBA. The workshops these BSOs offer tend to be in three areas: finance, hiring, and marketing. The quality of the training these BSOs offer varies widely. The people who coordinate training for BSOs rarely have an expertise in adult education, let alone a technical expertise in marketing, finance or hiring. So, some BSOs aren't in the best position to evaluate what to teach or who to hire to teach it.

The marketing training that BSOs provide often takes the form of single-session workshops with clickbait titles featuring the hottest new marketing trend ("Unlock the Seven Secrets of Threads Marketing" or "Nine Tips for Your Business to Go

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Viral on TikTok"). These sessions can be less than worthless, creating in business owners a sense of FOMO and a false urgency to jump on the latest fads. Business owners who attend these training sessions are tempted to invest their precious time and money in the wrong places. What most small business owners really need is to create a basic digital footprint — a website, an email and SMS program, and a social media presence — and then focus their efforts on finding leads and closing sales. But workshops on basic topics don't tend to draw a crowd. ("How to Build a Decent Website with No Budget" just doesn't have a great ring to it!)

All these issues are amplified for our foreign-language speaking U.S. citizens and documented immigrants who make up a significant percentage of small business owners in South Florida and across the country. These business owners struggle to find high-quality training they can afford in their native tongue, the network of BSOs that serve them is much smaller, and they're disproportionately targeted by scammers and charlatans.

Before COVID, the training provided by BSOs was primarily offered in-person. This led to a patchwork quilt of local training providers that served single markets. Even though much of the BSO training has gone online, the training industry remains highly fragmented. To my knowledge, there is only one national provider of digital marketing training in English and Spanish geared to micro businesses that specialize in working through business-support organizations: BizHack Academy. We are a category of one.

Two Recommendations to the Committee

Small businesses can't keep doing the same things in the same way if they want to survive, let alone thrive, in the 21st century economy.

I want to offer two recommendations to the Committee based on my expertise in small business marketing training:

1. Government has an essential role in ensuring that high quality and affordable training is available to small businesses and their employees. As a country, we should improve our existing training programs and spend more on new training to ensure our workforce is able to compete globally.

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Any investment in a future-ready workforce will have a huge return in the form of increased economic activity and higher levels of employment. This training must be offered in multiple languages and at varying degrees of sophistication, to meet entrepreneurs where they are.

2. Congress must regulate generative AI to ensure that its negative impacts are minimized. This mandate was missed with social media, to disastrous consequences. When Congress is writing that legislation, however, it must give small businesses a seat at the table. Generative AI is the most powerful tool for small-business efficiency and growth in a generation, and small-business advocates and experts must help shape the guardrails we build around AI tools, so we don't inadvertently curtail their positive potential.

#1-Small Businesses Need World-Class Training Funded by the Federal Government

Small business owners recognize that they must adapt or die. While they're hungry to learn, they can't always find or afford high-quality training and coaching. The federal government has an important role in subsidizing training — particularly in marketing — that the private marketplace won't provide for the reasons explained above. This training could take the form of technical assistance, implementation support, and professional and workforce development. I'm asking Congress for more funds, and that the existing funds be spent better.

Training that is funded by the federal government is administered locally, so it can meet specific community needs. (At BizHack, we call this "Marketing is One Size Fits One™," and it's a tenet we believe in so strongly we trademarked it!) The local administration can take various forms — through SBA-funded programs such as the local SBDC, WBC, VBOC, and SCORE chapters, as pass-through funds to county and municipal governments, and through grants to trusted nonprofit BSOs and educational institutions. Congress should also maintain and even strengthen regulations on CDFIs and policies such as the Community Reinvestment Act that encourage financial institutions to sponsor training in their communities.

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Unfortunately, much of the training offered to small businesses using federal funds is either out of date or out of touch. It takes real skill to simplify complex topics and to adapt best practices to companies that are as constrained as small businesses tend to be. One-off training sessions that don't include follow ups or personalized implementation support have a limited impact. Lectures on Zoom without small-group or one-on-one coaching on how to apply those best practices in the specific context of their business have limited value. When adults need to learn new skills, the lessons need to be directly relevant and immediately applied in their daily work, or they will forget most of it. Adult education requires an initial stage of learning, then practicing in a low-stakes workshop environment with real-time feedback from experts and peers, then implementing test-and-learn campaigns in their business. This means training over time in a cohort format with personalized coaching. And that is an expensive proposition. BizHack, in partnership with Miami-Dade County, provides free masterclasses for a dose of best practices, free recorded courses that go deeper, 6-week workshops in AI with small group coaching, and scholarships for a 7-week bootcamp that includes three one-to-one coaching sessions. That kind of ecosystem of training that allows the most motivated and driven entrepreneurs to go deeper is a good model for other localities.

For most small businesses, prioritization and sequencing of marketing efforts is essential. Where do you start first? You can't be on all platforms, and you have limited funds for advertising. You must be choosy about where you invest. Retail magnate John Wanamaker famously said, "Half my advertising spend is wasted; the trouble is, I don't know which half." A 2006 book by Rex Briggs and Greg Stuart analyzed $1 billion in advertising spend and found that the actual success rate of advertising is closer to 37%. Small businesses can't afford to waste two thirds of their money and time. When your budget is tiny and your staff is stretched thin, every cent and every second counts. Small businesses need guidance from trusted, impartial experts on how to identify high-potential tactics for their marketing and how to measure the success of those efforts. At BizHack, we call this approach "test and learn," and it's a hallmark of all our training.

Governments can be that honest broker. So can business support organizations (whether governmental, educational institutions, or nonprofits). Small businesses need help identifying trusted independent training providers who can provide

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cutting-edge, next-generation training and have the welfare of small businesses at heart.

In my experience interacting with SCORE and SBDC chapters around the country, those organizations sometimes lack the resources and expertise required to provide 21st-century marketing training to their small-business clientele. And many of their practices are outdated and need to be modernized. This committee should explore how the SBA, SBDCs, WBCs, VBOCs, and SCORE can be modernized to do a better job upgrading the skills of the workforce and empowering local entrepreneurial ecosystems. As part of its modernization, the SBA should require that the training it sponsors and funds should be aligned with research-backed best practices for adult education, which include experiential learning, peer learning, and the flipped classroom model. Our competitiveness in the global marketplace is on the line. Other governments are doing a better job preparing their workforce for disruptive technology, and we need to catch up or be left behind.

#2-Small Businesses Must Have a Seat at the Table When Generative AI is Regulated

Congress must regulate AI. Think of the years of wreckage caused by social media companies run amok because regulators couldn't get in front of the technology in a thoughtful way. With AI, we have an opportunity to provide guardrails against bad actors, mitigate the inevitable workforce disruption, and turn the tools into powerful forces for productivity. The widespread safety concerns about Artificial Intelligence related to disinformation, bias, data security, intellectual property, job loss and disruption — and of course, the robots taking over — are legitimate and significant. But among almost every small business owner that we train, generative AI in its current form is seen as an unalloyed good. It is a productivity tool unlike anything we've seen in at least a generation. Small businesses that leverage generative AI tools to grow faster will be stronger and more resilient members of our local economy. The federal government must solicit feedback and input from small business advocates when it regulates AI, so that we can accelerate the adoption of AI tools while placing necessary guardrails on AI to ensure it's used safely and constructively.

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Small businesses have huge needs: they need inventory to sell, staff to serve, and access to capital to grow. But in my experience, the biggest issue holding back small business growth is time. Business owners know they could do more to market themselves, and that by doing so they'd have more customers and be able to hire more staff. But many owners don't have the time. They're fully occupied with the daily demands of operating their business.

The potential of AI for small businesses is what one of my training partners calls "1000X" improvement — 10 times more, 10 times better, 10 times faster.

Generative AI tools such as ChatGPT and Google Bard allow business owners to do more with less. AI works as a kind of super-intelligent marketing assistant that drafts social media posts, email copy, and blog posts in a flash. Human intelligence is still required — a human must write the prompts and edit the responses so that the AI-generated content is aligned with the brand voice and core values of the company, tailored to the specific needs of its clientele, and distributed smartly across digital platforms.

The investment in workforce training and technical assistance is starting to pay off. A study released in September by the U.S. Chamber of Commerce found that 1 in 4 small businesses nationally have adopted AI to improve their marketing and communications. It's not just about cutting costs; it's about amplifying efficiency, fostering creativity, and accelerating growth. It's about doing things they could never otherwise afford. Marketers trained on AI productivity tools can produce text, audio, and video content at a speed and quality that they used to be unable to afford. AI-powered small businesses that once couldn't afford to market now can.

I've seen up close the impact AI tools can have in marketing a small business. BizHack just completed a six-week intensive program in AI for Marketing with a cohort of two dozen small business owners in Miami and Miami Beach. With twenty hours of hands-on training and small group coaching, the businesses reported achieving time savings valued in the thousands and even tens of thousands of dollars.

Businesspeople are often worried that AI is coming for their livelihood. I tell them this: "AI is not going to take your job, at least not yet. But someone who uses AI is

— and they will probably be based outside the U.S. So you must get ready. You have to invest in training yourself and your team." As the federal government begins putting guardrails on this technology, ensure that small business advocates have a seat at the table so we don't kneecap the potential of this powerful new technology and our ability to compete with foreign-based firms.

Federal lawmakers and members of this Committee can unleash the power and possibility of this revolutionary technology — not just mitigate its risks. I can assure you our competitors overseas are empowering their businesses with AI technology to grow faster and compete better. It would be a terrible irony for U.S. companies to invent a technology that makes U.S. businesses less competitive in the global marketplace.

Conclusion: Finding My Ikigai

The Japanese have a principle called *ikigai*. Your *ikigai* is the intersection of 4 things: 1) what you love, 2) what you're good at, 3) what you can make money doing, and 4) what the world needs.

(Jim Collins in his book *Good to Great*, which analyzed the success principles of the world's greatest companies, introduced a similar framework called the Hedgehog Concept: the intersection of 1) what you are deeply passionate about, 2) what you can be the best in the world at, and 3) what best drives your economic engine.)

The Ikigai is basically your professional center of gravity. I like to think of it as my professional love.

Many of us spend our entire lives searching for our *ikigai*, often unsuccessfully. I have spent much of the past 10 years searching for mine. And I recently found it.

To tell that story, let me rewind 30 years, to the fall of 1993. I was in my junior year at Harriton High School, a public school in Rosemont, Pennsylvania, a suburb of Philadelphia. I had just joined the school newspaper called the *Free Forum*, and one of my first stories was an idea I came up with myself. I had money stolen out of my gym locker, and when I asked around to friends, many of them had

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money stolen too. I got permission to run a schoolwide survey, and more than half of the students polled had money stolen, including one quarter of freshman who had arrived on campus just two months earlier. It was an epidemic of theft far more widespread than the school administration had realized. After the stories were published, the perpetrator (a staff member) was identified and let go. From that moment on, I was hooked on journalism. I loved the two-sided puzzle of it. One side of the puzzle was figuring out what the pieces were through my reporting. The second part was assembling those pieces into a coherent and compelling narrative that fit the reporting. For 20 years, I pursued that career, and it was my *ikigai*, my professional first love.

Then, 10 years ago, I lost my job in journalism. Like so many of my colleagues in the media, I was unable to find another job at my level in Miami, where I lived and wanted to stay. I had to start over.

As I embarked on that reinvention, I felt a profound sense of sadness. I had lost my professional identity. I had spent 20 years on fire as a crusading journalist, informing the public, giving a voice to the voiceless, protecting the Constitution as the fourth estate (it sounds high falutin', but many of us ink-stained wretches believe every word!). In comparison, my work in my new career in public relations and marketing felt empty. I felt isolated and purposeless. At moments, I felt disassociated from my own life, like I was in a lucid dream living inside someone else's life — but it was my own.

I found a glimmer of meaning two years later when I started to teach at the local community college, Miami Dade College. I taught a course at the Idea Center in digital marketing for small businesses — mostly as a way for me to learn the topic better myself. Little did I know, I was starting the next chapter of my career. Two years later, I decided to take the entrepreneurial leap myself. I quit my day job in marketing and started BizHack Academy.

As I built my curriculum, I studied the best practices for adult learning and business education. I hired a consultant familiar with the curriculum and approach at Babson College, the nation's top small business MBA program. I followed research-backed practices such as the flipped classroom, peer learning, and experiential learning. I adapted my curriculum to the short attention spans of visionary business leaders. And I leveraged all of my

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storytelling skills honed during a 20-year journalism career and deepened during an MFA in Creative Writing program I completed in 2006.

All the courses that BizHack teaches entrepreneurs center around what we call a "Real Life Campaign." A Real-Life Campaign can be a social media ad, an email nurture sequence, a business directory listing — any concrete marketing campaign that has measurable results in terms of new customers acquired.

Our signature course, The Digital Marketer's Edge, requires participants to advertise on social media as a way to learn a systematic process for online lead generation. We've taught this course for 7 years to more than 700 businesses, and the results have been nothing short of amazing. While in the course, our average participant earned $29 in incremental income for every $1 dollar they spent on ads — a return on ad spend that would make any marketing agency envious. I came to learn the tremendous potential that small-business owners have when given the right information and the proper support. No one knows their businesses better, and no one cares about their businesses more. They just need the right training and coaching to dominate the digital platforms — some of which can be quite complex.

In 2019, I had an 80-year-old former CEO from Brazil named Bernardo Wolfson take my course. I sat next to him as he logged in to Facebook for the first time. (It was an interesting experience: I had created my account with "thefacebook.com" in 2004 when it was restricted to people from a handful of universities.) Seven weeks later, Bernardo was running sophisticated ads to promote his coaching business on Facebook, Instagram, and LinkedIn. I knew then that I had bottled lightning. Digital marketing was something every small business needed, and that every small business owner with the right support could do.

We have now taught The Digital Marketers Edge course to 26 cohorts of business owners totaling more than 700 companies on six continents. In selling this single course, BizHack Academy has generated more than $1 million in revenue. We have done good and done well.

These were all milestones on my path to finding my *ikigai*. But where I truly found my professional sweet spot — the area where I am now focusing all of my energy in this next phase of my career — is in partnering with business support

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organizations (BSOs) to provide training to small businesses that couldn't otherwise afford it.

Over the years, I have realized that small businesses need more help than a single course or a single provider can offer. They need help with more than marketing. As my wife, a nonprofit CEO, would say, my "theory of change" has evolved to the belief that small businesses need a variety of services, including technical assistance, access to capital, and fellowship with peers. No single organization can provide all of that. We must work together in an ecosystem of support. And the nodes of those ecosystems are the BSOs. Organizations such as BizHack Academy must work in partnership with BSOs to provide the development support and technical assistance that business owners so desperately need.

This drive to help small businesses survive and thrive in the digital economy animates me every day. Work has stopped being work. I teach like my hair is on fire, to borrow from educator Rafe Esquith. I now think of myself as a journalist on the how-to-build-a-business beat.

My conversations these days are filled with excitement and the generative possibilities of collaboration. I'm six years into a decade-long mission to work with BSOs to help 10,000 small businesses grow faster, and I'm about two thirds of the way there. My aim is nothing short of transforming the lives and careers of thousands of small business owners, so that all of their stakeholders — their families, their staff, their clients, their partners, their customers, and, of course, they themselves — can thrive. Thank you to the Committee and to Congress for all that you do to help support that mission.

Before every training session that I lead, I listen to a song called "Glorious" by Macklemore. It has this chorus, which reminds me of the journey I have been on, and where I am today:

> I feel glorious, glorious
> Got a chance to start again
> I was born for this, born for this
> It's who I am, how could I forget?
> I made it through the darkest part of the night
> And now I see the sunrise.

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Appendix: On the Importance of Peer Networks

It's tough to be an entrepreneur — and impossible to do it alone. As a small-business training provider, BizHack Academy not only helps entrepreneurs build up their skills, we also provide them a supportive network of like-minded peers. BizHack's core value of "Build Community" is evident in every training experience we provide. From our "Followpalooza" exercise that connects small businesses online, to our business directory that encourages us to shop local and do business with one another, to our silly hat socials on Zoom to break the ice and connect on a personal level, we are always looking for ways to make the entrepreneurial journey less lonely. This speaks to an essential truth of entrepreneurship: Mindset is as important as skillset. As training providers, we must attend to the whole person, including the emotional aspects of running a business.

As I reflect on the ups and downs of my own entrepreneurial journey, three peer groups of business owners have supported me along the way:

- Entrepreneurs' Organization
- The Small Giants Community
- The Goldman Sachs 10,000 Small Businesses Program

These organizations provided me with the training and peer support that helped me overcome obstacles and build a successful business. I wanted to recognize them here.

Entrepreneurs' Organization

https://hub.eonetwork.org/

Entrepreneurs' Organization is a global nonprofit founded in 1987 by Verne Harnish with chapters around the world. I'm part of the accelerator program in the South Florida chapter, which is one of the top five largest chapters in the world. EO provides belonging, connection, growth opportunities and learning. It's a community for entrepreneurs by entrepreneurs, and it's largely volunteer run. I have an accountability group in EO that are peer business owners, and we meet monthly to talk about business and personal challenges. EO really attends to the entrepreneur as a whole person. It can be lonely at the head of the table, and I love having a forum where I can work on my business — not just in it — with like-minded, growth-oriented, driven entrepreneurs.

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The Small Giants Community

https://smallgiants.org/

The Small Giants Community is a community of like-hearted, purpose-driven leaders that was founded in 2009 as an L3C organization, a hybrid between a for-profit and a nonprofit entity that prioritizes mission and social purpose. The community was inspired by the 2005 book by Bo Burlingham called "Small Giants: Companies That Choose to Be Great Instead of Big." Business leaders around the world recognized that they weren't the only ones who believed in a different way of doing business: prioritizing people and purpose over profits. I have attended two Small Giants Community summits in Detroit, I am a proud graduate of its Leadership Academy, and for two years I have been personally mentored by the organization's co-founder, Paul Spiegelman. The Small Giants Community is my tribe. It is made up of leaders who are passionate and purposeful. We are committed to growing not just for growth's sake, but to enhance the lives of the people who work for us.

The Goldman Sachs 10,000 Small Businesses (10KSB) program

https://10ksbapply.com/

The Goldman Sachs 10,000 Small Businesses (10KSB) program was launched in 2009 as a training program designed to help small businesses scale our operations and create jobs in our communities. The curriculum was created by Babson College, one of top small-business MBA programs in the world. It has locations based at community colleges around the country, and I am a proud graduate of Cohort 18 in Miami based out of Miami Dade College. I also have been a guest panelist more than half a dozen times, sharing insights with my fellow alumni about digital marketing and online lead generation. The 10KSB program has an active alumni association, and I've led and attended many learning events. I'm also an active participant in its Voices initiative, which is designed to help small-business owners in the U.S. advocate for policy changes that will help their businesses, their employees, and their communities. As part of the Voices program, I met virtually with U.S. Representative Debbie Wasserman Schultz, and I met in person with Miami-Dade County Mayor Daniella Levine Cava to advocate on behalf of fellow business owners in South Florida.

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In this season of gratitude, I wanted to express my thanks to these organizations, to my many friends and mentors, and most of all to my wife Gretchen, my two beautiful children Iris and Henry, my parents Joaquin and Elaine, and my sister Suzie. You have supported me every step of the way. Without your love and encouragement, I would not be here today.

Testimony For Nicholas Boyle

First, I would like to express how grateful I am to be before you all today. As an American Patriot this is an amazing honor to testify before you and I Thank you for the invitation.

With the help of an Amazing Management Staff and a supportive family I operate seven businesses in Pennsylvania. Those businesses cover a broad range of industries from Information Technology Consulting, Long Term Property Rentals, Towing and Transportation, Excavating, Equipment and Tool Leasing, and Land and Project Development. We have operated such diverse companies out of my paranoia that in the event of a shaky economy the floor couldn't fall out from beneath all of them.

This committee represents of the backbone of the American Economy, and I hope today I can provide you with some good information for future legislation.

Our Towing Company is in its infancy and just coming up on its two-year anniversary. Currently we are operating Eight Trucks delivering customers safely back home all-over New England. The biggest hamper on this business is the interstate commerce regulations. I am an advocate for states' rights but sometimes the federal government can do a better job. Interstate commerce is one of those areas. It would be impossible for a person to start one of these businesses without having a large amount of capital because of these regulations. I learned this quickly when we had a truck stopped taking a customer's car home in New York because of a lack of a New York State Fuel Tax. The next day we hired an attorney to review all the rules and regulations in all the neighboring states we operate in. At the end of this we end up with a truck plastered with seven different numbers or stickers representing all the state and federal regulations, a thousand dollar fine for a two-dollar sticker from the state of New York, and an attorney with a new vacation house. I would propose that this committee investigate combining all the State and Federal reports under one number. One simple form that any American who has a dream of becoming an owner operator can understand and complete without paying a third party.

I am happy to report to you that despite the high interest rates Americans are facing, the real estate market is still very strong. We are seeing houses sell quickly and for record prices in our area. Long Term Rental Prices are up because of supply and demand as well as the high interest rate that is keeping families from home ownership. Short Term Rentals will have major issues within the next 18 months as those properties were overvalued during COVID. However, you will not see what we have seen in 2008. We will not see a flood of houses hitting the market, Americans are not going to give up those fixed 3% mortgages. Legislation that would help this sector of small business should come in the form of grants or low interest loans to revitalize Americas uninhabitable downtown apartment buildings. In my hometown of Tamaqua, PA we have about a mile of our main street that has major potential for revitalization. The problem is the projects are massive and the current return on investment is too long or not at all. With proper funding these buildings could provide affordable housing to Americans and make it appealing for investor and property owners to bring these buildings to livable standards. The legislation that we would need is to limit prevailing wage which keeps the existing grants from being used. Currently Tamaqua has a million-dollar grant that has not been used in close to two years because even with the grant the prevailing wage requirements make the undertaken far too expensive. We have revitalized three buildings and ignored the grant money, that is how unattractive these programs are.

Dr. Tammira Lucas
CEO, The Cube Cowork
Assistant Professor, Coppin State University

A Year in Review: The State of Small Business in America

Good morning, Chairman Williams, Ranking Member Velazquez, and Members of the Committee, thank you for the opportunity to testify.

I am Dr. Tammira Lucas, CEO of The Cube Cowork, the largest black women-owned coworking space that provides onsite babysitting services in the United States, which supports over 250 local women entrepreneurs in Baltimore. I am also an Assistant Professor in the College of Business at the esteemed HBCU Coppin State University.

There are a few obvious reasons why supporting and establishing policies that directly positively impact small businesses shouldn't be an option but instead a priority. As I am sure you've all heard several times before, small businesses are the heartbeat of our communities. They are founded by local entrepreneurs who made the conscious effort to bet on themselves to build wealth for their families. They are maintained and fed by local residents of the community. Mainstreet Alliance reports everywhere that small businesses thrive, poverty rates fall, and property values rise. This investment in local communities is the backbone of the American Economy, where small businesses create *64%* of all new jobs in the nation. In 2023, small businesses, especially minority-owned businesses in Baltimore City and County, are still struggling to survive financially and grow their receipts significantly due to a myriad of reasons.

According to the McKinsley Institute for Black Economic Mobility, market barriers result from unaddressed needs, often related to challenges of access—to capital, expertise, and services. Sociocultural barriers encompass the biased and exclusionary ways in which Black entrepreneurs are more likely to be blocked from gaining social capital, such as helpful relationships that make up business networks. Finally, institutional barriers are supported by the systems in which Black-owned businesses operate and include factors as basic as their locations.

As I speak in front of you today, I want to highlight many of the issues that entrepreneurs in Baltimore and similar cities around the country continue to face, preventing them from achieving business sustainability, wealth creation, job creation, and crime reduction.

Maryland has the highest rate per capita of women-owned businesses in the United States. Maryland has **42** minority-owned businesses for every **100,000** residents and **17.5** businesses owned by women per **100,000** residents. The median household income for the State of Maryland is **$81,868**, while the median income for Baltimore City and Baltimore County are **$48,840** and **$74,127** respectively. According to a report from Goldman Sachs One million black women, forty percent of black women have household incomes under $40k. Seventy-one percent of black women feel like they live paycheck to paycheck. Forty-seven percent of Black women with student loan debt have household incomes of less than $40k, and thirty percent of black women do not believe they could get a loan right now without a co-signer. Yet black women are one of the largest consumer groups. In other words, we keep the economy flowing!

Those who have acquired student loan debt are less likely to assume the risk of starting a business due to the lack of financial stability and the burden of the debt. As a business professor, I constantly see students deciding to obtain careers that do not align with their goals or values to tackle their student loan debt. They also desire, like me, to start a business, but understanding the realities of debt will not allow them to indulge themselves fully in the world of entrepreneurship. Affordable education is essential to the growth of our economy. The average black bachelor's degree holder has an average of $52,000 in student loan debt with an average salary of $49,000 after graduation. Student loan debt forgiveness would immediately increase the wealth of Black Americans by up to 40%. If new businesses do not continue to start, our overall economy will be negatively impacted.

More than half of the households in Baltimore City are run by single mothers who are living below the poverty level. However, these same demographics are the ones who are using their talents and non-existent finances to start businesses to increase their household income and to employ individuals in their communities. Not only are they dealing with the lack of capital, but they are also dealing with major barriers like the lack of affordable childcare, high student loan payments, and inflation. We continue to expect constituents in low-income areas to do miracles with very little. In 2023, interest rates were at an all-time high. This rise impacted the amount of disposable income, directly impacting small business owners' success. I want to emphasize the importance of finding solutions specifically for entrepreneurs to access affordable childcare while starting or growing a business. Currently, our system is designed to only focus on providing childcare subsidies to women who are in the workforce. Entrepreneurship, in the eyes of the system, is not considered a "workforce" activity. However, entrepreneurs are creating the workforce. Aspiring or current entrepreneurs should not be forced to make a decision on whether they will start a business or go into the workforce due to the lack of affordable quality childcare. I want Congress to imagine living below the poverty level, paying $15,000 a year per child for childcare while trying to start or scale your business. Mothers should not have to choose their entrepreneurial dreams over their children. The American Rescue Plan's childcare support ended on Sept. 30, threatening the continued existence of a third of the nation's childcare centers and quality care for more than 3 million American children. Many childcare providers have already begun to lay off workers and raise fees to make up for the lost federal funding. Without affordable care, many women will be forced to scale back at work or quit altogether.

Supply chain and workforce issues continue to be a huge barrier to small businesses' success. Many local entrepreneurs in the Baltimore area in 2023 had to make a decision to close their businesses due to the lack of workforce talent and/or higher minimum wage requirements. While small business owners want to pay a living wage, it's likely not a reality to be able to do so and keep their businesses running. In addition, enrollment across college campuses, especially HBCUs, which are economic engines in low-income areas, has negatively impacted the talent pipeline for employers. More people are afraid to go to school and accumulate additional debt that they cannot afford, and business owners like myself resort to finding someone who may not have the full capabilities or education to do the job at hand, which does not help business growth or sustainability.

Recommendations:

There are many solutions to solving the issues I've outlined through my testimony; here are some that you should consider:

1. Congress should bring forth a policy allowing mom entrepreneurs to access childcare subsidies that will enable them to receive the assistance they need for childcare to start and scale their businesses. This should also include alternative childcare options to help bridge the gap of the lack of quality childcare facilities.

2. Design incentives and access to capital that small business owners can utilize to hire local residents at a living wage WITH healthcare benefits.

3. There is a huge gap in manufacturing capabilities, and entrepreneurs need access to affordable raw materials and manufacturers to produce their products locally. Congress needs to look at policies that will incentivize local manufacturers to provide low-cost services.

4. Universal affordable healthcare access to entrepreneurs continues to be a significant issue Every day, entrepreneurs are going undiagnosed with health issues because they don't have the finances to pay for quality affordable health insurance out-of-pocket and invest in their business. In fact, many entrepreneurs are deciding whether they should take on fulltime positions to address their healthcare issues, continue their business, or do both. This is a decision I know all too well.

5. Evaluate and hold government agency leaders accountable for the processes that entrepreneurs must endure to gain access to resources to do simple task. For an example, making processes for form 2553 to change your business to a scorp. It's going through simple processes like this that are made hard and confusing that hinders small businesses from scaling. Time is money and the more time entrepreneurs have to spend on processes that should be streamline, the less revenue they are generating.

6. Implement living wage tax incentives for small businesses. Small business owners desire to pay living wages; however, it is impossible for many, especially with inflation. It is essential that our federal government leaders create policies that will incentivize small business owners to pay living wages to their employees.

All entrepreneurs in the United States should have an even playing field. Minorities continue to be hindered the most and given the crumbs. Black Americans have never had an equal ability to reap the benefits of business ownership. Among those with business equity, the average Black American's business equity is worth about 50 percent of the average American's and a third of the average white American's. Affordable childcare, healthcare, manufacturing, and living wages should not be a burden but a priority for Congress to create solutions where everyone can build generational wealth for their families.

Thank you for your time and opportunity to share my expertise and thoughts.

Dr. Tammira Lucas

Carol Roth
Member/Partner
Intercap Merchant Partners, LLC

House Committee on Small Business
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Statement for the Record
December 5, 2023

As a globally-recognized advocate and expert on small business, as well as a small business owner myself, I appreciate this opportunity to submit a statement for the record to the House Committee on Small Business.

As 2023 comes to a close, there are a few things to celebrate regarding the backbone of the economy, small business.

Despite the challenges that many small businesses have endured (more on that below), interest in entrepreneurship remains strong, and the number of small businesses in the country continues to climb. Per 2023 SBA information, almost 33.2 million small businesses continue to pepper the business landscape, accounting for 99.9% of all business entities and about 43.5% of GDP. They account for almost half of private sector employment, balancing out the economy against the just under 21,000 large businesses in America. Small businesses have maintained the percentage of the GDP they command over the past couple of years but have lost some ground in terms of employment.

The greater majority of small businesses tend to be solopreneur-driven entities (aka non-employer firms, given the difficulty, cost and burden involved in hiring and maintaining employees), and solopreneur-driven businesses continued to grow to more than 21.7 million entities.

Small businesses provide critical decentralization and a counterbalance to the highly concentrated portion of the economy controlled by big business (as well as government). The presence of small business serves as much needed competition to larger businesses in a variety of industries, helping to distribute economic power.

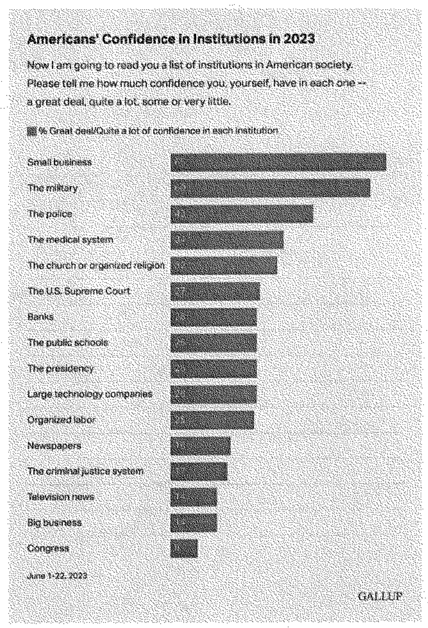
Small businesses provide economic freedom and opportunity to a wide variety of Americans, across industries, demographics and geographies. Small businesses create new and innovative products and services, increase choice for consumers, increase employment choice for employees and contractors, and add value to the local and national economies.

Importantly, small business provides more of an opportunity for those who might retire to contribute to the economy. There has been a rise in the share of self-employed individuals aged 65 and over, moving from 14.1% in 2013 to 17.1% in 2021, per Census Bureau data and the SBA.

Viewed as both a critical component of the economy and somewhat the proverbial underdog, small business is appreciated and revered by Americans as an institution. Per a mid-year 2023 GALLUP poll, more Americans polled have confidence in small business as an institution than any other institution

(65% of respondents), beating out big business by a huge margin (14% of respondents), the military, the police, the Supreme Court, newspapers, and yes...Congress (clocking in at a mere 8% of respondents).

Midyear 2023 Institutional Confidence Poll, via GALLUP (sourced via GALLUP newsletter)



Given that backdrop, supporting the backbone of the economy should be a top priority. Small businesses bore the brunt of covid mandates, then were hit with the fallout of supply chain issues, labor shortages, inflation and more that resulted from fiscal and other government policy. Federal Reserve policy over the past decade and a half has tipped the scales in favor of larger businesses, making them a beneficiary of monetary policy, often at the expense of their small business competitors.

While the House Committee on Small Business has been active in addressing small business-related concerns, such as your recent letters to the DOL on Workplace Inspections (November 15), the CPSC on Product Safety Standards (November 9) and the DOJ on IP Theft of Small Businesses by China (June 15), there is much more to be done.

With that, below are some key areas of focus for 2024 to help small businesses to not only survive, but also thrive.

Preserving Gig Work and Independent Contractor Status

There has been a consistent push from those seeking to consolidate power to try to undermine an individual's right to work how and when they want to work, including as an independent contractor or gig worker.

In addition to its obvious affronts to individual rights and freedoms, these attempts, including under the PRO Act, attempt to reclassify millions of contract workers and freelancers as employees, a proposal tested in California under the "AB5 rule" that has already wreaked havoc there.

It was recently estimated that there are more than 57 million independent contractors, freelancers, and other "gig" workers in the US. These individuals, who come from all different demographic backgrounds and cover work specializations from caterers and film crews to writers and hairdressers, as well as rideshare drivers, have myriad reasons for wanting to work independently and generally aren't interested in being employees.

While those who support big government and big special interests (aka powerful unions that benefit from unionization) tend to frame independent work as some kind of exploitation by big businesses, of course, its biggest benefit is to small businesses, not large ones.

Small businesses rely on contractors for flexibility. Some only need help from time to time. But the biggest issue is the government-created burden of taking on employees. With the additional tax burden, insurance burden, and compliance burden, as well as impact on other business structures, like 401(k) or other benefit plans, government regulation already disproportionately hinders small businesses vs. large, well-funded companies with lots of human resources. It makes it incredibly challenging, if not impossible, for small businesses to take on employees and compete in the marketplace. So, not only would putting this rule in place take away more economic freedom from gig workers, it would also kill more small businesses.

With a supply-constrained labor force, it makes financial sense to make it easier for small businesses to hire more people and take on more labor, not erect additional barriers.

Anti-contractor and gig work policies give more power to the unions and to big businesses that will support their efforts, consolidating more wealth and power for them, instead of creating opportunities for all, especially the working and middle classes and small business owners.

Congress should work to reiterate and codify that your labor should be your choice and do everything to make it easier for small businesses to hire workers, whatever form those contracts and arrangements may take.

IRS Overreach

A slew of new IRS-related rules and regulations, as well as increasing the size and funding of the IRS disproportionately impact small businesses.

While the stated goal is to go after the ultra-wealthy, it's well-known that small businesses are audited more frequently. Estimates are that entrepreneurs with sole-proprietorships and single member LLC businesses are audited at rates 4.5 to 12 times higher than for individuals who don't own a business, and those with other entity formats are also audited at higher rates as well.

In addition, the American Rescue Act rule that shifted the 1099-K reporting requirements for online transactions to the $600 level (from $20,000) is creating more concern for small entities.

While everyone is obviously required to pay their due taxes, the burden of defending tax inquiries rests solely on the taxpaying entity. For small businesses, even if they are in the right, additional scrutiny means they need to hire a lawyer and/or accountant and spend additional non-productive time on these efforts. This also adds stress to their already stressful and busy lives as entrepreneurs.

This leads some small business entities to just pay penalties even when not deserved, which feels more like a shakedown than a productive effort.

Streamlining the tax process for everyone, including small businesses, would greatly improve the economy, as well as individuals' well-being.

Corporate Transparency Act

As if small businesses didn't have enough issues, 2024 is bringing into place the "Corporate Transparency Act". Based on the exemptions for publicly traded and US-based companies employing 20 or more people, primarily small businesses will be impacted by this act and will have to register and continually update their information with FinCEN, or risk penalties.

Congress should be immediately working to repeal this act and save small businesses from this unnecessary invasion of privacy and additional hassle which adds to their paperwork (FinCEN is estimating it will take businesses three full hours to fill this out, not to mention ongoing compliance needs) and takes entrepreneurs away from productive activities.

Other Regulation

The best thing that the government could do to support small businesses would be to reduce the barriers that impede small business's ability to grow. This means removing onerous and costly regulations and streamlining any activities that take entrepreneurs away from activities meant to run and grow their businesses. It should be easy to hire an employee and move more small businesses out of the solopreneur realm. Contractor status should be preserved. The IRS should stop creating barriers and challenges for small businesses, as allowing small businesses to grow will lead to more tax revenue collected; bogging them down with barriers and paperwork will lead to less tax revenue.

Supporting small business should be a bipartisan effort, focused on empowering the "little guy" or underdog in the economy and bringing prosperity to more individuals across geographies and demographics.

By and large, your constituents respect and trust small business. As institutions, they are among the least controversial and most impactful entities that you can support to generate positive outcomes and goodwill.

So, please do what you can to truly support the needs of the backbone of the economy, which boils down to keeping the playing field fair for them and removing the government-erected barriers to their growth and opportunity.

I stand by as a resource to do anything that could help assist small businesses and your efforts to remove barriers to their growth and opportunities.

Submitted with Respect,

Carol J.S. Roth
Small Business Advocate and Expert, Small Business Owner and Entrepreneur, 2-time New York Times Best Selling Author