



## Executive Summary

WIPP's Economic Blueprint sets a bold, comprehensive set of public policy expectations on behalf of the women business owner community. According to Merriam Webster, a "Blueprint" is a detailed plan or program of action – and that perfectly describes the purpose and intent of this document.

Significant energy and commitment has been invested in member and coalition partner engagement on priority business issues with women business owners nationwide. This enormous information gathering effort serves as the glue to the entire Blueprint process. The Economic Blueprint expresses our voice and our interests regarding the pressing business challenges that require action by our elected officials.

### **The Blueprint's Economic Agenda: Seven Core Areas Essential to Women-Owned Business Growth**

The Principles are the cornerstone of this Blueprint: economic principles, access to capital, procurement, healthcare, energy & environment, telecommunications & technology, and export & trade– these are the issues that we will be aggressively pursuing with specific focus and plans. The power of these principles is that they represent the issues this community cares most about – and that have the most impact on our ability to grow our companies.

### **The Force Behind the Blueprint:**

#### ***Women business owners are a powerful constituency.***

As a community we have been active participants in advocacy since the 1970s and have had a significant impact on the legislative agenda for over 30 years. We take the process seriously. We understand the importance of relationships with Democrats, Republicans and Independents and scrupulously maintain a nonpartisan approach to advocacy.

#### ***Women business owners are a formidable voting bloc.***

We vote. Our endorsements have weight. A poll commissioned in 2014 by the National Association for the Self-Employed found that 86% of women small business owners were definitely voting in the November election. In addition, by wide margins, the data reported that women small business owners across demographic groups place a significant degree of trust in the endorsements of women small business owners.

In the 2012 presidential elections, 71.4 million women voted compared with 61.6 million men, a difference of 9.8 million. Additionally, women represented 51% of the electorate in the 2014 midterm elections. Women hold 19.4% of the 535 seats, or 104 seats in the 114th US Congress. WIPP's nonpartisan message allows us to seamlessly advocate for women business owners.

#### ***Women business owners are an economic force.***

Women business owners are a strong economic force in the United States and increasingly in the world. Their contributions extend beyond the number of firms they own, the people they employ, or even the revenues they generate. Their influence is multiplied many times through the direct and indirect economic impact they generate through their business ownership.

The 2012 Survey of Business owners, published by the Census Bureau in 2015 states:

- There are 10 million women-owned businesses
- Women-owned firms make up 36.2% of all non-farm businesses across the country
- Women-owned firms generate \$1.6 trillion in total receipts
- Women-owned employing a total of 8.9 million people across the country with a payroll of \$290.5 billion.
- Women-owned employer firms have average receipts of \$1.4 million

## **Who We Are: A Collaborative Effort**

We advocate on behalf of business women and our coalition of 78 business organizations. We are successful women business owners, leaders in our communities and visionaries who are trailblazers in policy and politics. We have within our ranks Republicans, Democrats, and Independents, liberals, conservatives, and every variety of opinion. What we share in common is our focus on economic issues that impact our ability to continue to be the economic engine and force in our nation's economy.

## **The History Behind the Blueprint**

There are numerous pioneering women whose relentless pursuit of advocacy goals has made a huge difference in the successes of women business owners today. Through their efforts, the legislative "Big Bang" of 1988, H.R. 5050 was made possible. This legislation continues to have impact today. H.R. 5050 addressed issues of access to credit, improved census data collection on women-owned businesses, and created the National Women's Business Council (NWBC), a bipartisan federal advisory council. In addition, H.R. 5050 provided for training support with the creation of women's business centers (WBCs). Since establishment nearly three decades ago, WBCs have counseled and trained over two million entrepreneurs.

Much has been accomplished but much remains to be done. Our history provides a compelling narrative of persistence and focus to achieve strategically set objectives. This is the legacy behind the Economic Blueprint, and it serves as a powerful motivator for what we have set out to accomplish with the Blueprint process and our Economic Principles.

## **Roadmap to the Future**

The Economic Blueprint serves as an immediate call to action. But our sights are also on the future – looking to 2020 and beyond. One specific undertaking, The Roadmap to 2020, is designed to fuel the growth of women's business development in the United States from 2009 to 2020. We are also actively engaged in establishing our role in the global economy. Increasingly, our successes are being used as role models for the development of women-owned businesses in other parts of the world, which make us tremendous goodwill ambassadors for the United States. Our role model status also fosters our ability to compete successfully in international markets, which is a key component of our overall Blueprint vision. We are trendsetters, and as such, our work is already establishing the agenda for the future.

## **Economic Principles**

As the American economy continues to recover, government and private sector efforts should focus on increasing investments that drive the recovery. Policymakers are responsible for ensuring the business environment is conducive to growth and the federal government operates effectively.

### **1) Investment in Entrepreneurship Pays Off**

Over 36% of American businesses are women-owned, a segment growing at four times the rate of men-owned businesses. Critical support for these entrepreneurs includes access to credit, access to the federal sector and access to training and counseling. Doing so will maximize their already sizable impact: contributing \$1.6 trillion annually to the economy and employing nearly 9 million Americans.

### **2) Provide Women-Owned Businesses with Certainty in Economic Policy and Regulations**

Clarity and Stability are crucial for businesses and the government has been unable provide long-term policies on which businesses can rely. Whether it is the continued threat of government shutdown, steep spending cuts across the government, or even retroactive tax credits, women entrepreneurs are often left to guess at government outcomes affecting their businesses.

### 3) Reduce Regulatory Burden

According to the U.S. Small Business Administration (SBA), small businesses pay 36% more in regulatory compliance than larger firms. To this end, WIPP established the Rethink Red Tape Coalition with partners the National Association of Manufacturers (NAM), the Small Business & Entrepreneurship Council (SBE), and the International Franchise Association (IFA) to advocate for smarter regulations and regulatory reforms that will protect the public interest while also helping small businesses grow.

## Access to Capital Principles

*WIPP released an access to capital platform entitled Breaking the Bank: Women Entrepreneurs & the Need for Capital. The principles and recommendations below are a portion of that document.*

Capital is the lifeline of business. The ability to secure capital is often the determinant of an entrepreneur's opportunity to start or grow a business. For women, however, accessing capital continues to be difficult. In 2013, less than one in three loan applications for women-owned firms were approved. Last year's Senate report on women entrepreneurs found that women only receive 4% of all commercial loans.

These bleak statistics are borne out by Department of Treasury Secretary Jacob Lew, who noted that 8,000 small business loans are rejected every day. WIPP's annual membership survey regularly finds that women must make multiple attempts to secure bank loans or lines of credit – with a full 40% never succeeding. Yet, women make up one-third of business owners, generating more than \$1 trillion annually in receipts, and growing at 1.5 times the rate of average businesses.

In response to this crisis of capital, WIPP has surveyed the landscape seeking policy-based solutions to spur lending to fuel the innovation and success of women entrepreneurs.

## Changing the Capital Infrastructure

### *Simplify Intellectual Property Protections*

- Traditional and alternative investors are increasingly interested in the intellectual property (IP) value of companies seeking funds. Women entrepreneurs, however, lag significantly behind male counterparts in filing patents.
- Simplifying the IP patent process for entrepreneurs will catalyze interest in investment smaller firms.

### *Re-think Credit Scores*

- Lending decisions relying on credit scores, employment history and income are undermined by the many studies that show women lag behind male counterparts in pay. The pay gap is even worse for women of color with Hispanic women making only 54% of their male counterparts.
- Beyond pay discrepancy, antiquated scoring models disproportionately hinder entrepreneurs seeking loans.
- In 2014, FICO announced an alternative credit scoring system that would allow up to 15 million previously "unscorable" Americans to be scored based on alternative data. This includes payment histories, utility bills, cable bills, cellphone bills, and public record information (e.g., address history). This alternative scoring model may also help give lower lending rates based on a higher credit score. These modernizations in the credit industry hold great promise for women entrepreneurs and should be utilized in government lending programs.

### *Develop Female Fund Managers through "Emerging Managers" SBIC Program*

- Venture capital (VC) continues to be elusive to women who need it. Less than 10% of overall VC funding goes to women-owned companies. Data from Small Business Investment Companies (SBICs) licensed by the SBA, show women receive only 3% of investments.
- Few fund managers are women. In a classic “chicken and egg problem”, many women cannot gain the requisite portfolio managing experience to become a fund manager, leading to a cyclic exclusion of women managers – ultimately preventing women from lending to women.
- Creating an “Emerging Managers” track in the SBIC program and allowing these managers to engage in equity-based financing would help develop a generation of female fund managers, who in turn would increase the VC opportunities for women-owned firms.

#### *Tax Incentives for Angel Investors*

- According to the Angel Capital Association, an estimated 300,000 people have made an angel investment in the last two years. The same estimates found a potential of 4 million investors nationwide. Incentivizing this kind of capital should be a priority.
- Connecticut, among other states, has experienced good results by providing a credit against the state income tax to angel investors. Creating a federal tax credit mirroring state models would increase angel investment at the critical early stage.
- More than half of states offer tax incentives for angel investors. Federal support of these efforts would encourage more local and state governments to consider such measures. Federal support could include: grants, matches, or a dedicated fund.
- To the extent possible, tax credits could be designed to incentivize angel investment in underserved communities including women and minority-owned businesses.

### **Supporting Small Lending Institutions**

#### *Ending a “One-size-fits-all” Approach to Regulation*

- Among lending institutions, one-size does not fit all for regulatory oversight. Currently, banks and credit unions of all sizes face the same requirements under Dodd-Frank reforms. Community banks, as one example lumped in this group, have seen their banking assets drop more than 12% since the financial oversight regulations went into effect.
- The resources required for complying with the regulation have taken away from a focus on local lending, impacting small business lending. Congress should enact legislation to address the regulatory relief needed for smaller lending institutions.

#### *Lift the Credit Union Lending Cap*

- A cap limits most credit unions to lending no more than 12.25% of their assets to small businesses. Credit unions could lend an additional \$16 billion to small businesses, if Congress increases the statutory cap on credit union business lending.

### **Strengthening Government Investment**

#### *Small Business Seat at Securities & Exchange Commission*

- Given that two-thirds of net new jobs in the United States are generated by small business, and considering the growth of regulated alternative capital, the Securities & Exchange Commission (SEC) will play an increased role in oversight of entrepreneurs and the ways they seek capital.

- Small businesses need a seat at the table at the SEC through a formal advocate to ensure adequate representation at the agency. This includes advocating for the timely implementation of policy that will allow entrepreneurs access to capital.

#### *Accelerate SBIR Commercialization*

- Innovative products are developed for government use through the Small Business Innovation Research (SBIR) program, which has three phases. Federal support generally stops after the second phase of meeting government needs.
- Modeling the third stage commercialization of SBIR products on a public-private partnership would help bring a pipeline of innovative products – already proven for government use – to market.

#### *Strengthening the SBA Microloan Program*

- Women are the biggest users of loans under \$50,000, accounting for 57% of loans made through the SBA Microloan Program. Congress should modernize the program by removing limitations on technical assistance and allow for funds to be distributed more effectively.

#### *Provide Adequate Resources for Financial & Business Counseling*

- Congress should adequately support organizations such as Women’s Business Centers and other non-profits that provide financial counseling and prepare women to obtain capital.

## **Procurement Principles**

In FY2015, the government met its 5% contracting goal with WOSBs for the first time since the goal was established in 1994. Despite this achievement, there are still more hurdles to clear. In March, the Small Business Administration published a Department of Commerce study, *Utilization of Women-Owned Businesses in Federal Prime Contracting*, which found that women-owned firms are still underrepresented in the Federal marketplace. In fact, Women are 21% less likely to receive federal contract awards than their male counterparts, and 85% of the contract dollars are awarded in industries where women-owned firms are underrepresented. As a result of the study, the WOSB program was expanded to include 113 industries. While reaching the goal is a historic achievement and expansion of the WOSB program is a major victory, 5% is a floor – not a ceiling. WIPP is committed to expanding opportunities in the Federal marketplace for women.

### **1) Increase Multi-Award Contract Participation**

In October 2016, WIPP released a first of its kind report entitled, “DO NOT ENTER: Women Shut Out of U.S. Government’s Biggest Contracts.” Over the last decade, federal agencies have favored large umbrella contracts with pre-selected vendors supplying unlimited goods or services over a specified period. These multiple-award contracts, or “MACs”, have been scrutinized by the small business community as potentially limiting competition and harming small businesses, but have never been examined for impact on women entrepreneurs specifically. The Report uncovered several discoveries, including,

- Major contracts reserved awards for socio-economic groups except WOSBs
- Unlike other groups, WOSBs lack an exclusive contract for IT procurements
- Disparities already identified by the U.S. Department of Commerce were reinforced – if not exacerbated – on many of the contracts, including one contract that had no WOSBs
- Once access to these contracts is gained, women-owned firms are successfully winning at the task order level, providing high quality services

If women are not included in large, multi-year contracts, they will continue to lose out on the most lucrative opportunities the federal government awards.

## **2) Ensure Acquisition Reforms Support Women-Owned Businesses**

The continued effort to implement broad reforms in government procurement has not fully taken into consideration the damaging impact on small businesses. WIPP urges Congress to ensure that procurement reforms, including government-wide acquisition initiatives like category management, consider the small business industrial base while supporting the government's fundamental goal of getting "best value" in federal procurement.

## **3) Adequately support and train the contracting workforce**

Procurement professionals struggle to keep up with changes to acquisition policy. Often these changes are designed to benefit small, minority, or women-owned businesses. New contracting policies, like sole source authority in the WOSB Program, should be explained to the government acquisition workforce to ensure changes passed by Congress are fully utilized by federal buyers.

# **Healthcare Principles**

Small businesses face higher administrative and premium costs for health insurance. This puts women entrepreneurs at an inherent disadvantage as business owners and as employers seeking to retain competitive employees. Congress and the Administration should implement the healthcare reforms targeting this inequity, and, where necessary, make improvements to the Affordable Care Act.

## **1) Allow for Health Reimbursement Arrangements**

Technical guidance from the IRS in 2014 removed a simple way for employers to help employees pay for health insurance premiums. Using a Health Reimbursement Arrangement (HRA), employers let employees find their own insurance and employers could reimburse employees at their discretion. In June, the House passed the Small Business Health Care Relief Act of 2016, which allows HRAs. A similar bill (S.3060) has been introduced in the Senate. WIPP urges Congress to pass this legislation and bring back these affordable, convenient options.

## **2) Define Work Week as 40 hours**

The Affordable Care Act defined a full-time worker as working thirty hours a week. The definition matters for defining whether a business is exempt from the employer mandate (under 50 FTEs is exempt). WIPP supports efforts to define the workweek traditionally, as forty hours.

## **3) Expand Small Business Health Care Tax**

The Small Business Health Care Tax Credit is only available to businesses with fewer than 25 employees and average wages of less than \$50,000. Moreover, to receive the full tax credit, which covers up to 50% of employer-paid premiums, businesses must have 10 or fewer employees and average wages of up to \$25,000. WIPP supports expanding the eligibility of the tax credit so more women entrepreneurs can take advantage of it.

# **Energy & Environment Principles**

Small businesses are at the forefront of technological innovations in the areas of energy and environment. Their innovative solutions should play a role in the larger energy revolution.

## **1) Develop a Comprehensive Energy Plan**

The federal government should develop a comprehensive energy plan, one that incorporates the use and deployment of domestic energy and alternative energy sources. At the same time, the government should balance the need for smart energy regulations without compromising small businesses' ability to compete.

## **2) Continue to Provide Research & Development Incentives**

Small businesses are on the cutting edge of developing new energy technologies. The federal government should continue to provide adequate funding and incentives for small businesses to continue to develop new technologies through grants and public/private sector investments.

## **Telecommunications & Technology Principles**

According to the SBA Office of Advocacy, small firms pay as much as double the amount for telecommunications services than other firms when operating their businesses, while women-owned and minority-owned media remain under-represented.

### **1) Increase Women and Minority Media Ownership**

The government and private industry should work together to increase the number of commercial television and radio stations owned by women and minorities. A major impediment to minority/women-owned stations is access to capital.

### **2) Tax Incentives for providing technology advances in rural and urban underserved areas.**

According to the Federal Communications Commission (FCC), broadband deployment in the United States – especially in rural areas – is failing to keep pace with today’s advanced technology offerings. The FCC found, in its 2015 Broadband report, that 55 million Americans lack access to advanced broadband. The digital divide is greatest in rural areas, with over half of all rural Americans lacking access to Internet speeds of 25 Mbps/3 Mbps service. Thirty-five percent of schools across the nation still lack access to networks that can support the needs of today’s digital learning tools. Congress should advance tax incentives to accelerate access to faster Internet speeds. Entrepreneurs, without adequate broadband speeds face significant barriers to effectively executing e-commerce businesses.

## **Export & Trade Principles**

The National Export Initiative seeks to double small business exports, including women entrepreneurs. Federal agencies provide support to exporting businesses in the forms of loan guarantees, global market research and general export counseling. Additionally, WIPP’s ExportNOW initiative provides education and training for exporters to break down the complexities of international trade and regulatory requirements. With 95% of consumers living outside of the U.S. representing 2/3 of the world’s purchasing power, women’s growth must be fueled by access to international markets. Strengthening the existing support of the Federal government for small firms should complement non-profit and private export assistance to small businesses.

### **1) Streamline the Federal Compliance Requirements to Export**

It is important that the documentation and reporting requirements of exporting be clearly defined for women-owned businesses. They should be able to easily find answers to the many questions involved with international business on Export.gov.

### **2) Protect Innovation and Intellectual Property Abroad**

Women business owners are anxious to access new markets for their goods and services. They are, however, wary of an international trading system that lacks basic protections of their patents, trademarks and copyrights. Trade policies should include protections that address the concerns and encourage women entrepreneurs to feel confident engaging in export.

### **3) Support Permanent Reauthorization of the Export-Import (EXIM) Bank**

The Ex-Im Bank, providing government guarantees without incurring costs to taxpayers has boosted exports a total of \$235 billion of exports from more than 7,500 businesses—about two-thirds of whom are small businesses, in the last six years. Congress permitted its charter to expire on June 30, 2015, thereby putting critical export support for American companies seeking to export, at risk. Congress reauthorized the Ex-Im Bank in Fall 2015 through September 30, 2019, but should make this resource permanent.