Legislative Agenda

America’s Business Future
## Legislative Agenda

**America’s Business Future**

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LETTER FROM THE
Chairman of the Board

For over thirty years, the United States Hispanic Chamber of Commerce has been the leading voice for Hispanic business owners in our nation’s capital. We know that when policy makers in Washington prioritize the growth of America’s small and minority business communities, our country’s wider economic outlook improves.

Successful advocacy for Hispanic enterprise requires sound policy suggestions and reasonable approaches to issues of concern for American business. This is why we have updated the USHCC’s Legislative Agenda. The following document serves as a blueprint for promoting a more business-friendly climate that will allow entrepreneurs – both current and aspiring – to realize their full potential in the marketplace.

The United States Hispanic Chamber of Commerce is proud to represent a diverse membership of small, medium, and large firms. By coalescing behind the ideas proposed in the 2014-2016 Legislative Agenda, we are making your voice heard – as loud and as often possible – in Washington, DC.

We’re proud to work for you.

Marc A. Rodriguez
Chairman of the Board
United States Hispanic Chamber of Commerce
LETTER FROM THE

President and CEO

The mission of the United States Hispanic Chamber of Commerce, since our earliest years, has been to foster economic development and to create and sustain prosperity for the benefit of the American public. We do this by providing a wealth of resources and support for our members, and by using our influence to empower small businesses and entrepreneurs. Legislative advocacy and outreach are essential to our success.

The 2014-2016 Legislative Agenda reflects priorities that are critical to positioning our businesses for effective competition in the marketplace, spurring economic growth and development, and nurturing the entrepreneurial spirit that turns ideas into thriving enterprises.

The success of our agenda rests on the involvement of our members – from the smallest to the largest. Now, more than ever, our voices must be heard by elected leaders and policy makers. Once again, thank you for contributing your time, energy, and valuable perspective to the USHCC. Because of your participation, we will all succeed.

Javier Palomarez
President & CEO
United States Hispanic Chamber of Commerce
Legislative Agenda

Access to Capital
Access To Capital

Whether it is an emerging tech startup, an established energy corporation, an investment management firm, or a small-town bakery, one concern resonates more than any other with our member businesses across the country: having ready access to capital. It can make or break a firm. Fortunately, as our nation’s economy has improved, so too has the potential for Hispanic businesses to get the capital they need. For example, according to the most recent Biz2Credit Small Business Lending Index, the rate of small business loan approvals at large banking institutions has increased consistently as small firms increase their profitability. While key indicators like large bank lending are positive, much more work remains.

To maintain their status as the fastest growing segment of American enterprise, Hispanic business owners – as well as the wider U.S. business community – must urge leaders in government to pursue a top-to-bottom approach that promotes more investment in business, and lending to both businesses and consumers. The USHCC believes that the entire country suffers when credit-worthy, high-potential entrepreneurs and businesses fail to access equity and debt opportunities that could sustain them, help them expand to new markets, or hire new workers.

The USHCC supports legislation that encourages more capital investment to small businesses and consumers, reduces regulatory burdens for small business owners, and facilitates the exchange of capital to invest in growth opportunities. Regulations that provide more clarity, transparency of fees, and competition between non-bank and bank products will improve access to equity, loans, reduce costs to borrowers, and most importantly, keep small businesses thriving. This approach secures America’s role as the world’s best platform for investment and reduces domestic market volatility.

Aside from legislation, the USHCC believes all capital providers, including large banks, small banks, corporations, pension funds, insurance companies, community-owned credit providers, credit unions, and alternative financial services providers, have a role to play in creating an economy that expands responsible capital access.

PROMOTING SMALL BUSINESS LENDING
Small business is the backbone of the American economy. These companies create roughly 70 percent of new jobs and their employees represent over half of our nation’s private sector workforce. But for small and medium-sized firms to continue to grow larger and become strong engines of job creation, they need ready access to capital. Therefore, the USHCC calls on Congress to promote legislation that invests in small businesses and encourages a variety of institutions to invest in their growth by offering incentives like tax cuts and credits.

In a recent Small Business Majority, Main Street Alliance, and American Sustainable Business Council poll, 90 percent of small business owners believe capital availability is hindering their success. Making access to capital one of the most urgent problems facing business nationwide.

The Small Business Administration (SBA) defines small business broadly – depending on several factors and according to industry. This wide distribution is important to consider when creating small business incentives and investment initiatives for banks, insurance companies, pension funds, endowments, and foundations. Therefore, we invite the SBA to undertake a study of its stakeholders’ capital needs with the goal of better serving the broad spectrum of businesses qualifying for assistance.
The current credit environment encourages small businesses to access capital via credit card debt instead of through responsible lending, preventing Hispanic entrepreneurs from realizing their economic potential. According to the most recent Census Survey of Business Owners, entrepreneurs are most likely to use credit card financing when they feel conditions are tight.4

FOSTERING CAPITAL FORMATION
Unfortunately, the Small Company Capital Formation Act was not passed by the Senate last Congress. The USHCC applauded the House of Representatives for its passage of this act in 2011 and urged the White House to push the bill through the Senate, but the efforts only resulted in inaction.

The USHCC continues to push for the bill to be passed. The Act allows small businesses to go public with an offering threshold 10 times higher than it has been for the previous two decades, increasing from $5 million to $50 million. Historically, small businesses have been subject to the same costly compliance regulations as large corporations. As a result, they are less inclined to pursue initial public offerings because of requirements to register their dealings under a broad regulation framework that includes the Securities Act of 1933, Securities Exchange Act of 1934, Sarbanes-Oxley, and Dodd-Frank.

BUILDING SMALL-BUSINESS LENDING
In 2011, the USHCC supported the Small Business Lending Fund (SBLF) as part of the American Jobs Act. In the months following its launch, however, strong concerns in the business community arose when small firms were discouraged or unsatisfied due to an application process that was often too cumbersome, stringent, and difficult for banks to navigate. When we reported on the status of SBLF in 2012, only $4 billion of the fund’s $30 billion cap had been disbursed, resulting in limited benefits for community banks.
According to the U.S. Department of the Treasury, as of late 2013, institutions participating in SBLF have increased their small business lending by $11.2 billion over a $35.1 billion baseline. Additionally, roughly 90 percent of participating institutions have increased their small business lending by 10 percent or more. The USHCC applauds SBLF improvements that have occurred since 2012, and we call on the Administration for additional investments in America’s small business community. We applaud the Treasury’s significant efforts during the Emergency Economic Stabilization Act to utilize women and minority-owned firms. Such utilization created an important and unique precedent that must be expanded in the future.

GROWING OPPORTUNITIES IN THE FINANCIAL SERVICES INDUSTRY

USHCC invites legislators and our private sector partners to work with us so that federal agencies, corporations, insurance companies, public pension funds, endowments, foundations, and financial institutions provide opportunity to Hispanic investment management and financial services firms. These opportunities will constitute a solid foundation towards a more inclusive financial system. Research conducted by the New America Alliance shows how current Hispanic participation in this sector continues to be alarmingly low, finding that aggregate assets under management of Hispanic firms represent just two-tenths of one percent of a $12.5 trillion market in the U.S.

DEVELOPING AGENCIES’ OFFICE OF MINORITY AND WOMEN INCLUSION

An Office of Minority and Women Inclusion (OMWI) was established at twenty government agencies and federal reserve banks by the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2011 for the purpose of ensuring diverse representation in the management, employment, and business activities of these organizations. OMWIs can create great opportunities to increase the representation and utilization of women and people of color in the financial sector. Diverse representation will ensure that the financial sector is more attuned to and invested in supporting local economies and underserved communities.

The OMWIs have repeatedly expressed their commitment to public participation and an interest in ensuring that public feedback informs the decision making process. It is our hope that the Agencies will reassess their proposed interagency joint standards to reflect these recommendations.

SUPPORTING PARTNERSHIPS FOR ENTREPRENEURS AND SMALL BUSINESSES

The USHCC strives to inform our members how they can benefit and access necessary resources for growth through innovative partnerships in the public and private sectors. In 2011, the Startup America Partnership provided a strong basis for America’s entrepreneurs to maximize their success while honing our nation’s competitive edge. Since its launch, the organization has utilized its national network to help young companies accelerate American job growth by providing upward of $1 billion in start-up value. In the coming years, the partnership will reach as many as 100,000 companies.

Another promising initiative worth highlighting is Goldman Sachs 10,000 Small Businesses. This ambitious program has invested $500 million to support the growth of 10,000 small businesses with training, business support, and financial capital. At the time of this document’s drafting, 2,100 entrepreneurs had participated in the program.

These types of initiatives are vital in providing the funding that Hispanic small businesses need for growth and strong economic contribution. The USHCC will continue to monitor and promote partnerships that can directly affect our network of local chambers and business owners. We also encourage corporate America to invest heavily in companies and programming that promote small business growth.
AGRIBUSINESS AND FOOD SERVICE

No country in the world has as advanced a food economy as the United States. As global populations rise and developing nations hunger for a greater variety of safe, affordable foods, the United States is in a unique position to create the food products that will feed the world. Recently, the United States Department of Agriculture (USDA) announced that U.S. agricultural exports for fiscal year 2013 finished at another record level, continuing the strongest five-year period in our nation’s history, with farm income and agricultural exports both experiencing historic highs. Together the range of sectors related to agriculture, contributed $743 billion to U.S. GDP in 2011, accounting for nearly 5 percent of economic output. In 2013, net farm income was forecast to be $131 billion; up 15.1 percent from 2012’s estimate of $113.8 billion. At the same time the sector has experienced progress, rural America faces unique challenges to further economic growth.

USDA has often referred to Hispanic farmers and ranchers as the largest and fastest growing ethnic minority group in the nation; however, they also have the lowest participation rate in USDA programs of all socially disadvantaged farmer and rancher groups. The USHCC advocates for the improved outcome of service to Hispanic farmers and ranchers in rural communities. We encourage the continued investment in expanding opportunity in rural America, recognizing the importance of innovative and proactive steps to revitalize the economy in our small towns and communities.

Millions of Hispanics are part of the restaurant, grocery, and agricultural industries. The USHCC will encourage entrepreneurship in food-related fields by continuing to work with food-related agencies, like USDA and the Food and Drug Administration (FDA), ensuring Hispanic food entrepreneurs have the ability to capitalize on this growing market.

EXPANDING INTERNATIONAL MARKET ACCESS

In an effort to build on the sector’s progress, the USHCC backs governmental emphasis on expanding markets for American goods abroad, and breaking trade barriers with our global partners. Diverse markets at home and abroad benefit America’s farmers, ranchers, producers, and consumers.

The USHCC believes that America’s agricultural organizations, representing thousands of producers and businesses, both open and expand international markets for U.S. agricultural exports. We encourage the efforts of state regional trade groups (SRTGs) along with USDA’s Foreign Agricultural Service (FAS) under the Market Access Program (MAP), which will provide $172.7 million to 70 nonprofit organizations and cooperatives in an effort to help these businesses expand commercial export markets for their goods.

PROTECTING BUSINESS THROUGH A COMPREHENSIVE FARM BILL

The USHCC believes in the economic importance of passing a comprehensive Food, Farm, and Jobs Bill. A comprehensive Farm Bill including a strong crop insurance program, retroactive assistance for livestock producers as well as an extension of disaster programs is imperative for a healthy and competitive business environment for America’s farmers and ranchers. Congressional gridlock should not hinder passage of this legislation so fundamental to the business models of our nation’s farms and ranches. Moreover, the USHCC is committed to making sure that small ranching and farming operations, as well as the Hispanic agricultural community are taken into consideration as legislation is being passed to expand new opportunities for American agriculture, increasing manufacturing potential and support for businesses across rural America.
INVESTING IN RURAL COMMUNITIES

Strengthening local and regional food systems can create more outlets for products from medium-size farms, “linking people to their culture, land, agriculture and natural resources.”15 The USDA division of Rural Development has made long-term investments in rural infrastructure. This division of USDA holds a sizable loan portfolio of over $180 billion, and will administer another nearly $40 billion in programmatic loans, grants, and guarantees in Fiscal Year 2014.16 Such a substantial investment in our rural communities generates the capital markets necessary for the birth and growth of rural business ventures. Continued investment in America’s small businesses and emerging sectors will help realize rural America’s economic potential.

The USHCC supports programs such as USDA’s Strike Force for Rural Growth and Opportunity Initiative, that will provide technical assistance and financing for long-term investments in the future of rural communities, working with municipalities, businesses, and individuals to increase the quality of life in rural areas. Additionally, the USHCC believes that it is crucial that USDA develop strategies that directly connect Hispanic farmers and ranchers to capital resources.

SUPPORTING INNOVATION IN THE BIO-ECONOMY

The USHCC recognizes the importance of a strong bio-economy that utilizes manufactured goods and fuels that require plant materials as the fundamental building blocks. In recent years, biofuels have grown to constitute 9.7% percent of the nation’s fuel supply in 2012.17 The USHCC encourages initiatives, such as USDA’s Bio-Preferred Program and Renewable Energy for America, which encourages novel and expanded investments in renewable energy, biofuel, and bio-based product manufacturing. We believe such programs can be an important investment in stimulating rural business and job creation, and sustaining economic development.

STRENGTHENING ACCESS TO AGRICULTURAL LABOR

The U.S. agricultural sector is particularly reliant on foreign-born workers. As such, the agriculture industry is weakened by the broken immigration system which fails to support a predictable and stable workforce. Moreover, there continue to be insufficient numbers of U.S-born workers to fill labor needs. Of the crop workers surveyed between 2007 and 2009, 71 percent were foreign born.18

The vitality of rural America is dependent on immigration reform. The USHCC is a devoted supporter of a common-sense, bipartisan immigration reform that will provide economic benefits for our nation’s agricultural sector and rural communities.

We believe that reforming the H-2A temporary agriculture program will increase agricultural output and result in other positive spillover effects. Legislation that can secure a legal workforce for agriculture as well as normalize the status of current agricultural workers will benefit the millions of American jobs dependent on agricultural production.

FACILITATING ONGOING GROWTH IN THE FOOD SERVICE INDUSTRY

The USHCC supports legislation that allows for its continued expansion of the food service industry. Policy solutions should shift away from punishing the industry through oppressive taxation. Congress should instead pass a permanent 15-year depreciation schedule to allow business owners to write off the high costs of construction and improvements, to create a more attractive environment for start-ups, and to encourage the continued success of established restaurateurs. With nearly 1 million restaurant outlets comprising over 13 million jobs, and 10 percent of the U.S. workforce, the restaurant industry will continue to be an important outlet to entrepreneurs and a critical catalyst for employment. The USHCC urges Congress to show its support for the job-creating potential of the industry by removing unnecessary regulation.
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Education And Workforce Development
Today Hispanics are the largest minority group in the country, as well as the fastest growing segment of the country's population growth. Unfortunately, Hispanics in the workforce are less likely than their Caucasian counterparts to have a college degree. Moreover, since 2000 this gap has significantly widened. We must train and develop a workforce with the education and skills needed to compete in a global business environment to ensure a prosperous future.

To advance a sound education policy, Congress and the White House should focus on promoting higher standards of teaching and learning, advocating STEM (science, technology, engineering, and mathematics) fields, and increasing access to affordable higher education. These areas of educational development are crucial to the future of American business. Therefore, the USHCC advocates for a more thorough approach to educational reform, urging leaders in government to find common ground that results in more investment in America’s young people.

After lagging behind other Americans in educational indicators for generations, Hispanic students are making gains, and last year, according to a study by the Pew Research Center, Hispanics made a major breakthrough. New Hispanic high school graduates are now more likely than their Caucasian counterparts to go directly to college. Nevertheless, despite the narrowing of some educational attainment gaps, Hispanic students continue to lag behind Caucasian students in a number of key education metrics. Hispanic children are two months behind their peers in reading and math prior to starting kindergarten, and Hispanic students are less likely to attend four-year colleges. Given that Hispanic children represent nearly one-quarter of all children under the age of 18 in the U.S., it is vital that the factors which hinder their academic success are addressed.

Recently, the Administration’s Race to the Top program has placed a promising emphasis on increasing innovation and accountability in America’s schools; however, the Administration’s call for education reform has not been met with Congressional action: more than ten years have passed since Congress has reauthorized the Elementary and Secondary Education Act (ESEA). Continued Congressional inaction has stalled the reforms necessary to ensure that Hispanic youth graduate from school with the knowledge, skills, and adaptability necessary to succeed in today’s competitive economy.

INVESTING IN EARLY CHILDHOOD DEVELOPMENT

The foundations of success are built early on in a child’s life. By 2020, Hispanics are projected to represent 27 percent of the U.S. population under five years of age. The USHCC believes that high-quality preschool education for all children is the first step to improving long-term outcomes and finally closing the achievement gap for Hispanic children.

In an effort to strengthen the educational foundations for all children, the USHCC will continue to support the expansions of high-quality public preschool, full-day kindergarten as well as funding increases for all Head Start programs. We also encourage action by states and local governments for greater investment in early childhood education.

STRENGTHENING ELEMENTARY & SECONDARY EDUCATION

All children deserve the opportunity to meet their potential in a safe and supportive environment that engages and challenges them. According to a report released in June 2013 by the National Center for Education Statistics, Hispanic students of all ages improved in their math and reading scores; however, substantial improvements can still be made. Through a wide-reaching set of recommendations for the reauthorization of the ESEA, the USHCC will continue to push for a long-term, reform-centered plan for our nation’s education system.
English Language Learners (ELLs) are the fastest growing student population in the U.S., 82 percent of which report Spanish as the language most often spoken at home. Unfortunately, according to the 2011 National Assessment of Educational Progress only 29 percent of eighth-grade ELLs perform “at or above basic” in reading levels, compared with 78 percent of their non-ELL counterparts. The USHCC urges ESEA reauthorization to create a consistent definition of ELL and to provide a clear role for the federal government to assist state policymakers with developing more rigorous education programs. To improve academic achievement among Hispanic youth, new standards must be created to increase opportunities for ELLs to develop greater vocabulary and literacy skills, merging English-language development with content-area instruction.

Additionally, the USHCC actively promotes measures that encourage states to employ higher academic standards, utilize valid and fair assessments, and increase the number of qualified teachers.

INCORPORATING YOUTH PROGRAMS FOR WORK READINESS

The USHCC supports funding youth programs that prepare enterprising young people for their future entry into the workforce. Supplemental education programs like Summer Jobs+ and Youth Rules, must be an important part of any workforce development strategy, because they will instill in young people the importance of hard work and entrepreneurship. The USHCC supports funding for programs that promote job-readiness among students.

The USHCC offers a widely acclaimed program known as BizFest, with a curriculum focused on leadership development and entrepreneurship training. It provides an innovative and intensive program that teaches high school juniors and seniors how to create profitable business ventures. By partnering with universities and corporations, the USHCC seeks to provide youth with an established process to acquire critical thinking and life-long learning skills.

IMPROVING HIGHER EDUCATION ACCESS AND SUCCESS

The Pew Research Center reported that young Hispanic college students are less likely to attend a four-year college, enroll in college full time, and complete a bachelor’s degree. This indicates that in addition to stronger academic preparation, many students, particularly those who would be first-generation college students, need further support to succeed in and graduate from college.

The USHCC will continue to promote efforts to address college readiness through supporting stronger academic preparation while developing and strengthening counseling, and improving outreach with information on financial aid. The upcoming reauthorization of the Higher Education Act (HEA) provides an opportunity for colleges to re-think the services offered to their students and to make sure funding helps address the obstacles to student retention, degree completion, and workforce employment.

While academic support and counseling can improve readiness for college, finances remain a significant barrier to college access for low-income Hispanic students. Along with promoting early awareness and a simplified student aid process, the USHCC calls for a drastic increase in the size and number of Pell Grants along with a greater grant-to-loan ratio. Student loan costs should be lowered, and new loan forgiveness programs must support low-income Hispanic students.

Additionally, the USHCC urges a stronger commitment to public higher education and strongly supports investing
in community colleges to promote both academic exploration and job readiness for the next generation of American workers and entrepreneurs.

**EQUIPPING THE WORKFORCE**

The U.S. Department of Labor's Workforce Innovation Fund is a solid step towards promoting efficiency in the public sector. The Fund is augmenting the investment strategies of state and local workforce agencies and assisting vulnerable populations. As of 2007, one in five adults between the ages of 18 and 65 spoke a language other than English at home and about 75 percent of Limited English Proficient (LEP) Hispanics 25 years and older report having less than a high school degree. These figures, combined with the equally staggering numbers of LEP students not completing high school, require an investment in the competence of our workforce.

The USHCC believes this priority can be accomplished through the reauthorization of the Workforce Investment Act. The USHCC supports legislation that will both streamline access to existing programs and bolster adult education efforts.

**EXPANDING TRADE ADJUSTMENT ASSISTANCE**

The expansion and modernization of the Trade Adjustment Assistance Program (TAA) as a component of free trade agreements eases the economic hardship faced by Americans experiencing job loss as a result of outsourcing. The USHCC fully supports legislation that eases the transition of the unemployed into new jobs. Moreover, the USHCC believes policymakers should expand eligibility for the TAA Program. We urge Congress to reevaluate the potential merits of Trade Adjustment funding.

**STIMULATING INNOVATION IN STEM EDUCATION**

The USHCC is committed to improving educational outcomes for Hispanic students in STEM fields by supporting federal STEM initiatives. Providing a high-quality education centered on innovation and technology will enable students to succeed in a rapidly advancing global economy. Today, the highest-paying STEM-related jobs are predicted to increase 17 percent by 2018, compared to 9.8 percent growth in non-STEM-related occupations. Unfortunately, Hispanics trail considerably behind other minority groups when it comes to STEM-majors and graduates.

While a combination of federal funding and private sector investment have helped these fields enjoy broad public support, more work is needed. The USHCC supports the prioritization of STEM education in the Race to the Top and Innovation Fund initiatives; improving the coordination of STEM education programs between the Department of Education and National Science Foundation (NSF); and enhancing STEM learning through Change the Equation. Also in advancement of this goal, the USHCC urges Congress to approve the creation of the new STEM Master Teacher Corps, which aims to train 10,000 Master Teachers over the course of 4 years to ensure Hispanic youth, and all students, have qualified STEM teachers in the classroom. Government support for STEM education will provide a powerful boost to innovation. STEM investments will create qualified scientists, engineers, and other technical workers, who will jump start the American economy.
Legislative Agenda

Energy
Energy

The USHCC believes that all Americans share the national goal of keeping energy affordable for businesses and families, while still creating jobs and rebuilding U.S. manufacturing. America's small businesses spend more than $60 billion a year on energy. Additionall, the rising cost of energy will contribute significantly to a projected increase in the price of electricity for small businesses in 2014. The USHCC believes that America's energy future requires an all-inclusive strategy that utilizes all available energy sources – from the traditional and important sources of coal, oil, and gas to nuclear and innovative renewables.

It is vital to ensure U.S. global competitiveness is not impeded by efforts to reduce emissions. High domestic energy prices could render American small businesses unable to compete in international markets. When crafting energy policy, a balanced, thoughtful, and strategic approach should be followed to ensure American competitiveness abroad while improving environmental standards at home.

The rising global demand for energy poses many challenges for America: increasing efficiency, developing new supplies, and protecting the environment. The USHCC backs investments in new technologies that will help us meet the world’s toughest energy challenges. We also support initiatives that create new opportunities in energy production and investment in our energy infrastructure.

Petroleum is the fuel that businesses depend on for the operation of their supply chains, transport of goods, and delivery of services. The shipping of manufactured products and foodstuffs, the fleets of trucks delivering products to doorsteps, the automobiles moving employees to the office, and the airplanes flying employees to clients all are dependent on petroleum. The strategic importance of this fuel demands that we invest heavily in its domestic production. Recent Administrations have emphasized this importance, and today the U.S. produces some 60 percent of the petroleum we consume. Nonetheless, domestic demand for petroleum is projected to increase significantly in the coming years. Therefore, increased safe and responsible offshore oil exploration and production is necessary to endow the United States with a more steady supply of domestic energy. Additionally, new investments in refining and pipeline infrastructure will be critical in meeting demand.

The development of clean coal-fired power plants will help the U.S. access new regionally sourced energy supplies. Nearly half of the energy Americans use every day comes from coal and American businesses rely on both the dependability and affordability of the energy provided by coal. So rather than impose an undue burden on families and businesses through new excessive and unrealistic regulations, the USHCC supports government funding for improvements to coal harvesting, transportation, and use. In 1985, Congress authorized the Clean Coal Technology Demonstration Program which has yielded drastic reductions in emissions. In fact, technological breakthroughs have since resulted in emissions of sulfur dioxide and nitrogen oxide being cut in half at coal-fired plants since that time. Carbon capture and sequestration technology at coal-fired plants is in its early stages, but, if fostered by policy makers, may offer a very significant cut to carbon emissions. Additionally, such technological advancements facilitated by public investment can be exported to the developing world, which also relies heavily on coal.

Nuclear energy, which provides roughly 20 percent of America's energy, has also proven a steady and important part of our electricity supply. The United States was the first country to develop commercial nuclear power plants, and we now have the
largest nuclear program in the world with 100 reactors. But we are at risk of losing our competitive edge. Nuclear energy is one of the most eco-efficient power sources, as it produces the most electricity in relation to its minimal environmental impact. Nuclear power plants produce no controlled air pollutants or greenhouse gases, and are responsible for 64 percent of all carbon-free electricity in the U.S.\textsuperscript{39}

The United States is currently the world’s leading producer of natural gas.\textsuperscript{40} Thanks to innovations in drilling techniques that allow economical access to gas in shale formations, natural gas has become a substantial and growing sector of America’s energy portfolio. Long a net importer of natural gas, the U.S. is now poised to become a net exporter by 2018.\textsuperscript{41} Reserves have grown at the astonishing rate of 72 percent since 2000, and new drilling techniques have expanded the estimates of undiscovered, technically recoverable resources by 25 percent.\textsuperscript{42} The industry has also seen impressive improvements in the efficiency of shale gas extraction rates, broadening the promise of this important energy source. Additionally, this abundant energy source is also relatively clean – making it better for the environment and important in efforts to curb harmful emissions.

The U.S. must also continue investments in renewable energy sources: solar, wind, hydroelectric, geothermal, and biofuel. These sources will become increasingly important both to combatting climate change and stimulating job growth to the benefit of our economy. The USHCC supports focusing on expanding these cleaner sources of energy through enhanced renewable tax credits, the establishment of domestic manufacturing incentives, and encouraging new investments using the tax code. While these technologies are still in early stages, the USHCC believes that encouraging the research and development of renewable sources of energy will pay dividends in the years to come.

The USHCC will push Congress to develop a comprehensive energy reform strategy that carefully balances America’s economic needs with market-based reform. Lawmakers must ensure small businesses have the proper protections and resources necessary to prosper. Further, there is a demand to provide commercial incentives in new industrial and technological fields in order to take full advantage of federal investments.

**BUILDING ENERGY EFFICIENCY**

Energy efficiency is one of the most cost-effective ways to make small businesses more competitive.\textsuperscript{43} Office buildings in the U.S. spend an annual average of $1.34 per square foot on electricity, and energy represents about 19 percent of total expenditures for the typical office building, making energy a significant operational cost deserving managerial attention.\textsuperscript{44} By becoming more energy efficient, small businesses will help reduce greenhouse gas emissions while also improving their own financial bottom line. Indeed, by improving their efficiency and energy use, these businesses can cut utility costs by 10 to 30 percent without forgoing service or quality, while also making a noteworthy contribution to a cleaner environment.\textsuperscript{45} The USHCC hopes that Congress will take practical steps to facilitate and shape a more proactive national energy policy that provides appealing incentives for energy efficiency.

The USHCC will continue to support efforts that promote energy efficiency incentives and create benchmarks of success for businesses, universities, and the federal government, such as the federal Better Buildings Initiative, the Property Assessed Clean Energy Program, and the USHCC’s Green Builds Business program, aimed at educating entrepreneurs on environmental stewardship and green-business practices.

**LEADING INNOVATION**

Leading the global community in clean energy is vital to strengthening the American economy. By 2035 some estimate that technological breakthroughs could allow some 80 percent
of our electricity to come from clean energy sources, including renewables such as wind, solar, biomass, and hydropower.46

The USHCC believes that maintaining our leadership in research and development is critical to the future of the American economy. We must continue to invest in innovative technologies that will allow us to meet the world’s growing energy needs and stimulate the creation of high-tech and manufacturing jobs. Through the American Recovery and Reinvestment Act, the Administration has invested in a wide range of energy programs and has supported thousands of projects across the country. The USHCC will continue to support efforts, such as the Advance Research Project Agency-Energy (ARPA-E), that help transform ideas into implementation.

Investment should also be made in updating our electric utility grid. A report from the White House Council of Economic Advisers and the Department of Energy estimated that between 2003 and 2012 weather-related outages cost the U.S. economy an inflation-adjusted annual average of $18 billion to $33 billion.47 The USHCC backs the Administration in implementing policies that will renovate the electric power grid, leading to greater efficiencies in energy use. A modern electric grid will be more reliable, efficient, and secure, and will provide greater assurances to the business community upon which our economy depends.

We believe that through a sustained commitment to building on past progress we can spur innovation and situate the United States as a global leader in energy technologies.
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Health Care
Health Care

The USHCC supports expanding health care coverage while reducing costs for entrepreneurs, small business owners, their employees, and their families. Policies included in the recently passed Patient Protection and Affordable Care Act (ACA) that emphasize primary care, provide guaranteed coverage of preventative services, expand coverage to the most vulnerable, stimulate competition, assist small business, and strengthen our public health infrastructure should be implementation priorities. Policies following this significant marketplace reform should also focus on improving patient outcomes.

The UHSCC also advocates for increased government support for the National Institutes of Health to promote health and wellness, disease prevention, and disease management. Health policy will better reflect the nation’s need for a strong workforce by protecting it from illness. Preventative care will benefit business owners and individuals alike by reducing medical expenses and increasing productivity.

PROMOTING CONSUMER-BASED SOLUTIONS

With health care costs continuing to rise, many employers have been forced to reduce benefits, shift more cost to employees, or drop coverage entirely. Less than two-thirds of all employers now offer health insurance to their employees.48 The marketplace is ready for increased consumer accountability and involvement in their own health care, and the USHCC will work to ensure strong consumer-directed health care through the strengthening of health savings accounts.

Currently, small firms that provide health care coverage to their staff are eligible for a tax credit on their premium expenses if they have fewer than 25 full-time employees whose average annual salary or wages received are less than $50,000. By release of this document, this tax credit will constitute up to 50 percent of the employer’s eligible premium expenses.

While introduction of the Individual Health Insurance Exchange has suffered from considerable setbacks – from technical errors to enrollment concerns – such a marketplace should provide a forum for promoting consumer choice to facilitate competition and drive down premium costs. The individual marketplace will be an important space for self-employed entrepreneurs to identify and compare health plans.

The USHCC was dismayed at the delay in the launch of the Small Business Health Options Program (SHOP) Marketplace, which was specifically targeted to help small business owners shop for plans for their employees. Many small businesses have reported that their employees’ current health plans are being canceled under provisions of the ACA. Without clear and readily accessible information on what tax-credits a small business will qualify for or on the types of available plans, businesses face great uncertainty while developing their budgets and making staffing decisions. The SHOP Marketplace will allow businesses with fewer than 50 (and in 2016, fewer than 100) to make informed decisions about all available plans in an area. The end result – as with Individual Exchange – should mean more choices, more competition, and lower cost to small businesses.

MITIGATING THE STRAIN OF EMPLOYER MANDATES

It is estimated that nearly 220,000 small businesses employing more than 26 million workers could be subject to the employer mandate in the ACA.49 If premiums rise due to distortion of the insurance risk-pools, some businesses may decide to drop coverage for their employees and simply pay the fine instead. The Joint Committee on Taxation estimates that employers will pay $52 billion over 10 years in penalties for non-compliance.50 The USHCC will fight to make sure that small businesses do not bear an undue burden because of these mandates.
ELIMINATING THE COVERAGE GAP THROUGH MEDICAID EXPANSION

One of the primary provisions of the ACA was a significant expansion of Medicaid eligibility to individuals making up to 133 percent above the federal poverty line. This provision of the law would have covered about 17 million currently uninsured Americans. However, the 2012 U.S. Supreme Court case of Florida et al. v. Department of Health and Human Services et al. resulted in this expansion provision becoming optional to states. Even while the ACA provided substantial federal funding to states implementing this expansion, some 23 states at the time of writing have chosen not to do so. This will have the effect of creating a significant coverage gap for nearly 5 million individuals whose income is too low to qualify for the subsidies created under the ACA but too high to qualify for Medicaid. These individuals are likely to be grossly underserved in preventative care or turn to costly emergency rooms for minor treatment. This uncompensated care results in raised cost of care and higher premiums for covered individuals.

States choosing to participate in the Medicaid expansion are supporting small business. By eliminating the coverage gap, the upward pressure on premiums in these states due to uncompensated care should subside. Businesses consisting of low-wage workers are also expected to benefit through the gains in productivity of a healthier workforce. Therefore, the USHCC strongly urges these states to expand their Medicaid eligibility, as outlined in the ACA.

REINING IN FRAUD AND ABUSE

According to the Federal Bureau of Investigation (FBI), health care fraud costs the American taxpayer approximately $80 billion every year. Health care fraud is so pervasive that it is estimated to constitute between 3 and 10 percent of total health care expenditures in the United States. Moreover, the FBI predicts that fraud is likely to worsen with an aging population and the expected expansion in geriatric care. This fraud not only amounts to theft from insurance plans and the government treasury, it also results in more expensive health care for employers, consumers, and insurers alike.

The USHCC strongly supports substantial investment to target and reduce this abuse. The USHCC applauds the Department of Justice and the Department of Health and Human Services determined efforts to combat fraud through the Health Care Fraud and Abuse Control Program (HCFAC). In fiscal year 2012, HCFAC was responsible for recovering a record breaking $4.2 billion from the prosecution of fraudulent schemes. Every dollar invested in this program results in $7.90 returned to the government. To capitalize on this extraordinary return on investment, the USHCC supports substantially increasing the funding for the HCFAC.

BUILDING WORKPLACE WELLNESS & CHRONIC DISEASE MANAGEMENT

There is no better way to prevent disease than to promote health and wellness. Prevention also saves individuals and the companies that employ them from the expenses of illness and disease. Chronic disease is pervasive in the U.S. workforce: 80 percent of the workforce suffers from a chronic condition, while 55 percent of the workforce suffers from 2 or more conditions. These chronic conditions – and the treatments associated with them – have been identified as significant drivers of rising healthcare costs. In addition to driving up the cost of health care, chronic disease is also responsible for reduced productivity. For example, in 2003 alone, chronic disease cost our economy over $1 trillion in productivity losses. Therefore, the USHCC supports favorable tax treatment for companies that offer workplace wellness programs and create incentives for employee participation.

The USHCC has developed Health Builds Business, a new program aimed at educating entrepreneurs on the financial benefits of a healthy workforce. Because they are disproportionately affected by chronic illness like heart disease, diabetes, and obesity, Hispanics stand to benefit greatly from disease prevention education. Furthermore, recognizing that small business is leading the country’s economic recovery, Health Builds Business will engage small businesses in caring for their employees, while exploring ways to become more efficient and profitable through proven disease prevention and management practices.
Legislative Agenda

Immigration
IMMIGRATION

The United States has remained the world’s strongest economy in large part because it has been able to attract the world’s most talented people. In a globally competitive economic environment, the United States must continue to ensure those with ideas, initiative, and a strong work ethic have the ability to come to its shores and contribute. This inflow of human capital is critical to the renewal of the American Dream. Our broken immigration laws, however, put our global economic leadership in jeopardy. The global economy demands innovation and differentiation, so the USHCC supports and promotes measures that strengthen our competitive edge in attracting the world’s most talented entrepreneurs, professionals, and labor force.

IMMIGRANTS ENRICH THE ECONOMY


The United States Census Bureau’s most recent Survey of Business Owners (SBO) in 2007 found that immigrant-owned small businesses alone were responsible for the employment of an estimated 4.7 million people, and generated receipts of approximately $776 billion annually. While these entrepreneurs emigrate from countries all across the globe, Mexico is responsible for the greatest segment of immigrant business owners in the United States, responsible for nearly double the percentage of entrepreneurs of the next country.

Immigrants in the United States are also more likely than their native-born counterparts both to own a business and to start a business. According to a recent report of the Small Business Administration (SBA), 10.5 percent of the immigrant labor force in the U.S. owns a business, while only 9.3 percent of the nonimmigrant labor force owns a business. Similarly, the study revealed that immigrants are more than twice as likely to start businesses as native-born U.S. citizens.

Immigrants’ propensity for business formation and job creation is persistent across industries and business models. Of the top 50 fastest growing venture-backed startups, immigrants have started nearly half (48 percent) and are represented in 76 percent of these companies’ management teams. When considering these important venture-funded companies, immigrant founders were responsible for the generation of 150 jobs per company on average. A study of the engineering and technology companies created in Silicon Valley during the rise of the information age between 1995 and 2005, finds that 25.3 percent included at least one key founder who was an immigrant.

Immigrants are also responsible for the foundation of a significant portion of companies in the Fortune 500. In fact, in 2012, 19 percent of these companies were founded by an immigrant, and another 23.4 percent were founded by the children of immigrants – which combined accounts for 42.2 percent of the Fortune 500. Indeed, these companies are some of the most well known in the United States including: AT&T, Comcast, eBay, Goldman Sachs, Google, Intel, Kohl’s, Kraft, Pfizer, Procter & Gamble, Nordstrom, RadioShack, Verizon, and Yahoo!

While these facts outline the significant entrepreneurial impact of immigrants on the U.S. economy at large, studies also point to an immigrant proclivity for innovation. Indeed, a comprehensive review in 2006 of data from the World Intellectual Property Organization (WIPO) demonstrated that non-citizen immigrants filed 24.2 percent of all international patents. Moreover, there is good reason to believe that this figure actually
underrepresents immigrant impact as the available data only differentiates between “non-citizen” immigrants, and fails to account for immigrants who had become citizens at the time of filing. Immigrants are also twice as likely to have been granted a patent as their native-born counterparts. To illustrate these facts, one can look to a handful of American powerhouses: immigrant inventors are behind 72 percent of Qualcomm’s patents, 65 percent of Merck’s patents, 64 percent of GE’s patents and 41 percent of U.S. government patents.

As these facts make clear, the USHCC holds comprehensive immigration reform as a true economic imperative for the country. It applauds top-to-bottom reform efforts explored over the past two Administrations, first under President Bush and currently by President Obama.

VISA REFORM STRUCTURED FOR ECONOMIC GROWTH

The USHCC supports several approaches pending in the U.S. Congress which would expand and streamline opportunities for the highly educated, highly skilled, and investment savvy immigrants’ entry to the country.

When discussing the long-term health of the U.S. economy, it is important to consider training in the fields of science, technology, engineering, and mathematics (STEM). Studies suggest that a strong STEM pipeline helps to ensure competitiveness in the global economy. Academic institutions of higher education in the U.S. continue to attract STEM talent globally. In fact, the number of foreign nationals training in our universities is growing and reaching record numbers. Nonetheless, current immigration law caps visas provided to these individuals at 140,000 – which limits our capture of these immigrants to only around one-third of those we train.

Caps on STEM-related visas amount to a tremendous loss of economic potential and a weakening of American competitiveness. One important study found that every additional 100 advanced-degree holding immigrants was associated with an increase of 262 jobs for U.S. natives. This study also found that this beneficial effect was most pronounced for STEM specialists educated in U.S. institutions. Additionally, the U.S. Department of Commerce has indicated that growth of STEM jobs is drastically outpacing other fields – leading researchers to caution of a “reverse brain drain” should we fail to supply the talent to meet this demand.

While the U.S. remains the leading nation for the capture of STEM specialists, global competition from the European Union and developing Asian nations has been on the rise. The USHCC supports efforts to increase visa caps associated with STEM specialists.

The USHCC is also supportive of the EB-5 visa program. Like STEM-related visas, this program is also important for attracting entrepreneurs and international investors. The EB-5 visa requires its applicant to commit an investment of at least $1 million into an enterprise in the U.S. that creates at least 10 jobs for U.S. workers (as well as slightly lower thresholds economically strained areas). Supporting this program and developing the pooling of resources through the EB-5 regional centers not only ensures that we continue to attract the world’s talent, but also sustains economic growth that all Americans can enjoy. In 2012, the EB-5 visa was responsible for $6.8 billion in foreign investment and 50,000 American jobs.

REALISTIC TEMPORARY VISAS AND WORK PROGRAMS

An important economic component of our immigration system centers on the provision of temporary visas for high skilled workers. The H-1B visa is critical for attracting an influx of specialized talent to the U.S. economy. While this visa can and is mostly used for STEM trained professionals, it includes fields that can move outside this realm. Many individuals eligible for this temporary visa work in the financial sector. Current law caps annual admissions on the H-1B visa at 65,000. Demand determined by the approved petitions for these high-skilled worker visas was nearly three times that cap at 218,500 in FY2011.

Similarly, millions of American companies rely on immigrant unskilled labor to meet seasonal work needs. In recognition of the importance of temporary labor, President Reagan established two guest-worker programs, the H-2A (farm) and H-2B (non-farm). The programs allowed enterprising immigrants to enter the country legally in order to fuel the labor market for vital American industries. These programs, however, have not been able to keep pace with the 21st Century needs of the American business community.

The USHCC calls for a streamlining of these visa programs. Under existing policy, businesses are penalized for playing by the rules. It takes several weeks to process these visas and costs employers thousands of dollars in fees. One important study has quantified the effects of these visa programs on the
domestic job market. It found that an additional 100 H-1B visa workers facilitated an additional 183 jobs for U.S. workers, that an additional 100 H-2B visa workers generated an additional 464 jobs for U.S. workers, and that H-2A visas demonstrated a positive though not statistically significant effect on jobs.80

A SMARTER AND MORE PROSPEROUS BORDER
Taxpayers bear an undue burden for a lopsided, enforcement-focused immigration strategy. While securing our borders will continue to be a top priority of the U.S., it is important not to lose sight of the incredible economic opportunities that exist through legitimate trade and travel across the southern border. As we invest in our border, we must recognize the potential that rests in creating more efficient ports of entry to facilitate faster, more profitable trade for American businesses.

A study by the Department of Commerce International Trade Administration found border waits at the five busiest southern border ports of entry result in an average economic output loss of $116 million per minute of delay.81 It cost the U.S. economy 26,000 jobs, $6 billion in economic output, $1.4 billion in wages, and $600 million in tax revenue in 2008.82 A study conducted by Bloomberg on the southern border in 2011 found that wait times cost the U.S. economy $7.8 billion, and further found that this cost is likely to increase over time given a projected rise in over-land trade expected over the next seven years.83

The USHCC is supportive of efforts to improve wait times at our ports of entry and limit these losses to inefficiencies. We are supportive of the Cross-Border Trade Enhancement Act introduced by Congressman Henry Cuellar and Senator John Cornyn. This legislation would allow for the development of public-private partnerships to address staff and infrastructure shortcomings at our ports of entry. A recent spending bill created a pilot program to test the staffing support model outlined in the Cross-Border Trade Enhancement Act. Under the program, local governments can both create and fund port-staffing proposals tailored to their needs.

More broadly, the USHCC supports efforts to create new economic opportunities across the entire border region, and encourages renewed attempts at cooperation between the U.S. and Mexican governments to keep policymakers focused on building mutual prosperity. Initiatives that coordinate local, state, and federal efforts to spur economic growth, like the Southwest Border Regional Commission, will provide funding for projects in economically distressed counties along the United States-Mexico Border.

THE HIGH COST OF E-VERIFY
The USHCC will continue to advocate for a fair employment verification process. Unfortunately, the E-Verify system remains a flawed federal program with substantial drawbacks including misidentification and false reports. Above all, the E-Verify program is very costly. A Bloomberg study indicates that if the program were mandatory, small businesses would have incurred costs of $2.6 billion in 2010.84 Other estimates of significant detriments to economic productivity include leaving 770,000 Americans unemployed due to systematic errors, reducing federal tax revenues by $17 billion over the next decade and costing the federal government $3.6 billion in corrections.85

Considering the time and financial costs a mandatory E-Verify system would impose on business owners and their employees, the American economy simply cannot afford it in its present state. As an alternative, the USHCC supports a simplified immigration approach that allows willing and able individuals to contribute to American business growth.

INDIVIDUAL STATE IMMIGRATION LAWS DESTROY BUSINESS & KILL JOBS
Recently, a record number of state legislatures stepped forward to fill the leadership vacuum left by federal inaction on illegal immigration. Bills introduced in South Carolina, Georgia, Alabama, and Arizona have proven to be detrimental to economic stability and growth.86 The USHCC strongly opposes these isolated legislative efforts for the harmful impact they have on job creators and America’s business community.
Legislative Agenda
International Trade and Commerce
INTERNATIONAL TRADE AND COMMERCE

The U.S. economy is undoubtedly on more stable ground today than it was in 2012. Our nation’s unemployment numbers have improved, GDP growth has been consistent, corporate profits have remained steady, and Hispanics continue to start businesses at high rates.87 The United States continues to lead in a competitive and continuously-evolving global economy. In order to maximize that leading role, however, the USHCC believes it is necessary to ensure that Hispanic firms are translating their historically strong entrepreneurial skills to international success.

In late 2013, only months after her swearing-in ceremony, Secretary of Commerce Penny Pritzker outlined three priority areas for American business growth. The USHCC was delighted to see that topping this list was the need for more trade, making certain our businesses have access to new markets and customers all over the globe.88 Speaking on her “Open for Business Agenda,” Secretary Pritzker stated, “It is clear that the greatest commercial opportunities for our firms in the 21st century will not only be here at home, but also outside our borders.”

In full support of the Secretary’s vision, the USHCC knows increased efforts on international trade and foreign investments are critical to growth for America’s small business community. The firms we represent, from all corners of the country, should be equipped with the knowledge and resources that allow them to play a more dynamic role in the global marketplace.

SUPPORTING FREE TRADE AGREEMENTS

Trade plays a critical role in creating global business opportunity and prosperity. Countries with free trade agreements see immediate increases in trade volume and an expansion of operations and services grows to meet this new activity. For example, on the day of implementation of the U.S.-Colombia Trade Promotion Agreement (TPA) in May 2012, over 80 percent of U.S. industrial goods exports and over 50 percent of American agricultural commodities to Colombia became duty-free.89 Long-term gains are also clear: the U.S.-Korea Trade Agreement (KORUS Agreement) allows for over 95 percent of bilateral trade products to become duty-free by 2017, with most remaining tariffs being eliminated by 2022.90

The USHCC is pleased to see that these two new agreements, as well as the U.S.-Panama TPA – all of which we strongly supported in 2011 – have taken shape and are allowing American businesses of all sizes the opportunity for more efficient, transparent, and affordable trade. Additional benefits include American companies being protected against discriminatory treatment, enhanced protection and enforcement of intellectual property rights, and improved and enforced labor rights and environmental agreements. Global leaders in government and private industry must work together to promote global economic integration through free trade agreements to increase mutual profits and build prosperous economies.

The steady progress made on the Trans-Pacific Partnership (TPP) is an exemplary showing of cooperative effort between stakeholders. This year the U.S. will continue negotiating the twelve-nation agreement (other participating countries are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) that the Obama Administration considers the cornerstone of its economic policy in the Asia Pacific. In 2012 alone, U.S. goods exports to this region totaled $942 billion, representing over 60 percent of all American goods exports, and U.S. agricultural exports totaled $106 billion, representing 75 percent of all American agricultural exports.91 The USHCC supports further developments of the TPP that will ultimately help Hispanic business in the U.S. take advantage of more economic opportunities globally.

The United States currently has free trade agreements with 20 countries, including partners in Latin America where strong cultural and language ties exist for Hispanic businesses. These countries include Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, and Peru.92 Given these existing agreements and widespread acknowledgment that trade efforts should be...
increased, Hispanic entrepreneurs in the U.S. are in a prime position to increase revenues through international trade.

Due to its meaningful economic impacts, our nation’s relationship with Mexico is one that requires special attention. Indeed, in 2013, total trade between the U.S. and Mexico amounted to $507 billion – greater than total trade with Germany, the United Kingdom, France, Brazil, and India combined.\(^9^3\) Equally as important to the economic possibilities for Hispanic- and immigrant-owned companies to trade with Mexico is how we define the narrative of the relationship between the countries. In this respect, the U.S.-Mexico High Level Economic Dialogue (HLED), which seeks to strengthen economically-beneficial policies between and within the two countries, was a positive step forward in 2013.\(^9^4\)

It is no secret that the U.S. and our friend to the south are strategic partners and proven economic allies. The HLED, co-chaired by the U.S. Department of State, U.S. Department of Commerce, Office of the U.S. Trade Representative and their Mexican counterparts, will be critical in changing popular discourse from one of illegal activity and law enforcement issues to a focus on shared economic benefit, large-scale trade, foreign investment, and job creation. Currently, Mexico is our nation’s third largest trading partner, just behind Canada and China.\(^9^5\)

In order to give American entrepreneurs a chance to compete globally, a commitment to free trade should be a priority of Congress and the Administration. Hispanic business owners across the country are eager to expand their operations and pursue courses of action that result in higher revenues and job creation. Therefore, the USHCC will continue to support free trade, monitor and educate our constituency on current agreements, and push for negotiation with potential partners, especially in Latin America.

**ENCOURAGING FOREIGN INVESTMENTS**

The USHCC supports policies and initiatives that promote a business-friendly environment for foreign investors. Attracting foreign investments is a secure way of growing the American economy. When foreign companies choose to expand operations on American soil, they create the jobs and the export capacity that the United States needs to power its economic recovery.

A new 2013 report by the U.S. Department of Commerce and President’s Council of Economic Advisors makes clear that America is the world’s most attractive location for foreign capital. Indeed, foreign direct investment (FDI) to the U.S. has topped all other nations since 2006.\(^9^6\) Touting the largest consumer market on the globe, a strong workforce, and a safe regulatory climate (among other factors), the U.S. has created a safe and profitable environment for foreign investment.

Most importantly, however, FDI is beneficial to the U.S. economy: in 2011, U.S. affiliates of foreign companies accounted for nearly 5 percent of private sector output and they employed 5.6 million Americans, roughly 4 percent of the U.S. workforce.

To keep this momentum, it is imperative that Congress avoid political gridlock which is detrimental to our nation’s economy as well as those who invest here. On issues like raising our national debt ceiling and setting budget priorities, we encourage bipartisan agreements that signal stability to foreign leaders in government and business.

**DEFENDING INTELLECTUAL PROPERTY**

As Hispanic entrepreneurs and their firms embrace the revenue possibilities of exports, foreign investment and free trade, their success will be driven by innovation. Our constituency of business owners demands a level playing field when taking their innovative processes abroad. Therefore, the USHCC supports a strong stance and meaningful partnerships to protect intellectual property from foreign theft and internet piracy.

In December 2010, the United States and European Union partnered to launch the bilingual TransAtlantic Intellectual Property Rights (IPR) Portal, created to advise small and medium-sized firms on how to protect their intellectual property. The Portal was created by the U.S. Department of Commerce and the European Commission’s Directorate General for Enterprise and Industry and currently provides resources for American and European small businesses with overseas practices. The USHCC encourages Hispanic entrepreneurs to utilize these resources to develop a plan for conducting international business.

**PROMOTING THE LOOK SOUTH INITIATIVE**

The USHCC, along with key stakeholders like UPS, FedEx, and the U.S. Chamber of Commerce, joined the U.S. Commerce Department in early 2014 as a private sector launch partner of Look South – a new effort designed to help more American companies do business in foreign markets including Mexico.
and ten other free trade agreement partners in Central and South America. This launch was widely welcomed by America's Hispanic business community as a much-needed step forward in increasing entrepreneurial access to foreign markets and improving their bottom lines through increased sales.

Almost 60 percent of U.S. companies who export do so to only one market – usually Canada or Mexico. These single-market sales typically result in roughly $375,000 in export revenue. Initiatives like Look South will not only promote more trade for Hispanic businesses, but also trading to more markets. The USHCC urges Congress and the Administration to invest in similar programs wherever possible in order to give American businesses the resources they need to reach new heights.

**GROWING EXPORTS**

Bolstered by the National Export Initiative (NEI), American businesses continued to reach all-time highs in 2012. U.S. exports amounted to $2.2 trillion, a nearly 14 percent share of our nation’s GDP. American jobs supported by U.S. exports also increased 1.3 million in 2012 from the previous for a total of 9.8 million. Especially encouraging has been the process made by small- and medium-sized enterprises (SMEs): a record 295,000 SMEs exported goods in 2011, and since the launch of the NEI through the end of 2012, SBA-backed loans (2,400 loans to 3,500 small businesses) have helped support $3.4 billion in sales for these firms during that time frame.

While this progress is encouraging, American exports are symbolic of untapped potential: 95 percent of the world's consumers are located outside of the United States, yet only one percent of our businesses export. According to the International Trade Administration, SMEs account for 98 percent of U.S. businesses who export, yet they combined comprise less than one-third of American export values.

For these reasons, the various government bodies that work to increase exports should be streamlined to provide a single point of entry for America's businesses. The USHCC also calls for Congress to expand financing opportunities for small businesses. Our association urged Congress to raise the Export-Import Bank's statutory cap from $100 billion to at least $135 billion in 2012 to increase access to public capital for small businesses. The USHCC was thrilled that House leadership came to a bipartisan agreement later that year to raise the bank's cap to $140 billion. The increase has been a substantial boon to small business. The Export-Import Bank in December 2013 reported a record year for small business loans that totaled 3,400 authorizations, nearly 90 percent of all the bank's transactions, and one in five transactions involved women- or minority-owned firms.

The federal government must improve trade advocacy and export promotion efforts by coordinating among existing agencies and departments, and increasing access to credit. The USHCC especially supports boosting exports for small and medium-sized firms. Through wide-ranging services that help export financing, connecting with foreign markets, and understanding intricate foreign rules and regulations, we urge Hispanic business owners to consider how they may already have the capacity to export, but are merely lacking guidance.

**IMPROVING INFRASTRUCTURE**

Ensuring that America’s roads, bridges and schools are the best in the world offers tremendous opportunities to Hispanic businesses. Not only does our constituency participate in the public and private sector procurement opportunities from rebuilding America's infrastructure, but they own and run the hotels, stores, restaurants and other businesses that serve people working on those projects.

America needs better infrastructure immediately. Almost 150,000 of our country's 605,000 bridges are failing. One-third of America's major roads are in poor or mediocre condition. There are 4,000 dams in need of repair and 36 percent of our urban highways are congested. These shortfalls will have serious consequences for the small businesses that rely on working infrastructure, and make the United States a less attractive country for international investment.

The USHCC advocates for increased federal investment in United States highways and transit systems. In the field of aviation, we call for the long-term funding of the Federal Aviation Administration; short-term spending extensions create uncertainty and hinder long-term planning.

The USHCC also urges Congress to modernize air traffic control to meet projected growth in passenger and freight flight. Finally, we promote infrastructure investment tax credits for the rail industry to help deal with the growing need for improved freight rail.
SMALL BUSINESS & FEDERAL PROCUREMENT

The significance of the Hispanic business community’s growth and impact on the American economy cannot be overstated. When Hispanic-owned firms succeed, momentum toward America’s full economy recovery is at its strongest. Among American minority groups, Hispanics are the most likely to start their own business. In fact, the Latino share of new entrepreneurs increased from 10.5 percent in 1996 to 19.5 percent in 2012. Moreover, Hispanics are projected to account for about 80 percent of the growth of America’s labor force from 2010 to 2050, totaling over 37 million workers. During the same time period, non-Hispanics are estimated to add only 9 million labor force participants.

These figures show a vibrant entrepreneurial spirit among the Hispanic community. To promote Hispanics’ continued economic contribution, the USHCC calls on lawmakers to invest in this vital business segment through inclusive procurement practices, and the prioritization of small business programming.

PROMOTING RESPONSIBLE DEFICIT REDUCTION IN THE FEDERAL BUDGET

At the end of 2013, government contracting in the U.S. had its steepest decline over a twelve-month span than in any year over the previous decade. Government contracts had fallen by approximately 11 percent, or $58 billion annually, due to fiscal restraints and political battles. While the USHCC supports responsible deficit reduction, we believe that the recent deep cuts in federal spending and procurement have seriously disrupted business operations in various sectors of our economy. As the nation’s fastest growing segment of businesses, Hispanic firms have been particularly susceptible to this disruption. The USHCC urges Congress to rescind budget cuts that impede small business growth.

DIVERSIFYING THE FEDERAL MARKETPLACE

Each year, federal departments and agencies work to meet an overall goal for the portion of goods and services they purchase from small businesses. They also set sub-goals for small businesses located in economically distressed areas or that are owned by service-disabled veterans, women and minorities. At the end of Fiscal Year 2012, the SBA’s Government-Wide Small Business Procurement Report Card showed that for prime contracts, procurement offices on average failed to meet their goals for small businesses, woman owned small businesses, and HUBZone companies. For subcontracting opportunities, the federal government failed to meet its goals in similar areas: small businesses, HUBZone firms, and service-disabled veteran owned small businesses. The USHCC supports the meeting and expansion of contracting goals for federal agencies, and we will work closely with the Administration and Congress to ensure federal spending in this arena reflects the diversity of the American public.

CREATING A PRO-BUSINESS REGULATORY ENVIRONMENT

The USHCC acknowledges the important role regulation can have in promoting public health, welfare, safety and the environment, yet these considerations must be carefully balanced with the critical goals of economic growth, innovation, competitiveness, and job creation. Therefore, the USHCC insists that regulations be based on evidence and driven by data.

PRIORITIZING SMALL BUSINESS SUPPORT

The federal government spends 0.026 percent of its budget on the SBA, yet small businesses generate nearly 70 percent of all
new jobs. The USHCC supports a larger SBA budget to meet growing demand of entrepreneurs and business owners. More specifically, the USHCC supports the expansion of the Small Business Innovation Research Program (SBIR) and the Small Business Technology Transfer Program. Studies show that SBIR was responsible for a quarter of all innovations in the last decade, and has ushered in more than 50,000 patents since its creation. The USHCC also recognizes the key role of the Minority Business Development Agency (MBDA) in promotion and assistance of minority business in capital and procurement.

**EXPEDITING PAY FOR BUSINESSES**

In September 2011, small federal contractors celebrated a memorandum from the Office of Management of Budget (OMB) that cut the time the federal government had to pay small businesses in half, from 30 to 15 days. OMB Memorandum 11-32, “Accelerating Payments to Small Business for Goods and Services,” has substantially enhanced the cash-flow position of small businesses.

Considering the federal government conducts over $100 billion in business with small businesses each year, reducing the payment time from 30 to 15 days can have a stimulating effect on the economy. In 2012, OMB released another directive that would encourage prime contractors to accelerate payments to their small business subcontractors. The USHCC applauds these federal measures accelerating cash flow to America’s small businesses.

**SUPPORTING OUR VETERANS**

The USHCC supports bipartisan efforts to assist companies that hire veterans. Since 2011, the Veterans Opportunity to Work (VOW) to Hire Heroes Act provision has provided companies with tax credits ranging from $5,600 to $9,600 for hiring veterans. Additionally, it authorized certain benefits to help members of the Armed Forces transition to the civilian workforce. The USHCC is further calling for the expansion of education benefits for veterans.

In September 2012, the USHCC was proud to sign a statement of support for the Employer Support of the Guard and Reserve (ESGR), a Department of Defense agency established in 1972 to develop and maintain employer support for Guard and Reserve service. ESGR supports hiring initiatives, recognizes best practices in the workplace for members of the Guard and Reserve, increases awareness of applicable laws, and helps when needed to resolve conflict between service members and their employers.

**FOSTERING THE GROWTH OF LATINA-OWNED BUSINESSES**

The growth of Latina-owned business has been remarkable. According to the most recent data available by the U.S. Census Bureau, “Latinas are starting their own businesses at six times the national average.” There were nearly 750,000 Latina-owned businesses in the United States as of 2006. These businesses employed around 275,000 and generated nearly $46 billion in sales. Latinas are represented in virtually every industry in the economy, including: construction, financial services, engineering, professional services, technology, sourcing, manufacturing, accommodations and entertainment.

In 2013, to promote continued growth of Latina-owned businesses, the USHCC launched At the Table, an initiative that ensures Latina entrepreneurs and business professionals are receiving the needed resources to propel them to higher levels of success and influence. At the Table is a multifaceted platform that leverages existing resources and the influential leadership of the USHCC network to foster the growth and business acumen of Latinas. This program does this through a dynamic and engaging online community and in person networking and relationship building opportunities.

**EXPANDING REPRESENTATION IN GOVERNMENT**

USHCC is working on various fronts to improve the representation of Hispanics in the federal sector. Hispanics are seriously underrepresented in federal employment, 8(a) contracting, SBA loans, technical assistance grants, and several other areas. Hispanics constitute 15 percent of the civilian workforce, yet are only eight percent of the federal workforce. There is only one Hispanic Small Business Director among the top 25 federal agencies. Hispanic businesses constitute 40 percent of the total minority firms in the United States yet receive only 14 percent of the dollar value of all contracts awarded under the 8(a) program. The USHCC continues to advocate for solutions to these egregious levels of underrepresentation.
Legislative Agenda

Telecommunications and Technology
TELECOMMUNICATIONS AND TECHNOLOGY

The USHCC will help American companies compete, market, and sell their products and services, while establishing lasting enterprises. We will do this by helping turn good ideas into sound business. Technology empowers entrepreneurs and has become a central ingredient in creating a globally competitive economy.

The USHCC will strongly advocate for policies that support the building of cutting edge 21st century digital infrastructure. The Hispanic business community will benefit from the growth in high-speed broadband internet access, increased capacity of next generation wireless networks, innovative and established advertising platforms, and the development of new online tools. The long-term prosperity and competitiveness of the United States requires these technologies, and the USHCC will ensure our members benefit from them.

EXPANDING HIGH-SPEED INTERNET ACCESS AND ADOPTION

In this new age of information, the internet has become an increasingly indispensable tool for educational exploration, social interaction, and entrepreneurial innovation. Broadband technology extends the opportunities of e-commerce, telecommuting, distance learning, and telemedicine to all individuals enjoying access.

Research finds that the benefits of broadband have significant and substantial effects on the health and growth of the economy. A MIT study found that communities with mass-market broadband experience faster growth in employment and in new businesses than comparable communities without such access. Similarly, the Brookings Institution has identified a direct link between broadband penetration and employment growth. Moreover these benefits are not restricted to urban tech-centers; the USDA Economic Research Service has found that rural communities enjoy higher earnings when broadband is available.

Private and public investment in broadband infrastructure has allowed for vastly expanded access to the great majority of Americans over the last decade. Nonetheless, even with these impressive improvements, a digital divide is apparent. Rural areas and minority communities face considerably less access to broadband, as well as lower adoption rates. Indeed, it is these inequalities which have led the FCC to declare in its last three annual progress reports on high-speed access, that “broadband is not yet being reasonable and timely deployed to all Americans.”

USHCC applauds this Administration’s commitment to expanded internet access. The National Broadband Plan provides a comprehensive strategy for growing access and spurring innovation. The creation, implementation, and maintenance of a nationwide broadband map highlight the progress and remaining opportunities of these efforts. We support the development of streamlined, easily accessible, government grant and loan programs aimed at developing the broadband infrastructure, as well as government-sponsored research into making broadband access more affordable. We further support efforts by Congress to create tax incentives encouraging private sector investment in broadband services for underserved communities.

Finally, the USHCC opposes efforts by taxing authorities to levy taxes on the access of the internet. Such taxation would discourage the broadband adoption by those individuals and businesses likely to benefit most from it. The USHCC supports making the current temporary moratorium on internet taxation permanent, and endorses the passage of the bipartisan Internet Tax Freedom Act.

ENCOURAGING INNOVATION THROUGH COMMERCIAL SPECTRUM AVAILABILITY

Private industry innovations in mobile technology have revolutionized the way Americans communicate, stay informed, and search the web. Indeed, half of all Hispanic adults own a smartphone today with significantly higher proportions of younger Hispanic adults adopting recent technologies (at levels higher than their white counterparts). Additionally, at 76 percent, Hispanics are more likely than their Caucasian counterparts to go online using a mobile device. Continued innovation and growth in the wireless and cloud computing markets demands increased access to licensed and unlicensed spectrum.
Congress and the President took an important step in clearing space on the spectrum for commercial availability with the draft and passage of the Middle Class Tax Relief and Job Creation Act of 2012. The USHCC will continue to push for the expeditious identification and competitive auction of this vital resource as required under this act, and applauds the National Telecommunications and Information Administration’s (NTIA) plan to free up more space over the next decade.\(^{129}\)

In addition to the repurposing of spectrum for commercial use, the USHCC supports private and public investment in research and development of technologies allowing for the more efficient utilization of spectrum. The USHCC commends the $100 million public investment in this effort, and calls for a continued commitment in the field. The limited availability of spectrum will make these efforts essential for adapting over the medium and long term.

Finally, we believe that the sharing of spectrum between public and private entities may generate space for industry innovation and consumer use. While the NTIA explores the ability and effectiveness of such an arrangement, the USHCC is supportive of the recommendations of the President’s Council of Advisors on Science and Technology which estimate this may allow for an additional commercial-use allocation of 1000 MHz.\(^{130}\)

By freeing up spectrum, the boost in wireless supply would deliver a special benefit to Hispanic business owners and others who utilize wireless services for their communication needs. Expanding the private sector’s access to spectrum will not only help bridge the digital divide, but also open up new opportunities in entrepreneurship, employment, education, and healthcare.

**ENHANCING COMPETITION THROUGH TAX FAIRNESS**

A highly innovative technology sector in the United States has been met with equally creative taxes levied by several spheres of government taxing authorities. While such taxation is critical for governments’ provision of basic social services, it is also disruptive to the marketplace through the distortion of prices and can discourage both entrepreneurialism and consumer purchase. Therefore, the USHCC supports legislative efforts extending tax relief and simplification to the technology and telecommunications sector.

Wireless technologies are increasingly important for small businesses, as smart phones and mobile technologies make huge strides year after year. The USHCC does not believe municipalities should view wireless customers as a source of endless revenue. On average, wireless consumers are taxed at more than 17 percent; regularly more than double the rate for sales-tax on other consumer products.\(^{131}\) This discriminatory tax policy has a disproportionate impact on Hispanic entrepreneurs, who are starting businesses at record high levels. Indeed, surveys of Hispanic consumers demonstrate that the wireless phone has become the most important technological tool in the Hispanic household – and that current taxes on its use are too burdensome.\(^{132}\) We support and endorse the bipartisan Congressional effort to pass the Wireless Tax Fairness Act, which will reduce this discriminatory wireless taxation. The 5-year moratorium that is included in the bill will prevent taxing bodies from exacerbating an already significant disparity.

With the rise of the digital age, entrepreneurs have established businesses trading in digital goods and services. This includes the booming apps industry and digitally distributed entertainment content (music, e-books, television episodes, video games, etc.). Given the digital purchase of these goods and services it is possible for consumers to be taxed in multiple jurisdictions for a single purchase, thus significantly – and unfairly – increasing the tax incidence on both small businesses and consumers. Therefore, the USHCC supports the development of a sensible tax structure for such purchases, and endorses the Digital Goods & Services Tax Fairness Act.

Additionally, businesses of all sizes are expanding their markets online; however, they can be hindered significantly by the navigation, compliance, and monitoring of the ever-changing tax codes of thousands of state and local taxing districts. As Congress considers legislation that would allow for the collection of sales tax by online retailers, it is critically important to evaluate any proposal by how the tax scheme offers relief, business neutrality, and simplification. As the Supreme Court ruling in *National Bellas Hess v. Illinois Department of Revenue* cautioned in 1967, “The many variations in rates of tax, in allowable exemptions, and in administrative and record-keeping requirements could entangle National’s inter-state business in a virtual welter of complicated obligations to local jurisdictions with no legitimate claim to impose a fair share of the cost to the local government.”\(^{133}\) The USHCC believes that any framework for online taxation must also include safeguards for ensuring businesses continue to benefit from the economic potential offered by online sales.
Consumers are also met with different tax burdens on their choice of entertainment. In 44 states and the District of Columbia, cable customers pay more in state and local taxes and fees than do subscribers to cable’s greatest competitor Direct Broadcast Satellite (DBS) services. Cable providers are often forced to pay local franchise fees, thereby creating an unfair tax advantage for DBS service providers. The USHCC supports a fair tax structure that focuses on consumer choice and creating a level playing field.

Although increased tax revenue may be an attractive remedy to deficits faced within many states and municipalities throughout the nation, it is of paramount importance that the Federal Government and Congress continue to promote legislation that ensures a fair and transparent tax burden.

ENSURING CONTINUED PUBLIC ACCESS TO MEDIA CONTENT

High-speed internet access coupled with new technology has allowed for the proliferation of media content and new possibilities for viewing programming for those households adopting these new tools. However, survey data suggests that over 19 percent of households still rely solely on traditional over-the-air broadcasting – amounting to nearly 60 million Americans. Such traditional access remains particularly important to the Hispanic community—and so, remains an important platform to Hispanic businesses advertising to their clientele.

Over-the-air broadcasters currently rely on the protection of their investment through negotiated compensation with different carriers (termed “retransmission consent fees”). However, new technologies such as Aereo are challenging that arrangement, collecting and distributing broadcasting content for a user fee without reimbursement to the creators of that content. Such an arrangement not only threatens broadcaster’s continued provision of content, but could disrupt the over-the-air access so valuable to our membership. The USHCC believes that the spirit of the law demands fair content compensation, and will fight to ensure our membership’s continued access to over-the-air broadcasting.

INVESTING IN THE WORKFORCE OF TOMORROW

The economic vitality of the United States over the long term will rest heavily on the investments made in the science, technology, engineering, and mathematics (STEM) today. Policy experts have long demonstrated and understood the importance of STEM fields for innovation and economic prosperity. Indeed, one influential study found that 85 percent of per capita income growth in the U.S. was driven by the technological changes advanced by these fields.

While the U.S. has long been a world leader in scientific and technological breakthroughs, ensuring continued preeminence requires a sustained government commitment to growing and maintaining the STEM pipeline. This work should include targeted outreach and engagement efforts for traditionally underrepresented communities. Hispanics are the fastest growing demographic group in the United States; however, they are lagging behind in STEM fields, comprising only about 7 percent of all STEM related bachelor’s degrees. Moreover, studies reveal that the Hispanic students are more likely to be exposed to education funding inequalities while being less likely to have access to advanced instruction and STEM-degree holding teachers.

The USHCC has long supported the bipartisan government investment in STEM education. This bipartisan commitment is paying dividends. Today there is a clear trend of growth in STEM educational and employment fields, as well as in average test scores over the past two decades. Additionally, growth for Hispanics in STEM outpaces the mean increase, with 65 percent growth over the past decade.

The USHCC supports the $2.8 to $3.4 billion federal bipartisan commitment to STEM. The USHCC believes that this substantial commitment demands the continued coordination of the varied programmatic efforts across government agencies and departments to eliminate duplication and ensure value to the American taxpayer. As such, the USHCC advocates for the development of the implementation of a STEM education strategy as mandated by the America COMPETES Reauthorization Act of 2010.

In addition to STEM investments, USHCC believes that preparing the American workforce of tomorrow necessitates robust digital literacy and familiarity with the internet. Therefore, the USHCC supports federal efforts to expand internet penetration into the classroom, libraries, and community
colleges through the FCC’s E-rate program. It further applauds the revitalization of this effort through the President’s recently launched ConnectED initiative which sets the ambitious goal of ensuring that 99 percent of America’s students have access to high-speed internet.

The private sector has developed technology-in-the-classroom initiatives worth mention. For example, Verizon’s Innovative Learning Schools Program has provided comprehensive training to hundreds of teachers in the utilization and leveraging of online technology in STEM-focused classrooms. This program has delivered the benefits of broadband in the classroom to thousands of students in lower-income communities.141

**IMPROVING GOVERNMENT WITH TECHNOLOGY**

The internet has the ability to enable entrepreneurial minds to solve seemingly impossible problems. Across the world, governments are adopting new technologies to strengthen their economic systems. New technologies are creating transparency, making bureaucracies more efficient, providing better customer service, bolstering the military and law enforcement, and strengthening small business participation in government. The web industry has an incredible capacity to share its skills with the public sector, and government officials should embrace efforts to develop projects that will encourage civic engagement and good government.


42 Ratner, 2013.


54 Ibid.


56 Ibid.


62 Ibid.


64 Ibid.


66 Ibid.


70 Wadhwa et. al., 2007.


76 Ibid.

77 Wasem, 2012.


79 Wasem, 2012.

80 Zavodny, 2011.


82 Ibid.


100 Ibid.


106 Ibid.

107 Ibid.


111 Ibid.


113 Ibid.


126 Federal Communications Commission, Eighth Broadband Progress Report, FCC 12-90, released August 21, 2012, p.54


139 Ibid.

140 Ibid.
