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Chair Ernst, Ranking Member Markey, and Members of the Committee, thank you for the opportunity to appear before you today. My name is Jeremiah Terhark. I am the founder and CEO of Webspec, where we serve businesses and organizations of all sizes with web, online software, and marketing services. I am here today to speak on behalf of small businesses and our work to create jobs and promote the American workforce.

My background in entrepreneurship began at five years old, as a fourth-generation Iowa farm kid looking for a way to earn enough money for a Nintendo. We lived along the highway in rural Iowa, and I started growing pumpkins to sell to anyone who drove by the farm. As I progressed through high school in the early 2000s, I had an idea that I could start a business as a way to pay for college. I was the first member of my family to earn a four year college degree, and while I set out on this journey to pay for school, this business eventually grew into a multi-million dollar business beyond what I had initially imagined.

The story of Webspec began 25 years ago in rural Iowa with no internet and a floppy disk 486 66mhz Windows 3.11 computer. There was not a lot of time to be on the computer with chores but where there's a will there's a way; I had a strong interest in technology and a stack of books from the local library on software development and soon taught myself enough to get started. Our town of Corwith boasted a population of about 300 people, yet we had a small computer repair shop where I job-shadowed and learned how to build and fix computers. While we didn't have internet on the farm, I did have a friend with internet who lived in nearby Klemme, Iowa about 20 miles away. His internet service came with a free web hosting account where I could upload files and create a personal website to test out new techniques and ideas.

As a high school junior, I applied for the Iowa-based Hoover Presidential Library Uncommon Student program and participated in the summer of 2001 to focus my efforts into a fledgling business. The program encourages high schoolers to take on projects that are civic and entrepreneurial in nature. That summer, I went door to door along Highway 18 in northern Iowa to get new customers, including a small print and framing shop, an auto dealership, and a hearse dealership. While our work has grown in both size and scope, small businesses still make up an important part of the customers we serve and we love to see the impact of our work and they find success and grow.

Today, Webspec represents a team of nearly 50 employees. Along the way, I started additional businesses, including Iowa Sign Company, Iowa Fireworks Company, and a property business offering commercial and residential rentals. Through these experiences, I have had the opportunity to work with hundreds of employees and thousands of small businesses in nearly every industry.

I witnessed firsthand how long-standing businesses and customers crumbled in the financial crisis of 2008 and used that experience to sustain our business through the pandemic. I want to thank the bipartisan efforts of this committee in the face of a crisis to come together to solve complicated issues and want to speak today on the issue of a complicated system of government benefits that is holding back the American workforce.

I recently served as the Chair of the Urbandale Chamber of Commerce, and currently serve as the Affiliate Chair for the Greater Des Moines Partnership, working with 25 area business chambers and their member businesses across the region. I work with people at diverse levels of income and career stages.

In our own business over the years, I have directly seen employees advance in their career only to suddenly experience an income cliff that results in removal or disqualification of benefits. Employees trying to grow their families have left the workforce trying to navigate the high cost of child care, available assistance, and increased medical premiums. I work with residential tenants through property rentals who receive food, utility, or housing assistance and yet are penalized for working full time. When you're faced with the choice to advance your career or abandon benefits you rely on, this creates a lose-lose scenario for both the employee and the employer. There is a great sense of pride and purpose in being able to provide for oneself or your family, so receiving assistance from the government can be a sensitive topic for an employee. Many times the employee does not directly share what the problem is or the reason why they have declined a promotion or a position. When someone receiving benefits attempts to move upward in terms of their income, it is difficult to make a good long-term decision when it creates a short-term financial gap through an income cliff. In scenarios where multiple programs are involved, each with different qualifications, the decision is even more complicated. The system is also complex and difficult to navigate, creating stress and fear of losing benefits that are a challenge to obtain.

A local childcare business shared that an employee was paid additional income that triggered a notice, eliminating benefits for food, housing, and child care assistance. The despondent employee was put in a situation to try to repay the additional income the small business had worked so hard to provide. Another employee had to reduce hours and work less to not make too much money even though they were willing to work.

A current employee, who previously worked as a direct service worker helping Iowa residents apply and maintain federal benefits of food, utility, rent, and child care assistance, shared her experience. Each day in that role was filled with back-to-back 30-minute meetings navigating the income cliff challenges of the different programs. A difference of a few dollars in increased income could trigger a denial or immediate end to benefits that applicants relied on. The timeline to address an issue was impossibly short and tracking down or declining a payroll opportunity was difficult to coordinate. These benefits are often a last resort to avoid hunger or homelessness and abruptly ending them with little access to clear solutions or support to bridge the gap created an environment of fear and mistrust of the system.

Not only is it difficult to obtain the benefits in the first place, it is difficult to keep track of the financial conditions that cause benefits to be erased. This causes poor long term decisions and limited growth opportunities due to fear of losing the benefits. A system that provides both oversight and the ability for States to streamline these multiple programs to transition citizens out of benefits as their income and careers progress will be an advancement that uplifts the American workforce.

One of my proudest moments as a small business owner was when I found enough stability and success to create my first job opportunity and support someone else with the business. Let's modernize and streamline this system in a way that allows for the workforce to easily understand the benefits available to them and gradually phase out government benefits as they grow in their careers and opportunities for income. Not only will this empower our workforce, it also builds confidence that there is still a benefit to pursuing the American dream as well as a clear path to get there. Thank you for your time today. I would be happy to answer any questions you may have.