



## 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.

Over the course of the past year, significant energy and commitment has been invested in focus groups, surveys and forums 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 2008 by the Economic Blueprint and conducted by Lake Research Partners and the polling company, inc. found that women small business owners were nearly unanimous in their intent to vote 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 elections, women played a decisive role, representing 53% of the electorate. According to the Center for American Women and Politics, women hold 18.3% of the 535 seats, or 98 seats in the 113th 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 2007 Official Census data states:*

- There are 7.8 million women-owned businesses
- Women-owned firms make up 28.7% of all non-farm businesses across the country

## Economic Blueprint: The Women Business Owners' Platform for Growth

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- Women-owned firms generate over \$1.2 trillion in total receipts
- A full 88.3% of these firms are non-employer firms (i.e. self-employed), with average receipts of \$26,486
- The remaining 11.7% of the firms have paid employees, employing a total of 7.6 million people across the country with a payroll of \$217.6 billion. These employer firms have average receipts of \$1.1 million

*The State of Women-Owned Businesses Report: A Summary of Important Trends, 1997-2012, published in March 2012 and commissioned by American Express OPEN is based on data from the three most recent business census surveys of 1997, 2002 and 2007.*

*The following estimates for the state of women-owned firms in 2011 show that in spite of the recession, the number of women-owned firms has grown and women-owned firms have held steady in revenue and employment.*

- There are 8.3 million women-owned businesses
- Women-owned firms generate over \$1.26 trillion in revenue
- 7.7 million people are employed by women-owned firms
- Between 1997 and 2011, the number of women-owned firms increased by 50%, 1 1/2 times the national average
- These estimates of growth in number (up 54%), employment (up 9%) and revenues (up 58%) exceed the growth rates of all but the largest publicly traded firms

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

We advocate on behalf of our coalition of 4.7 million business women including 75 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. Between 2001 and 2003 alone, this support has resulted in the creation of 6,600 firms and 12,719 jobs with a collective economic impact of \$500 million in gross receipts and \$51.4 million in profits.

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 makes 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 trend-setters, and as such, our work is already setting the agenda for the future.

### **Economic Principles**

The Congressional Budget Office (CBO) estimates the federal deficit for FY2013 will constitute 4% of GDP, three percentage points less than the deficit recorded last year, but still higher than the average deficit between 1946 and 2008. The deficit inevitably affects small businesses through increased taxes and higher interest rates.

#### **1) Responsibly Reduce Federal Spending**

WIPP urges Congress and the Administration to work together to make difficult fiscal choices necessary to reduce the deficit, ensure spending cuts are equitable, and guard against revenue raising tactics that result in a wholesale tax on small businesses. Cuts to government programs should be targeted and appropriate, in a manner that supports business growth.

#### **2) Provide Small Businesses with Certainty in Economic Policy and Regulations**

According to the U.S. Small Business Administration (SBA), small businesses pay 36% more in regulatory compliance than larger firms. This problem is exacerbated by the government's inability to provide long-term policies on which businesses can rely and plan for the future. Important to business growth is certainty about Congressional plans with respect to federal spending. Women business owners who are considering growth are hampered by the future of the unknown.

In addition to uncertainty about the future of the tax code, regulatory uncertainty is a factor in business decisions on hiring and investing. The President's agency review has identified 500 regulations that are duplicative, outdated or burdensome. Nevertheless, this year promises to be one of the most intense periods of government regulations since the 1970s.

#### **3) Create a Tax Code that Fosters Growth**

As tax reform continues to be discussed, it is important that any proposed changes encourage growth by creating a simpler and fairer tax code. Long-term certainty regarding the tax system will allow businesses to make important decisions in 2013 and beyond.

### **Access to Capital Principles**

Access to capital is a key tool in the start-up and growth of successful women-owned businesses. According to WIPP's 2013 National Survey of Women Business Owners, women-owned businesses continue to struggle to access capital, making an average of two attempts to obtain bank loans or lines of credit. Only 60% of WIPP members who sought outside funding last year were successful after two attempts, unchanged from 2012. Those who were not successful in their attempts to get outside funding overwhelmingly identified tightening of credit at banks as the reason. For WIPP members, the majority (60%) of the funding realized in the past year was secured by home equity or other collateral. About one in seven received bank financing backed by the Small Business Administration.

#### **1) Provide Incentives to Investors & Lenders to Small Businesses**

At a time when private market lending to small businesses remains low, WIPP is encouraged by SBA's guaranteed loan programs, which hit record highs in 2011 and 2012. While the need for capital continues to be a top priority for WIPP members, we applaud the passage of legislation paving the way for alternatives to the traditional sources of capital, such as crowdfunding. We encourage the Security and Exchange Commission to finalize the regulatory requirements necessary to put crowdfunding in place.

We urge Congress to explore ways to incentivize lenders other than banks to invest in small businesses. Providing tax incentives to angel investors, for example, would stimulate an important source of capital. In addition, we believe Congress should lift restrictions on credit union lending to small businesses.

#### **2) Increase Government Business Assistance for Loans**

Small companies that need infusions of capital in order to grow would benefit from increased business assistance supported by the federal government. Counseling and business assistance provide small business

owners with a better understanding of equity positions, potential equity partners, and terms and conditions commonly required by investors and lenders.

### Procurement Principles

In FY2012, only 4% of all government contracts were awarded to women-owned businesses – virtually unchanged from 2011, even though federal law mandates a 5% government-wide procurement goal for women-owned small businesses. In addition, the SBA Goaling Report shows that the federal government failed to reach the small business goal of 23% in FY2012, falling short at 22.2%.

#### 1) Improve the Women-Owned Small Businesses Procurement Program

With the implementation of the Women-Owned Small Business (WOSB) Federal Contract Program complete, WIPP urges all agencies to fully utilize the program to award prime contracts to women-owned firms.

WIPP applauds the removal of the dollar caps on these contracts by the 112th Congress and the subsequent implementation by the Small Business Administration. WIPP supports a further improvement in the WOSB procurement program by granting sole source authority to contracting officers utilizing the WOSB procurement program.

#### 2) Increase Goals for Small Business Contracting

While the government has never met its small business goal of 23%, increasing small business participation in federal contracting is often more efficient and offers the best value. WIPP supports increasing the small business contracting goal to 25% and the subcontracting goal to 40%. Participation in the public sector provides small firms an injection of capital to the nation's most prolific job creators.

### Healthcare Principles

The SBA Office of Advocacy research shows that insurers of small business health plans have higher administrative expenses than their larger counterparts. It is no surprise that more than one third of uninsured Americans work in small businesses with fewer than 500 employees. With the enactment of the Affordable Care Act, state-based health insurance exchanges will be established for small businesses effective in 2014.

#### 1) Ensure Health Insurance Exchanges Provide More Choices and Better Prices for Small Businesses

Rules and regulations that are adopted by federal and state governments to create and implement health insurance exchanges should be structured to maximize health insurance choices for small businesses. In order for the exchanges to be successful, health insurance premiums for small businesses must fall in line with other segments of the marketplace. Federal and state governments should work with the small business community to make sure the enrollment process supports employers and employees.

#### 2) Cost Containment Measures Should Address Increased Healthcare Costs

One of the major drivers behind healthcare reform was the need to control increasing healthcare costs. According to the Kaiser Family Foundation, healthcare spending has grown at an average annual rate of 9.6%, 2.4 percentage points faster than nominal GDP since 1970. The federal government projects that by the year 2018, health spending will be one-fifth of the GDP.

Cost containment measures are needed to address increased healthcare costs. Furthermore, wellness and preventive care should be a priority of the providers as well as the consumers of healthcare.

### Energy & Environment Principles

Small businesses are at the forefront of technological innovations in the areas of energy and environment. In FY2012, the Department of Energy awarded \$1.3 billion in contracts with small businesses, including \$305 million in WOSB contracts.

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 such as reforming the research and development tax credits for startups. WIPP supports the permanent extension of small business tax credits in the federal debt deal passed at the end of 2012.

## **Telecommunications & Technology Principles**

Small firms pay disproportionately more for telecommunications services than other firms when operating their businesses. Broadband service is vital for small businesses. According to the SBA Office of Advocacy, the small business adoption rate of broadband was at 90% when the study was conducted in April 2010. However, price and service discrepancies still exist for small businesses in rural areas.

### **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) Expand Access to Broadband Service Nationwide**

Broadband deployment is critical to a pro-growth economic policy for women-owned businesses. The current divide between urban and rural area access to broadband is simply too wide. The Federal Communications Commission (FCC) should continue its programs to expand broadband access.

### **3) Promote Wireless Affordability**

Wireless services are taxed at over double the average sales tax. Between 2007 and 2010 wireless taxes increased at a rate of three times the amount of any other goods or services. Considering that wireless access is a business necessity, Congress should enact legislation that prevents these taxes from increasing at unsustainable rates. WIPP supports efforts to prevent any additional taxes on wireless services.

## **Export & Trade Principles**

Consistent with the President's goal to double exports by 2014, WIPP believes international business is an important component of our economic principles. In an increasingly competitive domestic marketplace, businesses should be encouraged to look globally for market opportunities. Federal agencies provide support to exporting businesses in the forms of loan guarantees, global market research and general export counseling. Federal agencies should complement non-profit and private export assistance to small businesses.

### **1) Simplify the Federal Requirements to Export**

It is important that the documentation and reporting requirements of exporting be clearly defined for small businesses. In addition, WIPP supports the improvement of Export.gov as the central source for government support in the exporting world. Small businesses should be able to easily find answers to the many questions involved with international business.

### **2) Develop an Annual Small Business National Strategy on Export**

WIPP urges the development of an annual export strategy focused on small businesses that includes input from all relevant stakeholders including small businesses.