Telecommunications & Technology Committee Meeting of 4/13/2011

I. WIPP Policy Briefing

Overview
1) Women in Media Ownership
2) National Broadband Plan
3) Net Neutrality

Introduction

Telecommunications & Technology Economic Blueprint Principles

- Increase Women Media Ownership.
- Deploy broadband service across the United States.
- Keep the Internet accessible to small businesses.

1) Women in Media Ownership

- According to the Federal Communications Commission (FCC), only 4.97% of all television and full-power broadcast radio stations are owned by women.

- WIPP believes that the government and private industry should work together to increase the number of TV and radio stations owned by women.

- Last month, one of WIPP’s strategic partners, Alliance for Women in Media, held a symposium on Women’s Media Ownership. Ann Sullivan was a panel member for the policy session.

- Last month, the Alliance for Women in Media held a symposium on Women’s Media Ownership where Ann Sullivan represented WIPP on the Key Policy & Regulatory Trends for Women’s Media Ownership panel.

- Two barriers to women media ownership:
  - Access to capital,
  - Lack of relevant management experience.
(1) Access to Capital as a Barrier to Women Media Ownership

- A major impediment to women ownership is access to capital. Access to capital is a key tool in the start-up and growth of small businesses.

- According to the Center for Women’s Business Research, women businesses owners who obtained capital persevered, making an average of four attempts to obtain capital bank loans or lines of credit and 22 attempts to obtain equity capital.

- Larger, faster-growing women-owned firms are more likely than other firms owned by women to use credit. Women-owned firms with revenues of $1 million or more are more likely to access commercial loans or lines of credit than other women-owned firms - 70% vs. 28%.

- However, even these larger businesses owned by women lag behind their male counterparts in using commercial credit - 56% of women vs. 71% of men.

(2) Lack of Media Management Experience as Barrier to Ownership

- Typically, women entrepreneurs have prior management experience in an industry before deciding to start their own business.

- According to a recently released two-year study by the International Women’s Media Foundation, women still face significant barriers landing top-level management positions in media companies.

- Men hold 73% of top media management jobs compared with 27% by women.

- Given the low number of women in executive level positions at media companies, the lack of women business owners in this industry should not come as a surprise.

FCC is taking steps to make participation in media ownership more accessible to women-owned businesses because:

- It recognizes that information and communications technology sector is a significant and growing part of our economy.

- Small businesses and new entrants are the key drivers or net job creation in the US.

In March, the FCC adopted recommendations from its report on identifying and eliminating market entry barriers for entrepreneurs and other small businesses.

- The FCC should continue its partnership with the Small Business Administration (SBA) and assist in coordinating special small business size standards to promote business growth.
The FCC should partner with civil rights and other public interest groups to promote the expansion of small businesses.

In addition, the FCC proposed that Congress adopt a new tax incentive program that would authorize the provision of tax advantages to eligible companies involved in the sale of communications businesses to small firms, including those owned by women. Tax advantages encourage diversification of ownership and provide opportunities of entry into the communications industry.

- WIPP will continue to monitor developments and opportunities for increasing women media ownership.

2) National Broadband Plan - deploy broadband services nationwide

Broadband deployment is critical to a pro-growth economic policy for small businesses.

What is the National Broadband Plan?

- The National Broadband Plan was released in March of 2010.
- FCC was required to create this under the American Recovery & Reinvestment Act of 2009
- Purpose of improving broadband Internet access throughout the US.
- Timeframe for execution of goals is over ten years.

Small Business Recommendation

- SBA resource partner programs should provide enhanced information technology (IT) applications training.
- Status: not included on the 2010 Broadband Action Agenda as one of the four key goals and the 2011 Broadband Action Agenda has not yet been released.

Legislative Action

- Sen. Landrieu (D-LA), Chair of Senate Small Business Committee, has introduced the Small Business Broadband and Emerging Information Technology Enhancement Act of 2011.
  - Directs the Administrator of SBA to assign an SBA employee to coordinate SBA programs and activities relating to broadband and emerging information technology (BEIT).
  - Requires Administrator to provide SBA employees with BEIT training in order to assist small businesses in the use of such technologies.
3) Net Neutrality - keeping the Internet Accessible to Small Business

What is net neutrality?

- Net neutrality is all about creating a neutral Internet and comes from the view that Internet traffic should be created equally.

  - How much broadband access should be regulated vs. unregulated?
  - Should Internet carriers be able to control traffic according to the amount of technology used?
  - Should small businesses have the same Internet access as large businesses?
  - Should pricing be the same for all or depend on usage?

- Two sides - AT&T vs. Google

  - AT&T (network carriers) - amount of information available is so great that even if you wanted to regulated it all, that would not be possible
  - Google (content providers) - too much carrier control and the government needs to tell carriers what to do

What’s going on with net neutrality?

- In December, the FCC resolved the dispute by adopting rules to preserve freedom and openness.

- Objective of Rules

  - Transparency
  - No blocking
  - No unreasonable discrimination

- Net Neutrality Rules:

  - Require broadband providers to publicly disclose network management practices.
  - Permit consumers to send and receive lawful Internet traffic.
  - Prohibit providers from blocking lawful content, apps, services, and the connection of non-harmful devises to the network.
  - Bar unreasonable discrimination in transmitting lawful Internet traffic.
- Recognize broadband providers’ ability and investment incentives to build out and run their networks.
- Allow broadband providers flexibility to manage their systems to deal with network congestion and unwanted traffic.
- Explore usage-based pricing.
- Recognize the difference between fixed and mobile broadband.
- Provide wireless carriers leeway to manage data traffic.
- Prohibit wireless carriers from blocking access to any website or competing application.

**Where does WIPP stand?**

- WIPP supported the FCC’s adoption of the net neutrality rules because it was a compromise between those who wanted the FCC to heavily regulate the Internet and those who wanted no regulation.

- Because small businesses are both consumers and providers of innovative products and services, this action was important to bring certainty to the market and strike a healthy balance between consumer protection and business opportunities.

**Legislative Update**

- On Friday, April 8 House passed a resolution against net neutrality, by vote of 238 yea to 174 nays.

- The resolution, H.J. Res. 37, disapproves of the net neutrality rules and declares them to have no force or effect.

- A similar resolution, S.J.Res.6, has been introduced in the Senate and referred to the Committee on Commerce, Science and Transportation.

- Senate resolution not expected to be considered or passed.

- If it did, we would be back at square one.
  - More regulation, restricts competition - higher rates
  - Competition provides more choices & downward pressure on rates

**II. Notes on Presentation by Ellen Kim, Senior Advisor in the Office of Investment and Innovation at the Small Business Administration.**

**Overview**

1) Bio
2) Start-Up America Program
3) Clean Energy Initiatives
1) Ellen Kim is a Senior Advisor in the Office of Investment and Innovation at the Small Business Administration working on various programs for high-growth, high-impact small businesses, including the interagency initiative Startup America. Prior to her work at the SBA, Ellen was in investment banking at Citigroup in the Municipal Securities Division and has worked in management consulting as well as striking out on her own as an independent consultant to various startups and small businesses assisting with finance and operations. Ellen holds a B.S. in Economics from MIT and an MBA from the Stanford University Graduate School of Business where she received certificates for Global Management and Public Management.

2) Start-Up America Program

- “Startup America” is a White House initiative to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. This coordinated public/private effort brings together an alliance of the country’s most innovative entrepreneurs, corporations, universities, foundations, and other leaders, working in concert with a wide range of federal agencies to dramatically increase the prevalence and success of America’s entrepreneurs.

- Overall, Startup America, through a full range of public and private initiatives, is aimed at:
  
  - Expanding access to capital for high-growth startups throughout the country;
  - Expanding entrepreneurship education and mentorship programs that empower more Americans not just to get a job, but to create jobs;
  - Strengthening commercialization of the about $148 billion in annual federally-funded research and development, which can generate innovative startups and entirely new industries;
  - Identifying and remove unnecessary barriers to high-growth startups; and
  - Expanding collaborations between large companies and startups.

- Reducing Barriers Roundtable Tour

  - Senior administration officials will visit eight cities as part of the administration’s Startup America initiative, to meet with entrepreneurs and hear directly from them about what processes and regulations we need to change and improve to build a more supportive environment for entrepreneurship and innovation.
    - To learn more, click here.
    - For questions about the Reducing Barriers Tour, email reducingbarriers@sba.gov

- SBA to Launch Two $1 Billion Initiatives for Impact Investing and Early-Stage Seed Financing
The Small Business Administration (SBA) will commit $2 billion as a match to private sector investment over the next five years in promising high-growth with no new cost to taxpayers.

SBA-guaranteed bonds will match private capital raised by privately-owned and managed investment funds and serve as a catalyst for accelerating capital support for startups and high-growth firms.

$1 Billion Impact Investment Fund: SBA will commit $1 billion to those funds that invest growth capital in companies located in underserved communities. This will include investing in economically distressed areas as well as those companies in emerging sectors such as clean energy.

- SBA will provide up to a 2:1 match to private capital raised by these funds, partnering with private investors to target “impact” investments.

$1 Billion Early-Stage Innovation Fund: Early-stage companies face difficult challenges accessing capital, particularly those without the necessary assets or cash flow for traditional bank funding.

- For high-growth companies, the gap is particularly acute for financing rounds between $1-4 million.
  - Over the past 4 years only 6% of all venture capital has been deployed in that stage, with 70% of the financings going to only three states – California, Massachusetts and New York. The Innovation Fund will target this gap, providing a 1:1 match to private capital raised by early stage seed funds.

- Astia has Committed to Start-Up America
  - Astia connects women-led startups to investors, industry leaders, advisors, and service providers, encircling the entrepreneur with a comprehensive value-add network. Emphasizing companies in high-tech, clean-tech and life sciences, the not-for-profit helps entrepreneurs to hone business skills, access capital, build networks and develop their executive leadership.

- Links
  - To visit the SBA’s Start-Up America webpage, click here.
  - For more information on the Start-Up America Program, click here.

3) Clean Energy Initiatives

- i6 Green Challenge
- The i6 Green Challenge is a $12 million competition focuses on the nexus between economic development and environmental quality and rewards innovative, ground-breaking ideas that enable technology commercialization, new venture formation, job creation, and economic growth.

- i6 Green is led by the U.S. Commerce Department’s Economic Development Administration (EDA), in partnership with the U.S. Departments of Agriculture and Energy, the U.S. Environmental Protection Agency, the National Science Foundation, and the Commerce Department’s National Institute of Standards and Technology, and U.S. Patent and Trademark Office.

- i6 Green solicits applications that strengthen the linkages between economic development and environmental quality. Applicants must demonstrate how their Proof of Concept Center models will accelerate technology commercialization or new venture formation.
  - To learn more about the i6 Green Challenge, [click here.](#)

- **Green Technology Pilot Program from the US Patent**

  - **Benefits of the Program**
    - Accelerated review of your patent application
    - Early publication of application
    - Priority handling of appeals
    - Quicker publication of patent grant

  - **Green Tech Eligible Fields**
    - Greenhouse gas emission reduction
    - Energy conservation
    - Development of renewable energy resources
    - Improving environmental quality

- For more information on the Green Technology Pilot Program, [click here.](#)