

SMALL BUSINESS RESILIENCY: LEARNING TO SUCCEED IN AMERICA'S DYNAMIC ECONOMY

HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP OF THE UNITED STATES SENATE ONE HUNDRED EIGHTEENTH CONGRESS FIRST SESSION

AUGUST 17, 2023

Printed for the use of the Committee on Small Business and Entrepreneurship



Available via the World Wide Web: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

53–541

WASHINGTON : 2024

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
ONE HUNDRED EIGHTEENTH CONGRESS

BENJAMIN L. CARDIN, Maryland, *Chairman*
JONI ERNST, Iowa, *Ranking Member*

MARIA CANTWELL, Washington	MARCO RUBIO, Florida
JEANNE SHAHEEN, New Hampshire	JAMES E. RISCH, Idaho
EDWARD J. MARKEY, Massachusetts	RAND PAUL, Kentucky
CORY A. BOOKER, New Jersey	TIM SCOTT, South Carolina
CHRISTOPHER A. COONS, Delaware	TODD YOUNG, Indiana
MAZIE HIRONO, Hawaii	JOHN KENNEDY, Louisiana
TAMMY DUCKWORTH, Illinois	JOSH HAWLEY, Missouri
JACKY ROSEN, Nevada	TED BUDD, North Carolina
JOHN W. HICKENLOOPER, Colorado	

SEAN MOORE, *Democratic Staff Director*
MEREDITH WEST, *Republican Staff Director*

CONTENTS

August 17, 2023

OPENING STATEMENTS

	Page
Benjamin L. Cardin, U.S. Senator from Maryland	00
Chris Van Hollen, U.S. Senator from Maryland	00

WITNESSES

Ms. Cassandra M. Vanhooser, Director, Department of Economic Development and Tourism, Talbot County, Maryland	00
Prepared Statement	00
Mr. John “Nick” Hargrove, Owner and Operator, Wittman Wharf Seafood, LLC	00
Prepared Statement	00
Ms. Roxanne Wolf, Program Director, Shore Gourmet	00
Prepared Statement	00
Mr. Richard “Rich” Loeffler, Business Consultant, Maryland Small Business Development Center	00
Prepared Statement	00

**SMALL BUSINESS RESILIENCY:
LEARNING TO SUCCEED IN AMERICA'S
DYNAMIC ECONOMY**

THURSDAY, AUGUST 17, 2023

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Berlin, MD.

The committee met, pursuant to notice, at 1:00 p.m., in Berlin Town Hall, 10 Williams Street, Berlin, MD, Hon. Ben Cardin, Chairman of the Committee, presiding.

Present: Senators Cardin [presiding] and Van Hollen.

Also Present: Rep. Andy Harris.

OPENING STATEMENT OF SENATOR CARDIN

Chairman CARDIN. Well good afternoon, everyone. Thank you all for being here. The hearing for the Senate Small Business and Entrepreneurship Committee will come to order. I have the honor of chairing this Committee.

I want to welcome my two colleagues who are joining us today, Senator Chris Van Hollen, who serves on the Appropriations Committee and also Chair of the subcommittee that has responsibility for the small business agenda, and Congressman Andy Harris, who also serves on the Appropriations Committee on the House side. I want to thank both of my colleagues for underscoring the importance of small businesses to our community, and that we work together to do everything we can to help small businesses do better.

This hearing, I think, has very appropriate title. We are dealing with resiliency of small businesses in our economy today, the challenges that we have. I want to start by thanking Mayor Tyndall for his leadership here in Berlin. It is always a pleasure to be in Berlin.

We had an opportunity to visit with some of the small businesses before this hearing, and we know this is a very livable community, we know people love living here and visiting here, and we saw that enthusiasm on the shop owners that are doing business here.

They are not only doing a great service from the point of view of economic activities, but they do it in a way that is so important for the growth of the community. It is sustainability. It is healthy foods. It is helping moms deal with the challenges of motherhood. It is all those things that they do to make this community not only an economically viable community but a fun place to live. It makes it a much more exciting place.

I did note, with the mayor, that the only thing that was missing on the Main Street, something he does not want to see, is a chain store, so that is good, that we are able to keep, really, local businesses and local owners here in Berlin.

I want to also just point out, this hearing is mainly to focus on the challenges we have in rural areas. We recognize that rural areas have additional challenges. We have seen that over and over again. We have seen the challenges that occur from COVID-19. We have had challenges in regard to natural disasters that make it much more challenging for small businesses. So we know that we have to pay attention to those issues.

I think all of us today, our hearts and prayers go out to the people of Hawaii and Maui for the tragedy that occurred there. It is unspeakable the loss of life. I know my colleague, Senator Hirono, is holding a hearing tomorrow in Hilo. I am sure it is going to deal with those issues. Our Committee will do everything we possibly can, working with the Biden administration, to provide all the help we possibly can to the people of Hawaii. It is unspeakable the loss of life.

Those of us who have been to the town that was destroyed know what a special place that was. It was special, like Berlin, because of the small businesses operators that were in Lahaina. So now they are going to have to rebuild. We want them to rebuild. It is going to be very, very difficult. They do not have the deep pockets that large companies have, and they need our partnership. They need our governmental partnership. So we recognize that we have special responsibilities as a government partner.

The communities of small businesses have rebounded from these tragedies in the past. In this region alone you have historically had the peach blight, you have had Hurricanes Hazel and Irene, you have had tornadoes and flooding, you had COVID. Small businesses have shown resiliency, but we know we have to do more in order to help in regard to resiliency.

As I have traveled around and visited the small business owners in rural Maryland I hear the same challenges: lack of opportunity for capital, that banks are just not available in rural communities with smaller small businesses to get the type of capital they need to open a store or to expand their operations. We hear about the challenges of workforce. Rural communities have challenges with workforce generally, but under a tight labor market it is even more difficult to get trained workers in our rural communities. And connectivity. We learned, during COVID-19, you cannot survive without connectivity, and we know in the rural parts of our state we do not have the same capacities that we do in urban centers in regard to access to internet.

So we are ready to help. I say that because I think we have a track record of helping. During COVID-19, we were able to pass the Paycheck Protection Program, the Economic Injury Disaster Loan Program and Grant Program, the Restaurant Revitalization Fund, the Shuttered Venue Programs. These bills were bipartisan because we recognized we had a challenge we had to meet. And it helped.

This Committee is an advocate for small businesses. We want to know what we can do better. We have many resource partners that

are available to you. I want to acknowledge Steve Umberger, who is here. He is the Regional Director of the Baltimore Office, that handles the Eastern Shore of Maryland. He is available. He gave out a lot of his cards this morning, so I hope you will be getting a lot of phone calls.

We have the SBDC for the Eastern Shore region, located in Salisbury, to help our small businesses. We have the Minority Business Development Agency. The Infrastructure Bill gave it a specific charge and focus, to put more of its resources into rural areas than it has in the past. We have Women's Business Centers. We have gone, in the last 4 years, from one to four Women's Business Centers in Maryland, now one located in Salisbury that can help our small businesses.

We have a Veterans Business Outreach Center now located in Maryland. We did not have one a few years ago. We have the SCORE Mentorship Program located in Dorchester County. So we have resource partners that are available to our small businesses.

I am working very closely with Senator Ernst. She is the ranking Republican member of our Committee. I want to acknowledge that her staff is here with us today. Graham, thank you very much for being here. We are working and taking this information to work together. When I say we are working together, we passed 12 bills out of our Committee during this past work period, many dealing with some of the challenges that we are going to be talking about today. In addition, 5 small business bills were included in the National Defense Authorization Act. All of these are bipartisan efforts to help small businesses in our community.

This hearing will give us a chance to show how we can better serve small businesses in our rural communities, and I want to first recognize my two colleagues, I am going to recognize the mayor for some introductory comments, and then we will hear from our distinguished panel of witnesses.

So let me yield to Senator Van Hollen.

STATEMENT OF SENATOR VAN HOLLEN

Senator VAN HOLLEN. Thank you, Senator Cardin. It is great to be here in the Town of Berlin and to see a roomful of people focused on trying to make sure that we help our small businesses and other businesses succeed and make sure our communities can flourish.

I do want to thank Senator Cardin, Chairman Cardin, who chairs the Small Business Committee in the United States Senate and is also the leader of the Maryland congressional delegation. I am sure you know that he has decided not to seek reelection, and I just want to take this opportunity, while we are all here together, to thank him for his steadfast leadership on small businesses issues and all issues important to Maryland and the United States. So thank you, Chairman Cardin. [Applause.]

Senator VAN HOLLEN. I also do want to thank our colleague, Andy Harris, Congressman Harris. Obviously, we do not agree on every issue, but when it comes to some of the key issues helping this congressional district, we look for common ground, and I know we are going to talk about some of it today, including the blue cat-

fish and the worker shortage, especially in the seafood area and other issues.

Let me just emphasize a few things Senator Cardin said, and he really went through the highlights so I will not repeat them. But we all did go through a very difficult period during the pandemic, and that was especially true, of course, of small business owners and retail. And that is why we worked, on a bipartisan basis, early on in the pandemic to pass emergency relief like the Paycheck Protection Program, like the EIDL Program, like other programs.

But we know that rebounding is not enough. We need to continue to grow and advance. And that is why I look forward to hearing from the testimony of our four witnesses. I know you are going to be introduced by the Chairman. Thank you all for being here. I look forward to learning from you and getting additional ideas.

We work very closely with the Commerce Department as well, and the EDA Program, as well as a number of other Federal programs, to try to find resources, seed money, and lower-cost loans from the different Federal agencies, including, of course, the Small Business Administration, to help all of you grow and prosper.

So let me again thank all of you for being here, and thank you, Mr. Chairman, for the opportunity.

Chairman CARDIN. Thank you, Senator Van Hollen. Congressman Harris.

Mr. HARRIS. Thank you very much, and I do want to thank the two Senators for being here and recognizing that rural areas are different. Whether you are in Maryland, whether in the Midwest, or wherever you are around the country, rural areas are different.

That is why I am particularly pleased to chair the Appropriations Subcommittee that deals with the USDA. USDA is an important partner to rural areas, both on the business side and the agriculture side, and hopefully we can keep our rural areas vigorous.

You know, when the Senators drove down, and those of you who drove down Route 50 here, you passed a whole lot of family businesses on the way down. If you go through Talbot County you are seeing Taylor's Produce on the side of the road, a small, family-owned farm that runs a business.

If you come through Cambridge, Hubbert's Hardware on the west side of 50 as you come through town, look, competing with—fortunately in Cambridge we do not have a Home Depot or a Lowe's for them to compete with, but they do compete with larger companies, and the playing field is not always level.

As you go through Trappe there is Freedom Fuel, an independently owned, family owned gas station. I mean, these are things that just do not see much of anymore. But you see that here on the Eastern Shore of Maryland. And some of them world-class businesses, family owned. Hardwire in Pocomoke, a major defense contractor, a niche contractor, and they make a niche product, but it is world class, literally a world-class product made right here by small family-owned businesses.

So again, I want to thank Senator Cardin for scheduling this, for listening, for both Senators, understanding the importance of small, especially the family-owned businesses in the Eastern Shore of Maryland, and in general, rural areas throughout the country. So thank you very much, Senator.

Chairman CARDIN. Thank you. We are joined by Mayor Tyndall, who is doing a great job as mayor, and his wife, Chelsea, is with him as well. Thank you for your hospitality here, and more particularly, thank you for stepping forward. You have got a tough job, being a mayor of a city. You cannot hide from issues. Senator Van Hollen and I and Congressman Harris can go to different parts of our district or state when there is a challenge, but you cannot. So thank you for your public service.

Mr. TYNDALL. Well, thank you, and do not know, and many of you probably do not know this, but Senator Cardin was one of the first folks that called to congratulate me after I did win election as mayor, and that really meant a lot. I think then you said roughly the same words, that it is the local level of government that really does face a lot of those challenges. So we appreciate the work that all of you do, and your offices are very responsive to our questions, and that means a lot.

With that, Senator Cardin, I will say it is bit odd because I am usually sitting where you are sitting, in our mayor and council meetings, but it is nice to come back to the place where I started, which is sitting out here in the audience with all of our constituents.

So if you do not mind, can I say a few words?

Chairman CARDIN. Sure.

Mr. TYNDALL. Thank you. So Chairman Cardin, on behalf of the Town of Berlin and the entire Eastern Shore I do want to thank you for bringing the United States Senate Committee on Small Business and Entrepreneurship field hearing to the Town of Berlin and the Eastern Shore. I also want to thank Senator Van Hollen and Congressman Harris for taking the time to hear firsthand from the panel of witnesses that we have here today.

Most importantly, I want to thank the witnesses for sharing your stories of resiliency and how you have weathered the most recent pandemic, and I want to thank all of you, the folks that are from the Eastern Shore and from the Town of Berlin, many local faces that I recognize, for coming out to listen.

I have said this a lot on the press interviews that we were doing before we came in here. I think we can learn a lot from each other, from the time that we get to hear from folks that are across the Eastern Shore, that are going to share their stories with us today, to the stories that were shared on Main Street with Senator Cardin when we walked around. I think that exchange of information, that understanding of one another I think helps us all, so I do appreciate that.

I do want to recognize a few folks that are here at the local level. I want to start with our councilmembers that are I have from the Town of Berlin, Councilmember Knerr, and Councilmember Orris, and then we do have Ms. Carol Rose representing Senator Mary Beth Carozza's office. Thank you. We have a local mayor, Mayor Pruitt, from Snow Hill. Thank you. We have Mayor Mahoney from Chesapeake Beach. Thank you. He is a huge supporter of Berlin, and we appreciate that. Mr. Clay Stamp from Talbot County. And I think that is everybody. Am I missing anyone? Okay. If I am missing somebody, I apologize.

The focus of the hearing this afternoon is on small business resiliency. And I may be a bit biased—I am the mayor of the Town of Berlin—but I do not think you can find a better place to showcase resiliency than right here in our small town. The Town of Berlin is home to over 5,000 residents and more than 250 businesses—you would not know that from driving down our Main Street—and it serves as a tourism destination for folks from around the country.

We are rich in history. We are known as the birthplace of Commodore Stephen Decatur. He once had a home right around the corner from where you gentlemen work, over at Lafayette Square, and he was born here in the Town of Berlin.

Over Berlin's 155-year history, our residents and business community have done a tremendous job of preserving the architectural history of our town and adopting to the demands of our changing economy. This morning, prior to the hearing, Senator Cardin, Chairman Cardin, and I had the distinct honor of walking our downtown business district. Along our work I mentioned that the thriving business district that we see today was not always the case.

As a lifelong resident of Berlin, I remember a time when the shop windows were not full and when we had numerous vacancies downtown, and when they were not filled with energy of our hard-working business owners and their employees. I also remember a time when our sidewalks were not packed, when you could actually walk down the sidewalks without having to navigate other folks. And I also remember a time when parking was not an issue in Berlin.

So thankfully, here our residents and business owners embraced change and leaned into the difficult challenges that come along with starting and growing businesses. To me, these are the qualities of resiliency and some of the most important qualities that make up such a cool and amazing small town like the Town of Berlin. It truly is a great place to live, work, and visit.

So in closing I do want to thank all of our Town of Berlin employees. Just raise your hands. Thank you. We have a bunch of them in attendance. Many of you do not know this but that wall was not—

Chairman CARDIN. We heard the story about that. So we are responsible for the renovation of this place.

Mr. TYNDALL [continuing]. It is okay. It is a historic building. It comes with its challenges. But we had a substantial amount of water damages. Sujin, right up here on the stage, from Senator Cardin's office, she did the walkthrough in the beginning, and she is like, "You guys had this down." And then the next day Cody—I do not know if he is in here—from our Public Works, we were doing a couple of things on the back wall, making things look pretty, and the whole wall came down. We had water damage, and a substantial amount of water damage. So our folks worked diligently to make it look flawless in here today, so thank you to our Town of Berlin employees.

I also want to thank Chairman Cardin's staff for their hard work in transforming these council chambers that we use every second and fourth Monday into a satellite Senate hearing room. So we do

appreciate that. And this is truly, I think, a first for the Town of Berlin.

So thank you, Chairman Cardin. Thank you, Senator Van Hollen and Congressman Harris. We appreciate it.

Chairman CARDIN. Mr. Mayor, once again thank you for your hospitality. We know that it is a lot of work, and we appreciate it very much. And thanks for mentioning Sujin. I want to thank her for the work that she did in putting together this hearing. I want to thank Graham for his cooperation and help, because we worked together, both parties. Sebastian, thank you for your help. Ellie and Elissa, thank you for your help as well. And, of course, the staff director for the Small Business Committee, Sean Moore, is also with us. I have Carleton Atkinson, who is my State Director, and Kim Kratovil, my Regional Director. If you have any problems after this hearing, Kim is the person to talk to. [Laughter.]

Chairman CARDIN. All right. So we have a really great group of witnesses today. Your full statements will be made part of the record. You may proceed as you wish. We ask that you try to summarize your comments in about 5 minutes or so, and then we will have a chance to engage in conversation.

We have Ms. Cassandra Vanhooser, the Director of Economic Development and Tourism at Talbot County Government. We have Mr. John “Nick” Hargrove, Sole Member/Owner and Operator of Tilghman Island Seafood and Wittman Wharf Seafood, Tilghman Island, Maryland; Ms. Roxanne Wolf, Program Director, Shore Gourmet, in Denton, Maryland; and Mr. Richard Loeffler, Business Consultant, Maryland Small Business Development Center, located—you are from Cambridge but I think the center is actually in Salisbury, but you are from Cambridge.

So we will start with Ms. Vanhooser.

STATEMENT OF CASSANDRA VANHOOSER, DIRECTOR OF ECONOMIC DEVELOPMENT AND TOURISM, TALBOT COUNTY GOVERNMENT, EASTON, MD

Ms. VANHOOSER. Thank you. Good afternoon, Chairman Cardin, Senator Van Hollen, and Congressman Harris. It is an honor to speak with you today about an issue of vital importance in the ever-changing landscape of today’s economy.

The dictionary defines resiliency as “an ability to recover from or adjust easily to adversity or change.” But few of us really need a dictionary to tell us what resiliency is. It is woven into our lexicon, and this is how we typically say it. You have got to roll with the punches, get back on the horse. You can weather this storm. When life gives you lemons, make lemonade.

But when we talk about business resiliency it is far more than just getting back on a horse. It is being proactive, anticipating change, identifying and taking steps to mitigate risks, and reacting quickly to disruptions, all while keeping the doors open, employees productive, and revenue flowing.

Economic development organizations play a critical role in building resiliency in the business community. Early in my career I was surprised by an instructor who summarized the profession in seven simple words: “Economic developers are a conduit to resources.” While that is largely true, our role is far more nuanced than that.

Communities invest in economic development and tourism because we help businesses grow and succeed. We help remove obstacles that impede success, and we help businesses cultivate the strategic mindset that includes things like disaster preparedness, business continuity planning, and succession planning. We market the community to attract new businesses, new workers, and new visitors. And yes, we connect owners, like Wittman Wharf Seafood and Nick Hargrove, to the resources they need to be successful.

Examples of resource partners include the Small Business Administration, the Small Business Development Center—if I could clone Rich Loeffler I would do it—USDA Rural Development, as well as state agencies. My resources partners are a force multiplier for the work that I do.

There is no one-size-fits-all economic development plan, yet the pandemic underscored some foundational principles that define the work of an economic development professional. I could list many, but in the interest of time I am going to pick just one.

Preparedness is the cornerstone of resiliency. People often fail to prepare for business disruptions because some things are just too scary to consider. That is human nature. But planning pays off for individuals, businesses, and communities, and not just for natural disasters and public health emergencies. Change in the business world can be just as disruptive as a natural disaster. The world can change overnight, but business owners and managers can deal with changes by being prepared.

Communities must also be prepared to assist businesses when disruptions occur. Talbot County has integrated the business community into its emergency preparedness planning for many years. When the Department of Emergency Services created its first Hazard Mitigation and Community Resiliency Plan, leaders asked this: “What event could take us down as a community?” The outcome of that process was the establishment of five community pillars: Infrastructure, Education, Public Health and Safety, Environment, and of course, Economic Stability. When the COVID-19 health emergency emerged, we already had a roadmap and a plan to follow, and that roadmap included the business community.

As economic developers, we also need tools that help us prepare for, monitor, and measure the impact of any crisis that affects businesses. I was fortunate enough to be part of a team that built an award-winning suite of tools that was funded by the EDA. Our Eastern Shore Economic Resiliency Toolkit includes dashboards, web mapping applications, interactive reports, and a dedicated web portal. Nine regional partners worked for 2 years on this project, and we continue to meet and collaborate. Today we use the Eastern Shore Economic Resiliency Toolkit to help identify challenges and to assist in long-term planning and public policy development.

Now, I am scrapping my notes from here, and I am going to end with the newspaper that I picked up on the way out of the hotel. The headline here says, “Hooper’s buyer fills his low staff.” Now, you are going to hear some stories of resiliency today, and these are my friend and partners. I am not going to steal their thunder. But this story really underscored, I think, the essence of resiliency.

This restaurant business in West Ocean City had a fire, a kitchen fire. They credit staff and community support for helping them

get up and running in a timely fashion. But on page 8 the paper says this, "Hooper's burned to the ground in a fire on January 29, 2002, and following that the owners had put everything in place to make sure that nothing like that ever happened again." The restaurant reopened in one day.

Yes, resiliency is a strategic imperative in an increasingly interconnected and unpredictable world. The businesses that survive and thrive will be those that master the principles of resiliency.

Thank you for your time and your attention today, and I look forward to questions and conversation as we move forward.

[The prepared statement of Ms. Vanhooser follows:]

Testimony for Cassandra M. Vanhooser

Director, Department of Economic Development and Tourism
Talbot County, Maryland

**U.S. Senate Committee on Small Business
and Entrepreneurship**



Small Business Resiliency:
Learning to Succeed in America's Dynamic Economy
August 17, 2023

Good afternoon, Senator Cardin, esteemed members of the Senate Committee for Business and Entrepreneurship, Senator Van Hollen, and Congressman Harris.

My name is Cassandra Vanhooser, and I am the director of economic development and tourism in Talbot County, Maryland. It's an honor and privilege to speak with you today about an issue of vital importance in the ever-shifting landscape of business and entrepreneurship.

Resiliency is a word that often appears on college entrance exams and in strategic plans or government white papers. Though it's a word that has dominated headlines since 2020, it's not a term that most of us use in our daily conversations.

The dictionary defines resiliency as "an ability to recover from or adjust easily to adversity or change." Synonyms include tough, strong, nimble. One of the business owners I work with closely said it this way, "I had to get *scrappy* during COVID."

We're instructed on how to deal with adversity from the time we learn to crawl. It's what we teach our kids when they're dealing with life's ups and downs. It's what coaches tell their teams after a gut-wrenching loss. It's what we tell ourselves when we suffer a disappointment at work or when we have a broken heart.

Resiliency is woven into our lexicon, but this is how we say it.

- You've got to roll with the punches.
- Get back on the horse.
- You can weather this storm.
- Hang in there.
- Dust your pants off and get back in the game.
- When life gives you lemons, make lemonade.

The Role of Economic Development in Building Business Resiliency

Business resiliency is far more than just "getting back on the horse." It's being proactive, anticipating change, identifying and taking steps to mitigate risks, and reacting quickly to disruptions, all while keeping the doors open, employees productive, and revenue flowing.

Economic development organizations play a critical role in building resiliency in the business community. Early in my career, I was surprised by an instructor who summarized the profession in seven simple words, "Economic developers are a conduit to resources." While that's largely true, our role is far more nuanced than that definition implies.

Communities invest in economic development because we help businesses grow and succeed. We help remove the obstacles that impede success, and we cultivate a strategic mindset that includes things like disaster preparedness, business continuity

planning, and succession planning. We market the community to attract new businesses, new workers, and new visitors. And yes, we connect business owners and managers with the resources they need to be successful.

Why is that important? Successful businesses employ people who live in the community. They help weave the social fabric of the communities we cherish, and they create the quality of life we enjoy. Imagine Main Street without small businesses. Imagine a community without a grocery store, gas station, or hair salon.

Successful businesses also generate tax revenue that supports community assets, including roads and infrastructure, public parks, schools, and public safety. It allows communities to pay public employees who offer the services we rely on, from trash collectors and snowplow operators to EMTs, paramedics, and corrections officers.

Lessons from the Pandemic

There is no one-size-fits-all economic development plan. Economic development organizations create strategies and programs to meet the needs of the community or communities they serve. Economic developers worldwide are doing amazingly forward-thinking and innovative programming to support small businesses and create robust ecosystems for small businesses.

Yet, the pandemic underscored some foundational principles that define the work of an economic development professional. The work we do in these areas on a day-to-day basis lays the groundwork for what we can accomplish during times of crisis or economic uncertainty.

1. **Relationships matter.** No one knows the businesses in a community better than the economic development team. The bulk of what we do falls under the "Business Retention and Expansion" category, which requires knowing the players. Our connections with the private sector are crucial to preparedness, response, and recovery.
2. **Effective communication is necessary.** Accurate, timely information can save lives, and it can save businesses. Economic development organizations must be a reliable source of information for the business community. The respect, trust, and communications plan you build during the good times will pay dividends when times are tough.
3. **Time is money.** Economic development organizations that respond quickly can help their businesses get up and running faster. Whether it's a natural disaster or an economic crisis, quickly deploying information and resources can shorten recovery times.
4. **Strong partnerships are a valuable force multiplier.** We are stronger together. I rely on the Small Business Development Center to help our businesses grow and expand. I rely on the Small Business Administration's ability to fund well-thought-out business concepts. I rely on the Economic Development Administration to help

fund infrastructure needs that support business development and expansion. I rely on state resources to help support Talbot County businesses. I am only as strong as my resource partners.

5. **Preparedness is the cornerstone of resiliency.** The best defense is a good offense. People often fail to prepare for business disruptions because some things are too scary to consider. That's human nature. But planning pays off for individuals, businesses, and communities, and not just for natural disasters and public health emergencies. Change in the business world can be just as disruptive as a natural disaster. Today's shifting economy comes with new workforce expectations, price changes, and supply chain disruptions. The world can change overnight, and businesses must account for these changes. Business owners and managers can manage change by being prepared. You cannot prepare for every emergency or crisis, but planning for as many contingencies as possible helps businesses react quickly, and it helps businesses be ready to take advantage of unforeseen opportunities.

Talbot County's Hazard Mitigation and Resiliency Plan

Talbot County has integrated the business community into its emergency preparedness planning for many years. The Talbot County Department of Emergency Services created its first Hazard Mitigation and Community Resiliency Plan in 2015, years before the coronavirus swept the globe. The COVID-19 pandemic put our plan to the test.

While FEMA encourages Emergency Services professionals to create hazard mitigation plans focused on prevention, Talbot County took the process further by marrying community resiliency with hazard mitigation. We turned the process "upside down" by focusing on community strengths rather than weaknesses when doing hazard mitigation planning.

Leaders asked, "What event could take us down as a community?" The outcome of this process was the establishment of five community pillars – Infrastructure, Education, Public Health and Safety, Environment, and Economic Stability. When the COVID-19 health emergency emerged, we already had a roadmap to follow.

Because economic stability had been recognized as one of the pillars of our community, I had already been assigned to the Emergency Operations Center to represent Talbot County's businesses. Economic Development and Tourism had a seat at the table when assembling the county's core emergency management team for the pandemic.

Working with the Emergency Operations Center, the Talbot County Department of Economic Development and Tourism helped create a COVID-19 website, and we launched it within three days. We also created a "Private Sector Call" to give businesses direct access to the health officer and up-to-the-minute information on closures, changing health directives, and financial resources. I programmed it like a radio call-in show and called on my business resource partners to address issues of concern to the

business community. The calls featured accounts, lawyers, local and state officials, and the Small Business Development Center.

I only realized the importance of these calls once I spoke to the vice president of a prominent local company. He said, "I've got notes from every one of those calls. As soon as the call ended, we had a staff meeting to review the information and plan how to keep our business running. That call was a lifeline for our business, and it helped us make it through the pandemic."

The Eastern Shore Economic Resiliency Toolkit

As economic developers, we also need tools that help us prepare for, monitor, and measure the impact of any crisis that affects businesses. Thanks to the U.S. Economic Development Administration, we built an award-winning suite of tools called the Eastern Shore Economic Resiliency Toolkit.

In the spring of 2020, EDA offered grants to qualified Economic Development Districts to develop resiliency plans. Because the Mid-Shore Regional Council already had a resiliency plan in place, we were able to access these funds to create data-driven tools to help us understand the economic crisis and gauge recovery.

Scott Warner, executive director of the Mid-Shore Regional Council, assembled a group of partners to work on this project. The group included nine regional organizations: two regional councils, two workforce investment boards, three county economic development organizations, in addition to the Eastern Shore Regional GIS Cooperative and Salisbury University's Business Economic and Community Outreach Network.

The tools included interactive dashboards, web mapping applications, and interactive reports, in addition to key points and summaries. Features included:

- A central website that offers quick, easy access to key economic indicators and uses publicly accessible data from resources such as the U.S. Census Bureau, American Community Survey, and County Business Patterns.
- Using information from the Maryland Comptroller's Office, the ESRCC developed a series of dashboards showing Maryland sales tax collections across years, county boundaries, and industries.
- BEACON developed a Business Sentiment Survey that economic development offices administer in all nine counties. The survey is repeated at regular intervals, and the data is used to identify challenges facing the region and assist in long-term planning and public policy development.

The group avoided focusing solely on creating tools for the pandemic, instead taking a broader approach to developing tools for any economic crisis. We believe we can harness the lessons we learned during the pandemic—and the tools we developed—to better respond to future economic downturns. Best of all, the tools are all free and publicly accessible.

The Eastern Shore Economic Resiliency Toolkit is now a permanent part of the Delmarva Index, a tool the ESRGC developed as a centralized repository that provides streamlined access to data and visualization of information about the Delmarva Peninsula, including Delaware, the Eastern Shore of Maryland, and the Eastern Shore of Virginia.

The tools have also become part of the strategies both regional councils employ. The Mid-Shore Regional Council and the Tri-County Council of the Lower Eastern Shore of Maryland are recognized by the U.S. Economic Development Administration as Economic Development Districts. They are required to develop and maintain regional Comprehensive Economic Development Strategies (CEDS).

To access the Eastern Shore Economic Recovery Project, visit recovery.delmarvaindex.org. The complete Delmarva Index can be found at delmarvaindex.org.

No One Stands Alone

I want to say something quite clearly as I wrap up my remarks. I am just one of many economic development professionals on the Eastern Shore, across the state of Maryland, throughout the United States, and around the world who are doing this work.

My heart goes out to those affected by the wildfires in Hawaii, widespread flooding in California, and devastating storms in Mississippi and Vermont. In these places, right now, businesses are wondering if they will be resilient enough to rise from the ashes, and in these places, economic development professionals are working hard to help make it possible.

Your continued support of the Small Business Administration, the U.S. Economic Development Administration, and USDA Rural Development is essential to their work and mine. We need programs that allow businesses to grow and prosper, even during times of uncertainty, and your commitment through funding that provides the resources and the flexibility for local jurisdictions to implement programs that help small businesses thrive.

Business resiliency is a strategic imperative in an increasingly interconnected and unpredictable world. The businesses that survive and thrive will be those that master the principles of resiliency, those with the competence, confidence, and character to carry on in the face of adversity.

Thank you for your time and attention today. I look forward to answering any questions you may have.

Chairman CARDIN. Thank you very much for your testimony.
Mr. Hargrove.

**STATEMENT OF JOHN "NICK" HARGROVE, SOLE MEMBER/
OWNER & OPERATOR, TILGHMAN ISLAND SEAFOOD, LLC
AND WITTMAN WHARF SEAFOOD, LLC, TILGHMAN ISLAND,
MD**

Mr. HARGROVE. Good afternoon, gentlemen. My name is Nick Hargrove and I am a seafood processor right here on the Eastern Shore. I own two historic packing houses, one of them being the Old Ray Jones packing house in Wittman, and I also own the Harrison Oyster House right on Tilghman Island.

Before I get rambling on about blue catfish, I would like to thank Cassandra for all the help she has given me. We started working together a little over a year ago when I purchased the Harrison Oyster House. Having already owned a packing house we were not real sure that this was the right step for us to go. But when asked to buy it we decided that we were going to take the leap, and we figured out that this was probably going to be in the best interest of the community, to make sure that the fishermen had a facility to work out of. Having no idea what it took to get an occupancy permit, I reached out to Cassandra for some guidance. Little did she know what she was getting into. This is where our story begins.

As many of you know, the blue catfish has been a hot topic since our governor, Wes Moore, asked for Federal assistance in combating the invasive species. But that was not always the case. The blue catfish have been swimming around in our waters since the '70s and since then have been wreaking havoc on our ecosystem ever since. There are an estimated 150 million pounds currently swimming in our waters. I was a traditional seafood buyer and processor, buying and processing oysters in the winter, buying and processing crabs in the summer. After a terrible year in 2022, buying, selling, and picking crabs, we not only were exhausted but we showed a loss for our efforts at the end of the season. Wondering how we were going to make ends meet going into the 2022 oyster season, we knew we had to make a change. We would not be able to keep the doors open and keep doing business as we were before.

We decided that we would turn the old oyster house into a USDA certified blue catfish processing facility. I was approached by a gentleman who was a purchaser for the military. He told me that he purchased hundreds of thousands of pounds of blue catfish filets a year and was having trouble meeting the demands of the military. He asked if I thought I could convert the packing house in Tilghman to a catfish plant. After doing some homework and learning everything that would be required to get certified we still were not sure that we could pull this off.

But that same exact month, the 2022 fall crab survey came out and showed the lowest number of crabs reported since they started doing the surveys back in 1990. The report showed that only 227 million crabs were estimated, which may seem like a lot, but 10 years prior to that there were an estimated 765 million crabs.

I wanted to figure out where the crabs were going. All signs pointed back to the blue catfish. Pictures started surfacing with

blue catfish bellies full of dozens of crabs. This was really the straw that broke the camel's back for me. Being frustrated with the crab industry and concerned for my friends and community that rely on the crabs for their livelihood, I knew we did not have a choice. We had to become part of the solution and not the problem.

The real work began. We started renovations on the building, putting up waterproof paneling, epoxy floor coating, LED lighting, large coolers and freezers, purchasing insulated vats, trucks, boxes, label machines, ice machines, and reaching out to fishermen in order to purchase their fish. We truly felt like a fish out of water by the end of the project. But we did it, and we began cutting in March. Fishermen were catching up to 70,000 pounds of fish a day and we were hustling to keep up.

Training my staff of oyster shuckers to learn to cut fish was not easy, and I obviously could not have done it alone. My plant manager, although doubtful this was a good idea, believed in me and started to follow our lead. We spoke for hours on processes and procedures that could help ramp up our production, as the community looked on and wondered what we were doing and was this going to work, and quite frankly, they were not the only ones.

But we did it, and we started to get our feet under us. Things started to get easier. Orders started coming in, first 10,000 pounds, then 40,000 pounds, then standing orders for 80,000 pounds. We started to feel that we could pull this off and that we were starting to gain ground that we lost the summer before.

We are currently processing 10,000 pounds of fish a day. We sell to the Maryland Food Bank, the Capital Food Bank, and we are helping to feed people in our community with food insecurities. We are helping to give kids food that they can have on the weekends when they are not at school, and providing dozens of fishermen with market for their catch that they did not have before. We have been able to keep the price of the fish high and stable, ensuring that the fishermen get fair prices for their catch and are compensated fairly for their hard work. We send catfish overseas to feed our troops and are working with a handful of other countries that are now interested in our product.

Out of everything that I have done in the seafood industry, whether it was diving for oysters or fishing 900 crab pots a day, this has by far been the most rewarding, and it shows the most potential for growth.

As I said earlier, I could not have done this alone. Whether it was Cassandra that helped me navigate the county or the staff that looked at me wide-eyed when I told them our plans to cut fish, they all believed in my vision, and stuck by our side.

But we are not out of the woods yet. Unfortunately, cutting 15,000 pounds of fish a day will not solve the blue catfish problem, but we are not finished either. We need to get with the 21st century and get equipment that we can ramp up our production so we can meet the demands of our customers, allow us to hire more employees, as well as help save our ecosystem and our crab population at the same time. This will require more time and investment to achieve our goal, but at this point we have no choice. We will either sink or swim in this project.

One of the questions I was supposed to answer is what everyone in this room can do to help. I usually do not like asking for help unless I am asking Cassandra for it. But I would like to be part of the discussion when it comes to releasing the USDA requirement of the processing. Getting rid of the USDA can have a negative impact on our business. The USDA requirement allows us to sell our product to the military, the food banks, the prison systems, the school systems. Without this we would not be able to sell our product. On top of that, USDA gives grants and loans that help us grow our business.

We have an opportunity to work with the USDA, maybe changing the regulations on catfish, putting them into their own category, away from meat and poultry. This would loosen the rules but would still result in a safe product for the consumer as well as keeping us eligible for Federal assistance that the state is going to need in order to grow this industry.

I am honored to be here and to be given the opportunity to speak. I am looking forward to the questions, and I want to thank everyone, and I appreciate you guys supporting the fishing community. Thank you.

[The prepared statement of Mr. Hargrove follows:]

Nick Hargrove

Wittman Wharf Seafood

8/17/23

Good afternoon, everyone. My name is Nick Hargrove and I am a seafood processor here on the Eastern shore. I own two historic packing houses, the Old Ray J Jones packing house in Wittman and the old Harrison Oyster House on Tilghman island.

Before I get rambling on about Blue Catfish, I would like to thank Cassandra for all the help she has given me. We started working together over a year ago when I purchased the old Harrison Oyster House and property from Phillips Wharf Environmental Center. Having already owned a waterfront packing house we weren't sure we really needed a second one but asked to purchase the property we decided to take the leap and knowing it was the best option for our community to ensure that it would be there to support the fishing industry. Having no idea what it took to get a n occupancy permit I reached out to Cassandra for some guidance, little did she know what she was getting into. This is where our story begins.

As many of you know the blue catfish has been a hot topic since Governor Wes Moore asked for federal assistance in combating the invasive species. But this wasn't always the case. The blue catfish have been in our waters since the 70's and since then have been wreaking havoc on our ecosystem with an estimated 150 million pounds currently swimming in our waters. I was a traditional seafood buyer and processor on the eastern shore, buying and processing oysters in the winter and buying and processing crabs in the summer. After a terrible year in 2022 buying, selling, and picking crabs we not only were exhausted but showed a loss for all our efforts at the end of the season. Wondering how we were going to make ends meet going into the 2022 oyster season, we knew we had to make a change, or we wouldn't be able to keep the doors open. We decided that we would turn the old oyster house into a

USDA certified Blue Catfish processing facility. I was approached by a gentleman who was a purchaser for the military, he told me that he purchased hundreds of thousands of pounds of blue catfish a year and was having trouble meeting the demand of the military. He asked if I thought I could convert the packing house in Tilghman to a USDA certified catfish processing facility. After doing some homework and learning everything that would be required to get certified we weren't sure that we could pull this off. But that same month the 2022 fall crab survey came out and showed the lowest number of crabs reported since they started doing the surveys back in 1990. The report showed that only 227 million crabs were estimated which may seem like a lot but compared to 2012 where there was a estimated 765 million we knew something was wrong.

I wanted to figure out where the crabs were going all, signs started to point back to the blue catfish, pictures started surfacing with blue catfish bellies full of dozens of crabs. This was the straw that broke the camel's back for me. Being frustrated with the crab industry and concerned for my friends and community that rely on the crabs for their livelihood I knew we didn't have a choice. We had a chance to become part of the solution and not the problem. The real work began. We started renovations on the building putting up waterproof paneling, epoxy floor coating, led lighting, large coolers and freezers purchasing insulated vats to store fish, trucks, boxes, label machines, ice machines, reaching out to fisherman to purchase their fish. We truly felt like a fish out of water by the end of the project. But we did it, and we began cutting in March. Fisherman were catching up to 70,000 pounds a day and we were hustling to keep up. Training my staff of oyster shuckers to learn to cut fish wasn't easy and I could not have done it alone. My plant manager, although doubtful if this was a good idea, believed in me and started to follow my lead. We spoke for hours on processes and procedures that could help ramp up our production. The community looked on and wondered what we were doing and was this going to work... they weren't the only ones. But we did it and we started to get our feet under us. Things started to get

easier, and orders started coming in ten thousand pounds, forty thousand lbs. We started to feel that we could pull this off and that we were gaining ground that we lost the precious summer.

We are currently processing 15 thousand pounds of fish a day. We sell to the Maryland and Capital food banks, helping to feed people in community with food insecurities, helping to ensure that kids have food to eat on the weekends when they aren't at school and providing dozens of fishermen with market for their catch that they didn't have before. We have been able to keep the price of the fish high and stable ensuring that the fisherman gets fair prices for their catch and compensated for their hard work. We send catfish overseas to feed our troops and are working with a hand full of other counties that are interested in our product. Out of everything that I've done in the seafood industry whether it be diving for oysters, captaining my own boat fishing 900 crab pots a day. This by far has been the most rewarding and shows the most potential for growth. As I said earlier, I could not have done this alone. Whether it was Cassandra that helped me navigate the county or my staff that looked at me wide eyed when I told them my plans to cut fish, they all believed in my vision and stuck by my side through the hard times. But we are not out of the woods yet. Unfortunately cutting 15,000 pounds of fish a day won't solve the blue catfish problem, but we aren't finished either. We need to get with the 21st century and get equipment that can ramp up our production so we can meet the demands of our customers and allow us to hire more employees as well as help save our ecosystem and crab population. This will require more time and investment to achieve our goal but at this point we do not have a choice, we will either sink or swim.

One of the questions I'm supposed to answer is what everyone in this room can do to help. Not being one that likes to ask for help unless I'm asking Cassandra for it. I've had a hard time coming up with this. I'd like to be part of the discussion when it comes to releasing the USDA requirement for the processing. Getting rid of the USDA could have a negative impact on our business. The USDA requirements allow us to sell our product to the military, food banks and prison systems. Without this

we wouldn't be able to sell our product. On top of that USDA gives grants and loans that help us grow our business. We should work on changing the regulations that put catfish into their own category in the USDA away from meat in poultry. This would loosen the rules but would still result in a safe product for the consumer, as well as keeping us eligible to get federal assistance that is needed to grow this industry in our state.

Lastly, we need to do something to slow down the importation of foreign crab meat. In June Venezuela jumbo lump was \$13.00 while local Maryland crab meat was \$36. The consumer "the restaurants" are purchasing less than 15% domestic crab meat because of the huge price difference. This in return is driving the price of crabs down to the waterman while picking house are struggling to move their meat. The processing plants in Venezuela are owned by crime organizations and use their product to get U.S. currency. This is crippling our fishing communities and having a direct impact on all of us. I'd like to see a tax or tariff put on foreign crab meat with the proceeds going back to rebuild Aquatic habitat and help combat the predation of caused by blue catfish, cownose rays, and snakeheads. If we don't, we are going to be known as the Chesapeake Bay home of the blue catfish not Chesapeake Bay home of the blue crab.

I'm honored to be given the chance to speak here today and want to thank everyone that has supported us and our fishing community. Thank you!

Chairman CARDIN. Thank you very much, not only for your testimony but for what you are doing to help our community.

Ms. Wolf.

**STATEMENT OF ROXANNE WOLF, PROGRAM DIRECTOR,
SHORE GOURMET, DENTON, MD**

Ms. WOLF. Thank you. Senator Van Hollen, Chairman Cardin, Congressman Harris, it is an honor to actually be here to talk about—it is really interesting. I am supposed to be here to talk about converting poultry houses, but the Shore Gourmet bus, we worked on blue catfish. It is a system down here, and that is what I am here to talk about today, networking, and how we need to network for small business to somebody's skill set, to somebody else's, can get a better assembly line growing so that it can grow and that it can be put out to market.

As Governor Wes Moore has said recently, Maryland is asset-rich and strategy poor. I hope to address some of this in the discussion on Maryland's two economic drivers, agriculture and seafood, and agriculture, of course, is a major driver throughout the United States. So I feel like I am speaking for all farmers today.

When I first took on the role of Project Manager for Shore gourmet, the research is looking for value-added products and economic development drivers was eye-opening. At my first board meeting of Shore Gourmet with Beth Brewster, Executive Director of Chesapeake Culinary Center—and she is my sister too, by the way—and with Scott Warner, Midshore Regional Council, there were a few things that stood out. I come from pharmaceutical. You have got to research it before you take a look at what you are going to do.

So what were some of the issues? Farmers want to farm. Watermen want to fish. That is it, right? That is. Processing, aggregation, and adequate storage through freezing, dehydration and freeze-drying were not sufficient for the demand. There was a systemic void from harvester to end user in the private sector and government entities. Domestic products were few and far between in profitable products like specialty mushrooms, herbs, and other nutraceutical crops. An onslaught of products was coming from Asia or South America. Consumers prefer, and will pay for, domestic and local products that we can grow here.

There was not a central internet platform for large business. Maryland's Best is now being remodeled to address this issue, but somebody needed 400 acres of oregano. There was not a button for me to hit so that we could get a bunch of farmers together to say, "Can you bid on this?" But I wanted contracts, so that is how that started, that we needed something that was more, how do we get a lot of small businesses to be able to push a button and be able to be able to address that. And every state should have that. Some states do.

There was not a group of farmers that worked together to brand a niche crop. If you think about Maine, Maine blueberries are all over the place, Wisconsin cheese, Georgia peaches. We have got to brand Maryland, and each state should brand what they want, so you are looking forward to having that product.

The threats to our farmers, when we were taking a look at it, some farmers were losing their contracts or they were being mini-

mized with the poultry and nursery industry. That is a big problem in Maryland. Farmers need help in changing their business model to diversify and bring innovation and technology into their farms. Climate change—climate change. Invasive species consuming traditional Chesapeake seafood. During COVID, lack of regional fresh and stored product and protein came to a crescendo.

The cost of farming has increased with shortages and the transportation to get staples like equipment, feed, and fertilizer. With all that is going on in Russia and the Ukraine, we have a fertilizer problem. But quite honestly, we can compost blue catfish and that can be part of the solution to that, by the way. Silos exist between the sectors of the system to get profitable, diversified harvest to market both domestically and internationally.

Several projects that Shore Gourmet is working on highlight the need for developing a strategy rich in a systems approach to developing and expanding small business. Today we will talk about vacant poultry houses.

Controlled Environment Agriculture—so we are not just talking about poultry houses. When we took on the project it was a pilot, but controlled environment agriculture, because of climate change, is a wave of the future. But also, what are we going to do with these poultry houses? We have over 1,000 just in Maryland—that is not Delmarva, just in Maryland—where they have where they have lost their contracts and these buildings are still in good condition.

Maryland was having a little bit of an issue with it initially. They did not want to certify them to do anything else. So we worked with University of Delaware and actually have a protocol, which I am happy to send to you, from University of Delaware, how to abate the bacteria from that poultry house to make it a usable site. We were really fortunate to be able to get a TEDCO grant that allowed us, after that, to be able to—what can we grow in their pilot?

So we just got done with the pilot. What we did, raised-bed agriculture. We did hydroponics, aeroponics, and we did aquaponics. And we are successfully growing spirulina, which is a huge nutraceutical, that primarily is coming from overseas, the processing practices over there are questionable.

So with that we need to really start taking a look not just with the poultry houses—and poultry houses can be a lot of things. But I am hoping we can take what we did in the poultry house—malls, greenhouses, any space that is vacant, we should be growing in, because I think we have seen—we also have a food pantry—we were not resilient at all. We were very fortunate to be sealing meals for over 2,000 folks in Carolina County because we had started doing some of that for some of our schoolchildren.

But the problem was because we did not have storage and we did not have dehydration, we generally try to use as much local product as possible business farmers are our consumers. The working poor, when we take a look at the working poor, the county that I am working in, it is 29 percent working poor. A lot of them are farmers. And so what are we going to do to be able to help them?

It costs a little bit more to have a local product, but certainly more nutritious, and the fact that our county was able to serve

2,000 meals, five days a week, to seniors and children, if we would have had local product how could we have helped our local businesses at that time? We kept 42 cafeteria workers employed during that time, when everybody else was laying their folks off, because they were sealing meals for our community. If we just would have had more local product, it would have been beautiful if it would have had more storage, more aggregation, more distribution, but that is a problem that we continue to have here.

So developing these aggregation/processing centers with drying capabilities for both produce and for fish I think is critical. We need more adequate temperature-controlled storage through either government facilities or the private sector. Financing, rebates, and avenues to pay for these conversations to controlled environment agriculture. Energy conservation programs that address the high energy costs that farmers are experiencing in these buildings. That is a game-stopper right now that we have found with the pilot, energy conservation. A lot of these farmers have lost their contracts are not in financial good standing. So what do we do to be able to help them to be able to do that and grow a business?

Aligning products with government and institutional buyers. I know with the blue catfish we initially had a little bit of a problem with that, but how do we have USDA products that are just on procurement and could be sold out? Why do we have to find these people? It should be an easy kind of a thing for us to sell to the military or to be able to sell to institutions. Developing a system to brand certain products, and maybe like with Maryland, maybe we do become “Maryland made or grown” like with specialty mushrooms. Maybe we could become the nutraceutical capital of the world. Would that not be a beautiful thing, because let’s face it, food is medicine. Kevin Atticks, our Secretary of Agriculture, is definitely into that, and we have got to have more nutritious food because part of the problem is we know we have a problem with the soil, and what are we going to do about that? We are not getting as many vegetables as we did before because of the soil make-up.

And what I really found was, when we have a problem, we need to start looking at it as an opportunity. If we have a problem like a poultry house or we have a problem, we have saltwater infiltration that has grown by two times, 2013 to 2017. We can grow crops there. There is a multitude of things. But we are always reactive and not proactive for our farmers. How are we going to help them address those issues but also keep our communities sound and be able to be resilient with food?

We were not food resilient. I have a backpack program with 700 kids. This is no joke. When you cannot get ramen noodles for 19 cents, there is a problem. But we could not get fruits and vegetables for our kids. So it was a huge problem locally to be able to get those products, because we are transporting so much in.

Shore Gourmet has worked with the farmhouse in Ridgely—and VerLina is the spirulina name for that—to execute the bacterial abatement and grow in modalities for different crops. It can be done, but we have to get farmers to start thinking a little bit outside and help them to show them the way to say, “If you are going to grow spirulina, it is going to go to this aggregator/processor, and

then it is going out.” And that is part of the system’s problem that we have.

In conclusion, Maryland has a wealth of products and produce that can be an economic driver for small and startup businesses. Being proactive with solutions to problems like vacant space, saltwater infiltration of farms—crops can be grown—and invasive species can turn into profit centers. Let’s not look at it as problem. Federal and state agencies can be part of the solution in developing strategies between small business, the private sector, and state and Federal Government to develop a systems approach to developing and expanding entrepreneurs in profitable harvests on land and sea. In addition, address food resiliency in a profitable way to create jobs, new businesses, and provide consumers with the products that they need.

Thank you so much for having me. It has been very exciting to work on these projects. We have seen some of the problems and are trying to come up with solutions, but it would be really nice if, like I said, with the saltwater thing we have got to start reacting to it now. The blue catfish were behind the times. The controlled environment agriculture, we have got to start converting your malls, even whether it is urban or rural. So hopefully we can start being a little bit more proactive and not reactive.

[The prepared statement of Ms. Wolf follows:]

Testimony of Roxanne Wolf, Program Director of Shore Gourmet
U.S. Senate Hearing on Small Business

August 17, 2023

Senator Cardin and members of the Committee, it is an honor to be asked to discuss the projects Shore Gourmet has worked on for the economic development of small businesses on the Eastern Shore and state of Maryland. As Governor Wes Moore has said, Maryland is “asset rich and strategy poor.” I hope to address some of that in this discussion of Maryland’s two economic drivers, agriculture and seafood.

When I first took on the role of Project Manager for Shore Gourmet, the research in looking for value added products and economic development drivers was eye opening. At my first board meeting of Shore Gourmet with Beth Brewster, Executive Director of Chesapeake Culinary Center (my sister too!) and with Scott Warner, MSRC, there were a few things that stood out:

- **Farmers want to Farm. Watermen want to fish.**
- Processing, aggregation and adequate storage through freezing, dehydration and freeze drying were not sufficient for the demands.
- There was a systemic void from harvester to end user in the private sector and government entities.
- Domestic products were few and far between in profitable products like specialty mushrooms, herbs and other nutraceutical crops. An onslaught of products were coming from Asia or South America. Consumers prefer domestic and local!
- There was not a central internet platform for large business, Maryland’s Best is now being remodeled to address this issue.
- There was not a group of farmers that worked together to brand a niche crop for the state. Maine blueberries or Wisconsin cheese are examples of a state branding an industry that consumers look to purchase.

Threats to farmers, waterman and small businesses include:

- Some farmers were losing their contracts or they were being minimized with the poultry and nursery industries.
- Farmers need help in changing their business model to diversify and bring innovation and technology into their farms.
- Climate change.
- Invasive species consuming traditional Chesapeake seafood.
- During COVID, lack of regional fresh and stored produce and protein came to a crescendo.
- The cost of farming has increased with shortages and transporting of farm staples like equipment, feed and fertilizer.
- Siloes exist between sectors of the system to get profitable, diversified harvest to market both domestically and internationally.

Several projects that Shore Gourmet is working on highlight the need for developing a strategy rich in a systems approach to developing and expanding small business. Today we will talk about vacant poultry houses.

Controlled Environment Agriculture (CEA) is a wave of the future for farmers to diversify, utilize vacant space in both rural and urban settings and a way to diversify crops while providing produce for regional resiliency. Upon hearing that farmers were losing their contracts with the poultry aggregators and there was no protocol for bacterial abatement or profitable use of these structures, our group decided it was a worthwhile endeavor.

With over 1,000+ vacant poultry houses in Maryland, aside from the environmental impact, farmers need to make them profit centers to maintain their farms. Maryland was not, at the time, certifying their uses (although through our research and working with a company that provided GAP and GMP certifications-we established that was possible). With a grant from RMC, developing a bacterial abatement protocol with Gordon Johnson, University of Delaware, and VerLina in Ridgely, MD was established. After that success, a pilot for CEA to address developing different growing modalities and, potentially, developing a nutraceutical market was developed with a grant to Cropper's Farm through TEDCO. This type of "food is medicine" is in high demand and consumers are looking for non-Rx supplements and nutritionally rich foods to address their health and compliment traditional medicine. By piloting aeroponics, hydroponics, raised bed produce and aquacultural crops then farmers would be able to choose a variety of crops for CEA. Help is needed for these small businesses to help make profitable CEA a reality by:

- Developing aggregation/processing centers with drying capabilities and adequate temperature-controlled storage through either government facilities or the private sector.
- Financing, rebates, and avenues to pay for these conversions.
- Energy conservation programs that address the high energy costs that farmers are experiencing in these buildings in both urban and rural environments.
- Providing plans for these vacant structures that include innovation and business guidance to get the products to market. This will help the process and build new products for businesses.
- Aligning producers with government and institutional buyers with contracts to secure both buyer and seller.
- Developing a system to brand certain crops and products as "Maryland made or grown" like specialty mushrooms, algae and nutraceutical herbs that are primarily coming from overseas with questionable growing practices.

Shore Gourmet has worked with VerLina to execute the bacterial abatement and the growing modalities for different crops and introduced them to a local marketing group to establish a website and branding for spirulina. By getting VerLina connected to CAIC, they were accepted into a 6 week start up business course with where a mentor worked one on one to develop a business plan. Networking VerLina with a spirulina developer of "micro farms" and with a potential buyer of specialty herbs has been established (if processing can be developed). Shore

Gourmet has been a catalyst for getting Maryland Agriculture to begin looking at pulling farmers together to build a brand with locally grown nutraceutical crops to market as a group. Maryland Agriculture, Maryland Emergency Management, The Maryland Food Resiliency working group, University of Maryland, No Kid Hungry and other private and government sectors have had tours of VerLina to discuss economic development, nutraceuticals, malnutrition and food resiliency to name a few conversations. As a matter of fact, The Blue Atlas Project came to tour the farm and is now developing and studying spirulina in Uganda!

We are working with the farmer to begin addressing the energy output and looking into lighting firms that may be able to reduce costs by addressing the light waves each crop needs to minimize energy output and the resources available to add energy saving measures to these controlled environments. Spirulina is being sold on both the retail and wholesale level. More outreach is being developed to target the audiences that will buy nutraceuticals since the pilot is now a success in establishing bacterial abatement and the potential of crops being grown. A mushroom chamber will be installed by the end of 2023 and sold to CSAs and local markets for distribution. This crop will be another choice that farmers can judge if it is a good opportunity for their farms.

In conclusion, Maryland has a wealth of products and produce that can be an economic driver for small and start-up businesses. Being proactive with solutions to problems like vacant space, salt water infiltration of farms (crops can be grown!) and invasive species can turn into profit centers. Federal and State agencies can be part of the solution in developing strategies between small business, the private sector and state and federal government to develop a systems approach to developing and expanding entrepreneurs in profitable harvests on land and sea, increase jobs with skilled labor to address innovation and automation. In addition, address food resiliency in a profitable way to create jobs, new businesses and provide consumers with the products they need.

Invasive species like Blue Catfish have been a project of Shore Gourmet and the systems approach model is beginning to work. Value added products like a Seafood Cake that is USDA approved is in review for the school system and outlets, both domestically and internationally, have been established by the private sector. Getting this on the formulary for military bases and other government entities would be helpful and it is being looked at as part of the plan to distribute Blue Catfish. Having established USDA processing sites as the farm raised catfish industry has established is necessary and will create jobs and profits for many. I will leave the details to Nick Hargrove in his testimony.

Chairman Cardin. Thank you for your testimony. You have given us a lot of food for thought.

Mr. Loeffler.

STATEMENT OF RICHARD “RICH” LOEFFLER, BUSINESS CONSULTANT, MARYLAND SMALL BUSINESS DEVELOPMENT CENTER, CAMBRIDGE, MD

Mr. LOEFFLER. Thank you, Chairman Cardin and other members of the Committee, Senator Van Hollen, House Representative Andy Harris. I thank you for allowing me to share some thoughts that are coming from the perspective of a former small business owner. I had been in business and working with the Maryland Small Business Development Center Network for a number of years as I was in business. So I got to know the programs and some of the people in it.

A little bit about me, though, before I go farther. I was born and raised in New Jersey and moved to Maryland, on the Eastern Shore, for business purposes. I eventually became a partner in the venture and spent 20-plus years as a business owner. When I chose to sell out my shares we had about \$50 million dollars in annual sales, we were employing about 250 people, and at that particular moment we were right in the process of buying out our biggest competitor. They were going to triple the size of the business. The business remains today a major supplier of metal conveyor belting on the world stage.

Since “retiring” as a small business owner, I have spent over 20 years now working with the Maryland SBDC. I have worked with many businesses that showcased great resiliency in the face of adversity. One that comes to mind is a restaurant that was doing exclusive dining room service when the pandemic turned their world upside down. They quickly pivoted and developed a takeout menu. They worked hard to make it easy for their customers to place and pick up their orders efficiently. They even created outdoor seating that pioneered safe social distancing for those who still wanted a restaurant service experience.

Another client I worked with that has shown the ability to pivot is a distribution business that was struggling to compete with tightening margins and large competitors taking more market share in the region. Over several years, they worked on refining their business model with ongoing counseling. They switched from focusing on distribution to growing their fulfillment services and add new product consulting. They also added some niche manufacturing to help grow their business revenues and increase their margins. This business continues to engage with our services and is constantly looking for new opportunities to grow and prosper.

In both cases, what helped these clients remain resilient was they learned to pay attention to their business models through ongoing engagement with trusted, local counseling. They were working with someone who really understood their unique business models and provided advisement that was professional and compassionate. Each developed their own key success indicators in their business planning process and tracked performance to measure the success of their strategies. It was a willingness by these clients to

continuously learn and engage with the SBDC and other valuable resource partners in the community that made the difference.

What can be done to make more rural businesses resilient? I honestly believe investing in rural SBDCs is part of the answer. We get to know our clients with individualized attention and can provide the ongoing support that businesses need to grow. Our counseling helps clients with limited financial education learn to pay attention to their key success indicators. We also help them think about contingencies in the business planning process, and we understand the importance of developing productive relationships with resource partners like insurance agents, banks particularly, and other support relationships. Having someone who is not involved in the day-to-day operations also gives them access to an external perspective that is invaluable to any business that hopes to grow. Our services remain one of the best-kept secrets in the business community. They just do not know who small business development center are.

Another factor that is going to impact resiliency is access to longer-term capital. The clients who have the resources to invest in their plans to pivot are going to be the clients that succeed. As the saying goes, lenders will gladly give you an umbrella when it is sunny outside, but they will ask for it back the moment it starts to rain. Businesses that are facing challenges can rarely get traditional financial support or support from federally guaranteed loan programs. Businesses in these situations are often confronted with predatory financing with high interest rates and no options for prepayment or restructuring. Businesses that fall into the trap of subscribing to these types of financing tend to be the businesses that will ultimately fail.

Replicating some of the lessons learned from successful Economic Injury Disaster Loans, EIDLs, during COVID may be helpful. So many of our clients were saved during the pandemic by being able to spread their investment over a longer period and at a reasonable interest rate. There was also a relatively easy underwriting process for EIDL loans, as the country worked to recover from the pandemic. Yet now this capital is only available if there is a disaster declaration.

Small businesses that need to pivot are not always in regions where there are official Federal emergencies declared. Furthermore, traditional EIDL loans have much tighter underwriting requirements. Perhaps developing a rural loan product that is based on similar income capacity as the COVID-era EIDL would support greater resiliency for businesses that need to develop a pivot strategy.

Thank you again for letting me share this testimony and for your efforts to support rural businesses.

[The prepared statement of Mr. Loeffler follows:]

Testimony of Rich Loeffler, Business Consultant for MD SBDC

U.S. Senate Committee on Small Business

August 17, 2023

Chairman Cardin and members of the committee, I thank you for allowing me to share some thoughts from the perspective of a former small business owner who now works with the Maryland Small Business Development Center Network (SBDC). A little about me -- I was born and raised in New Jersey and moved to Maryland's beautiful Eastern Shore for business purposes. I eventually became a partner in this venture and spent twenty (20+) plus years as a business owner. When I chose to sell out my shares, we had \$50 million dollars in annual sales and employed about 250 people. We were in the process of buying out our largest competitor, which was going to triple the size of the business. The business remains a major supplier of metal conveyor belting on the world stage.

Since "retiring" as a small business owner, I have spent over 20 years working with the Maryland SBDC. I've worked with many businesses that showcased great resiliency in the face of adversity. One that comes to mind is a restaurant that was doing exclusive dining room service when the pandemic turned their world upside down. They quickly pivoted and developed a take-out menu. They worked hard to make it easy for their customers to place and pick up their orders efficiently. They even created outdoor seating that pioneered safe social distancing for those who still wanted a restaurant service experience.

Another client I worked with that has shown the ability to pivot is a distribution business that was struggling to compete with tightening margins and large competitors taking more market share in the region. Over several years, they worked on refining their business model with ongoing counseling. They switched from focusing on distribution to growing their fulfillment services and new product consulting. They also added some niche manufacturing to help grow their business revenues and increase their margins. This business continues to engage with our services and is constantly looking for new opportunities to grow and prosper.

In both cases, what helped these clients remain resilient was they learned to pay attention to their business models through ongoing engagement with trusted, local counseling. They were working with someone who really understood their unique business models and provided advisement that was professional and compassionate. Each developed their own key success indicators in their business planning process and tracked performance to measure the success of their strategies. It was a willingness by these clients to continuously learn and engage with the SBDC and other valuable resource partners in the community that made the difference.

What can be done to make more rural businesses resilient? I honestly believe investing in rural SBDCs is part of the answer. We get to know our clients with individualized attention and can provide the ongoing support that businesses need to grow. Our counseling helps clients with limited financial education learn to pay attention to their key success indicators. We also help them think about contingencies in the business planning process and understand the importance of developing productive relationships with resource partners like insurance agents, lenders, and other support professionals. Having someone who is not involved in the day-to-day operations also gives them access to an external perspective that is invaluable to any business that hopes to grow. Our services remain one of the best kept secrets in the business community.

Another factor that is going to impact resiliency is access to longer term capital. The clients who have the resources to invest in their plans to pivot are going to be the clients that succeed. As the saying goes, lenders will gladly give you an umbrella when it is sunny outside, but they will ask for it back the moment it starts to rain. Businesses that are facing challenges can rarely get traditional financing and/or support from federally guaranteed loan programs. Businesses in these situations are often confronted with predatory financing with high interest rates and no options for prepayment or restructuring. Businesses that fall into the trap of subscribing to these types of financing tend to be the businesses that will ultimately fail.

Replicating some of the lessons learned from successful Economic Injury Disaster Loans (EIDL) during COVID may be helpful. So many of our clients were saved during the pandemic by being able to spread their investment over a longer period and at a reasonable interest rate. There was also a relatively easy underwriting process for EIDL loans, as the country worked to recover from the pandemic. Yet now this capital is only available if there is a disaster declaration. Small businesses that need to pivot are not always in regions where there are official Federal emergencies declared. Furthermore, traditional EIDL loans have much tighter underwriting requirements. Perhaps developing a rural loan product that is based on similar income capacity as the Covid-era EIDL would support greater resiliency for businesses that need to develop a pivot strategy.

Thank you again for letting me share this testimony and for your efforts to support rural small businesses in America.

Chairman CARDIN. Mr. Loeffler, thank you for your testimony. The reason I really enjoy doing regional hearings, it allows us to take a case study and really drill down and see how we can apply the policies we do in Washington to deal with the practical challenges. And here we are dealing with small businesses, and rural communities and their resiliency, and I think the Eastern Shore really does present to us a good case study for how to do this.

Mr. Hargrove, I want to thank you for the motivation for the start of your business. It was the juvenile crabs inside of the catfish that motivated you that we had to do something to save the crab population in Maryland. And as the mayor and I went to stores today, we went to Love Your Mama, which shows you that sustainability is an important goal.

I think you said this, Mrs. Wolf, that you want to have invasive species profit centers, and what we have is sustainable products profit centers. Or went to Jun & Juice, and we saw where we can have farm-to-food, healthy foods as a sustainable profit center. So this is what small businesses do, and I just really want to underscore that importance.

I want to talk about catfish for one moment, and I appreciate your comments on the USDA. Our challenge with the USDA is that they have no experience in dealing with wild-caught seafood. They do deal with the catfish from farm-raised but not with wild. They do not have that experience within the Department. So that is one of the reasons we have been concerned about the regulatory framework, and I think your suggestion for separate categories is really a very strong point.

Yes, we want to turn it into a profit center, but we also recognize there is a cost of getting rid of invasive species. We saw that with the nutria population here on the Eastern Shore, where we were able to eradicate the nutrias, but there was a significant investment of resources in order to do that. So it seems to me if there is some way we can combine the resources for eradication with marketing the product for economic viability, attack it from both sides, we can make stronger progress.

I just really want you to talk a little bit more about the profit center here and what we can do to make it a more profitable industry. I want to thank Steve Umberger. He had catfish last night for dinner. How do we promote that more often?

Mr. HARGROVE. Yeah, certainly. So right now, currently, we are doing a deal the old-fashioned way. We are cutting fish by hand, with knives, like you have seen it done for hundreds of years. If you go on the internet and you look up "processing plants for fish" you would think that you were looking at a NASA building. There is equipment out there that can allow us, where we are processing probably around, I would say, 1,500 pounds an hour, with some proper equipment we can bump it up to about 6,000 pounds an hour. And I think this is one of the ways to get the cost down on the fish, that can bring up the profit.

Here in Maryland, catfish is kind of a new fish. If you put catfish on the menu next to rockfish, 90 percent of people are going to eat the rockfish. But I went to school down in North Carolina, and I can tell you that people down there would rather eat the catfish than the rockfish.

So although it is a new fish for the menus around here, people also associate the fish with being cheap or not a good eating fish. Using the words “sustainable” and “wild-caught” are better than “invasive” is what we have found out. [Laughter.]

Mr. HARGROVE. Nobody wants to eat something invasive. “Invasive” sounds like “foreign,” and people do not want to eat a foreign fish. So I think the marketing technique can be altered in different ways that we can also get more money for it.

I sell catfish to the mom-and-pop store down the road that makes a really good fish sandwich. I also sell it to Perry Cabin. We have dry-aged it. We have put it on the high-end menus. So it is a very diverse fish. But the ways of marketing, we could certainly come up with ways that it could be more profitable for everybody. The more that we can get for it on the back side, the more we can pass the profits off to the fishermen along the way.

Chairman CARDIN. I am sure that Perry Cabin is charging a lot more than that store. [Laughter.]

Ms. WOLF. Right now, just to let you know, we have taken the blue catfish and we are trying to get it a recipe approved by the USDA so that it can be served in all the schools. It is sitting on their desk right now. We have to call it a seafood cake, not a blue catfish cake. We actually had our kids test it, but they said, yeah, it has got to be a seafood cake. So we are calling it a poor man’s crab cake.

Chairman CARDIN. The problem with the USDA, as we see it, is that they do not know how to handle this. So they are thinking about the foods that they regulate rather than wild-caught seafood.

Ms. WOLF. Right. And so that is why if we can get it approved for schools, we have tested it in Maryland schools and people are ready for it, and so some other value-add kind of things by smoking it, people down South will buy it. And so we are looking for a lot of value-add to what Nick is doing. It is getting somebody like a Nick, getting it to a value-add, and then making it much more profitable for everybody along the food chain.

Chairman CARDIN. Mr. Loeffler, you mentioned the capital availability during COVID, the Economic Injury Disaster Loan program eligible. It took a congressional act to make it eligible to pass. It was the first COVID-related piece of legislation for small business was to make it eligible for EIDL loans as a result of COVID-19. So we do not really have a good disaster program to deal with the unpredictable. We do for fires and things like that but not for the unpredictable things that are occurring.

So you mentioned for rural areas, one of the things that we have been looking at, there are some direct loans under disaster available by SBA, but perhaps trying to find a niche for rural smaller loans under an EIDL-type program might be a way where we can start looking at a different way to handle the gap that you see. Talk a little bit more about this gap.

Mr. LOEFFLER. Well, what typically happens is that when the small business owner goes out to get a loan he is unable to get it because of either his size or his capacity to be able to pay it back in a short period of time. What we need is a place that we can go that says, “Okay, we know this is not the rocket science stuff. This is down to earth. How do we make this happen for you?” And it

might mean that we look at collateral a little bit differently for them. It might say instead of saying it has got to be 110 or 150 percent collateralized maybe we have got to say we can live if only 75 percent of it is collateralized.

But it is the idea to make the money available to these additional people that typically are not going to be able to borrow money from some of the other existing larger banks. Again, rural communities, the banks treat people differently, but these new requirements that have come out in the last number of years, how much capital the banks have to have for the amount of loans they are going to have, that has made it difficult for some of the smaller banks to continue lending to our clients who are working in these businesses developing.

It comes down to are we able to get it, it is going to be X amount of time to do it, and then you are going to have a very short period of time to pay it back. They need longer terms. They need the ability to just get some money. They do not have the cushion that the other businesses, maybe that are large-scale businesses, have.

So one of the things that I personally ask our small business owners to get, if they are going to be in business I say, "Get in business, have your business going, but let's also get a line of credit." I cannot tell you when something is going to happen, but I know from meeting with businesses, from having been in my own business for quite a number of years, if you do not have something set aside when that whatever it is that is going to hit hits, you are really scrambling. So let's get some of this set up in advance, get banks that are willing to work with these people, and let's get some of that money out to them so that the businesses can stay here and grow.

Chairman CARDIN. Good advice. Ms. Vanhooser, you talked about adapting because you are going to have to adapt to unforeseen issues that are going to happen, as Mr. Loeffler was talking about. How strong are our resource partners in helping small businesses plan for the unexpected?

Ms. VANHOOSER. So it is sort of an individual case. You know, individually I work with the Small Business Development Center. I refer clients to them. And we work on those things where we lay out the business plan and include that in the business plan. I do not want to throw any partners under the bus, but I would say that since COVID, grants and loans now require resiliency to be addressed. They require that for government organizations, the EDA requires it. So we are now beginning to really think of resiliency as something that you need to plan for. I think we are beginning to do a better job at that.

I think what is really important for our community, for businesses like Nick, is that it continues to build on our seafood industry. It gives our watermen additional work to do and helps our culture and it builds the fabric of the community. The more we can help our businesses plan for unexpected things the stronger we are in that and the better our communities are.

Chairman CARDIN. Thank you. Senator Van Hollen?

Senator VAN HOLLEN. Thank you, Mr. Chairman. I thank all of you for your testimony. I have learned a lot, and I appreciate all of you bringing your experience to bear on these questions.

And I have one set of questions, I think, for Ms. Vanhooser. We are both CVH, as we discussed.

Ms. VANHOOSER. That is right.

Senator VAN HOLLEN. Ms. Wolf and Mr. Loeffler, and then I do have a question for you, Mr. Hargrove.

Ms. Vanhooser, in terms of the array of Federal programs—you have got the SBA program, loan program, as well as EIDL, you have various programs under the Department of Commerce, mostly grant programs like EDA programs. You have the Department of Ag programs. All of them have certain focuses. I guess my question to you is, here on the Eastern Shore, in your experience, what have been the most useful Federal programs and do you have ideas, as Mr. Loeffler suggested, as how we might sort of reshape them? I am not talking right now about the array of COVID programs, although there may be some lessons we can learn. In my talking to people around the state, including the Eastern Shore, those programs were effective at accomplishing the goal. The PPP program, several iterations we worked through, but these were very helpful in helping bridge that terrible period.

But as you look to the future, which of those Federal programs do you find most useful for your purposes, and would you change them in any particular ways? I have the same question for Ms. Wolf, and maybe Mr. Loeffler, you have answered with EIDL. But if you have any other things I would appreciate it.

Ms. VANHOOSER. So I think our businesses are not looking for a handout. They are looking for a hand up. So the programs that we use the most are SBA loans and Rural Development for the energy programs. We refer case by case. I think, programmatically, for us, we could use some additional assistance in that. The EDA loans for tourism, for example, under the ARPA funds, we were able to access those through the state to have additional product development and programming for tourism, and that was some flexibility that we have never had before. So I think that if I were going to change anything I would look at that.

Senator VAN HOLLEN. Okay. Thank you. Ms. Wolf.

Ms. WOLF. Well, for the folks I am dealing with with the poultry houses, many of them are not in good standing. And as a matter of fact, working with the TEDCO grant we had to go to another farmer to work with this one because they were not in good standing. They want to keep their businesses, so how do we take particularly contractual folks—my whole thing with, hey, if you are going to lose your contract then the chicken industry, abating bacteria is about \$50,000. Somebody who is losing their contract cannot afford that. So can we go back to the chicken folks and say, “Hey, you are going to, but you have got to get rid of this because it is an environmental issue afterwards.” So should they take on some of that?

Because some of the contract loss, there is a reason. It is very easy to get out of a contract with the chicken and the nursery industry. So I think the thing is that also I know that when we do the value-add, they have to have just a whole—send them to Cassandra to how do we get this thing started.

But also, with the processing, to be able to say, hey, let the government get involved with this invasive species, sustainable, wild-cut invasive species, and be able to say we have a way of doing it

down south with the farm, with the catfish farm, and they have those and they are just cranking them out. We have got to start taking a look at doing some of that up here for not only the blue catfish but also dehydration, freeze drying.

Other countries are doing that. My husband is Japanese and I am in Japan a lot. A lot of freeze-drying. A lot of dehydration so that, therefore, you can just rehydrate because they do not have all the freezing storage capacity. We can do it here, but we have to be able to have it a seamless thing where a farmer is going right to the processor, getting paid, and moving on. It cannot be all this waiting for money and things like that.

So I think for me that is—we have to come up with a better networking systems approach.

Senator VAN HOLLEN. Thank you. Mr. Loeffler.

Mr. LOEFFLER. I would think as we move forward if we could do something that was especially prepared for the rural areas, that would help us tremendously. Again, we have got somebody, a mom-and-pop shop in a rural area, and maybe they are going to employ five or six people total over the span. When you go to the major metropolitan area you are going to have a business that maybe is coming in, because of transportation, numbers of people, they are going to employ 200 people. What do we know today? How do you find people? If you can find six in the rural community, maybe that is a great way to do it. And you have got somebody here with six people, it is going to be an ongoing business, it is going to act differently, it is going to work differently.

If you can build a 200-person business and you can take, instead, a 5- or 6-person business, yet they are still employing people, making themselves money, they are moving this forward, you can make some things happen, and that is what I think we are trying to work for is get it to the people that need it, where it is not quite as accessible as it is when you go into that mainstream community.

Senator VAN HOLLEN. Got it. Understood. Thank you.

Mr. Hargrove, thank you for all you are doing on the blue catfish side. I think you described the situation as I understand it very well. So you raised the question about the Department of Agriculture process, and how you are working with them. And I guess one question is, vis-à-vis Department of Agriculture, and as I know you know, FDA, is there a benefit into streamlining the review process somehow, whether it is the way you are saying it, under the Department of Ag, where you have a special provision for blue catfish or whether you move it to FDA? To what extent does that slow down the process compared to the lack of investment?

It sounds like you are like “the” guy right now, and as I understand it you said that we are catching about 70,000 pounds of blue catfish a day. Do I have that right? And that right now you have the capacity of processing 10,000 pounds of catfish a day, so that is 60,000 pounds of catfish that are not being processed. You mentioned these new machines that could do up to 6,000 pounds per hour.

So my question is in terms of increasing the catch of blue catfish and making them more available and taking more of the catfish out of the bay so that crabs can flourish more, what is the major hang-up here? Because part of the story, at least as I understand

it, it was the delay caused by the Department of Agriculture's review, and part of it is just the fact that we do not have all the capital machinery in here to process. Can you just talk about your vision for how we can really address this issue, because I think all of us have come to the conclusion that we have to eat our way out of this problem.

And I agree with you on the branding. It like whoever named the snakefish, you know, we do not want to eat snakefish. But just in terms of accelerating our catch of blue catfish, processing them on time, getting them to market, what is our major bottleneck right now?

Mr. HARGROVE. Yeah. So certainly I work with the FDA as well as the USDA. The FDA does all my oysters and crab processing, and I have all the faith in the world that they can obviously regulate the catfish processing safely enough. But what comes along with it, I hemmed and hawed, and I believe Mr. Andy Harris probably heard from me in the beginning when I was pushing back, trying to get my facility USDA approved. The regulations are so much stricter with the USDA. I could not have a piece of rust in the building the size of a pencil eraser. So it cost us hundreds of thousands of dollars to convert the existing packing houses into something that meets the requirement of the USDA.

That is something that not everybody can do. It is definitely going to limit the amount of people that can get into the processing side of it.

There is no shortage of catfish. Like you said, I have had fishermen that catch 70,000, upwards of 100,000, one fisherman a day. But he begged me, "Send two trucks. Send three trucks. Send four trucks." And I said, "Put 10,000 pounds on my truck and I will come back tomorrow," because you can only handle so much.

I am only one of two processors here on the Eastern Shore. I think there is a small handful of ones over on the Western Shore, larger companies, with more capital. We are not limited to where we can sell this fish. This fish is processed and frozen, has months' worth of shelf life on it, and quite frankly, it is a very popular fish on almost every continent on the Earth except around here. People want the fish.

I work with the USDA inspector. She is at my facility every morning before I can process. They do a walk-through of the facility, make sure it is clean, and then they stay there while I am processing the fish. And we talk all the time. She was out one time and we had a poultry guy come from one of the chicken plants, and he came down, and he said, "What are you guys doing? We need to take temperature samples every hour from every fish-cleaning station," and we were like, if that is what we have to do, we will do it, but we have not been told to do that up until now.

We got audited by the military, and they take a piece of the fish and they do nutrient tests on it. They look for any kind of harmful chemicals or something in it. And the inspector came back and said, "What kind of catfish is this?" And of course, you know, the company I sell to was like, "Well, it is wild-caught blue catfish." They said, "This is the best catfish we have ever tested." And they were used to buying fish from the farms down south.

So we have a product that cannot be compared to a channel fish that is grown in a pond with millions of his colleagues. [Laughter.]

Mr. HARGROVE. And so although it is labeled a catfish, it is certainly not a catfish that is raised in a pond. So really, after being in the business now and going through all the hoops of the USDA, I think it is important that we have that on it. For one, when you are selling a fish overseas, the U.S. brand is very popular. People consider the U.S. quality, products, and it gives them a sense of security, especially when it comes to a catfish, where people, in the past, they have a fish over there that is very similar. It is called swai. And, you know, who knows if the government ever tested any of that fish what would come up because there are no regulations on it, and quite frankly, they do not have the consumer confidence that we have by putting the USDA label on it.

So I think really the key to it is—and I speak with my inspector about it all the time—is maybe having a separate category within the USDA that allows there to be some flexibility. We do not get salmonella on the fish. We do not puncture the guts or the bellies of the fish like is done at slaughterhouses. But as of right now the only regulations that they have on catfish are coming from these cessponds from the south, and we really think that we should be in a category of our own.

And even the USDA inspector will agree. They take a sample of my fish every week and send it off to get tested, and we have never had it come back with any pollutants or antibiotics or E. coli. It is a list of Latin names a mile long on there that they test for.

So I think that we really stand alone, and I think that we should have our own category with the Department. And I think that the Department does. It offers a lot of assistance that sometimes the state cannot, you know, with the USDA. If you look at the loans and the grants that are available through the USDA it is a lot more. It is refrigeration, it is trucks, it is low-interest loans, and a lot higher value on the loans.

So I think there is a middle line there that I think that we can work with the USDA. And then I had another option, that maybe it is not important that everybody is USDA. Maybe some facilities can be USDA and some can be FDA. But I know for me personally I would like to keep the USDA certification on my box because it opens up the doors and the avenues that I need in order to sell that much volume of fish to be produced.

Chairman CARDIN. Thank you. Thank you all. Congressman Harris.

Mr. HARRIS. Thank you very much, and I do want to thank all of you for testifying today, and again to Senator Cardin for calling the hearing.

You know, Ms. Wolf, I think you hit it on the head. We have got to brand things. Value-added is very important. Sure, look, we are good. We are pretty efficient at raising commodity poultry, but that is not the only thing of economic value on the shore. I think branding goes a long way toward that. But we do have Maryland crabmeat. I mean, if you go to other parts, people who have been to Maryland or that part of the country they do look for things like that.

Ms. Vanhooser, let me just ask you a question. With the economic development teams in various counties, they are important because I think a lot of smaller businesses do not know how to deal with, in this case, a Federal agency. So I was in Princess Anne last week, met with a poultry processor, a new poultry processor on the Shore. I did not really realize there was one. But their niche—talk about branding—is halal processing. So they are doing about 7,000 pounds of chicken a day. They can do a whole lot more. The gentleman came up to me and said, “You know, we had that program in the ARP for small processing plants. We sent our paperwork in. We have not heard back.”

So how often does this happen that, in fact, what you are running up against is you have small businesses, and look, they do not have—and I always joke about this with community banks. You go to a big bank somewhere, they have a whole floor of people dealing with regulators, like literally a whole floor. Fifth floor? Yeah, that is our regulatory floor. You go to a small business or a small community bank they do not have anybody with expertise in that. Is that what an organization like yours brings to the table, the ability to help people interact with agencies that can help them?

Ms. VANHOOSER. Well, it is, that connection to resources. It is not just money. That is people resources as well. So if we have a problem that we cannot solve we will call Kimberly Kratovil or Alyssa Hastings or Mike Arentz or Keith Graffius, and we call your people. And I would say the bulk of the calls that I get from a business begin with a problem of some sort. So Nick needed help with something and he called me. Now we work together. I have him on speed dial, and he has me on speed dial.

But as you say, the bulk of them begin with a problem, and so I begin to work my network to see what we can find to resolve that problem. And a lot of times it is an agency, either a state agency or a Federal agency.

Mr. HARRIS. Yeah, and I hope we can do that better, because again—and Mr. Loeffler, I think you would probably agree—small businesses really have to deal differently and have very different resources to deal with it.

Mr. Hargrove, obviously, blue catfish is a huge problem. Just a question about the machines because I am curious about that because I heard about them. But my understanding is they work for the farm-raised because they are all the same size, more or less. But do the new machines—because when you have wild-caught you know there is a range of sizes. Do the new machines actually process a range of sizes as well?

Mr. HARGROVE. Well, sure. There are really two different size groups that are an issue with the machines. The catfish is much more of a horizontal fish, which means that the head is kind of horizontal, where a lot of the processing machines are made for vertical fish, and so it is a separate machine. There is a company called Marel that makes the equipment, and they deal with a lot of larger processors in the south.

So there are two separate machines. One machine can handle the 1- to 2-pound fish, and then the other one can handle 2- to about a 15-pound fish. And so there is a wide range. We have had fish up to 60 pounds in our plants before. They would still need to be

hand cut or used for other things. Like you said, all of our waste goes to dog food processors. A lot of the heads will go down to the south for the crab industry down there. There is even a company in Florida that we are sending fish to, to make fertilizer. So it is like a zero-waste plant really. Just the blood that goes down the drains is the only bit of the product that is not being used.

But yes, there is equipment out there, to answer your question. There are headers and gutters, there are filleters, and there are skinning machines. And one of the most important ones is the portion machine because a lot of these contracts will give you a two-ounce variant in where they want on, say, 4- to 6-ounce, or 6- to 8-ounce, and you have to be within that measure. We are currently doing it by eye right now, and it takes a special person to sit there all day and decide where to cut a fish to get a 4-ounce and 6-ounce portion out of it.

Obviously, there are some other pieces of machinery that you are going to need to get into retail. There are skin packagers that put a slim layer of plastic over the fish and makes it more appealing to the eye. So there is definitely more equipment out there that can also make different products for you as well.

Mr. HARRIS. Well, thank you. You know, part of resilience is actually to keep our companies viable, because you have got to be viable to be resilient. Do you still process crabs?

Mr. HARGROVE. I do not process crabs.

Mr. HARRIS. You do not do it anymore. But you are familiar with the people in your industry who have problems with getting H-2B workers, right?

Mr. HARGROVE. Oh, every day.

Mr. HARRIS. And the disappointment during COVID was that it was not COVID that caused those plants on Hooper Island to close down. It was the lottery in H-2B, where a small business cannot afford a year when they get no one, and the person across the street gets everybody because they, quote, “won the lottery” which the U.S. government ran.

How important are temporary workers to the economy—and you all can answer this—the Eastern Shore economy, in terms of making sure that we have the ability to get temporary farm workers when we just do not have, because the labor supply and the workforce is always an issue on the shore. How important is it that we have access to temporary farm workers? Anyone of you?

Mr. HARGROVE. I am in the seafood industry, and a lot of my friends do not get their pickers every year. And to me, it is insane that we are allowing this to go on, and how can someone base a business off of someone picking their name out of a hat in order to make sure that they have people. And honestly, it really is heartbreaking.

These people have been with them for dozens of years. They are like family to you. When you spend more time with the people at work than you do your own family sometimes in this industry you make a very close bond with them. And I cannot imagine what it is like for the people on the other end that are not allowed to come here and work at the facility that provides for their livelihoods and, quite frankly, probably the families on either side of their households back in these countries.

We are at the point where we do not even rely on the H-2B's anymore, unfortunately. It enables the growth of your company to think that one day you are going to have your girls and then the next year you are not. So we try to pick from the local help, which obviously, as everybody knows, is getting tougher and tougher, especially the jobs that are required in the seafood industry. They are not always the most glamorous jobs. You need real grit to get through it sometimes. And without this problem getting solved, I really wonder what is going to happen with the crab industry, especially.

Ms. VANHOOSER. And it is not just seafood. It also tourism. I think we have come and seen Mr. Daniel in your office every year and talk about this. The Inn at Perry Cabin, for example, has always counted on that type of labor. It is particularly prevalent in Ocean City. So it is very helpful to the tourism industry for that to be a reliable source. Also on a seasonal basis, it works well for the seasonal workers. So it is important to tourism as well.

Mr. HARRIS. Thank you. And Nick, just one last question, which I thought of as you were speaking. Wild-caught fish, in general, I mean, the problem with the farm-raised is they do have issues with quality. And one thing we did in the Agriculture Appropriations Bill, it is suggested that wild-caught, invasive species might be handled differently, but maybe wild-caught is the most important part of that. And we will ask the USDA and perhaps the GAO to look into whether or not the wild-caught, farm-raised distinction might be one of the ways we might deal with some of those issues.

And I love the "sustainable, wild-caught." It sounds so much better than "invasive."

I yield back. Thank you.

Senator VAN HOLLEN. Well, let me thank all of you again, and Ms. Vanhooser, thank you for mentioning Alyssa Hastings, who is here, who is our eyes and ears on the Eastern Shore, mine when I cannot be here, along with the representatives from Senator Cardin and Congressman Harris.

Mr. Mayor, thank you and the council for allowing us to claim the dais up here for a little while. It is very much appreciated.

Mr. TYNDALL. You are welcome every second and fourth Monday.

Senator VAN HOLLEN. Thank you. And this is bringing back some memories during my college days. For two summers in a row I went up and worked in Alaska in a fish processing plant on what we call the "slime line," slitting the fish. I worked my way up to the iceman and forklift driver. But it is an industry that is essential to Maryland, and actually, speaking of Alaska, Senator Cardin and I have teamed up with Senator Murkowski from Alaska and Senator Sullivan from Alaska because when it comes to the H-2B visa issue and seafood they have similar concerns and pressures. So we are working as part of the farm bill, along with Congressman Harris, who has been working on this on the House side, on the H-2B visa issue as well as the blue catfish issue. So we look forward to continuing those efforts.

And let me finally thank, again, Ben Cardin, Senator Cardin, for chairing this hearing and inviting us to participate. Thank you all.

Mr. HARRIS. You may want to hire Senator Van Hollen. I think he could cut the 4- to 6-ounces pretty easily. [Laughter.]

Mr. HARRIS. Just from his prior experience.

Senator VAN HOLLEN. I will be there Monday with bells on.

Congressman Harris?

Mr. HARRIS. Again, thank you all for being here. Thank you all for helping the economy of Maryland's wonderful Eastern Shore, and thanks to Senator Cardin for bringing this Senate Committee hearing to Berlin.

Chairman CARDIN. Rural America represents about 97 percent of the geography of our country, about 14 percent of our population, and only 10 percent of our GDP. So Mr. Loeffler, your point about targeting to rural communities is a very valid point and something that we really need to do a better job in order to provide the economic health. It has, by definition, been underserved, and we need to target better our programs to help rural America. And I think this hearing has helped us to understand that.

We are looking at legislation in the United States Congress. I have already indicated that Senator Ernst and myself are looking at a reauthorization of the SBA laws which would deal with many of the subjects we are talking about here and could be a vehicle to do some of the changes that we are talking about.

In addition, we have the farm bill that is coming up in this Congress, and many of the issues that you have referred to are eligible for consideration during the farm bill. Maryland is kind of unique. We do not have a dominant part of the agricultural community that is in the farm bill. Poultry, obviously, on the Eastern Shore, is a major agricultural product. But we are in a position where we have more smaller entities than most states do in the agricultural field, so it gives us a chance to try to do what we can to help in that regard.

I just want to put my other hat on for one moment on behalf of the Maryland Federal Congressional Delegation because a lot of the subjects we talked about today we have been united on. The H-2B visa is a good example. Senator Van Hollen and Congressman Harris have already mentioned that. We recognize the desperate need for seasonal workers, and we recognize that also in regard to the J visas. So we have been very much laser-focused on trying to get some help. We were able to move the Biden administration in some directions, not as much as we wanted to get done, but part of the responsible is the United States Congress and passing laws to update our worker visa programs. So we are working very much on that.

And then we are united in regard to small businesses. We recognize that we have to do more. We cannot wait for the next unexpected challenge and say, "What can we do to respond?" We need to have more permanent help to deal with what we know is going to be coming down the road. And I think your testimonies today help us to better understand that and targeting traditionally underserved communities and the smaller small businesses. I love all businesses. I love all small businesses. There is a difference between a small business that has 400 employees and a mom-and-pop operation that is struggling and does not have the staff to deal with these challenges. And I think your testimony has helped us in regard to dealing with those issues.

Once again, I want to join my colleagues in thanking our four star witnesses, the mayor, and for all of you being in attendance, and with that the Committee will stand adjourned. Thank you all.

Mr. TYNDALL. Mr. Chairman, if you do not mind. Just before I made an error. I missed and overlooked one of our attendees, Secretary Riccio, former DNR Secretary. All the talk of fish, I would be remiss if I did not thank her for her service as well, so thank you.

And once we are done, if you do not mind, I would like to address the crowd.

Chairman CARDIN. Sure. The Committee stands adjourned, but I will recognize the mayor.

Mr. TYNDALL. Thank you, Mr. Chairman. Yes, a round of applause. [Applause.]

Mr. TYNDALL. Thank you for bringing this hearing to Berlin. Thank you all for your stories today.

We also have out back, on your way out—this is the reason I really wanted to get everybody's attention—the Shore Gourmet bus is downstairs. Take a look at that. They are doing a lot for Caroline County Public Schools. I reached out to our superintendent, Lou Taylor, and let him know it was out there as well. I think there is a lot that can be done here locally, in Worcester, Wicomico, and Somerset, bringing healthy foods to the children in the schools. So take a look at that bus on the way out, and then thank you again for bringing it. Thank you.

Chairman CARDIN. Thank you all. [Applause.]

[Whereupon, at 2:33 p.m., the hearing was adjourned.]

