

**A DISCUSSION WITH SBA ADMINISTRATOR JOVITA  
CARRANZA: CURRENT ISSUES AND THE FY2021  
BUDGET**

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BEFORE THE  
**COMMITTEE ON SMALL BUSINESS**  
**UNITED STATES**  
**HOUSE OF REPRESENTATIVES**  
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# CONTENTS

## OPENING STATEMENTS

Hon. Nydia Velázquez .....	Page 1
Hon. Steve Chabot .....	2

## WITNESS

The Honorable Jovita Carranza, Administrator, U.S. Small Business Administration, Washington, DC .....	3
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## APPENDIX

Prepared Statement:	
The Honorable Jovita Carranza, Administrator, U.S. Small Business Administration, Washington, DC .....	29
Questions for the Record:	
None.	
Answers for the Record:	
None.	
Additional Material for the Record:	
None.	



## **A DISCUSSION WITH SBA ADMINISTRATOR JOVITA CARRANZA: CURRENT ISSUES AND THE FISCAL YEAR 2021 BUDGET**

**WEDNESDAY, FEBRUARY 26, 2020**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,

*Washington, DC.*

The Committee met, pursuant to call, at 11:32 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Davids, Chu, Schneider, Delgado, Houlahan, Craig, Chabot, Balderson, Hern, Hagedorn, Stauber, Burchett, Spano, Joyce and Bishop.

Chairwoman VELÁZQUEZ. Good morning. The Committee will come to order.

Today, we have the opportunity to welcome the Honorable Jovita Carranza, the 26th Administrator of the Small Business Administration, to our Committee.

While there are many political and ideological differences represented on this Committee, one thing we all agree on is the importance of small businesses to our nation's economy. America's 30 million small businesses are the cornerstones of our communities.

When a Main Street business succeeds, America succeeds. Not only do hard-earned dollars get reinvested back into our neighborhoods, but we also see robust job creation and innovation.

However, launching a business is not easy. It can be inherently risky. Even the most careful planner can underestimate the costs associated with bringing an innovative idea to the marketplace. Sadly, too many fail in the first 18 months.

That is why in 1953, Congress created the Small Business Administration. The SBA is the only federal agency tasked specifically with helping small businesses grow and succeed. Through its extensive network of field offices and resource partners, SBA connects entrepreneurs with technical assistance, capital, and Federal contracting opportunities. It is imperative that the agency operates effectively so that small businesses can get the most out of these programs.

To that end, we have held numerous hearings to see what is working and what can be improved. We have learned that one of the biggest challenges facing small businesses is access to capital, which is critical for a new business owner to start up, hire employ-

ees, and expand operations. Without adequate resources, small businesses fail to realize their full potential.

The SBA can play a vital role in filling the gaps through its loan programs. The Committee has long supported the Microloan program, and more recently, the Community Advantage program. These two initiatives have gone a long way in reaching women, minorities, and veterans, who otherwise will not be served by private sector lenders or even the 7(a) program. I hope we can work collaboratively to support and expand these initiatives.

With that said, the lending needs of women, minority, and veteran-owned businesses are a top priority for me. I know Ms. Carranza has expressed an interest here as well, and I look forward to hearing more about the steps you will take to reach more of these entrepreneurs.

Similarly, increasing contracting opportunities for small businesses, especially from underserved communities, is a shared goal that I hope we can leverage to improve the 8(a) and HUBZone programs. When small businesses win contracts, they scale up quickly and create good paying jobs. The result is a win-win for everyone.

Just like contracting and lending, the SBA provides invaluable counseling services through its nationwide network of resource partners. They provide expert advice on how to develop a business plan, market a product, and sell their goods overseas. Despite the incredible success of the programs, the administration proposed to slash entrepreneurial development by a staggering \$97 million or 36 percent. Helping small businesses succeed and educating the underserved and rural areas will require a real investment in SBA counseling and training programs, not cutbacks.

I think it is safe to say we all agree that small businesses are a cornerstone of our economy and deserve our full support. However, that requires more than lip service. It involves a real commitment to invest in its program and programs that really work.

With that, I look forward to hearing from the administrator regarding her priorities for the agency on the FY21 budget proposal.

I now yield to the Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chairwoman. And thank you, Madam Administrator, for coming before us today to share your vision of the SBA moving forward.

As most of I think people in this room know, we think this is the most bipartisan Committee in Congress. Both Ms. Velázquez and I have had the opportunity to lead this Committee in recent years, and regardless of who is in charge, we have worked together in a bipartisan fashion to advance the goals of America's small business community.

Today, we have the opportunity to hear from the President's newest cabinet member, The Honorable Jovita Carranza, the 26th Administrator in the history of the SBA.

Ms. Carranza was confirmed by the Senate last month by an overwhelmingly bipartisan vote, becoming the highest-ranking woman of Latin American heritage in the Federal Government.

I have to say the President and the Senate got it right. I have had the pleasure of sitting down with our new Administrator, and I was impressed by her ideas on how to modernize and streamline

the agency that is the only go-to resource and voice for small businesses backed by the strength of the Federal Government.

Ms. Carranza brings a wealth of experience and a remarkable resume with her to the SBA. Her Federal Government experience includes her position as the Treasurer of the United States—her name is literally on our money—as well as serving as the SBA’s Deputy Administrator from 2006 to 2009 during former President George W. Bush’s administration.

Before her work at the SBA, she had a distinguished 30-plus year career with UPS, the United Parcel Service, where she broke barriers as the highest-ranking Latina in the company’s history after starting as an hourly dock worker. So, she worked her way up to the top.

Following her UPS career and initial SBA service, she founded her own small business, the JCR Group, a consulting firm that focused on business development and optimization.

Administrator Carranza, we want to thank you again for taking your time to be with us. I am looking forward to hearing your testimony and participating in the ensuing discussion.

And thank you, Madam Chair, for holding this. And I yield back.

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

If Committee Members have an opening statement, we would ask that they be submitted for the record.

I would now like to introduce our only witness today.

Our witness is the Honorable Jovita Carranza, the 26th Administrator of the Small Business Administration. Administrator Carranza has an inspiring background. Born in Illinois to an immigrant family from Mexico, she began her career at UPS as a part-time nightshift box handler, ultimately rising through the ranks to become president of Latin America and the Caribbean operations. After a distinguished career at UPS, Administrator Carranza founded the supply chain company, JCR Group. In 2006, President Bush tapped her to become the Deputy Administrator for the Small Business Administration, and most recently, she was the Treasurer of the United States.

Welcome, Administrator Carranza. You are recognized now for 5 minutes.

**STATEMENT OF JOVITA CARRANZA, ADMINISTRATOR, U.S.  
SMALL BUSINESS ADMINISTRATION**

Ms. CARRANZA. Thank you very much.

Good morning and thank you for inviting me to testify today.

In the time we have today, let me share my priorities for the agency, and update you on my activities since being sworn in as the administrator of the Small Business Administration on January 14th.

First, I would like to share with you some background on my work and life experiences which helped me shape these priorities, some of which you have already covered.

As you may recall from our recent conversations, I was raised in Chicago, but my work career began in California as a single mother raising a child and working part-time loading, yes, trucks, for UPS.

Over the years that followed, I was honored by public service opportunities in two administrations as SBA deputy administrator, as U.S. Treasurer, and now as a Cabinet Member. Throughout my career, I have seen the importance of small business to our economy and in communities across the country.

This perspective guides me now in my focus and priorities at the agency. A top priority of mine is to continue the success of our Disaster Assistance program. Previously, as the SBA's Deputy Administrator, I helped create the first Disaster Recovery Plan, one that the agency still uses today. SBA plays a key role in helping disaster survivors recover from a disaster event. I can assure you that when a disaster strikes in your state or district, SBA is ready to help and will continue to be prepared under my leadership.

Another priority of mine is to maximize our lending and Federal contracting opportunities and outreach to small businesses in underserved communities. It is imperative that SBA programs and services reach those that might not otherwise have access to capital, contracts, or counseling.

In just my first month as Administrator, I have already taken steps to encourage a greater focus on entrepreneurs from underserved communities. First, I have been working with our Capital Access office to assess how we might grow our Microloan program and further its success. I know that this is a goal for many of you as well.

I also have been working closely with our Contracting office to explore how we can exceed all our government-wide small business contracting goals and create further opportunities for minority, women, and veteran-owned small businesses.

And I have been working closely with our Field Office leadership to ensure we are committed to our rural outreach and initiatives with HBCUs and minority-serving institutions. We need to reach those aspiring entrepreneurs, identify skill gaps, and help foster next-generation workforce.

Another priority is to optimize our agency program operations. SBA programs and services need to be available, accessible, and successful for small business owners. If not, then we need to change things, and I am committed to do so without hesitation.

One area of focus is with our SBIC program. We need to do better for those looking to invest in small businesses, and I am bringing an individual on Monday from the Treasury Department to help me objectively assess the program and identify areas for improvement.

In the interim, I have prioritized staffing and outreach to better support program applicants and better identify future participants. Across the entire agency, I have looked at vacancies, and I am expediting hiring actions for critical staffing needs like those in our Field Operations. I have been meeting extensively with our contracting and IT offices to assess our recertification infrastructure. I know that this is essential for the small business contracting community.

We will stand up our Women-Owned Small Business certification program in May, and as soon as possible we will complete our IT infrastructure enhancements to support all our certification pro-



grams. My message to our staff has been clear and direct—get it fixed and get it done.

Finally, to support this examination of our program operations, one of my first meetings was with the SBA Inspector General. I developed a good working relationship with the IG and GAO in my previous positions, and I will continue that constructive engagement as Administrator.

As I close, let me reflect again on my life experiences which frame who I am today and serve as a guide to my tenure as Administrator. It has been a rewarding journey to have been taught the value of a hard-earned dollar as a young girl and to later in life be able to sign my name on every U.S. dollar as Treasurer. Now, as SBA Administrator, I have the chance to work with inspiring men and women entrepreneurs that are so essential to our economy. Like so many of them, I am a product of hard work, mentorship, and opportunity. I bring that perspective to this new job and will be a tireless advocate for America's small businesses.

Thank you, Madam Chairwoman and the members of the Committee. I look forward to answering any questions you might have.

Chairwoman VELAZQUEZ. Thank you, Administrator Carranza.

I will begin by recognizing myself for 5 minutes.

Administrator, the SBA 2021 budget proposes an 18 percent cut to the overall budget and a whopping 37 percent cut to the entrepreneurial development programs. These cuts make it clear that we cannot—let me just say this. On the one hand we cannot say that this administration is for small businesses, that you care deeply about providing resources and enabling small businesses to take their businesses to the next step, and then on the other hand proposing a budget that basically renders inoperative many of the programs that are so crucial. So, in light of the huge tax cuts given out to big businesses, how do you reconcile these steep cuts with your stated priorities to help more women, minority, and veteran entrepreneurs?

Ms. CARRANZA. One of the first things I did, Chairwoman, was to take the budget and meet with the CFO, as well as all the key stakeholders in the SBA program offices. And line by line, identified what was requested in 2020 and what was enacted and what was requested this time. And in particular, the Office of Entrepreneurial Development was of major concern because the SBDC—and I am not going to shy away from that particular figure because it is one that has realized a cut from 2020 request to the request in 2021—which is Small Business Development Centers. And to face it head on, I did attend their SBDC Summit to demonstrate to them that we were very serious about providing the support that they greatly need and that I am closely reviewing the budget and how we can explore opportunities for them to be just as effective with the \$87 million.

Chairwoman VELAZQUEZ. So where is the beef?

Ms. CARRANZA. That is about a 13 percent reduction.

Chairwoman VELAZQUEZ. So where is the beef?

Ms. CARRANZA. Pardon me?

Chairwoman VELAZQUEZ. You went to the SBDC conference. You talked to them. You promised them that you will provide the resources. As we see, this is a steep cut. Do you intend to discuss

this priority with Mr. Mulvaney and say to him that this will affect the work and the mission of the SBA tremendously?

Ms. CARRANZA. Chairwoman, what I did at the conference was to not only introduce my priorities and clarify that I was very much aware of the budget submission. What I was very encouraged about was that not only in the SBDC cuts but where did we also make an addition, an increase? And I was very encouraged at the veterans' outreach, which is really at the top of our priorities. But with the SBDC, I still must get close into the mechanics of how they are going to apply the budget.

Chairwoman VELÁZQUEZ. Thank you. Thank you for your answer.

I just want to be very clear that I reject such a steep cut to this and that we will do everything within our power to fight that. We have done it before, and we will continue to do it. We cannot continue to add more responsibilities to the SBDCs, like cybersecurity and other legislation that we passed here and expect for them to do more with less. It sounds good, but it does not work. It did not work before. It will not work going forward.

Ms. CARRANZA. I would like to look forward to coming back to tell you how we are going to manage that.

Chairwoman VELÁZQUEZ. Sure. In terms of the Disaster Loan program, Maria in Puerto Rico, the OIG report for Hurricane Maria revealed a lack of Spanish translators caused significant delays in the post-Maria response. What is your plan to make sure that there are adequate translators this time and in the future?

Ms. CARRANZA. Chairwoman—

Chairwoman VELÁZQUEZ. Let us remind everyone, Members of this Committee, that the US territories are part of the United States and that in Puerto Rico, we have 3.5 Spanish-speaking, and we could have the best program, but if they are not provided in their own language it will not do any good.

Ms. CARRANZA. Well, I want to assure you, Chairwoman, that I looked deeply into this issue of the IG—all IG and GAO audits. But in particular this one because we are still working with Puerto Rico. We have 90 staff people there. We have 16 offices, and we have learned that a \$50,000 bilingual software program or consultants was not going to meet the needs of what happened in Puerto Rico. So, they have invested, we have invested a \$2 million contract to ensure that we can blow up or scale up to the level of need in Puerto Rico and I advise all other agencies to do the same.

Chairwoman VELÁZQUEZ. Thank you.

Ms. CARRANZA. You are welcome.

Chairwoman VELÁZQUEZ. My time has expired, and now I recognize the Ranking Member for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair.

Madam Administrator, as you know, President Trump recently signed a very important trade agreement with our neighbors, Mexico and Canada, the USMCA Trade Agreement. As the first and only U.S. trade agreement that maintains a distinct small business chapter, how will the SBA work with our neighbors to the north and south to ensure that American small businesses will benefit from increased access to both Mexican and Canadian markets?

Ms. CARRANZA. That is a great question, Ranking Member Chabot. And I do not want to mess up names because I did that in my Senate hearing, so I want to make sure I am methodical and very deliberate about that.

What I have learned at SBA, they have dedicated resources that are doing very significant and targeted and strategic outreach to banks to ensure that access to capital and understanding of the programs that we have in our Office of International Trade, and that we have a what you call a public and private partnership, more strategic. And so, they are ensuring that we make personal contacts on sites with these lending institutions.

In addition to that, I have traveled between Pennsylvania to the harbor or the port I should say, in New Orleans to verify that small businesses are also getting a cut in any export growth or input growth. And when I say "cut," they are part of the market.

Mr. CHABOT. Part of it.

Mr. CARRANZA. Yes.

Mr. CHABOT. Not a reduction.

Mr. CARRANZA. Yeah. Cut is probably not the most appropriate word. What I was pleased to see in New Orleans was that the ports are investing significantly. I saw four loading cranes. They are going to expand it to seven loading cranes. What really impressed me, and Chairwoman, you are going to be impressed with this, is that the cables that are serviced on those cranes are serviced by a woman-owned small business. So, as the exports grow, the equipment on the ports expand, and we are looking to ensure that small businesses have a role in that. So, I think it is going to be a win-win the more outreach and the more onsite visits we perform.

Mr. CHABOT. Thank you very much.

Small businesses have responded positively to President Trump's historic Tax Cuts and Jobs Act, which passed the House and the Senate a couple years back. Not only are small businesses better off these days with the small business 20 percent passthrough tax provision but communities and small businesses also stand to benefit from opportunity zones.

Under your leadership as administrator, what will you do to ensure small businesses are aware and take advantage of these beneficial tax provisions?

Ms. CARRANZA. I believe there are 200 funding opportunities, throughout the entire Federal Government that are aligned to support the Opportunity Zone underserved markets. When I have spoken to, whether it is at the 8(a) conference or large groups of small business gatherings, I share that there are 8,700 tracks in the underserved market. We have HUBZone. We have Microloan lenders. We have the Opportunity Zones, and now we are looking at concentrating not only resources but appropriate funding for those communities. So, we are looking at it in an ecosystem other than just one program called the Opportunity Zone. It is how can we marry or align all others to reinforce, and that the small businesses are aware that they have an opportunity in those areas.

Mr. CHABOT. Thank you very much.

I think I have time for about one more question. So, let me ask you this.

You have got a very impressive background, both in the government and in the private sector. How does your experience in the private sector, whether it is UPS or otherwise, you know, starting your own small business, how has that affected your ability to bring those skills, those resources to the public sector, and specifically now as our top person in the Small Business Administration?

Ms. CARRANZA. The very early lessons that I learned in the private sector were understand the mission and align everyone to pursue that mission. Clarify it. So, communication is very key. I also worked with thousands of employees, which led to learning about developing strong teams, which is very necessary to really see the results. And there is also a need to measure impact. And so those are the three components that I am looking at—optimizing our resources, measuring their outputs, and making sure that we are meeting the needs of our stakeholders. We would say shareholders in the private sector, but in this case, it is our taxpayers and our small businesses.

Mr. CHABOT. Thank you very much. My time has expired but on behalf of I think Members on both sides of the aisle here, both Democrats and Republicans, we look very much to working with you and making sure that your time as top SBA official is successful, so we want to work with you.

Ms. CARRANZA. Thank you very much.

Mr. CHABOT. Thank you.

Ms. CARRANZA. I look forward to it.

Chairwoman VELÁZQUEZ. The gentleman's time has expired.

Now we recognize the gentlelady from California, Ms. Chu, Chairwoman of the Subcommittee on Investigations, Oversight, and Regulations, for 5 minutes.

Ms. CHU. Administrator Carranza, I would like to touch on the ongoing outbreak of COVID-19 or the 2019 novel coronavirus, which has had a negative impact on the small businesses in my district in Los Angeles. My district has one of the largest Chinese-American populations in the Nation, and I have heard firsthand of xenophobia directed at Asian-Americans and in avoidance of Asian-American owned small businesses, especially restaurants, but based on misinformation about the disease.

And just as some examples, when this first started happening, there was a flyer that was handed out, and you can see here it has a gigantic “fake” on it because it actually dared to have the locals of the World Health Organization, the County of Los Angeles, and then said that there was a coronavirus outbreak and named five small businesses to avoid. But it was totally fake. And yesterday, CNN did interviews and articles with a restaurant in New York's Chinatown and it showed that it had no customers despite the fact that there were zero cases of novel coronavirus in the state of New York. And in fact, the restaurant owner said that now her restaurant is suffering a 70 to 80 percent loss of business. This is actually pretty typical of many of the Asian restaurants, certainly in my area, that caused us to have a press conference to say there is a lot of misinformation going on. Please do not believe it.

The fears are misguided. The U.S. CDC says at this the virus is not currently spreading in the community of the united States and dispels many of the myths that are out there.

So, Administrator Carranza, I think that the SBA can play a very, very important part in combatting this misinformation and supporting the small businesses that have been unfairly targeted. Would you consider offering an official statement urging SBA's resource partners and audience to combat the spread of misinformation that has resulted in xenophobia echoing what the official comments of the U.S. CDC is about the truth of the coronavirus?

Ms. CARRANZA. Congresswoman, I will do something better. I have already called on my Disaster Assistance Preparedness leader to hold a conference with all of SBA on Friday. We are going to assemble a steering committee to anticipate what role can we play, and you have already stated, we can serve as a communicator. We have 1,000 offices. We have 2,000 executives, so we definitely have a strong voice and support communicating the truth and being very timely about it. So, on Friday we are going to address, as if we had a disaster, what proactive measures can we take. You know, what essential staff do we need to identify? Because our first concern is our employees and then our businesses and then, of course, any mandates that we have from the Administration.

So, I look forward to working with you, especially the California perspective. And so, I look forward, again, to coming up with a strategy. But I agree. I think SBA could play a significant role, so much that we are going to launch a meeting on this Friday, this week. And we will keep you posted.

Ms. CHU. Well, thank you. Yeah.

Ms. CARRANZA. You are welcome.

Ms. CHU. Thank you for that timely response, and hopefully, a statement can come out of it that dispels the misinformation.

Well, thank you for that. And let me also say that one of the most pressing issues for our small business owners and entrepreneurs in my district is access to in-language services and materials. Too often, immigrants and non-native speakers are simply unaware that the SBA offers services like entrepreneurial development programs at no cost to them. So, I am encouraged that the agency improved its Spanish language offerings, but in districts like mine there are communities that are rich with entrepreneurs whose primary language is Chinese, Korean, Vietnamese, and other languages. So, can you discuss how SBA plans to improve language access, particularly for these other languages in its written material services and outreach?

Ms. CARRANZA. I know that our Office of Entrepreneurial Development has a library of languages that are available. I cannot tell you exactly which ones, but they are in the teens. So, what I do know at this point, and it is evolving, is our lender match, which is really access to capital, which is really key for small business. That is going to launch in Spanish so that they can identify a potential lender match within 48 hours. So, I will add other languages to that, and we will report back to you. At this point, I do not know what is in the queue as to what other languages, but Spanish is being launched very soon.

Chairwoman VELAZQUEZ. Time has expired.

Ms. CHU. Thank you.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the gentleman from Minnesota, Mr. Stauber, Ranking Member of the Subcommittee on Contracting and Infrastructure, for 5 minutes.

Mr. STAUBER. Thank you very much, Madam Chair.

I am the Ranking Member of the Contracting and Infrastructure Subcommittee. The Chairman of that Committee is Congressman Jared Golden. He and I have heard from small businesses across the country of some of the challenges that they face with the Federal procurement space.

A couple of questions. What is your vision for improving contracting opportunities for our small businesses? And then, what is your strategy moving forward to ensure that we eliminate much of the fraudulent behavior or detecting and removing ineligible firms from our contracting programs?

Ms. CARRANZA. Those are discussion topics that I have had since the first week I arrived, government contracting, because of the WOSB and Certify.gov issues in technology and transparency; and also because there are discussions about the safe and soundness and fraudulent situations that have occurred. I inquired as to the schedule of reviews, and I have been told that typically they will review about 500 of those certified firms. They may find about 12 firms that are crossing the line and require further review, so I know that we have a strategic team that is looking at that but I think we can provide better solutions from an automation perspective where we can detect issues early on. Right now it is a latent process where it is all manual and it is a particular group of firms that are reviewed, and I need to get further involved in exactly how that is processed so I can be a little bit more thorough with you. But I do know that they have systems in place but are they sufficient is the question.

Mr. STAUBER. And I think that you know that any time a small business does not get the contract because of fraudulent applications that it is a considerable insult to the small businesses because we have to be the protector of the small businesses and your agency has to be a part of it as well.

Ms. CARRANZA. Yes, Congressman, there is a protest process and it is exercised. The timeliness is one thing. The other a loss of revenue and that is what I am targeting. Any time we do not detect an issue, we are preventing or impeding job growth and wage growth and fairness in the system.

Mr. STAUBER. And a couple of other comments. The access to capital is really, really important for our small businesses. As I go through Minnesota's 8th Congressional District, rural district in northern Minnesota, that is one of the number one things they talk about is the access to capital, making it a bit more easier for them to attain that capital, and I think that is extremely important.

The last comment or question I will have is, Administrator McMahon visited all 68 SBA district offices in the 50 states. Do you anticipate you will continue that legacy of cross-country outreach?

Ms. CARRANZA. Let me share that I had a town hall meeting with my workforce the second week I was there and I was asked that question by my districts like, are you going to do, and they reiterated what you indicated. And I said no, because my goal within these short months is to cover every region and small businesses

within those regions, like either government contracting or in trade, so I am going to be very strategic. I do not want to falsely say that, yes, I am going to visit all 68 districts. I am going to visit the 10 regions and I am also going to visit the small businesses that have strategic needs, whether it is trade, whether it is Puerto Rico. I have a plan to travel to Puerto Rico. I have a plan to travel to the Port of Miami, and so I will visit small businesses there. So, my visits are going to be very strategic and multifaceted. But my outreach is going to be very healthy.

Mr. STAUBER. Administrator, would you commit to Minnesota?

Ms. CARRANZA. Absolutely. Thank you, Congressman. Yes.

Mr. STAUBER. Thank you.

Ms. CARRANZA. After New York and after Puerto Rico. Thank you.

Mr. STAUBER. Thank you, Administrator, for your time, and I really appreciate it.

Ms. CARRANZA. And Ohio and Iowa.

Mr. STAUBER. And I appreciate your leadership in many areas of not only private business but our Nation as well.

Ms. CARRANZA. It is a real honor. Thank you.

Mr. STAUBER. Madam Chair, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Kansas, Ms. Davids, for 5 minutes.

Ms. DAVIDS. Thank you, Chairwoman. And thank you for being here to testify today, Administrator. I look forward to working with you to make the SBA the best possible agency that it can be.

So, I was happy to see in your testimony an emphasis on increasing and improving counseling services for accessing capital for women and minority entrepreneurs. Those are major priorities of mine and I will take my time today to focus on those critical areas.

So, I represent the third district in Kansas. I do not know where we are in the queue for a visit, but Ms. Finkenauer and I were just talking about a Midwest swing, so we would welcome you there.

So we are, in addition to the vibrant entrepreneurial ecosystem that we have in the Kansas City Metro area, my district is home to the Women's Business Center. It is located in Fairway, Kansas. That is the Women's Business Center for the State of Kansas, and it does a little bit of work across the border with our neighbor, Missouri.

The WBC, as many folks know, and I know you are aware, does counseling for women business owners and entrepreneurs, and I am doing everything that I can to help be supportive of that program. In fact, Congressman Hagedorn and I introduced the Women's Business Center Improvements Act of 2019 to make sure that we increase the support for the Women's Business Centers.

So, getting to the question here, with the importance of that type of program, I was a bit disappointed to see that in the President's proposed budget there were cuts to entrepreneurial development programs, including a 23 percent cut to the WBC program. I guess I am curious, how do you plan to support these important programs like WBC's Small Business Development Centers Regional Innovation Clusters given the stance of the administration and the cuts that were proposed in the budget that was sent over?

Ms. CARRANZA. Thank you, Congresswoman.

Based on the numbers, I may be incorrect, but I believe that what was requested in 2020 for Women's Business Centers was \$17.4 million and we requested the same amount. What was enacted and requested is the difference that you are highlighting.

But at this time, because my focus, and I said it in my opening statement and when I was in the nomination process and when I met individually with the Chairwoman and her committee members, as well as the Senate, the focus is women. Women right now reflect for the past 2 years, especially in 2019, we have exceeded the male workforce for the first time. And that is a significant fact. The other is that our trajectory of small business growth happens to be very strong in the women. So, as a result of that, and I know that our staffing on the Women's Business Centers is being reviewed. I am conducting interviews to identify a very talented candidate to run those centers so that we can be responsive and relevant to our communities, Kansas being one.

I visited three women's businesses in the STEM area. An architect in the STEM area, an architect, and an engineer; each one of them had their business development specialist from the SBA District Office, and they said, I do not know where I would be without this support. So, I know that that outreach, the handholding is very essential.

But let me share what I learned in Pennsylvania. I visited a woman who took over her family's business, four restaurants, wanted to expand by two restaurants. Got an SBA loan for \$2.4 million to expand with the potential of hiring 150 employees. I said this is a win-win proposition. I asked her what other services has she accessed? She did not know about Women's Business Centers. She did not know about SBDCs, and she did not know about SCORE. So, we immediately connected her with them. That happens too often. And when I speak to Hispanic women business owners and ask how many of you have accessed the resource partners or the services and products of the SBA, maybe a third of them will say yes. And I said that is too few. And so, I lead the sba.gov, that is my new name. But I am agreement with you, and I look forward to working with you on how, if you have some recommendations, how more we can exploit that opportunity for women.

Ms. DAVIDS. Thank you very much. Thanks for your response. And I am sure our office will be reaching out to you so that we can continue the conversation.

Ms. CARRANZA. Okay. Very good.

Ms. DAVIDS. I yield back.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the gentleman from Florida, Mr. Spano, who is the Ranking Member on the Subcommittee on Investigation, Oversight, and Regulations.

Mr. SPANO. Thank you, Madam Chair, very much. I appreciate that. And thank you, Administrator Carranza, for being here with us. And good luck in your responsibilities, and I am sure you are going to do a great job. I know it is a lot to take in.

You were formerly the Deputy Administrator of the SBA, so I guess my first question to you is can you share with us what you learned as deputy administrator that coming in you are like, all



right, this is what I learned on the ground as Deputy Administrator that I am going to implement or I am going to do or I am going to focus on or an attitude that I am going to come into this with. If you could share that with us, please.

Ms. CARRANZA. Well, I was very encouraged that what we worked very hard at improving, which was government contracting for small businesses, had taken a very positive trajectory the past 10 years or so. So, we did not lose a lot of ground there. I was very encouraged there. That the focus for women finally took hold and that we have now very concrete systems in the government contracting, such as WOSB and certify.gov. So, we are looking at ways of engaging and interacting digital-wise. So, we are becoming much more automated. That was a win-win because we were so archaic back then.

The other focus is that every office is looking for more efficient ways of providing the services and products. For me, it is the taxpayer impact, the return on investment, and I believe that every office at SBA is very committed to doing that.

We have exceptional institutional knowledge at SBA. We have employees that have been there 10, 20, 30 years that are technocrats when it comes to government contracting, SBICs (Small Business Investment Corporations), access to capital, every kind of loan portfolio you can think of, microloan. So, I am just very enthused that no one has taken their sights off the mission, which was really to develop and strengthen, start, grow, and expand small businesses.

Mr. SPANO. Thank you. I appreciate that.

Then, when we met several weeks ago now it has been, we were introduced.

Ms. CARRANZA. Yes.

Mr. SPANO. It is amazing how quick time flies.

But I mentioned a concern that I had with respect to the veteran-owned small business set-asides for government contractors, and I spoke to one of your staff members about, at least as it was explained to me, that when an application for a contract is submitted, or maybe it is in the process of becoming qualified, you verify, or you do not even verify, you state that you are a veteran-owned small business, and then at that point it is referred when the contract is awarded, if I am not mistaken, to the small business, and then it is the Small Business Administration's then job or responsibility to verify or confirm or do the legwork to ensure that that is, in fact, a veteran-owned small business.

I had, as I shared when we met last, I had a gentleman I met with from my district, a veteran-owned small business, and at least it was his position that he characterized it as stolen valor. He said there were individuals who were just stating, hey, I am a veteran-owned small business and they are getting contracts. And, you know, there are three sides to every story usually; right? What I want to make sure is that if I can maybe get some follow up on the issue, I would love to have some confirmation so when I get confronted with constituents, and particularly this gentleman, that I can say, no, we are ensuring that the veteran-owned small businesses that are applying for these set-asides are, in fact, veteran-owned small businesses and that they are not being used by indi-

viduals unscrupulously, fraudulently. You know, that they really are being set aside for the people that we intended them for.

Could you just speak to that for a moment?

Ms. CARRANZA. Yes, Congressman. I took heed to every member's concerns for the veterans contracting. And so, I think it is in a week, if not 2 weeks from now, I will be attending a veteran's conference. I will be articulating all the changes that we are making, the resources that we have identified, the systems that we are reevaluating. And then, of course, target these particular issues. I am not the type of person, nor is anyone in the Government Contracting Office, shy from admitting that we have shortfalls, and then also be transparent enough to discuss, and these are our action plans to correct. So, before I attend that conference, I will share the information with the members here.

Mr. SPANO. Well, I thank you for that, and I appreciate your commitment to look into that and trying to resolve those issues if, in fact, there are problems there.

And I yield back.

Ms. CARRANZA. Yes.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Iowa, Ms. Finkenaue, Chairwoman of the Subcommittee on Rural Development, Agriculture, Trade, and Entrepreneurship for 5 minutes.

Ms. FINKENAUER. Thank you, Madam Chair. Happy to be here, and also happy to have you here, Administrator Carranza. It means a lot to be able to talk about these issues that matter so much on our Committee here.

And as the Chairwoman said, I am the Chairwoman said, I am the Chair, or the Chairwoman of Rural Development, Agriculture, Trade, and Entrepreneurship, one of our Subcommittees, the right Committee. I joke that next year we need to add Growth to it, and we can be the Great Committee because it is something that matters a lot to my state in particular, especially when it comes to trade.

I am from Iowa, and Iowa's 1st Congressional District, and I wake up thinking about trade. I go to bed thinking about trade. In the middle of the day I am talking about trade, especially, again, after the last 18 months that our state has been through given some of the decisions from this administration. I will go into that a little bit more later.

But I do want to highlight something that has been really important to me and also to our Ranking Member, my Republican colleague, Dr. Joyce, as well. We have been fighting really hard to actually increase the funding for the Small Business Administration's entrepreneurial development programs. We actually brought 47 members together, both Republicans and Democrats, to request funding, and we succeeded in that. These programs have bipartisan support and I will be frank, I was shocked to see the Trump Administration decided to slash this budget and funding for fiscal year 2021. I was especially surprised to see that nearly 60 percent was cut from the State Trade Expansion Program. See, the STEP program is something that matters a great deal to my state and to states all across the United States, but very again specific to Iowa. When we have been getting hit on all sides, especially our

farmers, from again, this ongoing trade war with China and uncertainties in markets, I mean, I have had farmers into my office telling me that they are looking at filing for bankruptcy, dipping into 401(k)s. We had a woman testify saying that she is telling her three sons not to go into farming because she is so worried about their future. On top of that, our ag economy in Iowa and our manufacturing are very closely tied together. So, if our farmers are not doing well, they are not buying John Deere tractors, which are made in our district, and John Deere is not then working with our local contractors, also small businesses in my district. This is, again, why I wake up thinking about it and go to bed thinking about it.

And so on top of all of this, you know, this is a time when we should be caring about making sure that our small businesses have access to foreign markets and making sure that our small business administration has the tools that they need and the funding that they need to be able to provide that access or to provide that support for our small businesses.

So, you know, this is again something that we have been highlighting. We have been working across the aisle on. It is a program that was developed by Democrats, funded by Republicans, and then a Democrat and Republican have sat here this last year trying to make it better. It is not a perfect program. We saw actually inefficiencies that were not working well, whether it was some of our states, especially in Iowa, not being able to get the programs being required or they would issue a request, not hear back. I mean, there were deadlines not being hit by the Small Business Administration. These were things that we should fix, and that also I realize does require funding to make sure that we have the right folks there being able to fix this and make these programs work like they should. These are being used.

We held a hearing—actually, not a hearing but a roundtable in my district where we had a gentleman named Ryan show up. He works with Marion Process Solutions, and they have been using STEP since 2015 and actually, in 2019, were actually able to use it to launch a new technology at an international trade show in Nuremberg, Germany, in April of 2017. This is the time, again, when we need to be investing, not cutting. And my question, especially when it comes to this program, and I know hearing about the agency's strategic plan to increase the value of small business export sales, how do you intend to do that if we are cutting STEP's funding by \$11 million? How do you intend to increase the value—

Ms. CARRANZA. I have a question. I am sorry. Oh, I am sorry. No, I do have a question.

Ms. FINKENAUER. Yes.

Ms. CARRANZA. The focus that I have had is not only the budget but where it is going to impact performance and what do we have to do to rectify this perception that we are not going to be overall effective at SBA as a result of this current budget. We have operating expenses and we have grant programs, and the grant programs I have learned historically are appropriated or they are statutory or they are not a firm fixture, unfortunately. Some have. And so, I am looking at ways of how we can efficiently and more

effectively provide the services and products. At the same time, work with this budget without compromising any of the services that you are referring to. The STEP program is active.

Ms. FINKENAUER. Eleven million is quite a bit to cut though; correct? I mean, the program started with 18 million. We were able to plus it up to 19 million, and now 11 million is going to be cut from it.

Ms. CARRANZA. What I am looking at is that there are only two programs that have experienced a request reduction, and it is not significant. You know, a million here. You know, when you look at the budget overall, we will be able to manage all the services, keep the staff that we have, revisit the staff that we are contemplating bringing on board. It is an overall evaluation and I look forward to getting back to you once I have a deeper dive in every one of these indices.

Ms. FINKENAUER. This again, I will tell you again, coming from Iowa, this is another it feels like a slap in the face from this administration when it comes to trade and what our state has gone through when, again, we need to be investing, making sure that our folks have more markets. And what we have dealt with in our state has been devastating.

Ms. CARRANZA. But Congresswoman, we have over \$800 million dedicated to providing services and products to small businesses.

Ms. FINKENAUER. And trade is incredibly important. And I am not happy to see the 11 million be cut.

Ms. CARRANZA. Absolutely. Yes.

Ms. FINKENAUER. I understand my time is up. Thank you, Chairwoman.

Chairwoman VELÁZQUEZ. Time has expired. Yes.

Now, we recognize the gentleman from North Carolina, Mr. Bishop, for 5 minutes.

Mr. BISHOP. Thank you, Madam Chair.

Mr. CHABOT. Would the gentleman yield for just a moment?

Mr. BISHOP. I certainly would.

Mr. CHABOT. I appreciate the gentleman yielding.

Just to clarify a couple of things that have been mentioned, and I do not want to take much of the gentleman's time. But we have talked this morning, and the gentlelady from Iowa was just talking about cuts in the President's budget.

Every administration puts out a budget. They are suggestions. We oftentimes hear the term "dead on arrival." By the time Congress gets done with these things, we very seldom cut anything. We have got a \$23 trillion debt hanging over our heads. The President is making an attempt to actually be responsible, but by the time we get done with this, these will all be plussed up and maybe some things will be——

Chairwoman VELÁZQUEZ. Will the gentleman yield?

Mr. CHABOT. Well, it is his time but——

Chairwoman VELÁZQUEZ. Okay, would you yield?

Mr. BISHOP. To the Chairman? Chairwoman? Yes, I will.

Chairwoman VELÁZQUEZ. We want to be responsible. The President wants to be responsible. Why pass a trillion-dollar tax

cut that favors big corporations and small businesses are an afterthought? That is being responsible?

Mr. CHABOT. Would the gentleman yield again?

Mr. BISHOP. I am not sure I am going to get to ask much today. I certainly will yield to the Ranking Member.

Chairwoman VELÁZQUEZ. Thank you for yielding.

Mr. CHABOT. Thank you.

Larger businesses did get their tax cuts. Small businesses got their tax cuts. Eighty-five percent of the American people got their tax cuts.

Chairwoman VELÁZQUEZ. Sunsetting. They will expire 2025.

Mr. CHABOT. I know my colleagues on the other side of the aisle like raising taxes. We like cutting taxes. It helps the economy. But getting back, I will yield back.

Mr. BISHOP. Reclaiming my time.

Mr. CHABOT. We will see where these all wind up by the time—

Mr. BISHOP. I thank the Chairman and the Ranking Member, and I may not get an opportunity to do much more than express a concern, I will connect it to the conversation in saying that we can do just as much devastation and thoughtless regulation as we can by inadequate appropriations.

Chairwoman VELÁZQUEZ. Would the gentleman yield?

You will have one minute more.

Mr. BISHOP. Thank you, Madam Chair. And I certain will then.

I am sorry; were you asking me to re-yeild again, Madam Chair?

Chairwoman VELÁZQUEZ. Just to let you know that I am extending your time.

Mr. BISHOP. Oh, thank you. Thank you, Madam Chairman. I appreciate that.

I wanted to focus a moment on a topic that is important to my congressional district. I have mentioned before how important the poultry farming industry is in North Carolina 9. The 2017 U.S. Agricultural Census ranks my district 29th in total sales of poultry at more than \$1.5 billion, more than 1,500 producer farms in my district.

The SBA Inspector General has created sort of a great deal of uncertainty by suggesting that poultry farms are ineligible for 7(a) loans because of the agency's affiliation standards, i.e., affiliations between small farmers and integrators that produce poultry. And on February 10, a final interim rule was published. And I am glad it does not explicitly eliminate poultry farms from 7(a) eligibility, and in fact, the final interim rule explicitly said it was not the SBA's intent to do that, to eliminate lending to poultry and other livestock farms. But I am concerned that SBA chose to reinstate a standard that had previously been removed just in 2016 because this totality of the circumstances rule was so vague that it created uncertainty and potentially chilled that area of lending.

I can tell you that one of the most hard-pressed forms of small business is a small livestock farmer who is under market circumstances working with an integrator. And I guess I would just say, because I think I have got to reduce my questions or condense them here, Madam Administrator, I want to sensitize you to that issue because we are still supposed to be doing poultry lending,

poultry farmer lending I understand, but I am concerned that there has been created so much uncertainty and vagueness in the standard under the rule that it will be untenable for lenders to do that. And I would like to know whether you are focusing on that and whether you have a plan to make that a tenable area of SBA lending.

Ms. CARRANZA. Thank you, Congressman.

One of the first topics that was discussed or reviewed with me before I went through my nomination was the poultry issue. And since then I have been brought up to speed. I understand that the 7(a) program and lending opportunity is still appropriate and still available, and it was more about the independence between at that point it was the chicken industry that we were referring to and also the chicken farmers. So it is about protecting the chicken farmers and their ability to, as they access capital, that they have the independence and the ability to repay and so that the industry is not demanding or having more control than necessary that would influence or impact. So, it is a fairness issue, and I would look forward to discussing with you in your office exactly how we are approaching this. I believe that there is still a 60-day comment period available and so it goes into effect a couple of weeks from now but there is a 60-day comment period so that we can have greater input. I look forward to working with you on that.

Mr. BISHOP. Thank you, Madam Administrator. And I look forward to being in conversation with you on an ongoing basis about that issue. It is a critical one, and these are hard-pressed small businesses that need to have access to capital.

And thank you for the additional time, Madam Chairman, and Ranking Member. I yield back.

Chairwoman VELAZQUEZ. You are welcome. The gentleman yields back.

Now we recognize the gentleman from Maine, Mr. Golden, Chair of the Subcommittee on Contracting and Infrastructure.

Mr. GOLDEN. Thank you, Madam Chair.

Last month, the Committee held a hearing to review the operations of the Office of Field Operations, and we are aware that the historical FTE count for the office has approximately been 800 employees. Today, that stands at about 690. Looking at the President's budget proposal, it requested more funding for the salaries and expense account. And I wanted to ask if that is going to be targeted toward increasing staff in the Office of Field Operations.

Ms. CARRANZA. Congressman, the quick answer is yes. I have about 160 people in the pipeline right now to be considered for employment. The priorities are in the field offices, as well as one other targeted program office.

Mr. GOLDEN. Thank you very much.

Ms. CARRANZA. You are welcome.

Mr. GOLDEN. I appreciate that. And obviously, when you are able to, could you send any of that, a summary of how you expect to spend those priorities?

Ms. CARRANZA. Yes, absolutely.

Mr. GOLDEN. Thank you.

Ms. CARRANZA. As a matter of fact, some of the priority offices that we have discussed today have a weekly update, and I would be glad to share any progress reports with you.

Mr. GOLDEN. We would like to see that. Thank you.

Just following up on the field aspects a little bit. I represent Maine. I have the second most rural district in the House of Representatives and the largest east of the Mississippi River. It is a big territory. Rural America encompasses about 72 percent of the Nation's total land and about \$46 million residents. We all know it plays a critical role in our economy. Recognizing this, Congress established the Office of Rural Affairs at SBA in 1990, but it was not until the middle of last year that the office received a director, essentially going over 20 years without any attention whatsoever. So that is not to blame this on the Trump Administration but rather many administrations under the leadership of both parties, as well as a failure on the part of Congress to pay attention to what it clearly identified as a priority in the 1990s, and it is no less a priority than today.

Now, that was a new position, the director for this office. It was staffed only after members of this Committee and others in Congress sent a letter pointing out this discrepancy between the statute and the reality. Director Michelle Christian was appointed in August of 2019. Our Committee has been sending letters over to SBA asking for details about how we plan to use the office and the position. I have had the director in my congressional district.

If you go to the website and look at some of the proposed work, there is a real emphasis on opportunity zones and helping businesses maximize that opportunity. That is, I think, absolutely great, but it is not nearly enough. I think it falls far short of what that office should be capable of doing to help small businesses. In fact, I have been working on legislation to allow opportunity zones that are not getting invested in rural communities to be moved. You know, Democrats here at not all opposed to tax opportunities and incentives where we see that it makes for good policy. But I have also written legislation to reauthorize Small Business Development Centers. There are great sources out there that rural Americans pay taxes. They pay taxes that create these programs and they deserve to know that they exist and that there are free services there to help business owners and entrepreneurs in rural America.

So, this is just a long way of asking, what are you going to do with this office? What kind of resources are you going to give it? Because from August of 2019 up until now, there is only the director and some part-time assistants. The President's budget requested nothing for the office whatsoever. It looks as though to me they responded to a request from Congress and this Committee to prioritize rural America, but they have not followed up to show how they are actually going to make it a priority. So, I am asking you how you envision using this office? What kind of resources are you going to give the director? Because if there are none, it is like setting her, I, and the office up to fail.

Ms. CARRANZA. Congressman, I agree with the focus on the rural. I made reference to it in many of my conversations that rural and underserved women, veterans, broadband in the rural, is

very necessary. I understand there has just recently been some significant investments in broadband in the rural area, and we have done the same at SBA, not from a technical broadband perspective but support. And what I am looking at, and I am going to answer your question in two manners. Yes, Michelle Christian is a dedicated resource to rural, but she is not the sole individual. We have, you mentioned 690 people in the field. I am planning to augment their role by also adding rural as part of their portfolio which has been ignored since 1990. And there is a great need.

I am also looking at when there is a district office that either the lease is out or we have to revisit, should that particular district office be there, or a resource partner office be open closer to a rural area? Because now that is a focus and that has not been in the past, so I am kind of redirecting resources to ensure that rural is a priority. And every District Director, if you want to check, has rural as an indices to track.

Mr. GOLDEN. Thank you very much.

Ms. CARRANZA. Thank you.

Chairwoman VELAZQUEZ. Time has expired.

Now we recognize the gentleman from Tennessee, Mr. Burchett, for 5 minutes.

Mr. BURCHETT. Thank you, Chairlady, and Ranking Member. And I will try not to say anything that I will need to be interrupted by anyone. I will just ask you some straight-up questions. Thank you, ma'am, for being here.

I was county mayor for 8 years. I was in the state legislature back in Tennessee for 16 years. And we cut programs. We cut things and I understand. You cut duplication, things are antiquated, and it seems like especially in county government, every one of those has a constituency and it is generally a county commissioner's cousin or something like that that is involved with it. And why are you cutting their program? And I understand that.

But can you explain what some of the top objectives are to help decrease duplication in programs across the SBA and other government agencies?

Ms. CARRANZA. I appreciate the question, Congressman. And I am glad you pointed out that you were a former mayor because I believe that we can do a better job of integrating our resources and our efforts with mayors and governors.

I attended an event with mayors, about 100-plus mayors, and then also, and women mayors, to see what kind of reinforcement they needed, support and knowledge with SBA. I also had two roundtables with governors, and their top of mind subject was small businesses. And so, I believe that if we can optimize public-private relationships, we do not have to add more brick and mortar that we cannot support. So, redundancy is an issue for us.

If we have strategic collaboration with the other agencies such as HUD, such as Commerce and whatnot, we can do a lot more with a lot less. So, I look at efficiencies in scale. And I am also looking at the talent that we are bringing on to SBA so that they can be more visionaries and have greater capacity to align themselves with the needs of a market.

I look at, and I shared this with the staff, the GDP of small business is almost \$11 to \$12 trillion a year, and so we have to be bet-



ter at servicing that kind of GDP in the United States, and that is my goal.

Mr. BURCHETT. Okay. Well, and this is, I guess, the million-dollar question. What can we do as Congresspeople to remove some of the roadblocks that are placed in the way of small business and your administration?

Ms. CARRANZA. Well, that is a very loaded question because I do not know which roadblocks I am facing right now but I am sure I will be working with your office if I approach some. But I believe it is a matter of working together in a very bipartisan way which I believe this Committee does really, really well. Small business is big business. And Congress can always look at ways that small businesses have a seat at the table when working on trade or working on legislation, that we should always be at the table, especially when we contribute that significant amount of GDP.

Mr. BURCHETT. Okay. I am going to run out of time. But specifically, dealing with entrepreneurial development, how will your office enforce accountability of the SCORE program and the reform efforts at the SBA and at the SCORE Association?

Ms. CARRANZA. That has already begun, Congressman. I have reviewed some of the metrics that have been further developed, as well as the reporting mechanism. That is to say, not only on paper and online but on site. In other words, reporting to the individual, the AA who is responsible for those resource partners.

Mr. BURCHETT. Thank you, Chairlady. I yield back 1 minute and 5 seconds if you and the Ranking Member want to battle it out a little more.

Chairwoman VELÁZQUEZ. The gentleman's time has expired.

Mr. BURCHETT. Please go ahead on my time.

Ms. CARRANZA. Thank you, Congressman.

Chairwoman VELÁZQUEZ. The gentleman's time has expired.

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

Mr. HAGEDORN. Thank you, Chair, and Ranking Member. It is a pleasure to have you here, Administrator. It is nice to see you again.

I want to follow up just a little bit on what Representative Davids said about the Women Business Centers. We do have a bill to improve that, to expand it. And my wife is a business owner, and from many other small business owners that I have spoken with, they said sometimes it can be a very daunting task to get things up and running or to expand. And so I think what you are doing there at SBA and others with the program is very effective and we would like to gain your support for our legislation which has passed the House, and hopefully we can continue along those areas.

Do you have any words of wisdom that you would like to say about what you are doing at SBA to continue on with the Women Business Centers?

Ms. CARRANZA. I appreciate the question because that, as I indicated earlier, it is a focus of mine. It is not just in words but in action as well. I plan to visit the Women's Business Centers myself, not just reading the shortfalls in an IG report. They are a very necessary entity in the community, especially now. There are discus-

sions about childcare. There are discussions about workforce development, and I think they are going to be essential.

We are working with HBCUs and we are targeting HBCUs perhaps being the future entrepreneurs or the future interns at SBA or the future new District Director. So, we are looking for opportunities to really diversify not only in sector but in demographics as it relates to the leadership.

Mr. HAGEDORN. Thank you.

Ms. CARRANZA. Thank you.

Mr. HAGEDORN. A couple of weeks ago I had an array of small business owners in my office, so minority businesses, women businesses, veteran-owned, and this is what they tell me: They tell me that a lot of 8(a) contracts, they have concerns with the SBA on how things are administered. That sometimes in the approval of what is called the contractors teaming agreements—I had to write that one down—is delayed so bad that they miss the opportunity to even participate in the request for proposal. And so, is there something that you are working on in this area to make sure that the bureaucracy does not slow down the process so much for them that they cannot even participate and put in their bid?

Ms. CARRANZA. I appreciate the feedback, and I would really like to get closer to that particular issue—

Mr. HAGEDORN. All right.

Ms. CARRANZA.—so I can go back and check the root cause and analyze. But I do know that there are shortfalls. There is an IG report that demonstrates, articulates the gaps and we are working with the Government Contracting Office to address all those IG issues.

Mr. HAGEDORN. All right. Well, we would like to follow up with you and your staff on that.

Ms. CARRANZA. Absolutely.

Mr. HAGEDORN. And give you some examples if needed.

Ms. CARRANZA. I look forward to meeting with you. Thank you.

Mr. HAGEDORN. And see how we can fix that.

And also, in the past, the United States Department of Agriculture and the Small Business Administration had an agreement where they were going to try to expand operations and do things in rural areas, rural communities. Do you intend to continue to work with USDA on that? Or have you met with Secretary Purdue, for instance or do you have that on the horizon?

Ms. CARRANZA. We spoke about a future meeting to discuss that MOU. I know about it. It occurred recently; I think in 2018 if I am not mistaken.

Mr. HAGEDORN. I think that is right.

Ms. CARRANZA. Yes. So, I look forward to implementing it in a great way. Very strategic, so.

Mr. HAGEDORN. I appreciate it.

Ms. CARRANZA. You can commit that I will be working with him in the very near future.

Mr. HAGEDORN. Thanks for your leadership and your time today.

Ms. CARRANZA. Thank you.

Mr. HAGEDORN. We will follow up on that other issue.

Ms. CARRANZA. Yes.

Mr. HAGEDORN. Yes, ma'am.

Ms. CARRANZA. Thank you.

Mr. HAGEDORN. The gentleman yields back, and now we recognize the gentleman from Illinois, Mr. Schneider.

Mr. SCHNEIDER. Thank you, Madam Chair. And I want to thank you and the Ranking Member for having this hearing today.

Administrator Carranza, welcome. As a fellow Chicagoan, it is good to have you here.

Ms. CARRANZA. Yes.

Mr. SCHNEIDER. And I wish you much success as we continue to work to support, nurture, and grow our small business sector.

Representing Chicago suburbs, the communities I represent are already facing the increasing impact of climate change. In fact, in just the past number of years, we have faced three 100-year floods. Eleven years, three 100-year floods, including instances that have, indeed, triggered the SBA's Disaster Loan Assistance Program.

We had a field hearing in the district last summer that examined the strains on this program. In our case, we were focused on the impacts of an upstream development just across the border in Wisconsin that it would have in my community. Wisconsin, to attract Foxconn, built a major facility there, irresponsibly waived critical environmental reviews, risking exacerbated downstream flooding in our communities, directly impacting communities that are dependent on their small businesses.

While we mentioned climate change at the hearing it very well could have been the central focus of the entire hearing. I am concerned that the Federal disaster programs are not keeping pace with the increase in severe weather that we are already seeing as a result of climate changes.

Administrator Carranza, the SBA's fiscal 2021 budget justification does not even mention climate change or the expected impact it will have on the Disaster Loan Assistance Program. How is the SBA taking into account the expected strain that climate change is expected to have on the program?

Ms. CARRANZA. That is a good question, and I look forward to working with you on the Wisconsin suburb situation.

I do not have a specific strategy or position on the climate change Disaster Office. I will have to get closer to that. I do not know if it is part of their current portfolio, it has been asked in previous administrations, but at this point we have been looking at Puerto Rico. Our focus has been there. And then also with the coronavirus.

Mr. SCHNEIDER. And I understand it is a relatively new position, but having spent my career before coming to Congress working with small businesses doing strategic planning, looking to the future, making decisions where to invest and when to invest, the uncertainty of climate change is going to be a burden. The need to address it is going to be critical. I think there is an important role for your agency, for the entire government to play to help address that.

Switching gears to talk about women-owned small businesses. It is so critical to help these businesses prosper and grow, like all small businesses. We have made the decision to have set-asides distributed throughout the variety of Federal contracts not be relegated to just a select few categories. A company in my district

raised concerns which I have shared with the SBA that these set-asides are not representative of certain NAICS codes, particularly industries where women-businesses are underrepresented. We know the SBA has a set government-wide goal of 5 percent for Federal contracts with women-owned small businesses. The SBA's budget justification notes that the Federal Government spent 4.75 percent of small business eligible contracting dollars on women small businesses, women-owned small businesses in fiscal year 2019.

Administrator, how will the SBA continue working toward the goal of 5 percent?

Ms. CARRANZA. Thank you for the question.

It is to improve the relationships and the oversight with all of the other Federal procurement agencies. We have been asked to also look at how we can facilitate it. It is very difficult for small businesses, as you have been told, to contract with the Federal Government. And so we are trying to partner with the states also that as we are looking at streamlining our approaches, our regs, could the states also look at ways, because small businesses usually contract with states before they contract Federal to get the experience and the evaluation. So, I look forward to working with you on ways that we can improve that.

Mr. SCHNEIDER. Thank you. And as I have said from this chair before, we have, and will continue to have workshops in the district on contacting for the Federal Government, for all small businesses, as well as women-owned and minority-owned small businesses. It is an oftentimes torturous process that if we could simplify and streamline that would be wonderful for everyone involved. But in the meantime, making sure that these companies have the skills and resources they need to reach that goal, but making sure that for your department, as well as all of us here, that we focus on the goals. We measure progress towards those goals, and ultimately, find paths to achieve those goals.

With that, I yield back. Thank you.

Ms. CARRANZA. Thank you, Congressman.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Oklahoma, Mr. HERN, Ranking Member of the Subcommittee on Economic Growth, Tax, and Capital Access.

Mr. HERN. Thank you, Madam Chair, Ranking Member Chabot. Administrator, thank you so much for being here today.

As a small business owner for the past 35 years before coming to Congress and in Congress, I am excited to see how you will be able to help American small businesses throughout the tenure at the SBA.

That said, I am also the Ranking Member, as the Chairwoman mentioned, who oversees the SBA's 7(a) loan program and have questions regarding its recent rulemaking on this program.

In the SBA's interim final rule on express loan programs and affiliation standards, the SBA modified the regulations surrounding the 7(a) program. This rule includes a new test for determining whether two entities are considered affiliated. However, the rule has several dates tied to it. the SBA's comment period lasts until

April 10th, but the changes go into effect on March 11th. That is kind of a problem.

For the record, there are only two things that have come before this Committee that have made me somewhat angry. One was the SBA asking for a \$99 million subsidy on an unreleased arcane formula. The second is this.

Just a few questions. Why is the SBA making these changes take effect before the comment period is even closed?

Ms. CARRANZA. Congressman, I would like to get back to you on how that was derived. I just learned that that is how it is going to be implemented.

Mr. HERN. Well, I would hope with your new leadership role that we would, I think without making you go on the record, I think you would find that somewhat problematic for a rule to go into effect. So, it would indicate you do not care about what the comments are. When I say "you," I am saying your organization. And I reserve comment on your leadership yet until we continue to see how this plays out. But I would appreciate you getting back to us. Because I want to ask you a question for the record. My assumptions are that you consider farmers as business owners; correct?

Ms. CARRANZA. Yes. As a matter of fact, the details that I have on the particular rule, as I mentioned, it is a 60-day comment period extension. We worked with the Department of Agriculture, as well as OMB, to position this, and so it is a matter of like really getting into the details to get back to you on this, Congressman.

Mr. HERN. Well, I appreciate your thoughts and your comments, and I am assuming that you will work to extend that so that we have the opportunity to actually listen and for people to comment and look at the rule to make sure that it is something that we can work with and to give you actual comment that matters.

Ms. CARRANZA. I look forward to it.

Mr. HERN. Okay. And, you know, as we work on fixing these things throughout your tenure, there is also an issue with banking. As the founder of a small bank, I am interested in the CFPB's rulemaking, which will affect our banking industry and their ability to lend to our Nation's small businesses. The CFPB is promulgating a section 1071 rulemaking which requires financial institutions to collect data on lending to women and minority-owned small businesses with a goal to better screen for discrimination. This is an important goal, but the rules must be calibrated so that the data collection does not burden or force our lenders out of the small business lending market. And given the SBA's substantial expertise, would you agree to work with CFPB on the significant policy decisions in this rulemaking?

Ms. CARRANZA. Of course. Yes.

Mr. HERN. And then lastly, since the recession, community banks have seen their share of small business lending stall, and nonbank lenders have gained market share even though small business expressed lower customer satisfaction with the service provided by nonbanks. Once the CFPB's 1071 rule takes effect, banks will face a provision for data accuracy requirements and fair lending analysis while nonbanks will likely not have the same level of scrutiny.

Are you concerned about this unlevel playing field between the two different types of lenders?

Ms. CARRANZA. I would have to look at the CFPB. I know of it. We have worked with them closely when I was at Treasury but at SBA have not really delved into that and I look forward to working with you in that area.

Mr. HERN. Well, thank you. Again, I want to state for the record that I am a huge supporter of SBA and what you do for small business owners and helping them get the capital to start a business, create jobs, put Americans to work. As you know and have seen in your short time in the job there are a lot of unanswered issues out there and we have been very critical of past people who have come and testified from the organization, from your organization, who have been not quite informed on being able to answer our questions. We look forward to having you back here as quickly as possible to answer the many questions you have gotten today because they are very critical to the people who are out there trying to make this economy work for them and help people get jobs and start on the pathway to create the next big company, the next big thing in America.

Ms. CARRANZA. Well, Congressman, I can assure you that the first few weeks that I have been on board I have met with the banking trade associations, as well as women's trade associations to get input from them as to what they have realized, what are their members sharing with them, and also how particular regs are affecting them. I have to definitely get closer to working with them because it is a matter of a meet and greet. You do not really get an opportunity to break down specifically what needs to be fixed, but I look forward to continuing to meet with NAGGL, because I met with them already. Am I sure there are other associations and other members that would like to speak with me. Thank you.

Chairwoman VELAZQUEZ. Time has expired.

Mr. HERN. Thank you, Madam Chair.

Chairwoman VELAZQUEZ. Now we recognize the gentlelady from Pennsylvania, Ms. Houlahan, for 5 minutes.

Ms. HOULAHAN. Thank you, Madam Chair. And it is a pleasure to be introduced with you. My name is Chrissy Houlahan. I represent Pennsylvania 6th, which is just outside of Philadelphia. I have spent most of my life as an entrepreneur. I am obviously a woman. I happen to also be a veteran. So, it is a pleasure to be talking to you about these essential issues.

And so, if it is okay, my first questions have to do with access to capital, which as a small business owner was definitely an issue. I remember putting my house on the line for signing a lease for a copier at one point in time, and I particularly am intrigued and interested in access to capital for underserved areas. My community also includes a city called Coatesville and a city of Reading, both of which are opportunity zones.

And so I read in preparation for this, and this is just directly from the report, the first strategic objective in SBA's strategic plan of fiscal year 2018 and 2022, is to increase the number of loans by 5 percent to small businesses in socially and economically disadvantaged urban and rural areas. In fiscal year 2019, 20,527 SBA-backed loans were made to small businesses in socially and

economically disadvantaged urban communities in rural areas. The agency fell short of its projected goal of 26,749 loans by 23 percent. You have apparently stated publicly that creating more opportunities for women, minority, and veteran-owned small businesses will be a priority of yours. And so, I was wondering if you could comment on how we possibly fell short on our goal by 23 percent? What, if anything, you are aware of we could have done so that we could have access to more capital be possible, and also, you know, how you are going to reconcile the fact that we already fell short with the idea that we should increase that idea.

Ms. CARRANZA. The approach that I have used in learning of any program performance, deficiencies, or areas of opportunity would be to speak with the entire staff of those particular offices, the Office of Capital Access.

As in any review, you are told about all of the great things that we have done and all of the billions that have been made available to small businesses and the number of jobs they have created, but there is always an opportunity, there is more that we can do. So that is my investigative role to ensure, not only to meet the government contracting targets but to exceed them because this is our window of opportunity. We have a great economic boom. I think there is a tax kind of, not haven but opportunities for small businesses to take advantage of, and we should be there with all our loan portfolios to support.

Ms. HOULAHAN. Yeah, I definitely agree that in my experience measuring what matters is really important and it feels as though sometimes we do not ask the right questions but we get the answers that we deserve because we do not ask the right questions.

And I also feel as though you kind of led me into the next question. In terms of those opportunity zones, my impression in my first year here is that my community of Coatesville and Reading, many of the folks who are already there as small entrepreneurs are not being allowed to have access to those loans, or do not know that they exist at all because, frankly, of more predatory, more opportunistic folks who are coming into the community and taking advantage of those opportunities from a small business perspective.

Can you reflect on that at all, and how can we make sure that people in the community are able to access these loans?

Ms. CARRANZA. I will do a dual head on that, Congresswoman, as I respond.

Earlier, we were talking about access to capital as it relates to the overall underserved market. And we identified the underserved market as being the women and the veterans and minorities. That is why we are working with HBCUs to dive deeper into those communities. The Opportunity Zone is an opportunity for small businesses to really be able to grow and see perhaps an injection of investment from these huge funds. But the other area with regard to women's access to capital is the CDFI. I served on the CDFI Board, and I do not know if we really maximize their network or their opportunity, because I think the more alternative lenders there are—I am talking about micro lenders—the greater penetration we can have. Because the microloans are anywhere from \$15,000 to \$25,000. Not everyone wants a \$250,000 loan.

I spoke to a group of 100 Hispanic women and I told them typically who we borrow from is our grandparents or our dad or something to that effect, or a credit card. And so, we would like to start eroding that and have more microlenders available. And I think there is an opportunity there. That is going to be a strategy that I would like to build further with my leadership.

Ms. HOULAHAN. I look forward very much to working with you on these particular issues.

And my time has expired. I yield back. Thank you.

Ms. CARRANZA. Thank you.

Chairwoman VELAZQUEZ. The gentlelady's time has expired.

With that, we conclude the Committee work today.

I want to take this opportunity to thank you, Administrator Carranza, for being here with us and sharing your priorities for the SBA. The Committee greatly appreciates your commitment to improve SBA's program and services for America's small businesses. We really look forward to working with you to see that progress is being made in certain areas as you heard from our Committee Members.

With that, I will 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 1:03 p.m., the committee was adjourned.]

[Hon. Jovita Carranza did not submit her Responses to Questions in a timely manner.]



**APPENDIX**



**Statement of Jovita Carranza  
Administrator  
U.S. Small Business Administration**

**before the  
House Committee on Small Business**

**Hearing on "A Discussion with SBA Administrator Jovita Carranza:  
Current Issues and the FY2021 Budget"**

**February 26, 2020**



**Statement of Jovita Carranza  
Administrator  
U.S. Small Business Administration**

Good morning, Chairwoman Velazquez, Ranking Member Chabot, and members of the committee. Thank you for inviting me to testify today.

I have had the opportunity to meet many of you in recent weeks, right here in the committee hearing room. I appreciate the Chairwoman and Ranking Member for bringing committee members together, for the chance to interact with you, to learn of your areas of interest, and to share my priorities for the agency.

In my testimony today, I want to give you a better sense of those priorities and update you on the actions I've taken in my short time as Administrator. First, for those I have not had the opportunity to meet, let me share my background and experiences, as that might help you understand how that will guide my leadership of and vision for the agency.

I was raised in Chicago to first-generation Mexican American parents, who worked hard to provide for me and my sisters. They ingrained in us the importance of hard work, education, and perseverance, all qualities which have served me well throughout my life, and will certainly help me in my new role.

My work career began as a part-time, hourly employee with the United Parcel Service (UPS) on the warehouse docks, where I was responsible for loading shipments onto trucks. Through mentorship, opportunity, and promotions, I eventually rose to oversee international air operations in Latin America and the Caribbean, managing thousands of employees. After close to thirty years of working for UPS, I retired as the highest ranking Latina in the history of the company.

In 2006, I was nominated and confirmed to serve as the Small Business Administration's (SBA) Deputy Administrator. I thoroughly enjoyed my time at the agency, applying my small business experiences in a public service capacity, and getting to know and work with such dedicated federal employees, many who still work at the agency. Following SBA, I returned to the private sector, I counseled small businesses, and I worked with a small business resource partner. In 2017, I again entered federal service as U.S. Treasurer before having the honor of being nominated and confirmed as SBA Administrator.

Throughout my public and private sector experiences, I developed a very deep appreciation of the role that small businesses play in our economy, and the day-to-day challenges that small businesses face. As Administrator, I will be an advocate within this Administration for small business. I am anxious to work with you, as I know we share a common interest in fostering small business growth and helping small business owners and aspiring entrepreneurs succeed.

Next, let me outline my main priorities and primary areas of focus as Administrator.

During my service as Deputy Administrator, and following Hurricane Katrina, I worked with our Office of Disaster Assistance to establish a disaster recovery plan. That plan became the

foundation of SBA's disaster efforts and serves as the framework the agency follows to this day. So, a first priority is to ensure that SBA continues to be a lifeline to disaster survivors in times of emergency.

SBA's role is critical in helping individuals and businesses get back on their feet following a disaster. The agency is involved in response to Major disaster declarations, when the President issues a declaration that includes SBA and other federal partners. SBA also has the authority to declare an Agency disaster, in response to a Governor's request for assistance and where the scope of a disaster event might not involve the broader federal response.

To give you a sense of the agency's activity, SBA was involved in 73 disaster declarations in Fiscal Year 2019 – 16 Major and 57 Agency declarations. In FY20, to date, SBA is involved in 18 disaster declarations, including our ongoing activity in Puerto Rico in response to repeated earthquakes. I can assure the members of the committee, that when a disaster event affects your district or state, SBA will be there in time of need.

Another priority is to expand the reach of SBA's program and services in underserved communities. SBA can play a greater role in helping to provide business counseling and in fostering lending opportunity for women and minority business owners. Community investment was a focus of mine as U.S. Treasurer, where I worked closely with Community Development Financial Institutions (CDFIs) and participated on the Community Development Advisory Board. Many of these same entities are involved in SBA programs.

I will work closely with SBA's program offices to ensure we are reaching these populations. That includes the agency's role in promoting small business contracting opportunities for women, minority, and veteran owned businesses. In my time as Deputy Administrator, I took an active role with our program office in reaching out directly to federal agencies. I expect our program leaders to do the same and for us to exceed last year's government-wide small business contracting goals.

A third priority is to ensure that the SBA program offices are working effectively for small business owners. Upon taking over as Administrator, I met with SBA program office leaders to evaluate our staff and operations. I continue to examine staffing vacancies and am working to fill positions across the agency. In a short period of time, we were able to fill several key positions and to move forward with certain program offices on various hiring actions.

I expect our programs to work at an optimum level, and if there are improvements we can make or areas that might not be working as well as they should, I hope you will bring that to my attention and allow me an opportunity to address it. Like you, I want our programs to be accessible and efficient for our small business entrepreneurs.

An important area of focus for me is to establish a connection and develop a working relationship with the agency's many stakeholders. One of my very first meetings was with the SBA Inspector General (IG), and I also will meet with senior staff from the Government Accountability Office (GAO). I value the roles that the IG and GAO play, and I want to maintain the existing and cooperative relationship the agency has with them.

I have had the opportunity to visit with numerous Governors and U.S. Mayors during recent conferences, allowing me to discuss the small business economy, trade opportunities, and disaster assistance. I have been meeting with agency external stakeholders – among them, associations and resource partners. These groups are essential to the small business ecosystem, and I want them to know they have an open line of communication with me and agency staff.

Lastly, I have also conducted some initial travel to help promote small business opportunity through Opportunity Zones in North Carolina; to visit a family, woman-owned small business in Pennsylvania; to highlight small business trade opportunities through the U.S.-Mexico-Canada Agreement at a port in Louisiana; and to speak at a federal contracting conference in Louisiana, the first time an SBA Administrator has addressed the event in many years. I plan to travel in the coming weeks to New Mexico for a military and Veteran entrepreneur summit.

During my nomination process, I was limited in engaging in agency operations. In the short time that I have been in this role, I've worked hard to come up to speed on current actions and activities by the agency and our program offices – be that regulatory proposals, rulemakings, or the FY2021 budget proposal. I realize there are many issues that this committee has reviewed through hearings or in briefings with agency senior staff. I will do my best to engage with you today in any topic of interest to you, but I might also ask that you afford me the opportunity to follow-up with you in areas where I may need to be better informed.

Let me close by expressing my appreciation for the members of this committee, for your commitment to America's small businesses, and for your desire and willingness to work with the agency. I enjoyed the interaction we had recently, and I welcome the chance to learn more about the small business opportunities and challenges in your congressional districts. We share common goals and interests. I look forward to working with you, and I hope you will feel free to reach out to me anytime.

Thank you again, Madam Chairwoman, and members of the committee, for the chance to testify today.