

House Committee on Small Business  
Hearing: “Mainstreet Realities: Examining the Current Economic Landscape in America”  
Wednesday, July 10, 2024

**Opening:**

Good morning. Chairman Williams, Ranking Member Velázquez, and distinguished members of the Committee, thank you for the opportunity to testify in this hearing about the *Current Economic Landscape in America*. I appreciate the opportunities that allow a small business like mine to participate in a setting like this – in our Nation’s Capital.

A special thank you to Congresswoman Judy Chu who has worked tirelessly to support us and thousands of small businesses achieve success and thrive in today’s economy.

My name is Tom McCarthy, I am a co-founder and the Vice President of Business Development for Motiv Space Systems in Pasadena, CA. We support the civil, national security and commercial space sectors by enabling maneuverability in complex environments – in space.

Over the past 10 years, our company has grown from a team of three people to almost eighty employees last year. In preparation for this hearing, we looked at our subcontractor list and the results were pretty remarkable – throughout our history, Motiv has utilized almost 800 suppliers (780), across 42 states (and 4 countries). Small businesses have a larger economic impact than most people realize.

We started the company because we believed that we could develop and build space-based robotic systems more efficiently and with a higher level of quality and capability than our competitors in a globally competitive aerospace market. And we were right – we successfully won and have executed multiple NASA contracts for a range of missions, including the robotic arm and science camera systems on the Mars 2020 Perseverance rover.

From our beginning, innovation has been crucial for thriving in a highly competitive aerospace environment. Our company's long-term health relies on consistently incorporating new technologies for our mission partners – this means continuously expanding our research and development.

I’d like to discuss a few topics related to small businesses in the United States and our relationships with various government partners today.

**Small Business Innovative Research programs**

We have a slide that shows how SBIR contracts have been fundamental to innovating our technology. I think that may be how we got invited today, but the key here is we don’t live off SBIR contracts – we convert those SBIR investments into seeds to grow new commercial products and close technology gaps for our partners to enable new and exciting scientific missions continuing the pulse of scientific discovery.

We have won a total of 18 Phase I & II SBIR awards – and leveraged those awards into 8 commercialized program awards, totaling ~25% of our historical revenue.

As you look at the SBIR reauthorization next year, I would encourage you to absolutely keep this vital program alive. Talk with small businesses in your community who have leveraged these programs, or who may not even be aware of them.

**Consistent Predictable Budgets**

Many of our customers are dependent on federal budgets and the effects of budget delays to those customers are amplified within the small business community. Over the last decade, I believe every single

Fiscal Year started off under a continuing resolution. CR's only delay programs and forces our partners to make premature decisions, like we saw with Mars Sample Return.

**Supply Chain Delays and Increase in Costs:**

The aerospace industry has faced worsening supply chain disruptions and rising prices due to recent events. The cost and lead time for raw materials have doubled and our suppliers have had to significantly increase their prices.

**Research and Development (R&D) Tax Credit:**

I would also like to raise the importance of the R&D tax credit that has expired. This was extremely important for a small business like mine that operates on tight budgets. I've heard the discussions in the press related to the Fortune 500 companies, but rarely from small businesses. Let me be clear, the R&D tax credit allowed us to reinvest into further R&D and other business operations to encourage innovation and allow us to tackle more ambitious projects. Investing in R&D allows small technology businesses to develop new products and improve existing ones, helping us stay competitive in a global market.

**Conclusion:**

Small businesses are leading contributors to the economic successes of this Country – we cannot take this lightly and must consider all tools in the toolbox when it comes to incentivizing the backbone of this great Nation, our small businesses.

Again, thank you for inviting Motiv to participate in this hearing to discuss how our small business is literally allowing our Nation to do things out of this world while bringing jobs and economic prosperity to our hometown. I look forward to today's dialogue and answering any questions you might have.