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MAIN STREET UNDER ATTACK: THE COST OF CRIME ON SMALL BUSINESSES

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BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES

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MAIN STREET UNDER ATTACK: THE COST OF CRIME ON SMALL BUSINESSES

TUESDAY, DECEMBER 2, 2025

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 10:04 a.m., in Room 2360, Rayburn House Office Building, Hon. Roger Williams [chairman of the Committee] presiding.

Present: Representatives Williams, Stauber, Meuser, Ellzey, LaLota, Finstad, Wied, Bresnahan, Jack, Downing, King-Hinds, Schmidt, Velázquez, McGarvey, Scholten, McIver, Cisneros, Latimer, Tran, Simon, Olszewski, and Goodlander.

Chairman WILLIAMS. Okay. Before we get started, I want to recognize my friend, Mr. McGarvey, to lead us in the pledge and the prayer, and he is from the great State of Kentucky. Would you please rise?

Mr. MCGARVEY. Thank you. Everyone, please bow your heads. Father, we ask that you watch over us and all our work, that you guide us, that you give us the greatest patience and wisdom to come together to work on behalf of the American people. We accept your light at this time to help others, to do what you require of us, for justice, for kindness, and welcome. Amen.

All. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

Chairman WILLIAMS. Before we get started, one personal privilege. I want to remind everybody on the Committee we have our bipartisan Christmas party December 11 at 4:00 p.m. right here in this room. So I hope everybody can come.

Good morning, everyone. I now call the Committee on Small Business to order. Without objection, the Chair is authorized to declare a recess of the Committee at any time.

Before we begin opening statements, I want to congratulate my friend, Ranking Member Velázquez, as she will be retiring at the end of the 119th Congress. She has been a leader for over 30 years in the House and for 27 years in the Committee, and I am looking forward to continuing to work with her and next to her through the end of this Congress.

Thank you for your patriotism and love of the country.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman. It has been the honor of my life being in this Committee and serving small businesses across the country. Thank you.

Chairman WILLIAMS. And she likes orange.

I now recognize myself for my opening statement.

Welcome to today's hearing entitled "Main Street Under Attack: The Cost of Crime on Small Business."

Today's hearing on crime is unfortunately timely. As many of you know, on the day before Thanksgiving last week, two West Virginia National Guard members were violently ambushed in our nation's capital. Tragically, the 20-year-old Sarah Beckstrom lost her life and 24-year-old Andrew Wolfe continues to fight for his. We continue to pray for their families during this devastating time.

I want to thank our witnesses for joining us today. We recognize many of you have traveled to be here, and we appreciate your time and your perspective.

America's prosperity begins on main street. Small business owners work hard to create jobs and build a community. However, main street businesses are under attack in many cities across the country. Violent crime, organized retail theft, and petty shoplifting are hitting small businesses hard. As a small business owner myself in the car—as a car dealer in the car industry, we have seen an uptick in stolen inventory and cyber attacks. This increased crime has a devastating impact on our operations. These costs cannot be passed on to the consumer.

Unfortunately, the crime is being fueled by political choices that embrace soft-on-crime policies at the expense of hardworking Americans. Policies like cashless bail, defunding the police, and prosecutorial decisions that fail to impose consequences for repeat offenders make it extremely difficult for mom-and-pop shops to operate. All too often, we see headlines of repeat offenders committing horrific crimes.

In Charlotte, a 23-year-old Ukrainian refugee was commuting home from her work at a pizzeria when she was horrifically stabbed in the neck. The murderer had 14 arrests. And, last month, a 26-year-old woman was set on fire in the Chicago subway by a man who had 53 criminal cases against him with only two resulting in jail time. This should not be possible in a civilized society.

What is even more alarming, statistics from government agencies are likely missing this spike in crime. More than half of small businesses don't bother reporting thefts anymore because of the limited police response, and crime creates uncertainty, raises costs, and drives away customers. When small business owners are forced to install expensive security systems, lock goods away on shelves, and brace for a daily theft, they divert capital from hiring, expanding, and innovating.

These challenges are not limited to physical crime. Cyber crime is growing and is significant to main street. Small businesses are 210 percent more likely to experience a cyber attack than large companies simply because they lack the resources to implement strong cybersecurity policies. Attackers know this, and our foreign adversaries knowingly target smaller companies because they assume a weaker defense and faster payout. As artificial intelligence becomes increasingly prevalent, small businesses are at a greater risk of the AI-generated emails, impersonation schemes, and scams.

That is why I am thankful that President Trump is taking decisive action to make America safe again. President Trump is restoring law and order in the cities across the country and taking decisive action to deter cyber criminals by reversing the weak Biden-Harris era mandates. By restoring law and order, strengthening cybersecurity, and reversing failed soft-on-crime policies, Republicans are giving small businesses stability and confidence they need to grow, compete, and succeed.

I want to thank all of you again for joining us today, and I look forward to the conversation ahead. I now yield to my friend, the Ranking Member from New York, Ms. Velázquez.

Ms. VELAZQUEZ. Thank you, Mr. Chairman, and thank you to all the witnesses for being here this morning.

Unlike large corporations, small businesses often lack the resources, expertise, and experience to address and recover from a crime. In cyberspace, a Hiscox study found that 41 percent of small businesses were victims of a cyber-attack in 2023 with a median cost of $8,300. These attacks on Main Street America—such as ransomware, data breaches, and email compromises—result in business operation disruptions and the theft of valuable assets and funds.

Under my leadership, Congress passed the bipartisan Small Business Cyber Training Act of 2022, which President Biden signed into law, requiring small business development centers to train and certify staff to provide cybersecurity counseling to small businesses. Democrats remain committed to supporting and expanding cybersecurity resources for small businesses.

In real life, public safety has been a hot-button issue since the onset of the COVID pandemic. Under the previous administration, Democrats made landmark investments in keeping our communities safe. The American Rescue Plan Act gave $15 billion to states and cities for their police forces and violent crime prevention. Similarly, the landmark Bipartisan Safer Communities Act closed key firearm safety loopholes and appropriated $13 billion to law enforcement and community violence intervention programs, keeping guns and violent crime off our streets. In fact, over 700 defendants have been charged on their offenses created by the BSCA, including traffickers linked to transnational cartels and narcotic distributors.

In other words, Democrats are serious about safety, but it seems that the Trump administration is not. Under President Trump, the Cybersecurity and Infrastructure Security Agency laid off a third of its workforce, firing dedicated experts who kept our nation and main street safe from cyber-attacks, and his allies in Congress neglected key federal cybersecurity provisions. They failed to reauthorize a key cyber intelligence sharing law, putting our cyber community in the dark about significant cyber threats, and they allowed the State and Local Cybersecurity Grant Program to expire.

At the Department of Justice, President Trump revoked $500 million in grants to programs carrying out vital work in violent crime prevention, policing and prosecution, victim and survivor support, juvenile justice and child protection, and corrections. He also rescinded regulations making highly lethal firearm attach-

ments harder to obtain, empowering violent criminals across the country.

For his part, the Trump DOJ claims that it will focus on law enforcement operations, combating violent crime, protecting American children, supporting American victims of trafficking and sexual assault, and promoting coordination of law enforcement efforts at all levels of government. But, clearly, actions speak louder than words. President Trump's crime control cost targeted empirical programs designed to achieve his stated goals and ultimately hurt law enforcement and their ability to fight crime.

Instead of real solutions, President Trump—wielding racist rhetoric and sensationalized stories—has deployed federal agents and troops to roam the streets of America's cities where violent crime levels are at lows unseen in this century, wasting vital resources for photo ops. President Trump has chosen to make America more dangerous and exploit the problem of crime for political gain. Main street is under attack, all right.

Republicans think a hearing like this can help them rationalize their agenda and impose draconian, fascist policies upon the American people. So, to everyone watching, don't be fooled. The federal government can act to improve our public safety by protecting and expanding upon the investment we know works.

So, today, I hope we can refocus the conversation and the administration can refocus their attention on what will meaningfully improve safety for small businesses and their employees. I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I will now introduce our witnesses.

Our first witness here with us today is Mr. Tom Wickham. Mr. Wickham is the vice president and managing director of government affairs to the U.S. Chamber of Commerce right here in Washington, D.C.

For over 25 years, Mr. Wickham worked on Capitol Hill—many of you know him—beginning under Speaker Newt Gingrich and concluding under Speaker Nancy Pelosi, including serving as the Parliamentarian of the U.S. House of Representatives. He is a recipient of the Speaker John W. McCormack Award of Excellence, serves on the advisory board of the Center of Effective Lawmaking partnership between the University of Virginia and Vanderbilt University—and they are doing pretty good, aren't they, right now? You have got two winners there—and volunteers as a citizenship teacher in the community.

Mr. Wickham earned a bachelor of arts in political science and government from the University of Iowa and a JD from the University of Iowa College of Law. We want to thank you for being with us today, Tom.

Our next witness here with us today is Ms. Lisa Plaggemier, and Ms. Plaggemier is executive director of the National Cybersecurity Alliance based in Austin, Texas. Ms. Plaggemier began her career with Ford Motor Company and later advanced into technology, marketing, and cybersecurity leadership roles at CDK Global, InfoSec, and MediaPRO. She serves on the U.S. Secret Service Cyber Investigations Advisory Board, is a volunteer advisory board member at Identity Theft Resource Center, and is a two-time recipient of the CSO award.

Ms. Plaggemier earned a bachelor of arts from the University of Michigan, majoring in marketing, psychology, and German. We appreciate you being here today.

Our next witness is Mr.—I am going to get it right now—Hrag Kalebjian. Okay. Got it. Mr. Kalebjian is the owner of Henry's House of Coffee, a third-generation coffee business in San Francisco. Before returning to the family business, Mr. Kalebjian spent over a decade in corporate finance and analytics, including roles at AAA, Blue Shield of California, and Optimum Health Behavioral Solutions.

Mr. Kalebjian joined the coffee shop full time in 2013 and is a certified specialty coffee sensory analyst and a Member of the U.S. Chamber of Commerce Small Business Council. Mr. Kalebjian earned a bachelor of arts in economics from the University of California, Davis and a master of business administration in finance from San Francisco State University. I want to thank you for joining us today, and I am looking forward to our conversation.

And, with that, I now recognize the Ranking Member from New York, Ms. Velázquez, to briefly introduce our last witness appearing before us today.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Mr. Gregory Jackson Jr. is the founder and owner of Safer Futures LLC, a policy and strategic consulting firm specializing in violent crime reduction and prevention. Mr. Jackson's expertise on gun violence began in 2013 when he was shot and seriously wounded as an innocent bystander. That moment gave him his mission to ensure no family, business owner, or community will ever endure the pain he did.

Eventually, Mr. Jackson was appointed to the previous administration as a deputy director of the White House Office of Gun Violence Prevention and special assistant to the President. In these roles, he helped implement the Bipartisan Safer Communities Act and oversaw the expansion of community violence intervention resources in the federal government.

Mr. Jackson holds a bachelor's degree in government from the University of Virginia and is currently studying for a Master of Public Health degree at Yale University. Welcome, Mr. Jackson, and good luck with your master. I yield back.

Chairman WILLIAMS. Thank you, again, to all of you. We appreciate all of you being here today.

Now, before recognizing the witnesses, I would like to remind them that their oral testimony is restricted to 5 minutes in length, and we do stick with that. If you see the light turn red in front of you, it means that your 5 minutes has concluded, and you should wrap up your testimony. And, if you still keep talking, you will hear this. That means quit talking, okay?

And, with that in mind, I now recognize Mr. Wickham for his 5-minute opening remarks.

STATEMENTS OF TOM WICKHAM, VICE PRESIDENT AND MANAGING DIRECTOR OF GOVERNMENT AFFAIRS, U.S. CHAMBER OF COMMERCE; LISA PLAGGEMIER, EXECUTIVE DIRECTOR, NATIONAL CYBERSECURITY ALLIANCE; HRAG KALEBJIAN, OWNER, HENRY'S HOUSE OF COFFEE; AND THE HONORABLE GREGORY JACKSON JR., FORMER DEPUTY DIRECTOR, WHITE HOUSE OFFICE OF GUN VIOLENCE PREVENTION.

STATEMENT OF TOM WICKHAM

Mr. WICKHAM. Good morning, everyone, and thank you for inviting me to participate in this hearing. My name is Tom Wickham. I am vice president and managing director of government affairs at the U.S. Chamber of Commerce. I have been at the U.S. Chamber since 2021. From 1995 through 2021, I served in the House Parliamentarian's Office, where I had the honor of advising many of you on your constitutional and institutional responsibilities.

The U.S. Chamber of Commerce is the world's largest business organization, representing companies of all sizes, including small and mid-sized businesses. We also have local Chambers of Commerce in leading industry associations as members. The Chamber serves as the voice of American business in Washington, across the country, and across the globe.

Since 2021, I have visited communities throughout the country, meeting with policymakers, law enforcement, prosecutors, and businesses to find solutions to the complex problems of crimes against businesses. The U.S. Chamber is committed to working with this Committee and small businesses to combat crime and its negative impact on communities.

While higher profile crimes and finger-pointing often grab the headlines, small businesses continue to struggle with rising business-focused crimes. Retail crimes like organized shoplifting rings and smash-and-grabs have been persistent problems for America's businesses. Crime numbers often fluctuate from year to year, but the long-term trends are clear here, with larcenies involving shoplifting having doubled since the 1970s according to statistics from the nonprofit Council for Criminal Justice.

The effect of retail crime is widespread with innocent consumers, employees, and business owners bearing the financial and societal cost. Retail crime creates higher prices for consumers, results in stores having to close their doors, and communities are left without vital goods or services.

Cargo theft is another rising concern for the business community. Cargo theft is increasing rapidly with a significant shift towards sophisticated fraud and deception tactics. Cargo theft results in higher costs throughout the supply chain, ultimately impacting small business shippers and retailers. The latest numbers from CargoNet show a 13 percent increase in cargo theft incidents in the second quarter of 2025 over 2024, following record-high numbers of cargo theft incidents in 2023 and 2024. Unfortunately, Texas is at the center of the problem, with Texas, Illinois, and California as the top three States for cargo theft with 53 percent of incidents occurring in those States.

Crimes against small businesses are not just a matter of national statistics but affect all businesses at the local level. Hrag Kalebjian

will testify to the continued problems plaguing his family-run coffee shop in California. Hrag is a proud Member of our U.S. Chamber's Small Business Council where, unfortunately, these stories are all too common and often include businesses in Texas and in New York.

According to a Texas study led by their comptroller's office, organized retail theft costs businesses in the State of Texas over $421 million annually. These skyrocketing costs are in addition to the mental impact on small businesses owners and employees.

The U.S. Chamber has summoned policymakers in the business community to join us in our three-part call to action for improved coordination, aggregation, and prosecution in combating crimes against businesses. The U.S. Chamber stands ready to partner with this Committee to pass effective laws and policies to combat crime and ensure our communities are safe. I am happy to take questions at the appropriate time.

Chairman WILLIAMS. Thank you very much, and I now recognize Ms. Plaggemier for her 5-minute opening remarks.

STATEMENT OF LISA PLAGGEMIER

Ms. PLAGGEMIER. Chairman Williams, Ranking Member Velázquez, and distinguished Members of the Committee, thank you for the opportunity to provide testimony today. I greatly appreciate the Committee including cybersecurity in this discussion.

The National Cybersecurity Alliance is a nonprofit on a mission to educate people on how to protect themselves from cyber crime, scams, and fraud. From families to Fortune 500s and everyone in between, we work to make cybersecurity easier and more accessible. We reach millions of people with our campaigns on everything from AI deepfakes to avoiding scams like pig butchering.

I haven't always worked in cybersecurity. I spent the first 15 years of my career in a large enterprise working with small businesses: car dealers. I learned firsthand the importance of small businesses to their communities and the value of partnership between the factory and the franchise.

Cybersecurity is not just a technical issue. It is a business risk that small businesses can learn to manage. The majority of security incidents are not technology failures. They are people and process failures. Many incidents have poor basic IT management as their root cause, like employees using the same passwords on multiple accounts, a lack of multifactor authentication, or MFA, operating systems that are out of date, and vulnerable software that goes unpatched.

There are a few myths we regularly hear from small businesses. Myth: "I just don't think I am on the radar of the bad guys." Eighty one percent of small businesses have experienced a cyber incident. Businesses with fewer than 100 employees are now two and a half times more likely to be targeted than those with more than 500 employees. Small businesses are also targeted by scammers because they don't monitor for brand abuse like large organizations.

According to Visa, fraud has evolved from being opportunistic. It is now strategic, automated, and scalable. We are entering an era where nothing can be trusted at face value. AI enables the creation of synthetic content—fake merchant websites, fake identities, fake

chat agents—that are all indistinguishable from legitimate businesses.

Myth: "We don't have anything of value to the cyber criminals." From my auto experience, I can tell you that the average car dealer has 50,000 consumer records that include Social Security numbers, driver's license numbers, and more. Each of those records is worth hundreds of dollars on the dark web. Small business intellectual property is also very valuable to nation-state actors like the People's Republic of China.

There are multiple examples of small businesses operating in highly specialized, niche markets whose businesses have been threatened when their IP was stolen by the PRC who then spun up a low-cost competitor producing the same highly specialized product at a fraction of the cost.

I have met a small business owner who was the only manufacturer in the U.S. of a piece of equipment necessary to road paving, who said to me, "Why would China attack us?" He had no understanding of the risk of IP theft to his business. I have met a small business in a highly specialized segment who unknowingly employed a Chinese spy for years. They didn't know it until the spy went to work for a large enterprise that detected the espionage quickly. The Chinese national was convicted, but the small business still doesn't know what IP was stolen from them because they had no monitoring in place at the time they employed him.

State actors are also increasingly targeting small businesses because they are entry points into supply chains. Russia and China patiently make multiple hops through smaller companies to get to their desired target.

Myth: "I have got a guy, an IT guy." In our experience, small business owners don't know enough about cyber to manage it as a function of their business. They know enough about finance, for example, to have a meaningful conversation with their accountant, but the same is not true with their IT person. Small businesses don't manage what they don't understand, so our Cyber Secure My Business Program educates owners using business terminology they can understand so they can better manage risk.

Myth: "Cybersecurity is too expensive. My IT person just wants to spend money." Again, this lack of education and communication. One example I heard at a car dealership involved an end-of-life PC in the parts department running Windows XP, introducing vulnerabilities into the dealer. When the IT manager asked the owner to replace the PC, the owner said, the parts manager says it works just fine, declining to make the investment. The failure was a lack of communication on the amount of risk to the business that that old PC represented. So all these myths point to a dangerous disconnect between the perception of risk and the adoptions of basic security controls like MFA.

We believe that public-private partnerships are an effective and efficient way to help small businesses learn to better protect themselves. According to our research, most people don't turn to the federal government for advice and guidance. They look to the private sector: companies, vendors, nonprofits. Our Cyber Secure My Business live-taught remote course is just an hour a week for 6 weeks.

Cybersecurity does not have to be as intimidating and confusing as people perceive it to be. Education works.

If we stand ready to work with federal agencies to better educate small businesses on how to avoid being victimized by cyber crime, IP theft, and scams through partnerships like cooperative agreements between nonprofits and government, we can work more efficiently and effectively than government can alone. We are stronger together.

I would like to thank the Committee and offer our ongoing partnership to support America's small businesses.

Chairman WILLIAMS. Thank you very much.

I now recognize Mr. Kalebjian for his 5-minute opening remarks.

STATEMENT OF HRAG KALEBJIAN

Mr. KALEBJIAN. Chairman, Ranking Member, and Members of the Committee, thank you for the opportunity to testify today. My name is Hrag Kalebjian, and I am the third-generation of Henry's House of Coffee, a small-batch, family-owned coffee roaster that has been a part of San Francisco's Sunset since 1965.

Our business was founded by my father and grandfather who immigrated to the United States from Lebanon. For decades, our shop has been a place where generations of neighbors gather, share stories, and feel a sense of community over a cup of coffee roasted onsite. In recent years, however, that sense of community and safety has eroded under the weight of rising crime and lawlessness that small business owners like myself face daily.

About 2 years ago, a mentally unstable individual began repeatedly stealing from my store. He comes in, takes drinks or food from our refrigerated case, sometimes three times a week, and occasionally steals from our tip jar. On multiple occasions, he has harassed me and my staff, once even attempting to spit in my face. He has stolen from us more than 35 times. Repeat offenders not only hurt the bottom line but drive away loyal customers and endanger staff.

I called the police numerous times. Officers respond quickly, and I can tell they want to help, but they have told me their hands are tied. One officer advised me that my best option was to file a restraining order. I filed one, but enforcement has proven impossible. He returns repeatedly, and the police can't take meaningful action.

For employees and customers, this isn't about the cost of stolen goods. It is about safety. I constantly remind my staff not to intervene because no one cup of coffee is worth someone getting hurt. Yet, some of our loyal customers feel so protective of our shop that they have tried to stop the thief themselves. My worst nightmare is that something will happen to my employees or to my customers.

The toll of this criminal activity goes far beyond dollars. It is exhausting, demoralizing, and deeply discouraging to work hard every day only to feel that the system no longer values your contribution. We have installed metal gates on our storefront, shatterproof window screens, replaced stolen equipment such as cash registers and iPads, all costly measures for a small business still recovering from the pandemic. Our shop even built a parklet during COVID so neighbors could enjoy coffee, but it is frequently vandalized. Between security costs, repairs, we have spent thousands sim-

ply to stay operational while watching nearby businesses close due to the same issues.

San Francisco's Sunset District was once a quiet, family-centered neighborhood. Since the pandemic, criminal activity that was once concentrated downtown has spread into our residential communities. Break-ins, vandalism, and theft are now common topics of neighborhood conversation. The closure of a nearby essential business, like the only local pharmacy, shows how crime affects not just merchants but the very fabric of the community.

When businesses close, blight follows. Vacant storefronts attract more crime, and a cycle of decay begins. Each closure represents a lost opportunity for community connection and economic resilience.

At the heart of this problem are policy failures. Local prosecutors constrained by political and legal choices rarely pursue these cases. Police officers, many of whom are empathetic and dedicated, feel demoralized. From a businessperson—owner's perspective, the absence of local leadership compound these problems. Our city's supervisors have rarely visited our shop. Promises are made about prioritizing public safety, but in practice, laws and enforcement remain unchanged.

My father always taught me that incentive drives the behavior. Show me the incentive, and I will show you the outcome. Right now, our incentives tell people that crime pays and accountability doesn't. That cannot be the legacy we leave for the next generation of small business owners.

Henry's House of Coffee is not just a business. It is a testament to immigrant perseverance, family legacy, and community pride. I love my city and my customers, and I want to remain part of San Francisco's revival, but unless policymakers act decisively to restore law and order, more small businesses will make the painful choice to leave.

Thank you for listening to my story and for giving small business owners a voice on this issue. I look forward to your questions.

Chairman WILLIAMS. Thank you very much, and I now recognize Mr. Jackson for his 5-minute opening remarks.

STATEMENT OF THE HONORABLE GREGORY JACKSON JR.

Mr. JACKSON. All right. Thank you, Chairman Williams, Ranking Member Velázquez, and the Committee for having me. I am Greg Jackson, a D.C. resident, a survivor of gun violence here in the District, but also a small business owner and former deputy director for the White House Office of Gun Violence Prevention where we coordinated federal resources to implement lifesaving policies and coordinated with local leaders to reach a nationwide reduction of violent crime by 13.2 percent and homicides by 31 percent in just 2 years.

I have spent the last decade of my life working to address this crisis after being shot in 2013. I was shot by a stray bullet while walking home, and that bullet hit two arteries and left me with a 50 percent chance of survival. But, since that fateful night, you know, nearly a million Americans have been shot or killed. From Buffalo to Baltimore, Stockton to Washington, we have seen how gun violence is driving violent crime but also destroying families

across our country. And it also remains the leading cause of death for youth in America, the leading cause of death for pregnant women in America above childbirth complications, and now even the leading cause of newly disabled Americans.

With one in five Americans being impacted by violence, this has also become personal for too many, but we also know there is a clear financial cost to this crisis. According to Brady United and NICJR, we have seen this crisis cost our economy upwards of $557 billion a year, equivalent to 2.6 percent of the U.S. GDP, with southern States bearing the brunt of this economic toll, owning 41.4 percent of firearm-related hospital costs and having a firearm death rate of 2.3 times higher than northeastern States.

Additionally, gun violence has a direct cost for employers. The number of people shot increased by 400 percent between 2007 and 2020 according to data of individuals and dependents insured by their employer. It is estimated that a firearm injury costs employers $30,000 in direct medical spending in the first year of injury alone. Employers must give employees who are shot a leave of absence, adding to over a $535-million-a-year estimated impact on our businesses and our country according to a recent Harvard Medical School research report.

Gun violence is also estimated to cost private employers roughly 535 million per year because of lost productivity. People who survive firearm injuries experience a 40 percent increase in pain disorders, a 51 percent increase in psychiatric disorders, and an 85 percent increase in substance abuse disorders, affecting their ability to work and contribute to the business's goals and outcomes.

But, despite this crisis, in the last few years, we have seen real solutions that work. In the last few years, we have invested and seen historic reductions in violence—in violent crime across our country without masked agents, without military, but by investing in violence prevention, by investing in law enforcement, and most importantly, pushing accountability upstream to make sure illegal guns and firearms don't flood our streets.

Recently, even the current FBI director Kash Patel celebrated historic low levels of violent crime, but we know these reductions are not a result of a few months of troops or FBI actions. They are a result of the billions invested in violence prevention as well as these key policies and the hard work from business leaders and community leaders across our country to make our communities safer.

In fact, we saw a 54 percent reduction in homicides in Baltimore, a 41 percent reduction in Phoenix, a 38 percent reduction in Chicago, and even a 20 percent reduction in Atlanta. But, instead of investing more federal resources into what we know works, the Trump administration has moved to dismantle and defund bipartisan strategies passed into law that reduce violence.

They shut down the White House Office of Gun Violence Prevention. In the Big Beautiful Bill, they defunded law enforcement—directly defunded law enforcement by $418 million, cut over 1 billion in mental health resources for schools, terminated 812 million for violence prevention and intervention programs, and dismantled important regulations like the zero tolerance policy for gun dealers that break the law, and now there are further plans to defund crit-

ical resources like housing, health, and employment programs that we know address the root causes of violent crime.

This is not the federal support that our small businesses or communities need. We need a government that is tough on crime by preventing it before it happens, and that means directing law enforcement to prevent illegal guns from flooding our streets that we know are being used for robberies, crimes, and homicides. Being tough on crime is funding ATF to catch gun traffickers, to shut down rogue gun dealers, and disrupt dangerous black markets that are selling illegal weapons that land at crime scenes, and being tough on crime is funding violence intervention and prevention programs, mental health resources for youth, and other ways that we know we can reduce violence.

We have real solutions to reduce violence, to reduce violent crime, and help reduce the harm that gun violence causes to our economy and small businesses, and I hope that we will continue to build on that progress. Thank you.

Chairman WILLIAMS. The gentleman yields back.

And now I want to say, as we get started, you will see people moving in and out. It is not you said the wrong thing or the right thing. There are other hearings going on, and you will see that begin to happen.

We will now move into the Member questions under the 5-minute rule, and I now recognize myself for 5 minutes.

Mr. Wickham, in your testimony, you make it clear that most small businesses across America have been victims of crime. You note that these instances are becoming increasingly coordinated and violent and that the economic impact on small business are severe.

The question is, how many small businesses nationwide are being affected by retail crime, and in which regions are you seeing the most significant impact?

Mr. WICKHAM. Thank you, Mr. Chairman. That is a good question when it comes to the statistics, and continuing on a theme that we heard earlier, one of the statistics that is most distressing to the business community is the rise in violence accompanying a criminal act. Recent studies by the National Retail Federation found that there is a 17 percent increase in violence accompanying these individual acts of criminality, and that is something that is of grave concern to both small business owners and larger members.

And, when we see that violence, we then look at the laws of a specific jurisdiction and ask is there a prosecutorial attitude towards certain crimes in that district, or is there a lack of police resources? When we do a district-by-district breakdown, that is the type of thing that we are looking for. We will go to states like Ohio, Florida, Louisiana, where businesses are reaching out because of rising crime, and we try to meet with all of the stakeholders in place.

It is a multijurisdictional issue. So we are busy working with policymakers, with prosecutors, and with law enforcement to try to address these issues.

Chairman WILLIAMS. Thank you.

Mr. Kalebjian, in cities where Democratic leaders have embraced soft-on-crime policies like cashless bail and weakened prosecution, small businesses are being hit the hardest. You have talked about that. Your coffee shop has faced multiple incidents of theft, and unfortunately, you are not the only small business victim of these crimes.

So can you explain how repeat theft, rising security costs, and the lack of meaningful law enforcement have affected your ability to serve customers in your community and have a successful business?

Mr. KALEBJIAN. Yeah. Thank you, Chairman. I think that is the biggest issue, is you have a mental challenge of feeling helpless. You have an embarrassment in front of customers where the theft is happening, and the customers are looking at you like, "Are you going to do anything?" And then you have the liability of, in my case, customers acting and taking on to prevent the theft, which is a big scare for me as a business owner.

And, in my area specifically, a lot of East Asians are hard-working, put their head down and don't complain, and I feel like, as a member of the community, I have to speak up for them because they don't feel comfortable speaking up.

Chairman WILLIAMS. Sometimes, too, your customers don't come back sometimes. That is another issue.

Mr. KALEBJIAN. Yes, sir. That is definitely a concern. And, as you mentioned, that goes straight to the bottom line.

Chairman WILLIAMS. Ms. Plaggemier, over the past few years, we have watched foreign adversaries infiltrate American networks and stealing sensitive data, intellectual property, and even penetrating the State's Army and National Guard systems. So how do these large-scale cyber attacks indirectly affect small businesses like mine and others?

Ms. PLAGGEMIER. I think cybersecurity has turned into a kind of tax that we all pay through ransomware attacks and just the cost of protecting yourself. This has a sort of trickle-down effect to—even to us as consumers because it causes prices to go up, I think.

The biggest problem that we see with small businesses is just getting their attention. They are very, very busy places, and cybersecurity is intangible. Protecting your business from physical theft is a very different thing. It is much more tangible. You can see it. You can't see a malware infection stealing information on your device. And so I think a lot of small businesses just don't give it the priority that it needs until it is actually too late and until they have been affected.

Chairman WILLIAMS. Okay. Thank you. And my time is up, and I now recognize the Ranking Member for 5 minutes of questions.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Mr. Jackson, how does the ability of guns escalate otherwise nonviolent incidents inside retail spaces like disputes, shoplifting encounters, or customer conflicts?

Mr. JACKSON. Yeah. I mean, we have seen, you know, the presence of firearms really being the major driver of interpersonal conflict becoming deadly. In fact, now, 81 percent of homicides in our

cities are not connected to another felony. They are interpersonal conflicts with the presence of a firearm often in a public place.

Ms. VELÁZQUEZ. Thank you. Mr. Jackson, KFF found over one in five American adults have been personally threatened with a gun. Compared to other countries, how much worse of a problem is gun violence here?

Mr. JACKSON. We are nearly triple to every other developed nation when it comes to violent crime related to firearms. And, if you need any proof, you can go to London where they are worried about knife fights whereas we are still dealing with mass shootings as late as this week.

Ms. VELÁZQUEZ. Are gun homicides higher in the urban centers compared to other parts of the country?

Mr. JACKSON. Homicides are, but violence as a whole is still high even in rural communities. We don't talk enough about suicide by firearm which also has a huge impact on rural America.

Ms. VELÁZQUEZ. Mr. Chairman, I would like to enter into the record this article entitled "The Highest Rates of Gun Homicides Are in Rural Counties."

Chairman WILLIAMS. Accepted.

Ms. VELÁZQUEZ. Ms. Plaggemier, what are the most common cybersecurity threats facing small businesses today?

Ms. PLAGGEMIER. I see there is a lot of new threats. AI has actually sort of jacked up the whole problem. It has made it easier and faster and more scalable for criminals to be effective.

So, when you think about—probably the most prevalent problem is social engineering. Things like phishing emails, scam texts, phone calls, malicious phone calls to your business, trying to trick employees into doing things they shouldn't do that create a vulnerability—those things have just gotten ramped up. The volume and the quality because of AI is so much better than it used to be.

I could have told you 6 months ago or a year ago that a phishing email would look kind of obvious. I would tell you to look for poor grammar or spelling or bad graphics. But AI has given the criminals the ability to make something that is indistinguishable from what is legitimate. I would actually say that I think cyber criminals have adopted AI in their business, if you will, faster than small businesses have.

Ms. VELÁZQUEZ. The SBA used to have an online cybersecurity educational resource, but it was removed in 2018. Should we add one back?

Ms. PLAGGEMIER. Well, actually, our link to our website, staysafeonline.org, is listed on the SBA's website when you look for their training.

I think the most effective thing is public-private partnership. So the training curriculum that we have already gone to the expense of creating that is very, very effective—you know, we would be more than happy to work in conjunction with the SBA to deliver that to more small businesses.

Ms. VELÁZQUEZ. We know that cybersecurity attacks and crime are issues that are impacting small businesses. It will take only one cybersecurity attack to a small business, and that could put them out of business.

Given the fact that the mission of SBA is to provide assistance and education, capacity building to small businesses, don't you believe or don't you agree with me that having an effective cybersecurity education at SBA should be, you know, something that is common sense?

Ms. PLAGGEMIER. I think public-private partnerships are the best way to deliver that kind of training. So working together between nonprofits and federal government like we do today, I think, is a really effective mechanism because we can be a little bit more nimble. We can bring things to market faster. So I don't think they—well, I think they should do it——

Ms. VELÁZQUEZ. SBA has a network. It is partnering with a national network of more than 2,000 small business development centers and other small business development organizations. I don't see why they don't make it part of the mission of the SBA so that——

Ms. PLAGGEMIER. We have held events with them in person at those centers, yes.

Ms. VELÁZQUEZ. Yeah.

Mr. Jackson, Everytown Research found—oh, my time expired. I yield back.

Mr. ELLZEY. [Presiding.] Thank you, Ranking Member.

I now recognize Mr. Stauber from Minnesota for 5 minutes, my favorite law enforcement officer on the Hill.

Mr. STAUBER. Thank you, Mr. Chair.

You know, when crime increases, whether it is shoplifting, burglary, organized retail theft, or vandalism, it is not just a statistic. Small business owners are left to wonder whether they will make payroll after covering the cost of damages, or whether foot traffic will slow because community members feel less safe walking around, or whether it is even worth their own safety to keep the doors open.

We have heard the numbers across the country: 95 percent of small business retailers report that they have experienced theft, and most say it is getting worse. Nearly 80 percent of the small business retailers report that their monthly losses from theft are between $500 and $2,500 annually.

As a former police officer who served my community for over two decades, I take this personally. When I talk to officers and small business owners, the story is the same as we heard in our crime hearing last Congress. Policies from weak-on-crime cities and States are undercutting the people trying to do the right thing and tilting the field toward the repeat offenders.

Mr. Wickham, from what you are hearing from small businesses across the country, how have soft-on-crime policies like cashless bail, raised felony thresholds, and lax prosecution changed their day-to-day reality?

Mr. WICKHAM. As I said earlier, we really look at this on a district or a jurisdiction-by-jurisdiction basis, and the criminal elements that we are dealing with are very sophisticated, and they are hitting the areas where they know they will not be prosecuted. So we have been working with individual units of government, trying to be organized and coordinate——

Mr. STAUBER. And then, when they are not prosecuted, though, what does that do to the small business and the community when the owners know that they can steal $300 because they are—$300 or $450 worth of product, and the $500 threshold is there. What does it do to the small business owner?

Mr. WICKHAM. Extremely demoralizing. The lack of prosecution results in these repeat offenders that we hear about time and time again, whether it be Mr. Hrag's story of being hit 35 times or a big-box retailer being hit 600 times. This is a message that gets out there——

Mr. STAUBER. Absolutely.

Mr. WICKHAM.—amongst the criminal network. We are working very hard to change the laws in all the States to allow for aggregation so that they are not allowed to hit these stores just below the felony limit and then do so on a repeated basis, and we would like to work with this Committee to push all the States to allow for aggregation of prosecution.

Mr. STAUBER. We just can't be soft on crime. If you steal $350 or $550, they have to be prosecuted and dealt with. As you said, these criminals—they know if there is a small business that you can just steal from. We see it on a daily basis on the news across this nation. It is demoralizing, and it affects people that want to go into retail business. Why would they want to go into retail business when they know they are going to lose $2,500 a month? Sometimes that is what makes or breaks them to be able to stay in business.

Mr. Kalebjian, you talk about your coffee shop and you—it is a third-generation now in San Francisco. I can't imagine what your grandfather and your father and what you are going through when you see this happening and the officers are saying, my superiors, "just let it go, let it go." It has got to be demoralizing. Your customers see that. It has got to be devastating.

Mr. KALEBJIAN. Yeah.

Mr. STAUBER. I would imagine that you would probably have more business when they know they are going in there and they are safe as customers, and you would probably be able to hire more workers when you know that it is safe and in your community that they prosecute——

Mr. KALEBJIAN. Yeah.

Mr. STAUBER.—even a cup of coffee, they prosecute. It is that broken windows theory, right?

Mr. KALEBJIAN. Yes.

Mr. STAUBER. You prosecute the little things, right? Tell us a little bit more what it has been like for you.

Mr. KALEBJIAN. Thank you, Congressman. Well, you can thank Prop 47 that was passed in 2014 where our threshold is $950. So you can steal anything.

Mr. STAUBER. Wait a minute. In California——

Mr. KALEBJIAN. Yes, sir.

Mr. STAUBER.—your legislators said $950?

Mr. KALEBJIAN. Yeah. And last year——

Mr. STAUBER. Wait a minute. I have got to get this right. $950 in California, and you don't get prosecuted unless it is above that?

Mr. KALEBJIAN. Yes, sir.

Mr. STAUBER. Unbelievable.

Mr. KALEBJIAN. And we tried—we passed another prop, Prop 37, which was a Band-Aid to Prop 47 that said, "well, now you can do it twice, but after the third time, then we will prosecute."

Mr. STAUBER. We cannot follow California in anything. This is just another example. Can you imagine? I was a small business owner for 31 years. We could never stand business. That is ridiculous.

Mr. KALEBJIAN. Yeah.

Mr. STAUBER. I yield back.

Mr. ELLZEY. I now recognize Mr. McGarvey from Kentucky for 5 minutes.

Mr. MCGARVEY. Thank you, Mr. Chairman.

I would like to start by echoing the words of the Chairman and thank Congresswoman Nydia Velázquez for her amazing service. La Luchadora has been a fighter for the people, for small businesses across this country, and a historic tenure in Congress, and we are all going to miss you incredibly. So I just want to start by thanking you in what will be the first of many times we thank you over the next year.

So I want to get into cybersecurity and go into that a little bit right now. I was in a small business before coming to Congress where this is a real threat. And this is the kind of thing where, you know, people don't want to go through the trainings, but they have got to go through the trainings because the emails are coming through, and if you are a small business, you cannot afford these types of attacks that are coming from people who are trying to extort you for money. They affect everybody, but for small businesses who have limited resources, it is really and truly a problem. So you guys have highlighted that problem today.

But I also want to say that, because we are here in Congress, a lot of the problems you guys are talking about, they are real problems. They are local problems. They are State problems. And they are real, but here in Congress, we have got to think, what can we do for everybody across this country from the federal government?

And one of the things we have had is a Cybersecurity and Infrastructure Security Agency known as CISA. This has been an effective way of dealing with some of these cybersecurity threats and helping out our State and local partners. However, when President Trump came into office, he has gutted the Cybersecurity and Infrastructure Security Agency. It is our premier cyber agency. It has enjoyed years of bipartisan support, but Donald Trump decided to tear it down. Now, why did he decide to tear it down? He tore it down because he doesn't like CISA Director Chris Krebs for stating that the 2020 Election was secure. That contradicts the President's lies about widespread fraud.

But here is the thing. That personal vendetta he is carrying out against CISA has real impacts because, while now the agency in charge of combating cybersecurity is gone, the cybersecurity is more relevant than ever, and people are still—our small businesses, our local governments, and other entities are at great risk of exploitation.

In Kentucky alone, we have seen ransomware attacks against small businesses, county governments, local police departments,

schools, universities, and healthcare providers all happening. Real problems. These attacks, they leave us all vulnerable. And we have to take that seriously, even if the President is not right now.

So, Ms. Plaggemier, on the National Cybersecurity Alliance's website, CISA is listed as a government partner. Can you tell us about how the cuts to the agency have been harmful to the efforts to keep small businesses cyber secure?

Ms. PLAGGEMIER. Our relationship is mainly with external affairs in the public campaigns that we run. So I don't have firsthand knowledge of CISA's work with small businesses. I know that all the resources that they provided in the past are still available. You can use templates to make your own tabletop exercise. There is a phishing simulation training available. There is all the information that we work on together with external affairs at CISA to provide public education. But I can't speak specifically to how they may or may not have helped small businesses in the past.

I can say that, when I talk to small businesses, you know, it is not really the case—it is not really rational to think that the federal government or even federal law enforcement can provide hands-on support when every small business has a security incident, right? It just doesn't scale in that way. So that is why I think public-private partnership and the fact that this is a—cybersecurity is a bipartisan issue—I think that is really, really important. I mean, we have been partnering with DHS before there was even a CISA for 22 years, and we are really proud of that partnership over the years.

Mr. MCGARVEY. And I think it is important. I think it is important that we focus on cybersecurity, particularly in the federal government. There are crucial cybersecurity programs that are essential to this objective, like those that focus on cyber information sharing, but the federal provisions facilitating this lapse at the end of September, which is why we should reauthorize this, which is why we should have this bipartisan——

Ms. PLAGGEMIER. We agree.

Mr. MCGARVEY. I want to change gears in the time I have got left.

Mr. Wickham, you are with the Chamber of Commerce. And, looking at the Chamber of Commerce and what you all have said this year, the Chamber of Commerce estimates that the President's tariffs will impose a tax of slightly more than $200 billion on American small businesses this year. The Chamber of Commerce also found that, in 2022—which is the year with the highest rate of reported retail crime—retail losses where organized retail crime was a significant driver amounted to $100 billion.

Is $200 billion bigger or smaller than $100 billion?

Mr. WICKHAM. Congressman, it is definitely bigger.

Mr. MCGARVEY. It is definitely bigger. Twice as big.

And here is the thing. This is what I want to get at. This is important. It is $100 billion. Cybersecurity is a big deal. We need to focus on crime for small businesses. But, in this Committee, where there is a $100-billion loss due to crime, there is a $200-billion loss according to Chamber of Commerce right now to small businesses because of the President's tariff policies, and we have yet to have a single hearing on it or to address this and how it impacts small

businesses. I think we need to focus on these types of things as well as some of the local issues that we are talking about today.

Mr. Chairman, I yield back.

Mr. ELLZEY. Thank you.

I recognize myself for 5 minutes.

Mr. Kalebjian, I would like to start with you. Did you come out here from San Francisco? Is that where you said?

Mr. KALEBJIAN. Yes, Congressman.

Mr. ELLZEY. Okay. Well, thanks for coming out here and joining us.

Mr. KALEBJIAN. Thank you.

Mr. ELLZEY. You are a third-generation business. Did your grandfather immigrate from Armenia?

Mr. KALEBJIAN. Lebanon, sir.

Mr. ELLZEY. From Lebanon. And he started this business after immigrating here and started this coffee business, which has been in your family for three generations, except—I am assuming at some point in time it was safe to operate and you were profitable and you had no problems finding employees. When did that stop?

Mr. KALEBJIAN. That has never—that has always been—that has always been a challenge—ongoing challenge.

Mr. ELLZEY. But have you felt a lack of security and safety recently——

Mr. KALEBJIAN. Yes, Congressman.

Mr. ELLZEY.—with the previous mayor in San Francisco? Is it starting to turn around with the new administration?

Mr. KALEBJIAN. Yes, Congressman. Actually, Mayor Lurie, who is an heir of the Levi's brand, has done a fantastic job so far.

Mr. ELLZEY. And why has she done a good job where the previous administration failed?

Mr. KALEBJIAN. Well, he is a businessman. And his number one point is the city of San Francisco relies on small business. And he spends every single day walking the streets talking to small businessowners focused on security, crime, and business.

Mr. ELLZEY. Has there been a change in police presence?

Mr. KALEBJIAN. Yes.

Mr. ELLZEY. And so the previous administration didn't do that? I am really wanting to know because I haven't been to San Francisco in years.

Mr. KALEBJIAN. Yeah, that was not the tactical decisions by the previous administration.

Mr. ELLZEY. Okay. So are your employees starting to feel safer in your city now, or are we still having problems?

Mr. KALEBJIAN. We haven't had an issue at my store in the past 4 months, which is right around the time when——

Mr. ELLZEY. Can you explain that?

Mr. KALEBJIAN. Well, it is simple. We focus on preventing homelessness, crime, theft, and you focus on what small businesses need to survive.

Mr. ELLZEY. Do you have a police officer that comes in and frequents your store for its fine coffee or something.

Mr. KALEBJIAN. We support the police officers often. And we get fire department, the EMT, and the police officers coming in all the time.

Mr. ELLZEY. Okay. So it is still a Democrat administration, but a different law-keeping and police enforcement philosophy. Correct?

Mr. KALEBJIAN. That is absolutely correct.

Mr. ELLZEY. So it is a nationwide problem based on policies, not which side of the aisle you happen to sit on, but recognizing—as a small businessman, your new mayor says, "We are putting cops on the street to protecting these small businesses."

Because you can't hire anybody if they don't feel safe at work. If a homeless person is coming into your place, spitting in your face and stealing money from the tip jar, people aren't going to work for you.

Mr. KALEBJIAN. Not only will they not work for me, but customers will not come by either. We get hit from both sides.

Mr. ELLZEY. And customers won't come in because there—if there is somebody who is mentally ill/on drugs, which now the line is a lot blurrier——

Mr. KALEBJIAN. Yep.

Mr. ELLZEY.—especially in some of these cities that have been overrun by cheap drugs that are psychotic, you are going to have a hard time continuing in your business. So I hope that this new mayor continues those policies that are not partisan; it is common sense——

Mr. KALEBJIAN. Common sense.

Mr. ELLZEY.—that you have to have a police presence in your city to prevent crimes so businesses can thrive. Because businesses can't thrive if people aren't walking down the street. If there is needles and other stuff on the street, people aren't going to walk on them. You feel like the new mayor is doing a good job.

Mr. KALEBJIAN. He is doing a fantastic job. In fact, starting next year, he is implementing new policy on the streets.

If you are caught doing drugs, you have two choices: You either get arrested, or you go to a clinic that is being built on Sixth Street in downtown San Francisco.

Mr. ELLZEY. I am glad to hear that. Okay. Well, I hope you many years of success. And thank you for coming down.

Mr. KALEBJIAN. Thank you, Congressman.

Mr. ELLZEY. By the way, before I get over to Ms. Plaggemier, I would like to address Mr. Jackson.

I am glad you survived. I am glad you are staying in your community and working to make safer streets. And I just wanted to say thank you for being here.

Ms. Plaggemier, as we talked to Mr. Kalebjian, the drip, drip, drip of having money stolen from the tip jar, things like that, that has a long-term effect. But I would like to also point out that Ms. Velázquez mentioned, in one fell swoop, a business can be completely destroyed, and nobody knows about it except the businessowner. People don't understand; why did they go out of business?

Tell me the rate of increase that we are seeing in small businesses in the United States being cyber—having cyber attacks and just completely being put out of business? What does that look like?

Ms. PLAGGEMIER. There is not really reliable data on how many businesses go—because of the fact that you mentioned, right, there is a lot of victim shame, victim blame.

Mr. ELLZEY. Yeah.

Ms. PLAGGEMIER. We don't always have reliable data. We know that, when it comes to cyber crimes and scams and fraud, only about 15 percent of entities report that to IC3.gov, the——

Mr. ELLZEY. So it is much worse than even we understand?

Ms. PLAGGEMIER. It is probably worse than most of——

Mr. ELLZEY. Once they go out of business, there is no sense in reporting it.

Ms. PLAGGEMIER. Exactly.

Mr. ELLZEY. Okay. Thank you very much. My time has expired.

I now recognize Ms. Scholten from Michigan for 5 minutes.

Ms. SCHOLTEN. Thank you, sir.

And thank you to our Committee for having this important hearing today, and all of our witnesses for joining us to talk about this issue. We take very seriously the impact that crime has on our small businesses across the country. But I do take issue with the Chairman's statements that these are Democratic policies.

As we just heard from you, sir, Democrats can institute policies that absolutely protect our businesses in even better ways. And, currently, if we are going to have an honest hearing, we need to look at the ways that Republican leadership has failed to fully fund law enforcement policies and has even further failed to hold criminals accountable.

President Trump has pardoned Juan Orlando Hernandez, the former President of Honduras, who was convicted by a federal court for drug trafficking and weapons charges, virtually flooding our streets with illegal drugs and guns—the number one killer of pregnant women. Thank you for pointing that out, sir.

Mr. Hernandez once boasted that he would, quote, "stuff the drugs up the gringo's noses," end quote.

How does this make us more safe as a community? Let's look at what our Republican President is doing or not doing to keep our streets safe.

Earlier this year, Republicans introduced an appropriations bill that would slash billions of dollars from public safety funds. The Trump administration slashed millions in grant awards—88 million—I want to read this because this is so important—88 million in grant awards for substance abuse treatment, mental health services, and programs that team with police and with health professionals to help divert crime—Programs that you are talking here that directly impacted your small business.

If we are going to have a serious hearing about this, let's have a serious hearing about this and talk about where the policies are doing the most good work to keep our small businesses safe.

Mr. Jackson, my first question is for you. How does the availability of guns in the streets escalate otherwise nonviolent incidents inside resale spaces, like disputes, shoplifting encounters, or customer conflicts?

Mr. JACKSON. Yes, as I said earlier, it turns any situation into a near fatal one. And I know we have a few members of law enforcement that were here earlier. But the presence of a firearm also makes it dangerous for our law enforcement officials. And that is why States like Florida pushed forward the first-ever red flag law at the State level to disarm those folks who are in a moment of cri-

sis. And we know that Republicans have fought for this; law enforcement has fought for this. But many leaders on both sides of the aisle have fought to keep guns out of the hands of those who are in that moment of crisis before that conflict happens that makes it dangerous for everyone present.

Ms. SCHOLTEN. Absolutely. I couldn't agree more. And we are so glad that you survived to continue to do the advocacy that you do.

Gun safety remains a top issue in my district. In Kent County alone, 14.2 percent of all fatal injuries are gun-related. It comes as no surprise that the great threat of gun violence has a huge threat on residents and small businesses alike. I am glad that that is such an important part of the conversation today.

I want to switch gears as well and turn to Ms. Plaggemier, and second—my next question is for you. Your organization's 2025, 2026 cybersecurity attitudes and behaviors report found that 52 percent of employed participants have never received training on the security or privacy risks of artificial intelligence tools. It is just astounding.

My bill, the AI-WISE Act, would help to educate small businessowners on those risks. I am so proud of the bipartisan support that bill has received in this Committee. Can you explain why an AI user should be knowledgeable on the risks of AI?

Ms. PLAGGEMIER. Yeah, because it is not just about what you are getting back, the results you are getting from whatever AI tool you are using. We are really focused on the work that we are using it to do or the information that we are using it to find. And we forget that it is not Google. What we are putting in there, we are giving away to the world, literally.

So, if you look at this year's report, you will also see we ask people how many people are actually giving away company information to AI. It is a pretty high percentage. It is up from last year. And then this year we asked them just what is it that you are sharing with an AI tool that you probably shouldn't be. It is confidential business plans. It is customer information. It is, you know, things like code that your company has produced that your developers have produced. It is information that really shouldn't be public.

Ms. SCHOLTEN. Thank you. I yield back.

Chairman WILLIAMS. [Presiding.] The gentlelady yields back.

I now recognize Mr. Downing from the great State of Montana for 5 minutes.

Mr. DOWNING. Thank you, Mr. Chairman.

And thank you to the witnesses for being here.

Preserving law and order is a fundamental component of fostering a secure environment for small businesses and entrepreneurship to thrive. Businesses depend on the protection of property, employees, and customers in order to be profitable and to attract investment.

Unfortunately, in cities across the United States, like Washington, D.C.; Chicago; St. Louis, the embrace of radical pro-crime policies like cashless bail, limitations on police, restrictions on self-defense have empowered criminals and victimized innocent citizens and businesses.

I am going to start with Mr. Wickham. In your testimony, you highlight how small businesses have faced the brunt of rising property and retail crime in the last few years. Can you expand on what government policies you believed have contributed most to the forms of crime that most commonly victimized small businesses?

Mr. WICKHAM. Yes, Congressman.

Mr. DOWNING. Your microphone, please.

Mr. WICKHAM. Yes, Congressman. When we talk to our small businesses, the issue that they are most concerned about is lack of law enforcement funding and prioritization. The second is decreased prosecution policies. Addressing it at the initial reporting of the crime, we have statistics from our friends at the National Retail Federation that 64 percent of businesses reported less than half of the crime incidents in their stores. And the reason most cited was lack of law enforcement support.

Mr. DOWNING. So, I——

Mr. WICKHAM. On the other hand, you have members who are very concerned about repeat offenders where prosecution policies—because the laws are not updated to allow for aggregation of the thefts, the sophisticated criminals are hitting the same businesses over and over again.

Mr. DOWNING. So how has this crime within these neighborhoods, how has this impacted the ability of entrepreneurs to attract investment?

Mr. WICKHAM. It is fundamental. One of our strongest chambers is in the State of Missouri. And they were so concerned about crime that they took the rarest step for a Chamber of Commerce of surveying their members about crime. And they found that 90 percent of their CEOs were concerned about public safety and 70 percent of them saw it as a factor for the State's competitiveness.

Mr. DOWNING. Thank you.

Mr. WICKHAM. But you cannot attract businesses to your area if there is a public safety concern.

Mr. DOWNING. I appreciate your responses there. I can move on a little here. I want to transition to discussing cybersecurity threats that plague small businesses, particularly given the rising impact of artificial intelligence. So I am going to move to Ms. Plaggemier.

In your testimony, you alarmingly emphasize that cyber criminals have adopted AI faster than most small businesses. So what new capabilities has AI unlocked for cyber criminals in targeting small businesses?

Ms. PLAGGEMIER. You don't need a bunch of criminals with devices all launching attacks. You can use a bunch of devices on one person with AI launching attacks at scale. It is—you know, you have the scam centers around the globe where people have been human-trafficked into these scam centers. Mainly in Asia, there is hundreds of thousands of people in these scam centers. And they aren't just perpetrating crimes like pig butchering on individual citizens; they are also perpetrating crimes on small businesses.

Mr. DOWNING. Right.

Ms. PLAGGEMIER. At the end of the day, we are all individuals, and we are all targeted whether we work at a large enterprise or whether we work at a small business.

Mr. DOWNING. Right.

Ms. PLAGGEMIER. So they were using a lot of automation to conduct those crimes that is a way that really, really scales for them.

Mr. DOWNING. No, I appreciate that. You know, as a former securities regulator in dealing with things like, you know, pig butchering and some of these—use of these tools for defrauding people is really, really pretty alarming.

So how does a lack of knowledge about these cybersecurity threats prevent small businessowners from implementing adequate cybersecurity measures?

Ms. PLAGGEMIER. Our belief is that they just don't understand enough about basic IT hygiene—some of the things that I listed in my written statement. It is that lack of knowledge, that lack of education, some of those myths that I mentioned where they, you know—"Oh, my IT guy has it handled, or my managed services provider has it handled," and they don't know enough about the risk to manage the risks. So they don't know what questions should they ask when they hire an IT person or a manned services provider? How do they hold that person accountable? What sort of data in reporting should they be looking for to say that we are actually decreasing the risk to the business? So that is where we come in with small business education. In laymen's terms, there is a lot of tech speak; there is a lot of jargon out there, and we try to cut through all that so that the businessowner understands how to manage it.

Mr. DOWNING. Right. I appreciate that. Unfortunately, I have run out of time. I just want to acknowledge that the AI WISE Act that I am coleading with Representative Scholten is trying to at least attack a part of that. But I thank you for that time.

And, with that, Mr. Chair, I yield.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mrs. McIver from the great State of New Jersey for 5 minutes.

Mrs. MCIVER. Thank you, Chairman and Ranking Member, for holding this hearing.

And thank you to our witnesses for joining us.

America's small businesses are the backbone of our communities, the first employers for millions of families, and the anchors of local economic life. I think we can all agree crime holds businesses back from reaching their full potential for their communities they serve. It makes it harder for businessowners and workers to keep their families fed and bills paid.

Protecting and supporting small businesses is the only way for our economy to prosper. On top of everything, small businessowners open their doors every morning only to be hit from every direction in this Trump era. In spite of backward Republican proposals that worsen crime, we have seen historic drops in crime over the last few years, but we can still do better. And we can reduce crime in ways that are smart and empathetic. Our focus must remain on advancing evidence-based policies that foster real sta-

bility for our small businesses. Policies like those implemented in Newark, New Jersey, my home city, and our great Congressional District 10.

We are very proud to be charting a pathway forward that uses community-based holistic methods to reduce crime by embracing a public health approach. Newark has seen a violent crime drop over 50 percent in the last decade and, in 2024, saw the lowest rate of homicides in 60 years.

This success is a testament to how we empower our community to be coproducers of public safety instead of outdated policies that do nothing more than lock people away and ignore the real cause.

With that, I want to go to Mr. Jackson. Mr. Jackson, first of all, I want to thank you for being here, and I want to thank you for sharing your story and for all of the advocacy work that you have done over your time, not just here in D.C. but across the country. It is great to see you again, and thank you for being here.

It is unfortunate that you have to be here and watch my colleagues across the aisle talk out of both sides of their mouths this morning. While we talk about small businesses, you know, seeing an increase in attacks from, you know, violence, we also see that they have reduced so much in antiviolence funding from closing down and shutting down the Office of a Gun of Violence Prevention, all of these things that we constantly see happening, but yet they are concerned about law enforcement and concerned about crime in our communities. I find it, you know, baffling to hear that.

Small businesses often note that crime around their storefronts is tied to broader challenges, especially in urban communities. For example, lack of youth engagement, mental health support, and neighborhood instability.

Based on your experience, how do investments in these preventative services, such as job training and therapy, improve safety outcomes and reduce risk and operating costs for the small businesses located there?

Mr. JACKSON. Well, we, in the last 2 years, 2023 and 2024, we saw a 31 percent reduction in homicides. And, this year, we are on pace for another 18 percent reduction, which means we have cut the crisis of gun violence and gun-related homicides in half due to these investments and investing in mental health where the Bipartisan Safer Communities Act put us at the gold standard for youth mental health, investing in community violence intervention, investing in law enforcement, investing in victim services. We added $2 billion in victim services. And all of that helps prevent violence before it happens, prevent violent crime before it happens, as well as, when you couple that with holding gun dealers and the gun industry accountable from putting guns into communities or at the hands of those who are most at risk.

But, right now, as you shared, it is all under siege. $820 million in grants were canceled, 373 awards in the Department of Justice alone. That included $3.5 million in Project Safe Neighborhoods, a law enforcement program created under the President Bush administration. There was significant cuts for police training. There was even a $13 million cut to the Rural Violent Crime Reduction Initiative.

And so we are watching all the infrastructure that was put in place that has seen historic results 3 years in a row, being dismantled, defunded, and destroyed. And, luckily, we have States like New Jersey that have their own Office of Violence Prevention that are investing at the State level to offset these slashes, but we are seeing so many States and cities really suffer in this infrastructure being destroyed.

Mrs. MCIVER. Yes, thank you so much for sharing that. Once again, you know, across the aisle, my colleagues—rather it is a woman or a man always lying, but one thing that doesn't lie is the number and the data. Thank you for sharing. With that, I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Meuser from the great State of Pennsylvania for 5 minutes.

Mr. MEUSER. Thanks, Mr. Chairman.

Thank you very much to all our witnesses.

A very important subject. That is why we are happy to be on this Committee and have you here testifying.

So we just heard my colleague talk about data and facts and truth. You know, if it weren't for the amount of stress small businesses would have if we did not pass the One Big Beautiful Bill, as it is known, 199A—it is 20 percent tax increase on small business. Bonus depreciation. R&D tax credit. No tax on tips. Tax on overtime. Income tax reductions. Energy costs have come down. Regulations are minimizing. Inflation is far lower than it was before. And now we are talking about crime. These are all things that Republicans voted for and Democrats' facts and data voted against. I mean, almost a hundred percent of them, if not a hundred percent, crime.

You know I am from Pennsylvania—Philadelphia. We have a district attorney up there that thinks it is a wonderful idea never to prosecute those who commit a gun—illegal gun carrying crimes. Now somebody wants to blame it on guns. It is clear that, when you prosecute less than 30 percent—it used to be 70 percent just a few years ago in Philadelphia. Our crime is over the top.

Chicago, New York, Detroit, Charlotte, crime in San Francisco. Okay. The crime levels are, in some cases, simply not being reported, as they are not in Philadelphia. Yet, you do know homicides—homicides are almost as high on a population basis as Chicago. You know, what is even worse? I looked up what were the worst cities in the world on a per capita basis for murders? You know what is behind Chicago and Philadelphia? Nairobi. And they have something there where they are out killing women for some crazed reason. Okay.

This is the United States, and so we got a big problem, and this is just one of the problems I think facing small business. And, if we ignore it and act like money will save everything, that is never going to get us there, frankly. I mean, it is unbelievable. I mean, they want to double down on every mistake being made with more cash.

So, Mr. Wickham, let me just start with you. What do you say about this? You started saying how, when gun violence is not

being—people using guns is not being prosecuted, I mean, what sort of effect is that on small business these days?

Mr. WICKHAM. It really sets up a challenging environment for all businesses and communities where there is no consequence for criminal activity. And, when a store is hit repeatedly, the first thing they are going to have to do is look at raising prices and eventually closing their doors. And we have a saying at the U.S. Chamber: No business should have to close because of crime.

Mr. MEUSER. And what about the fact that people don't want to come downtown when they are seeing riots and problems and all kinds of antipolice? They are saying we are not funding the police. What about in the streets? I don't want to get political here. But when was the last time we saw anybody in the Democratic Party denounce the protesting that is existing in front of all of these stores? Is that a problem too? Is that less traffic?

Mr. WICKHAM. There is no challenging the fact that, when you have high-crime rates in an area, it is extremely destabilizing to businesses.

Mr. MEUSER. My little town of——

Mr. WICKHAM. As well——

Mr. MEUSER. Right outside my district, people aren't showing up. Ms—sorry. If you could elaborate on cyber. Let's veer a little bit here, Ms. Plaggemier. What are small businesses—I know some companies that have been hit by cyber don't report it, call me and ask, "What should we do?" That sort of thing. What are the avenues that you could tell us that we need to accentuate so small business, medium-sized business, even large businesses, can find answers if they feel they are under cyber threat?

Ms. PLAGGEMIER. We have a lot of answers on staysafeonline.org. We have a lot of educational materials that are free. We are a nonprofit. I think the—what we need are more points of leverage to get businesses to be proactive, right? I mean, cybersecurity people like to say there are two kinds of businesses; there are the ones that have had a security incident, and the ones that have had one and just don't know it yet. So it is really about getting people to engage sooner before something catastrophic happens that puts them out of business.

Mr. MEUSER. Okay.

Ms. PLAGGEMIER. And that is really the problem that we see is getting their attention. They are very, very busy places. So finding those points of leverage, we have tried to work with franchisers to get franchisees to take training. We have had programs in the past with the SBA, and we will continue those. It is just—it is finding more and more way to get with——

Mr. MEUSER. I am out of time. If you can provide us just some of that information, I would appreciate it, and maybe in your comments.

And, Mr. Kalebjian, I hope you get a chance to express your situation and all. And I am sorry I missed it earlier. I yield back, Mr. Chairman.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Tran from the great State of California for 5 minutes.

Mr. TRAN. Thank you, Mr. Chairman.

And thank you to the Ranking Member and yourself for convening today's hearing.

Thank you to all the witnesses who traveled here. I want to address my colleague's comments slighting my State. I am proud to represent California, the fourth largest economy in the world, with 4.2 small businesses representing 99.9 percent of all businesses in the State.

Let me just say that California farmers, many of them small businesses, supply 62 percent of the country's fruit and nuts, and 56 percent of the vegetables to feed our country. California continues to be instrumental in the success of this nation, economically.

Mr. Jackson, Jr., thank you for being so open and vulnerable about your experience as a gun violence survivor. According to the Trump administration fiscal year 2026 budget request, they are proposing to cut $1 billion in funding across 40 Department of Justice programs supporting police departments that directly impact enforcement in violent crime, hate crimes, and drug crimes.

The Trump administration has also requested $545 million in cuts from the FBI, $468 million from the ATF, and $212 million from the DEA, which would limit the federal government's ability to fight major crime and combat international drug trafficking.

The Chairman's sentiment about small businesses not reporting crimes because of lack of resources to address these crimes is absolutely true. As a small businessowner, my wife and I saw multiple break-ins last year. And there is just not enough resources to help us and other small businesses with these attacks. And that is why I am concerned about these cuts the administration is directly and indirectly making to local and federal law enforcement.

What are your thoughts on those cuts, and how would those funding cuts impact America's public safety and small businesses?

Mr. JACKSON. Yeah, again, I want to echo what you are sharing is that we have solutions that work, and we know that investing, especially in federal law enforcement has seen significant results.

In the last 2 years, we were able to prosecute over 600 gun traffickers. We shut down over 200 gun stores that were violating the law. We even shut down 350 websites that were illegally selling machine gun conversion devices. And all of that has helped us get this reduction of 13 percent in violent crime and 31 percent in homicides.

But, as opposed to being applauded for that and building up the ATF, as you shared, there has been a 30 percent cut to that with over $460 million being cut. And that is not the approach that we need if we truly care about investing in law enforcement and keeping our small businesses safe.

And we are also seeing, to build on your point, the cities and States that are investing are seeing results. Philadelphia, as you shared earlier, they are down 17.5 percent in homicides this year. California is down 9.5 percent in violent crime. And property crimes are down 15.4 percent in California. So we are seeing that States and cities that lean in and invest in law enforcement and community-based strategies in violence prevention efforts are seeing tremendous results, historic results, if you will.

Mr. TRAN. Thank you for that. Mr. Jackson, Jr., as you know, the Trump administration is aggressively ramping up immigration enforcement across the nation. In an effort to fulfill his campaign promise of mass deportation, he has terrorized immigrant communities across the nation, including in my home district spanning both L.A. and Orange County.

The White House has also diverted a considerable number of federal agents from their jobs of preventing serious crimes and jeopardizing important public safety initiatives, including protecting American families from gun crime to patrol the streets of major cities.

And, according to a report published by the CATO Institute, ICE has diverted more than 28,000 federal law enforcement agents from their jobs of investigating and preventing serious crimes to now conducting civil immigration operations.

Furthermore, reporting suggests that ATF has reassigned 80 percent of its special agents to immigration enforcement. Likewise, the FBI has had 23 percent of agents allocated to focus on immigration enforcement. How effective is that diversion in fighting and preventing violent crime?

Mr. JACKSON. It is ineffective. It is dangerous, and frankly it is a huge waste of resources. I mean, the opportunity cost is major when you deplete a workforce that is already very small, that is inspecting gun dealerships, that are trying to break down black market rings of firearm sales. And we know that illegally sold guns are the fastest guns to arrive on the crime scene, whether it is a homicide or other forms of crime.

And so to dismantle and pretty much shut down the ATF leave cities and States really vulnerable to guns illegally influence their communities and frankly get into the hands of those who have the mindset of committing crime.

Mr. TRAN. Thank you. With that, Chairman, I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Bresnahan from the great State of Pennsylvania for 5 minutes.

Mr. BRESNAHAN. Thank you, Mr. Chairman, and to the Ranking Member.

And thank you to our witnesses for being here today.

Although, I have had—I have to say I am disappointed that we must actually have a hearing on this topic at all. But, as we have heard today, American small businesses are increasingly forced to factor in safety measures into their business plans to guard against shoplifting and retail theft on top of managing inventory, supply chains, and staffing needs.

Pennsylvania knows this reality all too well. Our commonwealth ranks fifth in the nation for retail crime and suffers the highest total value of stolen goods in the country, averaging $430 per resident. This is unacceptable and preventable. Retail crime threatens the very existence of mom-and-pop shops in northeastern Pennsylvania. These businesses simply cannot budget for loss or absorb the hit of merchandise walking out the door.

Gerrity supermarkets, with 10 locations across northeastern Pennsylvania, from Clarks Summit to West Pittston, reported loss of theft can reach over $2 million a year.

As Members of the Small Business Committee, we have a responsibility to focus on policies that help our small, local businesses stay open and stay safe.

My first question, Mr. Wickham, can you explain or expand more on the impact of retail theft and crime on the people that experience it firsthand, small businessowners and their employees, as well as the broader community, and the neighborhoods these businesses operate in?

Mr. WICKHAM., stories like our colleague Hrag's are brought to the U.S. Chamber whereby there has been an incident that causes employees to want to leave, causes shoppers to not want to come to that business. And then eventually that business has to close its doors and that has a profound impact on the community. We encourage those small businesses in the area to coordinate, to try to take a preventative attitude towards stemming some of these things because it is so systemic. It is not just the small business down the block. It is the whole block that has a problem when there is an incident.

Mr. BRESNAHAN. Has there been any case studies or suggestions? Congressman Meuser had referenced Wilkes-Barre. And we have cities like Scranton and Stroudsburg and Hazleton. That we have big-city problems right in our own backyard. We have five interstate highway systems that interconnect within northeastern Pennsylvania. But is there anything specific that you can point to within the community culture that you found to be successful in mitigating some of these ramifications?

Mr. WICKHAM. Yes, the most successful cooperation I have seen is when the prosecutors, law enforcement, and the business community get together in an organized fashion. We refer to them shorthand as ORCAS, Organized Retail Crime Associations. Because the sharing of information is so important and it is so challenging for small businesses that don't have a large umbrella corporate office to unite their resources, so it is very important for the small businesses to work together with the prosecutors, with law enforcement, and with policymakers. To commend your State, the Pennsylvania Chamber of Commerce supported a State law that set up an Organized Retail Crime Office within the Attorney General's Office. And, in just over a year, they have opened over 65 investigations, made more than 40 arrests, and recovered nearly $2 million in stolen goods, uniting those rural communities or smaller midsized communities you are talking and some of the larger urban centers.

Mr. BRESNAHAN. Well, it is nice to know that, with the Attorney General Dave Sunday, that there has been an initiative there.

In my last life, I was a real estate developer, and we made investments into downtown Pittston and getting to work with the entrepreneur and, you know, just seeing the struggles in which they go through every single day on making sure that their stores are staffed, and, you know, they can keep up with industry and process, you know, various different surges—whether that is a brewery, Blind Cat Brewing or Grayson Park or, you know, a hair salon. They are all dealing with the same reality. But I think it is important that you have to have that cultural impact. And I think you phrased it very eloquently about having the culture of the commu-

nity come together to repeal or repel some of the crime. Also, what is unfortunate is when you have a detective in the Scranton Police Department that gets shot in the head—thank goodness he made a great recovery—but it is still detrimental to the success of the community. So I seem to be out of time. I yield back.

Chairman WILLIAMS. Then gentleman yields back.

I now recognize Ms. Simon from the great State of California for 5 minutes.

Ms. SIMON. Thank you, Mr. Chairman.

And thank you to our Ranking Member.

Mr. Jackson, just briefly, thank you so much for being here. And I followed the work of the office prior to betrayal of this administration and then shutting it down. What I thought was so interesting about the office is that the initiating group that brought the Office of Violent Prevention together—is this correct—was faith leaders from all over the country. Thank you. Thank you. And thank you for your work.

My question next question is from my Bay Area brother. You are in the sunset. My mama lives in the sunset. And I believe I know where your coffee shop is, and I just really thank you for traveling. It is a long flight. I take it every week, and we are just honored and happy to have you here.

Just a couple questions that may seem a little off topic, but I believe that they will come together. Do your employees, sir, at the coffee shop have health insurance?

Mr. KALEBJIAN. Yes.

Ms. SIMON. And are you aware that the proposed cuts to the Affordable Care Act and small business tax credits would make it harder for small businessowners like yourself to provide health coverage to your employees?

Mr. KALEBJIAN. Yes.

Ms. SIMON. Thank you, sir. You also told the Chronicle—and I read the article, and I agree with you. I read the article about five times in the last couple of days since I knew that you were coming—out of deep respect. I agree with everything that you said in that article.

But I want to be clear that I think it is going to get worse. While you have a mayor—in fact, Mr. Lurie is actually not a businessman. He led the Tipping Point Foundation, and I was on his board for 8 years and really loved the work that they were doing at Tipping Point to combat poverty and some of these root causes. And I agree with your assessment at his being on the streets every day working with small businesses, asking the questions about root causes; it works. So I am really excited that you are in communication with the administration.

But this administration is cutting $1.7 billion from mental health services that go into States, then counties, and in cities. And, in fact, he has fired half of the mental health staff from SAMSA, which is just shocking.

So my question is simple: How do we solve the mental crises that you clearly and beautifully articulated in your Chronicle article—mental health crises that are driving small crime, which feels like big crime if you are running a small business in our communities when this administration is defunding mental health in real time?

If you think it was bad last year, can you imagine counties like San Francisco way to Louisiana, Denver, you name it—they are going to see their mental health grants slashed.

How do we support small businesses while stripping away your ability to, one, keep your employees safe, insured? And the folks who are causing the issues outside of your business, they will receive a deeper cut to the small services that they already receive in their struggle for mental health. I would love to hear your thoughts on that.

Mr. KALEBJIAN. Yeah, my thought is, I mean, Congressman mentioned that California is the fourth largest economy in the world. We are a big country.

Ms. SIMON. Absolutely.

Mr. KALEBJIAN. We can figure it out. And I think California should be able to solve for that. One example, we could stop funding the train to nowhere that we have been spending $5 million per mile to build that hasn't been built for 10 years. So that would be one example that I would give.

Ms. SIMON. Thank you so much. And I would—with my just brief time left—want to bring it home that we have a federal government that has been explicit about defunding mental health services that reach our cities in real time. So, in San Francisco and Oakland where I represent, should a police officer take a mentally ill person into custody, we know now that there are so few beds. And, with that the cuts to mental health that are coming in real time, there will be fewer beds and fewer services.

Now, train and infrastructures, those are very different parts of our federal and local budgets. But health and human services, when those real cuts hit our streets, I would hope that this Committee, we find it in our hearts to figure out how to push SBA, push other parts of our federal government to fund real opportunities for our small businessowners to keep their storefronts safe, to provide opportunities for our local and regional and state and federal law enforcement officers to actually have places to send folks in their midst of crisis. And, again, I want that you for being here, and I appreciate your advocacy.

Thank you so much, and I will yield back.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Wied from the great State of Wisconsin for 5 minutes.

Mr. WIED. Thank you, Mr. Chairman.

You know, it doesn't matter if your business is in Green Bay or New York City, Appleton, or Washington, D.C., retail crime negatively and disproportionately impacts small businesses across the United States. As a former small businessowner, I know firsthand how detrimental crime is for small businesses.

A 2024 study found that almost 80 percent of small businesses reported the annual cost of theft to be between $500 and $2,500 per year. While this may not seem like a lot to some, businesses already operating on thin margins have a hard time recovering from these losses, and it could be the difference between ending the month in the black or ending the month in the red.

Retail crime is not the only way crime impacts small businesses. In blue Democrat cities where police are prohibited from enforcing

the law and district attorneys refuse to prosecute crimes, people don't feel safe shopping. They don't feel safe going out to eat or even going for a walk in the local park.

Next time you are in a city like Chicago or San Francisco, just walk down the street. What used to be a bustling area filled with local businesses are now boarded up and abandoned. This is a direct result of Democrats doubling down on their failed soft-on-crime policies, such as reducing penalties for retail theft and cashless bail, which allows criminals to return to the street before the arresting officer has finished their shift. These policies not only hurt the small businesses but their customers and their staff as well.

Mr. Kalebjian, I always enjoy hearing directly from small businesses, and you have obviously carried on the legacy that you talk about your dad and some of his advice, and I love hearing that. You know, your father always taught you that incentives drive behavior, and that couldn't be more true. Show me the incentive, and I will show you the outcome. And right now our incentives tell people that crime pays and accountability doesn't.

But I would like to hear from you here today. As a small businessowner, you have faced the onslaught of theft from a repeat offender, and I did as well. What impact have you seen on people willing to come into your store based on your experiences?

Mr. KALEBJIAN. You know, that specifically hasn't been as big because we do have a really, really tight community. But the impact has gone more on me and my staff feeling helpless, feeling unsafe, and sad. You know, the conversations instead of being, you know, "It was busy today," or, you know, "That customer came by and said hi," it was more of conversations like "Stanley came in again, and this time he, you know, dropped the tip jar. We got to replace it." Those kinds of negative comments was impacting my retail side of the business, as opposed to the customers because they were supporting us throughout it.

Mr. WIED. So you have a good network of other businessowners. I mean, tell us about your friends and businesses that are around you. Tell me about——

Mr. KALEBJIAN. Yeah, I mean, the example we talk about is only—it impacts small businesses. You know, it impacts large businesses, too. We have a Walgreen's pharmacy down the street that employees would come to our shop every day to grab a couple of coffee. We would ask them, and we would talk about how bad it was. Well, guess what? That pharmacy is now closed because people were just coming in and stealing a hundred—950 bucks every single day. And even a big business like Walgreen's can't afford it. And it is the only pharmacy in like a 2-mile radius. So now that community has also lost a place to go get prescriptions.

Mr. WIED. Sir, you talk about this—something Congress could do, which is shine a spotlight on the problem. I think we have to admit there is a problem.

Mr. KALEBJIAN. Yeah.

Mr. WIED. And I think people need to all admit there is a problem—which—until you admit it, how do you find a solution? But you talk about the heart of the problem as policy failures and locally, local prosecutors, and you talk about being constrained, they are constrained by political choices rather than pursuing these

cases. Can you explain locally how that has impacted you—the local?

Mr. KALEBJIAN. Yeah, I mean, I mentioned this earlier on Prop 47, which was passed in 2014, which took, you know, a petty—petty theft down to a nothing burger. And so that policy, granted it starting in 2014, when COVID hit, everybody started to move away from the downtown into—or the neighborhoods where we are. And now it is a free for all.

I mean, you are literally passing a bill that says you can steal up to 950 bucks, and you won't get arrested. What is going to happen? What is the incentive? And then we passed Prop 37 last year, which was a Band-Aid to it that said, "Well, now you can steal two more times, but, after that, then we might arrest you," as opposed to just getting rid of Prop 47 altogether.

Mr. WIED. Well, thank you. And thank you for being a small businessowner and continuing on the legacy that your—you know, your family has done.

Mr. KALEBJIAN. Thank you, Congressman.

Mr. WIED. We really appreciate that. You are the heart of America. Thank you.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Olszewski from the great State of Maryland for 5 minutes.

Mr. OLSZEWSKI. Thank you very much, Mr. Chairman, and to our Ranking Member. And, of course, to our witnesses, I appreciate the opportunity to discuss the impact of crime on small businesses across our country today.

And it is true: Surges in retail and cyber crime put both our nation's employers and our consumers at risk. We in Congress should be doing all that we can to stop crime. It is an issue that I was passionate about when I was Baltimore County Executive before I came here to Congress, where we made combating crime central to helping small businesses grow and thrive.

And, in stark contrast to some of the hyperbolic defund-the-police rhetoric I have heard earlier today, I was a Democrat, one of many over the past years who invested in new and smart policing tactics. I spent tens of millions of dollars in new local resources to support our police department and public safety generally. But I also made investments in prevention, because I know that we can be both tough on crime, not only by holding people accountable—and we should for their actions—but also by making those upstream investments to prevent crime from happening in the first place.

Our efforts were strengthened by smart and efficient federal funding made possible by laws like the American Rescue Act and the bipartisan Safer Communities Act, which granted billions of dollars to States and cities for public safety and violence prevention initiatives.

Through a $12.7 million grant from the CDC, Baltimore County's Department of Health and Social Services and the fire department deployed peer outreach specialists and EMS clinicians trained specifically for peer outreach for nonfatal overdose victims and their families, reducing the downstream impact of substance abuse on our communities and our commercial users.

Just yesterday, I heard it from our county that they don't readily know what the administration's cuts are to that grant or what the subsequent impacts will be to that program. This is a program that led to a decrease in fatal overdoses by more than 40 percent in 2025, nonfatal overdoses down almost 25 percent, and fentanyl-related deaths down near 50 percent.

We sent corporals to the FBI on a cyber task force to learn about how we can do more to fight cyber crime. We worked directly with businesses and owners with programs like ROCA, an organization that engages both young people and police officers to heal trauma and drive change. Through federal grants, we installed enhanced lighting, camera systems, and we also deployed more license plate readers, expanding our mobile crisis units. And we put a 911 clinician in our call center. We put the resources where there was greatest need, and we saw significant impact.

But, again, these results were possible because of that strong collaboration among federal, state, and local leaders. Unfortunately, as you have heard today, the Trump administration is now handicapping public safety by cutting and laying off people. States are now dealing with a collective $500 million in revoked balances from 373 grants, undermining the very programs that keep our communities and businesses safe, and yet not a peep—not a peep—from the other side of the aisle.

Still, I look forward to working with this Committee to draft and uplift legislation that strengthens American small businesses on this and many other issues.

I hope to get to two quick questions, Mr. Chairman. First is to Mr. Jackson, the city of Baltimore, which you referenced, which I am proud to now represent in Congress, has also experienced a significant decrease in homicides, on track to have the lowest homicide rate in 50 years. We have to keep doing more, but we are proud of that progress. They were recently awarded $62 million after a jury ruled in their favor against a Hanover-based firearm shop for selling untraceable ghost guns. Still sales have increased exponentially in recent years.

How has the federal government acted to reduce the spread of ghost guns in your opinion?

Mr. JACKSON. Yes, historically, especially during the Biden-Harris administration, that was a top priority to crack down on ghost guns. There were multiple executive actions to move forward. And, frankly, the largest manufacturer of ghost guns, Polymer 80, was shut down after we made changes that required them to go through licensing and background checks just like any other gun dealer. So it is huge priority, and we also know that ghost guns are leading to a lot of death and harm across our country.

And, lastly, I just wanted to congratulate you in Baltimore. I mean, you all are seeing a 33 percent reduction in homicides this year and literally are turning Baltimore into one of the safest cities in the country. So congrats.

Mr. OLSZEWSKI. Thank you. And a lot of credit to the mayor and the partnership we had. And we are hopeful we can get back to that.

Lastly, quickly, with my 20 seconds left, Ms. Plaggemier? I apologize. I get my name mixed up, too. With AI being an important

part of cyber crime, would you agree that we should be wary about efforts that lead to blanket restrictions on the regulation of AI, as it drives and fuels these cyber crimes?

Ms. PLAGGEMIER. Yeah, I would agree with that. I mean, AI has just been—has poured fuel on the fire of cyber crime.

Mr. OLSZEWSKI. Thank you very much. I appreciate your time. I yield, Mr. Chairman.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Schmidt from the great State of Kansas for 5 minutes.

Mr. SCHMIDT. Thank you, Mr. Chairman.

And I appreciate the witnesses being here.

Before I started serving in this role, I spent 12 years as a State-level law enforcement official as a prosecutor. And, before that, I was a local prosecutor in municipal court. Nobody has talked about municipal court that I have heard yet today, but an awful lot of these retail crimes wind up in city courts around the country, which is they are different animals from State courts or federal courts.

In fact, I have got a friend who was a career federal law enforcement official and has later in his career become a State-level law enforcement person. And, when I was attorney general in my State, we actually returned some federal money back because it was just a pain in the neck to deal with all the strain. Just let me do my job. I don't need help. I just need you out of the way. I don't want to partner with the Feds. I just want to do my job.

And this fellow called me the other day and said, "You know, now that I am on the State side of this; I have a new appreciation for how difficult even well-intended federal actions can be in some of it." So that is the context in which I ask, you know, a handful of questions here.

Mr. Wickham, in your written testimony, you talked about aggregating offenses. And I took your testimony to be how that conversation usually unfolds, which is, you know, if you got somebody who steals three different little amounts over a fixed period of time within a window, you add them up, and you get a bigger amount. So you get to a higher level crime, or you get from a misdemeanor to a felony, or whatever—which by the way is not—we used to actually sometimes deliver the charge as misdemeanors, even though it was a felony amount, because you could actually get time in the county jail for a misdemeanor, but you were going to get probation for the low-level felonies. So, if you wanted to take somebody off the street, you didn't want to charge the felony. So my point is it is a little more complicated sometimes than we make it in this town.

But my question for you on aggregation, have you had any discussions, thoughts, or otherwise on perhaps a little bit of a different type of aggregation. Is there benefit to having a conversation about whether aggregating repeated State crimes—for example, stealing something in interstate commerce, which almost all of this is—should at some point become a federal offense, a freestanding federal offense in and of itself so you can get, not low-level guys, but repeat offenders that do a lot of small things, into the federal system?

Mr. WICKHAM. That is a great question. And I appreciate your perspective. Being in the room with experts like you and hearing you saying that things are a little more complicated or there is a little more nuance are the best way to pass information from policymakers, from prosecutors, to our small business members. So I really appreciate that.

I think what underlies your concern is that oftentimes we are seeing these networks are so broad that they can—with very small amounts of people—be able to hit multiple jurisdictions, not only in the State but outside the State. And is there a federal aspect to it? We recently had an arrest in California where there were just nine people hitting one specific big-box retailer 600 times.

And that is a valid question—are we getting to a point where there needs to be some sort of national crime? And we support the CORCA bill, the Combatting Organized Retail Crime Act, to have a larger federal role here so that we can put the evolving nature of these types of crimes, whether it be just 9 people or 900 people throughout the United States, under a federal lens and to right-size the laws to the problem at hand. So that is something that I really hope that the upcoming debate on CORCA will bring out.

Mr. SCHMIDT. Because there is a time—I mean, I believe most of these ought to be dealt with State and local, and the Feds ought to stay out of them. But you ought to figure out the ones that are better dealt with under federal law with federal tools and then give the federal authorities the tools to do the job as opposed to having to rely on State folks to find them, arrest them, stop them, ship them to the Feds, and then maybe you get attention, and maybe you don't get attention, and it is you know—pick a lane, right? Pick a lane.

So, you know, on that point, you know, one of the things we did in Kansas on our watch—not really in this space, but a related financial crime space—we finally got tired of dealing with our friends in Washington, and we went to the regional enforcement authorities and a number of the federal law enforcement agencies. A lot of them were out of Kansas City, as it happened to be. So they were close for us.

We sat down. We had a great working relationship with these guys. And we said, "Hey, you guys come across a whole lot of lower level crimes in the course of your work that the U.S. Attorney's Office will never take up because they are not big enough. Can we enter into an agreement where you will ship them to us, and we will prosecute them—under State law, which is the key? Don't make me a federal prosecutor. I am a State guy. But your law enforcement guys have investigated them and worked them up." And we did that and got a lot of convictions. Is there any merit in that? Thank you, Mr. Chairman.

Mr. WICKHAM. I would just like to first commend Kansas for a lot of innovation and leadership. Wichita had a really big problem with retail crime in the last few years, and Kansas has gotten them resources. And then, secondly, having this conversation, homeland security investigations——

Chairman WILLIAMS. The gentleman's time is up.

Mr. WICKHAM.—is really a critical—and they have regional offices that can be helpful resources——

Chairman WILLIAMS. The gentleman's time is up.

I now recognize Ms. Goodlander from the great State of the New Hampshire for 5 minutes.

Ms. GOODLANDER. Thank you, Mr. Chairman.

And thank you to our witnesses for being here today for this really important hearing.

I came here to Congress to really make our country safer, more prosperous, and more free. Those three pillars work together, but safety, public safety is really at the core and the root of the root of what we have got to be doing here.

And, before I came to Congress, I served for years at the Department of Justice. And one of the things—with all due respect to county and local officials—and actually the utmost respect because what I see every day in this work is how mission critical our State, local, county partners are.

And, Mr. Wickham, you have pointed this out powerfully in your testimony. Mr. Jackson, you have as well. And I appreciate all of your service in government and your testimony today. But, you know, what I saw at the Justice Department and what I see in this job is partnership—there is a through line, in this hearing, what I am hearing from all of you, partnership is at the core of how we combat crime in this country. Whether it is partnership across government at every level and across branches, partnerships with the private sector, partnership is the key.

I want to start by asking about our partnerships with local law enforcement. And, Mr. Wickham, you pointed out in your testimony just how important county attorneys are as gatekeepers in our criminal justice system. When I was at the Justice Department, I saw how these federal dollars really make a huge difference in the work that law enforcement is able to do. We are asking them to do more with less every single day. And so these grant programs—you know, I serve on the Armed Services Committee. When I look at the budget of the Department of Defense, nearly a trillion dollars, and you look at the Department of Justice's budget, you know, they are being asked to do more with less every day. So I am deeply concerned about the millions of dollars in cuts that we have seen already this year to really successful and important Department of Justice programs. And billions of dollars in proposed cuts for next year's budget.

So, Mr. Wickham, can you speak to what you have seen in your work about the importance of federal programs—as much as they need to be improved, how important they are as a lifeline to local law enforcement?

Mr. WICKHAM. I think they are very important, and our numbers back that up that, when you are asking, "why is this a persistent problem over time," and people will point back to the fact that it is underreported. Why is it being underreported? Our data shows that the majority of those small businesses and retailers are not reporting it because there is a lack of law enforcement support. So, if, as Hrag has testified to, if there isn't an accompanying law enforcement presence there, that is going to discourage the reporting of this, and then we will just see repeat offenders. And then that repeat offender builds up the frustration and increases the risk of violence.

So resources is really something that we are talking to both our small businesses and our larger retailers, is something that is almost always brought up as a second or third concern.

Ms. GOODLANDER. Well, I appreciate that.

I want to, Ms. Plaggemier, ask you to follow up on some of the earlier discussion about how we measure the impact of cyber crime. So, by some estimates, cyber crime is costing us more than $10 trillion a year. Does that sound like a fair ballpark estimate? Do we even have a way of estimating the overall dollar cost?

Ms. PLAGGEMIER. I don't know that we do. I think right now we are seeing this conflagration of cyber crime scams and fraud. And, traditionally, those have been handled as, like, three separate pillars by financial services institutions, by corporations, even by small businesses. But, if you start to peel the onion, you are going to see some of the same bad actors, like the CCP, behind—things that we would have considered just a run-of-the-mill scam is now highly, highly organized and has a nation-state actor at the top of the food chain. So it is hard to estimate.

Ms. GOODLANDER. If you had to give guidance to this Committee on the most significant thing we could do to combat cyber crime, what is your recommendation?

Ms. PLAGGEMIER. I think, for small businesses, it is finding those leverage points to get them to engage before the bad thing happens. Whether that is through the SBA or other partnerships, finding a way to encourage more small businesses to engage—the owner themselves—and not just to think, "Oh, my IT guy has it handled," because your IT guy might not have it handled.

Ms. GOODLANDER. Well, I appreciate that. I will be following up with questions for the record.

But I just note that the Cybersecurity Information Sharing Act of 2015, an important provision of law that has allowed for some measure of information sharing, is set to expire at the end of January, and we would very much welcome all of the witness' assistance in thinking through how we make sure that we keep that critical lifeline of information alive. Thank you.

Ms. PLAGGEMIER. I agree. That is very important.

Ms. GOODLANDER. Thank you.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Jack from the great State of Georgia for 5 minutes.

Mr. JACK. Thank you very much, Mr. Chairman. As a freshman, one of the benefits of being a freshman is you get to ask questions last.

And, as a component of that, I would welcome a chance, Mr. Wickham, for you—I don't know if you want to continue on what you were discussing with my colleague, Mr. Schmidt, on some of those recommendations right before that time expired—but give you an opportunity to further your comments there.

Mr. WICKHAM. I appreciate your service, Mr. Jack. We have had very good partnerships with the State of Georgia and attorney general Carr on combating retail crime. I like to joke with your attorney general that he was in early on the issue of verified transactions online. Georgia had that in place before the Federal INFORM Act which we worked very hard to pass.

The issue of coordination is—seems so basic, but when you and I have a discussion about jurisdiction—which is so critical in this area—people's eyes roll back in their heads. It is just that we have fiefdoms. What is the role of Congress? What is the role of the policymaker? What is the role of the prosecutor? And we really need to hit this particular problem at all angles. We support CORCA, the bill to coordinate efforts at the national level, and also those individual decisions by prosecutors on what offenses they are going to charge because those are equally important to this fight.

Mr. JACK. Thank you very much.

If I could shift to Mr. Kalebjian, I am curious. As we close this hearing, it is important for us to hear from someone like yourself who is directly impacted by this, and I welcome any closing thoughts and comments from you as to how best our Committee can serve you and serve our constituents combating these retail crime thefts.

Mr. KALEBJIAN. Thank you, Congressman. I think having me here speak on behalf of my brothers and sisters and making everybody aware of the situation is great. I think we need to put pressure on the States to have commonsense laws. I would argue that what we had tried in the past has not worked. We were trying to help people, but by pretending to help, we actually hurt not only them but the communities and the small businesses.

We just need to make sure that any crime is considered a crime no matter how small, to be able to enforce it so we have some type of stability that will then create a common sense of community for people, for businesses, and everybody that wants to do good and live a happy, healthy life.

Mr. JACK. You know, it is interesting. I want to pivot back to Mr. Wickham. You mentioned that the enforcement mechanism—you know, I find at least in my community that I serve, you know, a lot of the local mom-and-pop shops, they suffer from, you know, that threshold. If it is under a thousand dollars, under $500, rarely will you see that prosecuted.

I am curious, in addition to CORCA, what other ideas you may have for us to navigate that because, invariably, it seems like the criminals figure out what that threshold is and they pursue their illicit theft right under it.

Mr. WICKHAM. We have talked a lot about aggregation of laws, and that is something we are very happy to see increased action by the States to allow either the attorney general or another prosecuting official to get these multiple offenders who deliberately cross jurisdictional lines because they know, one, they can either steal below the minimum or, two, just commit what appears to be a one-off in a particular jurisdiction.

But, going back to the example in California, where nine individuals hit a big-box retailer 600 times, there is a point at which you have to rule out these as one-offs, and we need to work together to aggregate these offenses so that we can take these people off the streets.

Mr. JACK. Thank you very much.

Ms. Plaggemier, I want to give you an opportunity in these closing 47 seconds as they tick by to offer any closing thoughts and comments before this Committee.

Ms. PLAGGEMIER. Yeah. One of the ideas that we have actually considered is—or a question we have asked ourselves is should collectively small businesses around the country be considered a critical national infrastructure sector? And I think there might be some merit into looking into that concept because, when you look at small businesses holistically, they are an enormous part of our GDP and our employment and drive a huge part of the economy.

So I think looking at them like critical national infrastructure, like we do utilities and financial services sector and all the other sectors, might be one way to combat the problem of cyber crime affecting small businesses.

Mr. JACK. Well, thank you all.

And, Mr. Jackson, thank you for your testimony as well. I worked at the White House. So I have familiarity with that.

And I will yield back to our distinguished Chairman, Mr. Schmidt.

Mr. SCHMIDT. [Presiding.] Thank you.

The Chair now recognizes Mr. Cisneros from California for 5 minutes.

Mr. CISNEROS. Thank you very much, and I want to thank our witnesses for being here today.

Mr. Wickham, welcome back. I am your last individual and the last set of questions you will get here, so—before we can wrap up.

But, you know, I don't want to restate the numbers and data again that has been kind of mentioned throughout this hearing but simply say that, when State and local governments focus on crime and gun violence and invest in it, there is a change, right? Gun violence goes down and crime goes down. It does make a difference.

Unfortunately, the Trump administration cut—has cut programs and diverted resources to fight gun violence and crime and instead has diverted those resources towards immigration—you know, towards targeting our immigration communities, immigrant communities that are not only the workforce for many of these small businesses, but they also shop at small businesses. And, for many of them, these immigrants are the entrepreneurs who have started thriving businesses in our communities. And, with that, I will get to my questions.

Mr. Jackson, according to the Giffords Law Center, multiple studies show a link between weakened public carry laws and increased violent crime rates, some indicating an 11 percent to 15 percent increase in homicide and violent crimes after States deregulate concealed carry. As someone who has worked at both the federal level and at the community level, how do you respond to arguments that more guns in public equals less crime?

Mr. JACKSON. Well, all the studies that we have seen in recent history have showed that that is false. And, if you need an example, you can look at what is happening in our southern States across the country. The States with the weakest gun laws and the least amount of resources to prevent violence are seeing the harshest impact of violence, and not just in cities, but in rural communities who are losing veterans and our elder folks to moments of crisis after being armed and not having the resources to remove those firearms at least temporarily.

And so this is huge. We have to make sure we continue to build on progress to keep guns out of our public spaces and out of the hands of those who are most at risk or most vulnerable, and the States that are doing that are seeing tremendous results. States like Massachusetts, New Jersey, and even California are seeing historic reductions because of their strong gun laws combined with those resources.

Mr. CISNEROS. And, just to expand on that, can you explain how weak gun laws in one State can directly increase shooting risks for small businesses across State lines?

Mr. JACKSON. Well, yeah. D.C. is a perfect example. We talked about the terrible incidents that have happened in this city, including the attacks on even our Armed Services. But 95 percent of the guns that arrive in Washington, D.C., come from outside of the city, and the same—it is the same case for Chicago. A third of the illegal guns come from Indiana.

And so we know that a neighboring State with weak gun laws is a breeding ground for illegal guns to flow into inner cities and into communities. And, again, it is not just homicides. It also leads to other forms of violent crime. Whether it is robbery or theft or even retail crime, many of those guns are illegally trafficked.

Mr. CISNEROS. Thank you. Now, look, my grandfather was a World War II veteran who came back from the World War II and used his VA benefits to start a small business, a market. Unfortunately—this was a long time ago, but, unfortunately, that store was robbed one day, and he became a victim of gun violence and died.

I want to thank you, Mr. Jackson, for sharing your story. But, based on your understanding, what survivors—what do survivors need most in the months and years after experiencing gun violence?

Mr. JACKSON. Yeah. In the short term, we need victim services. We looked at—when someone is shot, the employer themselves—the cost for their medical fees is upwards of $30,000. When I was shot, it cost me around $20,000 in hospital costs alone.

But those victim service dollars are under siege. In fact, the Trump administration has already cut $2 billion from the Crime Victims Fund, and in fact, 24 States are now suing the Trump administration because they don't have those funds to support victims of violent crime. And so we start with that as well as focusing on efforts to prevent violence and then efforts to make sure we are holding those accountable who cause that crime.

Mr. CISNEROS. With that, thank you all again for being here today. Thank you for your answers, and I yield back.

Chairman WILLIAMS. [Presiding.] The gentleman yields back.

And I also would like to thank our witnesses for being here today and for your testimony.

Without objection, Members have 5 legislative days to submit additional materials and written questions for the witnesses to the Chair which will be forwarded to the witnesses. So I will ask the witnesses to please respond promptly if that happens.

If there is no further business, without objection, the Committee is adjourned.

[Whereupon, at 12:14 p.m., the Committee was adjourned.]

[Ms. Lisa Plaggemier did not submit her responses to QFR's in a timely manner.]

[Hon. Gregory Jackson did not submit his responses to QFR's in a timely manner.]

APPENDIX

U.S. Chamber of Commerce

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December 2, 2025

Hearing Before the House Committee on Small Business on "The Impact of Crime on America's Small Businesses," December 2, 2025 [Docket No. XXXX]

To the Members of the House Committee on Small Business:

My name is Tom Wickham. I am a Vice President and Managing Director of Government Affairs at the U.S. Chamber of Commerce. I have been at the U.S. Chamber since 2021. From 1995 through 2021, I served in the House Parliamentarian's Office where I had the honor of advising many of you on your constitutional and institutional responsibilities.

The U.S. Chamber of Commerce is the world's largest business organization, representing companies of all sizes, including small and midsized businesses. We also have local chambers of commerce and leading industry associations as members. The Chamber serves as the voice of American business in Washington, across the country, and around the globe. Since 2021, I have visited communities throughout the country meeting with policymakers, law enforcement, prosecutors, and businesses to find solutions to the complex problems of crimes against businesses. The U.S. Chamber is committed to working with this committee and small businesses to combat crime and its negative impact on communities.

While higher-profile crimes and finger-pointing grab the headlines, small businesses continue to struggle with rising business-focused crimes. Retail crimes like organized shoplifting rings and "smash-and-grabs" have been persistent problems for America's businesses. Crime numbers often fluctuate from year-to-year but the long-term trends are clear with larcenies involving shoplifting having doubled since the 1970's according to statistics from the nonprofit Council for Criminal Justice. The effect of retail crime is widespread with innocent customers, employees, and business owners bearing the financial and societal costs. Retail crime creates higher prices for consumers, results in stores having to close their doors, and communities left without vital goods and services.

Cargo theft is another rising concern for the business community. Cargo theft is increasing rapidly with a significant shift toward sophisticated fraud and deception tactics. Cargo theft results in higher costs throughout the supply chain ultimately impacting small business shippers and retailers. The latest numbers from CargoNet show a 13% increase in theft incidents in the second quarter of 2025 over 2024 following record-high numbers of cargo theft incidents in 2023 and 2024. Unfortunately, Texas is at the center of the problem with Texas, Illinois, and California

as the top three states for cargo theft with 53% of incidents occurring in those three states.

Crimes against small businesses are not just a matter of national statistics but affect all businesses at the local level. Hrag Kalabjian will testify to the continued crime problems plaguing his family-run coffee shop in California. Hrag is a member of the U.S. Chamber's Small Business Council where unfortunately these stories are all too common and often include businesses in Texas. According to a 2024 study led by the Texas Comptroller's Office, organized retail theft (ORT) cost businesses in the state of Texas over $421 million annually. These skyrocketing costs are in addition to the mental impact on the small business owner and employees and the surrounding business community. Here is just a short list of recent incidents in and around the 25th District.

- In June, three Waco small businesses were broken into causing significant damage and closure for multiple days.
- In April, thieves broke into a Waco electronic repair shop and stole $10,000 worth of equipment.
- In June, a Mesquite gym owner was robbed of $5000 after criminals followed him from a bank.

The U.S. Chamber has summoned policymakers and the business community to join us in our three-part call to action for **improved coordination, aggregation, and prosecution** in combating crimes against businesses.

Coordination of response

Improved coordination between different levels of government can be served by Congress passing the Combating Organized Retail Crime Act (H.R. 2853/S. 1404). This bipartisan bicameral bill establishes a coordination center within the Homeland Security Investigations division of the Department of Homeland Security to increase collaboration in the multi-jurisdictional fight against retail crime. In this Congress, the bill has also been expanded to address the problem of cargo theft. At the local level, coordination of small businesses to combat crime can occur under the umbrella of a local chamber of commerce like successful efforts of the New Mexico Chamber of Commerce's Organized Retail Crime Association or the Ohio Chamber's Crime Task Force.

Aggregation of offenses

One of the greatest challenges to small businesses is the increasing sophistication of criminal operations. These highly-organized gangs exploit the laws of a given jurisdiction to maximize their thefts and minimize their chances for arrest and

prosecution. Thieves accomplish this by repeatedly stealing *just* below the felony threshold during each theft, with multiple thefts often committed across jurisdictional lines and often against the same stores again and again. Small businesses are continually frustrated by two words: "repeat offenders." The Chamber has worked with state policymakers and prosecutors like San Diego County District Attorney Summer Stephan and the National District Attorney's Association to change laws to create a separate offense for the repeated stealing of certain amounts within specific time periods. We appreciate this committee's support in passing aggregation laws in all 50 states.

Increased prosecution

Crucial to any anti-crime response is the local prosecutor. District Attorneys and County Attorneys are the gatekeepers of the criminal justice system, deciding whether arrested parties will be prosecuted. Lax prosecution of crimes against businesses sends the wrong message to small business owners and communities, and only emboldens criminals. The U.S. Chamber supports legislation reducing the case backlog for state and local courts, thereby freeing up prosecutors' ability to address current crimes.

Crimes spanning multiple jurisdictions pose a logistical and manpower problem for prosecutors, but progress is underway. State legislatures should follow the lead of Pennsylvania, where a law supported by the Pennsylvania Chamber of Commerce created a new office of Deputy Attorney General for Organized Retail Crime Theft last year. In just over one year, that office has opened over 65 investigations, made more than 40 arrests, and recovered nearly $2 million in stolen goods.

The U.S. Chamber stands ready to partner with this committee to pass effective laws and policies to combat crime and ensure our communities are safe.

I am happy to take any questions you may have.

NATIONAL CYBERSECURITY ALLIANCE

Written Testimony of Lisa Plaggemier, Executive Director of the National Cybersecurity Alliance (NCA), before the House Committee on Small Business

Hearing: Main Street Under Attack: The Cost of Crime on Small Business

December 2, 2025

Chairman Williams, Ranking Member Velázquez, and distinguished members of the House Committee on Small Business, thank you for the opportunity to provide testimony on how cybercrime affects small businesses across the United States. I greatly appreciate the Committee including cybersecurity and cybercrime in this discussion.

The National Cybersecurity Alliance is a nonprofit on a mission to educate people on avoiding cybercrime, scams, and fraud. From families to Fortune 500s and every kind of organization in between, we work with one goal in mind: to make cybersecurity easier and more accessible, so that we can experience the benefits technology brings to our lives without the worry of being victimized.

We reach millions of people with Cybersecurity Awareness Month every October (we are the founders), and campaigns on topics ranging from AI deep fakes, to avoiding scams like pig butchering, crypto, and romance scams. We inspire good cyber habits, like using a long, unique password on every account, and multifactor authentication (MFA) on every account that offers it.

We convene security leaders in the private and public sectors to help protect Americans from cybercriminals, transnational organized crime gangs, and nation-state actors. We are an alliance - a reminder that creating a secure online world is a group effort.

I haven't always worked in cybersecurity. I spent the first 15 years of my career in a large enterprise working with small businesses: automotive dealers and distributors. I learned firsthand the importance of small businesses to their communities, the value of partnership between the factory and the franchise, how a well-managed business can thrive and be resilient creating generational wealth, and conversely, how brutal competition, 50% employee turnover, and poor management and cyberthreats can cause a small business to fail, with ripple effects across a community.

Cybersecurity is not just a technical issue – it's a business risk that small businesses need to manage through people, process and technology. The majority of security incidents are not technology failures, they're people and process failures. Many incidents have poor basic IT management as their root cause, like employees using the same passwords on multiple accounts, not using multifactor authentication (MFA), operating systems that are out-of-date and vulnerable, software that goes unpatched, a lack of employee training on phishing and other threats, and poor offboarding of employees when they leave the company, failing to remove their access to data and systems.

You could view these types of failures as technology failures, because technology largely hasn't been designed to allow for human error. But until that happens, we, as users of technology, need to be educated in our use of tech, and businesses need to manage the risk to survive and thrive. Many of the companies that sit on the Board of the NCA provide security products and services to SMBs and most will tell you the same thing – it can be very difficult to convince a small business owner that he/she should operationally prioritize cybersecurity. Small businesses are very busy, with competing priorities.

There are five myths that we regularly hear from small businesses:

Myth: "I just don't think I'm on the radar of the bad guys."

According to Mastercard's Global SME Cybersecurity Landscape Report, 46% of SMBs say their business has experienced a cyber incident; according to a survey from the Identity Theft Resource Center (ITRC), the number is 81%. Most of these businesses experienced multiple attacks, with threat actors deploying increasingly sophisticated methods, including AI-powered attacks cited as a root cause in more than 41% of incidents.

Businesses with fewer than 100 employees are now 2.5x more likely to be targeted than those with 500+ employees (*source: SC Magazine*). Seen as easier targets by cybercriminals, employees of small businesses experience 350% more social engineering attacks than large companies.

More than half of the affected businesses reported losses between $250,000 and $1 million. While many are drawing from cash reserves or relying on cyber insurance proceeds, a significant portion – nearly 40% – are raising prices on their goods and services, in effect creating a cyber tax that we all pay. (*Source: ITRC*)

Small business are also heavily targeted by scammers because they lack the protections and monitoring large companies use to hunt brand abuse – large organizations monitor for fraudsters abusing their brand in phishing emails and scammers using AI to quickly create look-alike websites used to deceive customers. According to Visa, "fraud has evolved from being opportunistic — it's moved to strategic, automated, and scalable. Criminals operate with R&D cycles, go-to-market strategies, and continuous improvement processes. We're entering an era where nothing can be trusted at face value. AI enables the creation of synthetic content — fake merchant websites, fake identities, fake conversational agents…that is indistinguishable from legitimate business materials." My hypothesis is that the criminals have adopted AI faster than most small businesses, in order to impersonate small businesses and scam victims more efficiently.

Myth: "We don't have anything of value to cybercriminals."

From my automotive experience, I know that the average car dealer has 50,000 consumer records that include SSNs, driver's license numbers, customer employment history and more. Each one of those consumer records is worth hundred of dollars on the dark web. Additionally, with the onslaught of ransomware, the fact that your business exists makes you a target. According to the 2025 Verizon

Data Breach Investigation Report, 88% of SMB attacks last year involved ransomware. A ransomware attack can take a company offline for two to four weeks, and cost thousands to hundreds of thousands or millions in remediation, recovery, and lost revenue. Customer trust can take years to rebuild.

Small business intellectual property (IP) is also very valuable to nation-state actors like the People's Republic of China (PRC). There are multiple examples of SMBs operating in highly specialized niche markets whose businesses have been threatened, or been driven out of business, when their IP was stolen by the PRC who then spun up a low-cost competitor, producing the same highly-specialized product at a fraction of the cost because they had made no investment in the IP. American small businesses can't out-spend a foreign competitor who acquired the same technology at zero cost.

This is also a factor for entrepreneurs. If small innovative firms can't protect their IP long enough to commercialize it, the US becomes less competitive and innovative.

I've met a small business owner who is the only manufacturer in the US of a piece of equipment necessary to road paving who had no understanding of the risk of IP theft to his business, literally saying, "Why would a cybercriminal attack us?"

I've met a small business in a highly specialized segment who unknowingly employed a Chinese spy for years. They didn't know it until the spy went to work for a large enterprise that had an insider threat program that detected the epionage quickly. The Chinese national was convicted and is currently in federal prison. The small business still doesn't know what IP was stolen from them because they had no monitoring or logging in place at the time they employed him.

According to the Verizon Data Breach Investigation Report, espionage-motivated breaches now make up 17% of all security incidents. And state actors increasingly target small businesses because they are entry points into larger supply chains. Russia and China patiently make multiple hops through smaller companies to get to their desired large target.

Myth: "I've got a guy", i.e., an IT person or Managed Security Services Provider

If you are a small business owner, cybersecurity is not someone else's job: it's yours to manage. In our experience, small business owners don't know enough about cyber to manage it as a function of their business. They know enough about finance, for example, to have a meaningful conversation with their accountant, but the same is not true with their IT provider, whether it's an employee or an external provider.

They may not have known what questions to ask when hiring or contracting for that service. They might not know what metrics they should be asking for to track progress on protecting their business. They may have knowledge gaps on best practices for patching, resiliency planning and exercises, data handling, access and identity management, employee security training, and other basic IT practices. Their businesses often lack written IT policies, so they have nothing to manage *to*.

- 75% have no regular cybersecurity training program
- 80% don't implement multifactor authentication

- 80% have never conducted a vulnerability assessment
- 53% have no formal incident response plan
- 55% lack endpoint protection
  Source: TotalAssure

These aren't technology failures, this data is evidence of management failure. The National Cybersecurity Alliance believes small businesses don't manage what they don't understand, and our *CyberSecure My Business* program educates owners and operators, using business terminology they can understand so they can better manage cyber risk.

Myth: "My technology vendor/cybersecurity insurance takes care of it."

Small business owners are traditionally hands-on managers, except when it comes to cybersecurity. We believe it's the lack of knowledge that leads to some small business owners failing to manage the risk and assuming it's someone else's job. Many technology vendors now have protections in place, many without an up-charge, but the business needs to properly configure them. A technology vendor may offer MFA, but it's up to the business to enable it and train their employees on the proper use. A technology vendor may offer secure cloud storage, but again, the business needs to properly configure it, and employees need to use it and not go around it because it's "inconvenient."

Cyber insurance is not a panacea. Claims can be denied for your own IT negligence, often based on policy exclusions for human error, outdated security, or failure to follow security protocols. Many policies require you to meet certain security standards, and if a breach results from a failure to meet these requirements (such as inadequate security measures, poor employee training, or a lack of an incident response plan), the insurer can deny the claim.

Myth: "Cybersecurity is too expensive. My IT person/provider just wants to spend my money."

Many of the most effective measures involve people and process protections that cost little to nothing to implement, if businesses will take the time to manage them. For example,

- Proper vetting and onboarding of new employees
- Written policies and procedures with annual employee training and acknowledgement of the policies, including acceptable use of technology policies on passwords, MFA, email, internet, and social media use
- Access controls; rule of least privilege for CRM and other systems – who gets access, why do they get access, what are they accessing, and when are they accessing it
- Third-party risk management and access management
- Proper offboarding of employees, revoking access to systems

Again, there is a failure of education and lack of clear communication between the business owner and their IT provider. One example I heard at a car dealership involved an end-of-life PC in the parts department running WindowsXP, introducing vulnerabilities into the dealership environment. When the IT manager asked the owner to replace the PC, the owner said, "the parts manager says it still

works just fine," declining to make the investment. The failure was a lack of communication on the amount of risk to the business that old PC presented.

As outlined in our five myths, the ITRC report found that there is a dangerous disconnect between the perceptions of risk and the adoptions of basic security controls, such as MFA.

We believe that public-private partnerships are an effective and efficient way to help small businesses learn to better protect themselves. According to our *Oh Behave! Report on Cybersecurity Behaviors and Attitudes*, most people don't turn to the federal government for advice and guidance; they look to private sector companies, vendors, and nonprofits like us for guidance. Our *CyberSecure My Business* live-taught remote course includes six modules:

1. Why Cybersecurity is important to your business
2. Managing the security of your people and your money (business email compromise)
3. Managing who gets access to what (access rights and passwords)
4. Managing the security of your systems (updates and patches)
5. Ransomware and backups; managing your MSP/vendors
6. Managing incidents: Planning, insurance and next steps (incident response)

Eighty-nine small businesses have taken the course, but only 43 attended at least four of the six sessions and assignments. It is a challenge to pull owners away from their operations, even for 60-90 minutes a week, without some incentive. We have 371 small businesses on our waitlist, and are always seeking funders to cover our costs.

Of those who completed the course & provided feedback:

- 88% said that they are now more aware of their specific business assets that cybercriminals would target, and that they now feel more comfortable responding to a cybersecurity incident affecting their business.
- 83% said they feel more comfortable engaging with IT staff or cyber vendors on the topic of cybersecurity for their business.

As a result of the training, the course participants reported implementing or making plans to implement:

- Staff training on scams and phishing
- MFA
- A regular patching schedule
- Regular data backups

These figures motivate us to widen the funnel, attract more attendees and incentivize attendance, because if business owners attend, they are highly likely to implement real changes that reduce their risk and make them more resilient.

Cybersecurity does not have to be as intimidating and confusing as people perceive it to be (*source: Oh Behave!*). Education works! Strengthening small business cyber resilience strengthens U.S. supply chains, exports, and competitiveness against foreign adversaries. We stand ready to work with federal agencies to better educate small business owners how to avoid being victimized by cybercrime, IP

theft, and scams, whether it's opportunistic cybercrime or sophisticated nation-state actors. Through partnerships like cooperative agreements between nonprofits and government, we can work more efficiently and effectively than government can alone. We are stronger together.

I would like to thank the Committee and offer our ongoing partnership to support America's small businesses.

Chairman, Ranking Member, and Members of the Committee:

Thank you for the opportunity to testify today. My name is Hrag Kalebjian, and I am the third-generation owner of Henry's House of Coffee, a small-batch, family-owned coffee roaster that has been part of San Francisco's Sunset District since 1965. Our business was founded by my father and grandfather, who immigrated to the United States from Lebanon. For decades, our shop has been a place where generations of neighbors gather, share stories, and feel a sense of community over a cup of coffee roasted on site.

In recent years, however, that sense of community and safety has eroded under the weight of rising crime and lawlessness that small business owners like myself face daily.

A Daily Reality of Theft and Fear

About two years ago, a mentally unstable individual began repeatedly stealing from my shop. He comes in, takes drinks or food from our refrigerated case—sometimes three times a week—and occasionally steals from our tip jar. On multiple occasions, he harassed me and my staff, once even attempting to spit on me. He has stolen from us more than 35 times. Repeat offenders not only hurt the bottom line, but drive away loyal customers and endanger staff.

I called the police numerous times. Officers respond quickly, and I can tell they want to help, but they've told me their hands are tied. One officer advised me that my best option was to file a restraining order. I filed one, but enforcement has proven impossible. He returns repeatedly, and the police can't take meaningful action.

For my employees and customers, this isn't about the cost of stolen goods. It's about safety. I constantly remind my staff not to intervene, because no cup of coffee is worth someone getting hurt. Yet some of our loyal customers feel so protective of our shop that they've tried to stop the thief themselves. My worst nightmare is that something will happen to my employees or to our customers.

Financial and Emotional Toll

The toll of this criminal activity goes far beyond dollars. It's exhausting, demoralizing, and deeply discouraging to work hard every day only to feel that the system no longer values your contribution. We've installed metal gates on our storefront, shatterproof window screens, and replaced stolen equipment such as cash registers and iPads—all costly measures for a small business still recovering from the pandemic.

Our shop even built a parklet during COVID so neighbors could enjoy coffee outdoors, but it's frequently vandalized. Between security costs and repairs, we've spent thousands simply to stay operational while watching nearby businesses close due to the same issues.

Broader Community Impact

San Francisco's Sunset District was once a quiet, family-centered neighborhood. Since the pandemic, criminal activity that was once concentrated downtown has spread into our residential communities. Break-ins, vandalism, and theft are now common topics of neighborhood conversation. The closure of nearby essential businesses—like the only local pharmacy—shows how crime affects not just merchants but the very fabric of the community.

When businesses close, blight follows. Vacant storefronts attract more crime, and a cycle of decay begins. Each closure represents a lost opportunity for community connection and economic resilience.

Policy Failures and Needed Action

At the heart of this problem are policy failures. Local prosecutors, constrained by political and legal choices, rarely pursue these cases. Police officers—many of whom are empathetic and dedicated—feel demoralized.

From a business owner's perspective, the absence of local leadership compounds these problems. Our city supervisors have rarely visited our shop. Promises are made about prioritizing public safety, but in practice, laws and enforcement remain unchanged.

The Broader Economic Risk

This is not only a San Francisco problem. Across the country, 56% of small businesses report being affected by theft, with most saying it has gotten worse. I am honored to serve on the U.S. Chamber of Commerce's Small Business Council and one of my peers on the Council provided me with an example of how crime is more than just economic costs shown in data. For small business owners, crime is accompanied by an emotional burden that is an unnecessary addition to everything else we have to deal with. Fellow Small Business Council member, Mike Zaffaroni, owns Liberty Landscape Supply, which operates out of several locations in the Jacksonville Florida area. Mike explained that recently a juvenile defaced and sprayed graffiti on one of his greenhouses with nazi swastikas and racially charged hateful language. The offensive spray-painted symbols and language were removed, only to be spray-painted back on the greenhouses again. The Jacksonville Sheriff's Office responded, and they did the best that they could to gather evidence. Later in the same week, phone messages were left at the nursery threatening to kill everyone who worked there if the business opened the following day. Despite support from law enforcement, the fear and anxiety this caused within Mike's staff and his customers was a significant price to pay. The stress of those events made employees not want to come to work, fearing for their safety. As a small business owner, there was little Mike could do, as full-time security and cameras covering an entire retail garden center and nursery were not practical. The criminal was eventually apprehended and received probation and community service.

Retail crime—both petty theft and organized theft—now costs American businesses nearly $100 billion annually. When small businesses shutter, jobs disappear, tax bases shrink, and

communities suffer. As my example and Mike Zaffaroni's example highlight, the toll is much deeper than economic harm.

What Congress Can Do

Congress can take steps to address this.

1. Shine a spotlight on the problem. Thank you. Holding this hearing is a valuable part of fixing the problem.
2. Incentivize policy reform at the state level, encouraging states to repeal or amend laws that disincentivize enforcement.
3. Support stronger federal-state coordination to address theft rings and habitual offenders.
4. Expand grant programs for small business security upgrades, ensuring safety costs don't disproportionately harm local entrepreneurs.
5. Increase data-sharing and transparency, helping local law enforcement track repeat offenses that cross jurisdictions.

Closing Thoughts

My father always taught me that incentives drive behavior—show me the incentive, and I'll show you the outcome. Right now, our incentives tell people that crime pays and accountability doesn't. That cannot be the legacy we leave for the next generation of small business owners.

Henry's House of Coffee is not just a business—it's a testament to immigrant perseverance, family legacy, and community pride. I love my city and my customers, and I want to remain part of San Francisco's revival. But unless policymakers act decisively to restore law and order, more small businesses will make the painful choice to leave.

Thank you for listening to my story and for giving small business owners a voice on this issue. I look forward to your questions.

SPOKEN 9.18 TESTIMONY

Thank you Chairman Williams, Ranking Member Velasquez and the committee for having me. I am Greg Jackson, a DC resident, survivor of gun violence here in the District, and former Deputy Director of the first-ever White House Office of Gun Violence Prevention. The office that coordinated federal resources, implemented life saving policies and coordinated with local leaders to reach a nationwide reduction in violent crime by 13.2% and homicides by 31% in just two years.

I've spent the last decade of my life working to address gun violence after being shot in 2013. I was shot while walking home and the bullet that struck me hit two arteries leaving me with only a 50% chance of survival. Since that fateful night when a bullet nearly cost me my life, over a million Americans have been shot or killed by gun violence. From Buffalo to Baltimore, Stockton to Washington, we have seen how gun violence is driving violent crime and destroying families across our country. Gun violence remains the leading cause of death for youth, the leading cause of death for pregnant women, and now even the leading cause of newly disabled Americans.

With 1 in 5 Americans being impacted by gun violence, this has become personal for too many. But we also know there is a clear financial cost to this crisis. According to Brady United and the National Institute for Criminal Justice Reform, we have seen this crisis cost our economy upwards of $557 billion a year, equivalent to 2.6% of the U.S. Gross Domestic Product. Its also important to note that southern states bear the majority of this economic toll, experiencing 41.4% of firearm related hospital costs and having firearm death rates 2.3 times higher than Northeastern states. Additionally, gun violence has a direct cost for employers. Between 2007 and 2020, the number of health insured employees or dependents of companies that were shot increased by 400%, with estimates that suffering a firearm injury is associated with a $30,000 increase in direct medical spending for the employer in the first year alone. Lastly, employers must give employees who are shot a leave of absence and the estimated cost of this leave is over $535 million a year according to Harvard Medical School research.

Despite this crisis we face, the last few years have shown us that we have solutions that work.

In the last two years before the Trump administration, DC and cities across the country saw HISTORIC reductions in gun violence WITHOUT the deployment of the masked agents or military. We did this by investing in prevention and intervention efforts in communities most at risk and strategically investing in law enforcement to close homicides and keep illegal guns from pouring into our streets.

Recently, even the current FBI Director Kash Patel celebrated historic low levels of violent crime, but these reductions are not the result of a few months of troops or FBI actions, they are the result of billions in prevention resources, **law enforcement and community leaders risking their lives everyday to prevent tragedy**, as well as transformative bipartisan policies implemented years before he was appointed.

Without masked federal agents or troop deployments, we saw homicides drop

- 54% in Baltimore
- 38% in Chicago
  - 20% in Atlanta
  - 41% in Phoenix
  - 27% in Los Angeles

As shared by District leadership, even violent crime in DC is down by 53%, reaching its lowest level in decades.

We got here, in major part, because Republicans and Democrats came together to enact a BIPARTISAN law that provided historic resources for violence prevention, law enforcement strategies, as well as

- Enhancing background checks for purchasers under 21
- Preventing domestic abusers from accessing guns
- Making the largest investment in youth mental health and CVI in history
- And making gun trafficking a federal crime, prosecuting over 600 traffickers

These strategies in partnership with local leadership reduced homicides by 31% and mass shootings by 20% in our country.

As our communities have been fighting our way out of this crisis, we find ourselves at a dangerous crossroad. Instead of federal resources to strengthen what works, the Trump administration has dismantled or defunded **BIPARTISAN** strategies passed into law that reduce violence.

- They shut down the White House Office of Gun Violence Prevention
- Defunded law enforcement including the ATF
- Cut over $1 billion in mental health resources from schools
- Terminated $812 million in funding for violence intervention programs
- Defunded gun violence research and the CDC firearm injury center
- Dismantled important regulations like the zero tolerance policy for gun dealers
- And now plans to further defund critical resources like housing, health and employment programs that we know address the root causes of violence.

I live in southeast DC, one of the areas targeted by Trump's military takeover. To the Trump White House, my neighborhood has been called a "slum" — but to me it's home. Where we grill out in the summers, walk our dogs every morning, and like any neighborhood support each other as neighbors sharing community.

But since the DC Trump takeover, we hear sirens nightly, raids in residential buildings, elderly harassed on their porch, and even traffic jams from the flood of police and military. This deployment of federal troops holding families hostage in their homes from as far as Mississippi is not only ineffective but costly, projected to cost $200 million.

This is not the federal support DC needs. We need a government that is tough on crime by preventing violence before it happens.

- To be tough on crime is for federal law enforcement to focus on preventing illegal guns from flooding our streets instead of patrolling them. 95% of guns traced to crimes in DC come from other states.
- To be tough on crime is funded by ATF to catch gun traffickers, shut down those rogue gun dealers and disrupt dangerous black markets selling illegal weapons and conversion devices to our communities.
- To be tough on crime is to protect and fund the Bipartisan Safer Communities Act
- TO BE TOUGH on crime is to shut down rogue gun dealers and hold manufacturers accountable
- To be tough on crime is to hold billionaires accountable who put guns meant for the battlefield in our backyards
- To be tough on crime is to fund CVI, mental health, school safety, victim services and strategies proven to reduce violence…

We have real solutions to save lives from gun violence and reduce violent crime, now is the time to protect that progress and build on the momentum.

Thank you for your time, and I look forward to answering your questions.

NRF National Retail Federation

December 2, 2025

The Honorable Roger Williams
Chairman
Committee on Small Business
U.S. House of Representatives

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives

RE: Main Street Under Attack: The Cost of Crime on Small Businesses – Support the Combating Organized Retail Crime Act

Dear Chairman Williams and Ranking Member Velázquez,

On behalf of the National Retail Federation, I would like to applaud the House Committee on Small Business for holding today's hearing – "Main Street Under Attack: The Cost of Crime on Small Businesses."

NRF, the world's largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail succeed. NRF empowers the retail industry, with membership that ranges from well-known national brands to small business owners across Main Street USA. We write to you today regarding the escalating crisis of retail theft and its devastating impact on America's small business communities. While large retailers certainly bear significant losses, the truth is that **when small businesses are impacted, they often cannot manage the loss of singular or more frequent events** in the way larger brands can. For a local shop, a few stolen high-value items or repeated thefts can represent a substantial, if not fatal, blow to their already thin margins.

Statistics show how this problem continues to grow:

- **National Retail Federation (NRF):** A recent NRF study found that from 2023 to 2024, retailers saw an **18% jump in the average number of shoplifting acts per year**, and a **17% increase in threats or acts of violence** associated with theft events[1]. The combination of financial loss and increased danger to employees poses an unsustainable burden.

- **U.S. Chamber of Commerce:** According to a U.S. Chamber of Commerce survey, **over half (56%) of small retail businesses reported experiencing theft**, with a majority (53%) stating the problem has gotten worse. Furthermore, nearly half (46%) of small retailers reported being **forced to increase prices** to cover the cost of theft[2].

Through member engagement, we know that retail crime has evolved over the past several years. What was once most often theft for personal need and use has become theft for greed involving and encouraged by organized retail crime groups. Organized retail crime undermines the very fabric of American communities and impacts businesses both large and small. These groups operate to

[1] https://nrf.com/research/the-impact-of-retail-theft-violence-2025
[2] https://www.uschamber.com/economy/crime-risk-to-business-2023

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coordinate, orchestrate and direct theft across various retail segments and stores across the nation. ORC activity occurs in highly populated metropolitan cities and across suburban communities. Those involved in the criminal enterprise often prey on the locally addicted or afflicted to steal on their behalf, getting caught in a cycle that requires continual theft to support the enterprise.

Retail workers and customers are impacted by threats and acts of violence by thieves determined to leave with stolen goods. Retailers, especially small retailers, are also affected by labor and staffing challenges, as repeated thefts or threats of violence make hiring difficult. Communities lose sales tax revenue, face strained law enforcement resources and risk store closures, which result in lost jobs and product availability. The truth about organized retail crime lies beneath the surface of shoplifting or petty theft in a retail store. Retail theft is not a victimless crime.

ORC extends beyond the theft of retail goods from a store. Supply chain and cargo theft incidents are on the increase across our nation. Criminal groups are also conducting more sophisticated financial crimes, including fraud involving gift cards, in addition to product return fraud schemes. The profits from organized retail crime often finance other illicit activities such as illegal drugs or weapons sales or the funding of terrorist and human-trafficking networks overseas. The profits from reselling stolen merchandise can also be used to launder and conceal financial gains from other illegal activities. Organized retail crime is a gateway to other nefarious criminal activities.

As a way to support small businesses and our retail economy across the nation, we urge Congress to pass the Combating Organized Retail Crime Act[3] (H.R. 2853). While many state legislators and law enforcement agencies have stepped up efforts to combat rising levels of crime in their communities, many are limited due to the cross-jurisdictional nature of ORC groups. This bill will provide federal information sharing and coordination to help align counter-ORC activities and facilitate efforts necessary to curtail these criminal groups across the nation. This bipartisan legislation now has over 185 co-sponsors in the House of Representatives, including 13 members of this committee. NRF applauds those members who have co-sponsored the bill and strongly urges other members of the House of Representatives to support and pass this important bill.

The retail industry cannot solve this problem alone. Small business owners cannot keep up with today's level of retail crime. The retail industry, big and small, needs the support of law enforcement and the state, local and federal levels to further combat these sophisticated theft groups. We appreciate the Committee on Small Business holding a hearing to examine the issues of crime facing main street businesses, including retailers. We stand ready to work with the Committee and Congress to pass the Combating Organized Retail Crime Act as a means to help address this issue.

Sincerely,



David French
Executive Vice President, Government Relations

[3] https://www.congress.gov/bill/119th-congress/house-bill/2853?s=1&r=1&q=%7B%22search%22%3A%22%5C%22hr+2853%5C%22%22%7D

FACT SHEET SEP 26, 2025

The Highest Rates of Gun Homicides Are in Rural Counties

Despite media attention on gun violence in large American cities, new analysis of CDC data shows that rural counties persistently have some of the highest rates of gun violence in the country.

AUTHOR



Chandler Hall

Advancing Racial Equity and Justice, Gun Violence Prevention, Public Safety, +1 More



An AR-15 semi-automatic rifle is held in front of a U.S. flag in Mississippi on September 26, 2020. (Getty/AFP/Chandan Khanna)

Since gun homicides in America spiked in 2020 and peaked in October 2021, much of the reporting related to gun violence has centered around the nation's big cities. Forgotten in this conversation is how rural America is similarly dealing with the crisis of gun violence. Gun violence anywhere is unacceptable—whether in our largest cities, suburbs, or smallest communities. And when half

of all shootings occur outside of large cities, focusing exclusively on individual cities comes at the expense of achieving meaningful and long-lasting safety for all Americans. Instead of politicizing crime and community violence, we must recognize that gun violence is a uniquely American public health crisis that harms every community, regardless of size or political leanings.

In 2022, the Center for American Progress released an analysis of data from the Centers for Disease Control and Prevention (CDC) showing that, on a per capita basis, rural counties have some of the highest rates of gun homicides in the country—and higher rates of gun homicides than U.S. counties containing major American cities such as New York, Chicago, and Los Angeles. Using CDC data through 2024, this new Center for American Progress analysis finds that from 2021 and 2024, rural counties made up the majority of counties with the highest rates of gun violence in the country.

A note on the data

The data used for this analysis are from the "National Center for Health Statistics Mortality Data on CDC WONDER." Gun homicide and gun suicide data were calculated using the "Provisional Multiple Cause of Death Data" for 2021 through 2024. Data were aggregated by occurrence county and urbanization level using the "2013 NCHS Urban-Rural Classification Scheme for Counties," which classifies counties—in order of most to least urban—as "large central metro," "large fringe metro," "medium metro," "small metro," "micropolitan," and "noncore." Following the precedent used by the Johns Hopkins Center for Gun Violence Solutions, while micropolitan and noncore counties can contain nonrural population centers, for this analysis, counties with this designation are considered "rural." Counties classified as either "medium metro" or "small metro" are considered as "small and medium metro." Counties classified as either "large central metro" or "large fringe metro" are considered "large metro."

Notably, due to the sensitive nature of the data, counties with less than 10 deaths in a single year are suppressed. For this reason, annualized gun homicide rates were calculated using multiple years of data.

Rural counties have some of the highest rates of gun homicides

- Between 2021 and 2024, the majority of U.S. counties with the highest annualized gun homicide rate were rural:
  - Eleven of the top 20 U.S. counties were rural, seven were large metro counties, and two were small or medium metro counties.
- In 2024, the U.S. county with the highest per capita firearm homicide rate in the United States was Holmes County, Mississippi, which is classified as "nonmetropolitan-noncore," meaning it is in the most rural category of U.S. counties.
- St. Louis, Missouri, was the only large metro U.S. county in the top five U.S. counties in terms of firearm homicide rate in 2024. The other four counties were all rural:
  - **Holmes County, Mississippi:** 102.8 firearm homicides per 100,000 residents
  - **Coahoma County, Mississippi:** 74.6 firearm homicides per 100,000 residents
  - **Leflore County, Mississippi:** 65.0 firearm homicides per 100,000 residents
  - **Sunflower County, Mississippi:** 56.5 firearm homicides per 100,000 residents
- The average annualized gun homicide rate in rural U.S. counties was still lower than that of small and medium metro and large metro U.S. counties in 2024:
  - Across all rural counties, the gun homicide rate was 3.5 per 100,000 residents in 2024, while it was 5.1 per 100,000 residents in large metro counties and 4.5 per 100,000 residents in small and medium metro counties.

TABLE 1

The majority of U.S. counties with highest rates of gun homicides are rural

Top 20 U.S. counties with the highest annualized gun homicide rate per 100,000 residents, 2021–2024

County	Urbanization	Annualized gun homicide rate
City of St. Louis, MO	Large metro	**77.94**
Washington County, MS	Rural	**68.6**

Holmes County, MS	Rural	**67.48**
Hinds County, MS	Small and medium metro	**67.22**
Leflore County, MS	Rural	**66.9**
Orleans Parish, LA	Large metro	**55.69**
Coahoma County, MS	Rural	**53.47**
Dallas County, AL	Rural	**49.23**
City of Petersburg, VA	Large metro	**47.71**
City of Baltimore, MD	Large metro	**46.81**
Allendale County, SC	Rural	**46.35**
Tunica County, MS	Large metro	**43.68**
Wilkinson County, MS	Rural	**41.56**
Phillips County, AR	Rural	**39.22**
Macon County, AL	Rural	**38.55**
Bullock County, AL	Rural	**37.87**
City of Richmond, VA	Large metro	**37.77**
Jefferson County, AR	Small and medium metro	**37.69**
Sunflower County, MS	Rural	**36.91**

Shelby County, TN	Large metro	**36.65**

Source: Author's calculations based on Centers for Disease Control and Prevention, "Provisional Multiple Cause of Death Data, 2018 - Last Week" (last accessed September 2025).

Table: Center for American Progress

Many of America's largest cities have far fewer gun homicides than rural areas

- Despite perceptions shaped by media coverage and political narratives, some of America's biggest cities, including Chicago, Los Angeles, and New York, have lower rates of gun homicides than many rural counties:
  - Los Angeles County had the 164th-highest gun homicide rate of any U.S. county in 2024 (4.46).
  - The four counties that comprise New York City, with available data, had the following gun homicide rates in 2024:
    - **Bronx County** (**The Bronx**): 4.55 per 100,000 residents (161st)
    - **Kings County** (**Brooklyn**): 2.29 per 100,000 residents (221st)
    - **New York County** (**Manhattan**): 1.75 per 100,000 residents (235th)
    - **Queens County** (**Queens**): 1.25 per 100,000 residents (247th)
  - Suffolk County, Massachusetts, which contains the city of Boston, had the 209th-highest gun homicide rate in the country (2.90).
  - Cook County, Illinois, which primarily contains Chicago, ranked 54th of any U.S. county in terms of its gun homicide rate (12.68).

The majority of counties with high gun violence are in states with weak gun laws

- The U.S. counties with the highest rates of both gun homicides and gun suicides tend to be in Southern states and states with weak gun laws.
- In 2024, all but one of the 10 U.S. counties with the highest gun homicide rates were located in a state that received an "F" grade for weak gun laws from the Giffords Law Center to Prevent Gun Violence.
- A CAP analysis of all U.S. counties with available data finds that counties in states with the weakest gun laws experienced the highest rates of gun homicides in 2024:
  - The gun homicide rate in U.S. counties in "F" states was 7.28 per 100,000 residents.

- In U.S. counties located in a state that received an "A" grade, the gun homicide rate was just 2.98 per 100,000 residents.

- Counties in the Southeast have the highest gun homicide rates in the United States:
  - CAP's analysis of CDC data finds that Mississippi's homicide rate is more than twice that of Illinois; Alabama's is three times that of California; and Louisiana's is four and a half times that of New York.

Conclusion

The unscientific and oft-repeated narrative around gun violence, which relies on fear and myths of urban crime and violence, ignores many of the communities that are experiencing the highest rates of violence. Although this analysis found that gun homicide rates remained higher in large metro areas than more rural communities in 2024, U.S. cities are experiencing historic year-over-year public safety gains as they leverage federal, state, and local resources to invest in evidence-based solutions, including focusing law enforcement efforts on solving the most serious crimes and investing in community violence intervention programs.

Congress should provide additional funding to extend these same strategies to rural communities, while opposing the Trump administration's proposed drastic cuts to federal law enforcement agencies and violence prevention programs that are working to make communities safer. American families deserve public safety solutions that work for everyone.

The positions of American Progress, and our policy experts, are independent, and the findings and conclusions presented are those of American Progress alone. American Progress would like to acknowledge the many generous supporters who make our work possible.

AUTHOR

Chandler Hall

Associate Director, Gun Violence Prevention

TEAM

Gun Violence Prevention

Our goal is to reduce gun violence by enacting strong gun laws, increasing investment in local solutions, and growing the movement dedicated to this mission.

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Written Testimony of Lauren Zabierek and Bob Lord
Before the U.S. House Committee on Small Business
Hearing: "Main Street Under Attack: The Cost of Crime on Small Businesses"
Subtitle: Understanding the Structural Causes of Cybercrime and the Need for Secure-by-Design Software
December 2, 2015

Chairman, Ranking Member, and Members of the Committee:

Thank you for the opportunity to testify. We, Bob Lord[1] and Lauren Zabierek,[2] respectfully submit this written testimony to the Committee.[3]

While serving at the Cybersecurity and Infrastructure Security Agency (CISA), and together with our colleague Jack Cable, we led the federal government's Secure by Design effort. This work focused on shifting responsibility for cybersecurity upstream to technology manufacturers by promoting software that is safe in its default configuration, rather than relying on small businesses, critical infrastructure operators, and individual users to compensate for inherent design weaknesses.

Our experience at CISA, combined with our backgrounds in national security, software engineering and public-interest cybersecurity, gave us direct insight into how software design decisions create—or prevent—real-world harm. That perspective informs this testimony and our view that many of the cyber incidents affecting small and under-resourced organizations are rooted in structural properties of the digital ecosystem, not individual negligence.

Today we want to offer our perspective about why cybercrime continues to devastate America's small and medium-sized businesses (SMBs):

> **While conventional wisdom faults the operators with insufficient patching and incorrect configurations, we believe the primary drivers of cybercrime against small businesses are structural, not behavioral. The core vulnerabilities lie in the design of the software ecosystem itself.**

Small businesses are routinely expected to carry out responsibilities that exceed their capacity: to secure complex products, maintain patching schedules, manage identity

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[2] Lauren Zabierek is the Senior Vice President for the Future of Digital Security at the Institute for Security and Technology (IST). She is a national security and cybersecurity leader with over twenty-two years of experience spanning the U.S. Air Force, the Intelligence Community, academia, the private sector, and most recently the Cybersecurity and Infrastructure Security Agency (CISA), where she co-led the Secure by Design initiative.

[3] This testimony is provided in our personal capacities and should not be taken to represent the views of our past or current employers.

systems, interpret vulnerability advisories, and operate technology in secure configurations that were never designed with them in mind. The result is a persistent asymmetry between attackers—who exploit systemic software weaknesses at scale—and small entities, who absorb the outsized and unmanaged consequence of design decisions they did not make and cannot meaningfully influence.

To illustrate these dynamics, we will walk through three representative examples: a ransomware incident, a phishing-initiated compromise, and exploitation of a known, preventable vulnerability. Each centers on a single, plausible attack vector that demonstrates how insecure-by-default software is the first domino in a chain of harms.

I. Three Real-World Examples of Cybercrime

1. Ransomware: Weak Identity Protections and Unsafe Defaults in the Healthcare Sector

A recent national-scale incident illustrates how the absence of fundamental security controls can precipitate cascading societal harm. In this case, an attacker obtained valid previously compromised credentials, and used them to access a remote administrative portal that did not require multi-factor authentication (MFA). The system permitted single-factor login to an environment with expansive operational privileges.

Technically, the compromise was unremarkable. It did not exploit a software vulnerability nor use advanced techniques; the decisive factor was a design choice that treated MFA as optional rather than mandatory for a mission-critical service.

Once authenticated, the attacker deployed ransomware that disrupted healthcare transactions across the country for months. Eligibility checks, claims submissions, and pharmacy benefit queries which are processes relied on by small medical practices, rural clinics, and community pharmacies were rendered unavailable. The downstream effects included delayed care, the diversion of staff to manual workarounds, and significant financial strain on small providers who depend on regular reimbursement cycles.

This incident demonstrates how identity-management design decisions made upstream can have disproportionately harmful consequences for small organizations downstream. The event was rooted not in operational negligence, but in the structural vulnerabilities embedded within widely used software systems.

2. Phishing-Initiated Compromise Leveraging Known Vulnerability in Remote Access Tool

A second category of incidents involves compromises that begin with a user interacting with a malicious link, a scenario often framed as a user training or awareness issue but which, upon closer analysis, reveals deeper architectural weaknesses. In one such incident, reminiscent of so many others, an employee at a midsized organization received an email

resembling a routine invoice. The embedded hyperlink directed the employee to a credential-harvesting site mimicking the organization's remote-access portal.

The attacker then used the harvested credentials to target the organization's remote monitoring and management (RMM) tool, a widely deployed remote-access tool used by SMBs and managed service providers. At the same time, this tool contained a well-documented authentication bypass and a command injection vulnerability which had been previously disclosed, added to CISA's Known Exploited Vulnerabilities (KEV) catalog, and actively weaponized by cybercriminal groups including major ransomware operators.

We must stress that despite common narrative that blames the victim, a user clicking on a link or opening a malicious attachment is the *proximate* cause, never the determinative one. The compromise succeeded because the remote access tool shipped with a preventable defect that allowed attackers to create unauthorized administrator accounts, push malicious payloads to endpoints, and execute commands remotely. These architectural weaknesses, e.g., unsafe defaults, insufficient credential validation, and inadequate privilege boundaries enabled a single stolen set of credentials to initiate a deep compromise.

3. Exploiting Known Vulnerabilities

Another incident that affected hundreds of institutions resulted from the mass exploitation of a well-studied and preventable vulnerability in widely deployed file-transfer software. The flaw, a form of SQL injection, enabled attackers to circumvent authentication and directly extract data from the application's underlying database.

The particular vulnerability could have been prevented in development with secure by design practices, or at least detected before shipping, but was instead discovered by threat actors. Once the vulnerability became public, it was rapidly weaponized. Automated exploitation campaigns compromised organizations across multiple sectors, including state agencies, small businesses, educational institutions, and healthcare entities. Notably, many affected organizations had little visibility into the software's presence within their environments because it operated indirectly through third-party service providers.

The technical mechanism was straightforward: a single defect in an upstream product enabled systematic data exfiltration at scale. The harms were similarly broad—exposure of personal, financial, and health information; notification obligations; loss of public trust; and operational and financial repercussions, particularly acute for small organizations lacking the capacity to absorb such shocks.

This event highlights the systemic interdependence of the modern software ecosystem: a defect in one component can produce widespread downstream harm, irrespective of the security posture of individual small organizations.

II. Cybercrime as Both a Market Failure and a Policy Failure

The through-line across these examples is clear: small entities are harmed because software is shipped with dangerous defaults, recurring classes of coding error, and complex security requirements that small organizations cannot reasonably meet. This is a market failure. But it is also a policy failure.

In other public-safety domains, the United States recognized long ago that market forces alone cannot ensure safety:

- We do not expect consumers to evaluate crash physics before purchasing a car; we require automakers to meet crash-test standards.
- We do not expect passengers to individually assess the integrity of aircraft components; we created the FAA and the NTSB to enforce and investigate aviation safety.
- We do not expect families to independently test their food for contaminants; we empower the FDA to ensure safety before products reach the market.

These systems were built because policymakers acknowledged a fundamental truth: safety is a public good. It cannot depend on individual vigilance or consumer choice.

> **Software now underpins healthcare, education, transportation, financial services, water utilities, and nearly every domain essential to American life. Yet it remains the only safety-critical domain where we have not established the institutional guardrails such as testing mechanisms, accountability structures, disclosure norms, and incentive frameworks that keep other sectors safe.**

Small businesses today occupy a position analogous to drivers before seatbelts, or passengers before modern aviation oversight: they bear risks they cannot see, cannot measure, and cannot mitigate on their own. During our time at CISA, the agency commissioned an economic study from the Research Triangle Institute (RTI) to quantify the magnitude of the negative externalities created by insecure software. Although the final report has not yet been publicly released, a substantial portion of the underlying analysis was presented at the Carnegie Mellon University Secure Software by Design Conference in the summer of 2025. In that presentation, *The Cost of Insecure Software*, the data showed that when aggregating cybersecurity labor costs, spending on cybersecurity products and services, publicly reported cyber incident losses, and cybersecurity insurance, the total economic burden imposed by insecure software across the U.S. economy in 2024 ranged between $76.2 billion and $152.8 billion.[4] This range represents uncompensated costs borne by software customers and third parties which are costs largely externalized by software manufacturers. As RTI noted, these are classic negative externalities indicative of a market failure: resources that could otherwise be invested in infrastructure, workforce, and education instead go toward compensating for software that is not safe by design.

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[4] *"The Cost of Insecure Software,"* YouTube video, 1:23:45, posted by Research Triangle Institute, June 11, 2025, https://youtu.be/BAY0qfncOwo.

RTI's data cannot yet disaggregate how much of this economic burden is borne specifically by SMBs or by state, local, tribal, and territorial (SLTT) governments. However, given that SMBs constitute 99.9% of American businesses and that substantial portions of U.S. critical infrastructure (particularly in water, healthcare, and local government) are operated by SMBs and SLTTs, it is reasonable to infer that these entities shoulder a significant share of the costs.[5,6] Our intent at the time was to commission a follow-on study to estimate the cost to software manufacturers of building security into products proactively. This would have allowed a comparison between the upstream cost of secure design and the downstream costs of insecure software, which RTI estimated could reach as high as $152.8 billion annually.

It is important to emphasize that publicly available sources such as the Internet Crime Complaint Center (IC3) substantially understate the true incidence and cost of cybercrime not because of error, but because of structural disincentives to report. In 2024, IC3 recorded 859,532 complaints and $16.6 billion in reported losses.[7] Yet independent research has demonstrated that only a small fraction of actual cyber incidents are reported to law enforcement or centralized complaint systems; many organizations (particularly small businesses and SLTT governments) choose not to report due to fear of reputational damage, legal exposure, regulatory consequence, or because they lack resources to submit complaints.[8] As a result, the IC3 report itself notes that its data reflect "only what the public provides," leaving a substantial "dark figure;" in other words, incidents that go uncounted and unmeasured.

Because the economic cost range estimated by RTI already aggregates both direct and indirect costs, including defensive expenditures, insurance, labor, and incident losses, it likely underestimates the total social cost of software insecurity. The absence of a robust, mandatory reporting infrastructure and the persistent incentives for silence mean that many incidents, especially those impacting small and under-resourced organizations, do not enter any public data stream; in effect, this data deficit is a structural feature of the ecosystem. Until reporting becomes more comprehensive, any quantitative cost estimate must be understood as a conservative lower bound; the true burden is almost certainly higher. Cybercrime should be understood as a significant public-safety problem—one enabled by an absence of the policy infrastructure that protects Americans in every other safety-critical domain.

III. The Federal Context: The Erosion of CISA's Capacity

CISA was created to serve as the connective tissue of the nation's cybersecurity ecosystem—coordinating across sectors, translating federal capabilities to local needs, and

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[5] U.S. Small Business Administration Office of Advocacy, "Frequently Asked Questions About Small Business, 2024," July 23, 2024, https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/

[6] The White House, *National Security Memorandum on Critical Infrastructure Security and Resilience* (NSM-22), April 30, 2024.

[7] FBI Internet Crime Complaint Center (IC3), *2024 IC3 Annual Report*, 2024, https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf

[8] Ishan Mehta, *The Need for Better Metrics on Cybercrime* (Third Way, October 1, 2019). https://www.thirdway.org/memo/the-need-for-better-metrics-on-cybercrime

acting as the public steward of digital safety. For small businesses and SLTT governments, CISA is often the only federal entity that provides actionable assistance, timely warnings, and a bridge into national cyber defense. Yet over the past year, the parts of CISA most responsible for public-safety functions have been strained by workforce attrition, budget instability, political pressure, and the lack of a confirmed Director to guide CISA's work. This is not simply an operational challenge; it represents a fracture in the federal cyber safety architecture at the very moment small entities face unprecedented exposure.

The erosion of CISA's capacity has weakened several institutional functions that are essential for small and under-resourced organizations:[9,10]

- Ransomware victim notification, which often determines whether an intrusion becomes catastrophic or recoverable.
- Timely vulnerability advisories, which allow small entities to determine whether they are exposed to known, actively exploited software defects. While CISA's dedicated personnel continue to issue these advisories, there is a risk that institutional strain may lead to subtle degradations in their frequency, depth, or coordination—effects that would not necessarily be visible from the outside but would nonetheless affect downstream safety.
- Configuration and hardening assistance, which many small organizations rely on because the products they use do not ship securely by default.
- Free scanning and monitoring services, which substitute for tools small organizations cannot afford.
- Sector-specific security support for water systems, rural healthcare providers, school districts, and other critical community institutions.

The concern is that when federal functions are disrupted, the effects can cascade directly onto the weakest nodes in the ecosystem. Small businesses and SLTTs entities without security teams, without redundancy, and without the capacity to absorb operational losses are disproportionately harmed.

The broader implication is clear: no safety-critical domain can function without stable national institutions. Automotive safety requires NHTSA. Aviation safety requires FAA and NTSB. Food safety requires FDA. Digital safety requires CISA, but the parts of CISA that normally fulfill this role are now impaired. This institutional weakening underscores the urgency of rebuilding the federal cyber safety architecture to include restoring CISA's Critical Infrastructure Partnership Advisory Council (CIPAC) to enable structured collaboration, restoring and expanding the Cyber Safety Review Board (CSRB) to learn systematically from incidents, and establishing the independent testing, defect transparency, and liability frameworks necessary for upstream safety. Until these institutional mechanisms are restored and strengthened, small entities will continue to face

[9] Thomas Brewster, "Government Shutdown Leaves U.S. Cyber Defenses Weaker, Insiders Say," *Forbes*, October 2, 2025. https://www.forbes.com/sites/thomasbrewster/2025/10/02/government-shutdown-cisa-weaker-insiders-say/

[10] "CISA Stakeholder Engagement Division Layoffs Raise Concerns for Critical Infrastructure, International Cooperation," *Cybersecurity Dive*, December 1, 2025. https://www.cybersecuritydive.com/news/cisa-stakeholder-engagement-division-layoffs-critical-infrastructure-international/803433/

risks they cannot manage, and the national cyber ecosystem will remain dangerously brittle.

IV. Policy Recommendations

If cybercrime against small businesses reflects both a market failure and a policy failure, then the solution is not more guidance or training—it is the construction of the same structural safety infrastructure that protects Americans in every other safety-critical domain. Modeling the lessons of aviation, automotive, and food safety—domains in which safety is achieved not through constant individual vigilance but through institutional competence, we must establish institutional structures that enable safety: defect transparency and collection, independent testing, systemic learning, and aligned incentives.

1. Modernize the Software Defect Database (CVE Reform)

The CVE Program is the closest thing we have to a national software defect database, but it was never designed or resourced to play that role.[11] Without reliable visibility into software defects, prevention is impossible. A modern defect collection framework should incorporate:

- mandatory reporting of software defects that might put paying customers at risk
- consistent defect classification and severity scoring
- richer metadata to enable systemic analysis, and
- clear public reporting, akin to defect dashboards used in automotive safety.

2. Enable Independent "Crash Testing" Through DMCA Reform and Testing Rights

Safety improves when independent entities can test products without fear of legal retaliation. Automotive safety advanced because researchers could crash-test cars and report the results. Software safety lags because independent testing is often constrained by DMCA §1201 and contractual restrictions. As Sellars and Specter argued, reverse engineering provides a public good and the law should treat it as such."[12] Its importance in correcting information asymmetry in the market is vital: "when researchers lack a positive right to conduct adversarial, permissionless analysis, software vendors' dominant strategy may be to allow users to suffer and, in fact, drive good products out."

Congress should legally enable and protect public-interest security testing, supported by:

- A DMCA §1201 carve-out for good-faith testing by independent security researchers, safe harbor for coordinated disclosure, and legislation that would invalidate

[11] Securing America's Future Energy & Foundation for Defense of Democracies, *CVE at a Crossroads: Building a National Software Defect Transparency Framework*, October 2025, https://securityandtechnology.org/wp-content/uploads/2025/10/CVE-at-a-Crossroads.pdf

[12] "CVE at a Crossroads: Building a National Software Defect Transparency Framework — Panel Discussion," YouTube video, 1:12:34, posted by Security & Technology 2025, https://www.youtube.com/watch?v=-lCQ17B6qnU

provisions in EULAs that bar third party reverse engineering and other techniques that help discover software vulnerabilities
- The creation of independent software-safety testing institutions, analogous to the Insurance Institute for Highway Safety. Just as crash-testing transformed automotive safety by revealing real-world failure modes, independent testing of software would provide the empirical evidence needed to identify systemic defects, compare products, and drive industry-wide improvements that voluntary measures alone have not produced.

3. Reauthorize and Strengthen the Cyber Safety Review Board (CSRB)

The CSRB was conceived as the digital equivalent of the National Transportation Safety Board: an independent, non-punitive body that conducts rigorous analysis of major cyber incidents.[13] Its mandate to learn from failures and convert incident data into systemic recommendations is essential for national resilience. However, its operations have been disrupted, leaving a vacuum in federal incident-review capacity.[14] No safety-critical sector can improve without a mechanism to learn from failures. Restoring and expanding the CSRB is foundational.

Congress should formally reauthorize and strengthen the CSRB, ensuring:

- Independence from political or commercial pressure;
- Authority to review significant cyber incidents affecting SMBs and critical infrastructure;
- Transparent publication of findings, and integration of lessons into federal standards, procurement, and vendor accountability; and
- Increased funding and dedicated staff to conduct investigations and issue lessons learned.

4. Reaffirm CISA 2015 and Restore CIPAC

Cybersecurity depends on trust, coordination, and structured public-private communication. For years, CIPAC served as the connective tissue between federal agencies, industry, and SLTT partners. Its recent stagnation has left critical gaps in information flow and joint problem-solving.[15] Congress should reauthorize CISA 2015 to reinforce CISA's coordinating role, and restore CIPAC as the formal mechanism for cross-sector collaboration. Together, these actions would rebuild the information flows necessary to understand patterns of exploitation, identify systemic vulnerabilities, and support evidence-based software safety interventions.

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[13] Cybersecurity and Infrastructure Security Agency (CISA), "Cyber Safety Review Board (CSRB)," https://www.cisa.gov/resources-tools/groups/cyber-safety-review-board-csrb

[14] Stephanie K. Pell, "Why dismantling the PCLOB and CSRB threatens privacy and national security," *Brookings Institution*, February 18, 2025. https://www.brookings.edu/articles/why-dismantling-the-pclob-and-csrb-threatens-privacy-and-national-security/

[15] Cybersecurity and Infrastructure Security Agency (CISA), "Critical Infrastructure Partnership Advisory Council (CIPAC)," https://www.cisa.gov/resources-tools/groups/critical-infrastructure-partnership-advisory-council-cipac

5. Ensure Full Implementation of CIRCIA to Build the National Cyber Incident Baseline

Mandatory incident reporting is an essential component of every mature safety regime. The Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) was designed to provide that baseline for cybersecurity by establishing a consistent, nationwide mechanism for collecting information about significant cyber incidents. Yet delays in its implementation may prevent the collection of comprehensive data needed to understand exploitation patterns, measure systemic software defects, or identify emerging risks.[16] Congress should ensure that CIRCIA is fully implemented and supported, enabling standardized, timely reporting across critical infrastructure sectors. Robust incident reporting would supply the empirical foundation required for software-safety improvements and would complement reauthorizations of CISA 2015 and CIPAC by restoring the information flows necessary for evidence-based intervention.

6. Introduce Targeted, Modern Liability for Unsafe Software

Liability, when carefully scoped, shifts incentives toward prevention. The aim is to rebalance the burden from customers to manufacturers.[17] Congress should explore:

- Liability for egregious, preventable design flaws;
- Safe-harbor protections for vendors who follow recognized secure-by-design practices; and
- Baseline obligations for vendors serving critical small-business sectors.

V. Conclusion

Cybercrime against small businesses persists not because they are inattentive, but because they operate in an ecosystem where safety is optional, defects are opaque, and responsibility is misplaced. In every other safety-critical domain, the United States built institutions—testing labs, defect registries, incident review boards, and liability frameworks—that turned dangerous markets into safe ones.

Software has never had those institutions. Small businesses are paying the price. By modernizing defect reporting, enabling independent testing, establishing learn-from-incidents capacity, and aligning incentives through liability, Congress can lay the foundation for a safer digital economy—one where small businesses are not left alone to manage risks they did not create and cannot control. Thank you.

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[16] Department of Homeland Security, *Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) Reporting Requirements*, RIN 1670-AA04, Regulatory Plan / Unified Agenda entry (Spring 2025). https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202504&RIN=1670-AA04

[17] The White House, *National Cybersecurity Strategy*, March 2023. (Office of the President) https://bidenwhitehouse.archives.gov/wp-content/uploads/2023/03/National-Cybersecurity-Strategy-2023.pdf

Committee on Small Business
Main Street Under Attack: The Cost of Crime on Small Businesses

Testimony of Graham Dufault
General Counsel
ACT | The App Association

Executive Summary

ACT | The App Association is a global trade association for small and medium-sized technology companies. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the value of the domestic ecosystem ACT represents—which we call the app economy—is approximately $1.8 trillion and is responsible for 6.1 million American jobs, while serving as a key driver of the $8 trillion internet of things (IoT) revolution.[1]

We applaud the Committee for its work examining the various threats faced by small businesses, including cybercrime. We often say that small businesses like our members are in the "Goldilocks zone" for cyberattacks, where they are successful enough to pay significant amounts to criminals but too small to fund a full civil case against their attackers. This position makes small businesses a prime target for cyber criminals, fraudsters, and scammers. According to Verizon's 2025 Data Breach Investigations Report, small businesses are nearly four times more likely than larger businesses to suffer a cyberattack.[2] Small businesses need help from you to ensure their businesses can stay operational through a cyber incident.

Our testimony today focuses on four key points:

- Cybercrimes are varied, but most are fairly low-tech and low-cost for bad actors. Nevertheless, these attacks cost businesses millions each year. Small businesses need support from Congress to safeguard against the disproportionate number of attacks focused on them rather than larger businesses.
- One key protection recently lapsed is the Cybersecurity Information Sharing Act of 2015 (CISA 2015). We support the reauthorization of this program with adjustments to account for today's threat landscape and to improve the accessibility of the program for smaller businesses.
- Even though small businesses are frequent targets of cybercrime, they also can provide important services to government agencies. Congress should support their work through proper funding for federal cybersecurity programs.

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[1] https://actonline.org/wp-content/uploads/APP-Economy-Report-FINAL.pdf
[2] https://www.verizon.com/business/resources/Tf2d/reports/2025-dbir-data-breach-investigations-report.pdf

- Federal policies should continue to promote the use of technical protection measures like end-to-end and device encryption.

Cybercrime Methods and Costs

Although some cybercrime is committed using sophisticated technology, much of it relies on relatively low-cost tech and social engineering. For example, "smishing" scams, short for SMS phishing, employ text messages that appear to be from a trusted entity such as your bank or your employer. These messages are urgent and often contain fear-based messaging, urging you to click a malicious link, call a false phone number, or purchase gift cards and send them to the scammer. It only takes one employee replying to such a scam to compromise a business's cybersecurity.

Another common type of scam is called "Business Email Compromise," and it's exactly what it sounds like. Cyber criminals make spoof email addresses or websites, often similar to a real trusted account. They then request a standard business transaction, such as a change of mailing address or bank details, which either inserts the criminal's information directly into a legitimate business or plants malware on the target computer through malicious links. These attacks can also plant malware on a company computer if an employee clicks a link in the email.

Ransomware is a particularly common type of cyberattack targeting small businesses. Although 39 percent of attacks on larger organizations involve ransomware, an unbelievable 88 percent of attacks on small or medium-sized businesses involve ransomware.[3] In a ransomware attack, malicious software is imported onto a company network and used to completely shut down business operations. A criminal then sends demands to the business under attack, requiring huge sums of money to allow a return to operations. Unfortunately, many "Goldilocks zone" businesses find it easier to pay the ransom than attempt any kind of legal action while their business is inoperable. Without significant support for businesses to pursue such actions, this attack vector will remain lucrative for malicious actors.

These types of scams can cost businesses hundreds of thousands of dollars. According to IBM's Cost of a Data Breach report, the average cost of a breach in the United States in 2025 exceeded $10 million.[4] Although the cost on small businesses is generally lower—estimates range from $120,000 to $1.24 million for a cyberattack on small businesses—it is heavy enough to force bankruptcy and business closure. In 2020, more than 700,000 cyberattacks targeted small businesses, totaling $2.8 billion in damages.[5] Small businesses need congressional support to survive these attacks, including support for end-to-end encryption and sharing of cybersecurity information.

The Cybersecurity Information Sharing Act of 2015

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[3] https://www.verizon.com/business/resources/Tf2d/reports/2025-dbir-data-breach-investigations-report.pdf
[4] https://www.ibm.com/downloads/documents/us-en/131cf87b20b31c91
[5] https://www.strongdm.com/blog/small-business-cyber-security-statistics#cost-of-cyberattacks-for-small-businesses

Importance of CISA 2015

Ten years ago, Congress recognized the importance of cybercrime prevention and passed CISA 2015. This law responded to several concerns of the cybersecurity industry, specifically antitrust issues related to the sharing of cyber threat information and cybersecurity best practices. Under previous law, this type of information sharing could be seen as collusion or violation of antitrust laws. CISA 2015 allowed businesses to improve their defensive posture through sharing information on cyber incidents, recent threat vectors they had seen from bad actors, and cybersecurity best practices they had developed. In the fiscal years covered by a recent Government Accountability Office (GAO) report, the agency found that tens of millions of cyber incidents were reported by the various federal agencies collecting information.[6]

Another key outcome of this law was the improvement of federal agencies' cybersecurity posture. Since a wide variety of federal agencies collaborated to gather and disseminate information on cyber threats, those agencies were better informed and better able to defend against cyberattacks using the information they gathered from businesses. The GAO report found that the development of automated information sharing tools helped agencies share both classified and unclassified information to better understand the threat landscape.[7] The strong success of the program was lauded by both Democrats and Republicans in Congress.

Despite the success of cyber incident reporting under CISA 2015, the law was allowed to expire on September 30, 2025. The law's overwhelming bipartisan support should have made for an easy reauthorization, but multiple attempts at passage in the House and Senate have failed. Recent reporting highlights the discomfort many businesses now feel about sharing cybersecurity information, as well as the resulting lack of information at the federal level.[8]

Areas for Improvement

Even with the general success of cyber incident reporting under CISA 2015, the structure and mechanics of information sharing are complicated. The main private sector information sharing hub, United States Computer Emergency Readiness Team (US-CERT) is a 2003 outgrowth of DHS' Office of Cybersecurity and Communications (CS&C). Now US-CERT is the triage and information sharing branch of CS&C's National Cybersecurity and Communications Integration Center (NCCIC), which is now, as of 2018, a subdivision of the Cybersecurity and Infrastructure Security Administration (CISA). But it is DHS' Office of Intelligence and Analysis (I&A) that deploys field personnel to support the National Network of Fusion Centers (National Network), which accepts and shares threat data at the local level. The portals for private sector entities to receive and share threat data are often private sector-led information sharing and analysis centers (ISACs). However, small and medium-sized businesses usually lack the resources and wherewithal to join and participate regularly in ISACs. Moreover, most ISACs serve critical

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[6] https://www.gao.gov/products/gao-25-108509
[7] https://www.gao.gov/products/gao-25-108509
[8] https://www.politico.com/news/2025/10/03/cyber-law-cisa-2015-shutdown-00592501

infrastructure industries, and most of our members fall outside the definition of critical infrastructure.

So, which arbitrary arrangement of alphabet soup is most important to a small business? When an ACT member company is hit with a cyberattack, whom do they share it with? Somebody at NCCIC? Somebody at their local Fusion Center or an ISAC? Where are these entities, and how should our companies share threat information with them? As with specialized legal and accounting functions, small businesses cannot be expected to maintain in-house cybersecurity expertise. But as Sebastian Holst, chief operating officer of our member company vFortified, points out, while small companies may be able to contract with IT firms to outsource cybersecurity services, they cannot transfer away cybersecurity risks from their business or outsource their own accountability. Sebastian also notes that we cannot expect small businesses to be able to effectively select and leverage outside cybersecurity firms without first having their own independent, working knowledge of cyber threats and information sharing best practices. Small companies will always have ultimate responsibility for the fallout from cybersecurity attacks and, as such, will always suffer the inevitable financial and reputational consequences that follow. And yet, while 46 percent of small business owners have experienced a cyberattack on their current business, only 23 percent of small and medium-sized businesses have a cyber readiness plan they are very satisfied with.[9]

Organizations like the Cyber Readiness Institute provide meaningful materials for small businesses and there is a role for government as well. If federal outreach can help simplify and streamline the learning curve for non-expert small companies, they will be in a better position to secure their businesses, their partners, and of course their customers. Improving small company awareness brings us further down the road to improving information sharing overall to better protect our local economies from threats both here and abroad.

Small Cybersecurity Businesses Help Protect Federal Agencies

One way that the Cybersecurity and Infrastructure Security Agency (CISA) has fulfilled its mandate is by providing cybersecurity services to other federal agencies. With millions of devices across country, the federal government is at significant risk for cyberattacks. And the prize available to cybercriminals who successfully penetrate federal systems is enormous: troves of sensitive information on persons all over the country, access to power grids and fuel sources, and personal correspondence of key government officials.

CISA has provided cybersecurity services to other agencies to decrease these potential vulnerabilities, including a program for mobile app vetting (MAV). This program vetted mobile applications for security concerns, malware, and other vulnerabilities before allowing them to be downloaded to federal government-owned devices. ACT member company Quokka was responsible for the operation of this program, using their vetting technology to investigate up to

[9] https://www.mastercard.com/us/en/news-and-trends/stories/2025/small-business-cybersecurity-study.html

10,000 apps every month. Their work saved the government unknowable amounts of money in manpower and consultant fees. And although the program received high praise, funding cuts beginning in fiscal year 2024 have endangered CISA's commitment to mobile app vetting.

Continued cuts to CISA's budget and staff turnover at the agency have combined to stall this program's renewal. Without it, federal devices will be less secure, cyber threats will go undetected, and the government will end up spending more money than the cost of the program for a potentially disastrous result. We urge Congress to provide full funding for CISA's programs, including MAV.

The Importance of End-to-End and Device Encryption for Security

Although encryption is not a complete solution by itself, it is an essential tool to protect data, especially for small businesses. App makers rely on the trust consumers have in their devices and software. Especially in the mobile space, consumers take their most sensitive data with them everywhere on their secure mobile devices. The ability to encrypt these devices without a third party maintaining a separate key or vulnerability is an important aspect of continuing down the path we are on now to unlock the potential of smart devices to handle our finances, manage our health information, and access work. Mandating that messaging providers build "backdoors" into end-to-end encryption—or that device makers keep separate vulnerabilities for device encryption—for the purposes of government access would degrade the safety and security of data, as well as the trust of end users, by creating known vulnerabilities that unauthorized parties can exploit. The existence of mandated vulnerabilities make the business prospects for cybercrime much more attractive. Hackers might spend hours or days trying to determine if a vulnerability exists at all and then might give up if they think there is no way in. But if they know it has to exist because the law mandates it, suddenly the resource investment of attacking the service is worth it—and eventually someone will discover it.

Occasional calls for "responsible" end-to-end or device encryption are simply not responsible for your constituents and ACT members' customers. This is a lesson we learned with the Clipper chip, which was a mistake that should not be repeated. "Responsible" encryption is just another word for broken encryption. The Federal Trade Commission describes encryption of sensitive customer information when transmitting it as a "basic step" to maintain security, confidentiality, and integrity of customer information for financial institutions.[10] Similarly, the Department of Health and Human Services in its Health Insurance Portability and Accountability Act (HIPAA) rules make encryption an "addressable implementation specification" that must be implemented if, "after a risk assessment, the entity has determined that the specification is a reasonable and appropriate safeguard . . ."[11] Weakening encryption to facilitate investigations would also facilitate the success of criminal hackers and limit our ability to keep them out.

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[10] https://www.ftc.gov/tips-advice/business-center/guidance/financial-institutions-customer-information-complying
[11] https://www.hhs.gov/hipaa/for-professionals/faq/2001/is-the-use-of-encryption-mandatory-in-the-security-rule/index.html

Laws under consideration in Sweden and the European Union would compromise the security of encryption by requiring companies to scan, report, and remove harmful content, including encrypted communications. Sweden's rule would compel service providers to store, and give law enforcement access to, user communications, including those protected by end-to-end encryption. The United States must not follow their lead and weaken one of the most effective tools for preventing cybercrime. Weakening protections like encryption and authentication doesn't make people safer; it makes them more vulnerable to identity theft, financial fraud, blackmail, account takeovers, and stalking. And for smaller companies, the costs of compliance with such requirements could be so high that they are pushed out of the market entirely.

Conclusion

We applaud the Committee's exploration of this issue and appreciate the opportunity to offer our perspective. Our ability to prevent cybercrime depends on how quickly we allow ourselves to move. Information sharing is central to quick action, and this requires close coordination between government, experts, and the private sector. If the conditions are right, small companies like ACT members will set the pace.



Testimony for the Record from the

GovCon Small Business Coalition

House Committee on Small Business Committee

"Main Street Under Attack: The Cost of Crime on Small Businesses"

December 2, 2025

GOVCON SMALL BUSINESS COALITION

December 8, 2025

The Honorable Roger Williams
Chairman
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Chairman Williams, Ranking Member Velázquez, and Members of the Committee:

The GovCon Small Business Coalition represents small and midsize contractors advocating for policies that support business growth and strengthening of the defense industrial base. The Coalition respectfully submits the following comments on the prohibitive costs associated with CMMC compliance to small businesses. We believe the Cybersecurity Maturity Model Certification (CMMC) 2.0 final rule , which entered its first implementation phase on November 10, 2025, requires increased costs to small businesses, thus decreasing the number of small businesses bidding on defense work.[1] Fewer bidders can result in less competitive pricing for these projects.

Impact of CMMC 2.0 on Small Businesses

We agree that assured cybersecurity is vital to national security because the threat from sophisticated, state-sponsored cyber actors is real. Our coalition strongly supports efforts to raise cybersecurity standards across the defense supply chain and civilian agencies. However, the implementation of CMMC 2.0 imposes significant costs and uncertainties that will shrink the nation's industrial base by disproportionately impacting small firms.

On June 20, 2025, the Small Business Administration (SBA) Office of Advocacy issued a letter to the Department of Justice's (DOJ) Anti-Competitive Regulations Task Force and the Federal Trade Commission (FTC), highlighting that small businesses nationwide view CMMC compliance as an obstacle that prevents participation in federal contracting for many small businesses, and urging the Department of Defense (DoD)/Department of War (DoW) to reengage with the small business community to address these concerns.[2] As noted in the letter, "small manufacturers have submitted

[1] Defense Federal Acquisition Regulation Supplement: Assessing Contractor Implementation of Cybersecurity Requirements (DFARS Case 2019-D041), 90 Fed. Reg. 43560 (Sept. 10, 2025)
[2] U.S. Small Bus. Admin., Office of Advocacy, Comment Letter: Comments on DOJ's Request for Information — Anti-Competitive Regulations Task Force (June 20, 2025), https://advocacy.sba.gov/wp-content/uploads/2025/06/Comment-Letter-DOJ-RFI-on-Anticomp-Regs-Task-Force.pdf



cost data to Advocacy that portray the impacts of Level 2 certification compliance to be…between $150,000-800,000 in upfront costs plus $5,000-7,500 every month in consulting expenses. When adding in costs to maintain their systems over time, many small businesses have said that they will pay $1-2 million or more in compliance costs. These estimates do not account for any changes in the compliance standards, which would likely add even more costs." CMMC 2.0 is likely to shrink small business participation in federal contracting and raise overall procurement costs, as firms pass new cybersecurity compliance expenses into their overhead estimates and rates.

We supported the Section 886, CMMC Certification Assessment support, in the House-passed National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2026 (H.R. 3838) directing the DoD/DoW, SBA, and Internal Revenue Services (IRS) to report to Congress on the resources available to small businesses to achieve CMMC compliance.[3] We encourage the House to require the DoD/DoW to provide resources to help small businesses achieve CMMC compliance, thereby securing the defense industrial base.

CMMC is not a resource for providing cyber protection, but rather a cyber process that implements a set of best practices through compliance. Unfortunately, attackers constantly evolve their tactics at a faster pace than the government can change policy, or companies can implement those changes. As noted in the December 2, 2025, hearing, AI is increasing common cybersecurity threats to small businesses. Cyber criminals utilize AI to operate and launch cyberattacks at large and broad scales. We support the recommendation raised during the hearing to consider small businesses who do business with the federal government part of our critical national infrastructure (CNI). Being classified as CNI enables small businesses to receive prioritized federal cybersecurity support: threat intelligence, incident-response assistance, and access to resilience resources.

[3] Text - H.R.3838 - 119th Congress (2025-2026): Streamlining Procurement for Effective Execution and Delivery and National Defense Authorization Act for Fiscal Year 2026, H.R.3838, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/house-bill/3838/text.

GOVCON SMALL BUSINESS COALITION

Conclusion

The strength of America's defense industrial base depends on the vitality of small businesses. Yet rising compliance costs risk stagnating or shrinking that base, especially given the fact that current monetary based size standard decisions are not keeping pace with the economic realities of industry cost increases. If not addressed, this challenge threatens to weaken competition, limit innovation, and undermine national security.

Thank you for the opportunity to submit the Coalition's testimony. We look forward to working with the Committee to advance policies that support America's small businesses and strengthen those who provide critical goods and services to the federal government.

The Honorable Roger Williams
Chairman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Member Nydia M. Velázquez
Ranking Member
House Committee on Small Business
2069 Rayburn House Office Building
Washington, D.C. 20515

Date: December 2, 2025

Comment on the "Main Street Under Attack: The Cost of Crime on Small Businesses" Hearing

Dear Chairman Williams and Ranking Member Velázquez;

We are writing on behalf of the members of the National Apartment Association (NAA), the National Multifamily Housing Council (NMHC), and the Real Estate Technology and Transformation Center (RETTC), who represent the $3.9 trillion apartment industry and its more than 40 million residents. We appreciate the opportunity to share our thoughts on the House Committee on Small Businesses' hearing titled "Main Street Under Attack: The Cost of Crime on Small Businesses." Housing providers are flooded with fraudulent rental applications, often including falsified personal information and documentation whose authenticity cannot easily be verified with the naked eye. Providers rely on technology to help bridge this gap and mitigate risks to their residents, employees, and rental communities. As the Committee considers risks to small businesses, we urge you to recognize the impacts of fraud on rental housing, which are acutely felt by small housing providers and their residents. More than half of the nation's housing is owned and operated by small portfolios and independent rental owners, making this a significant issue for the industry.[1]

Fraud in Rental Housing

NAA and NMHC surveys[2] and reports[3] have found staggering increases in synthetic identity fraud in applications, in which prospective residents utilize fabricated identities or stolen information from real people to gain access to rental communities. Housing providers have observed an increase in fabricated documentation, often generated using publicly available and easily accessible tools. The falsified materials consist of modified identification documents, fabricated credit profiles, fake employment records, and, according to (62.9%) respondents, the use of fraudulent checks or payment methods. A vast majority of respondents (93.3%) experienced fraud in the past twelve months, and most also (70.7%) reported experiencing an increase in fraudulent applications and

[1] National Association of Realtors, "Mom and Pop Business Owners' Day: Landlords of Small Rental Properties", Mom and Pop Business Owners' Day: Landlords of Small Rental Properties

[2] National Multifamily Housing Council, "NMHC Pulse Survey: Analyzing the Operational Impact of Rental Application Fraud and Bad Debt," https://www.nmhc.org/research-insight/research-report/nmhc-pulsesurvey-analyzing-the-operational-impact-of-rental-application-fraud-and-bad-debt.

[3] National Apartment Association, "Synthetic Fraud: How to Identify, Respond To & Prevent It," https://www.naahq.org/synthetic-fraud.

payments. Individuals who submit fraudulent applications and subsequently fail to pay rent account for roughly 1 in 4 (23.8%) of eviction filings, driving up housing costs for renters collectively and elevating risks to rental communities.

The Role of Screening in Combating Fraud

Resident screening is a critical part of property management and operations that allow housing providers to evaluate whether a potential resident is likely to fully comply with the terms of their lease, namely the potential resident's ability to pay rent timely and consistently. Screening laws enable providers to identify and mitigate against foreseeable risks to their residents, employees, and rental communities. These are necessary, long-standing industry practices that support equal opportunity in housing and consistent decision-making.

As AI technologies are increasingly used to propel fraud become more widely available, AI-informed screening tools become increasingly critical. Housing providers strive to follow fair housing standards by using consistent, non-discriminatory criteria when screening applicants. We urge lawmakers to preserve these important risk mitigation tools and encourage innovation in this space, recognizing the growing complexity of fraudulent applications and the significant risks they present.

Conclusion

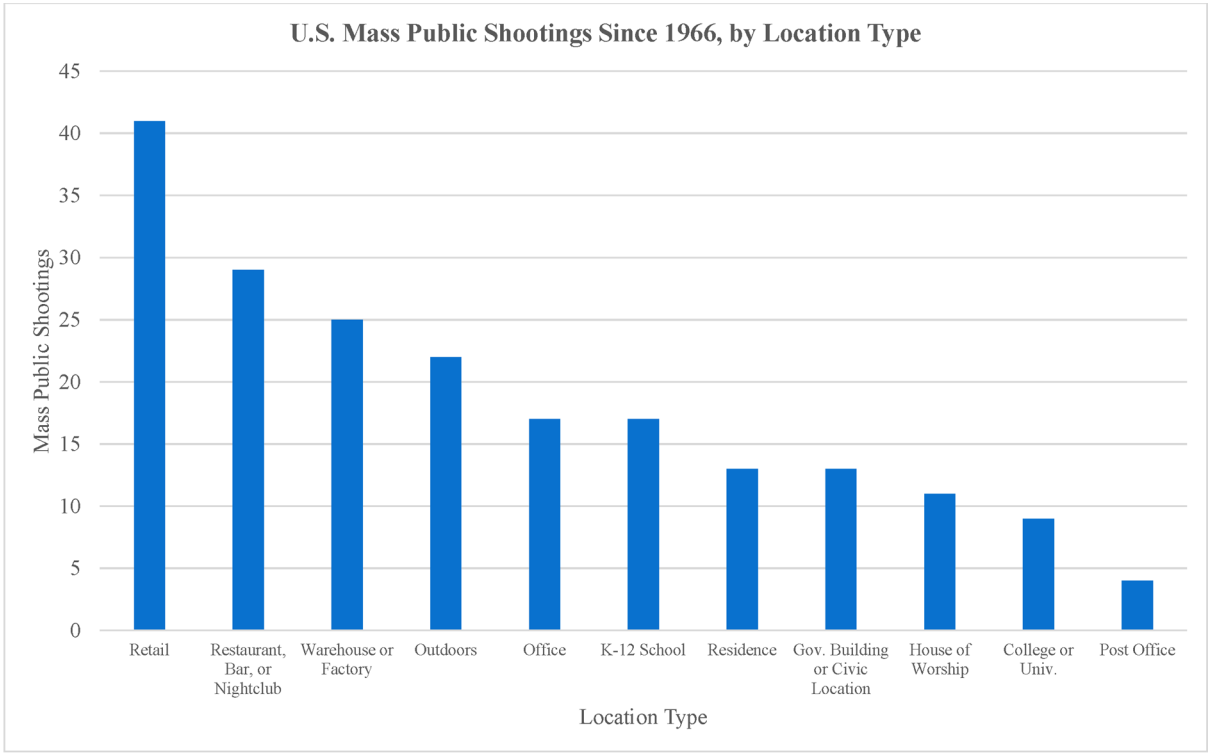
We thank the Committee for its dedication to fostering thriving markets for small businesses. We urge the Committee to maintain its bipartisan effort to develop policies that safeguard small businesses and consumers. As AI and related technologies are increasingly exploited to drive criminal activity in rental housing, maintaining effective resident screening practices are essential for housing providers to combat this. NAA, NMHC and RETTC stand ready to work with the Committee to promote responsible innovation that enhances efficiency, resilience, and affordability in rental housing.

Sincerely,

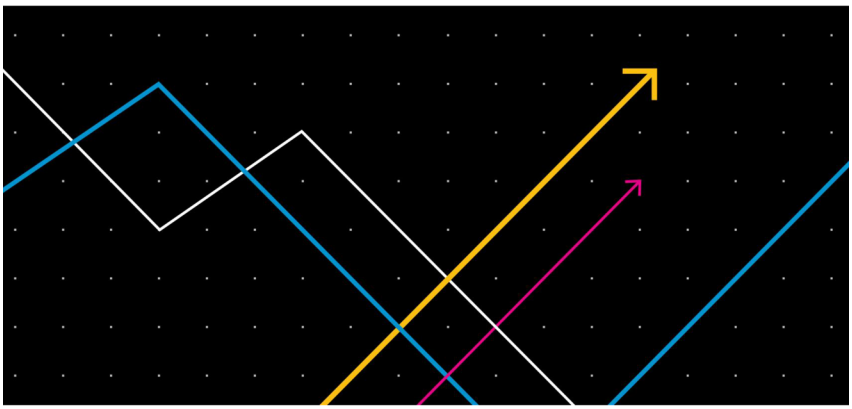
Bob Pinnegar
President and Chief Executive Officer
National Apartment Association

Sharon Wilson Géno
President
National Multifamily Housing Council

Kevin Donnelly
Executive Director and Chief Advocacy Officer
Real Estate Technology & Transformation Center



Note: Data is as of May 1, 2025.
Source: Jillian Peterson & James Densley, *The Violence Project Database of Mass Shootings in the United States (Version 9)*, HAMLINE UNIV. (May 1, 2025), https://www.theviolenceproject.org/databases.



RESEARCH REPORT

A Neighborhood-Level Analysis of the Economic Impact of Gun Violence

Yasemin Irvin-Erickson Mathew Lynch Annie Gurvis Edward Mohr Bing Bai

June 2017

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The nonprofit Urban Institute is dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector.

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This study relied on access to gun homicide, gunshot, and neighborhood-level establishment data. We would like to thank the Minneapolis Police Department, Oakland Police Department, San Francisco Police Department, and the Metropolitan Police Department of Washington, DC, for granting us access to their gun homicide incident data. We would also like to thank Walls & Associates and SST, Inc.™ for providing us with the National Establishment Time-Series Database and gunshot detection technology data, respectively.

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We owe a special thank you to all focus group and interview participants for taking time to participate in these discussions. Their input to this report was invaluable. We would also like to thank the various civic organizations that informed their members about our study for their support.

Executive Summary

National conversations on the economic costs of gun violence tend to focus on the health care costs faced by victims, lost productivity, and the financial burden of gun-related health care, enforcement, and correctional supervision costs on taxpayers. Despite broad interest in estimating the economic costs of gun violence at the national and individual levels, these conversations rarely address the impact of gun violence on the health of local economies. We know little about how local economies respond to increased gun violence, especially sharp and sudden increases (or surges) in gun violence.

Do surges in gun violence slow business growth and lower home values, homeownership rates, and credit scores in communities? How do increases in gun violence shape local economic health over time? To answer these important questions, we assembled and analyzed newly available business establishment and credit score data, as well as gunshot and sociodemographic data by census tract, for six cities: Baton Rouge, LA; Minneapolis, MN; Oakland, CA; Rochester, NY; San Francisco, CA; and Washington, DC. Police departments in four of these cities (Minneapolis, Oakland, San Francisco, and Washington, DC) provided gun homicide data. Baton Rouge gun homicide data were retrieved from the Parish of East Baton Rouge Open Data Portal. Gun homicide data were not available for Rochester. Because the gun violence data and economic indicators did not cover the same time period in all six cities, we examined the relationship between gun violence and local economic health differently in different cities, considering the availability of data for each city.

Our findings demonstrate that surges in gun violence can significantly reduce the growth of new retail and service businesses and slow home value appreciation. Further, higher levels of neighborhood gun violence can be associated with fewer retail and service establishments and fewer new jobs. Higher levels of gun violence were also associated with lower home values, credit scores, and homeownership rates.

We interviewed homeowners, renters, business owners, and representatives of neighborhood associations and other nonprofit organizations in these six cities to see how they perceive and respond to gun violence. Business owners said they were determined to not allow hardships caused by gun violence to put them out of business, but they also detailed the significant costs they incur (in both security expenses and lost revenue) to stay open. Respondents of all types noted that gun violence has led to certain types of retail and service businesses moving out of the areas where they live and work. Across the board, they shared that gun violence hurts housing prices and drives people to relocate from or avoid moving to affected neighborhoods. Homeowners, like business owners, are also financially affected by gun violence and may be compelled to invest in security technologies to protect themselves,

their homes, and their families. The data and research findings from this study can lend a new, economically driven lens to responses to gun violence.

Research Highlights and Implications

Impact of Gun Violence Surges on Local Business Growth, Home Values, Homeownership Rates, and Credit Scores across Cities

- *Gun homicide surges* in census tracts reduced the growth rate of new retail and service establishments by 4 percent in Minneapolis, Oakland, San Francisco, and Washington, DC.
- *Gun homicide surges* in census tracts slowed home value appreciation by 3.9 percent in Baton Rouge, Minneapolis, Oakland, San Francisco, and Washington, DC.
- *Gunshot surges* in census tracts slowed home value appreciation by 3.6 percent in Oakland, Rochester, San Francisco, and Washington, DC.
- Neither *gun homicide* nor *gunshot* surges were observed to reduce homeownership rates or credit scores in these cities. These results might indicate that credit scores may be less useful than home values for observing the economic impact of gun violence, perhaps because low-income people of color (who often live in cities) are underrepresented in credit data. Homeownership rates might not fall as quickly as home values in response to sudden surges in gun violence because selling a home and moving may take a long time or may simply not be feasible for some residents.

Relationships between Gun Violence and Business Outcomes, Home Values, Homeownership Rates, and Credit Scores within Cities

- In Minneapolis, each additional *gun homicide* in a census tract in a given year was associated with 80 fewer jobs the next year.
- In Oakland, each additional *gun homicide* in a census tract in a given year was associated with 5 fewer jobs in shrinking businesses the next year.

- In Washington, DC, every 10 additional *gunshots* in a census tract in a given year were associated with 20 fewer jobs among new establishments, one less new business opening, and one more business closing *the same year*.
- In Washington, DC, each additional *gun homicide* in a census tract in a given year was associated with two fewer retail and service establishments the next year.
- In San Francisco, there was no association between levels of gun violence in census tracts in a given year and business outcomes the next year.
- Analysis of *gun homicides* in 2014 and home values, homeownership rates, and credit scores in 2015 demonstrated that each additional *gun homicide* in a census tract was associated with the following outcomes:
  - A $22,000 decrease in average home values in Minneapolis census tracts and a $24,621 decrease in Oakland census tracts.
  - A 20-point decrease in average credit scores in Minneapolis census tracts and a 9-point decrease in Oakland census tracts.
  - A 3 percent decrease in homeownership rates in Washington, DC, census tracts and a 1 percent decrease in Baton Rouge census tracts.
- There were no associations between *gun homicide*s in a given year and home values, homeownership rates, and credit scores the next year in Minneapolis, Oakland, San Francisco, or Washington, DC, census tracts from 2009 to 2014 or in Baton Rouge census tracts from 2011 to 2014.

Implications

Our results demonstrate that gun violence reduces new business growth and local job opportunities, slows home value appreciation, and can impact community members in many ways. To escape a vicious cycle where gun violence reduces the economic resilience of communities whose residents are already at risk of gun violence, public policy and local efforts should promote a virtuous cycle by simultaneously promoting business development, strengthening the economic resilience of communities, and reducing gun violence. This requires homeowners and business owners to recognize the benefits of collaborating with local governments and other community members to outline local issues and create policies and

practical solutions that are connected to the needs of communities. We propose the following recommendations to translate our findings into action:

- Publicize the economic impact of gun violence and promote success stories showing how communities benefit from reducing gun violence.
- Engage businesses as advocates for gun violence reduction strategies.
- Support collaboration among stakeholders to build on community-based approaches to reducing gun violence.
- Build the evidence base on how gun violence impacts the economic health of local communities.

Thinking Differently about Gun Violence: Gun Violence as a Local Economic Health Issue

National conversations on the economic costs of gun violence tend to focus on the health care costs of treating gunshot injuries and the costs associated with lost productivity from people unable to work because they commit or are the victims of gun violence. These discussions are mainly concerned with the financial burden gun violence places on victims and taxpayers through health care, enforcement, and correctional supervision costs. Despite broad interest in estimating the costs of gun violence at the national and individual levels, research on the economic impact of gun violence rarely addresses the health of local economies.

What We Know about Prevention Costs and Costs to Victims

Gun violence exacts a physical, emotional, and financial toll on survivors and their families as well as the families of victims who lose their lives. The effects of gun violence are also felt by communities in the form of reduced investment from businesses and entrepreneurs. Gun violence also imposes significant costs on taxpayers and the local governments tasked with addressing the issue.

At an immediate cost of around $23,000 per patient, gun violence places an immense financial strain on victims and the hospitals that serve them.[1] In 2010, the total cost nationwide of medical care for firearm assaults was just under $630 million, with a significant share of emergency room care costs paid by taxpayers (Howell and Abraham 2013). Mental health treatment alone cost an additional $410 million.[2] And Cook and Ludwig (2000) estimated $20–26 billion dollars in lost earnings as a result of gun violence in 1997.

Although these figures are striking, they are small compared to what governments and individuals spend trying to reduce the threat of gun violence. Cook and Ludwig (2000) estimated that, in 1997, government spending on the criminal justice system and on government preventive expenditures (such as funding for the Secret Service; the Bureau of Alcohol, Tobacco, Firearms and Explosives; and airport security and to purchase additional bulletproof vests for law enforcement) would have been $3 billion

less in the absence of gun violence. This estimate excluded other potential savings for local public housing authorities, public schools, and other government organizations that are more difficult to measure. **To put this in perspective, the US government spent nearly as much money that year to fund entire government agencies—the Department of Commerce's 1997 discretionary spending budget was $4.8 billion**.[3]

These numbers are even more significant when we consider that the cost of preventive measures is not fully covered by government expenditures. Every American is financially affected by the threat and fear of gun violence. Because most gun homicides and assaults take place in public spaces (Cook and Goss 2014), gun violence can create a sense of vulnerability in communities and among the general public. Fear has a financial impact when it leads people to spend money on protective measures such as home security technologies. Business owners and community members we interviewed said these expenditures played a central role in their struggle to keep their small businesses afloat or otherwise deal with gun violence in their daily lives.

In 1998, a national survey asked respondents how much they would be willing to pay to reduce gun violence by 30 percent. Researchers found that the public was willing to pay $24.5 billion annually, or $1.2 million per gun-related injury (Ludwig and Cook 2001). Hamermesh (1998, 1999) found that workers in US metropolitan areas were less likely than workers elsewhere to work in the evenings and at night and that gun homicides are likely to displace night and evening work to daytime work hours. In 1998, Hamermesh estimated the cost of this displacement to be between $4 and $10 billion (between $6 and $15 billion in 2017 dollars).

Gun violence has a pervasive effect on communities and on the lives of community members. The emotional burden of fear weighs on residents exposed to gun violence as well as employees, visitors, and consumers (Cook and Ludwig 2000). Residents might take longer and more complex trips to avoid neighborhoods with a reputation for gun violence. Fewer tourists visit cities and states that experience chronic gun violence or acute surges in gun violence.

The impact of gun violence on people and businesses translates into costs to taxpayers and productivity losses that dampen the economy. A small number of recent studies provide the framework needed to think about these greater costs and have quantified and substantiated the public's willingness to invest in gun violence reduction efforts. One can easily intuit the potential effects of reduced gun violence on local property values and business openings, closures, operations, and profitability based on the protection, avoidance, and investment decisions of consumers and investors, but only a handful of studies have explored the economic impact of gun violence on communities.

What We Know about Violent Crimes and Local Economic Health

Increases in violent crime can lower property values, reduce business profitability, and decrease investment in communities. A longitudinal study by Greenbaum and Tita (2004) found that a localized surge in gun homicides can cause businesses in the area to downsize and discourage new businesses from opening. Conversely, declines in violent crime have been shown to coincide with economic growth (Stacy, Ho, and Pendall 2017).

Business built around customer interaction, such as those in the retail and service sectors, may see revenues drop faster than other nearby businesses as the threat of violence causes patrons to shop in safer communities (Greenbaum and Tita 2004). Business owners may also have trouble hiring employees willing to travel at night through communities experiencing surges in gun violence (Hamermesh 1998). Certain businesses may choose to close rather than spend more on insurance and security while bringing in less revenue. However, the high cost of relocating a business means that some may be forced to stay in neighborhoods with high levels of gun violence and absorb those losses. But the greatest damage to local economies may come from entrepreneurs who choose not to invest in a community in the first place because of gun violence.

Commercial and residential property values have been shown to decrease as levels of gun violence increase (Hipp, Tita, and Greenbaum 2009; Kirk and Laub 2010; Shapiro and Hassett 2012). Such costs are difficult to measure, but a 2006 analysis of home values and crime at the census tract level found that each additional violent crime per 1,000 in low-income neighborhoods was related to a 3.6 percent decline in home values the following year, representing an average loss of $4,144 in value in the neighborhoods least able to absorb such a drop in wealth (Tita, Petras, and Greenbaum 2006).

Other studies have measured how property values would benefit from a reduction in gun violence. Across five cities, researchers found that a 10 percent reduction in homicides would lead to a 0.83 percent increase in home values the following year, with a 25 percent reduction producing a 2.1 percent increase (Shapiro and Hassett 2012).

Study Goals

In this study, we focus on the local economic impact of both *surges* in gun violence and *levels* of gun violence. *Surges* in gun violence are sudden increases over and above the typical level of violence in a

neighborhood that residents have factored into their daily routines and business plans (Greenbaum and Tita 2004). This helps us understand how changes in gun violence affect communities differently. It also lets us control for existing levels of gun violence to yield more robust findings. This is critical because a study that only examines the relationship between *levels* of gun violence and indicators of economic health may provide a "big picture" perspective of the effect of violence on cities but not a *complete* picture.

Below, we briefly describe our study methodology (box 1). A more detailed discussion is available in the appendixes. The next section presents our findings on the relationship between levels of gun violence and local economic health indicators as well as our findings on how surges in gun violence affect business growth, home values, homeownership rates, and credit scores.

BOX 1

Project Methodology

We collected quantitative and qualitative data on local economic health indicators to (1) understand the impact of levels of gun violence and surges in gun violence on local economic health and (2) make relevant policy recommendations. At the census tract level, we analyzed a broad range of economic indicators (number of businesses and employment in those businesses, home values, homeownership rates, and credit scores) and two gun violence indicators (number of and surges in gun homicides and gunshots).

We conducted regression analyses to compare pre- and postsurge economic indicators between neighborhoods that experienced surges and those that did not. We also ran panel and cross-sectional regression analyses to explore the association between levels of gun violence and economic outcomes.

We observed our indicators across six cities: Baton Rouge, LA; Minneapolis, MN; Oakland, CA; Rochester, NY; San Francisco, CA; and Washington, DC. These cities were selected for their geographic and economic diversity and their wide coverage of gunshot detection data. The economic indicators and gun violence data covered different periods in different cities from 2009 to 2015, and the period covered by longitudinal data did not overlap for all cities. We used both individual city data and pooled data to conduct the analyses needed to examine the relationship between gun violence and indicators of local economic health over time, considering the availability of data for each city.

We also conducted in-person and phone interviews and focus groups to gain local perspectives on the economic impact of gun violence. We facilitated a total of 25 semistructured interviews and four focus groups with local homeowners, renters, business owners, and other city stakeholders (e.g., business and neighborhood associations and other nonprofit organizations). We selected the business owners and homeowners by identifying the communities in the study cities that experienced surges in gun violence in 2015 and then contacting neighborhood organizations and businesses in those areas. In each interview and focus group, we asked how gun violence affected business operations, profitability, and investment; home investment and decisionmaking; the housing and rental markets; the daily activities of residents; local policies to address gun violence; and the factors that increase a community's resilience against or vulnerability to gun violence. We analyzed interview data with NVivo qualitative analysis software. We then synthesized the findings from the quantitative and qualitative analyses into this report to provide recommendations framed and supported by existing literature in the field.

The details of our methodology and regression findings are presented in appendixes B, C, and D.

Findings

City-Specific Analyses of the Relationship between Gun Violence Levels and Local Economic Health

We first examined the relationship between gun violence levels and local economic health within cities. For the cities with at least four years of available data, we looked at the relationship between levels of gun violence in a census tract in a given year and the number of establishments, employment at those establishments, average home value, average credit score, and rate of homeownership the next year. This analysis used panel regression models. We also conducted a cross-sectional (one-year) analysis to explore the short-term relationship between gun violence and average home values, rates of homeownership, and average credit scores after controlling for sociodemographic factors.

As detailed in box 2, our findings were mixed. The panel regression analyses showed that an increase in gun violence levels can be associated with fewer retail and service establishments and fewer new jobs. The cross-sectional regression analyses showed that gun violence in a given year can lower home values, rates of homeownership, and credit scores the next year. However, the damage gun violence inflicted on neighborhoods differed by city. We did not see the same relationships in panel regressions observing repeated measures of gun violence, home values, homeownership rates, and credit scores. The details of this analysis and the associated regression tables are in appendix B.

BOX 2

Relationship between Gun Homicides and Gunshots and Business Outcomes

In three of the four cities for which we had the necessary data (Minneapolis, Oakland, San Francisco, and Washington, DC), we observed a negative relationship between gun violence and business outcomes from 2010 to 2012:

- In Minneapolis, each additional *gun homicide* in a census tract in a given year was associated with 80 fewer jobs the next year.
- In Oakland, each additional *gun homicide* was associated with 5 fewer job opportunities in shrinking businesses the next year.
- In Washington, DC, every 10 additional *gunshots* were associated with 20 fewer jobs among new establishments, one less new business opening, and one more business closing *the same year*.
- In Washington, DC, each additional *gun homicide* was associated with two fewer retail and service establishments the next year.
- In San Francisco, there was no significant association between levels of gun violence and the number of establishments and employment outcomes the next year.

Relationship between Gun Homicide Levels and Home Values, Homeownership Rates, and Credit Scores

In the five cities for which we had the necessary data for a panel regression analysis (Baton Rouge, Minneapolis, Oakland, San Francisco, and Washington, DC), we did not observe a significant relationship between gun homicides in a given year and home values, homeownership rates, and credit scores the next year:

- **Home values.** Each additional gun homicide in a census tract in 2014 was associated with a $22,000 decrease in the average home value in Minneapolis and a $24,621 decrease in Oakland in 2015. However, our observations of gun homicide levels from 2009 to 2014 in Minneapolis, Oakland, San Francisco, and Washington, DC, and from 2011 to 2014 in Baton Rouge show no significant association between gun homicides in a given year and home values the next year.
- **Homeownership rates.** Each additional gun homicide in a census tract in 2014 was associated with a 3 percent decrease (approximate) in homeownership rate in Washington, DC, and a 1 percent decrease in Baton Rouge in 2015. However, our observations of gun homicide levels from 2009 to 2014 in Minneapolis, Oakland, San Francisco, and Washington, DC, and from 2011 to 2014 in Baton Rouge show no significant association between gun homicides in a given year and homeownership rates the next year.
- **Credit scores.** Each additional gun homicide in a census tract in 2014 was associated with a 20-point decrease (approximate) in average credit score in Minneapolis and a 9-point decrease in Oakland in 2015. However, our observations of gun homicide levels from 2009 to 2014 in Minneapolis, Oakland, San Francisco, and Washington, DC, and from 2011 to 2014 in Baton Rouge show no significant association between gun homicides in a given year and credit scores the next year.

The details of this analysis and the associated regression tables are in appendix B.

Cross-City Analyses of the Impact of Gun Homicide Surges on Business Growth

In this section, we present the results from our regression analyses of the impact of gun homicide surges on business growth outcomes at the census tract level in Minneapolis, Oakland, San Francisco, and Washington, DC. We also present findings from our interviews with business owners, homeowners, renters, and other city stakeholders.

We borrow from the work of Greenbaum and Tita (2004) to compare pre- and postsurge economic indicators between neighborhoods that experienced surges and those that did not (see appendix C for our methodology, including our business growth measures and definition of gun homicide surges).

Our results indicate that surges in gun homicides led to a reduced growth rate of new retail and service businesses in comparison to neighborhoods with no surges (box 3). However, surges did not affect business closures or cause businesses to lose employees.

Interviews and focus groups in these cities provided context for these findings. We learned that business owners were determined to remain open despite the hardships associated with gun violence. Business owners spoke with great pride about their communities but also detailed the significant security costs they incur because of gun violence. Owners said these costs, which include camera systems, Plexiglass, bulletproof windows, motion sensors, barred doors, and extra security staff, are necessary if they wish to stay open.

Business owners and residents described the coping mechanisms they incorporate into their daily lives, such as closing businesses early and keeping doors locked at night during operating hours. Residents avoid shopping at night, and employees working night shifts avoid public transit. Residents believe these mechanisms are necessary to mitigate the harmful impact of gun violence on their economic behavior and businesses. These interviews and focus groups point to the resilience of local communities affected by violence, which deserves further study. They also demonstrate that these hardships significantly limit investment and the willingness of entrepreneurs to open new businesses in these communities. The details of this analysis and the associated regression tables are in appendix C.

BOX 3

The Impact of Gun Homicide Surges on Local Business Growth

- In cities with the necessary data for our analysis (Minneapolis, Oakland, San Francisco, and Washington, DC), gun homicide surges led to a 4 percent reduction (approximate) in the growth rate of new retail and service establishments.
- Gun homicide surges did not affect business closures or cause businesses to lose employees.

The details of this analysis and the associated regression tables are in appendix C.

Stakeholders may be reluctant to invest money and resources in communities experiencing surges in gun violence because of the fear such violence induces among potential clients. Businesses that rely on foot traffic may be especially discouraged from investing in these communities. The following section highlights responses from our stakeholder interviews that provide more context on the potential disincentive to invest in communities with high levels of and surges in gun violence as well as the coping mechanisms residents and business owners use to mitigate the harmful effects of violence.

Insights from the Interviews

LACK OF CERTAIN TYPES OF BUSINESSES

Residents, business owners, and other stakeholders shared that, as a result of violence, the areas where they live and work lack certain types of businesses, especially grocery stores, mom-and-pop stores, and banks. One Oakland stakeholder said that the neighborhood went a long time without a supermarket, and community members had to travel up to 20 miles to find one. Another said people in his community are afraid to go out at night and that many empty storefronts remain in areas he believes are ideal for restaurants and entertainment venues. Stakeholders and business owners also suggested that violence discourages companies of all sizes from opening businesses in their communities.

We are venturing into opening a grocery store, with health and wellness integrated, in an area that has historically been violent. Windows and lighting have been a concern. Is this a place where people will do harm? People have asked, "This is where we want to be and build?" Safety is a consideration.—City stakeholder, Minneapolis

BUSINESS CLOSURES

Many interviewees know people who have considered closing or relocating their businesses because of gun violence or have already done so. One focus group participant said, "We had a [civic association] meeting. Practically every business in attendance had been robbed."

We lost a McDonald's. You practically never see that happen. That was because of crime…[the store] kept getting robbed.—Focus group participant, homeowner

FEAR OF VICTIMIZATION AND BEHAVIORAL COPING MECHANISMS

Fear of violence can drive business and consumer behavior. Our interviews with people living and working in the study cities provided in-depth context on how gun violence can significantly impact business and employee decisionmaking and overall business performance and profitability.

As the number of shootings in the city has increased significantly, even the beauty salon that I go to had a bullet through the window, and it grazed the head of a pastor's sister. The business has been there for 25 years. For the first time in 25 years, the owners thought about safety and whether they can stay.—City stakeholder, Minneapolis

Interviewees highlighted a perception of violence associated with their neighborhoods. But despite the violence, they also see peace and positivity in their communities even if people from outside the neighborhood, including close family and friends, do not. Residents and business owners in focus groups informed us that their friends and family outside the area fear visiting their neighborhoods or refuse to visit at all. This fear impacts businesses as well because people do not move to or shop in these neighborhoods and the perception of violence makes it difficult to find and retain employees.

Interviews also provided insight into the coping mechanisms used by businesses in areas with disproportionate levels of gun violence. A common theme was a deep sense of pride and dedication to

their communities. Some interviewees shared examples of how community members encouraged and supported business owners to remain open in the face of gun violence.

At a certain point, we were done with the business because of the violence. But I feel like I was born and raised here, and you shouldn't just quit on your own community. …As bad as it is, it's not just here; it's in other places as well, and I feel like you shouldn't run away from the violence. You should be a part of changing the violence.—Business owner, Oakland

Some interviewees had a negative perception of their own communities, and several stakeholders said they are afraid to go outside in their neighborhoods. One business owner in Oakland referred to his neighborhood as "the gutter of the gutter," and a San Francisco resident told us, "I can't get a permit for my show to be in the playground in the evening because the city said it's dangerous. But other areas get permits. It's because of [the perception of] this area."

Interviews showed that customers are afraid to visit some businesses because of their reputations for violence. Often, businesses choose to close earlier in the evening than desired because of an incident of gun violence. In certain places, businesses had been put under curfew by the city and forced to close at certain hours. When asked about how gun violence affects her daily personal and work routines, one Minneapolis business owner said, "If we are here at night, we lock the door at six or seven and we don't open if we are not satisfied. After six, [we] don't get customers. Sometimes we are here later but don't open the door." When asked about city regulations on the operating hours of businesses, another business owner said, "Yes, [I] have to close at 10:00 p.m., regulated by the city. I wish during the winter they close early. I want to close at nine, but my business will go to someone else who will be open at ten."

As customers, residents described situations in which they needed the services of a particular business in their neighborhood after they got off of work only to find these businesses would close early during the week or close entirely on the weekend. One city stakeholder referred to this as a "trickle-down effect" where stores close early because residents do not want to be outside at night.

FEAR OF CRIME AND INCREASED BUSINESS INVESTMENT IN SECURITY

One of the most frequently discussed financial burdens was increased investment in security for businesses. Stakeholders in Minneapolis, Oakland, San Francisco, and Washington, DC, indicated that gun violence has caused businesses to invest in security strategies such as camera systems, Plexiglass, bulletproof windows, motion sensors, barred doors, and extra security staff. These purchases were either made on the business owner's own initiative or were mandated by the city after a violent incident on the premises.

There are clear financial burdens associated with running a business in a violent area. In these areas, stores are robbed frequently and subsequently experience reduced profits or shut down completely. Businesses may need to invest additional time and funds to attract customers and overcome the stigma associated with their locations. As one focus group participant said, "There is a stigma of [this] being a rough neighborhood, and a lot of people don't come here because of that. The shootings right here in this area, it has a big effect on business and we see it."

Think about that visible ingesting of it from multiple angles. As a customer coming in, you think a place has been hit up, is it safe to get something to eat? Who is coming in the door? An employee has to be in bulletproof space every day. Maybe they weren't there when it was robbed, but this is the only job I can get. I have to be in harm's way/traumatize myself for my livelihood. What are the health risks in those scenarios? Is it higher anxiety, higher stress? What are the impacts there that may correlate to more doctor's visits, medication?—City stakeholder, Oakland

ADDITIONAL STRESS ON BUSINESS OWNERS, MANAGERS, AND EMPLOYEES

Employees may be directly or indirectly impacted by gun violence. Employees working in violent areas may experience longer commutes, especially if they work at night. They can also experience heightened levels of stress. The manager of a small business in Minneapolis said she no longer uses public transit to go to work at one or two in the morning despite using it at other times of day.

Even if it is not too late, I am worried about getting home from work and staying late.
—Resident, San Francisco

These responses point to how economic behavior is impacted by violence, forcing residents to make employment, commuting, and other daily-life choices that have economic costs and consequences for both themselves and the community.

Cross-City Analyses of the Impact of Gun Violence Surges on Home Values, Homeownership Rates, and Credit Scores

In this section, we present the results from our regression analyses of the impact of gun violence surges on home values, homeownership rates, and credit scores. We observed gun violence surges using gun homicide data from Baton Rouge, Minneapolis, Oakland, San Francisco, and Washington, DC, and gunshot data from Oakland, Rochester, San Francisco, and Washington, DC (see appendix D for detailed methodology and results). Again, our interviews with business owners, homeowners, renters, and other city stakeholders supplement our findings.

Our results indicate that surges in gun homicides and gunshots in census tracts across these cities slowed the appreciation of home values (box 4) but did not affect the growth of homeownership rates or credit scores. In 2010, close to 20 percent of the adult population nationwide was credit invisible or had unscorable credit histories. Members of low-income black and Hispanic communities are more likely to be part of this group (CFPB 2015). Accordingly, credit scores might not be as useful of an indicator as home values because of the potential underrepresentation of low-income communities of color in credit data. Homeownership rates pose their own issue, as they are determined by the long-term demographic economic fundamentals of neighborhoods and might not reflect sudden surges in gun violence.

Our interviews and focus groups provided insight into the perceived negative impact of gun violence on the real estate market. Respondents also detailed the significant costs homeowners incur because of gun violence. Some homeowners who lived in increasingly violent neighborhoods either chose to relocate or knew people who had. The details of this analysis and the associated regression tables can be found in appendix D.

BOX 4

The Impact of Gun Homicide and Gunshot Surges on Home Values, Homeownership Rates, and Credit Scores

- In cities with the necessary data for our analysis (Baton Rouge, Minneapolis, Oakland, San Francisco, and Washington, DC), surges in *gun homicides* slowed home value appreciation by 3.9 percent.
- In cities with the necessary data for our analysis (Oakland, Rochester, San Francisco, and Washington, DC), surges in *gunshots* slowed home value appreciation by 3.6 percent.
- *Gun homicide* and *gunshot* surges were not observed to affect homeownership rates or credit scores.

The details of this analysis and the associated regression tables can be found in appendix D.

Insights from the Interviews

GUN VIOLENCE AND HOUSING VALUES

Across the board, residents, business owners, and stakeholders believed that gun violence hurts housing prices and drives people to relocate from or avoid moving to affected neighborhoods. For instance, one focus group participant mentioned that a friend "paid $250,000 for their house and now they can't sell it for $100,000 because of the violence."

IMPACT OF GUN VIOLENCE ON RESIDENTS AND WITNESSES OF VIOLENCE

All interviewees said they have changed their daily routines or lifestyles to avoid violence. Many stay home more than they might otherwise, and some do not stay out late or go out alone in the evenings. Business owners and other focus group participants reiterated that violence changed their routines and limits their activities outside of work. Interviewees also shifted their routines to protect their children. One Oakland business owner and resident said, "I want to move to some other area, especially for my kids. They are growing up. Sometimes they close the school down because there's a shooting outside and I can't pick up my kids because the school gets shut down."

Gun violence affects both victims of violence and the neighbors who witness violent incidents. One Minnesota business owner and resident shared an incident that occurred on their street in 2012: "The man was robbed, shot, and [his house was] set on fire. I saw the police dragging out his body and trying to resuscitate him. …[I] moved when I was able to move—lived there for six years."

GUN VIOLENCE, VACANCY RATES, AND ABSENTEE HOMEOWNERS

Stakeholders said that vacancy rates are high in violent neighborhoods. They also identified absentee homeownership as problematic because these owners do not maintain their properties or feel invested in the community.

GENTRIFICATION, RENTAL VALUES, AND GUN VIOLENCE

Many interviewees expressed their concern over displacement caused by increasing rents. Respondents have seen changes in the racial makeup of their neighborhoods, and some held negative views of gentrification. Despite the ongoing racial and economic change, they said, crime rates remain high and rents continue to climb.

GUN VIOLENCE AND INCREASED SAFETY MEASURES AT HOME

Homeowners use a variety of security technologies to protect their homes and families. Respondents mentioned tall fences, door gates, motion sensors, and cameras as the primary security measures they use. In some cities, interviewees said the local government subsidizes the cost of home security equipment to help residents protect themselves.

Translating Research into Action

Publicize the Economic Impacts of Gun Violence and Promote Success Stories Showing How Communities Benefit from Reducing Gun Violence

Raise awareness of the risks of increasing levels of gun violence for diverse geographies, groups, and businesses. Local campaigns should focus on the economic issues that plague business development and sustainability.

Increase media engagement to address the economic impact of gun violence. Media sources play a key role in establishing perceptions of neighborhood crime and violence and can support gun violence prevention strategies (Bieler et al. 2016). Positive media coverage can help raise awareness and showcase efforts to reduce gun violence and support local economic development. Local governments and businesses should collaborate to develop strategies for traditional and social media.

Engage Businesses as Partners and Advocates for Gun Violence Reduction Strategies

Support and develop public-private-community partnerships. One model is Detroit's Project Green Light, which mixes technology and community policing to improve neighborhood safety, promote the revitalization and growth of local businesses, and strengthen police efforts to deter, identify, and solve crimes.[4] This partnership between the City of Detroit and local business owners installs and maintains high-definition indoor and outdoor cameras, high-speed network connections capable of consistent video streaming to local police departments, and adequate lighting on properties to ensure they are customer-friendly, safe, and inviting.

Incentivize safety measures. Implement (or continue providing) incentives to install additional safety features (e.g., cameras, property and street lighting). Small but meaningful rewards could be given to encourage business owners to partner with police.

Prioritize local resources to support efforts to reduce gun violence and promote local business and community development. Efforts should target the local business districts most affected by gun

violence while promoting broader conversations about local solutions to local problems and emphasizing use of economic incentive programs to bring in new businesses.

Support Collaboration among Stakeholders to Build on Community-Based Approaches

Create nonenforcement community engagement opportunities. Local governments should focus on building long-term, positive collaborations between government, community members, and business owners to develop solutions to gun violence.

Implement violence reduction strategies at the city, neighborhood, and community levels. A holistic violence reduction model should include stakeholders with knowledge of the economic impact of gun violence in areas with disproportionate levels of or surges in gun violence. Preventive approaches that focus on educating youth and young adults about gun violence should be aligned with education and training to improve their economic prospects.

Mobilize business and community stakeholders for strategic planning and publicize their successes. This report provides considerable evidence to support the inclusion of economic stakeholders at all levels in gun violence prevention strategies. Local entities should expand economic stakeholder groups to include local business owners, chambers of commerce and business organizations, and local government officials associated with business development. In communities without strong private-sector involvement in city or community politics, businesses of all types should be key proponents of community and city branding activities.

Promote cross-sector collaboration among researchers, community organizations, community development institutions, police practitioners, and funding agencies. Crime reduction should be seen as a multifaceted economic health issue that requires bringing business owners into stakeholder conversations with other public and private sector entities.

Invest in evidence-based social services interventions. Local governments should encourage state and national governments to invest in evidence-based research on the impact of gun violence on local economies. They should also ask state and national policymakers to support evidence-based interventions and cross-sector collaboration across a diverse range of stakeholders, including local business owners.

Build the Evidence Base on the Impact of Gun Violence on the Economic Health of Local Communities

Establish a link between gun violence and the choices of business owners and residents. Local stakeholders, including governments, policymakers, and social services providers, should collaborate to develop data collection systems that examine local perceptions of the economic impact of gun violence through local business owner and resident decisionmaking. A hyper-local (e.g., city, county, etc.) review of economic health is an essential first step for devising strategies to support local businesses in areas disproportionately affected by violence. This study can stand as a model for mixed-method data collection at the community level and for data analysis in cities across the United States.

Use new data sources to showcase the relationship between gun violence and local economic health. Local stakeholders should develop local data repositories to enhance decisionmaking and collaboration across organizations. Local partners should also focus on collecting and storing new data on local economies in areas disproportionately affected by gun violence. A central repository accessible by all local stakeholders should focus on increasing local data quality through standardized implementation and updating practices.

Conclusion

This study helps show that gun violence can perpetuate or even cause economic decline. Gun violence slows new business growth, which leads to fewer job opportunities for community residents—including those at risk of engaging in gun violence. Gun violence also decreases home values, which along with slow business growth impacts government revenue and affects the economic resilience of communities, further increasing their vulnerability to surges in gun violence.

To escape this vicious cycle, public policy and local efforts should seek to promote a virtuous cycle where business development promotes economic well-being, creates jobs, and reduces gun violence. Both homeowners and business owners have strong incentives to collaborate to reduce gun violence. Community members should be incentivized to join these collaborations to outline pressing issues and ensure that policies address those issues and the needs of the community.

Appendix A. Retail and Service Industry Codes

TABLE A.1

Retail and Service Industry Codes

Code	Industry title
52	Building materials, hardware, garden supply, and mobile home dealers
53	General merchandise stores
54	Food stores
55	Automotive dealers and gasoline service stations
56	Apparel and accessory stores
57	Home furniture, furnishings, and equipment stores
58	Eating and drinking places
59	Miscellaneous retail
70	Hotels, rooming houses, camps, and other lodging places
72	Personal services
73	Business services
75	Automotive repair, services, and parking
76	Miscellaneous repair services
78	Motion pictures
79	Amusement and recreation services
80	Health services
81	Legal services
82	Educational services
83	Social services
84	Museums, art galleries, and botanical and zoological gardens
86	Membership organizations
87	Engineering, accounting, research, management, and related services
89	Services not elsewhere classified

Appendix B. Methodology and Regression Results for City-Specific Analyses

Data Sources

The analysis presented in this section is based on the following data sources:

- Gun homicide data were acquired from the city police departments of Minneapolis, MN; Oakland, CA; San Francisco, CA; and Washington, DC; as well as the City of Baton Rouge, LA, and the Parish of East Baton Rouge, LA, Open Data Portal.
- Washington, DC, gunshot data were obtained through a data file made publicly available online by the Metropolitan Police Department in response to a Freedom of Information Act request. Gunshot data for the other cities were obtained from SST, Inc.
- Business data were retrieved from the 2013 National Establishment Time-Series Database.
- Data on home values, homeownership rates, and credit scores were obtained from a major credit bureau.
- Sociodemographic data were retrieved from the US Census Bureau American Community Survey five-year estimates.

Dependent Variables

We used five annual measures to operationalize local economic health at the census tract level: number of establishments, employment at those establishments, average home value, average credit score, and homeownership rate (see table B.1).

The data to calculate establishment and employment outcomes were acquired from the 2013 National Establishment Time-Series Database, which was developed through a partnership with Dun & Bradstreet and includes more than 52 million establishments with time-series information about their

industries, location (by street address), headquarters, employment, and many other indicators from 1990 to 2012.

While observing the number of establishments and employment at those establishments, we conducted subcategory analyses for shrinking, new (birth), and closed (death) establishments in all industry categories and in retail and service industry categories specifically (see appendix A for the list of retail and service industries). We used Greenbaum and Tita's (2004, 2499) definitions to formulate our definitions of shrinking, birth, and death establishments. A birth establishment had no employment at its location in the previous year and positive employment in the current year. A death establishment had positive employment in the previous year and no employment in the current year. Shrinking establishments had some employment in the previous year and less employment in the current year.

To measure the average home value, homeownership rate, and credit score outcomes, we constructed panel data of consumer credit score measures at the census tract level. Our data are based on a random 2 percent sample of depersonalized consumer data from a major credit bureau. The same information was collected for each consumer from 2010 to 2015, creating panel data with six snapshots. To identify each consumer's census tract location, the credit bureau matched their name and address to a national public property record database maintained by CoreLogic. The credit bureau data are a random sample of all US consumers who have a credit record with the bureau, and the national public property record database covers the market very well. Still, 31 percent of consumers did not have a match between the two databases. To address potential biases, we weighted the matched data with American Community Survey Public Use Microdata Sample data to make the matched credit bureau and property record data follow the same joint distribution as the Public Use Microdata Sample data on three attributes: consumer age, housing tenure status, and geographic location.

TABLE B.1

Local Economic Health Measures
Employment
Employment in all establishment categories (hereinafter referred to as "all establishments")
Employment in retail and service industry establishments (hereinafter referred to as "retail and service establishments")
Employment in all new (birth) establishments
Employment in new (birth) retail and service establishments
Employment in all shrinking establishments
Employment in shrinking retail and service establishments
Establishment count
Number of all establishments
Number of retail and service establishments
Number of all new establishments
Number of new retail and service establishments
Number of all out-of-business (death) establishments
Number of out-of-business (death) retail and service establishments
Number of all shrinking establishments
Number of shrinking retail and service establishments
Average home value
Homeownership rate
Average credit score

Panel Regressions with Fixed Effects

We explored the impact of gun violence on our five local economic health indicators over time. In our analysis, we were unable to capture the annual change in demographic variables because the American Community Survey provides only five-year estimates for demographics at the census tract level and smaller territorial boundaries (such as block groups).

Considering the panel nature of our data and the unavailability of annual demographic variables, we incorporated year and census tract fixed effects estimates into our panel regression models to benefit from within-group variation over time and overcome endogeneity issues. A fixed effects regression model essentially assumes that unobservable factors that might simultaneously affect the outcome and the predictor are time-invariant.

To estimate the effect of gun violence on economic activity, we ran fixed effects regressions in the following form:

$$(E_{it}) = \delta_0 + \beta_1 GV_{it-1} + \gamma_i + \lambda_t + u_{it} \quad (1)$$

where the equation was estimated at the census tract level for each city separately. E_{it} is the observed economic outcome in census tract *i* in year *t*. *GV* is the total number of homicides (or gunshots for Washington, DC, only) in census tract *i* in year *t-1*, and γ_i and λ_t are year and census tract fixed effects, respectively. Specifically, we modeled the relationship between gun violence and our local economic health indicators as follows:

- We first explored the impact of gun homicides in a given year on business outcomes (i.e., number of establishments and number of employees) in the next year from 2010 to 2012. We conducted this analysis for Minneapolis, Oakland, San Francisco, and Washington, DC, the cities for which we had the four-year data overlap necessary to observe the association between one year's gun homicides and the next year's business outcomes over three years.
- In Washington, DC, where the gunshot and business data time spans overlapped exactly, we also explored the impact of gunshots in a given year on business outcomes *in the same year* from 2010 to 2012, assuming increased levels of gunshots have an immediate rather than lagged effect on business growth.
- We ran additional regression analyses to explore the association between gun homicides in a given year and average home values, average credit scores, and homeownership rates in the next year from 2010 to 2015 in Minneapolis, Oakland, San Francisco, and Washington, DC. For Baton Rouge, where gun homicide data were only available as of 2011, we explored the impact of gun homicides on those indicators from 2012 to 2015.
- We further explored the association between gunshots in a given year and average home values, average credit scores, and homeownership rates in the next year from 2014 to 2015 in Oakland, Rochester, and San Francisco. In Washington, DC, where gunshot data were available from 2010 to 2012, we explored the impact of gunshots on those indicators from 2011 to 2012.

Cross-Sectional Regressions with Sociodemographic Controls

To examine the relationship between gun homicides and average home value, homeownership rate, and average credit score over a year, we ran additional cross-sectional regression analyses on the relationship between gun homicides in 2014 and our chosen indicators in 2015, controlling for the effects of several sociodemographic variables: percent black population, percent population with high

school education or higher, median household income, and population density. We focused on outcomes from 2015 to better control for the effects of the sociodemographic factors using the American Community Survey 2014 five-year estimates.

Detailed Results

THE RELATIONSHIP BETWEEN GUN VIOLENCE LEVELS AND BUSINESS OUTCOMES

Table B.2 shows the results of our regression analyses on the 14 establishment and employment outcomes over the number of gun homicides in Minneapolis, Oakland, San Francisco, and Washington, DC. The results reported in the table control for year and census tract fixed effects.

We further examined the relationship between gunshots in a given year and the number of establishments and employment in those establishments that same year in Washington, DC. Our analysis showed that, in census tracts covered by gunshot detection sensors, every 10 additional gunshot incidents were related to 20 fewer jobs in new establishments ($p \leq 0.01$), one less business opening ($p \leq 0.05$), and one more business closure ($p \leq 0.05$) the same year.

TABLE B.2

Gun Homicide Fixed Effects Ordinary Least Squares Regression on Establishment Number and Employment

City and industry	Birth	Death	Shrinking	Total
Minneapolis				
All				
Establishment	-3.4 (2.8)	1.5 (1.2)	-0.1 (0.2)	-2.42 (1.55)
Employment	-79.8 (60.9)	N/A	-4.3 (7.7)	-80.0 (44.8)†
Retail and service				
Establishment	-3.0 (2.3)	0.7 (0.7)	-0.01 (0.17)	-1.8 (1.1)
Employment	-79.8 (60.9)	N/A	-0.3 (5.1)	-42.8 (27.0)
Oakland				
All				
Establishment	0.6 (0.8)	0.3 (0.4)	0.1 (0.1)	0.5 (0.6)
Employment	16.3 (9.7)	N/A	-5.2 (3.1)†	12.1 (11.5)
Retail and service				
Establishment	0.3 (0.7)	0.2 (0.3)	0.16 (0.1)	-0.8 (4.1)
Employment	-0.14 (2.9)	N/A	-0.9 (1.3)	-2.6 (5.6)
Washington, DC				
All				
Establishment	-5.2 (3.5)	0.4 (0.5)	-0.1 (0.5)	2.9 (1.8)
Employment	4.7 (21.6)	N/A	1.29 (2.44)	-31.5 (129.2)
Retail and service				
Establishment	0.9 (1.3)	-2.7 (1.3)	-0.1 (0.1)	-1.9 (0.8)*
Employment	-6.4 (10.7)	N/A	0.8 (1.2)	34.9 (22.9)
San Francisco				
All				
Establishment	5.7 (8.3)	-0.9 (1.6)	-0.06 (0.3)	3.1 (1.93)
Employment	39.6 (49)	N/A	13.8 (14.4)	90.2 (103.6)
Retail and service				
Establishment	3.5 (5.4)	-1.51 (1.93)	-0.05 (0.24)	-9.1 (18)
Employment	17.8 (19.3)	N/A	4.86 (3.13)	-912 (800)

Note: Standard errors in parentheses.
† $p \leq 0.1$; * $p \leq 0.05$

RELATIONSHIP BETWEEN GUN VIOLENCE LEVELS AND HOME VALUES, HOMEOWNERSHIP RATES, AND CREDIT SCORES

We further examined the association between gunshots and gun homicides in a given year and average home values, homeownership rates, and credit scores in the next year by running panel regression analyses with fixed effects estimates. We found no significant associations for any city included in this analysis.

CROSS-SECTIONAL REGRESSION ANALYSES WITH SOCIODEMOGRAPHIC CONTROLS

To examine any potential immediate relationship between gun homicides in 2014 and home values, homeownership rates, and credit scores in 2015, we ran additional regression analyses controlling for 2014 sociodemographic variables. Table B.3 shows those results.

TABLE B.3

2014 Gun Homicide Ordinary Least Squares Regression on 2015 Average Home Values, Homeownership Rates, and Average Credit Scores

City	Home value	Homeownership rate	Credit score
Minneapolis			
Homicides	-22,009†	-0.01	-19.7***
Percent black	-551	-0.001	-1.55***
Percent high school education or higher	1,145	0.002	1.14†
Median household income	2.1***	2.143E-6***	0.001**
Population density	1.9	-2.641E-6	0.001
R^2	*0.47*	*0.34*	*0.56*
Oakland			
Homicides	-24,621†	-0.004	-8.7*
Percent black	-1,848*	0.001	-1.8***
Percent high school education or higher	4,151***	0.001	1.6***
Median household income	3.56***	2.669E-6***	0.001
Population density	1.68	1.758E-6	0.001
R^2	*0.75*	*0.44*	*0.63*
Washington, DC			
Homicides	1,500	-0.03*	-6.4
Percent black	-4,374***	0.002**	-1.3***
Percent high school education or higher	-5,307†	0.005**	0.6
Median household income	3.38***	1.408E-6***	0.001
Population density	-4.48**	4.270E-7	0.001
R^2	*0.60*	*0.20*	*0.63*
San Francisco			
Homicides	-31,564	-0.025	-7.4
Percent black	-6,548*	-0.001	-1.17***
Percent high school education or higher	-4,543	0.004	0.464
Median household income	5.611***	-4.257E-7**	0.001
Population density	1.12	4.612E-7	-0.001*
R^2	*0.32*	*0.06*	*0.24*
Baton Rouge			
Homicides	-179	-0.01†	0.49
Percent black	-946***	0.001	-1.01***
Percent high school education or higher	1,660***	0.002	1.72**
Median household income	0.8**	4.208E-6***	0.001
Population density	-1.09	7.043E-6	-0.002
R^2	*0.69*	*0.56*	*0.64*

† $p \leq 0.1$; * $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$

Appendix C. Methodology and Results for Gun Violence Surge Analysis with Business Growth Outcomes

Data Sources

The analysis presented in this section is based on the following data sources:

- Gun homicide incident data were retrieved from the city police departments of Minneapolis, MN; Oakland, CA; San Francisco, CA; and Washington, DC.
- Business data were retrieved from the 2013 National Establishment Time-Series Database, described in appendix B.
- Sociodemographic data were retrieved from US Census Bureau American Community Survey five-year estimates.

Methods

This analysis explored the impact of gun homicide surges on business growth outcomes in census tracts across different cities. Our methodology borrows from the work of Greenbaum and Tita (2004), who studied the impact of *structural changes or surges* in the level of violence, rather than only *levels of violence*, on ZIP code–level growth rates in the number of establishments and employment in those establishments. As Greenbaum and Tita explain, the definition of surges in crimes requires an operationalization based on arbitrary decisions.

Because of differences in gun homicide levels across cities, surges were defined for each city. For the purposes of our analysis, we considered a census tract to have experienced a surge if, following a baseline year (2010), it had at least one more gun homicide in the subsequent (observation) year and its level of gun homicide was above the 50th percentile among all census tracts with increases in gun homicides. Census tracts in each city that experienced a surge in 2011 were matched with control

census tracts that had an increase in gun homicides but not a surge. Our dependent variables were annual growth rates, at the census tract level, of net employment and components of net employment: establishment births, deaths, and shrinkages (see table C.1 for the list of growth outcomes and appendix B for a definition of establishment births, deaths, and shrinkages).

We calculated growth rates for all establishment categories and retail and service industry categories. The growth rate for each category of establishment is estimated as follows:

$$G^{j}_{it} = (E^{j}_{it} - E^{j}_{it-1})/E^{j}_{it-1} \quad (2)$$

where growth *G* in each category *j* (all establishments, new establishments, and shrinking establishments) in census tract *i* is calculated by subtracting the employment in that category in the census tract in the previous year from the employment in the same category and census tract in the current year and dividing it by the total employment in the census tract in the previous year.

Growth rates for the number of establishments that are births and deaths for each category are defined as follows:

$$G^{j}_{it} = N^{j}_{it}/N_{it} \quad (3)$$

where *N* is the number of establishments. To calculate the growth in the number of shrinking establishments in equation 3, the *E* in equation 2 is replaced with *N*.

TABLE C.1

Dependent Variables
Employment growth outcomes
Employment growth in all new (birth) establishments
Employment growth in new (birth) retail and service establishments
Employment growth in all shrinking establishments
Employment growth in shrinking retail and service establishments
Establishment growth outcomes
Growth in the number of all establishments
Growth in the number of all retail and service establishments
Growth in the number of all new establishments
Growth in the number of new retail and service establishments
Growth in the number of all out-of-business (death) establishments
Growth in the number of out-of-business (death) retail and service establishments
Growth in the number of all shrinking establishments
Growth in the number of shrinking retail and service establishments

We used propensity score matching and difference-in-difference estimates to examine the impact of surges in gun homicides on the aforementioned growth outcomes. We ran these analyses at the census tract level for all establishment types and for a subset of retail and service establishments (see appendix A for the list of retail and service establishments).

Propensity Score Matching

To compare economic activity in census tracts that experienced a surge in gun homicides with activity in census tracts with no surge, every census tract in each city that had a surge in 2011 needed to be matched with a census tract in the same city that did not. As explained earlier, prior research shows that business activity could respond to crime and violence levels in the area where the business is located (Greenbaum and Tita 2004). Thus, substantial changes in violence levels in a neighborhood can affect business activity differently than in a neighborhood with consistent violence levels.

Data to match the gun homicide surge and control census tracts on key sociodemographic indicators in each city—percent black population, median household income, percent with a high school education or higher, and population density—were retrieved from American Community Survey five-year estimates for 2006–10.

Table C.2 shows the number of gun homicides in each city in 2010 and 2011, and table C.3 shows the number of census tracts in each city that had an increase in gun homicides in 2011 and whether the increase qualified as a surge.

TABLE C.2

Number of Gun Homicides

	2010	2011
Minneapolis	39	37
Oakland	78	100
San Francisco	33	35
Washington, DC	97	77

Sources: City police departments of Minneapolis, MN; Oakland, CA; San Francisco, CA; and Washington, DC.

TABLE C.3

Census Tract Surge by City

	Surge	Increase but no surge
Minneapolis	5	15
Oakland	15	33
San Francisco	2	22
Washington, DC	11	18
Total	**33**	**88**

The surge and control census tracts were also matched on a baseline level of gun homicides. In each city, we used nearest neighbor matching with replacement to match the propensity score of each census tract with a surge in gun homicides to a census tract without a surge that had the closest score in its probability to surge based on demographic indicators. After matching, we used difference-in-difference estimates to compare changes in the growth indicators (see table C.5) from before and after surges in the 33 census tracts that surged with their matched control census tracts that did not.

Detailed Results

Table C.4 presents the summary results from the eight regression analyses to observe the impact of surges on annual growth rates in new business creation (establishment births), business destruction (establishment deaths), and business shrinkage (establishments losing employees).

TABLE C.4

Ordinary Least Squares Regression on Establishment Growth Rates

Establishment type	New	Closed	Shrinking	Total
All	-0.030	-0.002	0.018	-0.013
Retail and service	-0.038†	-0.011	0.001	-0.014

Notes: Reported coefficients are the difference between the pre- to postsurge change in the surge census tracts and matched control census tracts with no surge. The sign in front of the coefficients indicates the direction of the relationship between surges and measured outcomes. For instance, a negative sign in front of the coefficient for new retail and service establishments indicates that surges result in a decrease in growth, whereas a positive coefficient for shrinking businesses indicates an increase in growth rate of shrinking businesses.
† $p \leq 0.1$

Surges reduced the growth rate of retail and service establishments by 3.8 percent, though the results showed no significant impact on business creation for all industry categories. No other impact estimates were significant. Surge census tracts experienced higher growth rates of business shrinkage

in all establishment categories (1.8 percent) and retail and service establishment categories (0.1 percent) than control census tracts. Again, this impact estimate did not reach statistical significance. Gun homicide surges did not have a significant impact on business deaths either. We further examined if these surges in gun homicides had any significant impact on employment growth in new and shrinking establishments. As shown in table C.5, we found no statistically significant impact across all establishments or the subset of retail and service establishments.

TABLE C.5

Ordinary Least Squares Regression on Employment Growth Rates

Establishment type	New	Shrinking
All establishments	0.03	-0.01
Retail and service	-0.01	-0.01

Notes: Reported coefficients are the difference between the pre- to postsurge change in the surge census tracts and matched control census tracts with no surge. The sign in front of the coefficients indicates the direction of the relationship between surges and measured outcomes.

Appendix D. Methodology and Results for Gun Violence Surge Analysis with Home Values, Homeownership Rates, and Credit Scores

Data Sources

The analysis presented in this section is based on the following data sources:

- Gun homicide data were acquired from the police departments of Minneapolis, MN; Oakland, CA; San Francisco, CA; and Washington, DC; as well as the City of Baton Rouge, LA, and the Parish of East Baton Rouge, LA, Open Data Portal.
- Gunshot data for the analysis were available for Oakland, CA; Rochester, NY; San Francisco, CA; and Washington, DC. Washington, DC, gunshot data were obtained through a data file made publicly available online by the Metropolitan Police Department in response to a Freedom of Information Act request. Gunshot data for the other cities were obtained from SST, Inc.
- Home values, homeownership rates, and credit scores were retrieved from a major credit bureau (see appendix B for a detailed description of these data).
- Sociodemographic data were retrieved from US Census Bureau American Community Survey five-year estimates.

Methods

This analysis explored the impact of surges in gun homicides and gunshots on average home value, homeownership rate, and average consumer credit score at the census tract level. We used propensity score matching and difference-in-difference estimates to examine if surges affected these outcomes.

Propensity Score Matching

To compare home values, homeownership rates, and credit scores in census tracts that experienced a surge in gun violence with those in census tracts that had not, every census tract that had a surge in the observation year needed to be matched with a similar census tract that had not. We used two different operationalizations to formulate gun homicide and gunshot surges because gunshots are more frequent than gun homicides.

First, we operationalized gun violence surges with the gun homicide data acquired from the city police departments. We considered a census tract to have experienced a surge if, following a baseline year (2013), the census tract had at least one more gun homicide in the subsequent (observation) year and its level of gun homicide was above the 50th percentile of gun homicides in all census tracts with increases in gun homicides. The census tracts in each city that experienced a surge were matched with control census tracts that had an increase in gun homicides but not a surge. Table D.1 shows the number of gun homicides in each city in 2013 and 2014, and table D.2 shows the number of census tracts in each city that had an increase in gun homicides in 2014 and whether the increase qualified as a surge.

TABLE D.1

Number of Gun Homicides

	2013	2014
Baton Rouge	53	70
Minneapolis	28	26
Oakland	82	73
San Francisco	45	33
Washington, DC	81	71

Sources: City police departments of Baton Rouge, LA; Minneapolis, MN; Oakland, CA; San Francisco, CA; and Washington, DC.

TABLE D.2

Census Tract Surge by City

	Surge	Increase but no surge
Baton Rouge	12	12
Minneapolis	3	8
Oakland	2	23
San Francisco	6	17
Washington, DC	10	20
Total	**33**	**80**

Data to match the gun homicide surge and control census tracts on key sociodemographic indicators—percent black population, median household income, percent with a high school education

or higher, and population density—were retrieved from American Community Survey five-year estimates for 2010–14. Surge and control census tracts were also matched on baseline number of gun homicides in the census tract. In each city, we used nearest neighbor matching with replacement to match the propensity score of each census tract with a surge to a control census tract without a surge that had the closest score.

Second, we operationalized gun violence surges with gunshot data acquired from SST, Inc and the Metropolitan Police Department of Washington, DC. We considered a census tract to have experienced a surge if it had an increase in gunshots in a given year from the baseline year and was in the top 25 percentile of all census tracts with the highest count increase in gunshots from the baseline. The 33 surge census tracts were matched with control census tracts in the same city that had an increase in gunshots but were not in the top 25 percentile. Table D.3 shows the number of gunshots in each city in the baseline year and the observation year, and table D.4 shows the number of census tracts in each city that had an increase in gunshots in the observation year and whether the increase qualified as a surge.

TABLE D.3

Number of Gunshots

	Baseline	Observation
Oakland	3,823	3,575
Rochester	2,588	1,534
San Francisco	1,570	1,457
Washington, DC	4,760	5,338

Sources: City Police departments of Minneapolis, MN; Oakland, CA; San Francisco, CA; and Washington, DC.
Notes: Baseline and observation years for Oakland, Rochester, and San Francisco are 2013 and 2014. The baseline and observation years for Washington, DC, are 2010 and 2011. The number of gunshots excludes records of gunshots on December 31, January 1, and July 4.

TABLE D.4

Census Tract Surge by City

	Surge	Increase but no surge
Oakland	6	26
Rochester	2	6
San Francisco	10	37
Washington, DC	15	55
Total	**33**	**124**

After matching, we used difference-in-difference estimates to compare pre- and postsurge home values, homeownership rates, and credit scores in surge and control census tracts.

Detailed Results

Impact of Gun Homicide Surges on Home Values, Homeownership Rates, and Credit Scores

Table D.5 presents the summary regression results from the regression analyses conducted to observe *the impact of gun homicide surges* on home values, homeownership rates, and credit scores at the census tract level. Gun homicide surges led to a decrease in average home values. Home value appreciation in census tracts that had a surge in gun homicides was 3.9 percent lower after the surge than in control census tracts ($p \leq 0.05$). No other impact estimates were significant.

TABLE D.5

Gun Homicide Ordinary Least Squares Regression on Home Values, Homeownership Rates, and Credit Scores

	Difference-in-difference coefficient	Standard error	*t*	*p* > |t|
Credit score growth	7.342	12.227	0.60	0.549
Home value appreciation	-3.998	1.957	-2.04	0.043*
Homeownership growth	0.001	0.037	0.04	0.969

Notes: Reported coefficients are the difference between the pre- to postsurge change in the surge census tracts and matched control census tracts with no surge. The sign in front of the coefficients indicates the direction of the relationship between surges and measured outcomes.
* $p \leq 0.05$

Impact of Gunshot Surges on Home Values, Homeownership Rates, and Credit Scores

We further examined if gunshot surges had any significant impact on home values, homeownership rates, and credit scores at the census tract level. Table D.6 summarizes the results from three regression analyses. Gunshot surges in census tracts also led to a decrease in average home values. Home value appreciation in census tracts that had a surge in gunshots was 3.6 percent lower after the surge than in control census tracts ($p \leq 0.01$). Again, we detected no significant relationship between surges in gun homicides and mean credit scores and homeownership rates.

TABLE D.6

Gunshot Ordinary Least Squares Regression on Home Values, Homeownership Rates, and Credit Scores

	Difference-in-difference coefficient	Standard error	*t*	*p* > |t|
Credit score growth	6.903	15.518	0.44	0.657
Home value appreciation	-3.603	1.288	-2.80	0.006**
Homeownership growth	0.009	0.045	0.21	0.833

Notes: Reported coefficients are the difference between the pre- to postsurge change in the surge census tracts and matched control census tracts with no surge. The sign in front of the coefficients indicates the direction of the relationship between surges and measured outcomes.

** $p \leq 0.01$

Notes

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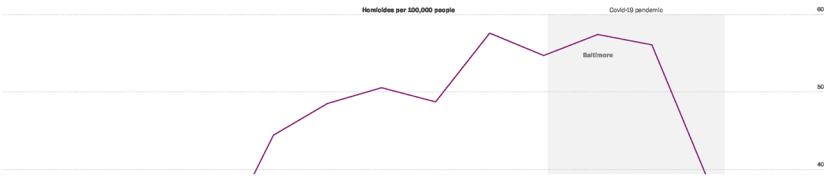
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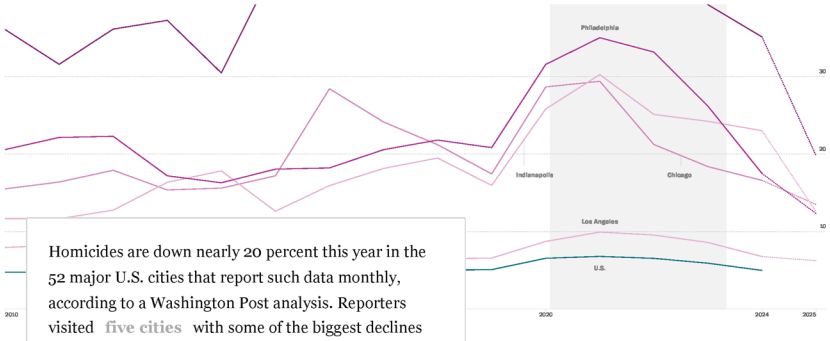
National

These five cities help explain why homicide rates are down across the U.S.

The rate of homicides has plummeted nationwide and, in 2025, is trending toward its lowest level in decades.

The steady decline has reversed the surge of slayings seen during the peak of the **covid-19 pandemic**.





Homicides are down nearly 20 percent this year in the 52 major U.S. cities that report such data monthly, according to a Washington Post analysis. Reporters visited five cities with some of the biggest declines since 2021.

By Reis Thebault, Katie Mettler, Tim Craig, Kim Bellware, Ben Brasch, John D. Harden and Carson TerBush

The Washington Post analyzed data from 52 large police departments and visited five U.S. cities to examine a sharp decline in homicide rates.

Yesterday at 6:00 a.m. EST

The United States remains a violent nation, more so than many other high-income countries, but the rate of homicides has fallen dramatically for nearly four straight years. There were 5,965 fewer killings in 2024 than in 2021, figures from the FBI show.

The drop-off spans both red and blue states and has unfolded even as police departments have struggled to fill vacancies and Americans have purchased guns at a staggering pace — a practice often linked to higher rates of violence.

It began during the administration of President Joe Biden and has persisted under President Donald Trump, who has continued to portray cities as lawless while deploying the National Guard and federal law enforcement agents to help local police combat crime.

Most criminologists say a combination of factors is driving the trend — pandemic-era investments in local violence intervention programs, the increased enforcement of tougher laws, reopened schools, demographic change and a rebound in employment.

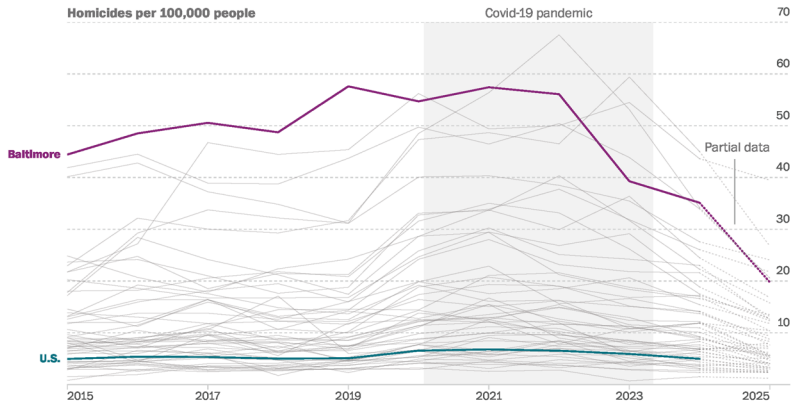
“There is no one reason or no silver bullet for what makes crime go up and crime go down,” said Insha Rahman of the Vera Institute of Justice, a liberal research organization. “Anyone who tells you otherwise is lying.”

Explore homicide data

Crime data from 52 of the country's largest police departments show significant drops in homicides so far this year compared with the same period in previous years.

Hover for more

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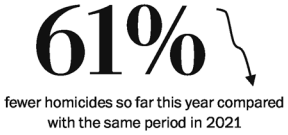
Note: City crime data is through Nov. 1, 2025. U.S average only available through 2024.
Source: FBI and individual police departments

In each city we visited — Baltimore, Philadelphia, Chicago, Indianapolis and Los Angeles — those involved in the daily grind of preventing homicides say the decreased violence has reshaped life in ways big and small, personal and profound.

An at-risk teen saving money from his new job instead of avenging a shooting. A once-dangerous park now brimming with freshly planted flowers and the sound of children at play. Fewer funeral meals to pay for and plan. Ex-gang members who used to be rivals working together to bring peace to their neighborhoods. (Click here to see how homicides have fallen sharply in D.C.)

Baltimore Philadelphia Chicago Indianapolis **Los Angeles**

BALTIMORE



The large projection screen displayed the faces of dozens of people who Baltimore city leaders believed had potential.

Potential to succeed at school or a good job, to find purpose and a good life. Potential, as Mayor Brandon Scott often says, to be a resource for Baltimore to invest in rather than a problem to solve. But the city had also identified these people — mostly men, all connected to recent violence — as those with the highest potential to shoot or be shot next.

So on an afternoon in late October, this group of police, clergy, life coaches and street organizers studied the faces on the screen and gamed out how to invite them onto a better path.

A pastor said he'd spotted one of the men at a fried chicken joint but didn't want to spook him with a cold approach. A woman from the police department's victim services division said she'd recently delivered a care package to a different man, who'd been shot the week before and survived. A street organizer asked if there was anyone else who could help her with outreach on the city's east side.

"I'll find a way," she said.

This group has been responsible for carrying out Scott's Group Violence Reduction Strategy for three years —a period in which killings in Baltimore have fallen by more than half.



GVRS tries to contact people and offer support to ward off potential violence. (Jabin Botsford/The Washington Post)

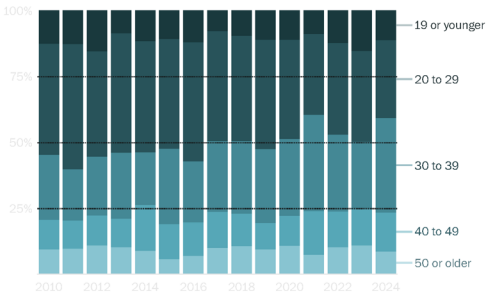
The citywide approach relies on a robust data and intelligence apparatus to identify those at high risk of being involved in violence, then deploys both law enforcement and social service support to try to keep that violence from happening.

The city's data analysis showed that three-quarters of shootings in Baltimore involved fewer than 2 percent of city residents. Many of those people had extensive criminal histories that included being hurt and hurting others. Much of the violence was linked to group retaliation. And many involved men in their 30s and 40s.

The city created programs to identify, track down and try to help that age demographic. At the same time, officials also made sure that state, local and federal law enforcement agencies investigated the groups they believed were responsible for most of Baltimore's violence.

Baltimore's homicide victims have shifted older over time

Teens and men in their 20s used to represent the majority of homicide victims in the city, but the share of victims over the age of 30 has grown.



Note: Cases with no known age are omitted

Source: FBI and Baltimore Police Department

Scott, who says he grew up "Black and poor" in West Baltimore, says he understands the obstacles and challenges many face in the city. He has written a letter that the violence-prevention teams take with them when they seek out those they believe have the potential to do better.

"As Mayor of Baltimore and as your neighbor," it reads, "I am committed to doing everything we can to keep you alive, safe and free."

He tells them he wants to help, but only if they turn away from violence. If they don't, he says, they should expect consequences — including criminal charges.



Community Partnership Manager Marvin McKenstry Jr. in Baltimore. (Jabin Botsford/The Washington Post)

The day after their meeting in late October, the GVRS team members climbed into their cars with a fresh list of nine names, most of them men in their 30s. Their first three visits were dead ends. Then just before noon, the team climbed the porch steps of a rowhouse on a quiet street in West Baltimore.

Knock, knock, knock, knock.

A relative answered, then pulled out a cellphone and made a call. On the other end was their man. It was his birthday. And yes, he told the team, he'd like to learn more about their plan for him.

They left the mayor's letter for him to read when he got home.

PHILADELPHIA

50% ↘

fewer homicides so far this year compared with the same period in 2021

A judge was threatening to relocate a 15-year-old to a youth rehabilitation center after he violated his probation for stealing cars. The teenager was stewing over that possibility, and over who shot him in the back in April, as he walked to his West Philadelphia house.

Then James Aye, co-founder of YEAH Philly, heard from the teenager's public defender. The youth, who is being identified by only his last name, Scott, because he is a minor, needed help. Within days, Aye was at one of Scott's court hearings and persuaded a judge to release him into his care.



James Aye co-founded the youth program YEAH Philly in West Philadelphia. (Michelle Gustafson/For The Washington Post)

"We told the judge, 'We are going to hold [Scott] accountable, and not the system,'" Aye recalled.

YEAH Philly, which was created in 2018, covers financial, legal, mental health and even some housing costs for teenagers and young adults at risk of being trapped in the criminal justice system. The program has served about 200 people in West or Southwest Philadelphia neighborhoods ravaged by generations of gun violence.

Participants get $100-a-week stipends and jobs at YEAH Philly's West Philadelphia food market, a storefront location that offers free meat, vegetables and eggs to its impoverished neighbors. They have access to tutors and weekly lessons on automobile repair and building trades. Two YEAH Philly attorneys accompany participants to court hearings.



Scott, a YEAH Philly participant, at his job at the nonprofit's market. (Michelle Gustafson/For The Washington Post)

"We capture all the things they say they need," said Aye, who previously worked as a violence-prevention specialist at Children's Hospital of Philadelphia. "If they say they need socks, socks is a need. If they need therapy, therapy is a need. If they just want to go somewhere and record music, that is a need."

"And then," Aye added, "we wrap our arms around them and give them love."

Officials continue to study the impact of the program, which is largely funded by private foundations. But preliminary data studied by Temple University's department of criminal justice showed YEAH Philly participants had recidivism rates of about 9 percent, compared to state and national averages of about 30 percent. (The data exclude those arrested for new crimes before enrolling in the program.)

YEAH Philly's success could be part of the reason that homicides are down by half in the city over the last four years.



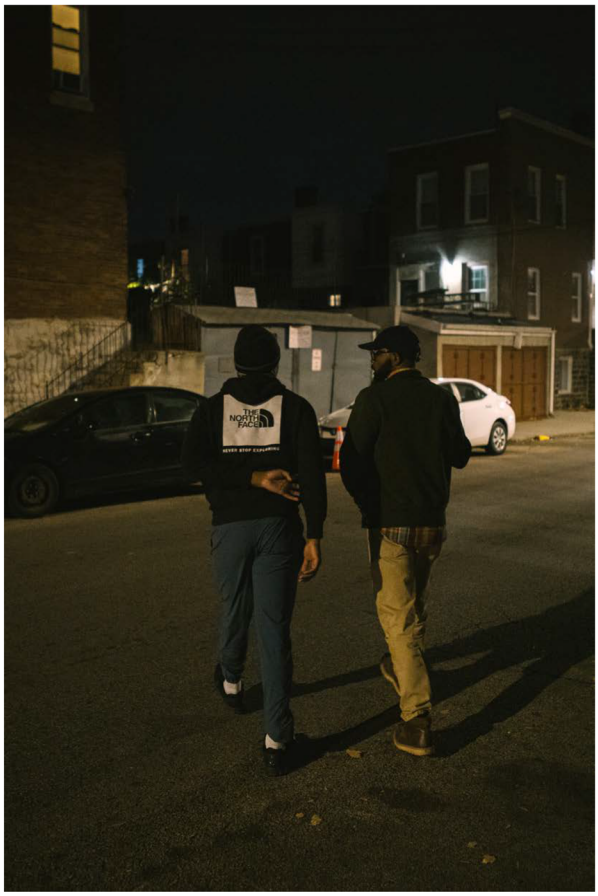
Aye, with staff. The program helps cover financial, legal, mental health and some housing costs for at-risk young people. (Michelle Gustafson/For The Washington Post)

Between 2021 and 2024, the number of homicide victims under 18 in West Philadelphia dropped from nine annually to three. But so far this year, five youths have been killed in West Philadelphia, a sign that violence remains a problem.

After the court hearing in September, Aye drove Scott home. By the time they got there, YEAH Philly had paid the rent on his mother's apartment to help her get ahead of her utility bills. The apartment was stocked with groceries and Aye had ordered Scott new T-shirts, pants, shoes, underwear and a jacket. He drove Scott to school, assuring him that he now had a new friend and mentor.

"Every time I talk to [Aye], he always says, 'Anything you need, just ask me for it,'" the teenager said. "He is always texting me, and checking up on me, calling,

asking what I need."



Aye, with Scott, a teen he is mentoring. (Michelle Gustafson/For The Washington Post)

Scott literally carries the burden of gun violence around his neck. He wears a locket that includes photographs of two close friends who have been killed, including a 12-year-old shot in the head and dumped in a trash can in 2023.

But Scott said YEAH Philly has convinced him to give up any thoughts of revenge. Instead, the boy who used to steal cars is saving up his stipend to buy his own vehicle when he turns 16.

“I got this opportunity to get all of this stuff for my future,” Scott said. “So why would I want to do violence and mess with my future?”

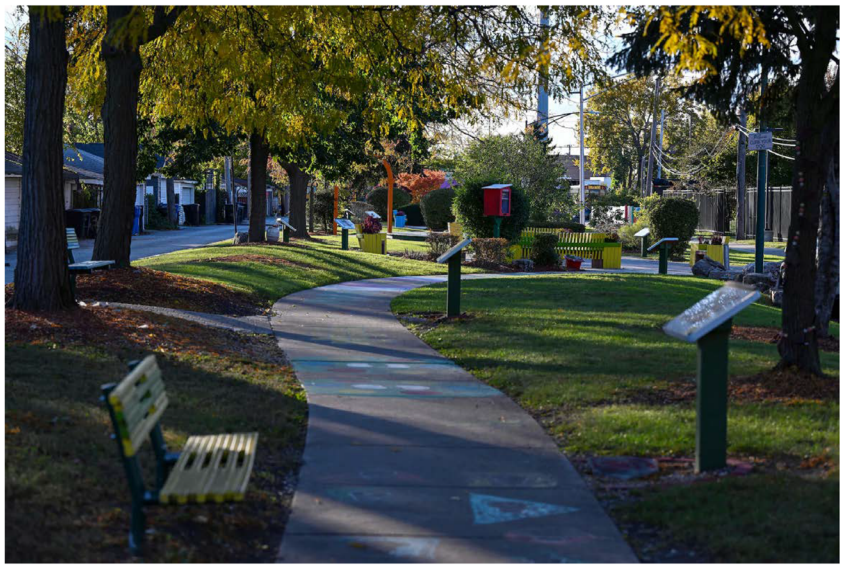
CHICAGO

49% ↘

fewer homicides so far this year compared with the same period in 2021

Unity Park sounds noticeably different than it has in years past. There’s no crack of gunshots or sirens. These days, it’s often filled with the sound of children.

“We got parents that come in the park and do Easter egg hunts. We got parents that come in and they have their kids’ birthday party out there,” Gladys Woodson, 79, said of the park in the North Lawndale neighborhood that she co-founded and spent years beautifying. “Before, you would never see that happening.”



Plantings, signs and benches adorn Unity Park. (Joshua Lott/The Washington Post)

The park is a mini-oasis, a lush ribbon of grass not quite the width of a house that stretches just over a block between two alleys. Families largely stayed away during the years that killings in Chicago spiked.

In 2021, 46 of the 813 homicides in the city happened in North Lawndale, a mostly Black neighborhood on the city's West Side that has struggled economically since the 1960s and is seeing a new wave of Latino residents. Last year, the number of neighborhood homicides fell to 28, and this year it is expected to fall even more.

The rate of killings is still higher than many other places in the country. Yet the decrease has been enough to encourage people to reclaim space in their neighborhoods.

In Chicago, a drop in homicides from 2021 to 2024

In many of Chicago's deadliest neighborhoods, homicides have fallen since their 2021 peak.

Chicago

Decrease *Increase*



Note: Only neighborhoods that averaged 10 homicides annually since 2019 are highlighted.
Source: City of Chicago

DYLAN MORIARTY/THE WASHINGTON POST

Wayne Cheeks started selling food to his neighbors in North Lawndale this summer because he felt safer than he has in years — maybe ever. He decorated his garage, which faces Unity Park, to look like a restaurant and began selling hot dogs, Polish sausages, Italian beef and nachos.

“No stickups, no bad food, no bad vibes,” the 57-year-old landscaper said.

“I remember them waves of killings and shooting,” Cheeks said, recalling both the pandemic-era homicide spike and the brutal 1990s, when police helicopters would frequently buzz overhead.

Back then, Cheeks said, he was part of North Lawndale’s rougher street life. Now, he can’t remember the last time something bad happened in the alley.

“No fights, no shootings, no rowdy crowds, none of that,” Cheeks said. “And everybody looks out for each other. It’s actually been safe — super safe, you know what I’m saying?”

Over the summer, kids and seniors would enjoy the park until nighttime, and then adults would come park their cars, listen to music and have cocktails, said Tyrone Buford, outreach director at the Firehouse Community Arts Center, an offshoot of a local church that provides youth mentorship, workforce development and other community programs.

The arts center organizes drive-in movies for families at Mason Elementary School near Unity Park. Buford, who mediates conflicts between neighborhood

cliques and links at-risk youth with job training and mentors, said the festive gatherings help persuade young people to try to be a part of the neighborhood community rather than destroy it.



Gladys Woodson worked to beautify this park in her Chicago neighborhood. (Joshua Lott/The Washington Post)

Woodson moved to the neighborhood from Mississippi when she was young. Her longevity has given her a degree of street cred among any would-be troublemakers.

“If Miss Woodson’s kids are there, they gotta keep it moving,” she said, referring to the young people who help her maintain the park and have started to take ownership of it. They’ll help set up or break down events like the Friday bounce house barbecues or spread fresh mulch to keep the park looking tidy.

Bringing up new stewards of the park is especially important to Woodson since Marion Perkins, her co-founder, died in October at age 95.

“I got a village,” she said. “And I tell everybody: Me and my village can just about do anything.”

INDIANAPOLIS

48% ↘

fewer homicides so far this year compared with the same period in 2021

David Lee III has an unusual way of measuring deadly violence: one funeral meal at a time.

Last year, Lee and his siblings paid for 20 meals for the grieving families of homicide victims — $500 to $1,500 per event for two main dishes, three sides, bread, dessert, drinks, with real silverware and decorations. But, as of Nov. 1 this year, only 11 families needed help.

That drop-off matches a similar decline in homicides citywide, according to data analyzed by The Post. Killings in Indianapolis have fallen from 271 in all of 2021 to 112 in the first 10 months of this year.



A funeral meal in Indianapolis for a 14-year-old girl who was shot and killed in January. (Courtesy of the Rose Foundation)

Lee can claim a bit of credit for why the number of killings has dropped so dramatically. He works for a city-sponsored group named Indy Peace that aims to reduce gun violence by knocking on doors to persuade parents to make changes when their son or daughter has been around gun violence as a victim, a shooter or a witness.

His boss calls him the “mother whisperer,” because he is effective. But his message is blunt: If nothing changes, the next time he knocks will be to help the family pick out the suit their loved one will wear in a casket.

Indianapolis Mayor Joe Hogsett (D) said his city’s homicide decrease is largely attributable to Indy Peace, which was initially funded by the pandemic-era American Rescue Plan as part of the mayor’s commitment to address gun violence. The organization works with local police to bring resources to neighborhoods that, according to data and the leaders’ expertise, are most likely to experience crime.

As the pandemic funds were expiring last year, Hogsett convinced the city council to fund the program with city money. The council did so again this year, approving $4.5 million in the 2026 budget.

“It saves lives,” the mayor said.



Indianapolis Mayor Joe Hogsett. (Jon Cherry/Getty Images)

For Lee, the work is deeply personal. His brother was shot and killed in 2005. At the time, Lee said, his single mother was left with seven living children and no money for a funeral.

That's one reason Lee and his siblings fund funeral meals for others two decades later.

And it helps explain why Lee knocked on a door in the suburban city of Beech Grove one day last month, looking for Vito Duchan, a 21-year-old recently shot while sleeping in his bed. Police believe it was a stray bullet from a shooting in the street. But they know victims of violence often end up seeking to retaliate.

Through Indy Peace, Lee wanted to offer Duchan resources — including rideshare credits and diaper bank access — to reduce the chance of that happening.

The young man was not home, but his adoptive father called him on FaceTime. Lee made his pitch.

"Do you got a driver's license?" Lee asked.

"It's suspended," Duchan said. "I got to pay $275 on it."

Lee knows that no driver's license can mean no job. No job means desperation. And desperation breeds crime.

"Cool, don't worry about that," Lee told Duchan. "We can put you in a program that helps with that, and they help you get your license back. So that's why I want to get you connected, so that we can eliminate some of the obstacles that you're going through and then we can put you in a more productive state and moving forward in society. So does that sound good with you?"

"Yes, sir," the young man said.

Weeks later, Duchan has become a fellow for Indy Peace and is connected with city resources and a life coach. He will have 12 to 18 months to meet the program's goals and graduate, walking across the stage in a custom suit that Indy Peace pays for as friends and family cheer him on.

"That's what I'm looking forward to," Lee said.

LOS ANGELES

30%↘

fewer homicides so far this year compared with the same period in 2021

The former gang members crowded into the conference room of a strip mall office in South L.A. In their past lives, most were Bloods or Crips, and some were adversaries. But on this day, they all wore the same color: the fluorescent yellow vests of 2nd Call, a violence-intervention organization that works to stop shootings in the city's most dangerous neighborhoods.

This was a regular check-in, and 30 of the group's specialists took turns sharing updates from their corners of Los Angeles — who's beefing with whom, upcoming events that could turn deadly, schools that are seeing more fights.

Chalico Wilson, who goes by Shell Dogg, had some good news: An uneasy peace between members of the Black P. Stones, a sect of the Bloods, and a pair of Crips factions, the Rollin' 30s and Rollin' 40s.

"It's preliminary," said Wilson, who was born and raised in the neighborhood known as the Jungle. "But there ain't been no drama in two weeks, and that's good."

The détente was a long way from a true ceasefire or the splashy wave of talks that followed the death of beloved L.A. rapper Nipsey Hussle in 2019. But, Wilson said, it was a start.

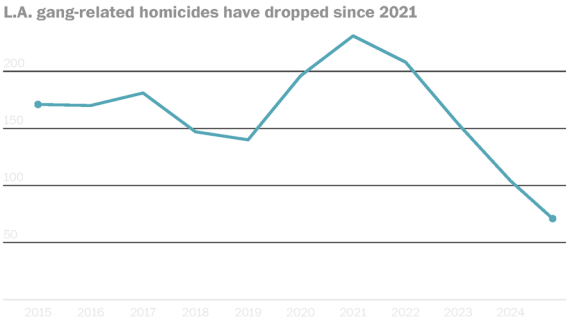


The 2019 death of rapper Nipsey Hussle led to talks between rival gangs in Los Angeles. (David McNew/Getty Images)

In the byzantine world of Los Angeles gangs, where alliances among hundreds of subsets often shift and feuds spread fast online, a truce is usually the result of intermediaries like Wilson. Their behind-the-scenes contact with gang leaders aims to interrupt escalating rhetoric that often ends in gunfire. Lately, Wilson and the large network of gang interventionists here are starting to see results.

After approaching 400 homicides in 2021, the number of killings in Los Angeles has declined steadily. So far in 2025, the city has recorded 220, on pace for its lowest total since the pandemic. There has likewise been a decline in "gang-related" homicides, a classification some advocates say is flawed.

In 2021, there were 230, accounting for nearly 60 percent of all killings. This year, as of mid-October, there have been 71, less than a third of L.A.'s total number of homicides.



Source: City of Los Angeles Mayor's Office

Los Angeles Mayor Karen Bass has credited the city's Gang Reduction and Youth Development office for the progress. In neighborhoods where the office contracts with roughly two dozen local violence-intervention groups like 2nd Call, gang-related homicides have fallen by 45 percent since 2023, officials reported earlier this year.

Independent studies of the effort have shown intervention workers reduce the rate of retaliatory shootings. A key tool is rumor control: Interventionists spend much of their time tamping down gossip about who started shooting and why. If two people from different gangs exchanged fire over a personal dispute, for example, then there's no need for a rival crew to seek retribution.

"We can save a life by picking up the phone and calling other communities and having a conversation," said Skipp Townsend, a former member of the Rollin' 20s Bloods who founded 2nd Call in 2006.

Townsend and other interventionists acknowledge their work can be dangerous, and fellow mediators have been killed in the line of duty, but they say it's worth the risk to make their neighborhoods safer.



Some of the high-powered rifles seized in an arrest targeting a gang in Los Angeles in 2017. (Michael Balsamo/AP)

Pacts between factions can be fragile and fleeting, but Townsend points to several examples of longer-lasting truces he has helped negotiate — like those between the Rollin' 60s Crips and Inglewood Family Bloods, or the East Coast Crips and Florencia 13 — as successful examples.

At the October meeting, Wilson said he wanted to capitalize on the two weeks of peace. He had plans to broker a sit-down with loyalists from both the Crips and Bloods sects — something casual, maybe over chicken and chess at a public park.

But first, they had to make it through the weekend, a time when violence can spike and gains can be erased. By Monday, the neighborhood was still quiet and Wilson could get to work.

About this story

Reis Thebault reported from Los Angeles. Katie Mettler reported from Baltimore. Tim Craig reported from Philadelphia. Kim Bellware reported from Chicago. Ben Brasch reported from Indianapolis. Data reporting by John D. Harden.

Photos by Jabin Botsford, Michelle Gustafson and Joshua Lott. Graphics by Carson TerBush and Dylan Moriarty. Design and development by Carson TerBush. Photo editing by Haley Hamblin. Graphics editing by Maureen Linke and Javier Zarracina. Design editing by Christian Font. Editing by Karey Van Hall, Anu Narayanswamy, Courtney Kan, Bill Duryea, Debbi Wilgoren and Meghan Hoyer.

Methodology

The Washington Post conducted its analysis using data collected from 52 police departments through emails and weekly reports.

The Post selected its five cities to investigate by focusing on large metropolitan areas where homicides peaked in 2021 and subsequently decreased each year through 2025. Comparisons to 2021 rates use numbers from the first 10 months of each year.

The coronavirus pandemic is shown on the charts from Jan. 30, 2020, to May 5, 2023, when it was classified as a global health emergency by the World Health Organization.

The Post used the FBI's supplementary homicide database to identify trends within each city on victim and assailant gender and age. Other variables analyzed included motive or circumstances surrounding the homicides, which includes gang-related or domestic violence.

571 Comments



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