



# GIL CISNEROS

Representing **CALIFORNIA'S 39<sup>th</sup>** District

## **MEMBER DAY TESTIMONY BEFORE THE HOUSE COMMITTEE ON SMALL BUSINESS**

*May 15, 2019*

Chairwoman Velazquez, Ranking Member Chabot, and members of the House Committee on Small Business, thank you for allowing me this opportunity to provide testimony on the issues affecting small businesses in my district. Small businesses are incredibly important to my district and the State of California, as nearly half of all employees in the state work for a small business. I hope the information I share today will help inform your work as you examine policies to support small businesses nationwide.

The Small Business Administration (SBA) runs several programs that have been incredibly helpful for small businesses in the 39<sup>th</sup> district. I urge you to build on the successes of these programs and closely examine policies that will make them more accessible to small business owners.

For instance, my district is lucky to have a Small Business Development Center (SBDC) at California State University, Fullerton (CSUF), which provides free and low-cost assistance to small business owners and aspiring entrepreneurs. The CSUF SBDC has been highly effective at helping individuals in my district expand and start new businesses, driving economic growth and job creation in our region. I urge you to support policies that enhance and build upon SBDC's documented success nationwide.

Additionally, the SBA 7(a) loan guaranty program has benefitted over 1500 small businesses in California's 39th Congressional District alone since 2010. One such recipient, Bravo Roofing, a family owned business for over 25 years in my district, recently benefitted from an SBA loan for a municipal contract while paying a living wage to those who worked on it. However, they found the application process for this loan to be complicated and time-consuming, costing hours in labor. I urge you to examine policies to provide more hands-on support to family-owned businesses to ensure accessing assistance is not overly burdensome. Whether it's workshops or a direct representative assisting with the application process, providing more information to small businesses like Bravo's will open up more opportunities to access capital and grow our local economy.

I urge you to examine and advance policies to support capital access to women and minority small business owners. Women business owners still face greater obstacles in obtaining financing for their businesses than similarly situated men do, with one study showing that women business owners get nearly 50 percent less in funding than their male counterparts.

Similarly, minority business owners are more likely to report unmet credit needs, with the Minority Business Development Agency finding that minority-owned firms had denial rates three times higher than non-minority businesses. In addition, a report by the SBA Office of Advocacy found that roughly 30 percent of minority entrepreneurs felt discouraged from applying for a loan, compared to 16 percent of non-minority entrepreneurs. Building on existing programs and examining new policies to add incentives for providing capital to women and minority owned small businesses will help close these gaps.

For example, Women Business Centers have been a critical resource partner of the SBA to help women entrepreneurs start and grow their businesses. However, the maximum grant amount available from SBA to these centers has remained at \$150,000 a year for 31 years in a row. Raising the cap on individual center grants could help advance women small businesses nationwide. Moreover, language barriers can exacerbate already complex processes and regulatory frameworks that many cannot understand without outside support. Supporting organizations that provide direct counseling in culturally competent and diverse languages can ensure that no individual is denied the opportunity to contribute to our economy.

I encourage you to examine and advance policies to accelerate payments to small businesses that do work for the federal government. I have heard from many small businesses in my district who struggle with the complexities of the federal government bidding process and receiving payment for their work in a timely manner. Not only does this harm small businesses struggling to make payments to employees or subcontractors, constant delays can discourage quality small businesses from competing for federal work. Mitigating cash flow concerns will encourage small business participation in the federal marketplace, in turn driving competition and decreasing prices for the federal government.

I urge you to closely examine the impact of tariffs on small businesses, and I strongly support Rep. Velazquez's expressed commitment to provide oversight on the President's escalating trade war. Small businesses play an important role internationally as they make up a steady 97 percent of all U.S. exporters, according to a 2015 report by the SBA. Several small businesses in my district, from the defense industry to the medical device industry, have reached out to me to share stories of how the President's trade policies and escalating tariffs are increasing prices for themselves and their consumers. This particularly includes the vast number of Asian American owned businesses in my district. The ongoing uncertainty and threats of new tariffs creates an atmosphere of unpredictability and uncertainty that can inhibit growth and ingenuity.

Finally, I would be remiss if I did not take this opportunity to thank Chairwoman Velazquez for her steadfast support and dedication to ensuring Puerto Rico fully recovers from the devastation of Hurricane Maria. I applaud the Chairwoman for successfully securing an amendment in the Fiscal Year 2019 National Defense Authorization Act to create economic opportunity in Puerto Rico. This provision incentivizes federal agencies to award work to Puerto Rican businesses by allowing agencies to receive additional credit toward meeting contracting goals for awarding a prime contract to a Puerto Rican business. I stand ready to support the Chairwoman in any additional initiatives necessary to support ongoing recovery efforts in Puerto Rico.

Thank you again for your time and consideration. I hope you will keep these stories in mind as you craft policies to assist small businesses nationwide in the 116<sup>th</sup> Congress.