

Small Businesses Moving America Forward:

A REPORT BY HOUSE SMALL BUSINESS
COMMITTEE MAJORITY STAFF, CHAIRWOMAN
NYDIA M. VELÁZQUEZ

Committee on
**SMALL
BUSINESS**



SMALL BUSINESSES ARE AN ESSENTIAL PART OF MOVING AMERICA FORWARD:

Whether it's the roads that we rely upon to transport our goods or the telecommunications systems we utilize to access the internet from our phones, a robust and modernized infrastructure is fundamental to America's competitiveness as a nation and to the success of America's small businesses. Small Businesses in the U.S. will play an essential role upgrading and maintaining our infrastructure and transportation networks.

According to data from the Congressional Budget Office (CBO) in 2017 the federal government spent approximately \$441 billion on infrastructure investments. This included \$177 billion in spending on highways, \$133 billion on water utilities, \$70 billion on mass transit, \$37 billion on aviation, \$29 billion on water resources, \$10 billion on water transportation, and \$5 billion on rail transportation—or about 2.3 percent of the U.S. GDP. Despite the impressive total number of dollars, this figure is historically low. Over the past 35 years, government investment in infrastructure has significantly declined.¹

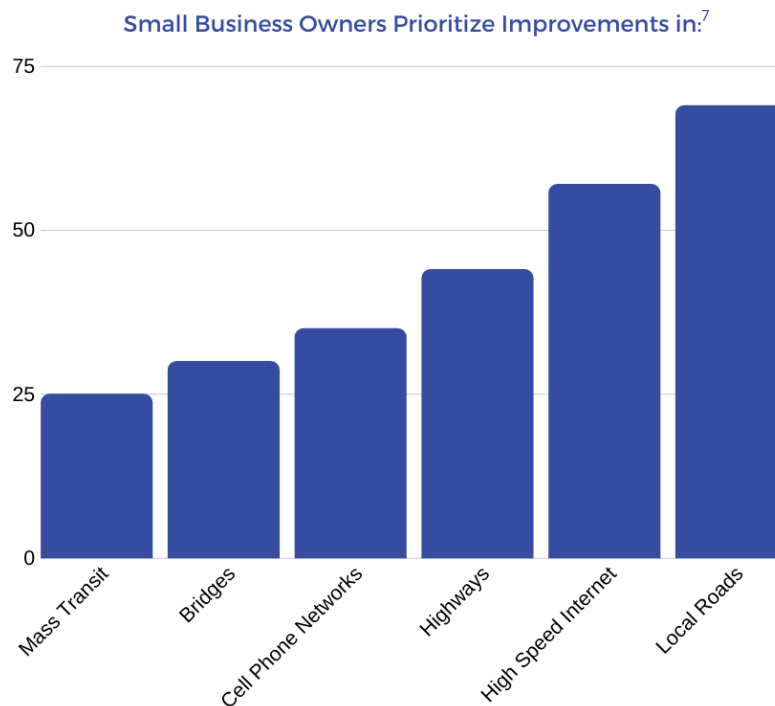
Democrats in the House plan to invest \$760 billion dollars over five years to improve our roads and highways; rail and transit systems; bridges; airports; ports and harbors; drinking and wastewater systems; and access to high-speed internet, we should ensure that these investments also benefit small businesses.²

¹ CONG. BUDGET OFF., PUBLIC SPENDING ON TRANSPORTATION AND WATER INFRASTRUCTURE, 1957 TO 2017, (October 2018), <https://www.cbo.gov/system/files/2018-10/54539-Infrastructure.pdf>.
² H. TRANSP. & INFRASTRUCTURE COMM., MOVING AMERICA AND THE ENVIRONMENT FORWARD, (2020), <https://transportation.house.gov/imo/media/doc/Moving%20Forward%20Framework.pdf>.

ECONOMIC IMPACTS:

- Using CBO estimates, the Democrat’s proposal for a \$760 billion-dollar investment would create up to \$1.2 trillion in Gross Domestic Product (GDP) growth.³
- The Moving Forward Framework would create more than 10 million jobs.⁴
- Nationwide, small businesses create 60% of the net new jobs and account for just under 50% of private sector employment.⁵ Most of these jobs would be in small businesses, including the construction and transportation industries.
- Without additional investments in infrastructure, the American Society for Civil Engineers estimates that there will be serious consequences, including: \$3.9 trillion in losses to the U.S. GDP by 2025, \$7 trillion in lost business sales by 2025, and 2.5 million lost American jobs in 2025.⁶

A majority of small businesses rate high speed internet, local roads and bridges, cell phone networks, and highways as vital to the success of their companies. These small businesses see room for improvement in America’s infrastructure that will create jobs on Main Street:



³ CONG. BUDGET OFF., Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output in 2014, (February 2015), <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49958-ARRA.pdf>.

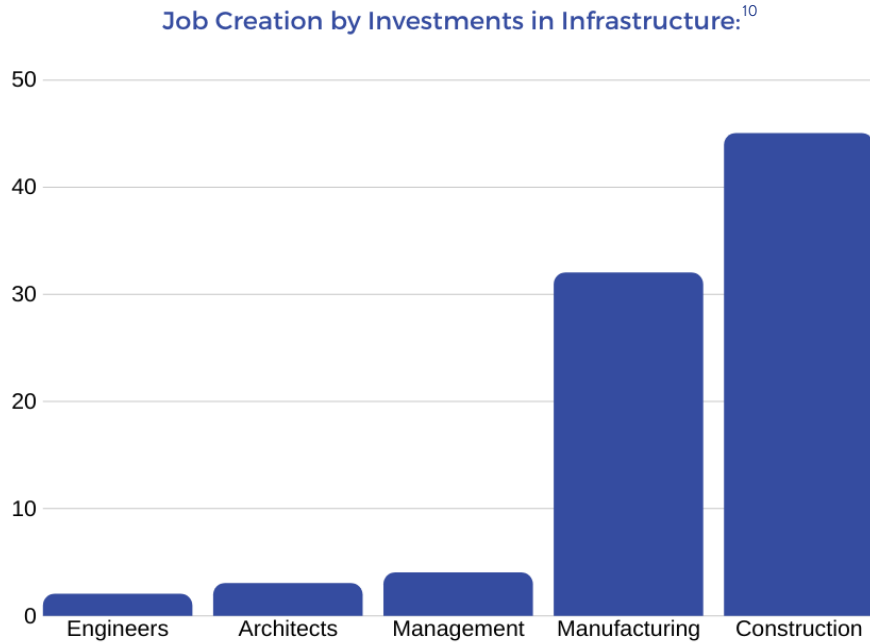
⁴ H. COMM. ON TRANSP. & INFRASTRUCTURE, MOVING FORWARD FRAMEWORK, (2020),

<https://transportation.house.gov/imo/media/doc/2020%20Moving%20Forward%20Factsheet.pdf>

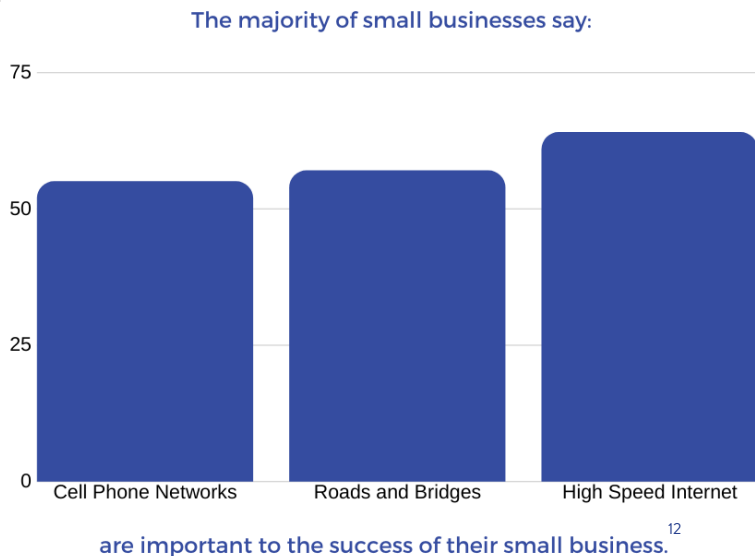
⁵ SMALL BUS. ADMIN., OFFICE OF ADVOC., Frequently Asked Questions, (Sept. 2012), https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf.

⁶ Failure to Act: Closing the Infrastructure Investment Gap for America’s Economic Future, AM. SOCY OF CIVIL ENG’R, (2016), <https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/ASCE-Failure-to-Act-2016-FINAL.pdf>.

America's 30 million small businesses represent 99.7 percent of all employers and generate two-thirds of all net new jobs. Thus, it is no surprise that infrastructure investment would fuel economic growth, creating an estimated 10 million jobs and \$1.9 trillion in economic activity.⁸ The CBO estimates that every \$1 billion increase in federal infrastructure investments in 2016 will result in a \$33 billion increase in GDP between 2016 and 2025.⁹



Whether it is a newly dredged ports, a repaved road, a lengthened airport runway, or an expanded lock, modern infrastructure plays a critical role in enabling small business to grow. Investments in our infrastructure helps America's small businesses reach new domestic and international customers, tap new suppliers, and expand their business operations. For example, one fourth of rural Americans lack high-speed internet access.¹¹



7 Small Business Index: The Voices of Small Business Owners, METLIFE & U.S. CHAMBER OF COMMERCE, (2019), https://www.uschamber.com/sbindex/pdf/sbi_reports/SBI_2019_Q1.pdf.
 8 H. COMM. ON TRANSP. & INFRASTRUCTURE, MOVING FORWARD FRAMEWORK, (2020), <https://transportation.house.gov/imo/media/doc/2020%20Moving%20Forward%20Factsheet.pdf>; CONG. BUDGET OFFICE, ESTIMATED IMPACT OF THE AMERICAN RECOVERY AND REINVESTMENT ACT ON EMPLOYMENT AND ECONOMIC OUTPUT IN 2014, (February 2015), <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49958-ARRA.pdf>.
 9 CONG. BUDGET OFF., THE MACROECONOMIC AND BUDGETARY EFFECTS OF FEDERAL INVESTMENT, (June 2016), https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51628-Federal_Investment.pdf.
 10 Anthony P. Carnevale & Nicole Smith, Trillion Dollar Infrastructure Proposals Could Create Millions of Jobs, GEORGETOWN UNIVERSITY CTR. ON EDUC. & THE WORKFORCE, (2017), <https://cew.georgetown.edu/wp-content/uploads/trillion-dollar-infrastructure.pdf>.
 11 Monica Anderson, About a Quarter of Rural Americans says Access to High-Speed Internet is a Major Problem, PEW RES. CTR. (September 10, 2018), <https://www.pewresearch.org/fact-tank/2018/09/10/about-a-quarter-of-rural-americans-say-access-to-high-speed-internet-is-a-major-problem/>.
 12 Small Business Index: The Voices of Small Business Owners, METLIFE & U.S. CHAMBER OF COMMERCE, (2019), https://www.uschamber.com/sbindex/pdf/sbi_reports/SBI_2019_Q1.pdf.

CLEAN ENERGY AND INFRASTRUCTURE

Clean energy jobs totaled more than 3.26 million at the end of 2018 and are prevalent in every State. Small companies have been driving growth in this fast-growing sector, with an estimated 70% of employees in the industry working for a small business. More specifically, small firms are at the forefront of the clean energy economy in both renewable energy and energy efficiency playing a leading role in growing crops for biofuels, installing energy efficient equipment and manufacturing parts for solar, wind, and other renewable energy sources.

It is clear that our current energy sources are unsustainable and cause significant environmental impacts. Renewable energy sources have the potential to meet America's energy demands with a much smaller environmental impact. But America's clean energy transition needs more than just adding clean energy sources or replacing clean sources with dirty ones. We must retire the infrastructure associated with these sources as well.

In order to compete in a 21st Century economy, the U.S. must modernize the nation's power grid in order to facilitate greater renewable energy and improve the efficiency and resiliency of the nation's electricity supply. Increasing grid flexibility and increased use of energy storage will allow for more efficient management of the electricity load. Also, increasing our investment in transmission and distribution infrastructure promotes additional access to and delivery of renewable resources.

The Moving Forward Framework seeks to invest \$4 billion over five years for electric grid infrastructure, including increases to renewable energy and making the energy grid more resilient. This is a timely investment as renewable energy sources such as hydroelectric, biomass, wind, tidal, and waste-to-energy, have exceeded coal in electricity generation for the first time.¹³ Additionally, renewable energy is one of the fastest growing sectors of the American economy and a major source of new jobs that cannot be outsourced.¹⁴

¹³ U.S. Electricity Generation from Renewables Surpassed Coal in April, U.S. ENERGY INFO. ADMIN., (June 26, 2019), <https://www.eia.gov/todayinenergy/detail.php?id=39992>.

¹⁴ Renewable Energy, CTR. FOR CLIMATE & ENERGY SOLS., <https://www.c2es.org/content/renewable-energy/>.

WHAT SMALL BUSINESS OWNERS HAVE TO SAY ABOUT AMERICA'S INVESTMENT IN INFRASTRUCTURE:

“The civil engineering and construction industry builds and maintains the world’s road, rail, port, airport, pipeline, power, and other critical infrastructure. So much of this work is performed by small businesses—the project owners, contractors and engineers who conceive the projects, invest in the design, move the dirt, construct the road or rail, manage the jobs, and pour the cement.”

-Chris Shepard, Vice President, Trimble, Inc. in Dayton, OH

“As the clean energy economy grows, so too will the economic impact of small businesses working in these low- and zero-carbon energy sectors.”

-Dr. Lynn Abramson, President, Clean Energy Business Network in Washington, DC

“If we have the proper infrastructure, we’re going to sell more boats, in whatever state the dealership is in. And we continue to hear it, day in and day out, that it’s the infrastructure—whether it’s the highway that beats the boat up on the way there or the bridge that isn’t existent anymore [that hurts these sales].”

-John Wooden, Owner, River Valley Power & Sport in Rochester, MN

“If [the owner of Northland Automation and Engineering] or one of his employees wants to utilize simple video conferencing to talk with a client about custom parts and show them examples, they often must make a 30 minute round-trip into town to utilize an available location with high speed access capable of providing a stable video connection. He gets by, but comments about the limitations his company has for expansion and taking on additional clients when he is hampered by poor broadband access.”

-Marc Johnson, Executive Director, East Central Educational Cable Cooperative, Braham, MN

“The lack of adequate broadband has become a crisis in rural areas. Routine activities of both residents and business now often require Internet access. Work from home and business from home activities are increasing as are technology-based health care making business class broadband availability in rural neighborhoods an economic development and safety issue.”

-Greg Carlson, Isanti County Broadband Task Force, Roseville, MN

“The infrastructure is toast out here. The technology has moved beyond our rural areas 20 years ago. I have seen businesses close because they cannot have a robust security system tied to the internet or really cannot develop without access to high speed internet, businesses moving out of state not only because of local ordinances but because of the vast desert of little to no speed internet we have here.”

-Matt Crescenzo, Owner, Bulltear Industries, Inc., Scandia, MN

“Living in rural upstate New York, I would not be able to use eBay if I didn’t have access to high-speed and affordable broadband. Unfortunately, broadband reliance and even phone connectivity continue to be constant issues for our company. Rural broadband is essential to ensuring that rural small business owners and entrepreneurs can take advantage of the latest technologies and reach customers around the world, no matter where they live in our country.”

-Bill Ingersoll, Owner, Bikes, Trikes and Quads in Sloansville, NY

“Thanks to the internet, I am one of 2.1 millions sellers on Etsy—many of whom, like me, are able to run our creative businesses from home, despite living in a rural area.”

-Afton Stout, Owner, My Dinosaur Dreams in State Center, IA