

HARNESSING THE POWER OF IMMIGRANT-OWNED BUSINESSES TO BUILD BACK BETTER

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WEDNESDAY, APRIL 28, 2021

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

The committee met, pursuant to call, at 12:15 p.m., via teleconference. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Crow, Mfume, Phillips, Newman, Bourdeaux, Chu, Evans, Delgado, Houlahan, Mr. Kim of New Jersey, Craig, Schneider, Luetkemeyer, Williams, Hagedorn, Stauber, Ms. Young Kim of California, Van Duyne, Salazar, and Fitzgerald.

Chairwoman VELÁZQUEZ. Good afternoon. I call this hearing to order.

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

I want to thank everyone, especially our witnesses for joining us today for our Committee's remote hearing. I want to make sure to note some important requirements.

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

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

In the event a Member encounters technical issues that prevent them from being recognized for their questioning, I will move to the next available Member of the same party and I will recognize that Member at the next appropriate time slot provided they have returned to the proceeding.

Should a Member's time be interrupted by technical issues, I will recognize that Member at the next appropriate spot for the remainder of their time once their issues have been resolved. In the event a witness loses connectivity during testimony or questioning, I will reserve their time as staff address the technical issue. I may need to recess the proceedings to provide time for the witness to reconnect.

Finally, remember to remain muted until you are recognized to minimize background noise like right now.

In accordance with the rules established under H.R. 965, staff have been advised to mute participants on the event there is inadvertent background noise. Should a Member wish to be recognized, they must unmute themselves and seek recognition at the appropriate time.

Today's hearing serves as a reminder that the immigrant story is the American story. For centuries, the United States has welcomed immigrants from all around the world. These migrants often risk their safety and well-being to get here. They cross vast deserts, tumultuous oceans, and rough terrain, all in the pursuit of a better life and the American dream.

In turn, these immigrants have made our country better. For generations, they have fueled American small businesses and embodied the entrepreneurial spirit that helps make our country great. Immigrant entrepreneurs are a dynamic group, starting businesses at a higher rate than the general population and accounting for 28 percent of main street business owners. These immigrant business owners run many of the institutions that serve as the pillar of local communities. They own over 50 percent of businesses that supply necessities, like gas stations, drycleaners, laundromats, and grocery stores.

These entrepreneurs are force multipliers in local economies. They buy local products, create local jobs, and make communities more attractive places to live. Immigrants also have an outside impact in the world of big business. Immigrants founded 44 percent of 2020 Fortune 500 companies, employing more than 13.7 million people worldwide.

Despite the great success that immigrant entrepreneurs have enjoyed, 2020 presented monumental setbacks and obstacles. The pandemic closed immigrant-owned businesses at disproportionate rates. At its lowest point in April 2020, COVID has lowered the number of active immigrant business owners by approximately 36 percent. In other words, we lost over a million immigrant business owners between February and April. The pandemic created new challenges for immigrant entrepreneurs, but it also exacerbated familiar obstacles that have haunted them for a long time.

When it comes to foundational areas like business mentorship and accessing capital, immigrants are at a disadvantage. Immigrants often lack the professional networks used by many entrepreneurs for guidance and support. They also struggle to access the capital needed to start and run a business. Whether due to poor credit history, limited financial literacy, or a lack of access to mainstream financial services, immigrant-owned firms have a harder time obtaining the funding needed to be successful.

The SBA offers resources for immigrant entrepreneurs to combat this obstacle. SBA resource partners, like SBDCs, WBCs, and SCORE, counsel and advise immigrant businesses so they can overcome these barriers. Community development financial institutions offer lending and microlending to service low- to moderate-income borrowers from diverse backgrounds. These organizations do vital work. But the road to recovery is long and we must do more to sup-

port immigrant businesses. If our economy is to recover, we need immigrant businesses operating at full strength.

As was the case in the aftermath of the Great Recession, the businesses that suffered the most during COVID will play a significant role in our recovery, as increased vaccination diminished the severity of the public health crisis and aided the return to normalcy. New businesses started by immigrants will drive local economic growth.

Our witnesses today are a testament to what is possible when immigrant business owners receive adequate support. I look forward to hearing your testimony and discussing how we can harness the power of immigrant entrepreneurs to help rebuild our economy.

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

Mr. LUETKEMEYER. Thank you, Madam Chair, and thank you for holding this hearing, especially to discuss the unique issues immigrant-owned small businesses face.

Each of us have immigrant-owned small businesses in our districts that are highly integral to our communities. The ability to start anew, pull yourself up by your bootstraps, and own a small business are all key aspects of the American dream that many immigrants are seeking in the United States.

However, immigrant small businesses face the same difficult tasks as all small businesses face—how to survive the pandemic and having to deal with the daunting deliverable tax policies and over regulatory policies looming over their heads. This is not good for any small firm.

No matter how you slice it, higher taxes are a burden for small businesses, both the owners and their employees. A mandatory higher minimum wage and excessive, unnecessary regulations are a burden for small businesses, small business owners, and their customers. The continuance of stringent COVID-19 mandates is burdensome to small business owners and their employees and their customers. If I sound like a broken record, that is intentional. The list of liberal policies that this administration and this majority want to enact that will have adverse effect on small businesses goes on and on and on.

While no one can deny that the pandemic's emergency period is unparalleled, what we can cling to is the knowledge that prior to COVID-19, small businesses were operating at historic levels. We know that because of the previous administration's policies, and specifically the Tax Cuts and Jobs Act, small businesses' optimism reached record heights and the unemployment rate to an impressive 3.5 percent. When small businesses have this optimism, coupled with lower taxes and fewer regulations, they are more comfortable taking risks and our communities receive new innovations that make the world a better place and a safer place. These are the characteristics that drive our economy forward and keep Main Street afloat.

To get back to our pre-COVID-19 small business environment, we must reject these new liberal policies and continue the previous administration's pro-growth policies focused on tax reform and targeted, smart regulation. These are commonsense principles that allow small businesses to invest their hard-earned dollars as they

see fit. Unfortunately, the Biden administration and the left's economic policies, along with the COVID-19 protective measures that continue to hold small businesses back, cause this group to face unprecedented challenges. Once busy Main Streets remain dormant in locations that continue these harsh measures instituted by state and local governments.

However, state and local governments that have lifted mandates have seen small businesses begin to fight their way back to the busy Main Streets of the pre-pandemic days. As the initial emergency period wore on, we know Congress worked diligently as a bicameral, bipartisan nature to begin the PPP and EIDL programs. In addition, Congress extended the Debt Relief program for new and existing 7(a), 504, and microloans. Bipartisan congressional efforts also created the Shuttered Venue Operators Grant Program for venues, theaters, and museums. These programs have aided small businesses in every congressional district. They have helped all business owners of all backgrounds without limiting access to specific groups.

While these grant and loan opportunities have been vital in keeping small businesses afloat during the emergency period, these programs do require diligent oversight. The December COVID relief bill alone delivered \$325 billion to the Nation's smallest and hardest-hit businesses and industries. But realize, when billions of taxpayer dollars are being used, we must insist that they are used prudently. As I have said before, this Committee must ensure that American taxpayer dollars are safeguarded and protected.

I look forward to the testimony of our witnesses today and thank them for joining us. It is my hope that with your voices, we can take the American dream, put it back into play, and return to a pro-growth economy, rather than the destructive pro-regulation path we are on now. Advancing all small business interests must continue to be a priority of this Committee.

Madam Chair, with that I yield back.

Chairwoman VELAZQUEZ. Thank you, Mr. Luetkemeyer. The gentleman yields back.

I would like to take a moment to explain how this hearing will proceed. Each witness will have 5 minutes to provide a statement, and each Committee Member will have 5 minutes for questions. Please ensure that your microphone is on when you begin speaking and that you return to mute when finished.

With that, I would now like to introduce our witnesses.

Our first witness is Mr. David Kallick, Deputy Director of the Fiscal Policy Institute and Director of the institute's immigration research. He is the author of numerous studies of the economic and fiscal aspect of immigration at the national, state, and local level. In addition to his work at the Fiscal Policy Institute, he is a Visiting Assistant Professor at the Pratt Institute's Graduate School for City and Regional Planning.

Welcome, Mr. Kallick.

Our second witness is Mr. Daniel Fitzgerald, who works for Southwestern Community College as the Acting Regional Director for the San Diego Imperial SBDC Regional Network. He also oversees the San Diego and Imperial Women's Business Center and is the Fiscal Agent for the California Women's Business Center Net-

work. For over 20 years, Daniel has been a prominent fixture in the small business communities of San Diego County and Imperial County. His leadership has made a significant impact on thousands of businesses and multiple industries throughout the state of California. Welcome.

Our third witness is Ms. Jaja Chen. Ms. Chen is Co-Owner and Chief of Strategic Initiatives and Business Partnerships of Waco Cha, LLC, a bubble tea company based in Waco, Texas. She is also a licensed clinical social worker supervisor specializing in trauma, burnout, and perinatal mental health through her private practice. She received both her Bachelor's and Master of Social Work through the Diana Garland School of Social Work at Baylor University. Welcome.

Now I would like to yield to our Ranking Member to introduce our final witness.

Mr. LUETKEMEYER. Thank you, Madam Chair.

It is indeed my pleasure to introduce one of my constituents from Fenton, Missouri, Mr. Jose Ponce, a very successful real estate agent with Re/Max St. Louis Gold Homes for over 19 years. As a successful Hispanic entrepreneur, Jose serves as a mentor to young real estate agents and offers his assistance to the Hispanic community through his bilingual services. He continues to advocate for the St. Louis community and business owners everywhere. He has been named a 30 under 30 recipient from the St. Louis Business Journal and has been featured in several St. Louis Business Journals. In December 2016, he began the new owner of Re/Max Gold and currently has five offices, 22 satellite offices, 66 agents, and a referral company, Gold Realty, in which he oversees as president. Outside of his business, Jose was a professional boxer and continues to work with local fighters and co-owns Sweat Gym in Clayton, Missouri.

Mr. Ponce, thank you for being with us today. I look forward to your testimony. And I know as a small business owner you are taking that same fighting spirit from your younger days to your own business and to this Committee today. Thank you very much.

And Madam Chair, I yield back.

Chairwoman VELAZQUEZ. Thank you.

Mr. Kallick, you are recognized for 5 minutes.

STATEMENTS OF DAVID DYSEGAARD KALLICK, DIRECTOR OF IMMIGRATION RESEARCH INITIATIVE, FISCAL POLICY INSTITUTE; DANIEL FITZGERALD, ACTING REGIONAL DIRECTOR, SAN DIEGO & IMPERIAL SMALL BUSINESS DEVELOPMENT CENTER (SBDC), NETWORK, SOUTHWESTERN COMMUNITY COLLEGE; JAJA CHEN, CO-OWNER & CHIEF OF STRATEGIC INITIATIVES & BUSINESS PARTNERSHIPS, WACO CHA, LLC; JOSE PONCE, PRESIDENT, RE/MAX GOLD

STATEMENT OF DAVID DYSEGAARD KALLICK

Mr. KALLICK. Thank you for the introduction, and thanks for inviting me.

There are plenty of issues that are controversial about immigrants, but one thing we can say with a great deal of certainty is that immigrants are highly entrepreneurial. I am going to talk

today about a particular nexus, the immigrant entrepreneurship, and the rebuilding of the U.S. economy after their COVID pandemic.

What will America's Main Streets look like as we return to living our lives without fear of COVID-19? Hopefully soon.

It is not hard to imagine two rather different scenarios. On the one hand, a Main Street-centered rebuilding could pick up on some of the innovations we have seen during the COVID period: outdoor restaurants, expanded pedestrian areas, bike paths that have transformed many downtowns and urban centers in very positive ways. This scenario would entail Main Streets as vibrant places where people meet, walk around, and poke into locally owned stores and restaurants.

On the other hand, is I would say an equally likely scenario that is much more centered on online and outskirts rebuilding and leaves Main Streets relatively empty. That scenario is centered around Amazon and other online retailers selling us most of what we buy, big box stores drawing customers away from Main Streets and towards the outskirts of town, and restaurants that are franchised and look much the same everywhere. To put it a little differently, once we can go to stores and restaurants, what small businesses will be there for us to go to?

Here is where immigrants come in. Immigrants are, in general, more likely to be business owners but they are far more likely to be owners of independent Main Street businesses, the shops and services that are the backbones of neighborhoods around the country.

In a report that the Fiscal Policy Institute published together with the American Society/Council of the Americas, we found that immigrants make up 16 percent of the labor force, 18 percent of small business owners, and 28 percent of Main Street business owners. So that is a number you also heard from Representative Velázquez. Twenty-eight percent of all of the Main Street businesses around the country are owned by immigrants.

Immigrants also play a big role in the growth of Main Street businesses. There are 31 major metro areas where immigrant business owners represent all of the net growth in Main Street business ownership between 2000 and 2013. Among them are New York, Chicago, Houston, or Washington metro areas. Maybe no big surprise there. But there are also areas where immigrants make up a smaller share of the overall population, yet still make up all of the net gain in the number of Main Street business owners. For example, Baltimore, Detroit, Milwaukee, Pittsburgh, Birmingham, and Buffalo metro areas.

So, to some extent, I can make a prediction. I can predict that, as in the past, immigrants will play a central role in this revitalization of America's Main Streets after COVID.

But policy will matter. Immigrants faced extraordinary challenges over this past year. They were more exposed to COVID than the population overall, and immigrants got sick and died in disproportionate numbers. The Paycheck Protection Program (PPP) was the most important support for small businesses in the pandemic recession, but it well known that people of color and immigrants were far less likely to benefit from the PPP loans. Industries

and geographic areas where immigrants are prevalent are very often the same as those that were hardest hit by the pandemic recession.

So, as we build back—“build back better”, if you like—Congress should be thinking about how to correct that imbalance and nurture the growth that immigrant businesses have always been a part of.

To name just one example, will help for a small business depend on a relationship to a big bank or will businesses that do their banking with a Community Development Finance Institution also get aid? Or businesses that may not have a banking relationship at all?

I am not here today to propose a fully fleshed-out view of how the rebuilding can happen. But I would like to underline what seems to me an important fork in the road ahead. One path leads to a rebuilding that is centered around Main Streets. Another is dominated by online shopping, big box stores, chains, and franchises. All of these kinds of businesses have their place, but it would be a pity, to my mind, if the big boxes wind up with a bigger share of our economy than they would have if it had not been for COVID.

Thank you for having me.

Chairwoman VELAZQUEZ. Thank you.

Now we recognize Mr. Fitzgerald for 5 minutes.

STATEMENT OF DANIEL FITZGERALD

Mr. FITZGERALD. Thank you. It is an honor to speak today on a topic that is so very important to me.

Living and working along the US-Mexican border and in a city of immigrants in San Diego, I have seen many times over the entrepreneurial energy in recent migrants to the U.S. The passion, creativity, and work ethic needed for successful entrepreneurs is so very common in people who have fought to come to the U.S. My name is Daniel Fitzgerald and I serve as the acting regional director for the San Diego and Imperial Small Business Development Center (SBDC) Network, hosted by Southwestern Community College District. As one of the 62 SBDC networks funded by the U.S. Small Business Administration, our work in the southernmost part of California is to assist small business owners to grow and to help entrepreneurs to start their business. Of course over the past 13 plus months our work has been primarily focused on helping small business owners retain their business by accessing Federal, state, and local disaster assistance. Beyond the capital assistance, a lot of work has been to help small business owners navigate the changing public health rules and still be able to reach their customers.

The variety of COVID capital assistance programs has been critical to the survivability of small business. However, access to the programs was varied. In our region, two of the largest barriers faced were confusion over the different programs and access to information in their own language. Our SBDC Network has the capacity to serve in over 15 different languages. A significant portion of our team is fluent in Spanish, but the other common languages include Arabic, Vietnamese, Swahili, Korean, Farsi, Tagalog, Man-

darin, and Somali. Since the onset of the pandemic, our network has provided over 2,000 hours of one-on-one counseling in a language other than English. We have also provided many webinars for PPP, EIDL, and state and local capital programs in Spanish, Arabic, and other languages. This has been critical to help businessowners access capital.

When the first PPP deadline was approaching last June, an owner of a nail salon was put in contact with us. She primarily speaks Vietnamese. One of our advisors went to her business, discovered her email inbox was full and she had not been receiving emails for 2 months. He worked with her to put together her financial records, worked with a local lender, and she was able to get her PPP loan. This is one of many examples of the hands-on, in-language assistance we at the SBDC provide to recent migrants during the pandemic.

Beyond the response and relief efforts the COVID-19 pandemic has necessitated, the San Diego and Imperial SBDC Network has an ongoing commitment to supporting small businessowners and entrepreneurs who are immigrants. For many years, our programming has provided support, in particular for small business owners from Latin America who primarily speak Spanish.

Fernando Miramontes came to our SBDC in Imperial County, a farming area that borders with Mexico. As a migrant from Mexico and having been in trucking for many years, he wanted to start his own transportation company. Working with our SBDC advisor and Accion (now Accessity), a local non-profit lender, he was able to complete his business plan, do the required legal steps, and obtain capital to purchase a truck to start his business. In 2018, thanks to additional funding from the State of California and increased funding from the SBA, we were able to expand our network of sub-awarded service centers from four to eight. Two partners in particular were added to increase our SBDC Network's reach into immigrant communities by awarding service center contracts to both the Asian Business Association of San Diego and the International Rescue Committee.

At the SBDC, we strive to provide both linguistically and culturally correct training and counseling. Besides providing assistance in the preferred language of the client, our SBDC advisors also base assistance in knowledge and understanding of the business environment and regulations in the country of origin. For example, an SBDC advisor helping an entrepreneur start, helps them understand and navigate the roles of different governmental entities in the U.S., such as how the county governs health codes, the state governs sales tax, and the city will provide a business license.

Business owner Naw Say Phaw came to San Diego in 2014 as a refugee from Malaysia. Upon resettling in San Diego, Naw Say wanted to start her own business but had no previous experience and was also unsure of the various licenses, permits and regulations required on the local and state levels. IRC came to the international rescue community SBDC for help, and after receiving assistance, including a small loan, AYA Mini Market was launched.

A major program at the San Diego and Imperial SBDC Network is assisting entrepreneurs to start in-home childcare centers and also to support childcare businesses to expand. The SBDC provides

extensive childcare startup training, helping primarily women to navigate the state rules to open a childcare center, then to work with local organizations who provide vouchers for childcare for working people in obtaining clients. These childcare providers support the community not just by having a business but providing critical childcare for working parents by someone who is from their own community, speaks their native language, and follows their cultural norms.

Today, the SBDC programs also work to help the childcare businesses expand, including a program with the San Diego and Imperial Women's Business Center and Southwestern College's Family Studies department. And the SBDC works to help the businesses develop into larger childcare centers, including Sarah and Rafat Illaia who worked with our North San Diego SBDC to obtain a \$250,000 SBA-backed loan.

From childcare, to restaurants, to the Internet of things, the immigrant entrepreneur and small business owner is critical to current and future of our small business ecosystem. As our economy comes back from the COVID-19 pandemic, the passion, hard work, and creativity of our immigrant communities can and will play a critical part to helping our recovery to be inclusive and even better. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Daniel Fitzgerald. Now we recognize Ms. Chen for 5 minutes.

STATEMENT OF JAJA CHEN

Ms. CHEN. Good afternoon, Chairwoman Representative Velázquez, Ranking Member Luetkemeyer, and distinguished members of the Committee on Small Business. Thank you for the honor providing testimony before the House Committee on Small Business today.

My name is Jaja Chen and I am here today on behalf of my small business, Waco Cha, representing the over 3.4 million immigrant-owned businesses in the U.S., approximately 2 million of which are owned by an Asian American Pacific Islander (AAPI). I am a daughter of Taiwanese immigrants. My parents are from a small farm town on the East Coast of Hualian. My parents and ancestors are Hakka Chinese, HakkaYin, in which the literal translation means guest families. I come from a line of Hakka farmers, educators, and business owners that worked hard and moved across lands as guest people to pave the pathway for what we do today.

As a child, I remember going to Asian supermarkets in Oklahoma City with my mom to help her find ingredients to prepare Taiwanese dishes. I observed how to make boba tea, dumplings, and other delicious food at home. At the age of 13, I moved to China with my parents as they returned overseas to work and I completed high school in Taiwan and eventually moved to Waco, Texas for college. My husband Devin Li, an immigrant first-generation from Guangzhou, China, and I met at Baylor University. After I completed school, we got married and settled in Waco due to job opportunities, I as a social worker and Devin as an engineering high school teacher. Throughout our time in Waco post-graduation, we enjoyed getting involved in the downtown community by sup-

porting local small businesses. Devin's students at a local Waco ISD high school, the majority of whom identify as Hispanic or Black, often voiced feelings of not belonging and thoughts of not being able to see representation of their cultures within downtown development.

As immigrants and children of Chinese and Taiwanese immigrants, Devin and I both resonate with this experience. In fact, we would often drive on weekends to Dallas or Austin to stop by an Asian grocery store, similar to what I did as a child with my mom, and we hoped for Waco to one day have an authentic boba tea cafe. Well, rather than hoping for this to one day happen, we were inspired to start a business that celebrates diversity and cultures. We opened our Saturday morning Waco Cha popup tent in summer of 2018. That first year was filled with time spent educating our community about boba and Taiwanese and Chinese culture. We even had one individual come up to us yelling that we are not truly Texan and spit out the samples that we offered them.

After 1 year of popups, we upgraded from the tent to our mobile tea truck, and then we grew our first storefront this past year in downtown Waco alongside an additional launch of our Chinese dumpling food concept in the midst of the COVID-19 pandemic. In fact, the week that our boba tea shop was cleared by the Health Department to open, was the week that Waco's shelter-in-place order was enacted. During the early months of the pandemic, we had to quickly pivot our business. We delayed our new storefront opening for about 3 months and took precautionary steps by shutting down our operations when some team members had potential COVID-19 exposures.

We also had many challenges navigating the SBA PPP process, but despite this, our community and guests showed up to support us by pre-purchasing gift cards to help us stay afloat, and many also came regularly to show support as we used our mobile tea truck to offer drinks.

Our values are lived out both within our team through the ways we strive to represent our culture through our shop and products and the ways we seek to hire diverse team members. Our culture values hospitality and that really leads us to find deep joy in developing business partnerships. In fact, one of my greatest joys this past year in our community work was partnering with the NAACP to host nonpartisan voter registration booths on-site at our boba tea shop.

As we continue growing in profit, we are also seeking to give back to local nonprofits around us, and this has included contributing portions of our profits recently to support nonprofit funds that benefit the AAPI community, particularly with the rise of anti-Asian hate crimes within our nation. We now have 19 team members on staff and look forward to continuing to grow our team as we open our second boba tea shop in downtown Temple, Texas this upcoming year.

I am thankful to the House of Representatives and Committee members as you continue to highlight the gift of immigration, particularly as we recover from the COVID-19. Our lives in America are enriched and our economy is stronger when we celebrate the

diverse and rich perspectives, stories, and experiences of immigrants. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Ms. Chen.

Now we recognize Mr. Ponce for 5 minutes.

Mr. Ponce, you may need to unmute.

STATEMENT OF JOSE PONCE

Mr. PONCE. Thank you, Madam Chair.

My name is Jose Ponce, an entrepreneur from the St. Louis region. I am honored to be before you and this Committee today to speak about the challenges and opportunities in the Hispanic entrepreneur community.

I have invested and owned various businesses in the last 20 years. I am proud to be an Hispanic entrepreneur. Hispanic entrepreneurs business ownership has surged in the past decade, outpacing any other ethnic group. According to the new study from the Stanford Latino Entrepreneur Initiative in 2020, this study shows that in the past 10 years, Latino business owners have grown 34 percent compared to 1 percent for all other owners in the United States.

This is good news and bad news in these numbers. As a culture, Hispanics gravitate toward starting businesses and being their own boss, creating a legacy for their families. But there are strong barriers for growth. One extreme barrier is discrimination when it comes to banks and lending. The recent study in 2020 that found that 20 percent of Latino-owned businesses that applied to national banks for loans over \$100,000 received funding, compared with 50 percent of White-owned businesses. The discrepancy was even larger when looking at firms with annual revenues over \$1 million who were requesting similar-size loans. Twenty-nine percent of Latino-owned businesses got the loans versus 76 percent of White-owned businesses. Even after controlling for business performance measures, the odds of loan approval from national banks were 60 percent lower for Latino-owned businesses.

I have personally experienced this when I sought funding from banks. For example, when I was purchasing my real estate company, I had to personally fund \$350,000 of the \$500,000 purchase price. Even with my 20 years of experience, there has been times that I was not able to acquire bigger opportunities because of the barriers of bank funding.

I believe one problem may be the continued decline of independent banks who many feel better understand the needs of the local communities. The independent banks simply have a better pulse on what is happening in their local community.

Loans from the bigger banks tend to be more concentrated on high technology rather than traditional business. (That is on Bates and Bradford, 2007.)

The Stanford study makes an especially important point. The study states, "Latinos are going to be one-third of the population in the future and their success will have an enormous impact on the future economic success of the United States. If the Latino portion of the economy is not more developed economically, the whole economy will suffer."

So how do we harness the power of the immigrant? Maybe it is a better awareness of how the government can assist this community, such as the Small Business Administration as stated earlier. Possibly, the Hispanic community could be educated on how to leverage the existing Federal opportunity zones. Additionally, I believe the large banks need to be better educated on the benefits of investing with Hispanic entrepreneurs and their businesses. Relationships between my fellow Hispanic entrepreneurs and traditional banks need to be strengthened. The old saying goes, "People do business with people they know and like."

We have proven we are a community of hardworking entrepreneurs. There are about 400,000 Latino-owned employer businesses in the United States before the panic. They generated nearly \$500 billion in annual revenue and employed 3.4 million people. We want the same equal opportunity to grow our businesses and have access to capital when we have shown we have experience to take on bigger opportunities that will fuel the U.S. economic engine. We have the "can do" American spirit that historically built this country.

Madam Chair, it has been an honor to speak to this Committee today. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Ponce.

Now I will begin by recognizing myself for 5 minutes. Thank you so much to all the witnesses for your compelling stories and sharing the important role that immigrants play in our economy.

Mr. Kallick, I would like to address my first question to you.

Immigrant-owned businesses were particularly important in the recovery from the Great Recession, adding more than 200,000 jobs, thousands of small businesses between the period of 2007 to 2014, a period when the economy was shedding jobs. They may not have fared as well given the nature of the COVID-19 pandemic. How do we ensure these businesses are fully utilized for this recovery as well?

Mr. KALLICK. Thank you for the question.

Yeah, I mean, I think it is instructive to think about the comparison to what happened after the Great Recession where I would say I think it is right that the immigrant small businesses played a big role in the revitalization after the Great Recession. I think immigrants and people of color were also devastated during that recession by home laws. And so I think there is a real danger to my mind that the destruction of capital gains and of people's wealth, people of color, immigrants during the Great Recession, they lost their homes. And during this recession they could be losing their businesses. So I think we really need to pay a lot of attention to I think, you know, not the question of whether there is some special program but how do we make sure that people are not excluded from the rebuilding process as they have been already in various ways.

I think we heard a little bit of a thread going through everything is the question of access to capital. And how do you make sure that it is not just immigrants relying on big banks where they may not have very good relationships to be able to get business loans.

Chairwoman VELÁZQUEZ. Thank you, Mr. Kallick.

Ms. Chen, I see you and I hear you. I have the honor of representing two Chinatowns in my district out of three here in New York City. It is no secret that the public rhetoric around the COVID-19 pandemic and China have fueled anti-Asian American hate incidents. Have you or anyone you know experienced this firsthand? Has it made you fear for the safety of your business or your customers?

Ms. CHEN. Thank you, Chairwoman Velázquez, for that question. In fact, last night I was at a protest on campus at Baylor University because just recently a student near campus was physically assaulted and attacked and had racial slurs spoken against them near campus. And so I was standing with the AAPI community last night at this protest. I, myself, personally have not experienced the physical attacks against me but I do have fears or concerns regarding attacks potentially impacting my team members or even my own business, especially as we are more outspoken and continue to speak up and stand against this issue.

Chairwoman VELÁZQUEZ. Any suggestions from your end that we need to do in order to tone down this hateful rhetoric and build better relationships with the AAPI community?

Ms. CHEN. Well, you know, outside of my work as a boba tea entrepreneur, I am a trauma therapist and social worker. And so with the rise of all the hate crimes, I personally have even seen a rise of communities within the AAPI community seeking therapy. And so I know that there is such a mass need for mental health support and accessible support. And so I urge Congress to continue funding advocacy centers or even local community mental health centers that provide multilingual, multicultural services. And that is particularly the case in places like Waco where it is a bit more rural and so there is less funding opportunities, you know, in our community for accessible mental health.

And in addition, I think it just starts with the leadership. Right? It is important as leaders for us to stand and to speak against anti-Asian hate crimes. And it really starts at the leadership setting that tone with not just speaking about the importance of being against these hate crimes but also having tangible policies or even tangible evidence of, okay, this is what we are going to do beyond—

Chairwoman VELÁZQUEZ. Thank you. I have seen the economic impact that this has had in our communities. I toured Chinatown communities in Manhattan, lower Manhattan and in Brooklyn, and saw how in the beginning they were closing their doors after 5:00 because they were really afraid of their lives and the safety of their customers. We need to do better.

Mr. Fitzgerald, have you come into any interactions with community navigators that we included as part of the PPP and EIDL and if so, has that played any role in providing information to the businesses?

Mr. FITZGERALD. Absolutely. That was why a number of years ago we expanded our network of service centers to include the International Rescue Committee, which is a refugee resettlement agency, which is very heavily embedded in communities in San Diego, the Asian Business Association of San Diego, and of course at Southwestern College, we are an Hispanic-serving institution

and worked heavily in those communities. That is why language services and being very intentional with who is our staff and working that really they are able to be able to work within the community, be part of the community, and to be able to provide those services.

Chairwoman VELÁZQUEZ. Thank you. My time has now expired.

The Ranking Member, Mr. Luetkemeyer, is recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Madam Chair.

I would like to start with Mr. Ponce. You know, Mr. Kallick made the comment a minute ago that policy will matter as we rebuild the economy here. And I think along that line, President Biden has pledged to repeal the Trump administration's pro-business Tax Cuts and Jobs Act. The administration lowered taxes and reduced regulatory environment I believe generated a small business economy that was filled with optimism and confidence. Small business owners were investing in their employees, their companies, and their communities. As a result, the Nation saw historic levels of unemployment and job creation.

As a small business owner, can you give me your thoughts on the Biden tax plan?

Mr. PONCE. Yes, thank you, Representative Luetkemeyer.

You know, it is my understanding that there is going to be substantial cuts coming down the line and the increase in taxes. You know, I can speak freely of my current economic view here locally in our local market. The reality is what we had before within the Trump administration, it allowed us to really excel and grow in our diverse market being that we are in the Midwest. But right now as we stand I feel that we need to really reimplement or rethink through that process of allowing small business owners the opportunities and the capabilities to grow and succeed with the financial opportunities that are out there that everyone else is able to obtain. Thank you.

Mr. LUETKEMEYER. To allow you to keep your own dollars with tax cuts and be able to invest those as you saw fit, either in, you know, buying another business or expanding your business, more inventory, hiring more people, that allowed you to grow your business as you saw fit and improve the entire community with you investing in and growing your business I would say. Is that a fair statement?

Mr. PONCE. That is a very fair statement. It gives me the flexibility and it would give us really the flexibility to grow and continue to grow to the market share that we want to tackle.

Mr. LUETKEMEYER. So if those taxes are raised and you wind up with increased regulation, it is going to suck money out of your operating capital, out of your operating money to be able to do those things and it is going to restrict your ability to grow I would assume. Is that correct?

Mr. PONCE. It would definitely limit our growth. That is correct, Representative Luetkemeyer.

Mr. LUETKEMEYER. Something else that sort of really piqued my interest here is I serve on the Financial Services Committee as well. I am the Ranking Member on Financial Institutions, which

oversees the banks and credit unions and those folks. And so when you talked about the inability of big banks to really address the immigrants' basic needs for capital, that really struck a chord with me because I am concerned the numbers will bear out, you made the point about community banks. You know, your local bank that is independently owned and run and basically they invest in the community. And as a community grows, they grow, versus the big bank which has a completely different business model. The numbers bear out that the smaller banks actually make more, significantly more business models out of their deposit base than big banks do. So it did not surprise me when you made that comment, especially when it comes to beginning, you know, startup businesses, the capital. The big banks will be glad to take the business once it is off and running but it is a little difficult to get that start-up capital.

So I guess my question to you is, we have got some concerns with the small business program because of some reports that we are getting from the IG and the Government Accountability Office of some problems there with regards to our ability to provide oversight. And I am considering looking at having the banks do more of that.

So in your experience with the banks with regard, even to SBA programs, were the small community banks able to deliver on those dollars, on those programs in a way that it was giving you the information you needed and be able to give you the dollars that you needed to be able to get through your startup and getting going through the PPP program, things like that?

Mr. PONCE. Yes, Representative Luetkemeyer. The opportunities were given to me by the smaller, local banking institution that actually understood and really read through my experience and my vision of what I wanted to do with our company. They were not 100 percent onboard completely with funding. I had to, again, for example, in the acquisition of this firm in 2016, you know, they gave me some but not all. They wanted me to step up to the plate and put my own skin in the game and it just turned out that I had to put a substantial amount more skin in the game than the bank was willing to savor on my end. But they were definitely much more receptive versus the bigger branch banking institutions out there. They really looked at me as an individual, who I am and what I envisioned of our operation but the bigger banks did not give me the time nor the availability to sit down and understand exactly what I wanted to do with our organization.

Mr. LUETKEMEYER. Thank you for that. My time is about up.

Mr. Fitzgerald, in a world where you saw SBA as a guarantor of loans and grants versus the direct lending or direct grantee, how would you see the SBDC's role in that? Is that something you could see expand and be an initiator of those loans, for instance, or those grants, for instance?

Mr. FITZGERALD. What we do is mainly help people navigate the lending process, complete their applications, complete their business plans so that way it is a much easier process for the lender to be able to underwrite and help them understand what that particular process is.

Mr. LUETKEMEYER. Could you see it expand a role for you though in that regard?

Mr. FITZGERALD. Always, because that is really what we focus on is access to capital in a lot of ways.

Chairwoman VELAZQUEZ. The gentleman's time has expired.

Mr. LUETKEMEYER. Thank you, Madam Chair.

Chairwoman VELAZQUEZ. Now we recognize the gentleman from Colorado, Mr. Crow, for 5 minutes.

Mr. CROW. Thank you, Madam Chair. And thank you to all the witnesses. This is an extremely important hearing for me in particular. I represent the most diverse district in the state of Colorado, one of the most diverse in the Nation where we are home to many immigrants and refugees. I have over 160 languages spoken in my district and about 20 percent of my constituents were actually born outside of the United States. And the comment earlier by several of you that are immigrants and refugees, entrepreneurs, resonates very strongly with me because I see so many of those folks come here and they start businesses—restaurants, bakeries. You know, the mom and pop shops on the corner are oftentimes run by immigrants and refugees and it really is kind of like the lifeblood of our economy but actually makes our community a lot more stronger and vibrant and a great place to live. So it is an extremely important topic for me.

One issue that I would love you all to touch on, and this goes back to the access to capital which, of course, is a common thread throughout much of this. But, you know, I have folks who had been business owners for decades back where they lived before they came to the United States, and then when they immigrated here or sought refugee status here, they are starting from scratch because their credit histories, their credit ratings do not translate back from where they ran businesses to where they are now. So they are starting from scratch and it is really a tough thing for them to grow that.

Can you touch on, you know, how can we address that issue? How can we be creative and innovative and give some folks some credit for sometimes decades of business ownership so they are not starting from ground zero again?

Maybe start with Mr. Kallick and then go to Mr. Daniel Fitzgerald.

Mr. KALLICK. Sure. Thanks for raising that.

So the report that I was referring to before is the report we did about immigrant Main Street businesses. And one of the questions we looked at was exactly that issue of what makes for better lending practices.

One of the things that I thought was striking and surprised me in some ways as we did the research was the issue seemed to me not so much about widening the doors, sort of letting the people qualify more, but it was more about, so in other words, like not providing different terms but it was more about how do you make sure that the lenders can have the time to really evaluate the potential business, you know, borrowers? And so I think, you know, the more that you can do to support community developing finance institutions, community development corporations, sort of people who can have individual relationships with business owners and,

you know, figure out who is a good credit risk. It is not doing anybody a favor if you lend people money and they cannot pay it back. Right? That gets them in trouble but it also gets the bank or the lender in trouble. So you really do want to say how do you evaluate somebody's credit worthiness? But I think what you are pointing out is that immigrants and refugees in particular, you know, the usual ways that we do that may not fit very well. So just being able to look at somebody's credit history is not a very good indicator of that. So I would say invest the time really of the loan officers. And, I mean, I guess if I could say one more thing about that I would say how do you make sure that you are really connecting people with the kinds of business services that help them to grow as they are doing the borrowing?

Mr. CROW. Thank you.

Mr. Fitzgerald, a short answer, because I would like to get Ms. Chen's view on that as well.

Mr. FITZGERALD. Absolutely. I just want to echo what Mr. Kallick was speaking about and the need for microlenders and very small business lenders. The continuation of the SBA Microlending program is critical. But also looking at early loans that are based on social credit which are kind of credit-building loans which are very, very small are critical as well.

Mr. CROW. Thank you.

Ms. Chen, any thoughts on this?

Ms. CHEN. Yes. Because we were underfunded from the PPP, we actually relied heavily on community support and had opportunities to apply through a local nonprofit for a KIVA Microfinance Loan, actually. That was pretty recently. And so I think utilizing microfinancing can actually be very critical for small businesses like ourselves, especially programs like KIVA where there is 0 percent interest and it does not rely on your credit to be able to access. Instead, it is focusing more on social credit trustworthiness.

Mr. CROW. Thank you. I appreciate very much that view and for everyone's hard work.

I yield back, Madam Chair.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

Now we recognize the Vice Ranking Member Mr. Williams from Texas for 5 minutes.

Mr. WILLIAMS. Thank you, Madam Chair. And thank you to the witnesses. And thank you to our ranking Chairman for this.

As the owner of auto dealerships in Texas and a small business owner, I know firsthand how devastating President Biden's corporate tax increase would be on Main Street America. You know, raising taxes will only cause businesses to invest less in operations, to hire few employees. They will cut employees so they can save money to pay the increase in taxes. And I know when we cut taxes under the Trump administration it caused the labor market to tighten which was a good thing. We had to compete to attract workers which led to higher wages for all employees.

So I know this story is not unique to just the car business. The bottom line is all small businesses, regardless of ethnicity, will be affected with any increase in the corporate tax rate. It is a disaster when you raise taxes.

So Mr. Ponce, as someone in the real estate market, can you explain—you have done a good job so far—of how President Biden's tax increase would affect your business and doing away with things like the like-kind exchange, treating capital gains as ordinary income, inflation, all that is going to be affected with you. How is it going to affect your business?

Mr. PONCE. Thank you, Representative Williams.

I believe as stated earlier with Representative Luetkemeyer, if the tax increase does assess itself, I feel that it will make it very difficult for us to sustain our business due to the fact that we would have to use literally our own financial resources and not have the opportunity to really bridge the assistance of bigger banks or anything of that nature to assist us and continue to grow. But here in our local market there are too many weighing factors in my honest opinion of how it is going to affect us. And the major one is the growth. It is allowing us to continue to grow as a company. And not only just in the real estate market but I would assert to say, I strongly assert to say that in any type of business entity, if they increase taxes it will definitely hinder our potential for growth and our opportunity to really generate potential future revenue for our industry.

Mr. WILLIAMS. Thank you.

So what is good for small business is good for America. I believe that. Most of us do.

We need to stop focusing on what increased government spending can do for Main Street America and shift our efforts to building an economy that incentivizes entrepreneurship and grows what I call the real economy, small business owners and not the government's economy.

So Mr. Fitzgerald, you mentioned the Small Business Development Centers offer assistance to people who are looking to start or expand their business. With COVID-19 bringing many unique challenges for businesses to confront moving forward, I want to ensure that we are using these resources as effectively as possible. So can you briefly talk about some of the ways the SBDCs should be changing the way they assist small businesses as we are regaining normalcy back in Texas. We are back to normal in Texas and we should get America that way.

Mr. FITZGERALD. So right now we are still, of course, continuing to focus on the relief programs. The last month of PPP is coming up but we are already beginning to see a strong increase in entrepreneurship and business starts. So we are ramping up again our programs on how to start a business, how we can go to those programs, including newly expanding a lot on childcare businesses, as well as foodservice businesses. In addition, we have really continued to grow our services around the innovation economy here in San Diego. We have a very strong life science sector and that has continued to expand at which a number of immigrants certainly work in that sector as well. And so basically getting back to the core services that we were providing pre-pandemic is what we need to do very, very soon as the relief programs begin to expire.

Mr. WILLIAMS. Okay. So when the pandemic began, large stores were able to remain open while mom and pop shops were

forced to shut their doors. I was very opposed to these orders since the government should never pick winners and losers and be deciding what businesses are essential and ones that are not and the ones that can operate. Small franchise businesses of which I am that and the mom and pop stores are the strength of this country and of Main Street.

So Mr. Kallick, in your testimony you talked about some of the long-term effects of the COVID lockdowns if we do not revitalize Main Street America.

Can you go into a little more detail for the people listening today on the long-term effects of COVID-19, how it could shift the competitive landscape of the economy?

Mr. KALLICK. Sure. Thanks for the question. I think my concern is that big businesses and some of the online businesses may squeeze out the more locally oriented business. I would say that it strikes me as unlikely. We do not know what the tax proposals are in any detail but it is unlikely that the small businesses we are talking about here are going to see really significant impacts from those. They are aimed largely at wealthy people and corporations that are making big profits. And I think what is really important is creating a climate of confidence in downtown growth. I think people need to be able to feel like they are, first of all, safe. They can trust the government to tell them when it is okay and when they can really go safely without feeling that there is a health risk. And I think they have to feel like there is money in the economy to be able to support the reopening and risking of small businesses.

Chairwoman VELAZQUEZ. The gentleman's time has expired.

Now we recognize the gentleman from Minnesota, Mr. Phillips for 5 minutes.

Mr. PHILLIPS. Thank you, Madam Chair. And thank you to today's witnesses. I am quite encouraged that our Committee is having this conversation today because most of us have foremothers and forefathers who came to America, bringing the very same ambitions and seeking the very same opportunities and possibilities that today's immigrants seek for themselves and their families. And I am one of those people. My great, great grandparents came to the United States in the late 19th century, built successful businesses, and perhaps most importantly, shared that success, and we continue to share that success with the very communities that made it possible.

As you all know, some of America's most innovative and impactful enterprises were founded by immigrants. Even today, Moderna, one of the companies leading the way in the COVID-19 vaccine was founded by an immigrant. eBay introduced the entire world to ecommerce founded by immigrants. Tesla and SpaceX, writing history in the energy and automobile and space sectors, founded by an immigrant. The story of how these companies rose to their position is really a uniquely American story and there are stories of the United States welcoming talent. I stress welcoming talent from all over the world. And that is why I am a significant advocate and supporter of proposals throughout Congress to afford more visas to foreign-born entrepreneurs who wish to develop their companies in the U.S., provide jobs to Americans, and improve communities.

To my colleagues who are arguing for lower taxes, we all want lower taxes. We also need better roads and bridges and airports and electrical grid. We need a trained workforce. We need healthcare for human beings so they can be productive employees. And I ask all of us to unify behind the investments we need to make and ways to pay for them.

Mr. Kallick, I will start with you. In your research relative to immigration, what impact have you found that immigrant entrepreneurs have had on job growth and creation in the United States?

Mr. KALLICK. Well, so certainly as you point out, I mean, very significant in the overall economy. I think one particularly interesting thing from our research was the sort of bread and butter of economic growth which is that Main Street small business growth and the way in which immigrants have often found kind of niches that are unexplored or undeveloped within the economy.

I think something that was particularly surprising in our research was how important that was in some cities that had seen overall economic decline—Detroit, Pittsburgh, Baltimore, Cincinnati—where immigrants were filling in those niches and helping the local neighborhoods to grow. And I think that is in some ways the story of some of the bigger metro areas as well but I would say it is more striking in some ways and maybe more surprising in some of those smaller metro areas.

Mr. PHILLIPS. I should ask if there are risks to the U.S. economy that we should be concerned about if Congress and the White House do not take steps to increase the number of legal immigrants in the United States.

Mr. Kallick or any of our other witnesses, I would welcome your perspective on that question. Anybody? All right.

Mr. KALLICK. I am happy to say something. I am happy to say something on it. I do not want to be the only one talking but I mean, I think, sure. I mean, look, I do not think that endless population growth is necessarily always and in every case a good thing. But I think having population decline is a real danger to the economy where we have in lots of cities, and we have seen this. We have got a substantial amount of built infrastructure that is going underutilized and if we do not have people who can revitalize that and bring that back into productive use I think you see a real loss to the overall economy. And a number of the metro areas, a number of the cities are just at that tipping point.

Within New York State—Buffalo, Syracuse, Rochester, Albany—every time the census comes out people are looking to see, you know, is there a population decline or a little bit of finally population increase. And without immigration I think we are not going to see that population increase. And similarly, not the revitalization of these cities.

Mr. PHILLIPS. I can tell you in my business career there are two ways to grow enterprises—either find new consumers at home and/or new opportunities to market products abroad. Many of you are familiar with forward.us@wd.us. They published a report recently in collaboration with George Mason University, that found that the U.S. risks losing its status as the world's largest economy by 2030 if policymakers do not take steps to expand legal immigra-

tion. That report, which I would like to enter into the record, Madam Chair, found that current population trends and immigration levels will lead to the U.S. economy being only three-quarters of the size of China by 2050.

Chairwoman VELAZQUEZ. Without objection.

Mr. PHILLIPS. I am sorry?

Chairwoman VELAZQUEZ. Without objection.

Mr. PHILLIPS. Thank you.

And that influx of legal immigrants would help keep entitlement programs, like Social Security and Medicare from going insolvent, something that we surely could all agree on.

I do see my time is expiring, Madam Chair. I yield back and thank you again to our witnesses for being with us today.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Minnesota, Mr. Hagedorn.

Mr. HAGEDORN. Thank you, Madam Chair. I appreciate the opportunity, and thanks for holding this hearing.

I guess at the start I would say we have to always remember the United States is the most generous country in the world when it comes to legal immigration. We bring in over a million people a year and I think many of us would like to see that including merit-based immigration so we can have more people that want to come here and fulfill the American dream and continue this entrepreneurial spirit which flourishes in our system of free enterprise. And I think at any point in our history we look back and whether it is the Germans or the Italians immigrating or people fleeing Communism in Cuba or folks coming here for economic opportunity, whatever, folks have been able to flourish in this system and we have to maintain our system, rather than go towards socialism.

I see some of this up front. My wife, Jennifer, was born in Korea. She was adopted by two great people in Minnesota at a very young age and brought to our country. Now one of the ways that she has fulfilled the American dream is she is a retail small business owner. Her business is up in Congressman Stauber's district. Congressman Stauber, of course, a member of our Committee. And I think whether you are somebody that came to America and started a business or you are somebody who has been here many, many generations, we are all in the same boat. And what we need to do is to make sure that we have a system with good government that is going to allow people to have the best opportunity possible in order to take their dreams and ideas and turn them into something and keep growing. And that means, you know, if you look back the last 4 years, we had that in our economy and it was a good economy for small businesses of any sort. We had tax reform, which was very successful. Less regulations, and a lot of business owners will tell you that is very important, particularly in the banking industry where you are talking about where community bankers were wiped out because of bad regulations coming out of Dodd-Frank.

And then you look at things like low-cost energy. Many businesses thrive because they can keep their costs downward and then trade deals like USMCA and others.

But then you kind of look at the other side of the coin, bad government policies and how tough it can be on business. In the state

of Minnesota, I would like to associate myself with Congressman Williams's statements about the lockdowns. In Minnesota, we had lockdowns here where our governor used emergency powers to basically pick winners and losers and decide that the retail small business owners had to shut down and the restaurants and everybody else but the big box stores and the online only stores, they were wide open. And they were getting all that business. On top of that in Minnesota, we had businesses across the border at places like South Dakota, Iowa, and Wisconsin, they were open. Our businesses were shut down. Our people were hurt. They are still struggling with that to this day and probably will into the years to come. That was not good.

Another bad government policy, and this one comes from Congress, this one comes from the national group. What is going on with unemployment compensation and the way we were throwing out benefits and money to people during this COVID has made it so people literally do better staying at home. They make more money than if they go to work. And if you talk to any business owner across this country for the most part, big, small, or otherwise, they are having a really tough time finding people to work. And a lot of that is because of bad policies put together by the Congress, by the president, and we have got to stop that. We have to get back to where we have people getting incentives to go back to work, get into the private sector, do their jobs. Because we are going to have business literally losing market share or going out of business because they just cannot find a workforce, skilled or otherwise. So I am part of those solutions in Congress. I hope we can all join together and move that forward.

So Mr. Ponce, you are a small business owner. You have seen some of this. I will just let you kind of respond to what I have been saying.

Mr. PONCE. Thank you, Representative Hagedorn. You are 100 percent correct. As stated earlier by Representative Luetkemeyer, in my bio, I also own a fitness facility in the Clayton area here in the St. Louis market. And government, that may be that it is currently seen in our area, did just that. They unfortunately put us in a position where small businesses were almost put out of extinction because of the way they decided on who stays open and who does not. But the reality is there has got to be some equal share or responsibility on all sides, you know, from local government to national government. And in my opinion, here on a local level there are many obstacles that we still have to overcome.

To your point, Representative Hagedorn, in regards to the unemployment and the people that are currently rather wanting to stay home versus going back to their normal jobs, that now that the opportunity is there they decide to stay home because they make more money doing that instead of having to go to work, there has got to be some clarification and there has got to be some type of balance. You know, this government was built on immigrants as everyone here on this panel and this Committee is well aware of. And I am very thankful to say that I am one of those that is trying to build my American dream here, but we definitely need the support of local government to allow us to continue to grow and not

put us in positions where we have to be challenged day to day on how to grow. Thank you.

Mr. HAGEDORN. Thank you. I appreciate your time.

Chairwoman VELAZQUEZ. The gentleman's time has expired.

Now we recognize the gentlelady from Illinois, Ms. Newman, for 5 minutes.

Ms. NEWMAN. Well, thank you very much. Good afternoon, everybody. So pleased to be here. Thank you, Chairwoman, and thank you, Ranking Member Luetkemeyer.

So a couple of things for the record, and I think it is important to say that I think we all have had Econ 101 and many other econ classes so that we know that our economy only grows when we have more people being productive. So limiting the number of people in this country is really a bad idea because we will not be as productive. Our GDP will never grow. So that is one.

Two is that I just want to be clear for the record in writing that we did not pick losers and winners. What we did do was provide science and we provided great outline as to how people can stay safe as they keep their businesses open. And so they can make choices for themselves, their staff, and their customers. So pleased that our government did that and continues to do that. And I am so pleased small business is coming back.

As a former small business owner and someone that has a strong advisory council in my district that I meet with once a month, I hear about their challenges. And I am incredibly concerned.

So a few things. I do understand that President Biden's plan does not include small businesses all the way down with the 21 to 28 percent or whatever it might be. That most of the businesses that we are talking about here would not be affected by the tax increase. So let's get that out there. We will learn more as the weeks go on.

I also want to ask Mr. Ponce and Ms. Chen a couple of direct questions about their businesses because I have asked this of hundreds of small businesses in my district and I keep on getting two answers. So I will tell you what the answers are but tell me if you are hearing something differently.

So the first question for both of you is, are you both having trouble with hiring folks? Meaning finding folks to work in your businesses.

And I will go to Ms. Chen first.

Ms. CHEN. So thank you for that question. Specifically for us, we are not having trouble hiring. In fact, we have had a lot of individuals eager to work and even get off of unemployment, desiring to go back into the workforce and are eager to serve. And I specifically am in the food and beverage industry in particular. And I think part of why a lot of folks have wanted to work for us is because we have ensured that our company is going to be transparent about safety and even continued requiring our customers, along with our staff to wear masks despite the state of Texas mandates that have lifted those.

Ms. NEWMAN. Right. Good. Well, I am so pleased to hear that. And it is funny. When I do hear that there are workforce problems, it is usually attached to childcare. So I think we are hearing consistent things, is that people are dying to come back if they do not

have childcare concerns, but when they have childcare concerns they are having trouble getting back to work because there is no where to put their children right now so that they can work. So thank you for your answer.

And then Mr. Ponce, I will ask you the same thing. Are you having labor workforce recruitment issues or are you not?

Mr. PONCE. Thank you for that question, Representative Newman.

As stated earlier, within my industry, we are a little bit of a unique industry. We are, obviously, in the real estate industry, so we are not having that issue at the very moment, but I am involved in other businesses that my fellow colleague and entrepreneurs are having issues finding and hiring people due to the fact of the local government's issuance on how they are wanting to return back to work but do not choose to because of the unemployment benefits that they are receiving.

Ms. NEWMAN. Okay. So you have not heard from any of them that potentially it was childcare related.

And then I have one more question for you.

Mr. PONCE. Yes. This is mainly related to the restaurant industry and the fitness industry that I am also well aware of in our local market.

Ms. NEWMAN. Okay, I am sorry. So are you saying that the employees that are not coming back, it is not due to the fact that they do not have the ability to have their children cared for while they are at work?

Mr. PONCE. No, ma'am. That is correct.

Ms. NEWMAN. Okay. Thank you for that answer.

And then my last question has to do with livable wage. Do you think that it is interesting that you have just identified that, in fact, people are not coming back because they are getting paid more potentially by their current subsidies. Do you think that is interesting in light of the fact that they are looking at going back to a low wage that they cannot live on or they are temporarily getting a lift and taking advantage of that until they can go back?

Mr. PONCE. I can confidently say, Representative Newman, that within our local market, our local district, there is a lot of individuals that are taking advantage of the benefits right now, the subsidies that are given to them that gives them the option to decide not to want to be gainfully employed but much rather want to be under the unemployment benefits plan because the minimum wage probably does not fare out to equate to what they are getting now. There are plenty of businesses here, local businesses that have signs on their windows looking for, in desperateness looking for individuals, even calling back previous employee that unfortunately were had to let go due to the fact that when the quarantine and the city getting involved in closing small businesses, it made a huge impact to these individuals that decided to take it. So.

Chairwoman VELAZQUEZ. Time has expired.

Mr. PONCE. Thank you.

Chairwoman VELAZQUEZ. The gentlelady from California, Ms. Kim, is recognized for 5 minutes.

You need to unmute, Ms. Kim. We cannot hear you.

We will go to Mr. Stauber and then go back to Ms. Kim.

The gentleman.

Mr. STAUBER. One second, Madam Chair. I am trying to get my speaker up here.

Thank you, Madam Chair.

You know, first off, thanks for the witnesses being here. And my questions are for Mr. Ponce. First, I want to acknowledge that in your testimony you highlighted that lending was a huge barrier to entry. Are there other hurdles such as minimum wage increase or new taxes that worry entrepreneurs, as they try to overcome the effects of this pandemic?

Mr. PONCE. Thank you, Representative Stauber.

I feel strongly that the challenges are banking and lending for us. And also in the imminent future, the tax increase will definitely be a major catastrophe on our end to continue to succeed in our growth and our industry. Yes.

Mr. STAUBER. And then also in your testimony you highlight the importance of educating our communities of the assistance the government provides for entrepreneurs through the SBA. And can you speak more specifically about your experience starting your business, and did you know of SBA assistance or work with the SBA resource partners such as the SBDCs?

Mr. PONCE. Thank you for that question, Representative Stauber. It was in my past experience and I was unaware of these opportunities that the local governments and national governments were offering. I was aware of the SBA initiatives and the programs that they had to offer but I did not have the direction nor the know how to be able to get pointed in that direction. And I speak highly within our local market and that is where I can really specialize my questions, or my answers, rather. But in essence, to be very direct here, we lack education within our community and the involvement of these organizations for our communities. And that is where I feel strongly that once we are aware of what opportunities are out there for our businesses and our fellow entrepreneurs in the Latino community, I can feel certain, being that I sit on the board of the Hispanic Chamber of Commerce here locally in St. Louis, I see this each and every day. And we try to guide now more so now because of our past experience and our past leadership that had to deal with the most difficult route possible to gain a business of their own, now as we keep moving forward there is obviously more opportunities out there that the government allows us to research and know and advise to. Now it is just bringing those people from our community to those organizations. That is our challenge. Thank you.

Mr. STAUBER. So, Mr. Ponce, give us some advice on how we might better educate our communities on the opportunities available to them from your experience.

Mr. PONCE. Thank you. That is a very good question. I would say please look at us as individuals and not as a number. And that is truly factual even in our industry, if we can just please be looked at as individuals and our credibility and our experience and that endeavored business that will go a long way. And not look at us as an actual number as such as these big bank branches do and instead of putting in check marks they are just crossing the lines and making sure they hit all avenues.

It has been my experience that a lot of banking institutions here on a local level look at a deal as how can we not get it approved versus how can we get you to the approval, you know, stamp. You know, maybe we cannot get approved at this very moment but let's show you what you need to do to get approved and that is the educational component that we lack. And that is the educational component that we push within the local organizations that I am involved in such as the Hispanic Chamber of Commerce of St. Louis. Thank you.

Mr. STAUBER. Mr. Ponce, what I heard you say is personalize the assistance and get to a yes because it is easy to say no in government. Would that be correct?

Mr. PONCE. That is 100 percent correct, Representative Stauber.

Mr. STAUBER. Thank you, Mr. Ponce, for your testimony.

And Madam Chair, I yield back. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Georgia, Ms. Bourdeaux.

Ms. BOURDEAUX. Thank you, Madam Chairwoman. And thanks to all the witnesses here today. Hopefully, you can hear me okay. I see my Internet connection may not be great.

I represent one of the most diverse districts in the country with immigrants from all over the world that help drive our economy in Gwinnett and Forsyth counties. About a quarter of my constituents were born outside of the United States. Many of these, of course, as you all have noted, are entrepreneurs and operate lots of wonderful mom and pop shops all over this district. And so our challenge is to figure out how to, of course, get them through the COVID crisis and then get them off to a strong start on the other side of this.

So just starting at the top with a question for Mr. Kallick. You mentioned in your testimony concerns about the disproportionate impact of COVID-19 on immigrant communities, the importance of correcting that imbalance using small business relationships with big banks versus CDFIs as an example.

In your view, how can Congress ensure that our immigrant-owned businesses, which are these really wonderful but often small and do not have those regular banking relationships, how do we help them recover and build back better after the pandemic?

Mr. KALLICK. You know, I wish I had a more fully blown answer for you. I think there are 1,000 steps along the way and as you consider each one I would say it would be really important to think about how is that going to affect the immigrant businesses, the businesses owned by people of color who have been so sometimes deliberately I think, sometimes not deliberately but so excluded from other forms of aid. So I am not sure how to, you know, I would be glad to come back another day and come with a series of proposals. I do not really have one ready but I think it can be part of the thinking every step of the way.

Ms. BOURDEAUX. I have heard about the microlending programs, things like that, and we are working with our Small Business Development Center also to try to really improve and build on the outreach to our immigrant businesses. Recently, I had an event with over 60 restaurants from Georgia 7 who we saw last week

with Isabel Guzman, the Small Business Administrator. And many of those who showed up to this event were immigrant-owned restaurants and they were beginning to apply for and receive assistance through the Restaurant Revitalization Fund. However, we know that there are many other businesses that have not been able to access any assistance over the past year. And so we are now looking forward to the launch of the Community Navigator pilot program on April 30. And it is my hope that this program will enable more immigrant-owned businesses to get the information and resources that they need to help them recover and prosper in the years to come.

That being said, you know, we are trying to figure out, you know, what does this Community Navigator need to do? How are we going to target that towards our small businesses in order to help them be successful? And one of my colleagues at George State University did a study and talked about how a lot of resources were really just oriented towards providing in-language services to folks.

And I was wondering, this is a question for Ms. Jaja Chen, what would be some of the things that would really help people in the Taiwanese or Chinese business community? You know, what could the Small Business Administration do to help them get to the other side of this crisis? We want them to provide services in language. You know, have some of that kind of research. But are there other things they could be doing that would help a business like yours or your colleagues and peers in the community?

Ms. CHEN. Well, I think it is huge to really focus in on building relationships with the grassroots organizations and community organizations like mutual aid groups that are already serving immigrant-owned populations. And so rather than revamping, creating brand new programs, really starting to recognize, like there are so many nonprofits and organizations already serving the immigrant-owned population or immigrant-owned business population. So it is important to really have the linkages. Right? The collaboration between the organizations and part of that is having the time, having people to be able to build those linkages, build those relationships, and to be able to ensure that there is that cultural competency that has held out throughout that time in the relationship because it comes down to someone having the relationship with someone to know, oh, I can actually qualify for programs within the SBA. I think many Chinese and Taiwanese business owners might not even realize that they have the ability to apply for programs like the PPP or Restaurant Revitalization Fund.

Ms. BOURDEAUX. I will just state we have this challenge, and I will have to wrap up, between we have people with the cultural knowledge and people with the small business knowledge. We have got to find a way to bring those two groups together.

But thank you very much, Madam Chairwoman. I yield back the balance of my time.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

Now we recognize the gentlelady from California, Ms. Kim.

You need to unmute. We cannot hear you.

Ms. YOUNG KIM. I am joining by audio.

Chairwoman VELÁZQUEZ. We can hear you now.

Ms. YOUNG KIM. Sorry about the technical difficulty here.

So I wanted to thank the witnesses that are joining us today and thank the Chair and the Ranking Member for holding this hearing.

You know, I am an immigrant myself and also a former small business owner so the witnesses' testimonies really resonate with me. And as my family and I also strive to live the American dream, I fully understand the importance of immigrant-owned businesses in our community and the contributions they make.

According to a study from 2019, about 3.2 million immigrants run their own small businesses making it one in every five entrepreneurs in this country. And immigrant-owned businesses, they employed almost 8 million across America. And I have the honor of representing California's 39th District, which is one of the most diverse districts in California and also home to many small businesses owned by immigrants. Overall, here in California over 40 percent of businesses are started by immigrant entrepreneurs.

But unfortunately, many entrepreneurs in my district have been negatively impacted due to one of the most onerous stay-at-home restrictions in the country imposed by Sacramento.

You know, Mr. Ponce and Mr. Chen, just like as you, you are policymakers and legislators, I, too, have taken the time to speak to many small businesses in my district. And one common theme I hear is that they are unable to hire qualified workers. And I am sure based on your experience investing and owning businesses, you also see the same problem in your business and with your communities.

So I want to ask you, Mr. Ponce, do you have any recommendations that could make it easier for businesses to find and hire workers?

Mr. PONCE. Representative Young Kim, thank you so much for your question.

Yes. You know, we have, I would say within the Latino community, we do have a luxury where we are really utilizing our chamber, our business chamber here locally to vet out and find and market to potential future business entrepreneurs to even help gain employment to start and understanding perhaps the business that an individual would like to be involved in. Here my advice to be more direct to your question is continue to help these organizations and these foundations that allow and assist in gaining knowledge and education to and getting it out there I should say to the future employers and future business owners in our minority communities. I hope I did it justice to answer your question. I apologize. Thank you.

Ms. YOUNG KIM. Well, thank you, Mr. Ponce.

In response to Mr. Williams's question earlier, you already stated that it would not be prudent for our government to increase taxes as it will quell business confidence in the American economy at this point. So as a follow up to that and as our economy looks to recover from the pandemic, what type of policies would instill business confidence and incentivize new businesses to open?

Mr. PONCE. Yes, thank you. To be more direct to your question I completely 100 percent stand behind the fact that we cannot increase access. That is a major component to our issue. It will not allow us to grow in the manner that we need to grow.

Furthermore, we need local government authorities and local legislature to really back the business and the local economy of business to allow us to continue to grow. But adding more, you know, more detriment to increase of taxes or limiting an opportunity to open our doors during the reopening of the pandemic, that all has to be looked at and really sought out with a fine-tooth comb. Thank you.

Ms. YOUNG KIM. Sure.

In the interest of time, let me ask a quick question to Mr. Kallick and hope you have time to respond.

In several of the relief packages Congress passed over the last year, the Committee ensured that the smallest of the small business and those that rely on lending institutions like community development financial institutions or CDFIs and small and independent lenders have access to PPP and EIDL programs. So to what do you attribute those businesses not being able to access the programs given the specific carveouts that were already provided?

Mr. KALLICK. I think they were starting so far behind in doing that that there was a real problem in catching up. I think that is the extent of my understanding of it.

Chairwoman VELAZQUEZ. The gentlelady's time has expired.

Now we recognize the gentlelady from California, Ms. Chu, for 5 minutes.

Ms. CHU. Ms. Chen, I appreciate you sharing your experience of discrimination and talking about the fears prevalent in the Asian American community during this year of rising anti-Asian hate crimes across our country. I have been active in leading the effort to fight anti-Asian hate crimes which increased with Trump's usage of the terms China virus, Wuhan virus, and Kung flu.

Last month, I led a delegation to Georgia to visit the three Asian-owned small businesses where eight people were murdered, six of them Asian women. Two weeks ago I met with President Biden to discuss how the administration can work with the AAPI community to put a stop to this hatred, and then last week the Senate took a big step toward by passing the COVID-19 Hate Crimes Act which will come to the House in May and contains the text of my bill, the No Hate Act.

I am so impressed that you have managed to grow your small business so successfully when you faced not just the pandemic but also anti-Asian discrimination. So can you talk about what you have done to overcome these hurdles and run your business so successfully? And what advice would you give to other AAPI small businesses that have some fears and trepidation right now?

Ms. CHEN. Thank you, Representative Chu, for your work in this AAPI community.

So specifically for us, we have an extensive community support. I think Waco is a phenomenal community that really is seeking to uplift diverse communities. And so as business owners, we have been able to take part of organizations like the Hispanic Chamber, African American Chamber, and they have provided such support and even standing against the anti-Asian racism and hate crimes throughout the country. And we have a lot of relationships that we have been able to build with other community leaders and other partnerships. And I think that is what has helped us to continue

doing what we do. To recognize that we are not alone in this work that we do even as a minority within our own community has been huge to have that community care support.

In addition, I do want to put a plug that I, myself, and my husband, have gotten therapy through this time. And so as a business owner, being able to have access to therapy services was huge to be able to continue working through our own trauma responses in the midst of all that is going on nationally.

And so advice to business owners, I would say recognizing that there are a lot of leaders and individuals who want to support your work and so it is more of trying to find those allies and to be able to find the business partnerships and the collaborations that are going to continue pushing you forward in your work.

Ms. CHU. Thank you so much.

Mr. Kallick, we know that family ties strengthen immigrant communities which in turn help us bolster the economy. Recently-arrived immigrants represent 30 percent of new entrepreneurs, despite the fact that they make up only 13 percent of the population. So immigrants are building the small businesses here in the U.S. which helps us all. And family-based immigrants make such huge contributions to the U.S. economy. In fact, immigrant families help businesses survive sometimes by pooling money or by providing childcare. They are essential to it.

And that is why family-based immigrants have added \$2 trillion to the U.S. GDP in 2016. And that is why I introduced the Reuniting Families Act, which addresses the family immigration visa backlog and unifies immigrant families. And I am proud that this is part of the proposed U.S. Citizenship Act which will reform our immigration system in such a comprehensive way but also allow more immigrants and families to build their businesses in our communities.

So what does your research show about the impact of family-based immigration in communities and small businesses? Do you think a policy like the Reuniting Families Act, which is in the U.S. Citizenship Act, could that help bolster economic development in immigrant communities?

Mr. KALLICK. I do. I think we do very well in the United States with the immigration that we get. And as you know, the primary source of immigration is through family unification. So I think it is quite striking how you can think about ways of shifting what immigrants might be coming here, but the reality is that immigrants who have been coming to the United States make up for all of the statistics you have been hearing so far and that is primarily family-based immigration. Many of the entrepreneurs that you hear about, you know, the sort of superstar entrepreneurs who start the unicorn, the companies that become gigantic companies, they did not come here as special immigrant visas in order to be entrepreneurs. They came here as immigrants and then became entrepreneurs.

Ms. CHU. Thank you. And I yield back.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the gentlelady, Ms. Van Duyne from Texas for 5 minutes.

Ms. VAN DUYNE. Thank you. Thank you very much, Chairman Velázquez and Ranking Member Luetkemeyer. I appreciate the hearings today.

Immigrants are some of America's most entrepreneurial citizens, and everyone benefits from the jobs their businesses create and the services that they provide. While the Biden administration may speak positively about small business owners and American entrepreneurship, their actions continue to inflict unnecessary pain on small business owners around the country. Continued encouragement for COVID restrictions, tax increases, and luxurious unemployment benefits all hamper small businesses' ability to be able to do even the most essential things.

I have heard from so many small businesses that have reached out to me and my office to tell me that they are having trouble hiring staff because they have to compete with the U.S. Government's seemingly never-ending unemployment benefits. And as Young Kim had mentioned earlier—

Ms. CHU. Well, Jaja Chen seemed to—

Ms. VAN DUYNE. We are hearing this over and over again. You know, when I am back in the district I have gone out to restaurants, and these are either high-end, these are small immigrant-owned diners, and they are all telling me the same thing. They cannot hire people because they are competing with the U.S. Government handing out more money than these people are getting paid on the job.

By the way, these are not only folks who are getting paid more than a minimum wage but people who are getting \$20, more than that per hour, but they are having a hard time hiring people.

I talked to one business owner just last week who said he has got 300 openings and cannot get people to apply. This is not really helping our economy to open up at all, and I am sure that small business owners, including those here with us today, do not want government handouts. They want the government to get out of their way so they can provide consumers with their products, their services, and expertise.

The reason our immigrant small businesses have such great success is not because of the government but rather because they have that can-do mentality that this country was built on. The Federal Government's role is not to pick winners or losers but to allow the greatest opportunity for our citizens to flourish no matter how many generations a family has been here.

I appreciate all the stories that we have heard today but I am also concerned about the small businesses not just in my district but across the country and what they are seeing.

And Mr. Ponce—am I saying that? Is it Mr. Ponce or Mr. Ponce? I would love to get your—

Mr. PONCE. Ponce.

Ms. VAN DUYNE. I would love to get your feedback on have you seen any kind of negative or positive experience from the extending of these luxurious unemployment benefits?

Mr. PONCE. Representative Van Duyne, thank you so much for your question. And to better answer it, yes. Here in our local community and our local market you do find yourself noticing, as I notice as a business owner, that the government is way too much in-

volved in our small business practices and they do not allow us to, you know, really, really grasp and grow as an entrepreneur. When it comes to the unemployment versus the minimum wage, the unemployment right now and the subsidies that people are I would say quite frankly taking advantage of because the government allows it, you know, yes, there is a big issue. We have local restaurants and colleagues that own them that are good friends of mine that are having issues trying to reinstate employment with the current people that were employed before but unfortunately, because of the fact that unemployment is paying better if you will, it makes it difficult for them to reattract the previous employee to come back to work. It really does bring a challenge here I would say here in our market to really help really get back and restabilize as a business owner and as a company when you are actually having to battle the government and their subsidies and their opportunities to basically make it easier for them not to gain gainful employment. Thank you.

Ms. VAN DUYNE. I appreciate that.

You know, you have owned a small business now for the last 20 years having navigated the lending process. What do you wish you knew then that you know now?

Mr. PONCE. Well, that is a very good question. I think honestly if I had to start this all over again the only change that I would make is I would definitely really educate myself on the whole banking policies and how banking works because I probably would have took a step back and limit my pace of how I wanted to grow. I would slow everything back down because I took a lot of risk growing and building my business, Representative Van Dyne. And if I would have known what I know now I probably would not have taken as much of the risk because I really thought that by building this on my own and growing this business on my own and using my own financial means it was going to give me the credibility to really go to these big banks and these big institutions and begin to raise capital to continue to grow our business. But unfortunately, that was not the case.

Chairwoman VELAZQUEZ. The gentleman—

Mr. PONCE. Thank you.

Ms. VAN DUYNE. Thank you very much. I yield back.

Chairwoman VELAZQUEZ. The gentlelady's time has expired.

Now we recognize the gentleman, Mr. Evans from Pennsylvania, for 5 minutes.

Mr. EVANS. Thank you, Madam Chair and Ranking Member. Thank you for your leadership, Madam Chair, on this very important subject. If anything is going to build back it is what we are talking about today.

I would like to start with Mr. Daniel Fitzgerald. What can Congress do more to make sure that our Small Business Development Centers are fully prepared to help immigrants from all backgrounds?

Mr. FITZGERALD. I think it is, continue to support the programs. What our experience was when we were able to receive some increased funding from the state of California was we were able to expand more into the communities. That is when we were able to add in International Rescue Committee and the Asian Business As-

sociation. That coincided with the increase in funding that we received at the same time from Congress as it has increased for small business development centers. The reality is that the demand continues to outstrip the resource, but as we are able to get more resources, we are able to hire more advisors that are part of the community that are linguistically and culturally correct. And that is really what supports our efforts to be able to do it. We invest back into the community, providing that type of individual work that has been talked about with the business owner.

Mr. EVANS. What would you say are the most in-demand services by immigrants that seek help at your business center?

Mr. FITZGERALD. Really what it is navigating the U.S. system. That is either the lending and banking system, credit system, but also the layers of government, understanding what is a county, what is a city, and what are some of those differences. Or really how the credit market works and how credit scoring works. And so a lot of that is around how those particular systems work because it literally is not something they are used to. And so we work with them and that is why we also have what we call the culturally correct approach to it where if someone is from Mexico, if someone is from Iraq, have advisors that are familiar or even are from those countries to be able to create some information and be able to help them understand how the U.S. systems works similarly to how it worked from their country of origin and really be able to support them. Really help them understand what they need to do. For example, I need to go to the county to get a health permit. Or what it is I need to do to make sure that, yes, I have a business banking account. How is that different from my personal banking account? And understanding that even small credit loans are able to help build credit and establish credit which can then help them in the future to be able to grow their business with even larger loans.

Mr. EVANS. I yield back my balance, Madam Chair. And thank you for the opportunity. Thank you, sir.

Mr. FITZGERALD. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Wisconsin, Mr. Fitzgerald.

Mr. FITZGERALD of Wisconsin. I am going to yield back, Madam Chair. I do not have anything very specific right now. Thank you very much.

Chairwoman VELAZQUEZ. That concludes our hearing today.

I want to take this opportunity to thank all of our witnesses for their testimony. Today you showcased the incredible power of immigrant-owned businesses and how vital they are to our recovery. When it comes to entrepreneurship, immigrants are leading the way. As business startup rates have dropped overall, immigrants have filled the gap creating jobs and helping our economy keep pace. COVID has devastated these same businesses. If we genuinely want to build back better, we must ensure they have the support need to recover. I hope that today's hearing drove home the importance of these businesses to our economy and will yield actions to help build them up. I look forward to collaborating with my colleagues on both sides of the aisle as we work to harness the power of these businesses and drive an equitable recovery.

I would ask unanimous consent that Members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

If there is no further business to come before the Committee, we are adjourned. Thank you.

[Whereupon, at 2:04 p.m., the Committee was adjourned.]

APPENDIX

Testimony of
David Dyssegaard Kallick
Director of the Fiscal Policy Institute's Immigration Research Initiative

Before the U.S. Congressional Committee on Small Business

Hearing on "Harnessing the Power of Immigrant-Owned
Businesses to Build Back Better"
Wednesday, April 28, 2021

Thank you for inviting me to testify today.

The Fiscal Policy Institute (FPI) is a nonprofit, non-partisan research institute based in Albany and New York City. I started FPI's Immigration Research Initiative in 2006, and I have been deeply involved in studying the role of immigrants in the economy for almost 15 years.

There are plenty of issues that are controversial about immigrants, but one thing we can say with a great deal of certainty is that immigrants are highly entrepreneurial. The act of immigrating has a lot in common with starting a business: seeking a new opportunity, having the confidence to take a risk on it, and finding ways to make it work.

I want to talk today about a particular nexus of immigrant entrepreneurship and the rebuilding of the U.S. economy after the Covid pandemic. What will "Main Street" businesses look like as we begin to return to living our lives without fear of Covid-19?

Once it feels safe to go shopping and go to restaurants, it is not hard to picture two rather different scenarios.

A **Main Street-centered rebuilding** could build on the outdoor restaurants and pedestrian areas and bike paths that have transformed many downtown areas and urban centers. This scenario would entail reviving Main Streets as vibrant places where people meet, walk around, poke into locally owned stores. It would mean an interesting range of individually envisioned local restaurants and places to get coffee or a drink.

But, there is an **online, big box, chain dominated rebuilding** scenario that I think a lot of people would find less attractive but is at least as likely. That scenario is centered around online retailers who sell us most of what we buy. Big box stores take up most of the rest of the shopping we do, drawing customers away from Main Streets and toward the outskirts of

town. Restaurants are franchised and look much the same in every area. And locally owned stores, as well as the downtown or Main Street areas they bring life to, begin to falter.

To put it a little differently, once people can go to restaurants, I have no doubt they will go to restaurants. But what restaurants will there be for them to go to—chains and franchises or a local Thai restaurant or arepas place?

Here's where immigrants come in. Immigrants are in general more likely to be business owners. But they are *far* more likely to be owners of "Main Street" businesses—the shops and services that are the backbone of neighborhoods around the country. In a report the Fiscal Policy Institute published together with the Americas Society/Council of the Americas, we found that immigrants make up 16 percent of the labor force, 18 percent of small business owners, and *28 percent of Main Street business owners*.¹ Looking in more detail, immigrants make up 32 percent of clothing store owners, 32 percent of jewelry store owners, 38 percent of restaurant owners, 45 percent of nail salon owners, and 53 percent of grocery store owners.

In areas where there are more immigrants, immigrants play an even bigger role. Immigrants make up fully 64 percent of all Main Street business owners in metro Los Angeles, 61 percent in metro San Jose, 56 percent in metro Washington, D.C., and 54 percent in metro Miami.

There, in fact, 31 major metro areas where immigrant business owners represent *all of the net growth* in immigrant business ownership between 2000 and 2013. Among them are New York, Chicago, Houston, or Washington metro areas—areas where it may be no surprise that immigrants are playing an important role. But there are also many parts of the country where immigrants make up a smaller share of the overall population, yet they still make up *all of the net gain* in the number of Main Street business owners, such as Baltimore, Detroit, Milwaukee, Pittsburgh, Birmingham and Buffalo metro areas. That doesn't mean, of course, that only immigrants opened businesses. But it does mean that for every U.S.-born business owner who started a business there was at least one that closed—and the converse was true for immigrants.

So, to some extent, I can make a prediction. I can predict that, as in the past, immigrants will play a central role in this revitalization of America's main streets.

But, policy will matter. Immigrants faced extraordinary challenges over this past year. They were more exposed to Covid than the population overall, and immigrants got sick and died in disproportionate numbers. The Paycheck Protection Program, PPP, was the most important support for small businesses in the pandemic recession, but it well known that people of color and immigrants were far less likely to benefit from the PPP loans. Industries and geographic areas where immigrants are prevalent are very often the same as those that were hardest hit by the pandemic recession.

So, as we build back—“build back better,” if you will—Congress should be thinking about how to correct that imbalance. Rebuilding downtown areas will depend on making walkable streets and bike paths and outdoor seating for restaurants—mostly local policy. But it will also have a lot to do with whether help to small business depends on a relationship to a big bank, or if a business can also benefit if it does its banking with a Community Development Finance Institution, to name just one example.

I am not here to propose a fully fleshed-out view of how the rebuilding can happen. But I want to underline what seems to me a fork in the road ahead, with one rebuilding scenario that is centered around Main Streets and another that is dominated by online shopping, big box stores, chains and franchises. All of these kinds of businesses have their place, but it would be a pity, to my mind, if the big boxes wind up with a bigger share of our economy than they have if it hadn’t been for Covid.

Contact:

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¹ Data in this testimony are from David Dyssegaard Kallick, "[Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow](#)," Fiscal Policy Institute and America's Society/Council of the Americas, January 2015.

It is an honor to speak today on a topic that is so very important to me. Living and working along the US – Mexican border and in a city of immigrants in San Diego, I have seen many times over the entrepreneurial energy in recent migrants to the US. The passion, creativity, and work ethic needed for successful entrepreneurs is so very common in people who have fought to come to the US.

My name is Daniel Fitzgerald and I serve as the Acting Regional Director for the San Diego and Imperial Small Business Development Center (SBDC) Network, hosted by Southwestern Community College District. As one of the 62 SBDC networks funded by the US Small Business Administration, our work in the southern most part of California is to assist small business owners to grow and to help entrepreneurs to start their business. Of course over the past 13 plus months our work has been primarily focused on helping small business owners retain their business by accessing federal, state, and local disaster assistance. Beyond the capital assistance, a lot of work has been to help small business owners navigate the changing public health rules and still be able to reach their customers.

The variety of Covid capital assistance programs has been critical to the survivability of small business. However, access to the programs was varied. In our region, two of the largest barriers faced were confusion over the different programs and access to information in their own language. Our SBDC Network has the capacity to serve in over 15 different languages. A significant portion of our team is fluent in Spanish, but the other common languages include Arabic, Vietnamese, Swahili, Korean, Farsi, Tagalog, Mandarin, and Somali. Since the onset of the pandemic, our network has provided over 2,000 hours of one-on-one counseling in a language other than English. We have also provided many webinars for PPP, EIDL, and state and local capital programs in Spanish, Arabic, and other languages. This has been critical to help business owners access capital.

When the first PPP deadline was approaching last June, an owner of a nail salon was put in contact with us. She primarily speaks Vietnamese. One of our advisors went to her business, discovered her email inbox was full and she had not been receiving emails for two months. He worked with her to put together her financial records, worked with a local lender, and she was able to get her PPP loan. This is one of many examples of the hands-on, in language assistance we at the SBDC provide to recent migrants during the pandemic.

Beyond the response and relief efforts the Covid-19 pandemic has necessitated, the San Diego & Imperial SBDC Network has an ongoing commitment to supporting small business owners and entrepreneurs who are immigrants. For many years, our programming has provided support in particular for small business owners from Latin America, who primarily speak Spanish. To this day, a significant portion of our training and counseling helping entrepreneurs start their business is in Spanish.

Fernando Miramontes came to our SBDC in Imperial County, a farming area that borders with Mexico. As a migrant from Mexico and having been in trucking for many years, he wanted

to start his own transportation company. Working with our SBDC advisor and Accion (now Accessity), a local non-profit lender, he was able to complete his business plan, do the required legal steps, and obtain capital to purchase a truck to start his business.

In 2018, thanks to additional funding from the State of California and increased funding from the SBA, we were able to expand our network of sub-awarded service centers from 4 to 8. Two partners in particular were added to increase our SBDC Network's reach into immigrant communities. We awarded service center contracts to both the Asian Business Association of San Diego and the International Rescue Committee.

At the SBDC we strive to provide both linguistically and culturally correct training and counseling. Besides providing assistance in the preferred language of the client, our SBDC advisors also base assistance in knowledge and understanding of the business environment and regulations in the country of origin. For example, an SBDC advisor helping an entrepreneur start, helps them understand and navigate the roles of different governmental entities in the US – such as how the county governs health codes, the state governs sales tax, and the city will provide a business license.

Business owner Naw Say Phaw came to San Diego in 2014 as a refugee from Malaysia with her husband and child. Upon resettling in San Diego, Naw Say wanted to start her own business but had no previous experience and she was also unsure of the various licenses, permits and regulations required on the local, state and federal levels. Naw Say came to the IRC-SBDC for help, and after receiving assistance, including accessing a small loan, AYA Mini Market was launched. Naw Say Phaw herself said, "Since starting my business, I have been able to help our family's household income and also contribute to the government by paying taxes."

A major program at the San Diego & Imperial SBDC Network is assisting entrepreneurs to start in-home child care centers and also to support child-care businesses to expand. The SBDC provides extensive child-care startup training, helping primarily women to navigate the state rules to open a child-care center, then to work with local organizations, who provide vouchers for child care for working people in obtaining clients. These child care providers support the community not just by having a business, but providing critical child care for working parents by someone who is from their own community, speaks their native language, and follows their cultural norms.

Today the SBDC programs also work to help the child-care businesses expand, including a program with the San Diego & Imperial Women's Business Center and Southwestern College's Family Studies department to help training in-home child care providers to incorporate more early childhood development into their business.

And the SBDC works to help the businesses develop into larger child care centers, including Sarah and Rafat Illaian who worked with our North San Diego SBDC to obtain a \$250,000 SBA backed loan to open a large child care center in San Marcos.

Investing time, effort, and capital in immigrant owned businesses pays off. In addition to the examples given here, our technology and innovation specialty SBDCs also work with many immigrant owned businesses who are developing new and amazing technologies.

From child care, to restaurants, to the internet of things, the immigrant entrepreneur and small business owner is critical to current and future of our small business ecosystem. As our economy comes back from the Covid-19 pandemic, the passion, hard work, and creativity of our immigrant communities can and will play a critical part to helping our recovery to be inclusive and be even better.

Daniel Fitzgerald

Acting Regional Director, San Diego & Imperial SBDC Network

April 28, 2021

Testimony by Jaja Chen

Co-Owner & Chief of Strategic Initiatives & Business Partnerships

Waco Cha, LLC

“Harnessing the Power of Immigrant-owned Businesses to Build Back Better.”

Committee on Small Business U.S. House of Representatives

April 28, 2021

Good morning/afternoon Chairwoman Representative Velázquez, Ranking Member Luetkemeyer, and distinguished members of the Committee on Small Business. Thank you for the honor of providing a testimony before the House Committee on Small Business.

My name is Jaja Chen and I am here today on behalf of my small business Waco Cha and representing the over 3.4 million immigrant-owned businesses in the United States - of approximately 2 million of which are owned by an Asian American Pacific Islander (AAPI). I am a daughter of Taiwanese immigrants - my parents are from a small farm town on the East Coast of Hualian. My father was the first in his family to leave Taiwan - leaving the small town of 11,000 in which he grew up to move to Norman, Oklahoma to attend University of Oklahoma. My mom grew up helping my grandmother sell vegetables in a market and was a full-time mom of 3 after she immigrated to the U.S. with my father. She had barely finished high school and did not know any English prior to moving to the U.S. at age 26.

As a child, I remember going to Asian supermarkets in Oklahoma City with my mom to help her find ingredients to prepare Taiwanese dishes. I observed how to make boba tea, dumplings, and other delicious food at home. At the age of 13, I moved to China with my parents as they returned overseas due to work purposes and I completed high school in Taiwan and eventually moved to Waco, Texas for college.

My husband Devin Li - a first-generation immigrant from Guangzhou, China - and I met at Baylor University. After I completed school, we got married and settled in Waco due to job opportunities - I as a social worker and Devin as an Engineering High School teacher.

Throughout our time in Waco post-graduation, we enjoyed getting involved in the downtown Waco community by supporting local small businesses. Devin's students at a local Waco ISD high school - majority of whom identify as Hispanic, Latinx, or Black often voiced feelings of not belonging and thoughts of not being able to see representation of their cultures within downtown development. As immigrants and children of Chinese and Taiwanese immigrants, Devin and I both resonated with this experience of not belonging. We would often drive on weekends to Dallas or Austin to stop by the Asian grocery store - similar to what I did with mom

as a child - and to find the food we grew up with; we often commented on how we hoped for Waco to one day have an authentic Taiwanese boba tea cafe.

Rather than continuing to hope for this to one day happen, we sought to be part of the change we wanted to see. We were inspired to start a business that celebrates diversity and cultures so we opened our Saturday morning Waco Cha pop-up at the Waco Downtown Farmer's Market summer of 2018 in a small 10' by 10' tent. That first year was filled with time spent educating our community about boba tea and Taiwanese & Chinese culture; we even had one individual come up to us with anger yelling at us "You're not Texan!" after we offered samples.

After one year of pop-ups, we upgraded from the tent to a mobile tea truck. We then grew to the point of being able to launch our first storefront this past year in downtown Waco alongside an additional launch of our Chinese dumpling food concept at the Farmer's Market in the midst of the COVID-19 pandemic. In fact, the week that our boba tea shop was cleared by the Health Department to open, was the week that Waco's shelter in place order was enacted.

During the early months of the pandemic, we had to quickly pivot and adapt our business. We delayed our new storefront opening for about 3 months and we took precautionary steps by shutting down operations when some team members had potential COVID-19 exposures. Our small business received much support in the midst of this time. For example, our guests pre-purchased thousands of dollars worth of gift cards to help us stay afloat; many also came regularly to show support as we mobilized our mobile tea truck to sell drinks to-go.

Our values are lived out both within our team - through the ways we strive to represent our culture through our products, in our shop, and the ways we seek to hire a diverse team - and through the ways we are involved in the community. Throughout the pandemic, we had opportunities to use our Waco Cha social media platform to disseminate information about the SBA Paycheck Protection program (PPP) for other small businesses. We also created a Masks for All campaign and donated hundreds of masks to local nonprofits and the city - supplied by our immigrant parents from China and Taiwan.

Our cultural values of connection and hospitality lead us to find deep joy in developing business collaborations and partnerships with other small businesses. One of my greatest joys in our community work last year was partnering with the NAACP to host a non-partisan voter registration booth on-site at our boba tea shop. I was particularly excited to help many guests, including Asian Americans, register to vote for the first time.

As we continue growing in profit, we are also seeking to give back to local non-profits around us by sharing the stories of nonprofits led by and serving marginalized communities. This has included contributing portions of our profits recently to support Hate is a Virus' commUNITY

Action Fund - particularly with the rise of anti-Asian racism and hate crimes within our nation. We now have 19 team members on staff and look forward to continuing to grow our team as we open our second boba tea shop in downtown Temple, Texas this upcoming year.

I go on record today acknowledging the privilege my husband Devin and I have in being both U.S. citizens and fluent in English. Although we had our own difficulties navigating COVID-19 relief programs like the SBA PPP, many immigrant-owned businesses, particularly those in the AAPI communities continue to face persistent language barriers - on top of increased fears, trauma, and challenges with anti-Asian racism and the COVID-19 pandemic.

My parents and ancestors are Hakka Chinese - HakkaYin (客家) - in which the literal translation means "guest families." I come from a line of Hakka farmers, educators, and business owners that worked hard and moved across lands as "guest people" to pave the pathway for us to do what we do today. I owe it to them for cultivating the Chinese and Taiwanese heritage and culture we embody in our business.

I am thankful to the House of Representatives and committee members as you continue to highlight the gift of immigration and the impact of immigrant-owned business innovation in our country, particularly as we continue recovering from the COVID-19 pandemic. Our lives in America are enriched and our economy is stronger when we celebrate the diverse and rich perspectives, stories, and strengths of immigrants. Thank you.

Madam Chairman – My name is Jose Ponce an Entrepreneur from the St. Louis region. I am honored to be before you and this committee today to speak about the challenges and opportunities in the Hispanic Entrepreneur community.

I have invested and owned various businesses in the last 20 years. I am proud to be an Hispanic Entrepreneur. Hispanic Entrepreneurs business ownership has surged in the past decade, outpacing any other ethnic group. (According to the new study of the Stanford Latino Entrepreneur Initiative, 2020) This study shows that, in the past 10 years Latino business owners has grown 34%, compared 1% for all other business owners in the United States.

There is good news and bad news in these numbers. As a culture, Hispanics gravitate toward starting businesses and being their own boss, creating a legacy for their families. But there are strong barriers for growth. One extreme barrier is discrimination when it comes to banks and lending. The recent Stanford Study (2020) found that 20% of Latino-owned businesses that applied to national banks for loans over \$100,000 received funding, compared with 50% of White-owned businesses. The discrepancy was even larger when looking at firms with annual revenues over \$1 million who were requesting similar-size loans: 29% of Latino-owned businesses got the loans vs. 76% of White-owned businesses. Even after controlling for business performance measures, the odds of loan approval from national banks were 60% lower for Latino-owned businesses. I have personally experienced this when I have sought funding from banks. For example, when I was purchasing my real estate company, I had to personally fund \$350,000 of the \$500,000 purchase price. Even with my 20 years of experience, there has been times that I was not been able to acquire bigger opportunities because of the barriers of bank funding. I believe one problem may be the continued decline of independent banks who many feel better understand the needs of the local communities. The independent banks simply have a better pulse on what is happening in their local community. Loans from the bigger banks tend to be more concentrated on high technology rather than traditional businesses (Bates and Bradford, 2007).

The Stanford Study makes an especially important point. The study states that, “Latino’s are going to be one third of the population in the future, and their success will have an enormous impact on the future economic success of the United States. If the Latino portion of the economy isn’t more developed economically, the whole economy will suffer.”

So how do we harness the power of the immigrant? Maybe it is a better awareness of how the government can assist this community, such as, the Small Business Administration. Possibly the Hispanic community could be educated on how to leverage the existing Federal Opportunity Zones. Additionally, I believe the large banks need to be better educated on the benefits of investing with Hispanic Entrepreneurs and their businesses. Relationships between my fellow Hispanic Entrepreneurs and traditional banks needs to be strengthened. The old saying goes, “people do business with people they know and like.”

We have proven we are a community of hardworking entrepreneurs. There are about 400,000 Latino-owned employer businesses in the U.S. Before the pandemic, they generated nearly \$500 billion in annual revenue and employed 3.4 million people. We want the same equal opportunity to grow our businesses and have access to capital when we have shown we have experience to take on bigger opportunities that will fuel the U.S economic engine. We have the “can do” American spirit that historically built this country.

Madam Chairman it has been an honor to speak to this committee today.

BOUNDLESS

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Statement of Boundless Immigration Inc. Submitted to the U.S. House Committee on Small Business

Boundless Immigration Inc. submits this statement for the record to provide the U.S. House Committee on Small Business with data relevant to its April 28, 2021 hearing on “Harnessing the Power of Immigrant-owned Businesses to Build Back Better.”

Boundless is a Seattle-based technology company that empowers families to navigate the immigration system more confidently, rapidly, and affordably.

This statement includes sections on the following topics, with links to more detailed resources:

- I. The importance of immigrants and entrepreneurship
- II. Entrepreneurs with less than a college degree
- III. Visa issues for immigrant entrepreneurs
- IV. The International Entrepreneur Rule

I. The importance of immigrants and entrepreneurship

Immigrants [play an essential role as job creators](#) in the United States. Immigrants are more likely than those born in the United States to start a business — in 2019, immigrant entrepreneurs made up nearly 22% of all business owners in the United States, even though they account for only 13.6% of the population and 17% of the U.S. labor force.

To drive the post-pandemic economy and get Americans back to work, new businesses are key. Almost all new jobs and nearly 20% of net job creation [come from newly created businesses](#).

The estimated 3 million immigrant entrepreneurs in the United States have created companies that employ 8 million Americans and account for over \$1 trillion in total sales annually. Of the top Fortune 500 companies, [1 in 5 were founded by immigrants](#).

II. Entrepreneurs with less than a college degree

A lot of attention is focused on highly skilled foreign-born entrepreneurs, particularly in the tech space. But immigrant entrepreneurs with less than a college degree shouldn't be overlooked —

less skilled immigrant entrepreneurs are responsible for [\\$43 billion in business income annually](#), accounting for 11% of the total share of business income in the United States.

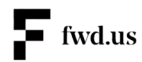
III. Visa issues for immigrant entrepreneurs

Despite the massive economic impact of immigrant entrepreneurs, the United States still does not offer a startup visa for immigrant entrepreneurs who wish to come to America to start a business and create jobs. Often, they are forced to sell a majority stake in their company and instead apply for a visa as a highly skilled worker rather than as a business owner. However, the annual cap of 85,000 for the H-1B work visa means that many entrepreneurs can't get a visa. In 2015, [233,000 people applied for an H-1B visa](#) in the first seven days of the application window, and it took just 5 days to reach the cap that year.

V. The International Entrepreneur Rule

The International Entrepreneur Rule (IER) would [make it easier for immigrant entrepreneurs to remain in the country](#). Proposed in 2016, the rule was formally adopted by the Department of Homeland Security (DHS) the following year, only to be put on hold by the Trump administration.

We urge the Biden administration to reinstate the rule, which would allow approximately 2,940 foreign-born entrepreneurs to come to the United States each year. It is estimated that these entrepreneurs could generate more than 160,000 jobs over 10 years, and if 50% are successful STEM firms, that number could increase to 300,000 jobs over the course of a decade.

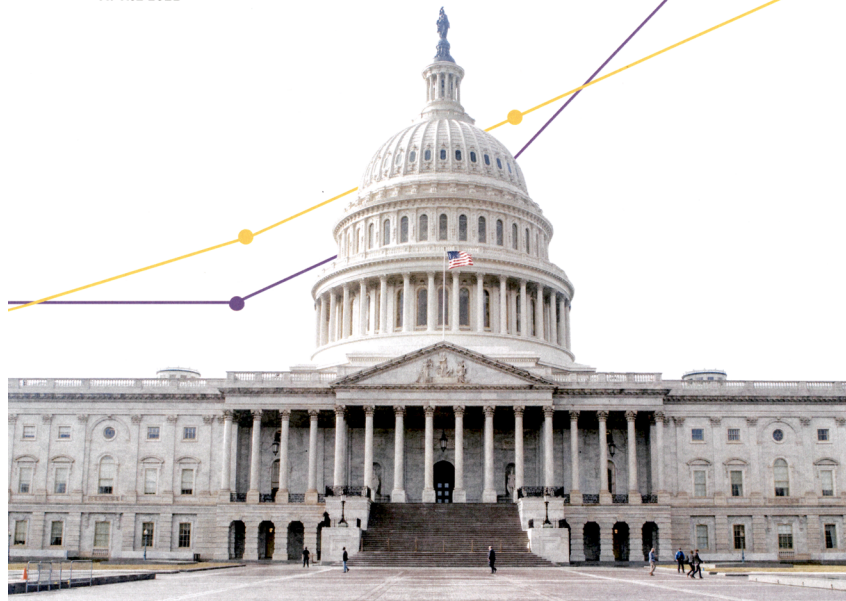


Projections Show Increasing Future Immigration Grows the U.S. Competitive Advantage

Without raising immigration levels now, the U.S. will no longer be the world's largest economy.

Expanded immigration will ensure that the U.S. workforce can continue to outperform global competitors.

APRIL 2021

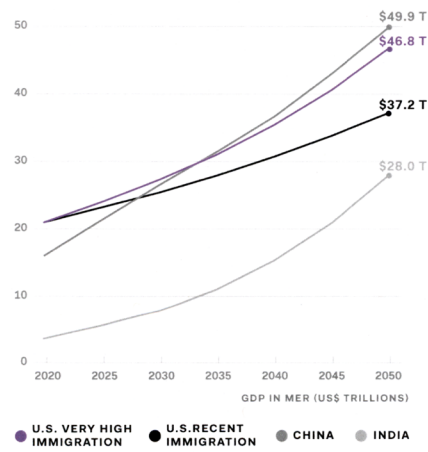


The U.S. needs to **increase the number of immigrants** entering our country each year substantially to **grow its competitive advantage** and **expand our future workforce**, according to immigration scenarios prepared by researchers at George Mason University in a study commissioned by FWD.us.¹

Without boosting legal immigration significantly now, the U.S. will sacrifice its position as the world's largest economy by 2030² and leave the reserves of vital programs—like Social Security—depleted by 2034.³

U.S. FUTURE IMMIGRATION HIGHLY IMPACTS U.S.' FUTURE GLOBAL ECONOMIC STANDING

GDP, by country and selected U.S. immigration scenario



The study considers five immigration scenarios, based on immigration levels in 2017:

ZERO—No immigration

LOW—about 600,000 immigrants coming to the U.S. annually

RECENT—at least 1.2 million immigrants coming to the U.S. annually

HIGH—at least 1.8 million immigrants coming to the U.S. annually

VERY HIGH—at least 2.4 million immigrants coming to the U.S. annually

Sources: U.S.: George Mason University projections, based on ACS 2018 augmented data. India, China: PwC Global "The World in 2050" report, based on 2016 estimates.

Note: U.S. projections are constant 2018 dollars. India and China projections are based on constant 2016 dollars. GDP in MER is gross domestic product as value of goods and services at market exchange rates.

The United States' economic future is deeply tied to the makeup of its population. The size, age, and skills of the population—all greatly impacted by immigration—will help determine the U.S.' ability to stay competitive with other countries, support critical programs like Social Security, and grow an economy that creates jobs.

Without increased immigration, the coming decades will see [an increasingly older U.S. population](#), with the ratio of seniors to working-age adults increasing. This means that aging Americans will draw on safety net programs like Social Security more quickly than working-age people will be able to support them. It also means more of America's resources will be devoted to supporting the aging population than to growing the economy through new investments and innovation.

If the U.S.' working-age-to-senior ratio is not maintained, economic growth will slow compared with other nations, draining our social safety nets and sacrificing our current position as the world's economic leader. In fact, if current U.S. population trends continue, the U.S. economy will fall behind China's by 2030, and be only three-quarters of China's economy by 2050.

However, this decline is not set in stone. The United States can reverse these trends and increase economic growth. To do so, elected officials in Congress should strategically increase immigration, and [reject calls from immigration restrictionists](#) to cut legal immigration levels. As projections show, by increasing immigration—and by creating a humane, orderly system for employment- and family-based immigration—the United States can maintain its global leadership and invest in a strong economic future for all Americans.

Projections show that U.S. gross domestic product (GDP) could double and grow as large as \$47 trillion in today's dollars in 2050 **if immigration levels were doubled to more than 2 million** new permanent and temporary immigrants each year. Per capita, this would lead to **a 3% increase in average income by 2050 for all Americans compared with keeping immigration at recent levels, and a 7% increase compared with a zero immigration scenario.** Compared with recent immigration levels of around 1.2 million immigrants per year, doubling of immigration now would greatly expand the economic future of the country.

Congress needs to act with urgency to improve and expand immigration pathways to maintain our global leadership in the decades to come. Delaying major immigration reform hurts our economy and millions of families. The U.S.' economic and demographic future is directly linked to future immigration to our country. The status quo on immigration is unacceptable for our future prosperity. Congress and the Biden Administration have an opportunity to put America on firm economic footing that looks to our future by increasing immigration levels today in a humane, orderly way.

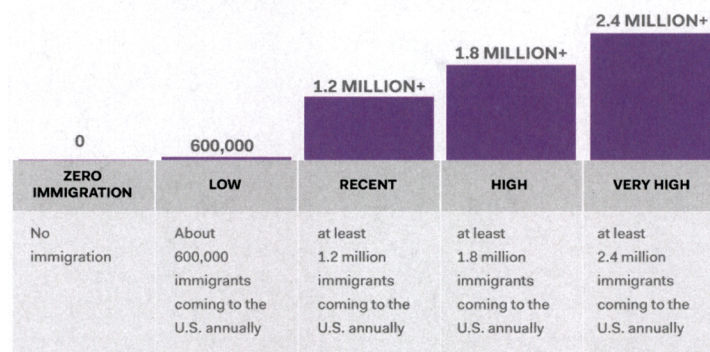
Methodology

Our **population projections** rely on the cohort component method used by the [U.S. Census Bureau](#) and other demographic research organizations. Projections are long-term forecasts, or estimates, based on what we know about populations today and projecting those trends into the future. They allow for different assumptions—like varying immigration rates—to lead to different projected outcomes.

In this study, baseline population data were drawn from the 2018 [American Community Survey](#) (ACS) by age, sex, race, and place of birth (immigrant/nonimmigrant). Necessary demographic components for population projections were drawn from the U.S. Census Bureau's 2017 [national projections](#), including mortality, fertility, and migration rates.

People both enter the U.S. (immigrants) and leave the U.S. (emigrants).⁴ The combined effect leads to a net migration rate, with a positive rate indicating more immigrants entering than emigrants leaving. Different levels of immigration were added to the net migration calculation while keeping emigration constant across all scenarios.

The study considers **five immigration scenarios**, based on immigration levels in 2017:



The resulting population growth was estimated for each immigration scenario, keeping other population dynamics constant.⁵

Economic growth is based on population projections for demographic groups using economic and employment data from the 2018 ACS. These economic projections do not take into account sudden economic shocks, slumps, or recoveries. Economic growth is expressed as GDP using constant 2018 U.S. dollars, calculated as the total income of the U.S. population. Efforts were made to make these U.S. GDP measures comparable to [international GDP measures](#) that use constant 2016 U.S. dollars.

Models using different compositions for future immigration (for example, more highly skilled individuals) were adjusted based on immigrant education levels. Population projections calculated the relative size of the senior population (aged 65 and older) compared with the working-age population (16 to 64). Similarly, estimated payroll taxes were based on recent income data from the [Current Population Survey](#), combined with [trust fund totals](#) from the Social Security Administration. These data were used to calculate inflow and outflow contributions from the Social Security Trust Fund. Payroll taxes were assumed to remain constant throughout the projection period.

Finally, recent events associated with the COVID-19 pandemic likely led to lower immigration to the U.S. in 2020. The pandemic has also led to lower GDP in 2020. The models do not reflect this slump in population and economic growth. It is assumed that this drop in 2020 and immediate years thereafter will rebound. Separate models were calculated taking into consideration this decrease in immigration and GDP, and showed minimal differences for long-term projections.

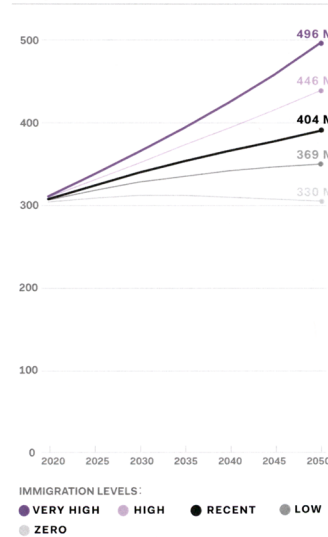
**Future U.S. immigration
will drive future U.S.
population growth**



**With a larger share of America's workforce aging,
immigration is essential in growing the U.S. workforce
and preserving our global competitive edge**

**U.S. FUTURE IMMIGRATION HIGHLY IMPACTS
FUTURE U.S. POPULATION GROWTH**

Country population in millions, by U.S. immigration scenario



Source: George Mason University projections, based on ACS 2018 augmented data.

The study's projections show the U.S. population would grow to nearly 500 million people by 2050 if U.S. immigration levels were doubled, about 100 million more than if immigration levels were kept at recent levels.⁶

By contrast, it is expected that the U.S. population in 2050 would be only 40 million larger than it is today if immigration were lowered by about half, [as proposed by immigration restrictionists in Congress](#). And, if immigration were stopped altogether, the size of the U.S. population would be about the same as today, at roughly 330 million.

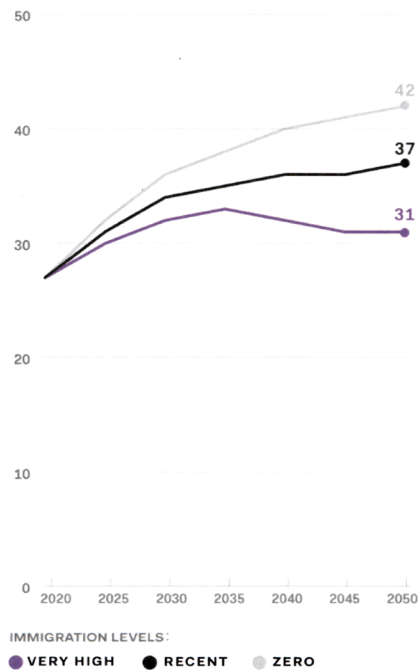
Without doubling immigration, the U.S. would be about the same population size as Nigeria in 2050, making the U.S. the world's fourth-largest population at around 400 million people. If immigration dropped by half, or stopped altogether, the U.S. population would rank even lower globally, in fifth or sixth place, or around the population size of Indonesia or Pakistan in 2050.

Doubling the number of immigrants would put the U.S. on par with other immigrant-receiving countries competing for top talent. In this "very high" immigration scenario, the annual number of immigrants would represent about 0.7% of the total U.S. population in 2020, similar to but still less than peer [countries like](#) Canada (0.9%) and Australia (0.8%).

More critically, increasing immigration would also increase the working-age population, combating the effects of an aging population and ensuring it is sufficiently supported.

U.S. FUTURE IMMIGRATION HIGHLY IMPACTS SENIOR-TO-WORKING-AGE RATIO

Number of senior adults (ages 65+) for every 100 working-age (ages 16-64) people, by selected U.S. immigration scenario



Source: George Mason University projections, based on ACS 2018 augmented data.

Canada (22%) and Australia (30%). In comparison, if immigration levels remained at recent levels, immigrants would make up 19% of the U.S. population in 2050.

Without a substantial increase in immigration, the U.S. population will grow only marginally in the decades ahead. Keeping the status quo on immigration policy will prohibit the U.S. from age-balancing its population and will prevent us from maintaining our economic standing in the world.

Projections indicate, for example, that 37 seniors (65 and older) would live in the U.S. in 2050 for every 100 working-age people (ages 16 to 64) if immigration is kept at recent levels. This ratio is much higher than today, when an estimated 27 seniors live in the U.S. for every 100 working-age people.

If immigration levels doubled, however, the senior-to-working-age ratio in 2050 would be 31 for every 100, lower and more similar to today's ratio. Consequently, doubling immigration would keep the status quo for the senior-to-working-age population balance.

Slowing the rise of the senior-to-working-age ratio is critical for Social Security's solvency. At recent immigration levels, it is estimated that the Social Security Trust Fund in 2050 would pay out \$337 billion more dollars than income received into the trust fund. If immigration levels were doubled in the decades ahead, however, the net disbursement would be much lower in 2050, around \$139 billion.

Undoubtedly, increasing the number of immigrants entering the U.S. each year will lead to a higher share of immigrants in the U.S. population. Projections indicate that doubling immigration flows would grow the immigrant share from 14% today to 29% of the total U.S. population by 2050, comparable to recent immigrant shares in

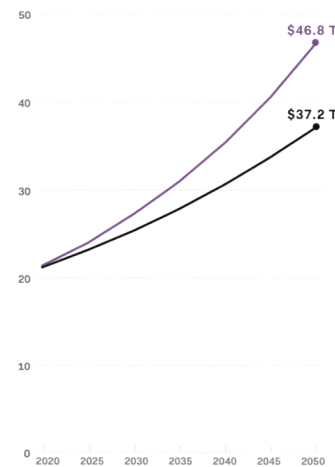
**Future U.S. immigration
will significantly shape
U.S. **economic growth****



U.S. economic growth is highly dependent on future levels of immigration to the U.S. In raising immigration levels, the U.S. economy can grow substantially in the decades ahead as more working-age people contribute to the economy.

U.S. FUTURE IMMIGRATION VOLUME SIGNIFICANTLY IMPACTS OVERALL U.S. ECONOMIC GROWTH

GDP, by selected U.S. immigration scenario



IMMIGRATION LEVELS:
 ● VERY HIGH ● RECENT

Sources: U.S.: George Mason University projections, based on ACS 2018 augmented data.
 Note: Projections are constant 2018 dollars.

09 FUTURE U.S. IMMIGRATION

The study's projections show that doubling immigration could expand the economy in 2050 to more than twice its current size. U.S. GDP could be as large as \$47 trillion within three decades, compared with \$37 trillion if recent immigration levels continue, and \$29 trillion if immigration into the U.S. were stopped altogether. In other words, if the U.S. does not double our immigration levels, we risk losing out on 25% of additional economic growth by 2050.

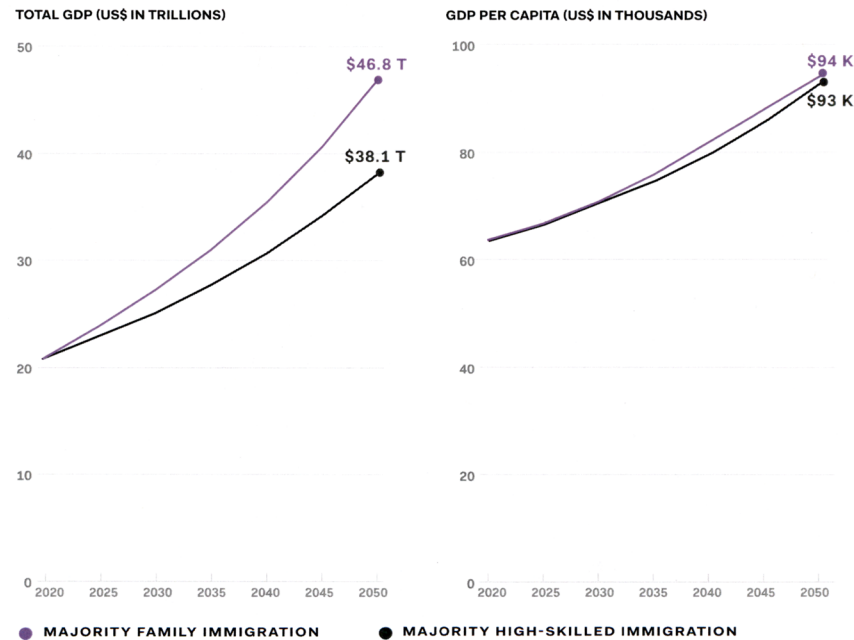
A substantially larger U.S. economy through increased immigration offers many benefits. Government fiscal balance sheets will be in a healthier position with a larger working-age population, including longer solvency of important federal and state benefits.⁷ A larger U.S. economy also keeps the U.S. geopolitically strong, especially given the acceleration of [economic growth](#) in China and India. And average income for Americans, or GDP per capita, is projected to improve, about 3% higher in 2050, with doubled immigration compared with recent immigration levels.

The majority of recent U.S. immigrants enter on family-sponsored visas, which do not impose education or skill requirements.⁸ Immigration restrictionists have proposed [massively cutting family-based immigration](#).

But if the composition of immigrants were inverted—where the majority of immigrants entered through labor pathways, or particularly geared toward more highly educated immigrants—the economy in 2050 would be smaller (\$38 billion in the “very high” immigration scenario) compared with an immigration system where majority-family immigration is maintained.⁹

MAJORITY-FAMILY U.S. IMMIGRATION LIFTS FUTURE GDP MORE THAN MAJORITY HIGH-SKILLED, BUT BOTH SYSTEMS EQUALLY INCREASE FUTURE GDP PER CAPITA

GDP for very high immigration (2.4 million immigrants annually), by type of immigration.



Sources: U.S.: George Mason University projections, based on ACS 2018 augmented data.

India, China: PwC Global “The World in 2050” report, based on 2016 estimates.

Note: U.S. projections are constant 2018 dollars. India and China projections are based on constant 2016 dollars. Total GDP is value of goods and services at market exchange rates (MER).

At the same time, a more highly skilled immigrant system would increase U.S. GDP per capita moving forward. When doubling immigration, Americans would see a 3% increase in average income in 2050 compared with keeping immigration at recent levels. That increase expands to 7% when comparing a doubled-to-zero immigration scenario.

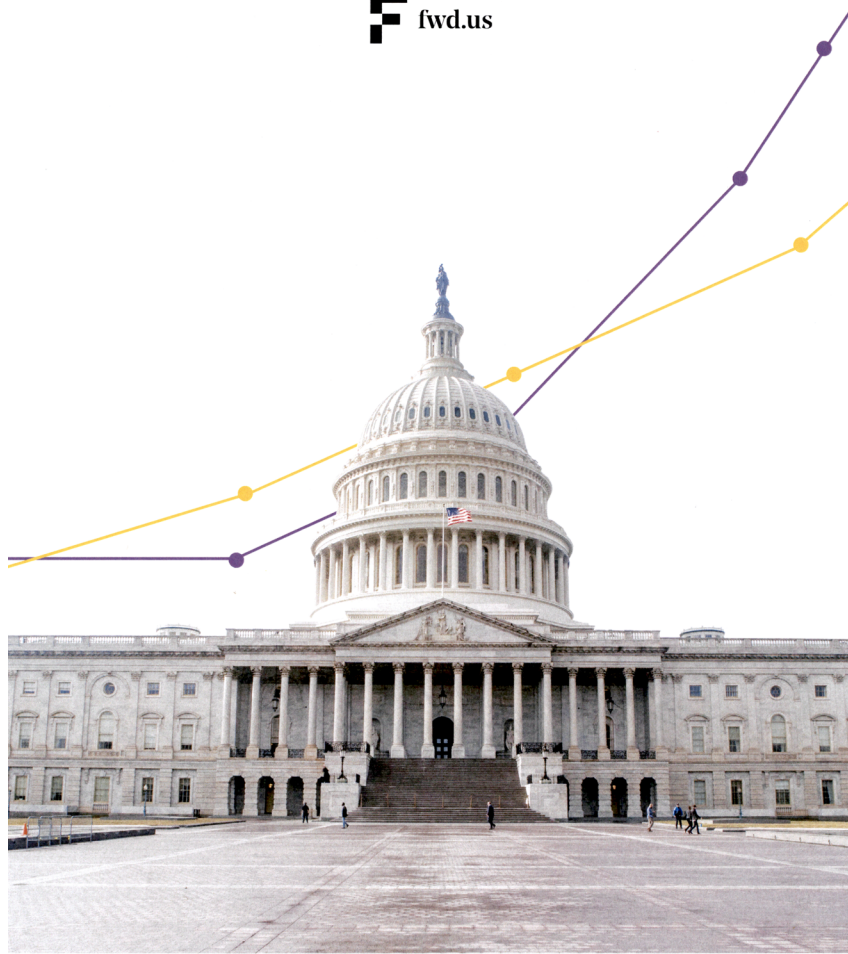
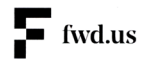
Regardless of the family-sponsored versus high-skilled mix, levels of immigration need to be increased overall for stronger future economic growth. That means that both family-based and labor-based immigration must be increased immediately.

U.S. economic growth and our continued global economic leadership depend on expanding opportunity supported by a sufficiently large working-age population, which means implementing humane, orderly ways to increase immigration levels of all kinds. Expanding immigration will also create a stronger foundation for vital benefit programs like Social Security.

There is no time for delay. Congress must act now and pass commonsense legislation that can quickly expand immigration. This immigration reform must keep families central, while also attracting a much higher number of high-skilled immigrants. Bipartisan solutions exist that can be implemented now. We urge Congress to move America forward by increasing immigration today.

Endnotes

1. Research team included Justin Gest (George Mason University), Jack A. Goldstone (George Mason University), Annie Hines (University of California Davis), Erin Hofmann (Utah State University), and Guizhen Ma (Utah State University). Their complete study can be found [here](#). The study was reviewed by an expert panel: Bryan Caplan (George Mason University), John S. Earle (George Mason University), Dowell Myers (University of Southern California), John May (George Mason University), Alexander Nowrasteh (CATO Institute), Kevin Y. Shih (City University of New York), Sita N Slavov (George Mason University), and Chad Sparber (Colgate University). This report was written by FWD.us staff.
2. International comparisons in this report are based on market exchange rate (MER) gross domestic product. If using purchasing power parity (PPP) gross domestic product, the U.S. economy is smaller than China's economy in the decades ahead under every immigration scenario presented in this report.
3. Based on an [assessment](#) by the Social Security Administration for its middle scenario, similar to this report's recent immigration scenario.
4. Migration includes both foreign-born and U.S.-born individuals.
5. The study uses constant net migration rates. Consequently, the actual number of immigrants projected to enter the U.S. changes year to year, depending on the scenario.
6. According to data from the [Department of Homeland Security](#), the number of new lawful permanent residents (LPRs) has dropped in recent years. This has led to a slowing growth of the U.S. immigrant population overall. Various policies begun by the Trump Administration, including executive orders banning the entry of certain nationalities and COVID-19 restriction measures have lowered immigration in recent years. And, given the pandemic, it is assumed that immigration decreased further in 2020. For example, [completed applications](#) for lawful permanent residency (LPR) by U.S. Citizenship and Immigration Services dropped by 23% in 2020 compared with fiscal 2019. The projections in this report, however, rely on immigration flows in 2017, prior to the most recent slowdown. It is expected that new executive actions in the Biden Administration as well as pending action in Congress will lead to a return to 2017 immigration levels in 2021 and 2022.
7. Net fiscal impacts were not estimated in this study, but studies indicate that changing the volume of immigration to the U.S. has a minimal negative fiscal impact overall, if any. This is because the fiscal costs of educating and assisting children of immigrants is largely outweighed by the labor productivity and taxes provided by a youthful immigrant population.
8. As global education levels have increased in most countries, incoming immigrants into the U.S. [have increasingly had more education](#), regardless of whether they enter the United States via family or labor visas.
9. This is due, in part, to high-skilled immigrants leaving the U.S. more frequently and also having fewer children. These factors decrease the total U.S. working-age population over time, and thus limits economic growth.





April 27, 2021

Chairwoman Nydia Velazquez
U.S. House of Representatives
Committee on Small Business
2361 Rayburn HOB
Washington, DC 20515

Ranking Member Blaine Luetkemeyer
U.S. House of Representatives
Committee on Small Business
2361 Rayburn HOB
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The Latino Landscape Network (LLN) is an open network with a mission to advocate, educate and engage the Latino landscape community. Formerly the National Hispanic Landscape Alliance the LLN is powered by the National Association of Landscape Professionals but remains independent and autonomous in their mission of advancing the interest of more than 600,000 Hispanic families that depend upon the landscaping industry for their livelihood. The landscape industry in the US accounts for more than \$20 billion of US Latino household income annually. Landscape companies specialize in lawn care, landscape maintenance, tree care, irrigation and water management. Landscape professionals throughout the nation work daily performing essential services to homes and businesses to maintain their landscapes, sustain the environment and enhance and maintain healthy and safe green spaces.

The landscape industry is the largest user of the H-2B visa program by a significant margin. The H-2B visa program is pivotal to the success of many landscape companies, including many that are Latino owned, due to the seasonality and type of the available work. The H-2B visa program allows Latino landscape companies to hire well compensated foreign workers, only when domestic workers are not available for the work. In addition to providing seasonal labor, the H-2B visa program has a very positive impact on hiring more U.S. workers within landscape companies as they can operate at a greater capacity, retain their full-time workers and contribute to their local economies. Lastly, statistics indicate that the landscape industry and other seasonal workers help support many upstream and downstream jobs. Every H-2B worker is estimated to create and sustain 4.64 American jobs and therefore the H-2B program has proven to be a very important program for Latino owned landscape companies within Latino communities in the U.S.

During Fiscal 2020, DOL certified the need for 160,557 H-2B workers (10,000 more than in 2019). The FY 21 first-half cap of 33,000 H-2B workers was met on November 16, 2020. The 33,000 second-half cap was met on February 12, 2021. The demand for this program is more than double the 66,000 statutory cap established in the early 1990s. As Congress and the Biden

Administration consider harnessing the power of Immigrant owned businesses please consider finally reforming the H-2B guest worker visa program by reinstituting a permanent returning worker exemption. This is good for U.S. Latino landscape businesses but also for the Latino immigrants that come to the U.S. temporarily to fulfill seasonal jobs to earn an honest wage and return to their country to make a better life for their family and community.

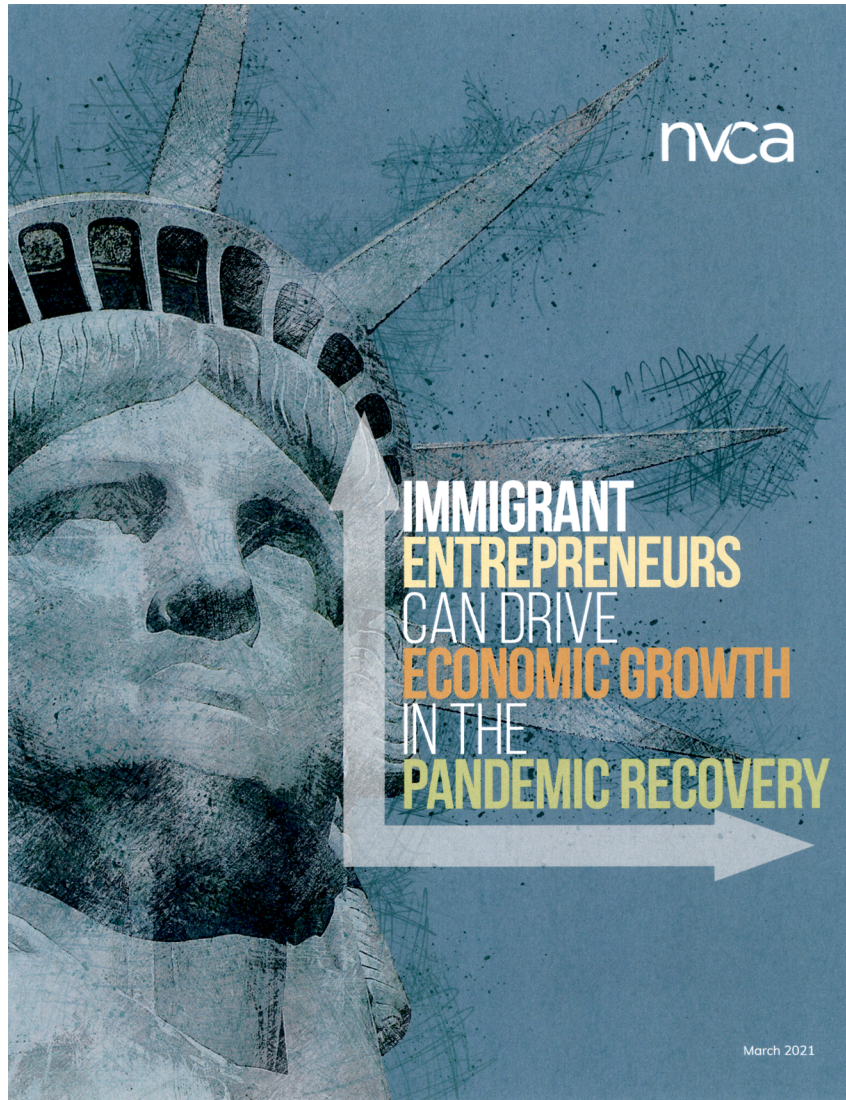
H-2B workers allow U.S. businesses to operate at a greater capacity, retain their full-time workers and contribute to their local economies. This program serves as a critical safety valve for companies to address seasonal labor needs when there are not a sufficient number of available American workers to meet the demand for these short-term jobs.

Please support H-2B reforms to support the Latino landscape industry to let our businesses grow and thrive while America builds back better.

Sincerely,

Mari Medrano
Co-Chair LLN
CoCal Landscape, Denver CO

Tim Martinez
Co-Chair LLN
LandCare, San Diego CA



IMMIGRANT ENTREPRENEURS CAN DRIVE ECONOMIC GROWTH IN THE PANDEMIC RECOVERY

National Venture Capital Association
March 2021

EXECUTIVE SUMMARY

Immigrants are critical to U.S. economic success and innovation. Foreign-born entrepreneurs play a key role in the creation of U.S. venture capital-backed startups. Startups, in turn, are fundamental to U.S. job creation and have been responsible for virtually all net new jobs in the last couple of decades. Numerous immigrant-founded startups have also grown to become some of America's most successful companies, including Moderna, Tesla, and eBay. But



the contributions of foreign-born entrepreneurs are despite U.S. immigration law, not because of it. Congress should create a Startup Visa to attract the world's

best entrepreneurs to our shores to create American jobs. In addition, Congress should reform the H-1B visa program to fuel the growth of startups and encourage the Biden Administration to implement the International Entrepreneur Rule.

KEY TAKEAWAY



According to NAE, 76% of patents awarded to the top ten patent-producing U.S. universities in 2011 had at least one foreign-born inventor.

Immigrant Founders and Job Creation

Immigrant founders play a key role in the creation of new firms backed by venture capital. An NVCA report found that one-third of U.S. venture capital-companies that went public between 2006 and 2012 had at least one immigrant founder.¹ VC-backed companies with at least one immigrant founder include household names like AT&T, Google, Intel, Facebook, and LinkedIn. New American Economy found that 44% of Fortune 500 companies (219 companies) were founded by immigrants or their children.² An Internet Trends Report found that 60% of the most highly valued U.S. tech companies were founded by first or second generation Americans, accounting for 1.9 million employees.³ Finally, a Harvard Business Review piece has found that 31% of VC-backed founders are immigrants, compared to 25% of entrepreneurs generally.⁴ The above findings underscore why "access to talent (immigration and education)" is the most important public policy issue cited by startups.⁵

WHAT VCS SAY:

“Immigrants are fueling the next generation of high growth companies. **Over 50% of the current crop of high growth companies were founded by an immigrant or by a first generation American.** Those immigrant-founded companies are creating thousands of jobs, not just in Silicon Valley, but across the entire United States.”



Maha Ibrahim
Canaan Partners

KEY TAKEAWAYS



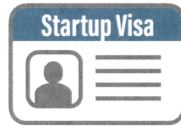
One third of U.S. companies backed by venture capital that went public between 2006 and 2012 had at least one immigrant founder.

44%

44% of Fortune 500 companies were founded by immigrants or their children.

Ensuring a healthy and vibrant VC industry and startup ecosystem is fundamental to strong domestic job growth given the critical role that young firms play in U.S. job creation. The Kauffman Foundation has found that startups create an average of three million net new jobs per year.⁶ Young firms, in fact, generally play a larger role than larger, mature companies in U.S. job creation. Federal Reserve economists have calculated that startups create more than four times as many jobs as mature firms that have been operating for 11 or more years.⁷ Other researchers have confirmed the critical role startups play in U.S. employment growth dynamics, noting that young firms grow more rapidly than more mature firms.⁸

Startup Visa is needed to create new jobs and maintain U.S. competitiveness



The COVID-19 pandemic has caused incredible economic destruction, with millions of Americans losing their jobs. Congress can inject new entrepreneurial energy into the economy through the creation of a Startup Visa. The concept has drawn bipartisan support for many years.

For example, the Startup Act from Senators Moran, Warner, Klobuchar, and Blunt:

- Would create Startup Visas for up to 75,000 qualified immigrant entrepreneurs. To qualify, the foreign-born founder would need to create full-time U.S.-based jobs and attract significant investment.⁹
- The Kauffman Foundation estimates that the creation of 75,000 Startup Visas could create up to **1.6 million new jobs over a ten-year period. This estimate may be on the low end of what is possible.**¹⁰

The Kauffman researchers who analyzed the Moran bill note that this is likely a low-end estimate because they do not account for any job creation that may occur after companies age out of the Startup Visa program when founders apply for permanent status, nor do the estimates take into account these companies' potential impact on the U.S. economy in terms of innovation, productivity, or fiscal impact. Another way these estimates may be conservative is if a recipient of a Startup Visa creates a hypergrowth company that ultimately employs large amounts of U.S. employees.

The Startup Visa will help America continue to be a global technology leader and the preferred location to launch business in an increasingly competitive global economic landscape in which many other nations already boast their own startup visas. At least twenty-five countries already have some version of a Startup Visa including Canada, the United Kingdom, Australia, Germany, and Sweden.¹¹ Some of the most attractive, such as the UK's, allow for the ability to remain in the destination country for a set number of years with unlimited renewals and the ability to apply for settlement. Canada's visa program goes one step further and allows for the possibility of permanent residence. Without a Startup Visa, the United States will fall behind in the global competition for talent as innovators and entrepreneurs accept other attractive options of residence. In fact, U.S. immigration policy that pushes away entrepreneurs is one reason why the U.S. share of global venture capital has fallen more than 30 percentage points, from 84% in 2004 to 52% in 2019 in the last 15 years.¹²

WHAT FOUNDERS SAY:

“You have to attract the best and the brightest to the U.S., otherwise highly intelligent people who would create businesses and jobs here will decide to build their business somewhere else, **and those jobs will be created in some other country.**”



Bastian Lehmann
Founder of Postmates

U.S. immigration policy is not working for entrepreneurship

A Startup Visa is necessary because there is currently no visa category designed for foreign entrepreneurs who want to found companies in the U.S. and deliver all the benefits of new company formation to our country.¹³ For example, the H-1B visa requires an employer-employee relationship and therefore is very difficult for a founder to obtain. Oftentimes, an entrepreneur enters the U.S. on an H-1B visa but spends many years attached to that employer before receiving a green card that allows the individual to found a company. Take Jyoti Bansal who came to the U.S. on an H-1B visa but waited 7 years before starting AppDynamics, an incredibly successful startup that ultimately sold for \$3.7 billion.¹⁴ It is not economically advantageous to delay founders like Bansal from growing innovative new companies in the U.S.

In addition, the O-1A visa (extraordinary ability) is not accessible to startup founders who have not yet achieved acclaim or are not academic researchers. The E-2 visa requires the founder to already have capital to start the company and is not available to entrepreneurs from India or China. The L-1 visa requires an international branch, parent, subsidiary, or affiliate, which is not applicable for startup founders that are focused on the U.S. Finally, the green card system generally is too backlogged.

WHAT FOUNDERS SAY:

"I waited 7 years for my employment-based green card and I wanted to leave my job and start a new company but couldn't... I have friends who became frustrated with the uncertainty and after years of waiting they finally left the United States."¹⁴



Jyoti Bansal
Founder of
AppDynamics

WHAT VCS SAY:

“The next Airbnb or the next Uber may very well be born somewhere else because an immigrant founder can't work and stay in the U.S. Those are American jobs we're losing... There's a major push around the world to attract entrepreneurs, yet America is slamming the door on many talented people.”



Jeff Clavier
Uncork Capital

Congress should support the International Entrepreneur Rule

Congress should encourage the Biden Administration to fully implement the International Entrepreneur Rule (IER). IER operates similarly to a Startup Visa and allows foreign-born entrepreneurs to be present in the U.S. for a limited time to start new companies.¹⁶ The rule was finalized under the Obama Administration, which stated the rule “would generate significant scientific, research and development, and technological impacts that could create new products and produce positive spillover effects to other businesses and sectors.”¹⁷ IER was unfortunately not implemented by the Trump Administration. Launching the program now would unleash entrepreneurial energy as Congress works to create a Startup Visa.

H-1B reforms will also support American entrepreneurship and startup activity



While H-1B visas are not ideal for immigrants who want to immediately found companies in the U.S., they are still critically important for the success of immigrant founded companies because they provide valuable work experience and widen the pipeline of potential immigrant startup founders. Raising the annual cap of H-1B visas issued each year to educated and highly skilled immigrants who work in jobs that require a substantial amount of technical and specialized training is fundamental to generating more successful immigrant founded companies. Currently, the annual numerical cap for H-1B visas is 65,000 new visas (plus 20,000 additional for graduate degree holders from U.S. universities) each fiscal year. Congress should raise the cap on these visas and enact reforms that better allow high-growth startups to utilize the program. Research has shown that prior experience in the specific industry in which an entrepreneur decides to found their company predicts much greater rates of entrepreneurial success. Allowing highly skilled immigrants to first gain valuable experience as employees increases the odds that more successful startups are created in the U.S.¹⁸

WHAT VCS SAY:

“The challenge is with the next generation of startups that will become the next Facebook, Google, or Amazon and whether these companies be here, or overseas in other startup economies such as Stockholm, Vancouver, or Beijing. **We would much rather have the next generation of great companies based here in the United States.**”



Rich Wong
Accel

WHAT YOU NEED TO KNOW ABOUT H-1B VISAS:



The practical implication of these findings for a pro-growth, pro-innovation immigration policy is substantial: enabling skilled foreign-born workers to obtain meaningful job experience in cutting edge industries as employees is important to later success for foreign-born entrepreneurs.

Concluding Remarks

The United States is engaged in an increasingly competitive global race for talent. Our country has certain advantages, like our university system and generally stable regulatory environment, but other countries realize the benefit new company formation brings and therefore have crafted entrepreneur-friendly immigration policies to attract talented and highly-skilled foreigners. **The United States must create a Startup Visa and make other pro-entrepreneur immigration reforms to create new American jobs and maintain our global leadership on entrepreneurship.**



Learn more at nvca.org

WHAT VCS SAY:

“The greatest defense we have against the rise of other economies like China and other nations is our entrepreneurial ecosystem. So any effort to bring great entrepreneurs here to build their business in the U.S. instead of in some other country is very important and will help our nation's economy.”



Saar Gur
CRV

Endnotes

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- ⁷ Maximiliano Dvorkin and Charles Gascon, "Startups Create Many Jobs, but They Often Don't Last," *The Regional Economist*, Federal Reserve Bank of St. Louis, Third Quarter 2017, available at <https://www.stlouisfed.org/publications/regional-economist/third-quarter-2017/startups-create-many-jobs-but-they-often-dont-last>.
- ⁸ John Haltiwanger et al., "Who Creates Jobs? Small Versus Large Versus Young," *The Review of Economics and Statistics* 95 (2), May 2013, available at https://www.mitpressjournals.org/doi/pdf/10.1162/REST_a_00288.
- ⁹ For immigrant founders to remain eligible for the Startup Visa, a founder's company must employ two full-time, non-family employees after one year and raise or invest \$100,000. After three subsequent years, Startup Visa companies must employ five full-time, non-family employees. At the end of four years, Startup Visa holders would be able to apply for permanent residency in the U.S.
- ¹⁰ Dane Stangler and Jare Konczal, "Give Me Your Entrepreneurs, Your Innovators: Estimating the Employment Impact of a Startup Visa," Ewing Marion Kauffman Foundation, February 2013, available at https://www.kauffman.org/wp-content/uploads/2019/12/startup_visa_impact_final.pdf.
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**STATEMENT FOR THE RECORD
BEFORE HOUSE COMMITTEE ON SMALL BUSINESS
ON
HARNESSING THE POWER OF IMMIGRANT-OWNED BUSINESSES TO BUILD BACK
BETTER**

April 28, 2021

Sayuri Tsuchitani, Owner

Headspa EN, Los Angeles, CA

Thank you, Madam Chair, and Members of the Committee:

My name is Sayuri Tsuchitani. Thank you for allowing me to share comments about the role immigrant-owned businesses play in the American economy, and why it's important to advance policies to support and encourage immigrant entrepreneurship.

Where I grew up Japan, there was an expectation of what girls should and should not do. I never fit into that mold, and I always wanted more. Now, years later, I'm pursuing my dream in Los Angeles as the owner and operator of Headspa EN, which seeks to redefine the salon experience with head and scalp massages that bring Eastern techniques of relaxation and stress relief to a Western audience.

However, as an immigrant entrepreneur, owning my own business has not been a smooth road, especially during the past year, and I know I am not alone. More than 63% of AAPI business owners report that the COVID-19 pandemic has had a negative effect on their business, compared to 59% of all small business owners nationwide¹. Personally, I moved my business location in March of 2020 just two weeks before shutdowns completely halted my business. Since then, I've endured temporary closures and challenges in accessing emergency relief.

Last summer, I applied for the first round of Paycheck Protection Program (PPP) but was denied. However, with new changes made to the latest round of changes to PPP by the Biden Administration, I was able to access funds for the first time, which will help me on my road to recovery. These changes were critical to ensuring that business owners like me are able to access the resources we need to keep our businesses going during this difficult time.

I encourage this Committee to consider additional ways to ensure that immigrant business owners and other under-represented business communities have the tools they need to survive and be successful after the pandemic. It's important to consider that immigrant-owned businesses are the fastest growing segment of small businesses in this country. Not only are we fueling our local economies, but we are also giving back to our communities. For example, when I'm not working, you can find me at a local Japanese retirement and assisted-living community where I offer my services to the elderly.

Despite our contributions, we are under attack. The rise in discrimination and violence against the AAPI community over the past year has impacted my ability to do business safely and to keep my

¹ Small Business Majority, January 2021, "Small Businesses Continue to Face Closures in 2021," <https://smallbusinessmajority.org/our-research/small-businesses-continue-face-closures-2021>

customers safe. We need more awareness of and sensitivity to how rhetoric can go a long way in allyship and protecting Asian immigrants in the United States.

I am honored to serve my community, and it's vital that Congress and the Administration take steps to support immigrant entrepreneurs like me because we are the future of the American economy.

Thank you,

Sayuri Tsuchitani, Owner
Headspa EN, Los Angeles

