

Testimony of Andrew Fogaty
Executive Director,
36Squared Business Incubator
Chicago, Illinois

Good morning, Chairwoman Velázquez, and distinguished members of the committee.

My name is Andrew Fogaty, I'm with the 36Squared Business Incubator in Chicago. I also oversee two of the Illinois Small Business Development Center locations, one at 36Squared and one at the Greater Southwest Development Corporation. Both locations are also part of the City of Chicago's Neighborhood Business Development Center Program. This means that myself and my colleagues, both across the city and the state, provide business assistance, training and advising to area residents at no charge.

In addition, I also serve as a volunteer mentor with the Gallery Business Incubator in Evanston, Illinois.

I want to thank Congress for inviting me to participate in this hearing and also for the quick action that was taken last year with programs like the Economic Injury Disaster Loan, Paycheck Protection Program and CARES Act funding.

Given that this was the first time that an unforeseen disaster affected virtually every business in the country, I think that the actions of Congress and the SBA were key to averting what could have been a much more serious crisis. These programs continue to help save businesses and jobs across the nation.

Thank you for that.

That being said, the small business landscape has changed, and serious challenges remain. The subject today is "Entrepreneurship in the New Economy." And my testimony will focus on four main areas:

Access to capital, reducing the digital divide, manufacturing, and working with underserved communities.

Access to capital for small businesses, and especially startups, remains a challenge. In fact, if a business needs a small loan of 10 or 20 thousand dollars, I'm only aware of one bank in Chicago, CIBC, that actively markets programs to meet that need. There are, of course, also some nonprofit lender options. However, these are typically at a higher interest rate and less desirable than a bank loan.

I would like to see more banks offering micro lending and startup funding and I would like to see the reporting process for lenders streamlined to make small business lending more attractive. It is my understanding that there is new legislation to significantly increase reporting requirements on all small business loan applications. I am concerned that this may negatively impact my clients. Access to capital is key to supporting entrepreneurship in the new economy."

Next, I'd like to address computer literacy. The digital divide is real. Today computer literacy, and basic business training, are as key to an entrepreneur's success as being able to read and write was 20 years ago. We need to do better with this by making basic computer skills training and business assistance programs widely available across the country. In fact, when CARES act funding ends next fall, many small business development programs, across the country will see a decrease in capacity. This is a concern.

Next I would like to address manufacturing. Last year's difficulty in obtaining vital PPE supplies, and this year's supply chain issues, demonstrate a clear need to support our domestic manufacturing capabilities.

Certainly a simplification of the federal procurement process would be a start.

Finally, I'd like to discuss the underserved population. Here on Chicago's southside we have a diverse and vibrant small business community, including a significant number of immigrant business owners who hold ITIN's instead of social security numbers. Currently these business owners are shut out of most SBA lending programs. I certainly don't presume to jump into the immigration debate. However, if a business seeks to expand, buy equipment, a building or create jobs, I would like to be able to present the same options to all my clients.

Perhaps the most disadvantaged of the underserved communities are the disabled population.

Advances in technology are making small business ownership a much more viable option for our disabled population. This is a trend that is only going to increase in the coming years.

I would like to see more of an effort made to include these entrepreneurs into the wider business development world.

Thank you and I look forward to your questions.