

# 2018 ECONOMIC BLUEPRINT

An Agenda For Growth

# 2018 Economic Blueprint: An Agenda for Growth

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## Executive Summary

The 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 prioritizing 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: Core Areas Essential to Women-Owned Business Growth

The Principles are the cornerstone of this Blueprint: our economy, access to capital, procurement, healthcare, technology and immigration– 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.**

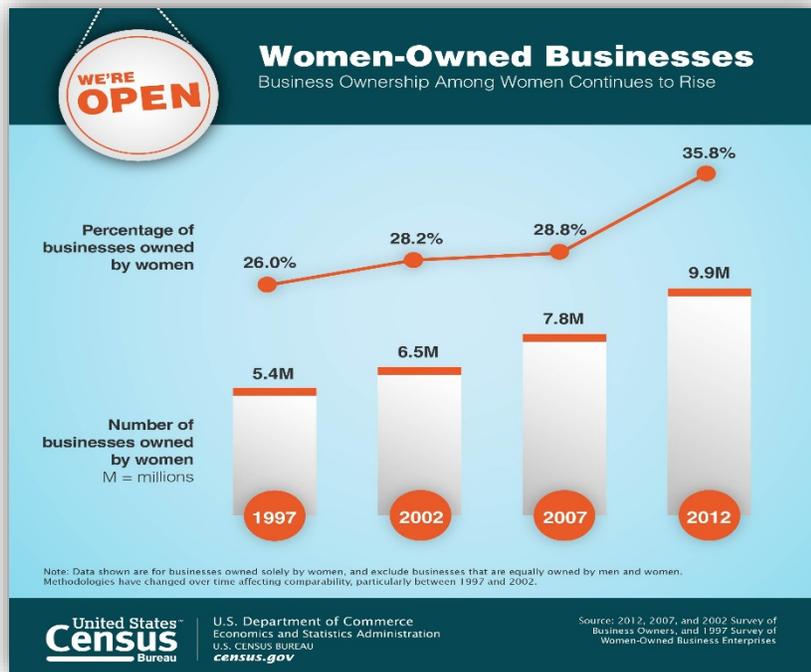
We vote. Our endorsements have weight. Nationally, women vote at higher rates than men. In addition, by wide margins, women business owners across demographic groups place a significant degree of trust in the endorsements of other women business owners.

Women play a decisive role, representing 53% of the electorate. According to the Center for American Women and Politics, women hold 19.6% of the 535 seats, or 105 seats in the 115th 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 Survey of Business Owners (published by the Census Bureau in 2015) highlighted the following statistics on women-owned businesses:

- There are 9,878,397 million women-owned businesses.
- Women-owned firms make up 36.3% of all non-farm businesses across the country.
- Women-owned firms generate \$1.6 trillion in total receipts.
- A full 89.5% of these firms are non-employer firms (i.e. self-employed). These firms have receipts of \$229.2 billion.
- The remaining 10.5% of the firms have paid employees, employing a total of 8.5 million people across the country with a payroll of \$263.7 billion.
- Women owned firms with employees generated \$1.2 trillion in receipts.



## Who We Are: A Collaborative Effort

Women Impacting Public Policy (WIPP) advocates on behalf of women entrepreneurs, and a coalition of 79 business organizations who support our policy goals. 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 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. Today, this support has resulted in 9.9 million businesses, 8.9 million jobs, and \$1.6 trillion in revenue.

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.

# Core Principles

## Economy

The government and private sector efforts should focus on increasing investments that drive economic growth. Policymakers are responsible for ensuring the business environment is conducive to growth and that the federal government operates effectively.

### 1) Investment in Entrepreneurship Pays Off

More than 36% of American businesses are women-owned, a segment growing at four times the rate of men-owned businesses. Government investment in lending and business assistance programs and centers play a key role in the success of women-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

Failure to fund the federal government through the Congressional appropriations process on a yearly basis plays havoc with businesses, especially federal contractors. Funding through short term continuing resolutions with a threat of a government shutdown is costly to businesses that consume government services, such as small business loans and those who are directly in the government's supply chain. Women entrepreneurs are often left to guess at government outcomes affecting their businesses.

On average, small businesses spend more than \$12,000 per year staying in compliance with federal regulations.<sup>1</sup> This problem is exacerbated by the government's inability to provide long-term policies on which businesses can rely.

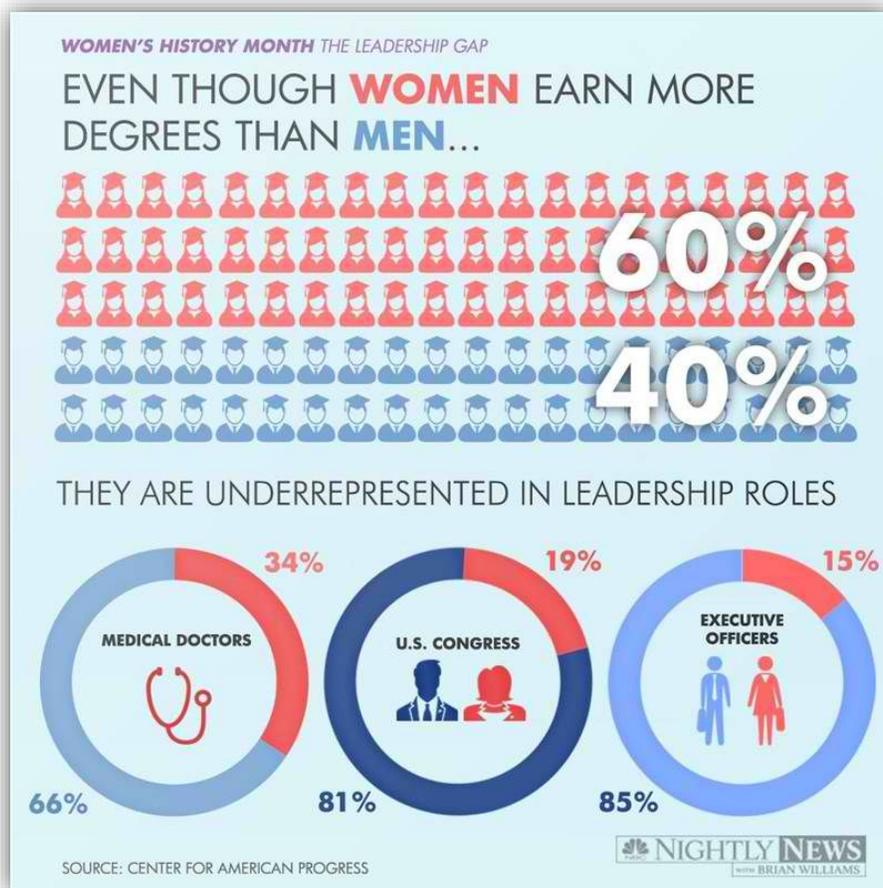
<sup>1</sup> National Small Business Association, 2017 NSBA Small Business Regulations Survey, available at <http://www.nsba.biz/wp-content/uploads/2017/01/Regulatory-Survey-2017.pdf> (2017).

### 3) Workforce Preparedness

Key to the success of women owned businesses is human capital – a dynamic workforce that meets the needs of an ever-changing business environment. Government and business need to work together to ready a workforce that can meet those challenges. Beginning with early childhood education, inclusion of women in STEAM (science, technology, engineering, art and math) and gig workers, all require a pivot in public policies. These policy changes include taxation, education, privacy and labor laws.

### 4) Fairness in the Workplace

Women business owners are in a position of leadership when it comes to workplace equity. It is well documented that on average, women are promoted at a lower rate than men and only 1 in 5 women are in corporate America and women of color face even greater challenges. Women in the workforce are still paid 18.2% less than their male colleagues.<sup>2</sup> WIPP believes fairness in the workplace should be the standard, where pay and advancement depends on the quality of work, not gender or the color of one's skin. We believe public policies can help correct inequities but the need for education to change societal biases is imperative to the success of the workforce.



<sup>2</sup> Pew Research Center, The narrowing, but persistent, gender gap in pay - N.Graf, A.Brown and E. Patten, available at <http://www.pewresearch.org/fact-tank/2018/04/09/gender-pay-gap-facts/> (2018)

## Access to Capital

WIPP's access to capital platform, ["Breaking the Bank: Women Entrepreneurs & the Need for Capital"](#) contains principles and recommendations.

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. Women ask for less funding – on average, \$35,000 less than men. In 2013, fewer than 1 in 3 loan applications for women-owned firms were approved. The Senate Small Business Committee report on women entrepreneurs found that women only receive 4% of all commercial loan dollars.

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.

*"With women owning 30% of small businesses, they are only receiving 4.4% of total dollars in conventional small business loans made. Overall, they are receiving 16% of the conventional loans made and 17% of SBA-backed loans. Not only are they struggling to get funded, but when they are approved, they're receiving significantly smaller sums than their male counterparts." (Wood, n.d.)*

### 1) 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.

## Recommendations to Change Capital Infrastructure

- ❖ Simplify Intellectual Property Protections
- ❖ Re-think Credit Scores
- ❖ Develop Female Fund Managers through “Emerging Managers” SBIC Program

## Recommendations to Strengthen Government Investment

- ❖ Accelerate SBIR Commercialization
- ❖ Provide Adequate Resources for Financial & Business Counseling

The pay gap is even worse for women of color, with Hispanic women making only 54% of their male counterparts.

- FICO introduced in 2014 and adopted in 2016 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. Only 2% of overall VC funding goes to owned companies.<sup>3</sup> 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 cyclical 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.

<sup>3</sup> Fortune, Female Founders Got 2% of Venture Capital Funding in 2017, Valentina Zarya, available at <http://www.catalyst.org/knowledge/women-science-technology-engineering-and-mathematics-stem> (2018).

## 2) Strengthening Government Investment

### *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. The Department of Defense (DoD) has utilized the Rapid Innovation Fund (RIF) to commercialize SBIR technology. This tool should be used across all federal agencies.
- 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.

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

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



## Recommendations for Procurement Policy

- ❖ Ensure acquisition reforms support women-owned businesses
- ❖ Adequately support and train the contracting workforce
- ❖ Secure a pathway to growth
- ❖ Create a WOSB Government Wide Acquisition Contract

## Procurement

WIPP supports policies that continue to enhance women-owned small businesses participation in federal contracting. In May 2018, the U.S. Small Business Administration (SBA) announced that 4.71 percent of all federal prime contract spending had gone to certified women-owned businesses (WOSBs) between October 1, 2016 and September 30, 2017, totaling \$20.8 billion dollars.<sup>4</sup> This is below the goal to spend 5 percent of federal contract dollars with WOSBs.

### 1) Ensure Acquisition Reforms Support Women-Owned Businesses

Congress responded to one of WIPP's 2017 priorities – a study by the SBA of small business participation in Multiple Award Contracts. WIPP will work to ensure that agencies structure MACs to include all socio-economic groups, including women.

The continued effort to implement broad reforms in government procurement has not fully taken into consideration the impact on small businesses. WIPP urges Congress to ensure that all procurement reforms, including government-wide acquisition initiatives like category management, take into consideration the impact on government contractors. This is possible while also supporting the government's fundamental goal of getting the "best value" for taxpayers.

### 2) 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. WIPP has created a one-pager that can be given to contracting officers to utilize when awarding a sole-source to a WOSB.

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<sup>4</sup> FY 2017 Small Business Procurement Scorecard, available at [https://www.sba.gov/sites/default/files/2018-05/GovernmentWide\\_Scorecard\\_FY2017.pdf](https://www.sba.gov/sites/default/files/2018-05/GovernmentWide_Scorecard_FY2017.pdf) (2018).

### **3) Secure a Pathway to Growth**

The goal of the government is to foster small business and broad economic growth by providing fair access to opportunities through contracts. However, there is no path forward for successful businesses that have out-grown small status to continue their prosperity in government contracting. WIPP has partnered with the Montgomery County Chamber of Commerce on their Pathway to Growth initiative, which gives large small businesses a slightly more runway before transitioning out of the small business set aside program and into full and open competition. In order to address this issue, WIPP recommends the following: (1) advise federal agencies on structuring contracts so they incorporate the ability of midsize companies to compete; (2) allow midsize companies to use three of the past five years to determine their size status; and (3) allow midsize companies to subtract research and development expenses and expenditures to determine size status.

### **4) Create a Women-Owned Small Business Government Wide Acquisition Contract (GWAC)**

According to the GSA, “using GWACs is a faster alternative to time-consuming and costly full and open competitions.” The popularity of these GWACs has led agencies to obligate over \$6 billion on these contracts. It also led GSA to create a second-generation VETS contract (VETS II) and extend STARS II for an additional five years, which assists federal agencies in meeting their socio-economic contracting goals. Due to the continued popularity of these contracts, it is crucial to create a WOSB GWAC. There currently 12,0001 active WOSB available to provide IT services, but in FY17 WOSBs only won 0.2% of the work. Given the increase in the number of women-owned vendors, and the addition of IT NAICS to the program, it is time to move forward on the creation of this vehicle.

### **5) Ensure WOSBs Have Adequate Infrastructure Contract Opportunities**

An infrastructure bill – in whatever form – provides increased opportunities for government contractors. When crafting this legislation, Congress should allow the transmittal of WOSB and small business goals contained in the Small Business Act to translate to every project.

## Healthcare

Small businesses face higher administrative and premium costs for health insurance. This puts women entrepreneurs at an inherent disadvantage, as health insurance is an important benefit to attract and retain employees. Congress and the Administration should implement the healthcare reforms targeting this inequity.

### **1) Strong Pooling Mechanisms for the Small Group Market are Critical**

Prior to the Affordable Care Act (ACA), WIPP supported the concept of Association Health Plans (AHPs), which would have allowed small businesses to pool their buying power through associations to purchase healthcare across state lines. The ACA established SHOP exchanges, which pool small businesses, but only on a statewide basis. WIPP supports the expansion of affordable healthcare through AHPs, or, Small Business Health Plans (SBHP), which would allow small employers and associations to pool together based on commonality of interest. WIPP urges the Department of Labor (DOL) to implement a program that will result in better choices for small employers.

*“U.S. health care costs continue to climb--hitting \$3.3 trillion in 2016. Private health insurance spending grew by 5.1 percent to \$1.1 trillion last year, while Medicare spending grew by 3.6 percent to \$672.1 billion.” (Hellman, 2017)*

### **2) Implement Policies that Will Curb Steep Price Hikes and Increase the Number of Plans Available to Small Employers.**

The ability to provide affordable health insurance to employees is essential to attract and retain talent. WIPP members want to provide health insurance benefits to their employees but are finding prices increasing at staggering rates and the number of plans available decreasing.

WIPP urges the Congress to focus on changes necessary to ensure the health of the small group market regardless of ideological views on the ACA (Obamacare).

## Recommendations for Technology & Cybersecurity Policy

- ❖ Increase Investment in STEAM Education and Workforce Development for Women & Girls
- ❖ Improve Cyber Preparedness and Access to Training for Women-Owned Businesses

## Technology

The technology sector is creating the jobs of tomorrow and shaping the future of our workforce. Computing occupations are the leading source of wage growth in the United States and account for two-thirds of all expected jobs in science, technology, engineering, and mathematics (STEM) fields. However, women made up less than one-quarter (24%) of those employed in STEM occupations in 2015.<sup>5</sup>

In 2016, women in the United States represented:

- 25.5% of computer and mathematical occupations
- 14.2% of architecture and engineering occupations

In one of the fastest growing technology fields – cybersecurity – women make up only 11 percent of the information security workforce. For women of color, this gap is even wider, with women of color making up slightly less than 10% of working scientists and engineers in the United States in 2015.

### **1) Increase Investment in STEAM Education & Workforce Development for Women & Girls**

According to the Economics and Statistics Administration (ESA) in the Department of Commerce, while nearly as many women hold undergraduate degrees as men overall, they make up only 30 percent of all STEM degree holders.<sup>6</sup> Congress should ensure appropriate funding and investment in STEAM education in schools and prioritize investment in cybersecurity workforce development and training. Investment in technologies such as artificial intelligence and the nation's infrastructure is critical to U.S. competitiveness around the globe.

<sup>5</sup> Catalyst, Women in STEM Knowledge Center, available at <http://www.catalyst.org/knowledge/women-science-technology-engineering-and-mathematics-stem> (2018).

<sup>6</sup> U.S. Department of Commerce Economics and Statistics Administration, Women in STEM: 2017 Update, available at <http://www.esa.doc.gov/sites/default/files/women-in-stem-2017-update.pdf>. (2017).

## **2) Improve Cyber Preparedness and Access to Training for Women-Owned Businesses**

According to 2016 State of SMB Cybersecurity Report by Kabbage, half of all U.S. small businesses had security breaches in 2016. These breaches costed an average of \$955,000, due to disruption of normal operations. Cybersecurity is quickly becoming a top concern for women business owners, yet many do not have the expertise on staff or financial resources to address the issue.

In the 2017 National Defense Authorization Act (NDAA), Congress instructed for the Small Business Administration to work with the Department of Homeland Security to develop a “Small Business Development Center Cyber Security Strategy,” which would allow small business development centers to access existing cyber programs of the Department of Homeland Security and other appropriate Federal agencies to enhance services and streamline cyber assistance to small businesses. The SBA Administrator is required to submit a strategy to the Committees on Homeland Security and Small Business sometime this year. While this is a step in the right direction, Congress should pass legislation to incorporate the cyber security expertise and training programs into Small Business Development Centers to help business owners understand cyber threats and improve their cybersecurity infrastructure.

Congress and the SBA should also consider expanding this effort to Women Business Centers, which serve over 140,000 women entrepreneurs each year in every state to ensure they have the same access to cybersecurity training.

## **Immigration**

Congress should provide employers certainty by passing comprehensive immigration legislation. Commonsense policies will boost economic growth and entrepreneurship by giving employers clear guidelines and realistic timetables. Programs which need bipartisan solutions include green card reform, implementation of temporary worker programs and a path to citizenship for undocumented workers living in the United States.

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## **About WIPP**

Women Impacting Public Policy (WIPP) is a national nonpartisan organization advocating on behalf of women entrepreneurs—strengthening their impact on our nation’s public policy, creating economic opportunities, and forging alliances with other business organizations.

[www.WIPP.org](http://www.WIPP.org)

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