



2017 ECONOMIC BLUEPRINT: A WAY FORWARD

March, 2017

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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: economic principles, access to capital, procurement, healthcare, 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

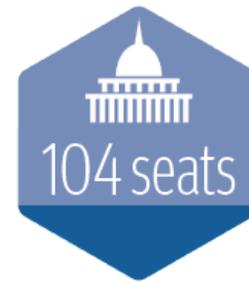
Women business owners are a powerful constituency.

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

Women play a decisive role, representing 53% of the electorate. According to the Center for American Women and Politics, women hold 19.4% of the 535 seats, or 104 seats in the 115th US Congress. WIPP's nonpartisan message allows us to seamlessly advocate for women business owners.

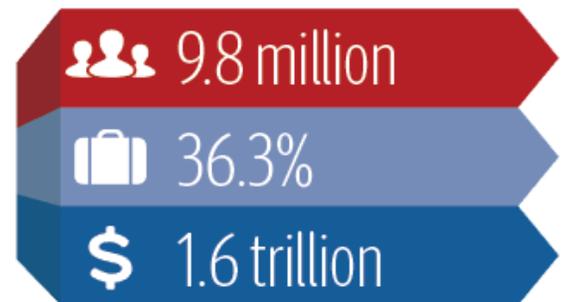


Women Business Owners are an Economic Force

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)

- 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

We advocate 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 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. 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 Principle Areas

Economy

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.

“ 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.¹ ”

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

Federal regulations cost businesses just under \$10,000 per employee annually, with the annual total cost burden on the typical U.S. business coming in at a \$233,182.² This problem is exacerbated by the government’s inability to provide long-term policies on which businesses can rely. Whether it is the continued threat of government shutdown in the annual budget/debt ceiling debate, steep spending cuts across the government, or even retroactive tax credits, women entrepreneurs are often left to guess at government outcomes affecting their businesses.



¹ 10 Million Strong: The Tipping point for Women Entrepreneurs. National Women’s Business Council. 2016.

² W. Mark Crain and Nicole V. Crain, "The Cost of Federal Regulation to the U.S. Economy, Manufacturing and Small Business," National Association of Manufacturers, September 2014

Tax

Any tax overhaul should include an equitable reform of tax rates for all businesses. Given that 90% of all businesses in the US are pass-through entities, reform should address the individual tax rate as well as the corporate tax rate. On the federal level, pass through entities are subject to a top individual tax rate of 43.4 percent, and state and local income taxes, with rates ranging up to 13.3 percent, which hampers business growth.

Tax Policy Recommendations

- Reform the tax code to make deductions and credits equitable no matter what the structure of the company
- Permanently repeal the estate tax and allow small businesses to pass from one generation to the next
- Simplify the tax code for small businesses to reduce the imbalanced cost of compliance vs. large businesses

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 loans.

“ 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.

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. 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.
- 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. 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 cyclical exclusion of women managers – ultimately preventing women from lending to women.

Recommendations to Change the Capital Infrastructure

- Simplify intellectual property protections
- Re-think credit scores
- Develop female fund managers through “Emerging Managers” SBIC Program
- Tax incentives for angel investors



- 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 several 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 women-owned businesses.

2) 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. Small regional and community banks have the highest approval rate for small business loans. For example, community banks lend \$2.6 trillion in loans to consumers, small businesses and the agricultural community. Yet, community banks have struggled with compliance and the regulatory environment that allows them to lend to small businesses. Congress should enact legislation to address the regulatory relief needed for smaller lending institutions.

Recommendations to Support Small Lending Institutions

- Ending a “one-size-fits-all” approach to regulation
- Lift the credit union lending cap

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.

3) 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.

Modernizing 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 nonprofits that provide financial counseling and prepare women to obtain capital.

Recommendations to Strengthen Government Investment

- Accelerate SBIR commercialization
- Modernizing the SBA Microloan Program
- Provide adequate resources for financial and business counseling



Procurement

In FY2015, for the first time, 5.06% of all government contracts were awarded to women-owned businesses. While reaching the contract goal is certainly a milestone, a report issued by the U.S. Department of Commerce showed that women-owned businesses are still 21% less likely than male counterparts to be awarded a federal contract.

1) Ensure Acquisition Reforms Support Women-Owned Businesses

Last year, WIPP published a report, [Do Not Enter: Women Shut Out of U.S. Government's Biggest Contracts](#). The report showed that women have limited opportunities to win some of the government's largest contracts, also known as Multiple Award Contracts (MACs). 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 damaging impact on small businesses. WIPP urges Congress to ensure that procurement reforms, including government-wide acquisition initiatives like category management, take into consideration impacts on government contractors while supporting the government's fundamental goal of getting "best value" in federal procurement.

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.

3) Sole Source Parity

In 2015, WIPP pressed for – and achieved – the swift implementation of sole source authority to the WOSB Procurement Program. The WOSB sole source is limited to contracts valued at \$6.5 million or less for manufacturing and \$4 million or less for all other procurements. While the WOSB sole source was being finalized, the amount for manufacturing sole source was increased from \$6.5 million to \$7 million for other socio-economic groups. WIPP will work to ensure that WOSB sole source for manufacturing is also raised to \$7 million.

Procurement Policy Recommendations

- Ensure acquisition reforms support women-owned businesses
- Adequately support and train the contracting workforce
- Sole source parity

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) Implement a Strong Pooling Mechanism for the Small Group Market

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. While WIPP supported the mechanism of state exchanges in the ACA, WIPP urges Congress to consider structuring the pools to maximize small business participation by revisiting the ability to shop across state lines.



2) Define Work Week as 40 hours

The Affordable Care Act defined a full-time worker as working 30 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 40 hours. When revising healthcare legislation, WIPP urges Congress to define the workweek as 40 hours, if the employee mandate is retained.

3) Allow Health Insurance Deductions for the Self-Employed

Reform the tax code to make deductions and credits equitable no matter what the structure of the company.

Healthcare Policy Recommendations

- Implement a strong pooling mechanism for the small group market
- Define work week as 40 hours
- Allow health insurance deductions for the self-employed

Telecommunications & Technology

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

WIPP encourages the government and private industry to 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) Continue to Provide Research & Development Incentives

Small businesses are on the cutting edge of developing new 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.

3) Tax incentives for Providing Technology Advances for 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 Progress 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.

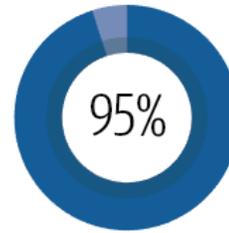
Recommendations for Telecommunications & Technology

- Increase women and minority media ownership
- Continue to provide research & development incentives
- Tax incentives for providing technology advances for rural and urban underserved areas

“ Women entrepreneurs, without adequate broadband speeds face significant barriers to effectively executing e-commerce businesses ”

Export & Trade

Only 5% of small businesses export, yet we live in a global economy where over 95% of consumers live outside the United States. Federal agencies should complement nonprofit and private export assistance to small businesses.



of consumers
live outside the
United State

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 government websites.

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.

Export & Trade Policy Recommendations

- Streamline the federal compliance requirements to export
- Protect innovation and intellectual property abroad

About WIPP

Women Impacting Public Policy (WIPP) is a national non-partisan 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