

Hearing Before the Small Business Committee
United States House of Representatives

“Communities That Think Small and Win Big”

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Testimony of Commissioner Gregg Bishop
New York City Department of Small Business Services

Good morning Chairman Chabot, Ranking Member Velázquez and Members of the House Small Business Committee. My name is Gregg Bishop and I am the Commissioner of the New York City Department of Small Business Services (SBS). I thank you for this opportunity to testify before the Committee and share some of the great work and best practices that we are seeing in New York City. At SBS, we aim to unlock economic potential and create economic security for all New Yorkers by connecting them to quality jobs, building stronger businesses, and fostering thriving neighborhoods. Unlike other City agencies that work with businesses, we do not enforce regulations, but rather provide the necessary services to help them start, operate, and grow. We provide services to New York City’s 230,000 businesses through our network of seven Business Solutions Centers. These services include helping minority and women-owned businesses to compete for government contracts, connecting entrepreneurs to free resources, and assisting business owners to navigate government regulations.

At SBS, we know that small businesses are essential to the local economy and character of our neighborhoods. Small business ownership and entrepreneurship can help uplift generations of families while providing goods, services and quality jobs for local communities. Our small businesses serve their neighbors as well as visitors from around the world, making New York City one of the best cities in the country. Despite the fact that small businesses face challenges due to the unprecedented growth New York City has seen in recent years, our small

businesses continue to grow. Over the last ten years, the number of businesses in New York City has increased by 10%, according to the U.S. Census County Business Patterns report. That is why I believe it is critical for municipalities to offer services and programs that help small businesses start and thrive. Cities that incorporate small businesses into their economic development strategy not only help small businesses grow but also provide their city with good jobs, vibrant neighborhoods and a better quality of life.

As the City's advocate for small businesses, SBS is committed to ensuring that businesses can easily connect to our services--no matter where they are in our city. We understand that it's not always easy for business owners to come to us, so we are bringing our resources directly to their doorsteps. Through the Chamber On-the-Go initiative, trained business specialists canvass commercial corridors and directly connect business owners with essential services and information. SBS recently launched the Mobile Outreach Unit, an RV equipped to serve New Yorkers on-site in their neighborhoods. We also regularly host interagency events with multiple city regulatory agencies. This allows business owners to have their questions answered directly by regulatory staff. These interagency events have been held in communities across all five boroughs, reaching nearly 1,000 business owners.

Many small businesses struggle to access credit. To make it easier on small businesses, SBS provides a free financing service through our business centers. At our centers, we match business owners with the right lender for their needs and walk them step-by-step through the loan process. We work regularly with more than 40 different lenders, the majority of which are Community Development Financial Institutions (CDFI) and other alternative financial institutions. CDFIs play a critical role in our efforts to provide financing to businesses that are not able to access traditional bank financing. Since the start of this administration, SBS has

connected approximately 1,800 businesses to \$155 million in financing. We also invest in funds where we see market gaps. For example, for businesses contracting with the City, SBS offers the Contract Financing Loan Fund. This revolving fund offers low-interest loans of up to \$500,000, capped at a 3% interest rate. These funds are designed to assist small businesses and minority and women-owned businesses (M/WBEs) working on City contracts.

As we see businesses grow in NYC, the city has also implemented necessary regulations and worker protections. Regulations are important to ensure health and public safety, but they should be fair and not overly burdensome to small business owners. To support the continued growth of businesses, the City has committed to making the regulatory environment easier for small businesses while protecting residents and workers. In 2015, the Mayor launched Small Business First (SB1), a major multi agency effort to provide clear information on regulations, help businesses understand and comply with City regulations, reduce the regulatory burden, and ensure equal access for business owners. We heard directly from hundreds of business owners and created 30 commitments to save businesses time and money.

We have seen initial success in our efforts. In most cases, business owners want to operate in compliance, but may not be aware what is required of them. To make it easier, we built a state of the art NYC Business Portal to serve as a central repository of key business information and a single place for business interactions with the City. On the NYC Business Portal, a business owner can create an account and link their licenses, permits, inspections, and violations from City agencies onto one dashboard. In addition, business owners can receive alerts for renewal notices and new violations or complaints they receive; making it easier for them to stay in compliance. In 2017, there were more than one million visits to the NYC Business Portal.

There have also been more than 3,000 on-site consultations with our Compliance Advisors, individuals cross-trained on critical regulations, who help businesses avoid common violations. Business owners saved nearly \$25 million dollars in avoided fines with the help of Compliance Advisors. We also expanded remote adjudication options, so business owners don't need to leave their business during operating hours in order to refute a violation or fine. For more than 700 additional violation categories, business owners can contest a violation via phone, video conference, online, or by mail. Ultimately, we hope to save business owners millions and decrease the time it takes them to conduct operations with the City.

Another common challenge for small businesses is navigating shifts in the business environment. Many businesses struggle to adapt to changes such as evolving consumer behaviors, macroeconomic trends like the rise of e-commerce and shifting neighborhood demographics. Where changing demographics and development may prompt landlords to speculate or harass existing commercial tenants, SBS provides free legal services through our Commercial Lease Assistance Program. Businesses can work one-on-one with attorneys to review lease renewal terms, negotiate with their landlord, and even prepare court papers and motions when litigation cannot be avoided. SBS also helps long-standing companies adjust to neighborhood change through Love Your Local, a multi-phased approach which began with a marketing campaign to celebrate the city's independent small businesses and encourage New Yorkers to shop locally. Recently we launched the second phase of the program, \$1.8 million in grant funding to help business owners address competitive pressures. Longstanding, non-franchise small businesses from across the five boroughs can apply to receive up to \$90,000 in grant awards and expert advice. Selected businesses will use grant awards to cover the costs of improvement projects determined by personal consultations from industry experts.

A key focus of our work is ensuring our programming is accessible to all New Yorkers, including women entrepreneurs. In 2015, SBS launched WE NYC, a major initiative to address the entrepreneurship gender gap, with a focus on underserved communities. On average, men own one and a half times more businesses than women and make on average four and a half times more revenue. Through extensive research and engagement with more than 1,500 women entrepreneurs, we developed a series of programs to address the most common challenges women business owners face such as accessing capital, developing business skills, identifying networks and mentors, and finding comprehensive information to support their business. For example, we recently launched WE Fund: Crowd, a City-led crowdfunding program that helps women entrepreneurs access affordable capital and start businesses. Through our partnership with microlender Kiva, women entrepreneurs can apply for crowdfunded loans of up to \$10,000; with New York City contributing the first 10% of their loan request. WE NYC has been a great success and other cities have taken notice; with Boston recently launching their own Women Entrepreneurs Boston program *modeled on WE NYC*.

Growing up with my grandmother in Grenada, who supported our household as a woman entrepreneur, I came to understand first-hand that business ownership can empower a family and support greater economic opportunity for future generations. New York City has always been and will continue to be a city of immigrants. Approximately six out of every ten New Yorkers are either immigrants or children of immigrants and nearly half of New York City's small businesses are owned by immigrant entrepreneurs. Many immigrant New Yorkers face unique barriers and as an immigrant myself, I know it is critical for SBS to provide services that are inclusive of all communities. Supporting these diverse communities, who contribute so much to our economy, makes New York City stronger.

To that end, SBS created *Building Your Business in New York City: A Guide for Immigrant Entrepreneurs* available in seven languages that includes step-by-step advice on topics such as: signing a commercial lease, navigating government, and understanding the rights of immigrant New Yorkers. We have also expanded the availability of important business related materials in multiple languages. Through a previous program known as the Immigrant Business Initiative (IBI), we leveraged private investment to offer free business courses on topics such as credit, marketing, legal aid, and entrepreneurship in Spanish, Chinese, Haitian Creole, Russian, Korean, and Bengali. Through IBI we have served over 1,500 immigrant businesses over a period of two years. We also partner with the NYC's public library systems to better reach entrepreneurs in immigrant communities across the five boroughs.

New York City also offers innovative programs to help New Yorkers living in public housing gain entrepreneurial skills. Through the New York City Housing Authority (NYCHA) Food Business Pathways Program, residents receive free business training to start and grow food businesses in New York City. Participants receive an eight-week intensive business course tailored specifically for NYCHA residents. The program includes group and one-on-one business coaching and access to kitchen incubator space. Since launching in 2015, 143 graduates have launched incorporated businesses. We also offer a similar program to streamline the process of becoming a home-based childcare provider called Childcare Business Pathways Program. These programs are a proven path to entrepreneurship for those that have historically been neglected.

Along with our support of all small businesses, SBS also plays a key role in New York City's Minority and Women-owned Business Enterprise ("M/WBE") program. Through the use of the City's purchasing power, the M/WBE program aims to support the growth of minority and women-owned businesses and ensure our vendors reflect the diversity of our city. At SBS we

provide essential capacity building services and technical assistance so businesses can compete for and execute government contracts. Our robust M/WBE program allows the city to have a stronger and more diverse pool of vendors that provide the best services at the lowest cost.

The Mayor has also set aggressive goals for the program. He recently announced that the City is two years ahead of schedule to meet our goal to award \$16 billion to M/WBEs by 2025. The City has awarded approximately \$7.8 billion to M/WBEs since the goal was established in 2015 – \$1.8 billion more than initial projections. This administration has made major investments into the M/WBE program and set ambitious goals for additional support, including certifying 9,000 M/WBEs by 2019.

We also host a Procurement Technical Assistance Center (PTAC), which is funded in part by the Department of Defense and administered by the Defense Logistics Agency. This program offers critical support to small businesses and aligns with our portfolio of programs that we offer to minority, women, veteran and service disabled veteran owned businesses that have historically not had access to government contracting opportunities. We believe that in order for a small business to gain and sustain growth, they must be prepared to take advantage of multiple revenue streams. By offering education on government contracting with NYC, mentorship programs, and targeted workshops and training, we are providing businesses with the capacity to grow their businesses into the federal and state contracting arenas. Through our services, we are providing businesses with day-to-day operational support, along with the confidence to successfully navigate opportunities and challenges when performing on government contracts.

In line with the Mayor's Career Pathways Strategic Plan, a roadmap to create a more inclusive workforce, SBS is responsible for helping New Yorkers find jobs by connecting jobseekers to employers and local residents to industry-informed training. Through our network

of twenty one federally funded Workforce1 Career Centers, SBS provides recruitment expertise, industry knowledge, and skill-building workshops to match candidates to jobs. Annually, we successfully connect more than 25,000 New Yorkers with quality employment and nearly 4,000 with the training needed to advance their careers.

SBS invests in helping New Yorkers prepare, connect and advance in the key sectors that drive New York City's economy. The investments are informed by industry and designed to meet employer needs through our Industry Partnerships. The goal of these industry partnerships is not only to connect New Yorkers to employment, but also to build a long-term, sustainable connection between employers and the organizations that teach individuals the skills that are needed to enter and advance in the New York City job market. Through industry engagement, we are able to identify gaps in the labor market and develop new training models that can be replicated by providers throughout the city. We have expanded our industry partnerships in the Technology and Healthcare sectors and have launched partnerships in the Food Service, Construction, and Industrial/Manufacturing sectors. We are aiming to address the systemic issues which have prevented some New Yorkers from participating in the economy of tomorrow.

The expertise of local, on-the-ground partners is essential to tackling the unique challenges faced by New York City's diverse neighborhoods and business communities. SBS oversees the largest network of Business Improvement Districts (BIDs) in the country, with 75 BIDs delivering more than \$147 million in services to 93,000 businesses throughout the five boroughs. Not only does SBS provide technical assistance, grant opportunities, and capacity building services to BIDs, but this network also provides a direct connection between neighborhood small businesses and our agency. We are proud of the increase in development of

smaller BIDs and BIDs located in outer boroughs, giving business communities across the city an opportunity to raise their collective voice.

SBS is committed to working with community partners to identify local commercial district needs and plan targeted solutions. One tool for gaining this understanding is through our Commercial District Needs Assessments, or CDNAs. Conducted in partnership with local community organizations, CDNAs identify the strengths, challenges, and opportunities within a commercial corridor. This tool provides valuable information about the needs of local business owners and gives community organizations a framework to plan investments aimed at strengthening neighborhoods and businesses.

SBS also provides financial support to strengthen and revitalize commercial districts through our grant programs. With Neighborhood 360, community-based organizations in six neighborhoods were awarded approximately \$8.5 million in funding over three years to develop and staff revitalization projects that address needs identified in the CDNAs. To further support small businesses and neighborhoods, SBS provides community-based organizations with capacity building services including workshops, legal assistance, design assistance, leadership development, and non-profit management coaching. To address additional staff capacity challenges, our Neighborhood 360^o Fellows program pairs ten neighborhood development professionals with ten community-based organizations. The fellows are paid, full-time professionals, community organizers, or urban planners. The program provides organizations with dedicated support for commercial revitalization projects and builds a pipeline of talent in neighborhood development.

As you can see, New York City has made small businesses a priority and as a result we have seen them flourish. We hope municipalities from across the country use New York City as

a model and replicate our successes. By recognizing the strength of diversity in our city, and helping immigrant, women, black entrepreneurs and other entrepreneurs of color to grow thriving businesses and careers, we are ensuring every New Yorker has access to economic security while growing our city's economy.