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**Senate Jobs and Economic Growth Finance and Policy Committee**

**Statement of Rebecca Foley**

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**Anoka, MN**

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Thank you Chair Pratt and members of the committee for the invitation to share my story today. I started my small bookkeeping business, Phoenix Growth Systems, during the last recession and I am a member of Main Street Alliance. As the owner of a microbusiness who works with other small businesses, I can attest to the fact that the majority of small and microbusinesses do not pay into the Unemployment Insurance (UI) trust fund. I pay about \$80 per quarter for my two employees, and my clients who do pay into the trust fund pay about an average of \$300 per quarter. While I appreciate the discussion around how best we can help businesses during these challenging times, I have concerns that simply refilling the UI trust fund won't fully help the smallest businesses or their employees as much as other programs could.

Throughout the years, I have found that conversations on small business support rarely take into account the smallest of businesses - microbusinesses and solo entrepreneurs. As a microbusiness that has also been systematically left out of traditional forms of access to business capital, I would benefit from real investments that would help ensure the success of my business. Recently, I applied for a small loan to grow my business. I had a perfect credit score but still got turned down for the loan. I found out that this was due to the fact that I made a few late payments back in 2019.

The majority of small business owners I work with also come from communities that face racial and gender disparities when it comes to accessing credit. For many of them, their credit was a safety net in the past which caused them to have poor credit scores. Many emerging entrepreneurs also have trouble accessing COVID relief because they are a new business. Providing additional access to capital and targeted relief would be more helpful for microbusinesses and solo entrepreneurs, especially when they cannot access the tax relief from the replenishment of the UI trust fund.

Solo entrepreneurs and microbusinesses like myself would also benefit from investments like paid family medical leave especially during a pandemic. For a solo entrepreneur, being



sick means closing your business for the time it takes you to recover without necessarily having coverage. Paid family medical leave would mean that we do not have to worry about our income when we have to take time off to recover or provide care for our loved ones.

While I appreciate having the opportunity to support businesses and address the current UI trust fund debt, I am concerned that simply refilling the trust fund would leave many small businesses out of the conversation. Since the relief is untargeted, a major portion of it would go towards large corporations, many of whom have profited during the pandemic.

Many small business owners that emerged during the pandemic pivoted to entrepreneurship to survive, and targeted relief right now would be a huge boon - especially when they were left out of other forms of relief as newer businesses. Compound this with the racial and gender disparities many entrepreneurs face when it comes to accessing capital as a BIPOC or woman entrepreneur, and it becomes almost impossible to access funding for your business.

For businesses like mine trying to grow and serve other small businesses, additional access to capital and providing investments like paid family medical leave would help ensure my business thrives. A true small business victory means small businesses receive the support they need right now - and I urge members of the committee to address these priorities and look beyond the UI tax relief to offer small business support.