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Chairman Chabot, Ranking Member Velazquez, and members of the full committee: Thank you for inviting me today and for giving me the opportunity to testify on coworking and its crucial role in what is known as the gig, or freelance, economy.

What is coworking? Per the coworking wiki, "the coworking concept is simple: independent professionals and those with workplace flexibility work better together than they do alone. Coworking spaces are about community-building and sustainability."

Most coworking spaces follow the guiding principles of community, collaboration, accessibility, openness, and sustainability. And while we share similar missions, we are all unique, catering to the individual needs of our members, and our numbers are growing.

According to the 2017 Deskmag Global coworking survey, an estimated 1.7 million people will be working in approximately 19,000 coworking spaces throughout the world by the end of 2018. 29% of all coworking spaces opened just this past year, and nationally, this growth is in step with the rise of the gig economy.

Coworking is appealing to gig workers, including millennials, for many reasons.

Here are a few of those reasons:

Less risk and responsibility; usually in ideal locations ordinarily unattainable - Flexible memberships allow members to use space on a daily, monthly or even hourly basis, avoiding having to navigate the high cost and long-term commitment of leases. Space operators manage the bills and utilities, and outfit and maintain their locations, saving members valuable time and money. Mostly located in urban centers where commercial space rates are high, coworking spaces provide access to working in cities. According to the Nielsen Millennials – Breaking the Myths report, the majority of millennials prefer to live in urban environments giving them access to entertainment, shopping, and restaurants with easy access to work, affording them the ability to walk or bike. Some couples choose to become a one or no car family, also helping to reduce monthly overhead.

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Networking - Coworking communities offer members many opportunities for networking with others, both in-person and virtually. The international coworking visa program allows members of spaces that opt-in free access to coworking spaces when they travel. Not only does this give them a place to work while on the road, but it also allows them to network with a broader community.

Startup Support - The rise in the gig economy has also helped drive the tech startup culture. Small teams in need of resources can find support and even funding at many coworking spaces, especially those who partner with investors, incubators, and tech accelerators.

Surrounding yourself with like-minded individuals - With the emergence of open source and skill sharing, like-minded individuals are supporting each other like never before, and online collaborative tools and social networks are connecting us in ways we could never have imagined. We're not just working; we're building relationships. This new way of thinking, working, and socializing is spurring growth and innovation, and coworking spaces are cultivating these communities and the next big ideas being created within them.

Studies show that those who are part of this fluid economy feel empowered, independent, happy, and creative, and companies embracing it are also benefiting, saving time and money. Hiring freelancers allow them to scale when needed as well as be able to hire experts for specific projects, reducing training costs and onboarding time.

So what does this all mean? Freelancing in America: 2017, commissioned by Upwork, a freelance community for hire and the Freelancer Union, a non-profit that promotes the interests of independent workers through advocacy, education, and services, estimates that 57.3 million Americans or 36% of the U.S. workforce are freelancing. This report is considered one of the most extensive studies on the U.S. Independent workforce and states that this demographic has contributed approximately \$1.4 trillion annually to the economy. It also predicted that the majority of the U.S. workforce would be freelancers by 2027. Millennials, born roughly between 1980 and 1996 who are now ages 22-37, hold first place with 47% freelancing, which is more than any other generation.

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These numbers speak volumes. How and where we work is changing. We're facing new challenges, such as income predictability, work procurement, and funding. The skills we need to be successful are changing, and now more than ever we are looking to both our personal and professional networks to help guide us in this new economy. Coworking spaces play an essential role in the success of this ever-evolving ecosystem providing not only an escape from isolation but also access to resources and networks necessary to make it in today's gig economy.

We can not change this trajectory, and while freelancing does provide flexibility, it also can be a lonely and therefore unhealthy path. Recent findings from an epidemiological cohort study and published in the Psychological Medicine journal found that millennials who identify as being lonely, are twice as likely to experience depression and anxiety while research by employee assistance program provider Bensinger, Dupont & Associates found that approximately one in five millennials report experiencing depression. This drives home the continued need for social interaction and a level of structure which coworking spaces provide.

While social media has given some a sense of connection, it cannot replace face to face interaction with others; especially those facing the challenges of self-employment. Coworking communities help link those searching to be part of something bigger, offering opportunities to plug in and continue growing their skill set, while connecting them to essential resources.

While coworking offers its members access to low-cost office space with reduced risk, the coworking community is the greatest asset. As a community hub, coworking spaces provide relevant resources, access to events, opportunities for networking, and continued education. This is essential to those of us who are trailblazing in this new economy. Per the 2017 Freelancers Union Study, 65% of full-time freelancers are regularly updating their business and communications skills so they can remain uniquely marketable as automation continues to adversely affect many industries.

I have been an active member of the gig economy for over eighteen years and spent the last eleven years as a community builder within the coworking movement. During that time, I have learned that success in the gig economy involves thinking collaboratively while seeking out and accessing low cost or no cost resources.

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As a teenage mother in western Pennsylvania during the early 1990's, I was unsure of my future, and others' expectations for me were low. Luckily I had access to free community resources' that enabled me to finish high school and go on to college where I secured a degree in commercial art, design, and web development. My new network not only provided the emotional support I needed to be successful and the skills I needed to excel, but it also fostered my leadership skills and taught me the importance of giving back to my community. The support I received allowed me to build a foundation that launched me into the gig economy without even knowing it. It taught me the value of community engagement, mentorship, and collaboration that would be the building blocks for my venture into coworking.

After college, I moved to Lancaster, PA to work full time and build my freelance career. After working from home for a few years, I realized I was craving social interaction with my peers and was looking for opportunities to volunteer. I was feeling the effects of isolation. After several failed attempts at connecting with others through local networking groups, I decided to start my own. In 2007, I founded The Creative House of Lancaster for creatives and freelancers. As I grew this network, I quickly discovered that I was not alone in my feelings of isolation, and together we identified a real need.

Many of us were working from home or out of cafes. The few who leased offices were still isolated and were looking for more serendipitous forms of connections and encounters. I immersed myself in the emerging coworking movement and founded a coworking space called The Candy Factory in 2010.

Over the past eight years, The Candy Factory has grown to over 16,000 square feet of space spanning across two locations and houses a community of close to 150 members with room to grow. Being the first coworking space in Central PA, our diverse membership, made up of freelancers, remote workers, small business owners, startups, non-profits, and students we draw from all over the region. Our top age group represented is 30-40, spanning both the millennial and Gen X generations.

Many assume that the gig economy only involves the technology industry. While 60% of our members work in technology and creative fields, roughly 40% fall into business services like

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CPA's, attorneys, and consultants. Thanks to coworking, small businesses are thriving. Take, for example, Candy Factory member, Doug Kaufmann, a young certified accountant who formed Kaufmann CPA after leaving his corporate job in 2014. Since then he has been incubating his business in our space, scaling with salaried employees and contract workers. Additionally, he has also become a go-to resource for many who work out of the space, including myself.

While being a member of The Candy Factory is often enough for most of our members, 25% grow their companies until they need more physical space, with a majority utilizing vacant office space nearby in downtown Lancaster. Their growth is our success.

Our Partnerships with low cost or no cost business resources like SCORE, SBA, Ben Franklin Technology, and the ASSETS Women's business center give our members an advantage, making sure they stay competitive.

This past March, with funding support from the BB&T Economic Growth Fund at the Lancaster County Community Foundation, we partnered with Ben Franklin Technology Partners to launch Lancaster's first TechCelerator, which is conveniently housed in our space. This hub provides tech startup training, professional services as well as funding opportunities.

In addition, we frequently host free professional development events and workshops including SCORE Roundtables, Lunch and Learns, and Cultivate Lancaster, an entrepreneur forum that provides networking opportunities for the thriving network of entrepreneurs, small business owners, and business resource providers in Lancaster.

Personally, SCORE and my mentor Gerard Glenn have played an essential role in my business development and the success of my companies, offering third-party perspective, HR expertise, referrals and volunteer opportunities.

The power of these strategic partnerships and networks is demonstrated in this example. Last year, I presented as a guest speaker at a SCORE Roundtable on marketing. One of the attendees, who was also a SCORE Client, hired my agency for help with their marketing. When my client came to The Candy Factory for a meeting, they described other challenges they were

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facing with digitizing their internal processes. The business software they were considering would have cost them approximately \$60,000 - \$80,000. They asked if I had any ideas for a solution. I recommended another coworking member who has expertise developing similar business applications. He happened to be available and immediately joined the meeting to explore ideas for my client. The developer, who is also a SCORE client, secured the job, developed a solution, and saved my client \$50,000+ in the process. This scenario is just one of many examples of how coworking relationships grow businesses, not only for members but also for their clients.

Coworking spaces become a natural client pipeline for resource providers. SCORE has recognized this benefit and is now partnering with coworking spaces all over the country. These partnerships are a win-win for all involved, with a majority of our members becoming SCORE clients or having attended SCORE sponsored workshops or Roundtables. We understand that as entrepreneurs we are always evolving, and mentors help guide us along this journey. Millennials especially benefit, with most having started their businesses right after college. Mentors are extremely valuable due to their lack of workplace experience.

As mentioned above, challenges for those in the gig economy that coworking addresses are affordable commercial real estate/housing, access to healthcare and ongoing education.

A relatively small city of 7 square miles and 60,000 residents, Lancaster City, has become a draw for transplants of all ages and cultures and thanks to an active business community, it has become a great place to start a business. This growth is also in part due to its proximity to larger metropolitan areas. However, like most thriving cities around the country, we see challenges such as access to inexpensive commercial space for small businesses and solo entrepreneurs where new ideas can be incubated and tested. Even The Candy Factory in its infancy would not have been able to afford commercial space in the current market. Collaborative spaces like coworking communities can help bridge that gap offering flexible reasonably priced workspaces in cities all over the world.

In addition to finding a place to work, participants in the gig economy also need affordable places to live. Coliving, a new idea that takes the same concepts and philosophy of coworking and applies them to shared living spaces, is on the rise in communities all over the world.

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Ecovillagers Cooperative, a member of The Candy Factory, and other similar organizations are looking to create real estate investment co-ops giving communities the power to invest in themselves.

We are helping to address rising health care costs for our coworking members through a membership-based primary care service called Rock Medical. This service does not replace health insurance but instead gives members access to unlimited primary care services including but not limited to, sick visits, minor procedures, and lab testing for a low monthly fee. Membership-based health services are designed to encourage wellness. For many of us in the gig economy, the only affordable health insurance option has become high deductible catastrophic coverage, designed to help pay for services only in the most serious of circumstances. Some of our members have decided to take the risk and go without healthcare coverage. While membership-based options like Rock Medical is not a replacement for health insurance, it does provide access to health care for those who can't otherwise afford it.

Access to education is also critical to maintaining a prosperous gig economy, and it can take many forms. Many young people that I have encountered through coworking are weighed down with vast amounts of college debt limiting their ability to explore their ideas and expand their skills. When it comes to ongoing education, we need to encourage our communities to think creatively, valuing trade schools, two-year degrees, and other solutions for access to education. For example, the Pittsburgh based co-op Work Hard, started Academy Pittsburgh, a 12-week intensive code boot camp that gives their students real work experience in popular coding languages like Ruby, JavaScript, and HTML/CSS, while connecting them to the technology community and potential employers in their area.

Online resources like Tree House are helping train the next generation of gig workers, giving them the skills they need to be competitive in this changing environment. Several of our members have not only used Tree House to enhance their skill set but have mentored high school interns in our space to the program. The Candy Factory also donates our space to Convert to Code, which hosts workshops and provides coding classes to elementary and high school students. So while coworking spaces are housing the current workforce, we are also helping train the next generation of gig workers.

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Coworking and collaborative spaces are essential to the gig economy as it continues to grow. It will be increasingly important for government at the local, state, and federal levels to form partnerships with these entities as we work together to acknowledge and face challenges. We understand these issues are complicated with many layers, but coworking spaces are part of the solution. For example, we work closely with our local government offering ourselves as a resource that can be tapped if needed and to keep them informed on changes we see in the small business community, especially in the realm of technology and startups. Coworking space managers have their finger on the pulse of what is changing in these industries and can be a valued asset for local government and revitalization plans.

We understand that it is essential to work with our lawmakers on policy, from simplifying the tax process for solo entrepreneurs and 1009 laws to infrastructure, especially in our rural area, addressing these issues will allow us to remain competitive in the global market.

Together we can support policy changes that will have a positive economic impact on the gig economy and those associated with it. For instance, Vermont just launched the "Remote Worker Grant Program," a new incentive to draw more gig economy workers to their state. The grant would help support relocation costs, access to coworking spaces and more. This program could be a possible model for other states looking to not only draw more remote works but also for those looking to build their gig economy.

With strong partnerships, increased awareness, and a mindset to give back and willingness to think more creatively on all sides, we are optimistic. Coworking spaces are here to help empower, connect, educate and support the needs of the evolving workforce and we look forward to partnering with our government to help enact positive change.

Thank you for again for your support and for allowing me to testify. I am happy to answer any questions.

Sources:

Freelancing in America: 2017, commissioned by Upwork & The Freelancers Union

<https://www.freelancersunion.org>

Report - <https://www.slideshare.net/upwork/freelancing-in-america-2017/1>

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<https://www.upwork.com/>

EcoVillagers

<https://www.ecovillagers.org>

Ecovillagers Cooperative will be the world's first real estate investment co-op for ecovillage neighborhoods. Ecovillagers Co-op will empower its member-owners to cooperatively plan, develop, finance, and steward neighborhoods with a mix of residential and commercial property.

Deskmag global coworking survey

www.Deskmag.com

Summary of report - <http://www.deskmag.com/en/background-of-the-2018-global-coworking-survey-market-research>

The nature of the spaces we work in determines how we work, the quality of our creation, and our satisfaction along the way. Until recently, the form and function of workspaces have been dictated by corporate tradition. A growing proportion of workers are now freelancers, contractors or small companies that have the opportunity to redefine the concept of the workspace for themselves.

Deskmag is the magazine about the new type of work and their places, how they look, how they function, how they could be improved and how we work in them.

Academy Pittsburgh a program of Work Hard Pgh.

<https://workhardpgh.com>

12 Weeks </> New Career

Get real-world experience in Ruby, C#, JavaScript, and HTML/CSS through project-based learning and connections to the larger technology community in Pittsburgh.

Impact & Community

Academy Pittsburgh's mission is to give back and strengthen the regional entrepreneurial ecosystem. Each session of our 12-week boot camp wraps with a service project for local nonprofits.

Millennials and Depression

<https://www.independent.co.uk/life-style/millennials-lonely-depression-anxiety-mental-health-odds-doubling-unemployed-study-a8319686.html>

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<https://www.bna.com/millennials-report-higher-n57982084118>

Convert to Code

<http://convert2code.com>

Convert to Code is a community organization that strives to facilitate learning of computer science and computer programming in the Lancaster, Pennsylvania area. Our vision is to provide a resource for local individuals to learn about coding and computer science in the increasingly tech-saturated society we live in, targeting middle school and high school-aged students.

Cultivate Lancaster

<https://cultivatelancaster.com>

Under the direction of the Lancaster City Alliance, ASSETS & the Women's Business Center at ASSETS, the bi-annual workshop series serves as a unique opportunity for Lancaster's business innovators, influential thinkers & motivated doers to meet, network & share their experiences – all the while learning about the valuable resources & small business support services that are available.

Lancaster - Lebanon SCORE Chapter

<https://lancaster.score.org>

ASSETS & Women's Business Center / B-Corp Assistance

<https://assetspa.org>

The Candy Factory / Rock Candy

www.CoworkingInLancaster.com

Coworking Wiki & Visa Program

<http://wiki.coworking.org/w/page/16583831/FrontPage>

Ben Franklin Technology Partners

<https://benfranklin.org>

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Rock Medical

<http://rockmedical.com>

We're rocking a new concept in healthcare — one designed to keep you and your family healthy. Receive unlimited access to primary care and preventive health services with no co-pays. Enjoy the convenience of same-day appointments and commonly prescribed medications right at your workplace. Visit us virtually using the latest technology. All sponsored by your employer at no cost to you. We remove the barriers to get you the care you need - when you need it.

Nielsen

<http://www.nielsen.com/us/en/insights/news/2014/millennials-prefer-cities-to-suburbs-subways-to-driveways.html>

2014 Report - <http://www.nielsen.com/us/en/insights/reports/2014/millennials-breaking-the-myths.html>

State of Vermont - Remote Worker Grant Program.

<https://legislature.vermont.gov/assets/Documents/2018/Docs/BILLS/S-0094/S-0094%20As%20Passed%20by%20Both%20House%20and%20Senate%20Unofficial.pdf>

Forbes

<https://www.forbes.com/sites/laurabegleybloom/2018/06/03/vermont-wants-to-pay-you-10000-to-move-there-and-work/#4849c17711c9>