



Women Impacting Public Policy Testimony to the Senate
Committee on Small Business and Entrepreneurship

*“Creating Jobs and Growing the Economy: Legislative Proposals
to Strengthen the Entrepreneurial Ecosystem”*

November 29, 2012

Women Impacting Public Policy (WIPP) is pleased to offer its views to the Committee on legislative proposals to strengthen the entrepreneurial ecosystem resulting in business growth. WIPP is a national nonpartisan public policy organization, advocating on behalf of nearly 1 million women-owned businesses representing 67 business organizations.

As the title of the hearing suggests, business growth for women-owned businesses involves more than any single component of running a business. While it is true that women business owners face many of the same barriers as their male counterparts, parts of the ecosystem are more difficult to navigate. Take for example, access to capital. Forty-eight percent of our members reported that their greatest obstacle to growth and innovation is insufficient capitalization.¹ With respect to federal contracting, an American Express survey, “Women and Minority Small Business Contractors: Divergent Paths to Equal Success,” found that the price for women owned companies to do business with the government is up 23% from 2009.²

Faced with these challenges, women-owned businesses welcome legislation that improves the relationship between small businesses and their communities, industries and the government will create a healthier ecosystem that will allow America’s entrepreneurs to grow and thrive, moving the national economy forward with them.

WIPP wholeheartedly supports The SUCCESS Act of 2012 (S. 3442) sponsored by the Chair of this Committee, Mary Landrieu (D-LA), and The Small Business Lending Enhancement Act (S. 2231) sponsored by Senator Mark Udall (D-CO), which will help unleash the power of America’s job engine. Successful passage of these two bills will put us one step closer to fiscal health and prosperity reaching from Pennsylvania Avenue to Main Street.

One area of growth potential for women-owned businesses is the public sector. Small businesses have historically been the leaders in the path to recovery, creating 65 of every 100 new jobs. Fostering partnerships between government and the entrepreneurs who act as the nation’s economic heartbeat benefits small businesses and the government as well as the taxpayer. Small firms often provide better value for goods and services and are far more nimble; all the while creating more jobs with the revenue from the contract awards they receive.

The procurement reforms in the SUCCESS Act will reduce obstacles to small business contractors. Without these provisions, federal agencies will continue to fail to meet their small business goals and small firms will continue to struggle to win federal contracting work. Failure to pass these reforms will effectively shortchange the government and the taxpayer as well as our nation’s small businesses.

¹ Women Impacting Public Policy (2010). Workforce Survey.

² American Express OPEN (2011). Victory in Procurement Survey—Women and Minority Small Business Contractors: Divergent Paths to Equal Success

We particularly encourage support for the Women-Owned Small Business (WOSB) contracting program provisions contained in the SUCCESS Act. After eleven long years of fighting for the Women-Owned Small Business Federal Contracting Program, \$21.1 million—less than the cost of one drone—was awarded during FY11, the first fiscal year of this program’s implementation. We understand that the government likely did not meet its goal in FY12. The SUCCESS Act makes some important changes to the program that we believe will increase its effectiveness. It would eliminate the limits placed on WOSB contract awards and give sole source authority to contracting officers when considering women owned small firms. This would greatly improve a program that is an important growth sector for women-owned small businesses in today’s economy.

In addition to improving the WOSB program, the SUCCESS Act strengthens federal advocacy for small businesses through the Office of Small and Disadvantaged Business Utilization (OSDBU). WIPP supports these changes because OSDBUs, who are our advocates in the federal agencies, will have the status within the agency to affect acquisition decisions. The women construction owners in our membership support increasing the size of the SBA surety bond guarantee from \$2 million to \$5 million, a provision contained in the bill.

Another vital component of this bill is the reauthorization of the Women’s Business Center program. WIPP, since its inception, has supported this program because it is a vital resource for women entrepreneurs, especially those in underserved areas.

While federal contracting is integral to small business growth, access to capital continually tops the list of concerns for WIPP members. Whether it is growth or operating capital, our members have been suffering through one of the worst lending droughts in modern history.

A bright spot in the 112th Congress was passage of crowdfunding legislation which removes barriers to this funding source. Another option that would immediately free up capital, with the potential to yield hundreds of thousands of jobs while not costing the taxpayer one single dime, is passage of S. 2231.

While community bank loans to small businesses decreased by nearly 2 percent in 2011, credit unions saw an increase of 4.29 percent. Yet even with the track record of funding America’s cash starved entrepreneurs, credit unions are being held back by an outdated and nonsensical rule. There is currently a cap on loans to small firms that, if increased, would inject an extra \$13 billion into the economy, giving small businesses the fuel they need to create 140,000 new jobs in the first year alone. The Small Business Lending Enhancement Act, S. 2231, would increase the credit union lending cap to 25.7 percent, allowing the private sector to fund small business growth.

Beyond expanding contracting opportunities and increasing access to capital, we believe exporting is another avenue for growth. The success of small businesses, which would be aided by legislation found in the SUCCESS Act, is not contained within our borders. American small businesses are desperate to send their goods and services—the gold standard of the world—to the nearly 7 billion consumers living somewhere else. Small businesses need these provisions to improve federal export coordination between myriad agencies, consolidating the wealth of information often trapped in overlapping resources.

Of particular importance to small businesses is gaining the know-how to export via the Internet, navigating websites such as export.gov. The site is full of resources that can map out a path towards successful international trade, but it is in need of an overhaul called for in this legislation. Additionally, the increased promotion of exporting as a method to grow small businesses would open the eyes—and doors—of many small business owners desperate to access the over 95% of consumers outside the United States that account for two-thirds of global purchasing power. Educating small businesses to consider exporting is an important part of federal assistance.

Similar to the growth of small businesses in this arena, WIPP is proud of the accomplishments already achieved by women-owned businesses in the exporting world. According to the U.S. Census Bureau’s “Survey of Business Owners Special Report,” nearly twenty thousand women-owned companies sent their products beyond our borders in 2007, generating receipts in excess of \$15 billion.³ Exporting has been good to women-owned businesses—with revenues more than ten times that of non-exporting women-owned businesses and three times the per employee productivity.⁴

At WIPP, we know the tremendous potential that exists in the millions of women-owned businesses that exist across the country. That is why WIPP recently launched ExportNOW, a program designed to educate our members and the broader women’s business community about the vast potential for enterprise that exists beyond our borders. We believe our educational efforts through ExportNOW will be greatly complimented by a streamlined government support resource and increased exposure of exporting to American businesses.

Included in the SUCCESS Act are five tax provisions which we believe are critical to encouraging startups, growth and investment in small businesses. Those include: 100% exclusion of capital gains for investments in small firms, an increased deduction for start-up expenditures, extending the 179 Expensing provision at \$500,000, extending the carryback unused general business credits for five years and limiting the S-Corp holding period from 10 to 5 years. While we understand that every tax deduction and credit has a price tag, these investments in small business will pay off long term.

³ United States Census Bureau (2012). Ownership Characteristics of Classifiable U.S. Exporting Firms: 2007—Survey of Business Owners Special Report.

⁴ Ibid.

The women-owned small business ecosystem is composed of many ever-evolving components, making it vital for legislation to focus on giving entrepreneurs all of the tools they need to successfully navigate such a demanding system. Chief among those tools are access to capital, federal contracting, export assistance and resources such as Women Business Centers. Both the SUCCESS Act (S. 3442) and the Small Business Lending Enhancement Act (S. 2231) will help foster a healthier relationship between small business and the government while establishing a more fertile foundation on which businesses can grow and thrive. We encourage this Committee and the entire Senate to stand with our nation's leading job creators and support these bills.