

**FROM NOTHING TO SOMETHING: THE STORY
OF THE AMERICAN DREAM**

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS

UNITED STATES

HOUSE OF REPRESENTATIVES

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FIRST SESSION

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FROM NOTHING TO SOMETHING: THE STORY OF THE AMERICAN DREAM

TUESDAY, FEBRUARY 28, 2023

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

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

Present: Representatives Williams, Luetkemeyer, Stauber, Meuser, Van Duyne, Mann, Ellzey, Molinaro, Alford, Bean, Hunt, LaLota, Velázquez, Mfume, Phillips, Landsman, McGarvey, Gluesenkamp Perez, Scholten, and Davids.

Chairman WILLIAMS. Opening prayer and pledge. Please bow your head. Heavenly Father, God of all people, help us, give us the strength today and energy to make a difference, not only for our districts, but for this great country. In your name, we pray, amen.

Would you please join me in the pledge?

Okay. All right. I now call the first hearing of the Committee on Small Business for the 118th Congress to order.

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

I now recognize myself for my opening statement.

I want to thank our witnesses for being here today and understand that all of you have traveled a long way to share your stories. We are extremely grateful that you chose to give us your most precious resource, which is your time, to share your firsthand experiences to inspire others to pursue the American Dream.

As I have said before, this Committee seeks to be a voice for main street America in Washington. And the goal today is to learn more about the current state of small businesses from the people who know it best: our country's entrepreneurs. And as job creators, you are the driving force of our nation's economy, accounting for more than half the payroll of this entire country. More importantly, you have the backbone of your local communities, though many of your struggles often go unnoticed.

I've been carrying on my family business for over 50 years and I understand the highs and the lows of being your own boss. America's entrepreneurs have confronted numerous historic challenges over the past few years. The COVID-19 pandemic, out-of-control inflation, broken supply chains, high interest rates, and a national labor shortage. But as the small businesses have done countless times before, they endure.

Here on this Committee, we will work to create an environment where businesses can thrive. Small business owners dedicate their lives and finances to the products and services they bring to the marketplace. An extra hour of paperwork is one less hour they can tend to their business. Every inflated tax is an extra dollar that could have been reinvested back into the business and their community. Every job vacancy is one more role a small business owner must cover themselves.

As we listen to these firsthand accounts, we salute the small businesses who continue to fight and give selflessly back to their communities. We are eager to enact policy solutions that will help have a path toward success for both now and success in the future.

I wanted to have this hearing on the American dream first so we can celebrate the risk takers here today and across the country who have worked countless days and nights to make their dream a reality. I am excited to have all of you here today with us, and I am very much looking forward to today's hearing.

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

Ms. VELAZQUEZ. Thank you, Mr. Chairman. I would like to welcome all of the witnesses for being able to be here and share your experiences.

I would also like to welcome all of our new Small Business Committee Members and welcome back those returning from the 117th Congress. The story of the American dream has been the story of our nation's independent business owners, those who take the reins of their own destiny, and bring ideas to life in the marketplace. From the corner store to the tech start-up, these risk takers embody the ingenuity and determination to achieve the highest of American ideals. Not only do they serve as essential economic anchors, providing the foundations of our communities, they serve as the bedrock of our sprawling democracy. They help distribute wealth and power, promote competition, and provide opportunities for individuals to achieve financial independence.

Over the past 3 years, the COVID-19 pandemic defined the small business economy and presented numerous hurdles for our nation's entrepreneurs. Congress recognized these firms as a top priority and knew that there would be no recovery without a robust small business economy. In the early days of the pandemic, we created the Paycheck Protection Program and the COVID EIDL program, providing small firms with the support needed to maintain operations and protect jobs. A year later, we passed the American Rescue Plan, which expanded upon these programs and created new ones, like the Restaurant Revitalization Fund. These policies help ensure that main street will lead the way in our economic recovery.

Now, nearly 4 years after the pandemic struck, we are seeing the fruits of this historic investment. GDP has returned to its pre-pandemic trend, up 6.7 percent over the past 2 years. Unemployment is now the lowest it has been since 1969, with over 12 million jobs created under the Biden-Harris Administration and over 500,000 created this January alone. Small business has been driving the robust labor market scene over this past year. According to the Wall Street Journal, while large businesses lost nearly 800,000 net jobs since April 2020, small businesses created a net 3.5 million. Most

importantly, more and more Americans are turning to entrepreneurship. After 40 years of decline, small business applications shot up, with over 10 million submitted over the past 2 years. This trend is encouraging, and it signals the determination and resilience of the American people in the face of crisis.

This goes to show, when you prioritize building the economy from the bottom up and the middle out, American entrepreneurs respond with results.

However, the road to recovery has had its share of bumps, to say the least. It is no secret that, despite encouraging trends in recent months, the costs of running a business remain high. The pandemic, alongside geopolitical conflicts, induced enormous global economic challenges that have affected businesses, large and small. Supply chain disruptions and ongoing labor shortages have created headaches for business owners across the country.

Additionally, surging energy prices due to the conflict in Ukraine and the price-gouging by some of our nation's most profitable businesses, helped push inflation to a 40-year high. Early retirement during the pandemic and lack of immigration over the past four years has also decreased the pool of skilled workers from which small businesses can hire. Democrats tackled this problem head on by lowering energy costs through the Inflation Reduction Act and bolstering supply chains with legislation like the CHIPS and Science Act. Additionally, the Bipartisan Infrastructure Law made massive strides toward making government contracting by small minority-owned firms more attainable.

We have made great progress over the past 2 years, but our job is far from over. I look forward to working with our Members on both sides of the aisle to address the challenges small firms face and ensure they remain the top priority of our economy.

With that, Mr. Chairman, thank you for holding this important hearing.

Chairman WILLIAMS. Thank you. Now, I will introduce our witnesses.

It is my honor today to introduce Zan Prince to today's hearing. Ms. Prince has had a long and distinguished career in the Texas banking industry. Since 1990, Ms. Prince has worked at First Bank Texas, a locally owned business that traces its founding all the way back to 1880. For 33 years, Ms. Prince has served the community in which she also calls home, eventually ascending to her current role as Chairman of the Board in 2015.

In addition to her work at First Bank Texas, Ms. Prince has been an integral part and active Member of her local community through her involvement in numerous nonprofits, chambers of commerce, and the Parker County Health Foundation. Her extensive career and knowledge in local banking make Ms. Prince a tremendously well-informed expert today about the issues facing small businesses and main street communities today.

So, Ms. Prince, thank you for being here today and joining the Committee, and I am looking forward to today's conversation.

I now recognize my colleague, Congressman Luetkemeyer, for 1 minute to briefly introduce his constituent, who is appearing before us today. Congressman.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

Our next witness is Drew Davis, a native of Hillsboro in Missouri's Third District, Drew is here today as the owner of Crippling Hot Sauce.

Drew is a unique witness for a couple of reasons, first being that, as a small business owner, he is still actually in high school. He is only 17 years old. Drew also has cerebral palsy, a disability that inspired his brand's name and poses various challenges for his day-to-day life. But Drew has never let his circumstances keep him from pursuing his dreams. He set his mind to starting a business, and Crippling Hot Sauce was born with a sense of humor.

Crippling Hot Sauce is made from all local products, from the vegetables to the labels, and Drew's business has continued to grow, selling thousands of bottles from his website and retailers across our State. Not only is Crippling Hot Sauce a local Missouri-made business, but it is also a small business with a cause. Five percent of the proceeds from every bottle goes to cerebral palsy research.

I am very proud of this young and determined entrepreneur that calls the Third District his home and even prouder to introduce him to this Committee.

Thank you for making the trip, Drew, and thank his parents for being here as well today and their support for their fine son's entrepreneurial activity.

I also want to thank the rest of the witnesses for being here as well.

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

Chairman WILLIAMS. Thank you, Mr. Luetkemeyer.

I now recognize my colleague, Congressman Meuser, for 1 minute to briefly introduce his constituent, who is appearing before us today.

Mr. MEUSER. Thank you, Mr. Chairman.

Our next witness is Mr. Roy Heim. Mr. Heim is the founder and owner of Heim Construction Company, headquartered in Orwigsburg, Pennsylvania, in the heart of my Congressional District.

In 1990, Mr. Heim founded his initial business, Roy A. Heim Construction, hiring just three employees, who still work with Heim Construction today. After marrying his wife, Deborah, they founded Heim Construction in 1994. Today, Heim Construction is a full-service general contracting, design, build, and construction management firm that builds commercial, industrial, institutional, and residential facilities. Thanks to their hard work, Heim Construction has gone from hiring just a few employees to now serving as the livelihood of 65 dedicated and hardworking Pennsylvanians. Heim helps build everything from dams and streetscapes to hospitals, surgery centers, and dormitory for Penn State, and I have seen some of the work. Heim Construction is also involved in road and infrastructure projects throughout Pennsylvania. You could say Mr. Heim's business has literally become a pillar of the community.

Roy embodies the spirit of the American entrepreneur and has spent over 30 years building his successful business in spite of the many challenges small business feels along the way.

With his diverse set of projects and decades of experience, Mr. Heim notes firsthand how today's economic headwinds are impact-

ing small businesses like his across America and will provide valuable insight into the current state of main street America.

I want to thank Mr. Heim very much for making the trip here and to all of our witnesses for testifying before this Committee, and I look forward to today's conversation.

Appreciate it.

Chairman WILLIAMS. Thank you, Congressman.

Mr. MEUSER. I yield back.

Chairman WILLIAMS. Thank you. I will now recognize the Ranking Member, Ms. Velázquez, for 1 minute to introduce the last witness.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Our final witness today is Ms. Corrine Hendrickson. Ms. Hendrickson has owned and operated Corrine's Little Explorers Family Child Care Center in New Glarus, Wisconsin, since 2007 and has been a registered, certified mentor, trainer, and consultant for early childhood educators and business owners since 2018. She has served on the Wisconsin Early Childhood Education Board from 2015 through 2021, including serving as the Board's president in 2020. Additionally, she won the Terri Lynne National Childcare Teacher Award in 2020 and the Wisconsin Family Child Care Provider of the Year award in 2017.

She currently serves on the Main Street Alliance leadership team and as secretary for the Green County Childcare Network since 2012. She holds a degree in Elementary Education and is currently pursuing a master in Infant and Early Childhood Mental Health through UW Madison.

Thank you, Ms. Hendrickson, for joining us, and we look forward to hearing your testimony.

Welcome.

Chairman WILLIAMS. Thank you, Ranking Member Velázquez.

And we appreciate all of you being here today, all of you are winners, and thanks for taking time to be here with all of us today.

So, before recognizing each witness for their testimony, I would like to remind them that the oral testimony is restricted to 5 minutes. If you see the light in front of you turn red, that is a danger sign in front of you. It means your 5 minutes have concluded, and you should wrap up your testimony. There are no such restrictions on your written testimony, all of which will be submitted for the record.

I would now like to recognize Ms. Prince for her 5 minute opening remarks.

Ms. Prince.

STATEMENTS OF ZAN PRINCE, CHAIRMAN OF THE BOARD, FIRST BANK TEXAS; DREW DAVIS, FOUNDER AND OWNER, CRIPPLING HOT SAUCE; ROY HEIM, PRESIDENT, HEIM CONSTRUCTION COMPANY; CORRINE HENDRICKSON, OWNER, CORRINE'S LITTLE EXPLORERS

STATEMENT OF ZAN PRINCE

Ms. PRINCE. Good morning, Chairman Williams, Ranking Member Velázquez, and other Members of the Committee, thank you so much for the opportunity to share our story with you today.

First Bank Texas is a family-owned community bank, the fulfillment of the American dream of Joe Sharp, a man with a strong foundation of hard work and an entrepreneurial spirit from West Texas dry land cotton farmer roots. He was a product of strong faith, family values, and a public education.

First Bank Texas mission statement is to achieve high performance through our employees to partner with bank customers and our community to make this a better place for our families and businesses while demonstrating a kingdom purpose. For us, that means we take God-given talents coupled with American opportunities to make a difference.

Joe Sharp led our family and a group of investors to Baird, Texas, in 1982 to acquire a very small community bank. That bank has grown to a billion in assets, with 14 locations. Our bank is a small business that has grown and prospered despite ever-increasing regulation and requirements to be fair.

In 1982, bank documents were simple. Over time, we have added layers of consumer protection that do little to protect consumers. Fiscal and regulatory policy are important. The 2017 tax cuts, really all tax cuts, benefit both the bank and customers.

But there are still threats on the horizon. The proposed CFPB Rule 1071 to collect small business loan data to ensure fair access to credit by all small business owners misrepresents the lending market. There are no two small businesses that are alike. If enacted, the process for lending to small businesses will be bogged down in technicalities that ignore creative entrepreneurial plans to establish or grow a business.

Our organization is grounded in providing access to products and services without regard to gender or ethnicity. Please remember that every bank crisis has had adequate laws to hold those accountable, yet every crisis brings more laws and rules.

The 2008 response to the financial crisis is a textbook example. It should have focused on the cause, big banks, but instead imposed costly regulations on community banks.

We have been blessed to be able to serve our communities in ways that would have never been considered in 1982. We have an amazing family of employees that are not only committed to our customers and communities, but committed to individual growth through bank-sponsored education and training. Our bank has weathered all kinds of financial conditions since 1880, and through those trials, we worked with people to survive the challenge. Some businesses talk about high touch—we live it.

Community banks provided 42 percent of the PPP loans that gave direct stimulus to main street, and the bank was honored to participate in that.

Community banks serve the financial needs of small businesses who employ almost half of the American workers. Small businesses and community banks are the backbone of the community. They need reasonable regulations, fair tax code, and access to credit to provide products and services to their customers. We have all experienced ups and downs in the economy. Today, many businesses struggle with the lack of labor, increasing expenses, and supply chain issues.

I would like to introduce you to a couple of small businesses in our community. The first is run by Sherry Watters. She does hand-painted items on all sorts of things and sends those not only to customers in Weatherford, but all over the country. The second business was run by Debra Smith, who recently retired after building and servicing pools in our area for decades. She employed as many as 110 people, creating opportunities for both the company and her employees. Both ladies have built their businesses on hard work and entrepreneurial spirit, integrity, and excellence that makes our community great.

Community banks provide 77 percent of all agricultural loans and over 50 percent of small business loans. We provide community partnerships that help schools, charities, and all the businesses that make our communities thrive. Without community banks and small businesses, who fills the gap? Who makes a difference in our community? Who provides that which is unique to who we are today? I encourage you to focus on an environment that creates opportunities for these small businesses and community banks.

The United States is the best place in the world to live and work. I, like you, are dedicated to preserving that which makes America great.

Thank you for your service to our country and your time today. I look forward to your questions.

Chairman WILLIAMS. Thank you, Ms. Prince.

Next, I would like to recognize Mr. Davis for his 5 minute opening remarks.

STATEMENT OF DREW DAVIS

Mr. DAVIS. Thanks for having me today.

My name is Drew Davis. I own Crippling Hot Sauce. What originally started as a school project quickly became more than that. Crippling Hot Sauce was presented as a business project in my business class in my junior year. I only got an 82 percent. So, like any straight A student would do, I went up and asked the teacher at the time, why? That is why, when he said, I thought it was a great idea, just a little unrealistic. So, instead of getting mad that day, I went home. After 1,200 hours and \$3,000 in my own money saved up between Christmas and other occasions, I launched Crippling Hot Sauce.

I started Crippling Hot Sauce with a mission to help break the stigma between people with disabilities and the able-bodied community, and show people that we could do whatever we put our mind to, same with all of you guys. So, after all of that, we launched and fast-forward to today, 7 months later, we have sold more than 16,000 bottles and now more than 96 retail locations across Missouri.

That being said, many small businesses face challenges. Because of my age and my situation, I have been forced to adapt with many challenges, one of those being banks. Because of my age, even though I had an LLC, it was most difficult to set up a business account and what you need. I had to call every small bank in my area just to find one that would set me up a business account, even with a writer.

Another challenge was manufacturing. Because I only had \$3,000 to my name, finding one with a low enough order quantity was difficult. I had to call about 15.

The third challenge was just networking, but I have been fortunate enough to be introduced with a bunch of groups, such as the Missouri Grocers Association and more.

The fourth challenge, of course, was inflation. Inflation has affected the grocer industry significantly. For example, it has forced my bottles up more than 25 percent since I started. I have been fortunate enough to grow more, so I have just offset that cost with higher order amounts. But for many small business owners that are not as fortunate.

That being said, this opportunity has been really great for me because learning and bringing myself out of this bubble. And thanks for Google, thank you, because I wouldn't ever been here without Google and being able to research what I did in such a short amount of time.

And thanks for this opportunity, guys. I really appreciate it.

Chairman WILLIAMS. Thank you.

Mr. DAVIS. They call me Sauce Boss.

Chairman WILLIAMS. We appreciate it. Thank you.

I now recognize Mr. Heim for his 5 minute opening remarks.

STATEMENT OF ROY HEIM

Mr. HEIM. Good morning, Chairman Williams, Ranking Member Velázquez, and Members of the U.S. House Committee on Small Business.

First of all, this is not my testimony, but I would like to say congratulations, and great job. I was not a straight A student, by the way, so you did good. You are better off than me.

So, thank you for the invitation to testify this morning to discuss the opportunities—or, excuse me—thank you for the invitation to testify this morning and for the opportunity to discuss the American entrepreneurship and how I started and grew my business. I would also like to thank all of you on the Committee, all of you Committee Members, for the hard work you do on behalf of the small business owners like myself.

My name is Roy Heim. I am the president of Heim Construction Company, headquartered in Orwigsburg, Pennsylvania, a small rural town in Eastern PA. Also born and raised there, I am an elected School Board Member and an appointed Vo-Tech Board Member for the Blue Mountain High School District in Schuylkill County, PA. I am also a Board Member of several associations, including the Associated Builders and Contractors, the Association of General Contractors, and the Associated Pennsylvania Contractors, which is heavy highway contractors.

I attended K through twelve and graduated Blue Mountain High School. During high school, I was also a carpentry student for four years at the Schuylkill Technology Center, a Vo-Tech School that I am still involved with through the School Board. I spent most of my senior year in high school in a co-op program, where I have gained knowledge on many aspects of my job in the construction industry.

After high school, I took a job working on infrastructure projects in Pennsylvania. A few years before, I was given the opportunity to move to Homer, Alaska, to work on the Bradley Lake Hydraulic Project. The Project, which is still an active energy producer, involved in boring a 3.5-mile tunnel with a diameter of 24 feet and constructing a brand new 610-foot long, 125-foot high, concrete-faced and rock-filled gravity dam, all at the bottom of a glacier. I spent approximately 2 years on the project, gaining invaluable experience.

Upon returning home, I worked for a concrete contractor for approximately 6 months before leaving to start up my own business as a small general contractor in 1991.

Heim Construction started with two to three employees and has been growing ever since. Today, Heim Construction is a construction management, design builds, construction general contractor, concrete service company that does millions of dollars of public and private work, including many state, federal, and federally assisted, funded projects. We have been in business for 30 years and currently employ approximately 95 wonderful men and women.

Over many years that we have been in business, the number of federal and state regulatory requirements surrounding the construction industry has also grown significantly. We spend an enormous amount of time and money to stay compliant, employing 15 full-time employees in our office who work countless hours to ensure we remain in compliance with the forever-changing regulations. Many of these laws and regulations, while well-intended, make it much more difficult, if not impossible, for small businesses to comply, complete, and survive, let alone profit.

Another issue threatening a small business like mine is tying of state and federal construction funding to special interests. Today, the merit shop contractors, which would be non-union labor forces employ more than 88 percent of all professionalisms in the construction industry. For example, when the federal government issues Executive Orders or passes regulations mandating or prioritizing PLAs, which are project labor agreements, it can tie the federal funds to use of union-only labor and discriminates against nearly 88 percent of the contractors whose workers have made a decision not to join a union. This eliminates a fair and open competition among contractors, harmful to the construction industry, its workers, and ultimately taxpayers who pay more because of the limited resources and competition. That 88 percent is the heart of small business community in the construction industry that you are here to protect and help and thrive.

I have a relationship with the unions. I hire them, they hire me. We do jobs across the state together. There is no reason to mandate union-only labor when we can compete and work together with each other.

An additional issue facing a small business like mine is the Build America, Buy America Acts. While we fully support the intentions behind the Act to keep jobs and manufacturing in our country, the recent modification and amendments and legal decisions and the Executive Branch actions surrounding these Acts have left even the federal officials confused on how to get the projects completed and to ensure compliance. The law fails to consider the limitations on

supply chains' ability to supply all the components needed to construct federal construction projects. All of us have felt how fragile the supply chain can be through COVID. The contractor's ability to fully comply with these Acts will require transitioning from global supply chain to a U.S.-based one that is not fully capable of handling the demand. Congress and the Biden Administration need to act immediately to add flexibility to the form of exemptions.

And I know I am running out of time, Chairman, but I will skip over.

So, while these are just some of the implications of each regulatory obstacle, I have attached a non-exhaustive list of federal and state regulatory requirements that impact construction industry jobs created.

So, I want to thank you again for the opportunity to serve as a witness, and I look forward to answering any of your questions you may have.

Chairman WILLIAMS. Thank you.

Now, I recognize Ms. Hendrickson for 5 minutes.

STATEMENT OF CORRINE HENDRICKSON

Ms. HENDRICKSON. My name is Corrine Hendrickson, and I have owned and operated Corrine's Little Explorers Family Child Care in rural New Glarus, Wisconsin, for about 15 years. I have been a Member of Main Street Alliance for 2. Thank you for inviting me to speak to you today about my small business and not only my American Dream, but the ability of those I work with to achieve theirs.

The only reason I can be here today is because I was able to hire a couple of substitutes last year utilizing federal rescue fund dollars, thereby increasing the wage I could offer by \$3 an hour and a monthly bonus of \$250. This allows me to go to appointments, take classes, and appear before you today without closing my business, subsequently allowing parents to work. However, my one substitute finished her Master's in Social work, and my second one has been offered a full time manufacturing job that pays substantially more than I can, with benefits. So she gave her notice. I cannot compete.

I began my American dream wanting to become a teacher. After I graduated with a teaching license into a 2001 recession job market, I substitute taught and worked in retail so my fiancé and I could buy a home. It was possible then because we had one very minimal student loan to pay off with 3 percent interest that went down if you paid on time, and homes were far more affordable compared to starting career wages. Compare that to today, when large corporations and investors have driven prices up exponentially, increasing our home value this year by about 15 percent or \$50,000.

In summer 2007, when our son was 6 months old, some friends and I were together for our usual Monday evening dinner while our volunteer firefighter husbands were at meetings. And the three of them were very pregnant and unable to find care only wait lists. I was now the head store manager and offered to quit and start a family childcare business.

Because of the parents' lack of access to paid family medical leave, I opened my business only 6 weeks after the first two were

born and 2 days after leaving my retail job. Had we been renting, my dream most likely would have ended before it started. Due to liability reasons, most landlords don't allow family childcare in their rental. Liability insurance is expensive and becoming more difficult for licensed group and family childcare businesses. Over the last 2 years, prices have risen drastically or non-renewal notices are being sent instead of bills.

Furthermore, childcare as a business plan has a notoriously low profit margin, so purchasing a home would have been impossible without any access to capital. On average, parents pay more than college tuition for one infant or toddler enrolled in care. Moreover, for 2 or more children, it is more than their mortgage or rent because fixed costs for food, liability insurance, rent, utilities, toys and books that need to be replaced, continuing education, licensing costs, et cetera, are extremely high for childcare businesses. This leaves little left for profit or wages. Many of those fixed costs are increasing due to the lack of enforcement of our price gouging and anti-monopoly laws enabling corporate concentration by pushing out competition, lowering quality, while raising the prices.

Early care and education businesses are the corner for all other small businesses as key to workforce development and the economy both today and in the future by caring for and educating young children while parents work, continue their education, and pursue their American dreams.

Secondly, my business product is children. We create tomorrow's workforce and future business owners. The first 5 years of a child's life are when 90 percent of brain development happens, laying the foundational skills of self esteem, self awareness, self control, critical thinking, creativity, collaboration and curiosity by curating, play based environments that are child centered and teacher supported—all skills that my fellow small business owners state they need in our workforce and are lacking. This is detrimental to the future ingenuity and competitiveness necessary to pursue the American dream.

By investing in childcare, our rural economy's decline can be reversed drastically and replace the 90,000 family childcare businesses lost between 2010 and 2019. Since COVID, investments to all small businesses and to parents in the form of increased tax credits and deductions increase the affordability of having children. Without the PPP, I probably wouldn't still be in business. Increased investment in childcare due to COVID has increased wages and viability for childcare businesses. Significantly raising wages without also raising tuition has been possible.

Empty classrooms are reopening since our employees are staying and coming into the field. However, once the federal ARPA funding runs out, if the state and federal government refuses to continue investing, I will be raising my rates 25 percent a week per child. This means parents will have to either receive significant pay raises from their employers, remove their child from regulated care, or be unable to find work. If tuition gets too high, more childcare businesses will close due to lack of enrollment. Additionally, we are still down about 80,000 employees, leaving exponentially more parents unable to work since their child is on wait list instead of in care.

Nationally, the lack of infant and toddler childcare costs our economy at least 122,000,000,000 annually.

In conclusion, from the perspective of small businesses, our government is choosing to focus on big business and corporations ignoring the dire needs of small businesses around the country, eliminating the opportunity to truly live up to the American dream.

Thank you.

Chairman WILLIAMS. Thank you.

And I would just like to tell our witnesses, you see people moving forward and backwards. There is a lot of voting going on, different committees, so you are going to see people coming and going.

So let me start out by saying the banking industry is critical to the health of main street America. Whether it is getting a loan, starting capital, developing a revolving line of credit to keep up with expenses, everyone needs a good relationship with a banker. We saw firsthand how important it was at the beginning of the COVID-19 pandemic, where businesses with existing relationships had a much easier time getting their PPP loans than their counterparts that had not made that connection.

And as we have heard today, inflation is impacting many businesses across our country. This has caused the Federal Reserve to raise interest rates at a pace we haven't seen since the 1980s.

So my question, Ms. Prince, as a community banker, can you talk about what you are seeing on the ground as it relates to the increasing interest rates and the effect they are having on the businesses you serve?

Ms. PRINCE. Absolutely. Thanks for asking.

Many businesses today that were very profitable, very viable in the lower interest rate environment are finding themselves with an interest expense that is probably unsustainable. And with the focus on additional increases, that puts people that were on the bubble not really able to get a loan and to service that loan. So interest rates have had a huge negative process in our community.

We do lots of construction loans, we do lots of real estate loans, and those have slowed down substantially with the increase in cost. Most of those people that are buying a first mortgage today don't remember the 80s, but an 8 percent, a 7 percent, a 6 percent mortgage is just insurmountable for them. So interest rates are huge.

Chairman WILLIAMS. Thank you.

Mr. Davis, your passion and drive to be successful should be an inspiration for all Americans. And too many people see an obstacle as too big and simply give up without even trying. And you were brave enough to put yourself in the game rather than just sit on the sidelines. And before your 18th birthday, you have already overcome many unique challenges that many seasoned business owners have never previously had to navigate through until the last few years. So I hope you keep working with this so one day you will have too many employees working for you at the hot sauce company to come before the Small Business Committee.

Now, there is something I heard that really impressed me in listening to your story. When you are a business owner and you make a profit, you do not just sit on that money. You hire an additional worker, you invest in new equipment, you think of ways you can give back to the community. And so for some people, giving back

is an afterthought once they have already built a successful business, but for others, it is ingrained into the DNA from the start.

So question is, can you share with the Committee how you give back to the cerebral palsy community through your business?

Mr. DAVIS. Yes. Five percent of our profits go to the National Cerebral Palsy Research Foundation. And this is important because not only will this research go towards ways to make people better live with cerebral palsy, but since cerebral palsy is a brain—it is basically a fancy word for brain damage, the research could also further affect the people that also have paresthesia and like are paralyzed and not just the 764,000 people a year that struggle with cerebral palsy.

Through stem cell transplants, as well as other things, I believe as we further increase profit, that could substantially help our contributions, which could further speed up the rate in which we are able to give, which will maybe eventually help more people into the workforce, which will generate even more revenue for us, which will help the wonderful economy that the United States has.

Chairman WILLIAMS. Thank you.

In the brief time the time that I have. Mr. Heim, your industry has been one of the most impacted by supply chain disruptions. So can you talk briefly about how the pandemic shifted your view and where you sourced materials? And do American businesses currently have the capacity to meet your needs?

Mr. HEIM. So sure. Thank you.

So I could just tell you about the last project we just had. It was a 3 year project. We bid the project before the COVID and COVID came into play. We waited approximately a year and a half to 2 years just to get air conditioners. There is still today—if you want to buy an electrical panel, you are going to wait a year to just find an electrical panel. So today it is very, very difficult for us to plan to try to understand how to price. So—

Chairman WILLIAMS. My time is up now. Thank you for that. With that, I yield back.

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

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Ms. Hendrickson, many small businesses like yours are facing increased costs during this period of high inflation. One potential source of this inflation is the continued concentration of market power over the past several decades. How has the concentration in certain industries affected the price you pay for basic supplies for your business?

Ms. HENDRICKSON. Thank you.

So for me, as a family child care provider, I am not able to buy things at scale or go through larger corporations and things like that to purchase. So I have to go to the store to get things myself or purchase online.

A few years ago, Office Max and Office Depot were allowed to merge. Since then, my prices for paper, ink, et cetera, have gone up exponentially and have not come back down along with the quality. My paper frequently jams. I have gone through several printers and things like that, and it is very frustrating because when I purchase something I want it to be higher quality. And

with that corporate concentration, it gets rid of competition and takes away that ability for people like that.

Same thing with companies like Amazon that have taken over. You now auto reorder. I don't have a lot of time, but I have noticed those prices have actually gone up more than if I were to purchase from the original proprietors and.

Ms. VELÁZQUEZ. Funds from the American Rescue Plan and reimbursement from the USDA gave you some much needed breathing room with respect to hiring staff and higher wages. Can you speak more about the importance of maintaining those funds in fixing our country's broken childcare model?

Ms. HENDRICKSON. Yes.

So because childcare has such a low profit margin, we are only able to charge what parents can pay, unfortunately, which isn't a whole lot when you are looking at people at the beginning of their careers. And so we look at the average market rate really isn't comparative to what it actually costs to have a childcare business. So we actually are able to use government supports. Finally, the first time in my entire career, I have had money that I knew was coming in every single month, and I was able to take that money and pay my operational costs, raise my own wage, and also hire people, which has been a breath of fresh air for all of those families as well.

Ms. VELÁZQUEZ. Thank you.

Ms. HENDRICKSON. The USDA food program has increased to one tier, and if we were to make that permanent through the USDA Farm Bill, that would help offset cost to parents about \$15 a week. Group centers, unfortunately, aren't always eligible, and so getting them into that as eligible, no matter what, would also help offset those costs for those centers so they would be able to pass those savings on to families or increase the wages so they can recruit and retain highly qualified staff.

Ms. VELÁZQUEZ. Thank you.

Mr. Heim, it is well known that the construction industry has been having difficulties in finding skilled workers. Has that been your experience?

Mr. HEIM. Yes, very much so. So, right now, our industry nationwide is short about 460,000 people. We are all fighting for people left and right. I have got on the school board and now work with the technical school board. In our county alone, we have 197 children on a waiting list to try to get into the technical school, which only compounds our problems that we can't grow and we can't get better.

Ms. VELÁZQUEZ. Do you think that common sense bipartisan immigration reform could increase your ability to meet the current demands for work that you are taking on?

Mr. HEIM. I do.

Ms. VELÁZQUEZ. Okay. Thank you.

Mr. Davis, thank you so much for being here. It is an incredible story of resilience.

Can you talk to us about how this work has helped you to gain more self confidence to hire other people and then to give back to our community and your community?

Mr. DAVIS. Yes. So through COVID, I really got reserved and stopped talking to people. But when I started Crippling Hot Sauce, it kind of helped me break out of my funk and go out there and talk to people. And has increased my social skills a lot. And I have also learned a lot through it, through having to talk to people and, you know, kind of screwing up on business pitches. And I just take everything as a learning experience and say I will get them next time. And if that ever happens, you know, at least I tried. But I have consistently gotten better through the last 7 months, and I am just happy to kind of be that representation in the disabled community, because not many people have that.

Ms. VELAZQUEZ. Mr. Chairman, I yield back.

Chairman WILLIAMS. Thank you very much. Thank you very much.

The gentleman from Missouri, Mr. Luetkemeyer, is recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

Mr. Davis, thank you so much for your testimony today, and you are an inspiration to all of us. You know, if I was the teacher who gave you 82 percent on your business plan, I think I would have a problem. So did you go back to the teacher and say, hey, you know, look what we are doing now, and see if he would reconsider your grade? Or was it too late?

Mr. DAVIS. I mean, they didn't renew his contract for the next year. I think says something.

Mr. LUETKEMEYER. I think it does too.

Mr. DAVIS. I actually was told that he ended up buying it, which I thought was kind of funny. And he is like, it is really good. And I am like—

Mr. LUETKEMEYER. Very good. Well, again, you are an inspiration to all of us.

You know, everybody has an impetus for starting a business, and yours was to show that you had a good plan. If you just put your hard work behind it, look what can happen. And I think that all of you here this morning have got that same story.

Mr. Heim, your testimony on all the different community projects and community things that you are involved in is a testament, I think, to small businesses. Our communities don't grow unless our small businesses are there and our small businesses don't grow unless our community is there. And by participating in the community, you make sure the community grows so that your business can grow. It is a symbiotic relationship there that has to be there, otherwise, neither one happens. And so you are a perfect example of that. So thank you for your community involvement. Yeah.

Mr. HEIM. May I comment to that?

Mr. LUETKEMEYER. Sure.

Mr. HEIM. So, I didn't list all the stuff I do. I am a Little League coach and basketball coach and so on. But the one thing that we do miss is we need leadership with our youth today. And being in this business, hearing me create, being around other business leaders, help me get that leadership that then you can transfer to your community and to the children, I think that is very important.

Mr. LUETKEMEYER. Very well said. Very well said. Mr. Davis, I would like to ask you a couple of questions about your business,

your business model. You talked about inflation affecting it. I know in your written testimony you say you absorb the price of some of the—or some of the cost of some of the fluctuations. Do you continue to absorb all of it? Do you pass some of it on? How are you looking at your business model?

Mr. DAVIS. So considering we are on the premium hot sauce spectrum, I have just been ordering more to further offset those costs because with hot sauce, there is a very large fluctuation on what it can cost. And our goal for the next couple of years is get as many people to try it as they can. And since many people are struggling with inflation, we just want to keep prices down as low as possible to get people to try and contribute to the cause, no matter the profit margin. I know I haven't taken anything as far as I wasn't around with the PPP or anything like that. It has all been my own money, which has helped because I don't have interest rates following me.

But I think to add to that, to further help representation in the disabled community, getting more grants and tax subsidies towards underprivileged people, I think would substantially help the economy because the disabled community is a large part and not many people have access because of cost that it costs to have a disability.

Mr. LUETKEMEYER. Appreciate that. I think that is extremely important. One of the things you talk about in your testimony here is that permitting and licensing process that you had to go through. Everybody, all small businesses here this morning going to talk about government rules and regulations. Can you give us a little idea of the cost? Do you have an idea of what the cost is or percentage of cost that is in your pricing of your product for rules and regulations just off the top of your head?

Mr. DAVIS. Not exactly, but I would estimate it is between 10 percent, because a lot of that is through my manufacturer and I know a lot of those things are per county. So there is not, like, a thing that is like you get this for the State of Missouri and you are good for all counties. Each county has their own health department. And that really makes it confusing because you have to have this for this county and that for this county. And I think if we kind of fast-line the application process and the licensing process, more people would get into the grocer industry, which would make it to where there would be more competition for the big corporations.

Mr. LUETKEMEYER. I am running out of time. I got one more really important question here. In Missouri, they allow you to have a personalized license plate. Does your personalized license plate read Sauce Boss?

Mr. DAVIS. That is a good idea, though.

Mr. LUETKEMEYER. Thank you for your testimony.

Mr. BEAN. [Presiding] Thank you very much. The gentleman from Minnesota, Mr. Phillips, you are recognized for 5 minutes.

Mr. PHILLIPS. Thank you, Mr. Chairman, and greetings. I think the world of all of you. I am a business person myself. I know how tough it is to run a successful business during the best of times and how tough, tough, tough it is during the worst of times, which, of course, the past 3 years have been.

And also, I love the mosaic here because it is this great ecosystem of business. Now you have a lender, a builder, a product

maker, and a service provider. And I want to thank you for being part of this extraordinary ecosystem.

I do a series at home called "On the Job with Dean," where I visit small businesses every week I am back home, and I do a 2- or 3-hour shift. I don't get paid, which means I am being paid what I am worth. And it is probably the most fun and illuminating part of this entire service.

So my question to each of you is, if you had your Member of Congress join you at your business for just a day, for an afternoon, what specifically would you like them to take back to this Committee about their experience?

Ms. Prince, maybe you can start.

Ms. PRINCE. Sure. Thank you. I think I would invite Chairman Williams to our loan committee so that he understood what it takes for the small business to put together a package and present it to a bank and to go through the entire process. So, it is not very simple. It used to be, it is not anymore. But I think it would be eye-opening to see the amount of information that they have to provide, that the bank has to require in order to make a sound credit decision going forward.

Mr. PHILLIPS. I appreciate it. Thank you. Mr. Heim?

Mr. HEIM. So, I think I would ask Mr. Meuser to spend the afternoon and then quite a few evenings going to municipal meetings, dealing with EPA and DEP and trying to get a permit approved that could take us up to a year to get done. So, that process is something that, unless you do it, you really don't understand it.

Mr. PHILLIPS. Yeah, permitting reform.

Mr. HEIM. Correct.

Mr. PHILLIPS. Yeah, thank you. Mr. Davis?

Mr. DAVIS. I mean, my industry is kind of unique because I could basically take any of you guys and show you how complicated some of the paperwork and stuff has to be. And I think each of you would have the same kind of mindset going out of it that it is really hard and both on the state and federal level. Things can be done for any state because, like I said, there is 50 states and each of them have their own rules and regulations.

Mr. PHILLIPS. Yeah. Thank you. Ms. Hendrickson?

Ms. HENDRICKSON. I would invite you to start your day with me at 6:30 in the morning, cleaning and prepping for all of the children to show up, and then having those few conversations with parents about what their night was, what I can expect that day, and then enjoy spending time with the children, but then also seeing how many different things I am doing at one time, between diapering and feeding and, you know, navigating between the children that are playing really well, but then somebody wants to come in and hasn't quite learned yet how to ask to play and how important that is. Because even we notice that the adults sometimes don't know how to ask to play nicely either. And I think that would be something that would be great to take back with.

And then, also, then getting them all down—like getting lunch ready, getting them fed, getting them down for naps. While they are napping, I do my paperwork and my meetings. And you could learn how to do the USDA food program and all those other things that I have to try and keep track of, enter my receipts and all the

things I have to do as my own accountant because I don't have—there aren't enough accountants out there that actually understand the implications of family childcare and all of the different various tax write-offs that we have that we should be getting. And that leaves a lot of money on the table.

And then the children start to wake up. And so then we do bathroom and diapering and everything, and then we go outside and play. We have done that a few times by now. And then the parents come and pick up. I let them know how their day was. The children leave.

I now have to do laundry, dishes, do all kinds of other things, paperwork. My own children that are 16 and 14 deal with their things. And then sometimes I am still on meetings and classes and running meetings, mentoring until about 7, 8:00 at night, and then you could go home.

Mr. PHILLIPS. Wow. By the way, I have to say, I think my colleagues can relate to adults that don't play nicely together sometimes.

With my brief time left, you know, during the pandemic we passed some legislation to help small businesses. It was imperfect. There was some fraud, of course. But just quickly, if I might just add, I know, Mr. Davis, you indicated you didn't secure a PPP loan because you started your business. Ms. Hendrickson, did you—

Ms. HENDRICKSON. Yes.

Mr. PHILLIPS.—see any support?

Ms. HENDRICKSON. Yes, I did, actually. I was able to through my small community bank. They reached out and worked with me very, very much. And I actually then helped other people who are unable to access the PPP through their larger banks because they were not prioritizing them, get that PPP through my bank.

Mr. PHILLIPS. Terrific.

Ms. HENDRICKSON. So, it was fantastic.

Mr. PHILLIPS. Nr. Heim?

Mr. HEIM. Yes, we did. So, because we do medical work in the State of Pennsylvania, we were allowed to continue working, so it did keep us working.

Mr. PHILLIPS. A PPP loan or?

Mr. HEIM. A PPP, right.

Mr. PHILLIPS. Terrific.

Mr. HEIM. And then what we did is there was a few crews that worked for the Department of DOT, and they could not work, so we kept them employed and we actually did community work. We did a ballfield. We went and we did a ballfield over for the local town, but we did everything we could to keep them working and make sure they were employed.

Mr. PHILLIPS. Terrific. And my time has expired, but Ms. Prince, I was going to ask you about how we could have done that better as someone who clearly—

Mr. BEAN. And, Ms. Prince, let us come back. In fact, I will pick you up with that question when it comes to my turn—

Mr. PHILLIPS. Perfect.

Mr. BEAN.—so stay right there.

Mr. PHILLIPS. Thank you all very much.

Mr. BEAN. Well done.

Mr. PHILLIPS. I yield back.

Mr. BEAN. Mr. Phillips, thank you very much. Let us go to the gentleman from Pennsylvania, Mr. Meuser, who is recognized for 5 minutes.

Mr. MEUSER. Thank you very much, Mr. Chairman. Thank you very much to our witnesses, to my friend Roy Heim, for making the trip again, and to all of you.

So, yeah, I spent most of my adult life in small business and growing into, fortunately, a larger business. And all my customer base for small businesses certainly know the trials and tribulations that many of you are expressing and all that you do give along with employing 95 percent, in my district anyway, or make up 95 percent of the businesses, employ almost 75 percent of those who are employed. In my district over 100,000 people work for small businesses. And yet small businesses tend to be under the gun from energy costs that have risen. And many small businesses work with the energy industry, which hasn't been—particularly natural gas in Northern Pennsylvania, which hasn't been—which has been kind of under fire as well, the inflation, the regulations, the interest rates, the access to capital, the supply chain issues, the workforce. So we know the issues that you have, this committee is about trying to find solutions.

So, Mr. Heim, I am going to start with you, if you wouldn't mind. Well, first of all, what you brought up about all the giving that small businesses do, that is just so very important, how main street does pay for the Little Leagues and are usually the most charitable and involved in communities. So that should always be noted, that level of continued value-add or additional value-add. But in your testimony, you submitted an exhaustive list, or a non-exhaustive list, nearly 50 pages long with details of regulations that your construction business contends with.

Now, how long was that list 30 years ago when you began your business? Was it the same? Was it a lot shorter?

Mr. HEIM. Due to a lot of ignorance and not really understanding, I couldn't tell you how long ago that—how big that list was. But, yes, in all honesty, in the last 10 years, that list has grown quite a bit and became more stringent. So, there might have been policies in place, but they have gotten tighter and tighter over the last 10 years.

Mr. MEUSER. If you were trying to start a business to yours similar today as you did 30 years ago, would it be possible? How much more difficult would it be today for a small business to start like yours, because that is the business you know best, versus when you started 30 years ago?

Mr. HEIM. So, to start the business, probably not that hard. To be compliant and do it correctly and grow, very difficult. Very difficult.

Mr. MEUSER. Very difficult.

Mr. HEIM. Because I can tell you, unless you have an attorney, an accountant, and everything, and spending that 50- to \$100,000 right up front to understand all the rules and regulations that you must abide by?

Mr. MEUSER. Twice as difficult? Three times more? How much more difficult today than 30 years ago?

Mr. HEIM. I would say three times more.

Mr. MEUSER. Okay. And that is due to, not taxes, it is due to bureaucracy and regulations.

Mr. HEIM. Correct.

Mr. MEUSER. Added regulations.

Mr. HEIM. Correct.

Mr. MEUSER. Okay. So what about inflation, the costs that you have been contending with? If you were doing a project 3 years ago that cost \$5 million, what would that project cost just 3 years later?

Mr. HEIM. So, today, and I can only tell you this to try to make things simple, if you did a typical office facility today that 2 years ago might have been \$125 a square foot, today you are looking at \$250 a square foot.

Mr. MEUSER. So, perhaps double?

Mr. HEIM. Of course.

Mr. MEUSER. Double in a 3-year period.

Mr. HEIM. A lot of it, you know, it is labor, it is material, it is, quite frankly, not being able to understand if you can get the material and people are charging more.

Mr. MEUSER. And, you know, like you, I respect unions. I respect all workers. I respect all Americans, for that matter. And you can understand the joining a union doesn't label anybody anything other than they are part of a union. We support unions.

But when you are expressing it related to PLAs, should the requirement be to have an opportunity to bid for a contract, be that you are a union, that you only employ unions? That certainly limits the competition, but also excludes you and 88 percent of the workforce, as you stated.

Mr. HEIM. Right. I don't believe the government should put any impediments in front of anyone to able to procure work. So, we do Penn DOT work. They want to put a PLA or the federal government wants to put it. We are all prequalified. We are all bonded. We all do the work. I work with unions every day. I get hired by unions. I hire union contractors so we can be fair and we can work together. And I have a great relationship with them, but there is no need to single people out.

Mr. MEUSER. Thank you for your testimony. I yield back, Chairman.

Mr. BEAN. Thank you very much. Let us go to Kentucky where Mr. McGarvey is standing by. He is recognized for 5 minutes.

Mr. MCGARVEY. Thank you. It is great to see everyone. I echo the comments of Mr. Phillips. It is great to see so many people in so many different capacities and to hear your all stories echo so much of what we saw. I was in the state legislature in Kentucky when the pandemic started, and so I was on the ground. And from the people who received PPP loans or from all the community bankers in Kentucky, we heard, who were sleeping in their offices to make sure that business had access to capital, to the people who were trying to build things and keep things going, to the number of Americans who started new business as a way to deal with some of the pressures of the pandemic. It is really great to see all of you here and to hear your stories.

To make this, if I ask my questions, you know, one of the things I did yesterday before coming to Washington was drop my 4-year-old off at her childcare facility. And as the parents, working parents of three young kids, I know how vital affordable and accessible childcare is for every young family in this country.

Unfortunately, like a lot of places in the United States, Kentucky is facing a childcare crisis. And we have a Kentucky Center for Economic Policy that says that over half of the Commonwealth of Kentucky is a childcare desert right now. That means little or no child care is available. Almost half of the childcare centers have closed their doors over the last decade. And when parents are able to find child care, I know this firsthand, it can cost almost as much as a year of tuition at the University of Louisville.

This is something we have got to get right. In my state, over 100,000 women alone have left the workforce and not returned to the workforce because of what we are facing in child care.

So, my question is for Ms. Hendrickson. You know, we hear a lot from small business owners about that there aren't enough qualified workers, that there is a lot of pressures. How can continued investment in child care and childcare centers by the federal government help with providing child care with childcare providers and also help with the labor force as a whole?

Ms. HENDRICKSON. Well, we are the workforce behind the workforce. Without us, people can't work. And without us, the children will not be ready to work. Because, again, that brain development starts at birth, not when they are five or four or three or whatever magical age school officially starts. And we can also meet the diverse needs of our community with the hours that are needed. So, people who work late at night or second shift or third shift or weekends, our small businesses are there for them to help meet those needs.

However, because of the fact that we can only charge so much, we cannot pay that in wages because that is the piece that is missing is that wage piece. Our military currently does fund childcare that way. The rest of the OECD countries fund childcare at .76 percent of GDP. The United States is second from the bottom, only above Croatia at .35. If we even get that up to the average, it would be enough to get childcare off of the ground. Subsidized, we would have high-quality educators who can stay in the field. Right now, three out of four people with a degree in education, early childcare education do not work in the field. We are highly sought out by other people because they know we have people skills. They know that we are educated. They know that we have patience and that we have a lot of passion. So by funding those core pieces of that wage so that we can get the wage rates up from about \$12 an hour to a sustainable living wage even, let alone can measure it with our other very valuable small business owners and employees that normally are making at least 18-, 20-, \$25 an hour with health care, with paid family medical leave, and with retirement. We can't even offer any of those things.

My retirement right now is about \$3,000 besides what I have with my husband. And that is because he has a great job. And so, you know, right there, that investment would make the world of the difference for us and our people and all of the other small busi-

nesses that rely on us and employers that rely on us in order to have a workforce.

Mr. MCGARVEY. I really appreciate that you even answered some of my other questions in that really good response. But I love how you said the workforce behind the workforce, which is so important. I think it shows why continued investment and making sure we have quality, affordable childcare is important to every small business in this country.

Mr. Davis, I do want to ask you a question. I am a MSSU alum. I married a Jeff City girl. So, it is great to see you here. It is great to see your success story.

I also want to point out I got on your website while we have been sitting here, your sense of humor doesn't stop at the name of your business. The sauces themselves, Just For the Parking—Mild Crippling Hot Sauce, Limping Medium, and then Crippling Agony. It is great to hear your success story.

And as we see individuals with different abilities that are less likely than their peers to participate in the workforce, as you noted, they face greater barriers to starting their own businesses. How can the federal government do a better job of helping job creators who do have different abilities?

Mr. DAVIS. Yeah, it is just grants and tax credits and things of that nature because we don't have as great as an opportunity, a lot of us, to get in the workforce, because as much as it has gotten better, there still is a lot of workplace discrimination against people with disabilities and other underprivileged individuals. And I think that people with disabilities statistically make less than even women do on average. That is not necessarily right because a lot of us, like I said, do have the same intellectual capabilities. And it is just going back to thinking how they did in the early 1900s where disabled people were only in the life skills classes and stuff like that. But it has gotten way better, and I am just here to help push the envelope even further and show everybody what can be done in such a situation.

Mr. MCGARVEY. Thank you. And I am out of time, but thank you all.

Mr. BEAN. Thank you very much, Mr. McGarvey. Let us go to Texas, where Mr. Ellzey is recognized for 5 minutes.

Mr. ELLZEY. Thank you, Mr. Chairman. Thank you all for being here today.

And I am going to echo Mr. McGarvey on the sense of humor, Drew, that you have. And I can only imagine how many times you have gone up to a place that has some parking and you might see somebody get out that has got the placard. And I think that that is a nice shot across the bow, that Just For the Parking Hot Sauce clearly is from experience.

To your parents, would you raise your hands, please? You have got to be exceptionally proud of this young man who doesn't sound like he is 17. He sounds like he is 37, 47. The wisdom in this young man is vastly beyond his years. You have to be exceptionally proud, and I guarantee you that that is the first young man in his class who is going to be a multimillionaire.

And my hope is, is that at the age of 25, you sold out to somebody much, much bigger for a billion dollars, and you and your par-

ents can go do whatever the heck you want or start another multi-billion-dollar company. So thank you for your stubbornness, for your sense of humor, for the points that you have made here today.

As you have been talking, I have watched everybody else around here nod their heads. So you not only speak for your family, for yourself, for your company, but you speak for many other people throughout this country. And I see a much bigger, brighter spotlight for you in the near future, but you got to get out of high school first. I am sure that is probably part of the priority. So, thank you for building this business and thank you for coming to us today.

Ms. Prince, as a fellow Texan, I would just like to ask you, and it may have been briefly brought up today, as we know, the CFPB, the funding structure for the CFPB is before the Supreme Court right now. And it is going to be interesting to see what happens, if that is struck down, their funding structure, which, of course, comes from the Federal Reserve instead of the appropriations process of the United States Congress, which means there is really no mechanism for constitutionally the Congress to regulate what the CFPB does. So, I am curious to see what happens with rule 1071. Of course, that won't come out until, I think, September of next year. But how much more time is your company having to spend on meeting the restrictions or the requirements of 1071 and who does 1071 help?

Ms. PRINCE. So, 1071 hasn't been enacted yet, so we are not currently collecting the information. But if enacted, we would be collecting information as though you were doing a real estate, a home mortgage. We would do all the demographics, the income, all the different pieces on every small business loan as though a small business loan can be put in a box and that all are alike, which just isn't true.

So, if you look at the people here, the demographics, the needs, the supply chain needs, all the labor needs, all of those things go into what make a small business unique. And so, going forward, we would hope that there is no inaction of CFPB's 1071 rule, which really just creates a whole other layer of regulation and reporting, such as HMDA for real estate mortgages.

Mr. ELLZEY. Does it help anybody get a loan?

Ms. PRINCE. It doesn't help anybody get a loan.

Mr. ELLZEY. Okay.

Ms. PRINCE. It may, in fact, hinder people from credit access because if you are just looking at a statistical representation of the small business, you are not looking at their business plan, you are not looking at their creativity, you are not looking at their passion, you are not looking at a young man who decided that he would go to multiple small banks, to multiple manufacturers, to multiple sources before he got what he wanted and before someone recognized that that young man had a vision, he had a business plan, and he had something that would work.

So it is really important that we leave some of the business decision-making in the hands of loan committees and the business access, loan access to really people who have an entrepreneurial spirit and are creative in their plans.

Mr. ELLZEY. Thank you, ma'am. I appreciate what community banks do. I started out with a big national bank, and I love that a community bank set up people I know, people who I can contact. And thank you for your service in providing for our country's finances.

Ms. PRINCE. Thank you.

Mr. ELLZEY. Real quick, Mr. Heim, thank you for building America. I don't have any questions for you, but I know this is a tough business to be in right now.

And finally, Ms. Hendrickson, thank you for being here and thank you for taking care of the children while the rest of America works. I know it is a struggle from time to time, and I hope things turn around very quickly for you and would like to see how we can help. So, thank you all very much.

I yield back my time, Mr. Chairman.

Mr. BEAN. Thank you. Thank you very much, Mr. Ellzey. We are in the city of Washington, but now we are going to the State of Washington, where Ms. Gluesenkamp Perez is standing by and she is recognized for 5 minutes.

Ms. GLUESENKAMP. Thank you, Mr. Chair. And thank you so much to all of our witnesses for being here.

Mr. Heim, in your testimony you mentioned your involvement in trying to get high schoolers in the trades and your early involvement in high school. You know, and I know I am part of the generation where all of our best trade schools got turned into—or trade programs got turned into computer programming classes instead of the auto shop. I work and own an auto repair shop myself, work in the trades. And our kids are being told directly and indirectly that basically you did something wrong if you ended up working with your hands for a career. And right, we are seeing the consequences of that. We are short, what, 350,000 workers in the construction trades alone.

And so my question to you is, what do we do to restore the prestige and sort of the dignity back to working in the trades in your perspective?

Mr. HEIM. So, that is great because you are right on target. Six years ago, I worked with a state rep by the name of Michael Tobash, myself and a few other people, and we started—in Pennsylvania, they passed a law where eight teachers can now get continuing ed credits by going out to industry. Instead of just doing other stuff, they actually go to industry. And the results out of that was tremendous. They didn't understand what the local community, what the local business has done. They didn't understand how much money the people were making, so on and so on. So, we have done that.

And I can tell you, our local school, we have done open houses with industry involved. We have changed the whole concept of how we teach. And like I said, there is 197 children. Our local school that graduates 240 students, we had 88 eighth graders apply for the ninth grade to go to technical school.

Now, the unfortunate part about it, because there is no funding and the school is not big enough, only about 15 percent of them got in. But that perception, I think, is changing along with what is going on and when it costs \$150 to get your toilet looked at and

it is not fixed yet, that is also making parents, I think, look at it a little different now.

Ms. GLUESENKAMP. Yeah. Thank you so much.

Ms. Hendrickson, I really appreciate you being here. Thank you so much for the work you do. I am a mother of an 18-month-old, so I was on all those wait lists. I live in a childcare desert. It is about 4 hours of driving every day that my child goes to daycare. So, thank you for sticking it out. Thank you for your persistence and to your employees who choose to work in an underfunded, underpaid job. I would not be here without folks like you and your team. So I guess my question is, well, first, could you kind of speak to the challenges of recruitment? And could you also talk, like, what can we do in Congress?

Ms. HENDRICKSON. So, the number one challenge is the wage. We cannot pay anything. Wisconsin was about \$10 an hour on family childcare. We make less than minimum wage by the time you put our hours in. And so we really need to be able to get those wages up without pricing parents out. So, we have to have some sort of system where the money goes directly to the wages.

In Wisconsin, we took our ARPA funding and we actually put it into two pots. Every single program is eligible every single month to get money. One part is for operational costs, the other part goes directly to the teachers. And we fought for that as a group within our state and worked with our state licensing agency to make that happen. And that is what we are continuing to try and do because it really comes down to those wages.

And we also need some more health care and paid family medical leave and other things that all of us really small businesses cannot access because we cannot afford to provide those things for ourselves or for our employees. And so that way if we had it more—took our taxes and more equitably distributed them, we would then be able to help encourage all of our people to be able to do what they love and not have to worry about being tied to a different employer because they need health care.

That is also why a lot of parents actually aren't able to stay home with their children longer. They have their baby and they have to drop off after 6 weeks because they don't have any paid medical leave. That would also help offset some of those crunches for infant care, especially because if a parent is able to stay home longer, they don't need care for longer. And so those spots won't be as filled with those infants and toddlers, which I am all for health and safety requirements, I do not want ratios. Imagine having six babies, all of you, while you are trying to, you know, interact with each of them and meet their needs.

Ms. GLUESENKAMP. Thank you so much. And finally, Mr. Davis, I am just so impressed with your entrepreneurship and that spirit will carry you so far, and I think it is great.

One thing that I have heard from other entrepreneurs is that people who rely on SSDI or SSI or other federal support sometimes choose not to take on that risk and, you know, risk their benefits as they start a business. Do you have thoughts on that quickly?

Mr. DAVIS. So, I never took SSI. I never really believed in it just because I want to save it for those that really need it because I know plenty of people that don't really need it, but are eligible for

it. And those that clearly do need it, need a very comprehensive proof when it is pretty obvious, which I think is kind of contradictive. But, yeah, I never really believed in it. So, my parents did a good job of instilling that in me at a young age that you could work, so you are going to work. So, yeah, I had that by them and I thank them for that every day.

Mr. BEAN. They are giving you the thumbs up behind you, too, Drew. Thank you very much.

Ms. GLUESENKAMP. Thank you so much. Thank you.

Mr. BEAN. Very good. We are going to Missouri, where Mr. Alford is recognized for 5 minutes.

Mr. ALFORD. Thank you, Chairman. What an honor to be here today. Thank you to all of our wonderful witnesses today. Drew, I think you need your own reality show. That would be some reality show.

Thank you, Chairman and Ranking Member, for holding this important hearing today. I am really honored to serve on the Small Business Committee, especially having been a small business owner myself in the State of Missouri. Small business, it really is the fabric of America, businesses that contribute greatly to the American economy, our way of life. Making America great is simply reclaiming the hope of the American Dream for everyone and really setting us on a renewed course of achievement, prosperity, patriotism, and unity for our country.

Today, as we have all recognized here today, businesses are plagued by rampant inflation, ongoing supply chain issues, unwavering workforce shortages, overregulation in a lot of cases, we have talked about that. And I really believe that our nation is great because of small businesses. And I am honored to be here today with this Committee and other Committee Members to hold the Biden administration accountable, to create a business-friendly Small Business Administration and once again unleash the American Dream for all Missourians and for all Americans. It is so important.

We have a lot of small businesses to be proud of in the great State of Missouri, in our Fourth District, like the Stanton Brothers. They are a family farm located in Boone County. Much like your story, Drew, they started their business out of a first grade project. They have grown it to a business producing 42,000 eggs per week on their fifth generation family farm. So, we are very proud of them. And it is really our job I see it, Mr. Chairman, as our job of this Committee to work together so that many more Americans can achieve the American Dream, just like the Stanton Brothers did and just like you have done, Drew.

And I want to start with you, Mr. Davis. You are really an inspiration for us. I don't say that lightly. I thank you for being here, for representing Missouri and America. I kind of see it as our job to help you grow. And aside from the things that you have brought up, the grants and tax subsidies, what else can we do to make it easier for you to grow your business, hire more people, and really become a rich part of the fabric of America?

Mr. DAVIS. So, for the grocer industry, that is one word: distribution. Getting more connections to the distributors is huge because you need a distributor in the grocer industry to really grow.

And there is a lot of connections out there, but not enough for the amount of people there are wanting to launch these small businesses. And there is a lot of great small businesses in the grocer industry that hasn't been as fortunate as I was getting a bunch of the media attention that allowed me to get some of these connections and distribution. So, it is more making those well known so that we can have more lower priced goods for consumers.

Mr. ALFORD. More competition. That would be great. Would you like a little competition for your hot sauce?

Mr. DAVIS. Mainly it is for those big corporations that like the price gouging and stuff because that really affects us small businesses because people look at, you know, the franks that are made in overseas manufacturing facilities with, you know, child labor. And they are like, why can I buy franks for \$2.99 and here is a 6.99. So, it would really help us with the competition and getting more higher quality goods on the market.

Mr. ALFORD. I want to talk a little bit about supply chain issues because I know, especially 2 years ago, getting bottles made was a difficulty. The wine industry faced that. All sorts of bottling issues going on. Are you facing that now with the supply chain issues, with bottle caps, labels, that sort of thing? Talk about that. We got 40 seconds left.

Mr. DAVIS. Yeah, the lead time for those things are more substantial than ever. I know I tried to put in an order for one of my flavors for just like 6,000 bottles and they are like, sorry, we don't have that in our warehouse right now.

And same with plastic caps. I mean, they are like, well, do you want just black or will you settle on white and black? I am starting to have to do different colors. It is going to look like the United States flag, which I love the United States, but it confuses the consumer. They think it is different flavors and stuff like that.

Mr. ALFORD. Got 10 seconds left. Where can I sample your product? Did you bring some today?

Mr. DAVIS. I did.

Mr. ALFORD. All right, let us break it out. It is almost lunch-time. Thank you so much. I really appreciate you and God bless you all. I yield back.

Mr. BEAN. Thank you, Mr. Alford. Let us go to Michigan, where Ms. Scholten just walked in in the nick of time. She is recognized for 5 minutes.

Ms. SCHOLTEN. Thank you so much. This here. Thank you so much. Sorry, I thought you were talking to me. Thank you, Mr. Chair.

First of all, thank you to all of our witnesses. I am glad he asked the question about where the hot sauce was. I can't wait to try it myself.

We in Congress can sometimes lose sight of what it is like on the ground running a small business day to day. And your perspective is invaluable, helping us craft policy that meets you where you are and helps you stay competitive. Thank you so much for taking the time to be here.

These questions are for Mr. Heim. As the Ranking Member on the Subcommittee on Contracting and Infrastructure, I am especially interested in how the contracting and subcontracting dynam-

ics play out in the construction sector in particular. In your experience, what role do prime contractors play in helping the sub-contractors grow their businesses in particular?

Mr. HEIM. So today, probably more than ever, with the ability to find tradespeople, we do spend a lot of time educating, also. So, there is a lot of people that have got into our industry that necessarily are not educated. They are tradespeople, they are not business leaders. So, we do spend—like me personally have spent a lot of time with different individuals, bringing them in, talking about what a prevailing wage is, how to comply with prevailing wages, literally how to look at blueprints. So, there is a lot of gentlemen that can build stuff out there, but really don't understand how to look at a blueprint. So, yeah, we do spend a lot of time dealing with the smaller businesses.

Ms. SCHOLTEN. Mm-hmm. And what would be your number one recommendation, or one or two recommendations, that you would have for subcontractors who are eventually interested in becoming prime contractors?

Mr. HEIM. Recommendations? Get ready, you are going for a ride. I don't know that I really have any recommendations. I mean, every individual is a little different. Everyone has a little different training and thinks a little different. So, it is almost on an individual basis. I don't know that there is an overall recommendation I would have.

You know, save your money because there is going to be a time, right? And really, I guess the number one recommendation I would have is make a relationship with your bank, make a relationship with your accountant, have a relationship with your attorney, be part of affiliations that are part of your association so you can get educated. I mean, I think that would be the overall.

Ms. SCHOLTEN. That is great. Thank you. I appreciate that. Yeah, I yield back.

Mr. BEAN. Thank you so much, Ms. Scholten. Seems it is my turn. I am Aaron Bean from Florida, and I am pleased to recognize myself for 5 minutes.

I, too, was a small business owner and I started up some small business. I also was a banker. So, there is great excitement when things are happening as they are at the table right there.

I want to remind you, even some of our largest businesses started small, both Apple and Google started in family garages. And if you don't believe me, you can Google that right now.

And Drew Davis, how about this? Do you know the story of FedEx where Fred Smith actually wrote a term paper? I think he got a C on the creation of FedEx. And who is laughing now with that?

Let us go back to Ms. Prince. As a banker myself for many years and, Mr. Phillips, you didn't get to answer Mr. Phillips' questions earlier, what are you seeing different now versus servicing loans as it was with the previous administration? Has it changed? Is there anything different about banking now than it used to be?

Ms. PRINCE. So, every day the regulatory requirement increases or the interpretation of a regulatory requirement is ever-changing. So, we spend a whole lot of time. Back in the day when our family first got involved, compliance or regulatory compliance was prob-

ably a part of a person, a part of a full-time employee. Today it is at least six full-time employees. It is a whole other group of people within our organization that are trained compliance officers, trained in regulations. And we spend a whole lot more money reaching out to make sure that all of our pieces are in place, not to provide a safe and sound loan, but to provide a safe and sound loan that checks all the boxes, that has all the pieces of each and every regulation, like I said, that is an ever-changing interpretation.

Mr. BEAN. I gotcha. What do your customers say? I know when I was there every loan I made to every business that I felt, you know, a part of the excitement of growing that business and making sure that they grew and, most importantly, could pay us back and that they would thrive as well. What are your customers saying? What is the word on the street at First Texas State Bank?

Ms. PRINCE. So, our customers are expressing the same things about supply chains and finding labor and ever-increasing costs. Our customers are very concerned about interest rates and they are concerned about the same sort of regulatory requirements. So, they want to go in, they want to get a permit, they want to do their job. They want to do their job right. They want to know that they can predict the cost of that so that they end up walking away with a profit. And in the current environment, that is an ever-changing process, also. Right? If you started in 2019, or we started to build a building in 2020, the price went up probably 50 or 60 percent before that building was complete. And most people don't have that in their business plan.

So, we need a tax environment that is good, but we need a regulatory environment that is appropriate. We need interest rates that are reasonable. We need energy. We need the things that are all the inputs into our businesses so that they can be profitable and successful.

Mr. BEAN. Thank you very much.

Ms. PRINCE. And I am with you. Every one of those businesses—

Mr. BEAN. You feel for them.

Ms. PRINCE.—we are attached to them, we have a partnership with them. We are there to make sure that we weather the storm with them.

Mr. BEAN. Very good. No, I am with you.

Mr. Heim, I have got a lot of questions, but guess what? That clock on me is eaten up. You have talked about inflation kicking your tail, but there is something on your mind right now. What is it?

Mr. HEIM. So, in dealing with banks for the last 30 years, the one thing that I really notice is as these regulations grew and as your conditions grew, right, we lost our relationship with our bankers. So, what used to be you go out to lunch, they start to fully understand your business and understand why you need what you need. Today, I don't think that is there anymore. I think you are writing on a piece of paper on if they feel adequate for you to get a loan or not. But it is no longer that personal relationship.

Mr. BEAN. To that end, there are people like Ms. Prince—and I thrived on that because the big banks, I was a small little banker

and that was my little secret weapon that I could develop that relationship. So, she is already nodding, she gets that. And that is why bankers like Ms. Prince are going to thrive.

With the last few seconds that I have, let us go back to Drew Davis. Drew Davis, everybody wants to know you are 17. Are you a junior? You are a junior now, about to be a senior or you are a senior?

Mr. HEIM. So, I am a senior running my business out of the library 5 hours a day because I only have two classes.

Mr. BEAN. No. Well, we are all proud of it. Your folks are proud. They are beaming tall. But with the last few seconds, everybody wants to know, what are you doing next? Are you going to college? Are you going to just go full-time on the hot sauce? What is next for Drew Davis?

Mr. DAVIS. I mean, I don't really know because every time I think I know what is next, something else happens. But to that tune, I think I am going to be traveling a lot next year and into later this year, just focusing on scaling and getting our story out there because I think it is an important one. And just have as many people get Crippling Hot Sauce in their hands as humanly possible.

Mr. BEAN. Very good. And hopefully, a lot of people are seeing it today. Let us wrap up with Maryland. Mr. Mfume, you are recognized for 5 minutes.

Mr. MFUME. Thank you very much, Mr. Chairman. I want to add my thanks to the others who have commended you for gathering us for this hearing today. I want to particularly thank the witnesses for diverse testimony. As Dean Phillips said when he was here earlier, I think he referred to all of you as a mosaic, a banker, a construction worker, company, a product maker, and a service provider.

One of the things about being the caboose is that in the end, everything that can be said has been said. It is just that not everybody has said it. So, bear with me for a few minutes as I go through just really some observations. I don't know if I have got that many questions.

Mr. Heim, let me just let you know that I heard your invitation to Representative Meuser, and I see he did not say yes. So, I am going to commit him to come work with you from can't-see in the morning to can't-see at night in Pennsylvania. And when I go on to the floor to vote, I will let him know that he is expected to follow up. I am doing unto him as he would do unto me. Trust me.

And one of the things that has been interesting from my perspective is the fact that so many people, Mr. Chairman, have talked about children and their children and other children and providing and also building a future for those children. I keep hearing the terms three-year-olds and four-year-olds. And that was a long time ago for me. So, I was particularly happy that Ms. Prince mentioned and said, does anybody remember the 1980s? Yes, there are some of us still around who remember that. And for me, the perspective is interesting. In the 1980s, I was a freshman on this Committee. Ronald Reagan was president, and I spent five terms here in this Committee hearing testimony like this.

My angst is that now, many, many years later, I am still hearing the same issues, the same problems. And I wonder, is it a matter of having come a long way or still having a much longer way to go.

I left this body after five terms on my own, walked out the door and wanted to go see the rest of the world. And here I am 26 years later, back on this committee hearing this. So, I am hoping that as we establish, Mr. Chair, a record here that that record really provides direction so that we can come out of this fashioning legislation to be able to assist with the problems that we have heard about today, which are not new, but seriously should not be allowed to continue and to go on. It is a good record. I want to thank all of you for adding to it.

I am going to use this. I think I have got 2 minutes here just to say a couple of things and ask a couple of quick questions. Ms. Hendrickson, you talked about the increased costs that you are facing and how, unfortunately, you have got to continue to pass it on and pass it on to parents. Unlike big corporations, small businesses don't have teams of lawyers and tax accountants. And so I am really interested in knowing if you have some thoughts on the tax code and how it affects you and a suggestion of something that might be done to make it more palatable.

Ms. HENDRICKSON. I think just fair taxation in general. All of us small business owners pay a much larger percent of our income into a system that then takes that money and it goes to the larger corporations and goes to those types of things so that our small businesses have a harder time then and are paying for those large businesses to buy back stock and things like that for their shareholders.

Mr. MFUME. So, a greater sense of fairness.

Ms. HENDRICKSON. Yes, definitely. And reinvesting in our people, especially our rural communities, because everybody is leaving because main street businesses are leaving. And when somebody drives through, they do not have a place to stop to eat because there is nothing left. We can look at it as like our interstate system. They go around everybody, and the fastest person who can drive on that the fastest gets—

Mr. MFUME. I see.

Ms. HENDRICKSON.—the most instead of our.

Mr. MFUME. So, you would support tax credits for reinvestments—

Ms. HENDRICKSON. Yes.

Mr. MFUME.—back into small businesses.

Ms. HENDRICKSON. Yeah.

Mr. MFUME. Good. Mr. Davis, I want to ask you just one or two quick things. First of all, I want to commend you. I have got a 17-year-old grandson, so he is on his way to college, and in 4 years I may send him directly to you so that he might find a way to get his first job. But I want to commend you seriously on what you are doing. I don't even remember what I was doing at 17, but I know I wasn't as accomplished as you are. So thank you for being here.

Thank you also for the simple eloquence of your example so that other people who watch this, who may have a disability, may come to understand that that is not the end of the world for them. And

we have heard on this committee over and over again, well, why do you need to focus on this group and why do you need to focus on that group? And we focus too much on women or we focus too much on minorities or disadvantaged businesses or veterans. Well, I am going to add to that category that we ought to find some way to focus also on individuals like yourself who have overcome a great disability and who are contributing back to the country. So I want to congratulate you on that.

I see my time—this time does not last long, ladies and gentlemen. It is fleeting. Mine has expired and it is starting to flash in front of me. So, let me just thank you again for being here for your testimonies.

Drew, I do have a few seconds. Would you go ahead and, for the record, kind of sum up what your feelings are about this, particularly from your perspective?

Mr. DAVIS. Yes. So, I believe, like you mentioned, that from my ownership of Crippling Hot Sauce, millions of dollars, of tax dollars could be generated off of just simple grants from those individuals that aren't as fortunate as I am. I have been lucky enough to meet a bunch of individuals, and I just really thank everybody that has been with me along the way. But I have talked to hundreds of people with disabilities through my kind of statistical analysis just to see how people respond off of the name. And I also ask them simple questions. And the main answer is, man, we would like to do something like you. We just don't know where to start because there is not representation and there is not many resources out there.

Mr. MFUME. Thank you. Thank you, Mr. Chairman.

Chairman WILLIAMS. Now we go to Mr. Molinaro for 5 minutes.

Mr. MOLINARO. Thank you, Mr. Chairman. I have some prepared questions I wanted to get to, but I wanted to echo my colleagues' comments. Eighty percent of those with disabilities are unemployed in America. Eighty percent. And Mr. Davis, Drew, I am going to plant a question your mind and I am going to let you answer it last.

I have spent a great deal of time in the disabilities workspace. Creating a pipeline to jobs is so, so challenging. You are inspiring in your own right. But there are countless young people and adults living with intellectual, physical, and developmental disabilities today who would like to enter the workforce. I would like you to close. I am going to take my time, but I want you to close with the one thing that you want them to know about how to be a success. And I say this as the father of a child with a disability who often needs to be inspired. And I want her to hear your words before we close today.

Mr. Chairman, there is little question that small businesses are the backbone of our local economy. Seventy percent of new jobs are created by existing small businesses. During the last 2-1/2 years, small businesses felt the brunt of the pandemic economic closure and the challenges that we face. I know many of my colleagues have already asked so many questions already. I am sorry that I might repeat one or two in my few moments.

But first to Mr. Heim. I live in a place where access to workforce, like lots of places in America, is a challenge. But because it is a

more rural part of New York, limited access to transportation. Daycare is a massive obstacle. Educational opportunity is limited, and in many cases, of course, New York leads the nation in out-migration. So, we see more people leaving other states than any other place in America.

Can you talk briefly? What are the things you have done or would do to expand access to that workforce?

Mr. HEIM. So, you are asking how do we get them not to leave?

Mr. MOLINARO. Yes. I mean, I know the answer.

Mr. HEIM. We are in the same shape.

Mr. MOLINARO. Yeah.

Mr. HEIM. Pennsylvania is the same way. So, we are in a rural area, also. You know, honestly, I believe it starts at high school. It starts at middle school. We need to retrain the way kids are thinking. We need to get them to understand that, you know, doing what we do in our trades or being in manufacturing is a good thing. There is a lot of money to be made out there. And in our industry there is something to be very proud of. When you are done working for the day, you could step back and you can look at something for the rest of your life and say, I was part of that and you can take your grandchildren there and so on. So, it is really educating the youth, really, and getting a mindset change.

Mr. MOLINARO. Yeah. We often say that our educational outcomes don't meet our economic needs. And in some ways, the lack of vocational training, applied sciences, and others not only diminishes the value of the work, but demoralizes the individual. And I find that many people trying to enter the workforce, in particular, lacking access to that kind of education feel worth less. And, of course, they spent 2 years listening to governors like mine say that certain people were essential and certain people were not as if government has any right to dictate. So I appreciate you pointed that. Did you want to add to that?

Mr. HEIM. No.

Mr. MOLINARO. Ms. Prince, so, you know, my part of New York, upstate, rural, massive what we call financial deserts, banking deserts, access to capital is a major concern. What are the—what particular steps would make sense to broaden access to capital, in particular, support and spur innovation? Knowing that Drew gets the last 60 seconds of my time.

Ms. PRINCE. Okay. So, in our organization, we have 14 locations. Some of those locations are in the metroplex, some of those locations are in communities as small as 1,500 people. So, we have made a commitment to those deserts, as you say, to make sure that they still have access to community bankers who are focused on their needs and preserving their way of life.

When you think about the people who have left to take—because they didn't want a construction job, the same thing has happened across the country in ag jobs. Ag families have lost generation after generation to the city. And we need those people back just like we need the construction people back.

Mr. MOLINARO. I appreciate that. Mr. Chairman, I appreciate the opportunity to Chair the Subcommittee on Innovation Workforce Development and I appreciate that honor. Drew is a living example of what we need to do to spur innovation.

Drew, what would you tell those living with disabilities what they need to do to be a success?

Mr. DAVIS. So, mine would be just to push the envelope. There is a bunch of technological resources you got out there from technology. My favorite new one is AI and which I use to write a lot of my captions because I can't write as fast as a lot of people can. But it is just to use your resources. Don't be afraid of them.

And live your life like a story, one page at a time, and just continue seeing what you could do. If you fail, it is okay. If you don't, you are a legend.

Mr. MOLINARO. Mr. Chairman, you are a legend. I yield back my time.

Chairman WILLIAMS. That is a great way to close. And I want to thank all the witnesses today. You all have really done a great job. And one thing I want you to take back home, because everybody looks at Washington, we are a disaster. We are a mess up here, we know that. But at the same time, I think you can see today that we do have a lot of things we agree on. And this was a great hearing today where I think everybody agrees on the importance of small business and that sort of thing. So I want to thank all of you for being here.

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

And if there is no other further business, without objection, the Committee is adjourned. Thank you.

[Whereupon, 11:46 a.m., the committee was adjourned.]

A P P E N D I X

Statement by
Zan Sharp Prince
Chairman of the Board
First Bank Texas
before the
Committee on Small Business
U.S. House of Representatives
February 28, 2023

Good morning, Chairman Williams, Ranking Member Velazquez, and other members of the Committee. I appreciate the opportunity to share our story with you today!

First Bank Texas is a family-owned community bank, the fulfillment of the American dream of Joe Sharp, a man with a strong foundation of hard work and an entrepreneurial spirit from West Texas dry land cotton farmer roots. He was the product of strong faith, family values, and a public education that prepared him to reason, to figure stuff out in business and life. He often said that the impossible just took a little longer.

First Bank Texas' mission statement is "To achieve high performance through our employees who partner with bank customers and our community to make this a better place for our families and businesses while demonstrating a Kingdom purpose." For us, that means that we take God given talents coupled with American opportunities to make a difference. Joe Sharp led our family and a group of investors to Baird Texas in 1982 to acquire a very small community bank. That bank has grown to a billion in assets with 14 locations by taking advantage of the opportunity and privilege to work with employees, customers, and our communities through good and bad times. Our bank is a small business that has grown and prospered despite ever-increasing regulation and requirements to be "fair." In 1982, bank documents were simple. Over time, we've added layers of "consumer protection" that has done little to improve the understanding of accounts or transactions for our customers. Our organization is grounded in providing access to products and services without regard to gender or ethnicity. As I speak to you, please remember that every bank crisis has had adequate laws to hold those that ignore the rules accountable, yet every crisis brings more laws and rules that good people follow, and others still ignore. As you consider "good" ideas for our country, please remember that each idea comes with a cost. Those layers of additional requirements come at a cost to the end user of bank products and the bank's shareholders.

We have been blessed to be able to serve our communities in ways that would never have been considered in 1982. We have an amazing family of employees that are not only committed to our customers and communities but committed to individual growth through bank sponsored education and training. Each employee is important to our ongoing success, and without the talents and abilities they bring to the table, we are less equipped to meet the needs of our customers and communities. Our bank has weathered all kinds of financial conditions since it was chartered in 1880, and through those trials, we worked with people in various levels of crisis to survive the challenge. Some businesses talk about high touch, and we live it. Community banks provided 41.9% of the PPP loans that gave many the funds to weather the pandemic, and our bank was honored to facilitate direct stimulus to both our customers and to folks who weren't our customers yet during COVID. Community banks including ours, serve the financial needs of small businesses who employ almost half of the American workers. Statistics on how small business drives the American economy are impressive, but really it comes down to the people

that make those small businesses work and what they need to maintain their businesses. Small businesses and community banks are the backbone of the community. Our bank serves the same folks that we see at youth ballgames, the grocery store, and church. We work side-by-side with our communities to make sure that the American dream is alive and real for our friends and neighbors. We work with builders, restaurants, retail stores of all kinds, medical practices, all kinds of businesses that make the American economy work. We see their challenges, many that mirror the bank's operational challenges. They need an environment with reasonable regulations, a fair tax code, and access to credit to provide products and services to their customers. Just like banks, regulations and laws governing business activities have been in place to hold those that didn't do the right thing accountable and the additional layers of regulation, just create an additional financial burden on small businesses that trickle down to the ultimate consumer. We've all experienced ups and downs in the economy. Today, many businesses are struggling with the lack of people willing to fill their jobs, with the rising cost of operating expenses including labor, rent, utilities, and supplies. Many businesses continue to struggle with supply chain issues. It's time to bring manufacturing back to the United States to provide for our own needs and protect ourselves from the political whims of countries that don't have our best interests in mind. Energy independence, law and order policies, and a business-friendly environment contribute to success for businesses.

I'd like to introduce you to a couple of small businesses in our community. The first is Something Special, a specialty gift store run by a very creative lady name Sherry Watters in a small location in downtown Weatherford. Sherry's store offers personalized hand painted items in addition to the more traditional gift items. Sherry has not only touched customers in Weatherford, but she sends hand painted gifts all over the country. She may not offer the lowest price, but she's built relationships that support her small business in our hometown. The second small business was run by Debra Smith. She has recently retired after building and servicing pools in our area for decades. She employed as many as 110 people creating opportunities for both the company ownership and her employees. Both ladies have built their businesses on hard work, an entrepreneurial spirits, integrity and excellence that makes our community great. Both ladies have been very involved in support of our non-profits, schools, candidates for elected office, and our elected officials.

Without community banks and small businesses, who fills the gap? Who makes a difference in our community? Who provides that which is unique to who we are today? I encourage you to continue to focus on an environment that creates opportunities for those small businesses and Community Banks. The United States is the best place in the world to live and work. I like you are dedicated to preserving that which makes American great.

Thank you for your service to our country and your time today. I look forward to your questions.

Hi, my name is Drew Davis, and I am the proud owner of Crippling Hot Sauce. It all started as a school project back in my junior year of high school, but little did I know it would become much more than that.

When I received an 82% grade on my business plan, I was disappointed but didn't let it discourage me. Instead, I spent the next seven months and 1,200 hours conducting extensive research and testing countless recipes until I finally launched Crippling Hot Sauce.

My mission with this hot sauce is to break the stigma against people with disabilities and inspire others that no matter what your circumstances are, you can achieve your dreams. And I'm happy to say that within seven months, I have sold over 12,000 bottles of hot sauce in over 60 retailers across Missouri, with three distributors.

Starting and growing a small business is challenging, and as a young entrepreneur, I faced some unique obstacles. One of my main challenges was opening a business account as many bank policies require you to be 18 years old to do so. Despite having an LLC and recurring revenue every month, I had to call dozens of banks in my area to find one that would let me open a business account with one of my parents as a writer on the account.

Another challenge I faced was finding a manufacturer with a low minimum order quantity. Since I had only saved up \$3,000 from birthdays and Christmas gifts over the years to start my business, I couldn't afford much capital to spend on manufacturing my hot sauce. Thankfully, my family and I started making it in my mom's kitchen, but we soon outgrew it. Now, we have a manufacturer that produces two of our flavors, and we use a commercial kitchen for the third. I reached out to my cousin for assistance with the complicated contracts.

Lastly, the increase in inflation has affected my business in just a short time. Since I don't have much capital, I have to absorb the cost of price fluctuations, such as when my glass bottles went up 13% between my first and second bottle orders. This can affect my profit margin and potentially hinder my business's growth.

As a small business owner, I understand the struggles that come with it, which is why I believe there are two key things that could help American small business owners all over the country: first, lower shipping costs. Shipping costs are incredibly high, and it can cost me an average of \$9 to ship a three-pack in the continental United States, which may deter customers from buying my product. Second, streamline the permitting and licensing process in the food industry, which can be confusing and unclear, especially for young entrepreneurs like me.

Lastly, for small business owners with disabilities, there are even more unique challenges to overcome, and I believe that the government should provide grants or tax subsidies to enable more people with disabilities to start and run successful businesses. This would open up opportunities for entrepreneurs who may not have had them otherwise.



Testimony of:
Roy Heim
President
Heim Construction Co.
Orwigsburg, Pennsylvania

U.S. House Committee on Small Business Hearing:
"From Nothing to Something: The Story of the American Dream"

February 28, 2023

Chairman Williams, Ranking Member Velazquez and members of the U.S. House Committee on Small Business:

Thank you for the invitation to testify this morning and for the opportunity to discuss American entrepreneurship and how I started and grew my business. I would also like to thank all of the committee members for the hard work you do on behalf of small business owners like me.

My name is Roy Heim, and I am president of Heim Construction Co., headquartered in Orwigsburg, Pennsylvania, the small rural town in eastern Pennsylvania where I was born and raised.

I am an elected school board member and an appointed vocational tech board member for the Blue Mountain School District in Schuylkill County, Pennsylvania. I am also a member of several associations, including Associated Builders and Contractors, Associated General Contractors and Associated Pennsylvania Constructors.

I attended K-12 at and graduated from Blue Mountain High School in Schuylkill. During high school, I was also a carpentry student for four years at the Schuylkill Technology Center, a vocational technical school that I am still involved with through the vocational technical board. I spent most of my senior year of high school in a co-op program where I gained knowledge on the many aspects of careers in the construction industry.

After high school, I took a job working on infrastructure projects in Pennsylvania for a few years before I was given the opportunity to move to Homer, Alaska, to work on the Bradley Lake Hydroelectric Project. The project, which is still an active energy producer, involved boring a 3.5-mile power tunnel with a diameter of 24 feet and constructing a brand-new, 610-foot-long, 125-foot-high concrete-faced and rock-filled gravity dam—all at the bottom of a glacier. I spent approximately two years on that project gaining invaluable experience.

Upon returning home, I worked for a concrete contractor for approximately six months before leaving to start my own business as a small general contractor. In 1991, Heim Construction started with two employees and has been growing ever since.

Today, Heim Construction Co. Inc. is a construction management, design-build, general construction and concrete services company that does millions of dollars of public and private work, including many state, federal and federally assisted funded projects. We have been in business for over 30 years and currently employ approximately 95 people.

Over the many years that we have been in business, the number of federal and state regulatory requirements affecting the construction industry has grown significantly. We have spent an enormous amount of time and money to stay compliant, employing eight full-time employees who work countless hours to ensure we remain in compliance with the ever-changing regulations. Many of these laws and regulations, while well-intended, make it much more difficult, if not impossible, for small businesses to comply, compete and survive—let alone profit.

Another issue threatening small businesses like mine is tying state and federal construction funding to special interests. For example, when the federal government issues executive orders, like President Biden's EO 14063, or passes regulations mandating or prioritizing project labor agreements, it can tie federal funds to the use of union-only labor, discriminating against the more than 88% of workers who have chosen not to join a union. This eliminates fair and open competition among contractors and is harmful to the construction industry, its workers and, ultimately, taxpayers, who pay more because of the limited resources and competition. That 88% is the heart of the small business community in the construction industry that you are here to protect and help thrive.

I have a relationship with unions. I hire them and they hire me on jobs across the state. But there is no reason to mandate union-only labor when we can fairly compete against each other.

An additional issue facing small businesses like mine are the Build America, Buy America Acts. While we fully support the intentions behind the legislation to keep jobs and manufacturing in our country, the recent modifications, amendments, legal decisions and executive branch actions surrounding it have left even federal officials confused as to how to get projects completed and ensure compliance.

The laws fail to consider the limitations of the supply chain's ability to source all of the components needed to construct federal construction projects in the United States. During the COVID-19 pandemic, all of us have felt how fragile the supply chain is. Contractors' ability to fully comply with this legislation will require transitioning from a global supply chain to a United States-based one that is not fully capable of handling the demand. Congress and the Biden administration need to act immediately to add flexibility in the form of exemptions so that products or components not yet 100% available in the United States can still be incorporated into federally funded projects to reduce cost and

schedule overruns.

While these are just some of the implications of each regulatory obstacle, I have attached a nonexhaustive list of federal and state regulatory requirements that impact construction industry job creators.

As you read it, picture yourself as a small business owner or someone helping an aspiring entrepreneur. Ask yourself if government has created too big of a hill to climb. It is my hope that this committee can help cut regulations that threaten the American dream for entrepreneurs like myself, who want to work hard in pursuit of starting and maintaining a small business to provide for our families and support our communities.

Please be our advocate to reduce these regulations and give small businesses back the ability to remain the backbone of the American economy.

Thank you again for the opportunity to serve as a witness for this hearing and I look forward to answering any questions you may have.



Thank you for inviting me to be a witness for the Small Business Committee hearing, "From Nothing to Something: The Story of the American Dream."

My name is Corrine Hendrickson and I have owned and operated Corrine's Little Explorers Family Child Care in rural New Glarus, WI for about 15 years. I have been a member of Main Street Alliance for two years. I am also the Secretary of the Green County Childcare Network and have been a Registry approved trainer and consultant for childcare professionals since 2018 and mentored for years prior. Thank you for inviting me to speak to you today about my small business and not only my American Dream, but the ability of those I work with to live theirs. The only reason I can be here today is because I was able to hire a couple of substitutes last year utilizing federal rescue fund dollars, thereby, increasing the wage I could offer by \$3 an hour and a monthly bonus of \$250. This allows me to go to appointments, take classes, and appear before you today without closing my business; subsequently allowing parents to work. Without continuing federal funding, I will lose that option, leaving parents unable to work.

I began my American dream wanting to become a teacher. From a young age I took every opportunity to baby-sit. I went to UW-Whitewater where I earned my Bachelor of Education Prek-6, but I really wasn't looking to start a family childcare or work at a center, because even in 2001, I knew that it wasn't really a career I could support myself, or eventually, a family, but the world had other plans. The 2001 recession hit after I graduated, and I couldn't find a teaching job in k-12 therefore worked as a substitute and eventually picked up a second seasonal job in retail so my fiancé and I could buy a home. I worked my way up to a store manager and still subbed on my days off. We purchased our first, and current home, in 2003, when you could afford a home on starter wages. We were able to afford a home because we didn't have the crippling student loan debt that so many are dealing with now, because even though my parents weren't able to help me financially, I was able to work summers and baby-sit, scholarships, was a Resident Assistant and paid my way. My husband, who also had to pay his own way, had less than \$10,000 in low interest loans (3% or less). Predatory real estate investors, short term rentals such as Airbnb and VRBO have been purchasing homes for their portfolios and driving prices up exponentially. Our homes' fair market value, without an assessment or any improvements, increased this year increased in value by about \$50,000 (15%) based on the state Department of Revenue's equalized value determination.

In summer 2007, when our son was 6 months old, some friends and I were together for our usual Monday evening dinner, while our volunteer firefighter husbands were at meetings, and three of them were very pregnant and unable to find care, only waitlists. They were discussing if they needed to quit their jobs, go to part-time, convince their moms to retire early, etc. I brought up that I could quit my retail management position and start my own childcare and use my degree as it was also difficult for us to access care for the hours we needed. We loved our family childcare provider, but I worked nights and weekends and my husband worked full time during the week and played in a band on the weekends. We were lucky, as we had family nearby, we could rely on, but it wasn't their responsibility to always take care of him. My husband and I talked about

starting a small business and it made sense for our family. My friends talked to their spouses and the next week plans were made to start Corrine's Little Explorers once two the first two children were born, and their parents needed the care. My last day working retail was a Saturday in October and I opened on Monday.

Had we been renting; a landlord would have been extremely unlikely to run a childcare business out of the rental. I also didn't have a homeowner's association to contend with, which is significant given the requirement of a fence to be licensed. Wisconsin's zoning laws also allow for childcare in residential areas for up to the licensing limit of 8 children. Regulations like these could be streamlined to ensure those who want to start family childcare businesses-can. Frequently, subdivisions in the country do have rules that would prohibit my business. Looking at these regulations is especially important in rural areas since there realistically aren't enough children or educators to staff a group center, leaving family childcare as the best business model. As I have provided consultation to those starting their own businesses I remind them that there are a lot of "fixed costs" such as food, mortgage/rent, property taxes, toys, books, consumable materials, repair and maintenance on the home and property, continuing education, utilities, phone, cleaning supplies, taxes, and their employer portion of Social Security and Medicare and to set their rates to cover all of those expenses. Then we look at what the parents can afford to pay and what is left is their wage. Wisconsin has prioritized wages for the educators in their roll-out of the covid relief funds, which has increased average wages of group center teachers from \$10.66 an hour in 2021 to \$12.66 in 2022. This still isn't a wage that you can live off of and many have left or are leaving the field for other less stressful, better paying jobs, those without high school degrees or the equivalent make more than childcare teachers and have benefits such as paid leave, health care, and retirement options, and most of Wisconsin's childcare educators have an Associate degrees or better. As a family childcare business owner, on average, we make about \$7 an hour, work 50 hours a week directly with children, and put in another 10-30 hours on the business end. Personally, I made \$6 an hour in 2021 and my wage doubled to \$12 an hour in 2022 because of the higher USDA CACFP reimbursements and monthly payments from the American Rescue Plan act. However, the USDA CACFP one tier system was not made permanent last year, and the ARPA funds end in January. Group centers face increased qualification rules, reducing their ability to participate in the USDA CACFP program. This has resulted in fewer programs offering food and parents having to supply it because the costs are simply too high for childcare programs to absorb. A group childcare center in my town had to stop their food program with the onset of covid and has been unable to afford to bring it back. This directly adversely affects children's nutrition and health. Without the renewal of these funding sources, or a state level budget inclusion, I am looking at raising my rates by 25% per child in February (\$50 per child), and another \$15 per child in July to offset rising food costs. Changing the USDA CACFP program in the farm bill to making the 1 tier system permanent and expanding to allow eligibility to all group centers as all family childcare centers currently are, will help fix the broken business model. Other childcare programs are all saying between 20-40% will be their increases when the ARPA funds run out. This will skyrocket inflation!

To start my business, I had to navigate several agencies to legally operate; obtaining a Federal EIN, State registration of my business name, figure out the legal way to operate my program, taxes, etc. In my state, you can legally have three children unrelated to you. This was extremely helpful as I then could start my business and operate legally while going through the process of

licensing-so I had income and wasn't keeping the families waiting for care and trying to simultaneously work full time. This is something that could be streamlined throughout the nation as those rules vary widely and is a barrier to starting family childcare businesses. We were also planning on having another child in the next couple of years, and I knew that I would need to be closed for a while after they were born and wasn't sure how that would work with the licensing process. A barrier to many others starting their dream of owning a small group center or family childcare center is as businesses we do not have access to capital. We take our business plan to the bank, and we are such high risk we aren't eligible for loans unless we have collateral, like a home that we are willing to leverage. If we do manage to obtain a loan it is at a significantly higher interest rate than other small businesses which directly affects the amount of money available for wages. If I were starting out and looking at purchasing a home to start a childcare business, I wouldn't be eligible for a mortgage.

Even though I wasn't regulated, because I was legally operating, I was also able to access liability insurance so if something were to happen, I would be protected. Speaking of liability insurance, the number of insurers willing to insure childcare businesses has drastically reduced over the last two years. Group and family childcare owners are receiving notices of non-renewal a month before their coverage ends. We have been told it is because our risk has gone up with covid, but this is suspect as many of them didn't pay out when we closed due to positive covid cases since their requirements weren't met. Prices have also drastically increased, in some cases doubling. Furthermore, policies that used to allow pets, and state licensing allowed, now are dropping that coverage, even though a dog or cat has been with the children for years without a problem. This is an example of how corporate concentration is adversely affecting small businesses as we are left with few choices and those companies have less competition and can increase their prices and profits at our expense and add unnecessary and burdensome requirements.

Once I began the licensing process, I found out that even though I had a degree in early childhood education I still needed to take specific child development courses. This is also something that could be looked at, regulatorily, to change and streamline as colleges have done for apprenticeships and other licensed professionals.

I was licensed in spring 2009 after submitting my application only a few months prior. I also work as a consultant and mentor and support new family childcare businesses through the regulatory process. Those I have helped most recently have taken almost a year to go through the process. This is a barrier to people pursuing their own dreams. Some of the increase in time is due to the lower number of classes offered (as the number of childcare businesses has decreased dramatically so has the number of technical and university colleges that offer the courses). Some states require a person to have a master's degree to teach at a college or have a professor willing to have you as an adjunct, has been detrimental in the number of teachers available to teach the required courses. Very few of us in the field have a master's degree as the pay and benefits aren't commensurate, nor can we afford to pursue the degree. Another reason is the funding cuts of the agencies that work with us through pre-licensing and the licensors increased workloads and inability to get to the programs in a timely manner.

Other regulatory changes since I started my business are the Federal Childcare Development Block Grant requires FBI fingerprints to be done at least every 5 years on anyone 18 or older volunteering or working in a childcare program, or, if family childcare, living in their home along with an annual state level background check. I agree, it is important to ensure the children are kept safe, but this seems excessive and that we are being targeted since Birth-3, public school teachers, firefighters, Ems, nurses, etc. aren't required to do so. This is expensive and in rural areas almost impossible to access due to limited hours and offices providing the service. The prints are also not kept on file, so the person must go back in upon notice of renewal. Another costly expense without any sort of funding for is radon remediation. Many states are requiring or will be requiring radon testing. Again, I am for the health and safety of the children, and do not want to expose them (or myself) to radon, but this can cost thousands of dollars to install if radon is found, since lead abatement was included in the Bipartisan Infrastructure Law and other federal legislation, there should be funding available to ensure the health and safety of the children-it is common sense and proactively lowers future both healthcare costs and increases a person's quality of life.

Early care and education businesses are the cornerstone for all other small businesses as key to workforce development and the economy-both today and in the future. Today my small business, and other group and family childcare centers across the country are caring for our youngest children while parents work, continue their education, and pursuing their American Dreams. If parents know their children are in a safe and healthy environment, they are better able to focus on their work, increasing their productivity. However, parents can't afford what they are paying, according to the Department of Health and Human Services and the Office of the Treasurer a total maximum of 7% of household income to pay for childcare is considered "affordable." Parents are currently nationally paying, on average, more than college tuition for one infant or toddler in childcare and for two or more children it is more than their mortgage/rent.

Even with the suppression of tuition, parents are taking on 2nd jobs or working shifts opposite of their partner. This impacts family's choices along with quality of life and ability to focus at any of their jobs. The pandemic made it obvious that without care for their children, either from friends, family, childcare, or school parents couldn't work and federal funding was therefore allocated and it worked. 62% of mothers with children work outside the home nationally, Wisconsin it is 68%, down from over 70% pre-pandemic. Once the children are 5 that number jumps to 95%. We have record low unemployment rates and mothers and fathers that want to work, but can't because they can't access or afford childcare, this is even impacting extended family as aunts, uncles, grandparents are frequently going to part-time or retiring early to help their family care for the children. This directly affects employers' ability to recruit and retain. Nationally, this costs our economy at least \$122 billion (<https://www.usnews.com/news/education-news/articles/2023-02-02/report-lack-of-child-care-costs-u-s-economy-122-billion-annually>) annually in lost earning, productivity, and revenues; hitting small businesses the hardest. For your local data go to www.childcaregap.org The childcare business sector has been the slowest to recover employees, with a shortage of over 88,000 from pre-pandemic numbers (US Bureau Labor Statistics July 2022).

This is causing an exodus of working mothers and fathers from the workforce. As a small business owner, a way to raise revenue is the ability to raise prices on the product we create. However, my “product” is children. To increase wages and offer benefits as larger companies and other small businesses can do without being so cost prohibitive that parents are then forced to stay home and leave the workforce is impossible. By choosing not to invest in childcare businesses we are choosing to suppress the economy and continue to squeeze out small businesses and ingenuity. One of my substitutes made the short-term financial decision to stay home about a decade ago because it cost far more than what she earned for her children to attend childcare at the cost of her retirement and promotions. Now that her children are able to stay home after school and get themselves on the bus, she is able to substitute for me all day, instead of only a few hours while they were at school. However, she has now been offered a job that is full-time with health insurance, paid family medical leave, and retirement and I will lose her because I can’t compete with that. The government is choosing who can afford to work and who is forced to stay home; instead of the people choosing.

The decline of family childcare nationally between 2010-2019 was 52%, or 90,000 regulated programs. In Wisconsin, there were 68% fewer family childcare businesses, equaling 4,000 regulated programs and 9% fewer group childcare businesses; leaving parents with fewer choices and unable to work. During the pandemic that number varied drastically depending on how the childcare specific stabilization funds were distributed. In states, like Wisconsin, our sector stabilized and there are even a few more regulated family childcare programs than in 2020. The small business owners advocated for teacher’s wages to be a requirement of how the funds were spent because we know that the biggest barrier to recruitment is wages. The monthly funding and extra supports that state and federal grants paid for incentivized people to get regulated, enlarge their businesses or start their own businesses. Wisconsin is also looking at massive closings in the near future since the median age of family childcare owners is 52, so unless systemic changes are made, even fewer parents will be able to work, start businesses, or keep their business open.

One suggestion that has been offered to lower costs is to increase the number of children that each individual teacher is responsible by increasing the ratio of children to adults. There is a reason for those ratios. It is for the health and safety of the children and the adult. Imagine a room with three infants all crying because they need to be fed, held, or changed while eight more children between the ages of two and five are also needing to be fed, interacted with, helped on the toilet, played with, coached on how to ask for toys and learning how to share. Would you come back to work the next day for \$10-13 an hour and no vacation, health care, and retirement, or would you apply literally anywhere else as soon as you left? If we deregulate those capacities it will only increase the turnover and difficulties of recruiting and retaining educators and increase the number of family child closures.

Another recommendation to lower costs to parents is to expand of “school” to 3 and 4 year olds. However, that has been found in study after study to decrease the amount of care for infants and toddlers without meeting the needs of the parents hours of care. Even when schools partner with the childcare centers in their communities the higher payment amounts school districts are able to pay for the slots encourage programs to enroll more three and four year olds leaving fewer slots for infants and toddlers, this exacerbates the problem. Furthermore, children need care more

than the allotted school days and hours, this causes double dipping of funding streams and the necessity for even more educators. This was summed up in this article with source links embedded: <https://policyequity.com/universal-pre-k-only-works-if-states-also-stabilize-infant-and-toddler-care-otherwise-it-can-be-detrimental/>

Furthermore, as a cornerstone, my small businesses "product" is children. When I say early care and education I mean from birth. Children don't magically begin learning the day they walk into a k-12 school system. They learn from birth. My childcare business creates tomorrow's workforce and business owners because the fact is the first 5 years of a child's life are the years that the foundational skills are created and the connections in the brain are built for the child's future success. Play based environments that are child centered and teacher supported lay the foundation for the self's (self-esteem, self-awareness, self-control) and the c's (critical thinking, creativity, collaboration, and curiosity) all skills that my fellow small business owners state they are looking for and are currently lacking. All skills that are required to create their own American Dream to be a successful future small business owner. Additionally, without a relationship with at least one caregiver that gives a child a secure foundation to explore and learn from a child cannot learn to trust that they will be kept safe, fed, and cared for. The child is then in a constant state of alert and high stress. Instead of building the brain, it actually shrinks it.

Furthermore, when you are stressed, it is impossible to learn anything, and this sets a child up for failure. This also begins to wear down our bodies and cause health problems, my generation has a lower life quality of life expectancy than our parents and my children are expected to live a shorter life than me. This is directly because of the policy and funding choices our government is making. Highest health care costs in the world and worst outcomes. First because people can't afford health care costs and are tied to their jobs for that health care-meaning if you have to take too much time off you lose your health insurance or have to pay the entire month's premium. Secondly, no paid family medical leave to take care of yourself while you recover from your or families' surgery, an accident, the birth of a baby so people go back to work too soon and never fully recover-this negatively affects our worker's output-affecting our small business's profitability.

Think about your own experiences when you are stressed. A high-quality early care and education environment that a parent chooses can reverse those effects on the brain. Think about how difficult it is for you to attempt to learn anything or finish a task when you are overstressed. I am all for capitalism, but there needs to be oversight and enforcement of our anti-monopoly laws so we don't have corporate concentration increasing prices while simultaneously reducing quality. Private equity firms and other large corporate group childcare owners are now preying on indebted small individually owned centers, buying those small business owners out at reduced rates reducing the competition and concentrating the power into large national chains by offering slightly higher wages and benefits such as health care, paid time off, and retirement that the rest of us simply can't due to the higher costs for smaller businesses due to the lower number of employees. This will drive down competition and quality and increase costs to working parents.

Another cornerstone for the economy is for every \$1 spent on early childhood, between \$7 and \$16 is recouped in the form of lower special education costs, lower k-12 costs, higher income, lower health expenditures, higher graduation rates, lower teen pregnancy rates and lower

incarceration rates, among many others. The \$122 billion figure cited above doesn't include these indirect costs and is only for infants and toddlers (0-2 years of age), children need care until closer to 12. Studies have shown that number could be as much three times that amount.

The early childhood teacher usually spends between 40-50 hours with a child in a week, frequently more waking hours than the parent. The teacher is also a valuable resource on child development, local resources, and other supports for the parent as they navigate child-rearing. We also, frequently are the first to notice if a child needs supports or interventions. I have talked with parents about referring their child for B-3 or school interventions, if a child may have adenoids or tonsils that need to be removed, has viral induced asthma, or other medical problems that should be addressed because I have the experience and expertise and knowledge of how to navigate those systems. With the turnover as high as it is, we are losing these valuable resources for parents as well-to the detriment of the child.

Lack of investment in childcare and the almost impossible task of securing supports for children to be included in all programs also increases expulsion rates of young children. Nationally, children four and under are expelled from childcare programs at least 2 times more than the K-12 system. These children are then more 8 times more likely to end up in the penal system. Their parents are unable to work because they can't access care. Taxpayers take on the burden of social safety nets for these families and the future special education and justice system costs increasing the costs of doing business.

Since the pandemic began, for the first time, for the first time childcare has seen large investments to the small businesses and to the parents in the form of increased tax credits and deduction to increase the affordability of having children. Without the PPP I wouldn't have been able to reopen after a short shutdown, I was also able to use that money to pause tuition until I reopened, and lower out of pocket payments to allow parents to go to part time to alleviate their costs and lowered hours of care needed. I didn't charge when children were sick, quarantined, etc. The changes made to the second round of PPP exponentially increased the number of small businesses eligible for the grant because by taking into account our large, fixed costs that decrease our profit. The PPP funding also allowed me to absorb the increased costs due to supply chain issues. As a small business owner, I cannot purchase bulk products, nor can I find a supplier to order from. Other Main Street Alliance business owners have also commented that their suppliers are increasing minimum orders or refusing to supply them anymore as they don't order enough. I have also noticed that my office supplies had increased exponentially after the 2013 merger Office Max and Office Depot were allowed to merge-even though it could be considered a monopoly. Almost doubling my paper, printing, and office costs that following year and those costs have not decreased. I have also noticed that when I do need to purchase items on-line that sites like Amazon are now frequently more expensive than other sources, including the physical store or the manufacturing company.

After Rep. Pocan's state staffer contacted me to tell me about the impending changes and when they were to take effect, I then reached out to several small businesses within childcare and throughout my community and networks obtain a PPP by walking them through the process and even, after being told their larger banks were refusing to work with them; connecting them with

my small hometown bank that actually prioritized those small forgivable loans over our large business counterparts. Small business owners don't have lawyers and accountants watching for these grants and loans as larger corporations do, frequently we do our own taxes, and this impacts our ability to access these programs accurately and in a timely manner. We don't have large enough accounts or grant/loan amounts to make it worthwhile for banks to spend their time on our microbusinesses. This gives unfair advantages to larger businesses and their employees. We pay a higher percent of our income and miss out on the legal deductions we are eligible for, and family childcare is at an even greater disadvantage because we have so many different rules than other home-based businesses that tax preparers frequently misinform us, costing us thousands of dollars annually in excess state, federal, Social Security, and Medicaid taxes.

In conclusion, what if our small businesses were fairly invested in according to the value they provide in goods and services to our local economy, increased ingenuity, increased competition, therefore increasing quality of those products and services along with the quality of life of our community members? What if we enforced our anti-monopoly and price gouging laws we have on the books? What if we taxed everyone fairly and reinvested it in paid family medical leave, universal childcare, and affordable health care for everyone? Would we see an increase productivity, entrepreneurship, innovation, and reinvigorate our rural communities, and have higher quality of life satisfaction for everyone? From the perspective of small businesses, our government is choosing to focus on big business and corporations; ignoring the dire needs of small businesses around the country, eliminating the opportunity to truly live up to the American dream.

Thank you.

