

Helping Small Businesses in the Pandemic: Congressman Scott Fitzgerald Sponsors the Microloan Transparency and Accountability Act

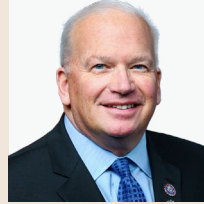
PAYCHEX
Business Series

Coronavirus



Gene Marks

CPA, Columnist, and Host



**Congressman
Scott Fitzgerald**

U.S. Senator of Kentucky

Full transcript

Gene Marks:

Hey everybody and welcome to the Paychex Business Series podcast. My name is Gene Marks, your host. As you know, I write for a lot of different places like The Hill and The Guardian and The Washington Times, The Philadelphia Inquirer and Forbes. Today, I'm speaking to congressmen, Scott Fitzgerald, a Republican from Wisconsin. Congressman Fitzgerald sits on the house's small business committee and certainly has a lot of thoughts on small business. We're going to talk about a bill he's sponsoring called the Microloan Transparency and Accountability Act, and we're also going to address some of the other issues that are facing small businesses. I do like to talk to him a little bit about his experience on the small business committee, potentially upcoming bills that are going to be effecting your business, as well as some of his thoughts on the infrastructure bill and family and medical leave and what he expects to happen in the future. So Congressman Fitzgerald, thank you very much for joining me.

Scott Fitzgerald:

You bet. Good to be with you today.

Gene Marks:

I'm glad to have you on and listen, let's jump right into it. You are a co-sponsor of the Microloan Transparency and Accountability Act. So, the floor is yours. Tell me what this act is. Tell me why you're behind it. What you think it will do. And also most importantly, I'd love to hear from you what you think the chances of this act actually becoming law is.

Scott Fitzgerald:

Yeah, I mean, I'm very fortunate to have had my own experience in small business. I ran a small company that did offset printing and we also owned a number of periodicals, and it was one of the best times of my life. We had about six employees at the time. But I do remember, I mean, there were a number of things going back, and this is late '90s, a number of things that always kind of was difficult I think for small business to work through. And one of those things was trying to get a line of credit. Because oftentimes you're kind of operating on a shoestring and you kind of walk into the bank and pat hands and try to make the case that you want them to bet on you having success in the future, and that's not always easy. So when I got here to Congress, one of the members, Tim Burchette, from Tennessee was one of the guys that I had talked to and just got to know a little bit during the freshman orientation.

Scott Fitzgerald:

And then since then have developed kind of a friendship. And Tim was more than willing to kind of include us in on the bill. He was working with Representative Andy Kim as well, I know. And it was the SBA Microloan Program and being on the small business committee, I think it was one of the reasons he included me because he would have somebody there to kind of work and watch the bill as it progress. But it basically is, what a lot of small businesses need. It's a way of getting the SBA to kind of cut loose some cash so that these smaller businesses will have that credit line that otherwise they may not get. So it also... And what it does is, it puts in place some checks and balances. It creates, on an annual basis, a...It's just a risk analysis, I guess, is the best way of describing it and kind of overarching look at what the full portfolio might look like.

Gene Marks:

These things, these initiatives happen and they get handed over to the SBA and I've got to tell you Congressman, I'm a CPA, so we have about 600 clients in my practice. And if I were to take a stroll poll of how many people even know about SBA microloans, it's few and far between. There's like a communications problem there. What are your thoughts on that? What more can the SBA do you think be doing to solve that?

Scott Fitzgerald:

No, I think you hit the nail on the head. I mean, I think it would be something that if you approach the average kind of mom and pop operation, they'll have no idea kind of what you're referring to and it's only kind of at that next level of operation where you may have somebody like an accountant or somebody that's helping you kind of develop a financial strategy, which is required obviously by a lot of financial institutions where an SBA micro loan could come into play. And then the whole thing has been further underscored by obviously COVID and everything that we're going through right now. And when I first got elected and then when I got a call from Congressman Luetkemeyer and he said, I'd really like to have you on small business because of your background. One of the things he talked about was typically this is kind of a smaller committee. It's very bipartisan. There's not a lot of rambling, but the one thing that we're good at is we have been very valuable in overseeing some of the programs related to small business during the pandemic.

Gene Marks:

Yeah. It's funny about the committee itself. It's one of the few bipartisan places in all of Congress. People there get along, because I mean, it's supporting small business is kind of it's definitely a bipartisan thing. With this Microloan Transparency and Accounting Act, did the committee... What was the reception of it in the committee? And tell us the status of it right now in the House and where you think it's going to go in the Senate?

Scott Fitzgerald:

It appears to be moving. I was on the floor when the debate happened and everything sounded like it was order and that there was a lot of momentum created. So I've only been here four months in Congress, but no one's told me any different that this bill isn't on its way to ultimately making it through to be signed into law. So I'm operating under that assumption at this point.

Gene Marks:

Fair enough. Let's switch to some other small business issues as well. I mean, as a prior small business owner in the printing business, and I'm sure you're happy you've gotten out of that business considering how much of that is gone online. The people that are remaining in that industry are—they're the survivors. I'm curious what you think right now about the problem of labor disruption, Congressmen. I mean, the fact of the matter is, I realize your life is politics, but putting all politics aside, we have unemployment compensation is going to go through September. Do you see or do you hear of any potential changes to that stimulus? I mean, it is definitely holding back, among some other concerns, small businesses hiring.

Gene Marks:

Can you see any changes made to that unemployment compensation? Do you think it could be stopped before September to give small businesses a chance? Or even when I spoke to Congressman Burchette, he said that he was talking about potentially letting people take jobs, even while they have unemployment. It'll just be another stimulus. But at least it gets them back to the workforce. What do you think we can do to solve that problem?

Scott Fitzgerald:

I mean, my perspective, and it was very obvious, I remember the debate that was going on in the U.S. Senate as Senator Durbin kind of stood there and said, oh, it's going to put a few more bucks in everyone's pockets. And Senator Sasse was still making the case that, well, wait a minute, if we're paying people more than what they're earning right now, they're not going to go back to work. And he even offered the amendment, if I remember correctly in the U.S. Senate and it was, and it failed, but that makes it even kind of more tragic I think that we find ourselves in a position of trying to unwind something that was a big part of probably the success we had during the pandemic. And that was to make sure that certain people had that safety net, but, as we move forward now, what I'm seeing is, and I remember this as a member of the Wisconsin State Senate, unemployment is an insurance program and employers pay into it.

Scott Fitzgerald:

And we had a deficit in Wisconsin for a long time going back to '08, '09 and people were at 99 weeks on unemployment. And it started to really create kind of this red ink. So we had to go back and revisit it and we had a bipartisan kind of group that pulled that together. I think we're kind of in the same spot. We're on the cusp of states worried that, and the governors of the state and the legislatures of the states, saying the D.C. is not acting quick enough to reverse this trend so we're going to have to do this on our own. And you're starting to see the pushback from the governors right now, who understand because they've got this direct relationship with the employers and their state.

Scott Fitzgerald:

And if anybody can kind of make the case, it's going to be the big guys who say, hey, listen, if we're suffering kind of through a labor shortage, we can't imagine what small business is experiencing right now. And it is happening. So we can't be... You can't lolly gag through this. You've got to be nimble and quick and try and reverse this. And if we don't in D.C., I think the states will take action.

Gene Marks:

So what happens? I don't know where Wisconsin stands on this from a state level, but let's say you go back in time and you are running your printing business and you're in the state, and you have this labor problem of finding people. I'm kind of curious only because you've got Congressman some experience here. What do you say to your constituents that are small business owners? Do you offer any suggestions? Do you have any suggestions for them for finding people nowadays or any programs that could be available for them?

Scott Fitzgerald:

Yeah. I mean, in our state, the Department of Workforce Development, they have strategies. And sometimes it's—and right now, to be honest with you, a lot of those strategies are based on a middle or even greater size corporation that's involved in layoffs. And it's hard to even imagine that at this point, but, there was a time when you'd hear that a corporation was moving to Texas or moving to Florida or something. And we would kind of, the governor of the state and the legislature would scramble to say, hey, Department of Workforce Development, we've got the greatest employees in the world in Wisconsin, and here's some other incentives we can do. So, I mean, we're kind of used to... I think state government is very used to kind of that mad scramble, but the situation is kind of reversed right now. But there are programs in place at the state level and the local level to kind of bolster training, work directly on curriculum with the tech colleges, which we also asked to be very nimble.

Scott Fitzgerald:

I mean, that's why there's this big shift and movement and push to get away from four-year universities and start to work with the tech hub system again. Because if you need a dozen stainless steel welders, you go to the local tech college and you say, hey, listen... And a lot of these employers will do this, they'll say, not only will we help you develop the curriculum to create these welders, but we'll pay for you to train them. And that is the best of best situations you can find yourself in. And the states and local, I'd say some of them are... They're basically small corporations that have been created by these municipalities to deal with economic development. So EDC corporations. And they react to this stuff and they do a really good job in helping and assisting, create people that can be trained to do some of these jobs.

Scott Fitzgerald:

And people are going to have to move around. I mean, it's going to be that type of economy. I don't think people can lock in on something they've done forever, but they're kind of in the driver's seat. And we'll see how long that situation lasts.

Gene Marks:

Yeah I'm hoping this labor disruption starts to resolve itself by the end of the summer, just like supply chain stuff and... Other questions. So again, we're putting on my accounting hat here, and I'm kind of curious to hear your thoughts on just some other issues that are working their way through Congress that do affect small businesses. Let me start with the president's proposed infrastructure bill. There's a lot of it that's not infrastructure related. So I get that. I get that. But when I hear the government spending on infrastructure, I do think opportunities for small businesses in the construction industry and related industries. So what are your thoughts on a proposed infrastructure bill this year?

Scott Fitzgerald:

Well, the states were under and still are under a great amount of pressure to improve roadways and bridges and ports and airports and airways. To put quite honestly, there's a lot of small airports right now that are in great need of repair. And the states have struggled to generate the revenue needed to take care of these. We keep falling behind and in a state like mine, where we had a Republican controlled legislature for many years, there was even this. There was a difficulty to get the political willingness to go along with some type of revenue increase to actually attack some of these major infrastructure projects. So I think there's a space out there where Congress could actually, if we're going to do something, then let's do something that actually will have a direct impact on those projects.

Scott Fitzgerald:

And you might find that it could become bipartisan. I mean, a lot of people are kind of writing that off right now, but there is a need there I think. You'd have to be blind as a lawmaker not to understand that. And if there is some way of getting a bill through that can address that, that's great. If you want to unwind that, the way to do that is by putting things unrelated to what we all consider infrastructure and have for the last 200 years. And that's another place that whole entire package could go, and then you're going to see a very partisan vote. And then it'll be questionable as to what actually is addressed and is there enough revenue to kind of deal with some of these things that have fallen into disrepair.

Gene Marks:

One of the things that you bring to your job is the fact that you are so new to the job. So there is a little—being a little bit idealistic is not a bad thing at all. And I'm kind of curious if you... You've been on the job for a few months and you're looking ahead, at least until the midterms, do you see Congressmen, any potential legislation bipartisan support that would impact, that would benefit small businesses in this country in the next, say year and a half?

Scott Fitzgerald:

Yeah. I mean, I think one of the things that we've been looking at I guess, and when I say we I mean my own office, that we've been kicking around. The one thing that small business always lags behind is IT and having the ability to kind of keep up on that front. So anything that a small business can do, and we were just talking about this actually today in one of the subcommittees saying that, one of the issues is anytime you've got technology and it's changing as quickly and as frequently as it is right now, again, it's the mom pop shops that have a very difficult time keeping up with that. So, government should never be in charge of making those types of purchases, but they could certainly assist so that the private sector makes things available for small business and small business has the ability to tap into them.

Scott Fitzgerald:

That's the way I always viewed it. We were joking earlier about the newspaper and printing industry and I lived through desktop publishing. We went from old serigraph machines, line of type on film, to overnight everyone had a Mac on their desk. And it was the small guys that just got left in the dust there, and it had an impact on the industry. And I think if you talk to CNA or any of the highly technical programs that are used in manufacturing, these smaller shops whether they're tool and die or something related to transportation or any other type of light manufacturing, that's their big challenge is trying to keep up with the technology changes.

Gene Marks:

They are. And is what you're saying, that you could see legislation that would provide funding to help small business to do this or training or a combination of those?

Scott Fitzgerald:

Yeah, probably a combo. I mean, yeah, I don't know exactly what that would entail, but it's certainly something that's been identified I think. And like I said, if there's—A lot of times too it transcends, it'll back to even the high schools throughout Wisconsin. If you can develop a working cooperative relationship with the manufacturer, I know a lot of people have clamored for this in the last couple of decades that there should be more of a relationship between our educational institutions and kind of the businesses that occupied that state. I think those are great things, common goals, and it puts everybody kind of on the same page moving forward. And technology is one of those things that small business I think struggles with.

Gene Marks:

Yeah, you're 100% right. It is amazing how many businesses themselves are still running themselves like it's the 1980s. I mean, we had an HVAC guy come by my place recently and did the work. And we got a paper invoice mailed to us two weeks later and that obviously if it was a larger company all that payment gets done mobile. They just don't seem to—

Scott Fitzgerald:

Yeah that's right.

Gene Marks:

—have resources to do that. You know what I mean?

Scott Fitzgerald:

Absolutely. And right now during the pandemic, it's probably, like I said, underscored even more some of these issues, so yeah.

Gene Marks:

All right, couple more questions and I'll let you go, first up—one quick one. The president has been talking recently about help with people taking long-term time off, expanding the Family and Medical Leave Act, so that it gets paid by the government. Obviously there is the big question is how that's going to get paid for and what additions that's going to make to a deficit. But I got to ask you a Congressman again, as a former small business owner, does an extension of the Family Medical Leave Act so that if your employees in your prior printing business could leave and get paid by the government still had their jobs there, doesn't that ultimately like help you as a business owner? Is that something that you would oppose?

Scott Fitzgerald:

I mean, my experience with family medical leave and any other type of direct impact on small business, what I've found is that state legislatures do this and I would think Congress would do it as well. They always find kind of this spot where they believe small business starts and then middle to large corporations begins. And they always carve out the small guy. And it's probably not, it's not fair necessarily to everybody, and it certainly isn't something that looks really good. Sometimes it's kind of very ugly how lawmakers arrive at those decisions. But the point is they know kind of what's going on on the street. They know where the rubber hits the road and you can not put a ton of pressure on a small operation and expect that to continue to function. So, anything along those lines, I think would... All those factors would be taken into account and would probably be tweaked accordingly. What that would be, it's hard to say, but I understand a lot of other people understand that, so.

Gene Marks:

Congressman Scott Fitzgerald, a Republican from Wisconsin has joined me. Thank you very much, Congressman. That was a great conversation. For more information and advice on running your business, please join us at paychex.com/worx. That's W-O-R-X. My name is Gene Marks, and we'll be back shortly with another great podcast talking with people that impact your business. Looking forward to it. See you then.

Speaker 3:

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