

Small Business Impacted by COVID-19: Rep. Sharice Davids Supports 4 Bills to Help Local Businesses



Gene Marks

CPA, Columnist, and Host



**Congresswoman
Sharice Davids**

3rd District of Kansas

Full transcript

Gene Marks:

Hi, everybody. This is Gene Marks and welcome to the Paychex Business Series podcast. Today, I have a conversation with Congresswoman Sharice Davids. She's a Democrat from Kansas. She sits on the House Small Business Committee and is also the chair of the Subcommittee on Economic Growth, Tax, and Capital Access. Congresswoman Davids has been sponsoring some really great bills to help small businesses, that are making their way through Congress. These are bills that I think that you will find very interesting.

Gene Marks:

So stay tuned, we're going to talk about these bills that she's sponsoring, as well as her thoughts on minimum wage and getting more money in the hands of small business owners in need. So Congresswoman Davids, thank you very, very much for joining me. I'm glad to have you here.

Sharice Davids:

It's good to be here.

Gene Marks:

So listen, I was looking at a press release that went out this week about your activities on the House Small Business Committee's Subcommittee on Economic Growth, Tax, and Capital Access. You held a hearing recently about the roles of community development, financial institutions, minority depository institutions. I want to get your thoughts on those institutions and I just wanted to frame it with that. We hear so much Congresswoman, that minority businesses, businesses in low- to moderate-income areas, small businesses need help and funding.

Gene Marks:

And there's been a lot of money set aside, particularly for these CDFIs and MDIs to provide assistance. Sometimes I feel like the business owners themselves still don't know that these opportunities are out there and I'm not quite sure what more these institutions can be doing. So having said that, what are your thoughts on CDFIs and MDIs? What did you guys talk about?

Sharice Davids:

I think that what you're saying is really resonating in terms of the clients and the folks that CDFIs and MDIs are trying to support and work with. And with so many of the small business issues that we've been seeing, and I know that the pandemic has really exacerbated a lot of these, particularly access to capital issues. Obviously, our small business owners have been hit particularly hard because of the pandemic.

Sharice Davids:

CDFIs and MDIs, although, like you said, lots of people are not as familiar with those types of institutions, but they have a really great track record of servicing and helping folks who are either unbanked or underbanked. And that was a good portion of the conversation yesterday was what are the ways that CDFIs and MDIs can meet some of the needs of really the most marginalized, but the return was the other piece of it. The businesses, the small business owners, and the folks that they employ, really see quite a bit. We see a big return on investment when CDFIs and MDIs are going out into communities. It helps bolster the overall economy, the businesses grow, which then creates more jobs. And I think that that's an area that I actually got a chance to see even before I came to Congress, when I was doing community and economic development work.

Gene Marks:

It's funny. You must see this in Kansas, but I'm in Philadelphia. There is a large percentage of black business owners in Philadelphia. I'm not so much worried about the younger generations, because I think that they, I don't know, they're smarter about a lot of things, but their parents are running businesses in North Philly and West Philly, and they grew up in a different era.

Gene Marks:

And I kind of feel like a lot of these business owners are not—they're not stepping up themselves, they're not being aggressive, they're not reaching out to their local CDFIs or MDIs for assistance. And it frustrates me sometimes because there's only so much that these organizations can do. They can't drive around throw bags of money on their doorsteps. The business owners themselves have got to step up. Was that discussed as far as helping the business owners themselves taking more responsibility or being a little bit more aggressive in seeking out some of these funds?

Sharice Davids:

That's an interesting question. I think that one of the areas, and I probably should have touched on this a little bit ago. One of the areas that I know is a big topic of conversation is trying to meet people where they're at. So, I know what you mean about, or I think I do about kind of the younger generations, I'm in the sweet spot where I'm not as up to date on all of the apps and that sort of thing. But I do know that some folks have been in business for 20, 30 years and this pandemic has really put them in a position that they never thought that they would be in.

Sharice Davids:

And CDFIs and MDIs are really trying to figure out ways to get into communities and particularly help folks. I've heard from CDFIs, and also some of our small business development centers who have testified before the Small Business Committee about the ways that they've been trying to reach demographics who might not necessarily be online 100% of the time.

Sharice Davids:

And that requires things like some of what you're talking about, it's obviously harder in a pandemic for folks to do physical outreach and going out into communities. But a lot of calling businesses, checking in, asking how they're doing, seeing if they know how to navigate some of these systems. I think that word of mouth, and also using other—like the radio ads and that sort of thing, have become not just a additional ancillary piece of reaching out, but has become recognized as a necessity to make sure that every single small business owner hopefully learns about some of these programs, like the Paycheck Protection Program, and the Restaurant Revitalization Fund, and Shuttered Venues Fund, and that sort of thing, because there are a lot of people who don't have access to that information.

Gene Marks:

You know what it is, it's a story of two generations. And like we said, we've got a younger generation, millennials and below, of all races and colors who are used to technology and get it, and can be reached that way. But people do forget that the average age of the U.S. small business owner is still in their early 50s. You have an older generation of people that just are not as technology savvy, and they need to be reached in other ways. And so I'm glad to hear that that was discussed, and CDFIs and MDIs need to still use some old school ways, like picking up the phone, or visiting, particularly as the pandemic starts to recede. So that's good to hear.

Gene Marks:

So Congresswoman, let's move on to some other stuff. You've been working on and sponsoring some really great bills that help small businesses. And there are four of them. And in the short time that we have, I'd love to get your thoughts on each one of them. And let me just say what they are upfront, and then we can go through each one of them so you can give a little summary and why you feel they're important.

Gene Marks:

The first is, the Modernization and Small Manufacturer Enhancement Act of 2021. It's HR 1490. You've been championing the SUPPLIES Act. You've been championing the SERV Act. And finally, there was an act, the Women's Business Centers Improvement Act. So let's start at the top with the Modernization and Small—it's the 504, Loan 504—Modernization and Small Manufacturer Enhancement Act. Can you explain to us what that is, why you think it's important, and where it stands?

Sharice Davids:

The 504 Modernization and Small Manufacturer Enhancement Act of 2021 will help small manufacturers access affordable capital by improving the SBA's 504 Loan Program. And programs like the 504 Loan Program have really been something of a lifeline to small manufacturers by providing a long-term fixed rate financing option.

Sharice Davids:

And this modernization bill would streamline the loan process, increase the maximum loan amount, and then provide additional support from the SBA district offices for folks who apply for those loans. It's part of an effort to make sure that we're supporting small businesses so they can grow and create jobs and continue to contribute to our economy.

Gene Marks:

Where does that, where does that stand right now, has it passed the House?

Sharice Davids:

Yes, it did pass the House.

Gene Marks:

Okay. So, it sits with the Senate, and obviously it's a no-brainer bill.

Sharice Davids:

I was going to use the phrase, bipartisan.

Gene Marks:

Well, it's funny that you say that, but I've talked to other members of the Small Business Committee in the House and it is a refreshingly bipartisan atmosphere among that committee. It's silly if you're a politician to be anti-small business in any way. These types of legislation, like I said, is kind of a no-brainer. And for those of you guys that are listening to this, please don't forget that through September, if you apply for a new SBA 7(a) or 504 Loan, because of recent stimulus bills, you can get your first three months of principal and interest forgiven.

Gene Marks:

If this bill, the Modernization and Small Manufacturer Enhancement Act goes through, it'll make it easier to apply. And if it happens before September and who the heck knows, you can get some forgiveness under these loans too, which is really important. Congresswoman, let's move on to the SUPPLIES Act. Tell us about that, why you're behind it, and also if you can give us a status of it?

Sharice Davids:

So I introduced the SUPPLIES Act, because... I know we've already talked a little bit about the devastating impact of the pandemic, but I think one of the things we saw was that we really need to be promoting the manufacturer of medical supplies, the personal protective equipment, and at the small and medium-sized manufacturer level, there's so much capacity.

Sharice Davids:

Actually in the Third District in Kansas, but really across the country. And we saw small and medium sized businesses step up and say, "Hey, we can help with this." But I also heard from so many folks in the Third District that really said, look, it costs money to pivot, and I want to be helpful for our community, but we need help. We need some support. And that's why I came up with the \$100M grant program that the SUPPLIES Act would provide for small businesses as they shift their production to manufacture things like PPE and testing supplies. And this would be helpful for, of course, our public health, but also growing our economy and getting jobs back online.

Sharice Davids:

It's really important that we make use of every single tool we have. And that is from the federal perspective and from the perspective of our small businesses that are saying, "We want to be helpful. We want to contribute to solving this problem." The Kansas City metro area, the Third District in Kansas, we are a hotbed of entrepreneurial activity. I always say we have one of the strongest entrepreneurial ecosystems that I have ever seen, and I've had the chance to travel around a lot.

Sharice Davids:

And I think that if it weren't for all of the small, light, medium-sized manufacturers coming to our office and saying, "We're trying to figure out how to be helpful." I don't know that we would have recognized the need of the SUPPLIES Act. But it was really because of all of the small business owners who said that they wanted to step up. So I used the bill in the last Congress. I re-introduce it this time. It's going to be a bill that I'm going to continue to push for, because I think that we have the opportunity here to really do something pretty helpful.

Gene Marks:

I agree. And just to jump in there, I know it's specifically about COVID, but we all know that infectious diseases like COVID are never going to go away. And I'm convinced because of this pandemic. You, I don't know what it's like in Kansas, but even with all the recent guidance from the CDC, there are a lot of people in Philly still walking around with masks. And a lot of people they're doing it because it's protecting them. And not just against COVID, against the flu, other things like that. So I think medical supplies like that, we've all recognized have a greater need. And I think this is a great bill that can help small businesses produce them and get some funding to do that. So I like that. Let's move on. Next. The SERV Act, this is for veteran business owners. Tell us about that.

Sharice Davids:

So the Successful Entrepreneurship for Reservists and Veterans Act, which is, the acronym SERV comes from that. This bill would really help veteran business owners succeed in a number of ways. One is figuring out what are the barriers that they're facing. And lack of access to capital, and lines of credit, and that sort of thing is, I think we talked about that earlier on in our session.

Sharice Davids:

But then also I was thinking about, this bill popped into my head when you and I were talking about the CDFIs and MDIs, and how often we see that folks just aren't aware. So I don't know if you know this, but my mom served in the army for 20 years. So, I grew up—She was in army from before I was born until after I got out of high school. So I grew up around service members.

Sharice Davids:

And I have always thought, since learning about "What does entrepreneur even mean?" And I think their veterans are so well situated to once they're done with their time in service, so well situated to take the reins and start a business because they are leaders. They're trained leaders, they are problem solvers, and they know how to get stuff done. You have no option, but to just get stuff done when you're a service member.

Sharice Davids:

And so, I wanted to figure out a way to help make sure that our veterans know all the options that are available to them, if that's what they decide to do is go into entrepreneurship. And the SERV Act helps address those issues. There's barriers, and then there's also making sure that veterans know that there are, the things like the Boots to Business Program, and just trying to make sure that they're being supported in the ways that the federal government should be supporting our veterans and reservists.

Gene Marks:

Sure. And where does that bill stand?

Sharice Davids:

It passed out of the House with bipartisan support in the last Congress. And this Congress we... I don't know the exact timeline, but we'll be re-introducing it at some point in this Congress. Hoping to get it through. Once we get it out of the House, hoping to get it through the Senate, because I'm sure that our president would sign this bill.

Gene Marks:

It's funny all the bills that you've mentioned that we've covered community lending for businesses in low to moderate income areas that need help, grants for businesses to make medical supplies, help for veterans to start up businesses and be entrepreneurs. These are great issues. And now of course, the final bill that you're behind has to do with women. The Women's Business Centers Improvements Act, tell us about that.

Sharice Davids:

This is one of those bills that... It feels like it falls right in line with the bipartisanship, the recognition of the importance of supporting our entrepreneurs, and particularly entrepreneurs might have access to capital barriers that might not have traditional collateral and that sort of thing. So, the Women's Business Centers Improvements Act, which I introduced in the last Congress, it passed out of the House in a bi-partisan way in the last Congress.

Sharice Davids:

This bill would help further support and buttress the Women's Business Centers. The Women's Business Center for Kansas is actually in Fairway, which is in my district. And it services the entire Kansas City metro area, and also all of Kansas. A woman who is either already in the midst of running a small business, or someone who wants to start a small business, can come into a Women's Business Center and get technical assistance and other types of support.

Sharice Davids:

And with this type of service being available, we have to make sure that we're supporting Women's Business Centers. And the thousands of entrepreneurs who come through these centers every year and get assistance for everything from initial funding, to start up, to figuring out how to export goods, how to provide services. These are all things that, again, are going to help grow jobs, like help contribute to our economy. It's exactly the kind of program that we should be, not just touting, but really truly supporting. And that's why I wanted to introduce this bill in the last Congress. Again, I plan to re-introduce this bill, and hopefully we can get it through the Senate because it passed in a bipartisan way in the last Congress.

Gene Marks:

Well Congresswoman, you're doing great stuff and I appreciate it. And I know it's really benefiting or will benefit a lot of small businesses. We have like a minute to go. Before I let you go, I have so many other issues that I'd just love to get your take on. And again, this isn't a debate, it's just the chance for you to educate my audience on a position that you have. So I'm going to pick out one issue and that is minimum wage.

Gene Marks:

As you know, there was a huge debate as to whether or not increasing our national minimum wage, you're more than doubling it to \$15 an hour. Maybe a good thing for business, may not be a good thing for business. I know that you support raising the federal minimum wage. So, when a small business owner comes to you and says, "Why do you support raising the minimum wage that's going to increase my costs?" Here's your chance, what do you tell that small business owner?

Sharice Davids:

That's a great question. And I'm glad you brought this up. Just so you know and everybody knows, the first thing I do when a small business owner comes to me and says that any policy that is before me is going to impact them, I have lots of questions about the ways that they're going to be impacted. On this specific issue, I've had the chance to talk to a lot of small business owners.

Sharice Davids:

And first of all, our small business community is the bedrock of our economy and our entrepreneurs are the drivers of our economy. So, it's really important to me that they not only be at the front of mind when we're talking about policy, but also that they're included in the conversation. So, I've liked the way that you framed that question.

Sharice Davids:

And the unfortunate truth of the matter is that there hasn't been a raise in the federal minimum wage for over a decade, which is the longest period of time in U.S. history. I've done lots reading, and had lots of conversations about this, and I recognize that a phase-in raise would increase wages for somewhere around 27 million Americans, which helps create an economy that works for everybody. And this is in contrast to some policies that might only benefit, well, the wealthiest corporations, or certain special interests and that sort of thing.

Sharice Davids:

We as the federal government have to really truly understand the impact of a minimum wage increase. And that's part of why, and I don't know if you already have this information, but I co-sponsored a bipartisan amendment to the Raise the Wage Act, to make sure that we're really tracking and understanding the impacts of minimum wage, any change in the minimum wage.

Sharice Davids:

And then, I was disappointed this wasn't included last time around, but I pushed for a tax credit to help small businesses covers the expense that they'll see from increased wages. And I'm continuing to work with my colleagues on the House Small Business Committee, and others who aren't even on the committee. But figuring out ways to constantly be a champion for Kansas small businesses and help make sure we're setting our small businesses up for success is really important to me. And I'm going to keep trying to figure out ways to do that.

Gene Marks:

Well, Congressman Davids we're out of time. Thank you so much for spending the time with me, and for the work that you're doing. I appreciate you coming on.

Sharice Davids:

Good to talk to you.

Gene Marks:

Congresswoman Sharice Davids is a Democrat from Kansas. She sits on the House Small Business Committee, and is Chair of the Subcommittee on Economic Growth, Tax, and Capital Access. I want to thank Congresswoman Davids for joining me in this conversation. It was really informative.

Gene Marks:

My name is Gene Marks. You've been listening to the Paychex Business Series podcast. If you're interested in more help, or advice, or tips in running your business, please visit us at paychex.com/worx. That's W-O-R-X. I hope you enjoyed this conversation and we will be back with another one very soon. Take care.

Speaker 3:

This podcast is property of Paychex Inc. 2021, all rights reserved.



HR | Payroll | Benefits | Insurance