

WRITTEN TESTIMONY OF

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Before the

U.S. HOUSE COMMITTEE ON SMALL BUSINESS

“AI on Main Street: How AI Is Shaping the Future of Small Business”

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1. Introduction

Chairman Williams, Ranking Member Velázquez, and members of the Committee — thank you for the invitation to testify. More than two decades ago, I walked these halls as a congressional intern. Returning today is a remarkable full-circle moment, and a testament to what is possible in America.

I am here on behalf of the Kapor Center. Through our three arms — the Kapor Foundation, Kapor Capital, and SMASH — we work to close the gaps of access and opportunity that keep too many talented people, and too many good businesses, on the outside looking in. Since 2011, we have backed more than 200 startups and fledgling businesses that make healthcare, childcare, education, clean energy, and housing more affordable for the communities that need them most. We advance much of that work through our P.R.I.M.E. Alliance, and it has taught us a great deal about what helps small enterprises succeed — and what holds them back. It is that experience I hope to bring to the Committee today.

II. Promise and Peril: Two Possible Worlds

Few topics matter more than the intersection of artificial intelligence and the small businesses that power this nation. If you remember nothing else I say today, remember this: the rise of AI carries promise and peril. Both are real. Our shared responsibility is to capture that promise and mitigate that peril.

Which world we live into is not yet decided. In one, AI becomes the great equalizer — putting capabilities once reserved for large firms into the hands of every entrepreneur, in every community. In the other, AI accelerates consolidation, concentrating advantage among those who already hold the most data, the most capital, and the most sophisticated tools. Both futures are plausible. The difference between them will be made by the choices we make now — in this room, and in others like it.

The Promise: What AI Makes Possible for Main Street

For small businesses, the promise of AI is concrete. Generative AI and AI agents can remove the very barriers that keep entrepreneurs from starting and scaling — from market research to back-office capacity to navigating regulation. They let an owner do what once required hiring a consultant, a marketing agency, or additional staff the business could not afford. Consider what this looks like in practice.

Navigating regulation

Last year, Matt Rosenberg left his marketing job to open a Thai restaurant with his wife Kamonwan, a fourth-generation cook from Bangkok. When a storefront lease proved unaffordable, AI surfaced a home-kitchen permit they never knew existed — cutting their startup costs by more than ninety percent — and turned dense regulations into simple checklists. This February, Bangkok Rush Thai Kitchen opened in Alameda, California, twelve minutes from our offices in Oakland. Asked what the journey would have looked like without AI, Matt said simply: "I would have given up." Matt's story captures the promise of AI: making entrepreneurship possible for all, not just for some.

Competing above your weight

When the Kapor Center invested in FormLabs, the company was on a mission to bring professional-grade 3D printing — capability that had lived only inside industrial machines costing tens of thousands of dollars — onto a desktop for a small fraction of the price. The point is not the printer. The point is what it unlocks: a solo architect can now produce models and prototypes that let her compete for the same contracts as a firm ten times her size, without adding a single employee. That is the pattern AI now extends across nearly every function of a business.

Finding customers and moving product

Logistics used to be a wall between a good product and a national market. Today, platforms like Saltbox give a solopreneur shipping orders from a spare bedroom the warehousing, fulfillment, and carrier access that once required a company's worth of infrastructure — so a one-person brand can reliably serve customers in all fifty states.

Across the everyday work of running a business

Beyond these, AI is already helping small businesses:

- **Run leaner operations** — automating bookkeeping, scheduling, inventory, and routine admin, and handling first-line customer service, so the owner's time goes to the work only the owner can do;
- **Market like a larger firm** — generating ad copy, social content, and personalized outreach at a cost once available only to companies with a marketing department;
- **Understand their customers** — spotting trends in sales data and reviews without a dedicated analytics team;
- **Access specialist capability on demand** — document review, translation, design — that used to require hiring an agency; and
- **Manage risk** — flagging suspicious transactions or cash-flow problems earlier than a busy owner could catch them.

That is the promise: entrepreneurship made possible for all, not just for some.

The Peril: Trust, Concentration, and Fitness for Purpose

But the peril is just as real, and it is threefold.

First, trust

Technology moves at the speed of innovation, but adoption moves at the speed of trust — and that trust has not yet been earned. A majority of American voters — 57 percent — say AI's risks outweigh its

benefits, and 55 percent of Californians say they are more concerned about AI than excited by it. Meanwhile, more than half of America's small businesses have yet to adopt generative AI at all; among the smallest firms, adoption is lower still. Skepticism and low adoption reinforce one another. Until owners have reason to trust these tools, the promise will stay out of reach for the very businesses that could benefit most.

Second, concentration

AI — and, just as important, the knowledge of how to use it — delivers the greatest returns to firms that already have the most scale, data, and capital. Left to its own momentum, that dynamic widens the gap with Main Street rather than closing it. We see the risk in several forms:

- **Lock-in and pricing power.** Small businesses that build on a handful of large platforms can face steep switching costs and sudden changes in price or terms, with little recourse. When a dominant platform changes its terms overnight, thousands of small shopkeepers who built their distribution on it are left either to accept the new terms or walk away from the customers they spent years earning.
- **Surveillance exposure.** Some tools small businesses rely on also enable collection of sensitive data — on customers and owners alike — raising real concerns about privacy for the vulnerable communities we serve.

Third, fitness for purpose

If these systems are unreliable or poorly governed, small businesses are left to navigate the risks alone. A hallucinated contract clause, an inaccurate financial projection, or a mishandled customer record can create real legal and financial exposure — and small businesses rarely have the staff to double-check every output. We must also recognize that automation inside a small enterprise is a double-edged sword. While these tools can lower costs, they also bring the very real peril of internal job displacement — resulting in reduced hours or layoffs for the local staff members who anchor these businesses. For a tight-knit team, the cost of efficiency can be incredibly steep. As former White House Deputy National Cyber Director Camille Stewart Gloster has warned, without the right protections small firms cannot “protect their intellectual property, their consumers, or their competitive advantage.”

I want to be candid about the nuance here. The opportunities and the risks of AI adoption are not evenly distributed. The same tool that levels the field for one business can deepen a disadvantage for another, and the stakes are highest for the most marginalized communities and the smallest firms — those with the least margin for error and the least access to help. That is precisely why thoughtful policy matters.

III. How We Make the Future We Want

The promise or the peril — which will we live into? It is easy to feel the future will simply happen to us. We reject that, and echo President Kennedy: “Things do not happen. They are made to happen.” So how do we make the future we want? The answer has four parts.

First, AI literacy and practical, industry-specific guidance

Small-business owners need not just to understand AI, but to know where it creates the most value for a business like theirs. Congress has already taken promising bipartisan steps: the AI WISE Act, championed in this Committee by Chairman Williams, and the AI for Main Street Act, which Ranking Member Velázquez has supported, would put AI education and hands-on guidance into the SBA’s Small Business Development Centers. Both passed the House earlier this year and await the Senate; we hope they are only the beginning.

But we should be clear-eyed about what it takes for that guidance to work. As one operator serving 400 small-business customers put it: owners don’t ask “how do I use AI” — they ask “will this work for a business like mine.” Generic advice doesn’t move the needle for a dog daycare, a salon, or a funeral home; these owners are experts in their industries, and what they lack is the time and money to translate AI into their specific workflow. Congress already knows how to solve this. For thirty years, the Manufacturing Extension Partnership has given small manufacturers cost-shared, sector-specific help adopting new technology. Extend that model to Main Street — fund the mechanism, not the industries; let industry associations and sector experts compete for cost-shared implementation dollars — and AI advice can arrive specific enough to act on. AI itself is what makes this scalable: expertise that once required a consultant in every room can now be captured once and delivered to every business in an industry at software cost. (A fuller version of this perspective appears in Appendix C.)

Second, AI-ready workforces

An AI-ready workforce is not just AI-literate, and not just AI-fluent, but AI-native — fully comfortable working alongside these tools, while strengthening the uniquely human skills AI cannot replace: leadership, communication, interpersonal connection, and judgment.

Third, a national framework for AI governance

How do we secure these systems, safeguard data, reduce hallucinations, and ensure these tools serve every business and customer equally? Commonsense guardrails build trust, and trust is what unlocks adoption. Commonsense AI guardrails build consumer trust in new technologies and create a climate where businesses can innovate now and into the future — without public skepticism growing, adoption stalling, and hard-won opportunities rolling back. The AI Civil Rights Act — reintroduced this Congress with co-leads in both chambers, a broad group of co-sponsors, and the Kapor Center’s endorsement — offers a strong model. We must prevent unlawful AI-driven discrimination, ensure impact assessments and transparency before and after deployment for consequential uses, and establish real accountability. We also need consistent rules of the road on security, privacy, and intellectual property, so entrepreneurs spend less time managing AI risk and more time serving customers and creating jobs.

Fourth, government as a partner, not a barrier

If AI can give a two-person firm the back office of a two-hundred-person firm, then government contracting should not be the barrier left standing. Through our P.R.I.M.E. Alliance, we work with gap-closing companies that deliver essential public services more cost-effectively — 91 percent say they do so more cost-effectively than traditional providers — yet nearly 60 percent name government contracting among the biggest obstacles they face. Their top challenges are long approval timelines, unclear licensing, and inconsistent requirements. These founders are not asking for shortcuts; they are asking for systems that match the urgency of their communities' needs. Modernize procurement, and governments at every level can transform lives without a single new budget dollar. Once firms master AI, government should be leaders in partnering with them to help the people they serve.

IV. Conclusion

At the Kapor Center, we believe America is stronger with more entrepreneurs, not fewer. Their ideas, energy, and devotion are among our greatest assets. Creating the right solutions here in Washington is necessary — but insufficient. We must listen to entrepreneurs, then ensure these solutions reach them, regardless of who they are, where they live, or how they started. Unless they are felt in places like the inner Beltway of my home county of Prince George's, Maryland; Pine Ridge, South Dakota; Boyle Heights in Los Angeles; the Ozarks; and El Paso, Texas — the world in which AI creates the next great generation of small businesses does not happen.

So I conclude where I began: with deep thanks to this Committee for the opportunity to testify; with the conviction that this moment holds both great promise and real peril; and with the belief that the future we want will not simply happen — we must make it happen.

Thank you. I look forward to the Committee's questions.

APPENDICES

Submitted with the written testimony for the official record

Appendix A. The Kapor Center's Responsible AI Principles

Artificial intelligence will shape education, labor, the economy, civil and human rights, and the environment for decades to come, and the decisions made today about how these systems are designed, developed, and deployed will determine who benefits tomorrow. Drawing on leading scholarship in AI ethics and in civil and human rights, the Kapor Foundation has articulated five principles to guide responsible investment in artificial intelligence. The full text is available at kaporfoundation.org/responsibleai.

1. *Adopt a sociotechnical framework.* Clearly define the societal problem to be addressed, evaluate whether artificial intelligence can and should be deployed to address it, and account for the broader social context in which any such tool will operate.
2. *Incorporate prosocial design and assess impact throughout the lifecycle.* Design systems for societal benefit, center the communities most affected by their use, and conduct regular audits of impact across the full lifecycle of development and deployment.
3. *Support initiatives that shift power.* Advance more inclusive business models, compensation and incentive structures, and investment strategies, and build capacity among researchers, nonprofit and community organizations, and policy advocates to identify AI-related harms and to propose solutions.
4. *Advance critical AI literacy and education.* Expand access to computing education and cultivate critical AI literacy among innovators, workers, consumers, and advocates, so that all are equipped to make informed decisions about the development, adoption, and impact of these technologies.
5. *Establish collective mechanisms for governance and accountability.* Strengthen the capacity of a broad coalition — including journalists, researchers, whistleblowers, policymakers, and advocacy organizations — to shape responsible governance, regulation, and accountability.

Appendix B. The P.R.I.M.E. Alliance: Gap-Closing Small Business and AI

Since 2011, Mitch Kapor and Freeda Kapor Klein have invested exclusively in gap-closing startups — companies that harness technology, together with their founders’ lived experience, to produce measurable improvements in the communities they serve. Across the Kapor Foundation, Kapor Capital, and SMASH, this work shares a single mission: to close the gaps in access and opportunity that persist for low-income communities and communities of color. Additional information is available at kaporcenter.org/primealliance.

To date, the P.R.I.M.E. Alliance has supported more than 200 gap-closing technology startups that deliver essential services — among them healthcare, childcare, education, clean energy, and affordable housing — more cost-effectively than traditional providers, across sectors ranging from artificial intelligence and educational technology to climate technology, software-as-a-service, and business-to-business solutions.

These companies report that they are advancing the public interest. Ninety-one percent report delivering services more cost-effectively than traditional providers, enabling public officials to serve more residents at lower cost while creating quality jobs. Yet nearly sixty percent identify government contracting as one of the most significant obstacles they face, citing long approval timelines, unclear licensing requirements, and inconsistent standards across jurisdictions.

These founders are not seeking special treatment. They are asking for public systems that move with the urgency their communities’ needs demand. Oakland offers a model of what is possible when a city partners with gap-closing companies to bring technology to bear on its most pressing challenges.

Appendix C. Supplemental Statement: Why Industry-Specific Implementation Matters

The following perspective, offered by a partner operator that serves several hundred small-business customers, illustrates why guidance on AI adoption must be tailored to the realities of a specific trade rather than delivered as a general-purpose resource library.

Congress has taken an important first step: the AI for Main Street Act would place AI training within the Small Business Development Centers. Generic guidance, however, rarely moves the needle for a small business. Owners are experts in their own industries; what they lack is the time and the resources to determine how AI applies to a dog daycare, a salon, or a funeral home — and the Small Business Administration cannot always provide the depth required in any single industry. A large enterprise hires consultants to close that gap; a five-person business is left with a one-size-fits-all library.

Owners seldom ask how to use AI. They ask whether a given tool will work for a business like theirs. When guidance speaks the language of an industry and fits the actual flow of its work, adoption follows; when it does not, a referral to yet another resource library only costs the owner more time. A proven remedy already exists in federal policy: for three decades, the Manufacturing Extension Partnership has provided small manufacturers with cost-shared, sector-specific assistance in adopting new technology, and MEP centers operate AI-adoption programs today.

The way to extend this approach to the nation’s 36 million small businesses is to fund the mechanism rather than to select particular industries: to allow industry associations and sector experts to compete for cost-shared implementation funding, as MEP centers already do. Artificial intelligence is precisely what makes the model scalable. Deep industry expertise that once required a dedicated consultant can now be captured once and delivered to every business in a given sector at the cost of software. That expertise already exists in every corner of Main Street; public investment need only meet it where it resides.

Appendix D. Selected Resources and References for the Record

Kapor Center

Kapor Foundation. *Responsible AI Principles*. Available at: kaporfoundation.org/responsibleai.

Kapor Center. *The P.R.I.M.E. Alliance*. Available at: kaporcenter.org/primealliance.

Legislation

Artificial Intelligence Civil Rights Act, S. 3308, 119th Cong. (2025–2026). Available at: congress.gov/bill/119th-congress/senate-bill/3308.

AI WISE Act, H.R. 5784, 119th Cong.; and AI for Main Street Act, S. 3586 / H.R. 5764, 119th Cong. Current text and status available at congress.gov.

Research and Analysis

Harvard Business Review. “Companies Are Using AI for Efficiency — They Should Use It to Grow.” June 2026. Available at: hbr.org/2026/06/companies-are-using-ai-for-efficiency-they-should-use-it-to-grow.

Stanford Institute for Human-Centered Artificial Intelligence (HAI). “AI’s Impact on Black Americans.” Available at: hai.stanford.edu/news/ais-impact-black-americans.

The Aspen Institute. “The New Era of Small Business Finance: Access, AI, and Accountability.” Available at: [aspeninstitute.org](https://www.aspeninstitute.org).

New Majority Capital, featured in Fast Company, “World-Changing Ideas 2026.” Available at: [newmajoritycapital.com](https://www.newmajoritycapital.com).