

REVERSING THE DECLINE IN WOMEN
ENTREPRENEURSHIP: OPPORTUNITIES FOR
REBUILDING THE ECONOMY

HEARING
BEFORE THE
SUBCOMMITTEE ON ECONOMIC GROWTH,
TAX, AND CAPITAL ACCESS
OF THE
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TUESDAY, JUNE 15, 2021

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON ECONOMIC GROWTH,
TAX, AND CAPITAL ACCESS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:01 a.m., in Room 2360, Rayburn House Office Building and via Zoom, Hon. Sharice Davids [chairwoman of the Subcommittee] presiding.

Present: Representatives Davids, Newman, Bourdeaux, Chu, Evans, Mr. Kim, Meuser, Garbarino, Ms. Young Kim, and Van Duyne.

Chairwoman DAVIDS. Good morning. I call this hearing to order.

Without objection, the Chair is authorized to declare a recess at any time.

Let me begin by saying by saying that standing House and Committee rules and practice will continue to apply during hybrid proceedings. All Members are reminded that they are expected to adhere to these standing rules including decorum.

House regulations require Members to be visible through a video connection throughout the proceeding, so please keep your cameras on. Also, please remember to remain muted until you are recognized to minimize background noise. If you have to participate in another proceeding, please exit this one and log back in later.

In the event a Member encounters technical issues that prevent them from being recognized for their questioning, I will move to the next available Member of the same party and will recognize that Member at the next appropriate time slot provided that they have returned to the proceeding.

For those Members and staff physically present in the Committee room today, we will continue to follow the most recent OAP guidance. I sincerely hope we all do our parts to protect each other and our staff.

Women are at the center of the American economy. They make up nearly half the workforce and own an estimated 42 percent of all U.S. businesses. Before the pandemic, these women-owned businesses employed 9.4 million workers and generated \$1.9 trillion in revenue. Businesses owned by women of color were experiencing

exponential growth. Pre-COVID, firms owned by women of color grew at 43 percent, one of the fastest rates among all groups.

But the virus has caused a monumental setback to women's careers, earnings, and the progress that has been made over the past half century. The pandemic has been incredibly hard for small firms, closing more businesses in 2020 than any other year on record. As of May 2021, more than 37 percent of small businesses have closed their doors.

Unfortunately, women-owned businesses have borne the brunt of this economic devastation. Throughout the pandemic, female entrepreneurs have been more likely to close their businesses and report a significant decline in the overall health of their companies.

COVID also dealt a severe blow to the progress that women have made in the workforce. In just 2 months, from February to April 2020, women lost a staggering 12.2 million jobs. Overall, women lost their jobs at rates 24 percent higher than men. Today, many have yet to start working again, working with 1.8 fewer women in the labor force than pre-pandemic. Simply put, the pandemic was a travesty for women small business owners and their female employees.

But disproportionate challenges are nothing new for female entrepreneurs. There have long been numerous structural obstacles facing women in areas pivotal to business success. Women historically have a much harder time obtaining capital, the capital needed to start and run a business. Only about 24 percent of small businesses' bank loans go to female entrepreneurs. When women do obtain loans, the average amount is 33 percent less than their male peers. This lack of access to traditional lending forces women to rely on family connections or self-finance their businesses.

Female entrepreneurs also have less access to resources and support systems that can mean the difference between success and failure for an enterprise. There is a strong relationship between technical assistance, confidence, and a positive success rate for small firms. Inadequate resources for core support programs can hurt some women entrepreneurs who need technical assistance and create more hardships for those already struggling to gain business funding. A strong recovery from this crisis will depend on helping female entrepreneurs rebuild and getting women back in the workforce. This requires a deliberate investment and initiatives that drive and support female entrepreneurship.

Today's hearing will allow us to examine what is working and what changes Congress can pursue to ensure that we are meeting the needs of women small business owners. It is not enough to recreate the pre-pandemic economy for female workers and business owners. We have to build back better. By unleashing the full potential of female entrepreneurship, we can create a more equitable, balanced, and prosperous economy.

I would now like to yield to Ranking Member Mr. Meuser for his opening statement.

Mr. MEUSER. Thank you very much, Madam Chair. It is a pleasure to be here and thanks to our witnesses. Looking forward your testimony.

There is no doubt that main street America was hit hard by the COVID-19 pandemic, particularly women entrepreneurs. And I look

forward to exploring solutions with you all today to empower women entrepreneurs in their recovery and beyond.

In 2019, prior to the COVID-19 pandemic, U.S. women-owned businesses represented 42 percent of all businesses, employing 9.4 million workers and generating \$1.9 trillion in revenue. In fact, according to the American Express Annual State of Women-Owned Business Report, women-owned businesses were growing two times faster on average prior than all businesses nationwide. There is a saying that goes, “Rising tides raises all ships.” And under the past administration’s pro-growth policies, tax cuts, regulatory relief, and other pro-growth initiatives, business optimism soared.

The impact COVID-19 had on entrepreneurs is impossible to ignore as the number of active businessowners in the United States decreased by 3.3 million or 22 percent from February to April 2020. The National Bureau of Economic Research found that during the crucial 2 month window, between February and April of last year, the number of female business owners dropped by 5.4 million to 4 million, a decline of roughly 25 percent. Very significant.

In speaking with female entrepreneurs from Pennsylvania’s 9th District, I found that they not only face the same challenges that all business owners are struggling with right now—lack of labor, fear of increased taxes, high cost of goods, projects delayed due to burdensome regulations, supply chain shortfalls and everchanging government mandates, but they also face unique obstacles in starting and growing their businesses.

One entrepreneur in my district, Barbara Green, Barb Green, president of Blue Mountain Ski Resort in Carbon County, Pennsylvania, has been in business since the 1980s. she started her career as a second women at a 100-person accounting firm and credits her success with a couple of things. As she said, I worked harder, I got in earlier, and I stayed later. Today, she is somewhat frustrated with our education system for her business and throughout the area that it does not produce enough skilled employees and promote the idea that a college education is the only way to be successful. She said we need to focus on educating young women in skills development and entrepreneurship instead of only, quite often only focusing on how to get into college.

Another woman entrepreneur in my district told me tax increase and supply chain issues uniquely impact small businesses much more so than large businesses in their bottom line stating we are not price setters; we are, in fact, price takers.

Adequate access to capital and financing opportunities are also a challenge women entrepreneurs face. In 2019, the proportion of venture capital dollars that went to female women-owned founders of companies reached an all-time high of a mere 2.8 percent. during the COVID-19 pandemic in 2020, the number fell to 2.3 percent. In a previous Committee hearing on May 19, 2021, the Association of Women Business Centers testified that their experience in working with many women entrepreneurs during the COVID-19 pandemic showed that women minority-owned businesses do not hold long-standing relationships with traditional lending institutions. The matter of access to capital is a particular concern to me and I hope to learn from our witnesses today on how we can improve and address this problem.

Additionally, Mastercard's Index of Women Entrepreneurs found that COVID-19 disproportionately disrupted women's lives to a greater extent than men due to preexisting factors—the jobs and sectors women tend to work in, childcare and domestic responsibilities. Add that to the preexisting gender disparity in business. That is from Mastercard, their research. Numerous nonprofit organizations and private companies exist to advocate for women entrepreneurs, provide increased networking and mentorship, promote awareness of financing opportunities, and offer general support to women as they start and grow their businesses.

Additionally, the SBA's resource partners, such as women's business centers and SCORE offer similar assistance and mentorship to women entrepreneurs. There is no doubt that women entrepreneurs are a vital part of our economy and when they accelerate, so does our nation. I look forward to learning more about these challenges women entrepreneurs currently face and areas where policy can be improved to increase access to capital and benefit women's businesses.

I would like to thank each of our witnesses again for joining us today and I yield back, Madam Chair.

Chairwoman DAVIDS. Thank you. The gentleman yields back.

I would like to take a moment to just kind of explain how the hearing is going to proceed. Each witness is going to have 5 minutes to provide a statement, and then each Committee Member will have 5 minutes for questions. Please ensure that your microphone is on when you begin speaking and that for the folks on the digital platform, make sure you are muted when you are not speaking.

With that, I would now like to introduce each of our witnesses. The Ranking Member will introduce his witness and then we will get into the witness testimony.

Our first witness is Ms. Sherry Turner, the executive director of the Kansas City Women's Business Center located in the 3rd District in Kansas that I get to represent. WBCs help to counsel and mentor women in all stages of business development and growth. Through the Women's Employment Network, the Women's Capital Connection and Micro Lending Programs, Ms. Turner works tirelessly to help educate, build networks, and support women entrepreneurs. On behalf of the people of the 3rd District and the State of Kansas, I would like to thank you for your work and for being here today to testify before the Committee.

Our second witness today is Ms. Tammy Williams, the founder and CEO of Envision2bwell. Ms. Williams is a business thought leader and problem solver who started her company with the belief that everyone deserves an equal shot at a healthy, joyful life. She is also engaged in supporting women's entrepreneurship through the Ellevest Network and Vision 2020. Thank you for being here today, Ms. Williams.

And then our third witness is Ms. Ayris Scales, the CEO of Walker's Legacy Foundation, a global platform for professional and entrepreneurial multicultural women. Ms. Scales is a champion of women entrepreneurs and underinvested communities in the public, private, and not-for-profit sectors. She has nearly 20 years of leadership experience at both the local and national levels, adjusting racial and gender inequities. Welcome, Ms. Scales.

And then the Ranking Member, Mr. Meuser, will now introduce our fourth witness.

Mr. MEUSER. Thank you again, Chairwoman.

Our next witness is Natalie Buford-Young. Ms. Buford-Young is the chief executive officer of Springboard Enterprises in McLean, Virginia, and is responsible for leading Springboard's mission to accelerate the growth of women-led entrepreneurial companies through access to essential resources and a global community of experts. With 20 years of experience connecting women entrepreneurs with human, social, and financial capital, Springboard Enterprises is the leading network of influencers, investors, and innovators dedicated to building high growth companies led by women. Notably, Springboard alumni include the investors of Zipcar, iRobot, Minute Clinic, Canva, and Everlywell, whose at-home COVID-19 test received the first FDA emergency use authorization of its kind. Ms. Buford-Young is an accomplished and innovative entrepreneur, community builder, and corporate executive. Prior to Springboard, she served as managing director of Market Development for Deloitte's Venture Capital, Private Equity, and Emergency Private Company Practice. Welcome, and I yield back. Thank you.

Chairwoman DAVIDS. Thank you. The gentleman yields back.

And thank you again to all of our witnesses for being here today.

Ms. Turner, you are now recognized for 5 minutes.

STATEMENTS OF SHERRY TURNER, EXECUTIVE DIRECTOR, KANSAS CITY WOMEN'S BUSINESS CENTER; TAMMY WILLIAMS, FOUNDER AND CHIEF EXECUTIVE OFFICER, ENVISION2BWELL, INC.; AYRIS T. SCALES, CHIEF EXECUTIVE OFFICER, WALKER'S LEGACY FOUNDATION; NATALIE BUFORD-YOUNG, CHIEF EXECUTIVE OFFICER, SPRINGBOARD ENTERPRISES

STATEMENT OF SHERRY TURNER

Ms. TURNER. Thank you, Chairwoman Davids, Ranking Member Meuser, and distinguished Members of the Subcommittee for this opportunity to provide testimony on women's entrepreneurship. My name is Sherry Turner. I am executive director of the Kansas City Women's Business Center. It is my honor to highlight the incredible resilience of entrepreneurs that contribute to our U.S. economy in a very profound way.

Our national network of 135 Women's Business Centers (WBCs) demonstrates a commitment to urban and rural markets serving economically and socially disadvantaged clients in as many as 38 languages.

Our WBC network is also fortunate to have the association of Women's Business Centers to support and advocate for women's entrepreneurship.

On May 19th, Corinne Hodges, CEO of the association, provided testimony to the Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development.

She testified regarding the increased demand for services at the WBCs across the nation. During the past year, our WBC had to become very entrepreneurial as an organization and we were thrust

into virtual services delivery overnight with 133 percent increase in client activity.

The funding through the CARES Act grant enabled us to increase our capacity to assist this influx in clients. The primary service has been to assist our clients in navigating the federal and local emergency relief funding programs and completing applications. Many of our clients are self-employed within underserved markets and do not have a solid understanding of their business financial statements that sometimes hinder their ability to even apply for the funding that is available to them.

This pandemic also brings to light the longstanding issues surrounding childcare. In Q1 of this year, 61 percent of women business owners with children at home reported that school closures had impacted their business and 30 percent of such owners reported scaling back due to childcare needs. Many childcare businesses have failed this past year and our role as a WBC can help this sector to rebound.

Lessons that we have learned during COVID. Our CARES Act are being deployed exactly as the statute intended. Pivoting to a digital delivery was paramount to our success and we must remain doing so as a method of delivery. Our digital marketing expertise is critical for clients to find us. The technology and staff must remain up to date to remain effective.

We are also supportive of a coalition of economic development organization focused on bolstering entrepreneurship across the country. Launched by the Kansas City based Ewing Marion Kauffman Foundation, Start Us Up is a collective effort in creating a business plan that provides very specific recommendations at the federal, state, and local levels to reduce barriers for entrepreneurs to succeed. The Kauffman Foundation also released a report on what new entrepreneurs look like. In 2020 alone, 4 in 10 new entrepreneurs were women, 1 in 5 were Latino, and more than 1 in 4 were foreign born.

A recent survey exploring women starting businesses during COVID-19 revealed that minority women have been leading new business starts, largely out of need. Nearly half are minority owned, and these women were more than twice as likely to start a new business because of financial need.

Since 1996, new entrepreneurs within Asian, Black, and Latino communities have steadily increased and foreign born new entrepreneurs have more than doubled. Strategies to bolster entrepreneurship in a post-COVID economy must take into account that new entrepreneurs are diverse and likely to span any age, gender, and breadth of experience.

We ask this Committee and the current Congress to support these strategies among the women's entrepreneurial community. Fully fund the WBC program with \$30 million in core funding. Provide an additional \$48 million COVID-related appropriation. And waive the match requirement until fiscal year 2023. Support modernization and accreditation of the WBC program to level the playing field. Reauthorization of the program through legislation like H.R. 4405 introduced by Representative Davids to the 116th Congress would support the efforts of 135 WBCs. Ensure WBCs are partners of choice for engaging women business owners in any fu-

ture jobs and infrastructure packages. Support work-family friendly policies with emphasis on access to affordable childcare. And prioritize funding for community development financial institutions that are providing loans for small businesses in traditionally underserved communities.

We have a significant opportunity in front of us in elevating the role entrepreneurship has on our future economy and the role women play in our success as a nation. Women Business Centers are grateful for your support. Thank you for your time today. It has been a privilege to address the Committee. I look forward to your questions.

Chairwoman DAVIDS. Thank you, Ms. Turner.

The Chair will now recognize Ms. Williams for 5 minutes.

STATEMENT OF TAMMY WILLIAMS

Ms. WILLIAMS. Chair Davids, Ranking Member Meuser, and Members of the Subcommittee, thank you for the opportunity to testify today. My name is Tammy Williams, and I am the president and founder of Envision2bWell Inc., a firm that reimagines wellness with our unified digital health and wellness platform. I founded the company in 2019 and we are based in West Chester, Pennsylvania.

I am before you today as a woman entrepreneur who happens to be a Black woman in technology and a baby boomer, with a solution to a problem that has plagued many: an easier way to be healthy and happier. I started my company for two main reasons. First, I was let go from a job I loved, and second, because I knew there was a gap that needed to be filled for people to be sustainably healthier.

Our platform, EnvisionWell brings knowledge to life in one centralized location to empower and enable healthier outcomes. Everything that we do begins with our proprietary Knowledge Support Access and Autonomy, known as KSAA engagement model that keeps social determinants of health in mind with a focus on our 10 Pillars of Well-Being.

We were a little ahead of our time. Focusing on social determinants of health is now widely accepted as a key to understanding health, especially in low-income and minority populations.

If the pandemic has taught us anything, it is that the scope of workplace wellness initiatives has not taken social determinants of health, nor employees' individual social or mental needs into account.

Capital is the lifeline of business. The ability to secure capital determines an entrepreneur's opportunity to start or grow. Envision2bWell was mostly self-funded before we got our first institutional investor than Franklin Technology Partners of Southeastern Pennsylvania. They provided investment in my company through their program that meets matching capital for investment in early stage ventures. The program has helped thousands of companies accelerate their growth in Pennsylvania.

There are nearly 10 million women-owned businesses in the United States, generating \$1.6 trillion in receipts and employing nearly 9 million Americans. However, the statistics remain shocking. Women receive on 4 percent of all commercial loan dollars and

fewer than 1 in 3 loan applications for women-owned firms were approved.

Women also ask for less funding. On average, it is about \$35,000 less than men.

Recent legislative efforts to improve women-owned businesses' access to capital are promising and I urge the Committee to move the following legislation forward.

1. The Women and Minority Investment Act introduced in the 116th Congress made a necessary change that will allow a women-owned or minority-owned firm to obtain equity or venture capital funding without losing its status to participate in the SBA federal contracting programs. The equity or venture funding would have to come from a firm whose majority owners were women or minorities.

2. Congress should consider expanding the SBA's Small Business Investment Company, the SBIC program. There are best practices in the private sector that the SBA should consider adopting. For example, I recently participated in a pitch competition where five companies presented to a panel of three experienced investors. This was great experience for me to be able to speak to investors in a forum that exposes investors to new, innovative businesses. SBA should sponsor pitch sessions for small businesses that belong in their network to provide targeted investment introductions to SBIC. Additionally, I want to applaud the Committee's work on improving this program. I recommend that any legislative promotions include an emerging fund manager's program, as well as incentives for making equity investments in women, minority, and underserved businesses.

3. Revitalize the Interagency Committee on Women's Business Enterprise to facilitate intergovernmental cooperation with respect to resources for women in business.

And finally, in light of the pandemic, there is also a renewed focus on ensuring small businesses have ample opportunities to win federal contracts. Increasing and harmonizing requirements for awarding sole source contracts would provide companies like Envision2bWell the ability to market and secure federal contracts. In 2020, when the pandemic hit, I did not know if my business would be able to stay afloat. The few people at that time I was forced to lay off. The Paycheck Protection Program became a life-line but navigating the process proved to be challenging. Let me just say, it was not the large bank where I had my account that came to my aid. It was a small bank who assisted us. Without PPP loans, my business would have failed and I know that this Committee and its Senate counterpart are responsible for putting this program together. Please accept my gratitude for all the work that went into standing up the PPP program.

As the title of this hearing suggests, we need to reverse the decline in women's entrepreneurship. And in closing, I urge the Subcommittee to proactively take steps to break down barriers with respect to access and support for women entrepreneurs. Together, we can eliminate obstacles that prevent women from accessing critical capital to succeed in business.

Thank you for giving me this opportunity to testify before you today and I look forward to answering any questions.

Chairwoman DAVIDS. Thank you, Ms. Williams.
Ms. Scales, you are now recognized for 5 minutes.

STATEMENT OF AYRIS T. SCALES

Ms. SCALES. Thank you so much.

Greetings Madam Chair and Members of the Subcommittee on Economic Growth, Tax, and Capital Access. My name is Ayris Scales and I have the great pleasure of serving as the CEO of Walker's Legacy Foundation and the Managing Director of Walker's Legacy LLC. We are serving women entrepreneurs in more than 20 markets across the country.

I want you to journey with me for a second. It is 4:00 a.m. and a woman climbs out of bed. She has one eye open. Two feet moving towards the responsibilities of the day. She wakes her children. She makes breakfast. She starts laundry. She sets out clothes, keeping in mind that there is one child who has soccer practice and another who has a field trip at the same time. She then allows her brain to shift gears to business. Where is the shipment? Is the inventory ready? Will I have enough money to make payroll? Will I be able to pay my vendors?

Walker's Legacy understands this woman, and like you, is here to support this woman. Our fundamental values, inspiration, and strategic approach is shaped and driven by the philanthropic spirit and unprecedented entrepreneurial achievements of Madam C.J. Walker, this country's first self-made female entrepreneur.

Our whole purpose is to unleash the next generation of self-made women and to improve the livelihood and economic prosperity of women and girls. We believe that we achieve this through entrepreneurship, financial literacy and professional development. We amplify that women are the backbones of our families and our homes and that women-led enterprises and small businesses collectively are the backbone of our communities and that in turn makes them the backbone and true engine of our economy.

With nearly 50 percent of all Americans working for a small business, we know that now is not the time to cease investing in their speedy recovery. According to the American Progress, African American and Hispanic female-owned businesses are the fastest growing entrepreneurial segment in this country. They are growing at a rate of six times faster than White firms at nearly 300 percent. And with more women being pushed out or deciding to opt out of the workforce, entrepreneurial endeavors are becoming their alternative. Over 2 million women left the labor force during COVID and the unemployment rate for Black and Latino women remains persistently high. We also know through our recent COVID-19 Impact Study that 80 percent of the female respondents shared that they are fearful their doors will be closed by the end of the year.

These are astonishing numbers but they are not beyond repair. Supporting wealth creation for low to moderate income Black and Latin women, female founders, and entrepreneurs is fundamental to reversing the decline and building back stronger via a system that is not just focused on rebounding but focused on true and equitable recovery. Building a more equitable and inclusive country requires all hands. It is a multi-sector approach. It is a bipartisan approach. This moment and the momentum that is finally being fo-

cused on investing resources, infrastructure, and new policies to support and advance small businesses cannot come at a more poignant time. This country is and always has been built on the bold vision, innovation, and hustle of everyday citizens who sought new and better and different ways to create wealth but also to create opportunity. Empowering women through entrepreneurship and entities who support that ecosystem is a surefire strategy to closing social, economic, racial, and gender inequalities.

However, minority women-owned firms continue to struggle with growth regardless of their income status, their capital, and hiring needed to scale and expand. The barriers for women to maintaining and start successful businesses include as highlighted earlier a lack of startup capital, access to formal business training, gender discrimination, little to limited access to strong and diverse networks and mentors, and difficulty in obtaining government and private contracts. We are now seeing new challenges and barriers that are taxing small businesses as they try to navigate this landscape of uncertainty. They are sharing with us that they have concerns around employee reintegration and retention, pivoting and maintaining technology into the service delivery, discriminatory evaluation criteria to access capital and business insurance, and most recently, emerging mental health issues and concerns.

These are further reiterating the need for ongoing federal funding but also that of a multisector approach with private sector partners. Federal support via PPP loans, loan forgiveness, childcare assistance, and unemployment insurance were critical lifelines to women-led businesses and the small business ecosystem in general.

In closing, for more than a decade, Walker's Legacy has been pivoting and providing critical support for these women. We have an industry agnostic business accelerator and we are absolutely committed and poised to be a partner as we look at long-term sustainability solutions to ensure, in fact, that women and small businesses are at the forefront of our recovery efforts today and tomorrow.

This concludes my statement. Thank you again for the opportunity to share about Walker's Legacy and future legacy makers.

Chairwoman DAVIDS. Thank you, Ms. Scales.

And Ms. Buford-Young, you are now recognized for 5 minutes.

STATEMENT OF NATALIE BUFORD-YOUNG

Ms. BUFORD-YOUNG. Good morning. I am Natalie Buford-Young. I am the CEO of Springboard. Thank you, Chairwoman Davids, Ranking Member Meuser, and the Committee for having me today.

Springboard Enterprises is a 21-year-old not-for-profit committed to propelling women entrepreneurs forward. We serve as a growth accelerator for women entrepreneurs who are building innovative companies at scale. The value that Springboard Enterprises brings to the market has been validated by our strong 21-year track record of success with more than 835 companies coming through our program resulting in more than \$27 billion of value created. Approximately 90 percent of our portfolio companies receive funding and we have had more than 200 exits or M&A events and 22

IPOs. And despite all of Springboard's success, women founders are still only receiving a small fraction of venture capital funding.

In 2019, women founders received a paltry 2.8 percent of venture capital funding, and in 2020, it dipped even lower to 2.3 percent of venture capital funding going to women founders. And studies are really pointing to two contributing factors for the decline. Women were disproportionately impacted by COVID, as they often serve as the primary caregivers for their families and found themselves faced with the choice of focusing on the care of their families or building their companies. And some opted to put their company growth on hold or postpone their capital raise.

The second is investors, faced with market uncertainty, reverted back to their more "comfortable" networks and were less willing to take a "risk" on unknown entities, including women founders. Ironically, studies show that companies with a woman founder performed 63 percent better than investments in all-male founding teams, and businesses founded by women deliver twice as much per dollar invested than those founded by men.

In contrary to the overall market, in the time that most women-founded companies were taking a hit from 2019 to 2020, Springboard was doubling down and our Springboard companies saw an increase. In 2019, Springboard companies raised \$1.06 billion in funding, and in 2020, despite the pandemic, our Springboard companies raised \$1.31 billion in funding.

Springboard is the first organization of its type focused on women entrepreneurs and has been instrumental in the success of our entrepreneurs, including those who built top companies such as Zipcar, iRobot, Minute Clinic, Constant Contact, Everlywell and many others. While there are many accelerators and start-up organizations that focus on companies at the ideation stage, Springboard programs serve women entrepreneurs that are at the critical stage of scaling their companies. Our companies have typically raised their seed or angel funding and are approaching series A or have raised their series A.

Springboard impacts the success of our women entrepreneurs through our expert network and our signature programs. Unlike most accelerators, we are focused on assessing the stage and skill sets of our entrepreneurs and then helping them fill those gaps using our network of 5,000 advisors.

And here is how it works. Women entrepreneurs apply, are evaluated, and then selected to join one of our various cohorts. Once a woman is selected to be a part of one of the Springboard cohorts, we assess the needs of the founder and the company. Then, we match them with a custom set of advisors from our network of more than 5,000 subject matter experts.

Another one of our signature programs is Dolphin Tank. And like the show Shark Tank, select companies present their quick pitch to a live audience. In the case of Dolphin Tank, our live audience is comprised of advisors and investors who offer their feedback and connections.

Our collective community, which includes all of you, needs to band together to support the next generation of women entrepreneurs building their companies at scale. Here are a few of the ways that you can support the women entrepreneurs:

You can provide incentives for all types of investors to be motivated to invest in women-founded companies.

And you can create direct grant programs that support mid to later stage women-led start-ups where there is a large funding gap.

Springboard and other similar not-for-profits and accelerators have accomplished so much with the support of the private sector primarily through corporate sponsorships, corporate philanthropic donations, as well as individual donor contributions. Despite their contributions, we still need additional support to allow us to serve more women entrepreneurs. As corporations have cut back on sponsorship and philanthropic budgets during the pandemic, it has impacted our fundraising efforts to support our mission of advancing women entrepreneurs. While direct support of women entrepreneurs is key, support of organizations like Springboard is crucial to provide women entrepreneurs with the educational and hands-on support they need to build their companies to scale.

Here is how you can support Springboard and our mission:

Provide meaningful governmental incentives for corporations and other donors to give to non-profits that support women entrepreneurs. And second, establish governmental grant programs that directly support women entrepreneurs while establishing key metrics on their outcomes. We would love for you to see us in action and join us for one of our Dolphin Tanks, which you can attend virtually.

Thank you to the Committee for this opportunity, and I look forward to your questions.

Chairwoman DAVIDS. Thank you. And thank you again to all of our witnesses for being here today and for the work you are doing in supporting women entrepreneurs.

So I will begin by recognizing myself for 5 minutes. Thank you to our witnesses for joining us again today.

First, I would like to start with Ms. Turner, the executive director of the Kansas City Women's Business Center. The center is located in Fairway, Kansas, which is in the 3rd District and has been a central lifeline for so many women, small business owners during this pandemic. I know in 2019, the Kansas City Women's Business Center served over 800 businesses across the Greater Kansas City area and the entire state of Kansas which is an enormous geographic region and a lot for a staff of four.

Ms. Turner, I am curious if you could share with us how the WBC, the Kansas City WBC was able to adapt during the pandemic to serve so many businesses in the middle of a crisis.

Ms. TURNER. Thank you for the question.

Certainly, the CARES Act was our lifeline as an organization to be able to increase our capacity. The way in which we did that was obviously a digital virtual deliverable immediately. We did that through being able to contract with local women-owned businesses that were subject matter experts on a variety of topics that were essentially really for companies during COVID. You know, how to navigate communication with employees. How to navigate cashflow, supply chain management, social media. Whatever it took we had about 74 different business topics that we converted to our YouTube channel which allowed a broader audience not only across the state of Kansas but obviously available to anyone. We

had about 35 different states that had plugged into some of our content.

The other thing that we found interesting is in the fall we had an uptick of calls related to startups. And this is true of a down economy. So we were able to convert our in-person 8-week startup course to a virtual course and will continue to do that probably long term. We also made sure that our Women's Capital Connection, which is our angel investor network, which meets monthly with 45 women angel investors investing in women-led companies was able to see companies virtually and continue to work with companies that were interested in that kind of equity funding.

We also, with some of the CARES Act dollars through one of our largest counties in Kansas was able to put \$13.5 million of grant money towards businesses that were less than 50 employees. And so all of these things were really the lifeblood for us as an organization but certainly could not have done it without the CARES Act grant we received.

Chairwoman DAVIDS. That is really helpful.

I want to touch on a couple of things and hopefully I will have time here. First, you know, last Congress, and you mentioned this, Ms. Turner, in the testimony that you gave, I introduced the Women's Business Center Improvement Act which would reauthorize the WBC program, increase the funding level, and increase the cap on individual center grants. This Committee and the Full House passed that bill in 2019 with broad bipartisan support. And I know our WBCs are undoubtedly a critical resource partner for our female entrepreneurs. And one of the greatest challenges that our female entrepreneurs face is access to capital.

I am curious, Ms. Turner, are there specific reforms that were included in that bill that you see as better serving the women entrepreneurs and small business owners that we have been talking about today?

Ms. TURNER. Yes. Particularly, the increase in funding. Currently, the grant we receive through the Office of Women's Business Ownership is about 25 percent of our budget. And again, we are a small WBC. This would potentially double that which would really allow for more service. I think modernization is the key to some of that legislation which is, you know, we have had to step up our game. Stepping up our game does not mean that our clients do not have challenges over the next couple of years if they are able to remain in business. The free counseling and training that we provide requires a capacity building. The largest piece of that would be the marketing and digital medial consultant we were able to hire during the COVID situation and that will be paramount to what we look like in the future to ensure that our clients are able to find us as a resource.

Chairwoman DAVIDS. Thank you. And my time has now expired.

And the Chair will recognize the Ranking Member, Mr. Meuser for 5 minutes.

Mr. MEUSER. Thank you, Chairwoman Davids. And again, thanks to the witnesses for being here.

So Ms. Buford-Young, I shall start my questioning with you.

In your experiences and interaction with women entrepreneurs, what is the top legislative priority you could define for us that would benefit and help women entrepreneurs and women-owned small businesses?

Ms. BUFORD-YOUNG. I will not pretend to understand all of the mechanics of the government but I do know the needs of what women entrepreneurs are seeking and I know that there are a number of programs that are really out there to help very nascent stage, early stage companies as they are forming. And what we are finding is once women get over that hurdle there is a huge gap in the ability to get funding for companies that are ready to scale which is why we focus here and, you know, we have really relied on the private sector to fill that gap. So I do not know the mechanics behind it but I do know that that is the need, is to continue the support for women entrepreneurs considering that venture capital should be the source but we are only receiving currently 2.3 percent of funding.

Mr. MEUSER. Okay. You spoke about the idea of incentives for access to capital and there is this seeming focus on venture capital that I am somewhat curious about. Banks right now have high reserves and lines of credit are clearly available in those traditional means of gaining access to capital for businesses. So maybe we can explore that afterwards.

But what is the type of incentive? So from a real world perspective, forget about the idea of crafting legislation, from a real world perspective, what would you define or offer as a type of incentive that would help create more investment in women-owned small businesses or small businesses in general?

Ms. BUFORD-YOUNG. I think when we are looking at the large venture capital firms or looking at investors of any size, to my knowledge there is not a specific incentive or motivational factor from a tax perspective or any other perspective for them to increase their investment in women entrepreneurs. So aside from knowing the mechanics of how to do it there has to be something that forces or encourages investors and the private sector to increase their investment for the entrepreneurs.

Mr. MEUSER. Thank you.

Taxes are a point of discussion. They always seem to be but they are moving forward. There was close to a 20 percent reduction for small business in the last Jobs and Tax Act. There is talk now of raising capital gains taxes. How would, and briefly perhaps, how would raising capital gains taxes affect you, affect the type of incentive to extend venture capital loans or make investments?

Ms. BUFORD-YOUNG. I do not know the answer to that. I am not a tax specialist. So I wish I had more.

Mr. MEUSER. Okay. Fair enough.

So Ms. Williams, I would like to turn to you, West Chester, fellow Pennsylvanians. West Chester is not too far outside my district so I am glad you made the trip down.

Ms. WILLIAMS. Thank you.

MEUSER. You talked about a bill, a Women Minority Act for venture capital funds would not cause you to lose SBA. I understand Marco Rubio, Senator Rubio sponsored such a bill last Con-

gress. So I can assure you that would be something that I will take a look at.

What else could you tell us about your business, some of your experiences, and what, sitting in my seat, sitting here, what could we do on a federal level, but perhaps even offer on a state level? What could Pennsylvania do for you? What can this Committee help you with?

Ms. WILLIAMS. Thank you, Mr. Meuser.

I believe that one of the things, first and foremost, is access. At Envision2bWell, we call this KSAA, Knowledge, Support, Access, and Autonomy for living a sustainably healthier life. But the same applies to any entrepreneur. It is the Knowledge, Support, Access, and Autonomy to start and grow your business. You cannot scale your business without money. Typically, you cannot get money without introductions. So it is built upon relationships. So those two really intersect. Without it, you are pretty much stuck where you are.

More mentoring. You know, I know that SCORE and the WBDCs, you know, those organizations have mentoring programs but I believe that a program that would be a step above, say 101, would be great for those small businesses that they are thriving, they are ready to scale, and they need to go beyond what it takes to just start the business. So have those introductions, being able to pitch, doing all of those things makes a difference. And I can tell you that from my experience, in starting a business that had to be self-funded to the tune of hundreds of thousands of dollars before we got our first institutional investor, it is a tough thing and not many businesses, whether they are minority or women can do that. And so just more access. Thank you.

Mr. MEUSER. Madam Chair, we are over my time. I can see why you are successful and are such an asset to those that you work with. So I yield back. Thank you.

Chairwoman DAVIDS. Thank you. The gentleman yields back.

And next the Chair will recognize Rep. Newman for 5 minutes.

Ms. NEWMAN. Good morning, everyone. And thank you, Chair and Ranking Member. I appreciate it.

And congratulations to all the marvelous entrepreneurs on our dais today. I appreciate all the things you have done to get us through the pandemic. Small business got us through. So bravo.

So a couple things. Just to give you some good news, obviously, if you read any of the data or the tax propositions and proposals from the Biden administration, small business will not be affected. Large businesses will pay their fair share to assure you of that. And just to answer some questions that were raised a little bit earlier. There are several studies about capital gains and they are not tethered to the success or lack of success to small businesses. So more good news.

So I have a question. So recently, we found out that the RRF Fund, the Restaurant Revitalization Fund is in great jeopardy because it is being sued by a conservative Republican group. And as we all know, those 3,000 folks that applied and were approved for this, it is primarily veterans, women, and economically disadvantaged. So that is scary stuff. As a result of that, and all the reasons you cited today, I am just going to ask a couple of you to share

what you think are the top priorities for Congress to do given that jeopardy and then just the state of affairs in our economy anyway, even though we are coming out of things.

So I am going to start with Ms. Williams if you would not mind. Your top priorities.

Ms. WILLIAMS. Thank you.

Again, I think that my top priority really comes down to, and I cannot say this enough, it is access. Access, relationships. That is going to lead to capital.

Women have unique experiences. They have unique ideas, like mine, that I was able to bring to life. But you still need access to capital. So taking away anything that is going to at least open those doors is a problem. It needs to be accessible. The whole ecosystem. It is not just one thing. It is capital, suppliers, vendors, distributors. Even our politicians and representatives, all of you. You have a major impact on this. And so again, the PPP was a lifeline for us. And without it I would not be here talking to you or maybe in a different setting. So I would say that that would be, for me, the biggest priorities.

Ms. NEWMAN. Thank you for your counsel.

I am going to go to Ms. Scales. If you might share your top priority given all of the factors that I shared in my comments.

Ms. SCALES. Absolutely. I agree with all of the other witnesses. But one of the things when I think about access to capital, and I know that comes up a lot, you know, I kind of pushed the needle a little bit where I say there is capital that exists that is available. Where we could use additional support is how we look at those barriers to accessing that capital. Right? And those barriers come from things such as the evaluation criteria that financial institutions have that they apply for nonminority or women-led organizations or entities on to women-led or minority-led businesses. So one, just kind of looking at what those barriers are. How to get financial institutions and venture capitalists to feel more comfortable with taking risk when really they should not see us as at risk because we are performing and outperforming and sustaining in ways that others are not with very limited resources.

The other thing that I would really recommend or challenge is how we continue to absolutely invest in small businesses but supporting those of us who are part of that ecosystem who is investing and supporting them. We, too, need to have access to capital and access to resources and support so that we can continue with technical assistance that is responsive, that is adaptive.

And the last that I would say is what role do we play in ensuring that the integration of technology is really at the forefront of how we are conducting and doing business. Traditionally, women of color, entrepreneurs, small businesses have had challenges with accessing technology, integrating technology, and what we know now due to some of these behavioral changes, consumer changes with COVID is that business will no longer look the same as it has and that we have had to pivot more quickly with that integration of technology. So what funding resources and programs can further do that. And then I am always going to support mentoring and expanding networks and that is part of what we do at Walker's Legacy.

Ms. NEWMAN. Well, thank you for your comments. And I agree. I was in that position where I had to pitch my business to VC&P companies and there are two comments that I always make. One is that they always saw me as a risk, too. And then secondly, I never saw a person of color or women on any dais out of 50 of them. Maybe one. And so we have to make sure we are incentivizing people that have lived experiences that sit in these companies and make these financial decisions. So that is one of my passion areas.

Thank you very much, and thank you all for your great comments today.

Chairwoman DAVIDS. Thank you, Ms. Newman.

And the Chair will now recognize Rep. Van Duyne for 5 minutes.

Ms. VAN DUYNE. Thank you very much, Chairwoman Davids and Ranking Member Meuser for holding this hearing today.

Before the COVID-19 pandemic, women entrepreneurs as Congressman Meuser had mentioned, were making great strides. In fact, from 2014 to 2019, women-owned businesses increased revenues, they hired more employees, and they grew at a faster rate than businesses at large. As a former small business owner and entrepreneur myself, I can tell you that women entrepreneurs face the same hurdles that every entrepreneur faces. And at the end of the day, one key measure success in business is the same: does your company bring in more money than it loses? Something the federal government still fails to understand.

We cannot sit here and talk about challenges that women entrepreneurs face honestly without mentioning this administration's harmful anti-growth policies. No matter your gender, race, or background, increased taxes, skyrocketing inflation, labor shortages, and federally mandated minimum wage hikes will kill any hope that an entrepreneur has of creating a successful business.

To highlight the effect these policies are having, just this past week I held a local restaurant owners' roundtable to discuss the recovery and I cannot make this up. We literally had a number of folk who could not come to the roundtable because they could not find people to cover their shifts because they cannot compete with the federal government paying people to stay at home.

These problems are not going away any time soon, and after seeing the harmful effect of long-term shutdowns and enhanced unemployment benefits, one thing should be crystal clear. One of the best ways to help female entrepreneurs is by not hurting them. The uncomfortable truth here is that no matter how much rhetoric you use touting more equitable entrepreneurship, fancy words will never make up for disastrous economic policies. If you want to help small business owners, the equation is simple: ease tax burdens, lower barriers of entry, and do not make small businesses compete with never-ending federal unemployment benefits.

And with that said, I really appreciate all of you coming today. I appreciate your comments.

And for Ms. Williams, you made a really good point. You said that one thing that women are looking for right now, business owners are looking for right now is access to capital, is to have money. You made a great point about that, needing money. But with the policies that you see coming down the pike right now from this ad-

ministration, including the increased capital gains cost, increased corporate tax rate, the rising inflation, rising cost of things like gas, food, utilities, paper products, you name it, how is those policies, if women-owned businesses are seriously in need right now of capital, how is it helping them by having more of that capital that they make going back to the federal government and going back into increased costs?

Ms. WILLIAMS. Thank you very much for asking that great question. I have been one that has always said if I was paying taxes it meant that I was making money. But, you know, there comes a point where you do need to hold on to more of that money. I can give you something from my experience.

So as a small business, and many of us face this, we are competing with those large businesses for great talent. Those large businesses have perks. They have healthcare and benefits. And as a result, we are a tech company and we are about being well. So I had to make a decision: do we add benefits to our cost to attract talent? And I can tell you that not one person that is on my team is paid at market value. Not one. And they all have access to and are being delivered benefits. A full benefits package that we are eating some of that cost.

Now, you know, when you talk about taking away money, and knowing what we are trying to do to scale, it is an incredible burden that keeps you up at night. So I agree with you wholeheartedly that we need to do something. There needs to be policy that is going to help those small businesses. And right now I am going to talk about women-owned and minority-owned businesses, be able to not only start a business but to grow it, to scale it. And then possibly even exit. That is where we are headed.

Ms. VAN DUYNE. I appreciate that very much. And I will yield back the remainder of my time. Thank you.

Chairwoman DAVIDS. Thank you. The gentlewoman yields back. The Chair will now recognize Congresswoman Chu.

Ms. CHU. Yes. Ms. Williams, in April, I introduced my legislation, H.R. 2680, the Providing Real Opportunities for Growth to Rising Entrepreneurs for Sustained Success, or PROGRESS Act. This legislation would support the smallest businesses, those without any employees, the sole proprietor, by helping them expand and incentivize third party investment. And non-employer firms are much more likely to be owned by women and female entrepreneurs on average start out with roughly half the capital as male entrepreneurs. So this legislation would create a refundable payroll tax credit for non-employer firms that hire their first full-time employee and an investment credit to encourage third-party capital investment into non-employer firms.

So can you talk broadly about how policies to level the playing field by incentivizing third-party investment into small businesses and the expansion of non-employer firms can improve outcomes for female entrepreneurs?

Ms. WILLIAMS. Thank you very much. And that is another great question.

It most definitely can help to improve. You know, most businesses are started as solopreneurs. And then if you start to grow, attract contracts, and you cannot do it all alone. You cannot. There

is no way that you can do everything by yourself. So in order to bring on people, you know that you already have to have contracts and revenue coming in. Sometimes that is just not the case. So to have this ability to receive a tax credit, first of all, I can say I will raise my hand because I know that I could certainly use it as well. But, you know, this is a very good thing. And I do hope that this H.R. 2680 is able to make it through in all aspects that is going to really help those small businesses, in particular those very small solopreneurs to scale and grow their businesses, keeping in mind that everyone does not want to have a high growth company. There are some people, many, that need a lifestyle type business that is going to pay the bills and afford them a great life to live. But they also deserve to have that opportunity with access to be able to do that.

Ms. CHU. Thank you for that.

Ms. Scales, you talked about child and family obligations creating barriers for women to start and maintain businesses. Congress and President Biden can address these barriers by ensuring that all workers, including entrepreneurs have access to benefits like paid leave and affordable childcare. So as a Member of the Ways and Means Committee, I strongly support Chairman Neal's Building an Economy for Families Act discussion draft which would provide 12 weeks of universal paid leave for all workers and ensure progressive wage replacement for low-income workers, as well as establish a new childcare information network, create a payroll tax credit for childcare providers to raise wages, and invest \$15 billion into physical infrastructure for childcare. So I am so glad that President Biden is prioritizing these critical issues in the American Families Plan because these policies can help our small businesses thrive.

Now, when I was in the California legislature, I wrote it for the nation's first paid family leave because I knew it would benefit our state small businesses, including women-owned businesses. Women are much more likely to leave the workforce because they have to care for loved ones or provide childcare for their children which was a reality magnified during the pandemic. And in fact, December, this last December marked a 33-year low in women's labor force participation because of this.

Can you discuss how benefits like a full 12-weeks universal paid leave can lower barriers for female entrepreneurship and support the long-term care of women-owned businesses?

Ms. WILLIAMS. Absolutely. You know, when I gave my opening statement I kind of tried to set the tone for what a day in the life is like for a woman who is juggling working, as well as running a business and a household. And supports and investments like this go a long way. When you have that burden, when you have that pressure off of you for where your children will be, will they have safe and affordable and high-quality educational opportunities from a childcare perspective? When you know that your employees are not thinking about that or having to come up with how do I take today off? You know, how do I make sure that I show up but still be present? It goes a long way.

And I think back to even my own personal story as a young mom and trying to navigate through college and figuring out what was

next. And I was really fortunate to have support with having high quality childcare for my daughter. And it took additional burden off of me. And what we are realizing is that this burden that our employees are having to face and that this burden that our founders and entrepreneurs are having to face is beginning to impact not just people economically but mentally, emotionally, and socially. And so anything that the federal government can do from a responsible standpoint, from a responsive standpoint to further support our micro enterprising, our entrepreneurs, our women, our mothers is a best bet and sure bet for me.

Ms. CHU. Thank you. I yield back.

Chairwoman DAVIDS. Thank you. The gentlewoman yields back.

And next, the Chair will recognize Rep. Young Kim, the Ranking Member on the Subcommittee of Innovation, Entrepreneurship, and Workforce Development.

Ms. YOUNG KIM. Thank you, Chair Davids and Ranking Member Meuser for holding this very important hearing today. I also want to thank our witnesses for being with us.

As a former woman small business owner and a mother of four, I know firsthand the hurdles that women entrepreneurs must overcome in order to succeed. the COVID-19 pandemic has exacerbated challenges many women entrepreneurs face on a daily basis to keep their doors open for business. Lack of access to capital, never-ending lockdowns in states like California and the looming uncertainty of higher taxes does not empower and incentivize our women entrepreneurs to start and grow their businesses.

So Ms. Williams, question for you. In your testimony you highlighted H.R. 3842. This is a bill I introduced with my colleague, Representative Neguse to establish a microcap SBIC certification. Could you further expand on your testimony and tell us how the legislation could incentivize greater access to capital for women entrepreneurs and for businesses serving underrepresented communities?

Ms. WILLIAMS. Thank you very much for that question.

You know, as a small, minority, women-owned business, being certified as such has really helped to open doors. The WOSB program, women-owned small business and also being certified through the National Minority Supplier Development Council and the Women's Business Enterprise National Council, all of these open doors. But opening doors is only one thing.

Since the pandemic and not being able to be face to face where you can really establish those relationships, you can get mentoring. People can connect with you, see that body language. It takes away from what you are really able to do. Anything that any of the Committee Members can do to assist us with having more access, not just to capital, okay, because capital is important but it is not just capital. It is access to individuals that can help us, mentoring programs. All of these things make a difference. And I do hope, and I am not that familiar with the legislation, but I do hope that what I am saying in my testimony will help in some way to expand upon that.

Ms. YOUNG KIM. Thank you.

You know, in your testimony you also offered suggestions to improve the SBA's Small Business Investment Company program. So have you received financing through the SBIC program?

Ms. WILLIAMS. No, I have not. And the SBIC program I will say is actually a pretty cumbersome program to get through. I equate it pretty similarly to the PPP. And if you are not used to a lot of paperwork or how to navigate it, you know, it can be pretty daunting. Now, at the same time you have organizations out there that will assist you for a price. And so, you know once again you still need the money to do it. I received PPP. I did receive a small EIDL. But outside of that, there has been absolutely nothing.

Ms. YOUNG KIM. Well, I hope we can continue to be a resource to you, and I hope that you can take advantage of several SBA related programs. And we would love to be there to help you if we can.

But next, I would like to ask a question to Ms. Scales. In your testimony, you stated 70 percent of small businesses that receive mentoring survive 5 more years, and 93 percent of small businesses have noted that mentoring has helped them succeed. In your experience, what drives individuals to become a mentor? And do you have any suggestions on how the SBA's resource partners, like Women Business Centers and SCORE can improve their mentorship and outreach?

Ms. SCALES. Oh, thank you so much for that question. We are passionate about mentoring and connecting mentors to small businesses, particularly women of color businesses.

When you ask what drives people to serve as a mentor, and I think that has, you know, one of my favorite responses is it depends. But I think at some point you do get to a level where you find that you are in a position to be able to give back and you really want to make sure that you are doing your part to support the next generation of whatever. If it is entrepreneurs or young people who are coming up. But when we think about the importance of mentoring and why it is so important for women of color entrepreneurs is that representation matters. That being able to see and connect with and learn from others who have been in your shoes, who understand your plight is super critical. And so for even the approach that we take at Walker's Legacy, we have an accelerated program called Prospectus and Women Who Enterprise. And a core part of that is making sure that we are connecting women in those cohorts to mentor, particularly mentors of color because so often we know that they do not get access to these additional network that we know are critical to supporting their sustainability and their expansion.

Beyond that, one of the things that we also note with mentoring is that it creates a space in place for our entrepreneurs to be able to receive resources beyond the financial contributions, beyond some of the contractual things that they are able to access, but having someone that is a real thought partner and leader in supporting their growth.

Ms. YOUNG KIM. Thank you both. I know my time has expired. Thank you. I yield back.

Chairwoman DAVIDS. Thank you. The gentlelady yields back.

Next, the Chair will recognize Representative Evans for 5 minutes.

Mr. EVANS. Thank you, Madam Chair.

Ms. Williams, welcome. It is great to have you here as a Black female entrepreneur whose business is located in West Chester, Pennsylvania, just outside of my home city of Philadelphia. I understand that you started your business after you lost your job in corporate America.

Can you speak a little bit more about your entrepreneur ecosystem, how you got started, how can we help create a situation where all women entrepreneurs have a robust support and entrepreneur ecosystem?

Ms. WILLIAMS. Thank you very much. And I am really happy to be here and to see representation as well from Pennsylvania. So it makes me kind of feel at home.

You know, mentoring. We have talked about mentoring. And it is often mentioned as a helpful tool as you said. It helps with the relationships but it is about relationships that actually matter. You know, networking for the sake of networking really helps nobody. So knowing that you have an advocate within an organization or an industry that has your back can provide a tremendous boost of confidence. And I will give you an example.

I am in a mentor protege program, PACT. Mr. Meuser, you might be familiar with this. It is the Philadelphia Alliance of Capital and Technology. And PACT partners startup companies with teams of mentors who are seasoned entrepreneurs themselves with decades of experience. Now, while volunteers similar to SCORE, these seasoned entrepreneurs must have founded or led a company as an entrepreneur. And it is a joint partnership between PACT and the Ben Franklin Technology Partners of southeastern Pennsylvania who provides matching capital. So you see where that goes. It is a two-way street. They are giving something but you are able to potentially get something back. And so for me, after having lost my position, a very lucrative position by the way in corporate America, I made the decision that this idea of filling the gap that was needed to help people with their health and well-being, but that it is for everyone through the lens of social determinants of health was so important that it was necessary to do that. We are, by the way, we happen to be a C corp but we are also a public benefit corporation because what you do and how you look at everyone matters and that is what we believe. And that is what I believe. I get pretty passionate about this, and I could go on and on and I do not want to take up all the time but would love to have an offline conversation.

Mr. EVANS. Thank you.

Prior to the pandemic, Ms. Scales, women of color accounted for 50 percent of all women-owned businesses. However, there is a stark revenue disparity between minorities and non-minority women-owned businesses. Women minority owned businesses average just over 65,000 while nonminority women own on average over 218,000. What do you think contributes to this disparity and how can Congress help? Ms. Scales?

Ms. SCALES. Contributing to that disparity. Wow, we could be here for a long time.

I think it comes down to a few things. We have talked about mentoring. And behind mentoring is being able to have those access to additional networks and markets. Right? And we have talked about the impact of having access to capital, or I like to say the barriers to accessing capital. Absolutely. And technology integration into service delivery. But just as importantly is the additional responsibilities that are often placed upon women of color entrepreneurs where they do not have some of the flexibility, having the additional resources to be able to step back in a more strategic way to think of how they are sustaining, scaling, and growing their business. We are so often moving quickly, pivoting, juggling so much. So there are many I think factors that contribute to that but access to markets and new networks and having the removal of barriers that are impacting them from accessing capital and just having the additional supports to remove some of the burdens that also interfere with their abilities to focus and scale and sustain their business unequivocally service issues.

Mr. EVANS. Real quick. I think I have a little time.

Ms. Williams, do you have any reaction to that question I just asked?

Ms. WILLIAMS. First, and I know that we are out of time, but we can always, always do more. Starting a business is daunting in its own right. But there is only so many cohorts around. There are only so many applications that you can fill out and then hope with a wing and a prayer, like you are submitting a resume into a blackhole, that somebody is going to recognize it. And it comes back to the relationships and being able to have those doors opened so that you do not just fall into a blackhole. Venture capital is not for everyone. Okay? Grants. We need more grants. We need more other ways to provide capital. And the banks, you know, they have a set of criteria that women do not always fall into very neatly, and especially women of color. And so these are all things that really need emphasis. And we need to find creative measures to ensure that small businesses, those entrepreneurs and especially those women-owned businesses that might have the bakery shop, that might have the hair salon. You know, they are just as important. Well, I am going to stop there because I could go on and on and I see the time. Thank you.

Mr. EVANS. Thank you. I yield back the rest of my time. Madam Chair, thank you.

Chairwoman DAVIDS. Thank you. The gentleman yields back.

The Chair will now recognize Rep. Bourdeaux for 5 minutes.

Ms. BOURDEAUX. Thank you, Chairwoman Davids and Ranking Member Meuser. And thank you to our witnesses for taking the time to speak with us today.

In the years leading up to the COVID-19 pandemic, women-owned businesses experienced significant growth, but once the COVID-19 pandemic hit, this growth came to an abrupt halt. Prior to the pandemic, 67 percent of male-owned businesses ranked the overall health of their business as good, compared to 60 percent of women-owned businesses. However, we know that the pandemic has disproportionately affected women-owned businesses, and the numbers bear that out. Male-owned businesses only saw a drop of about 5 percent in that same metric in July of 2020 to 62 percent,

while that number among women-owned businesses fell 13 percent, from 60 percent to 47 percent. A similar disparity can be seen in a recent survey by the U.S. Chamber of Commerce which indicates that in 2021, less than half of women entrepreneurs believe their revenue will increase compared to almost 60 percent of male owners who believe the same. Despite the significant federal relief, too many women-owned small businesses are really still struggling to recover from the pandemic.

This is a question for Ms. Turner. The pandemic has also disproportionately affected minority-owned businesses. It is my understanding that nationwide in 2020, over 50 percent of the people served by our Women's Business Centers were people of color. In my district, the WBC in Norcross, Georgia does extremely important work, very useful for businesses owned by women, and especially women of color. But we are very interested in the Community Navigators program and how we can use that to be more useful.

And so one question is, you know, what can we do to do a better job of reaching out to diverse communities, and how should we target the Community Navigators program to be more helpful?

Ms. TURNER. Thank you for the question. Related to this in access to funding and being intentional about serving women of color, our organization has been very intentional over the last several years and have been able to increase that percentage to about 48 percent. So I do believe that there has to be intention. Part of the natural way of ensuring that access to capital is available to microenterprises and their startup is really through a lot of the work that is being done in microlending. And I want to really emphasize that because the Minority Development Institutions and the Community Development Financial Institutions have been doing this work for a long time. And it does not mean that we are not attached to the connectivity with institutional banking relationships but microenterprises are, you know, the technical assistance is also provided to that business owner to be able to navigate and ensure that the capital that they receive as a borrower actually has some growth potential for their business. And I cannot overemphasize that this has always been a struggle to ensure that these institutions have had the amount of capital needed to actually be intentional in those underserved markets. So Community Navigator is an example of something that may roll out to actually help that connectivity that I think every community right now is exploring. And so obviously we welcome any of that kind of connectivity if that is helpful.

Ms. BOURDEAUX. I am very interested in the microlending programs and how we really get that into the community. I meet with small business owners all the time and women, and I do not know how many times, even though we have all these resources available for them, they just do not know about it and it is really surprising to me. We have just got to keep pushing. Keep pushing on that.

On that note, we have had some really important programs in the pandemic that have helped small businesses and actually have reached a much broader community. Are there any programs or pieces of programs or parts of them that we should consider continuing as we recover from the pandemic?

Ms. TURNER. You know, anything, I think it has been stated prior by the other witnesses today, is any kind of small business tax incentives can be helpful long term. I think the World Bank assessment of the United States has us listed as 53rd in the easiness, the ease of being able to start a business. And in the United States that is just not acceptable. I think the work that is being done, as long as clients can actually find the resource, to your point, which is why I think a suggestion of making sure that we have that digital presence, you know, it is all shifted. Right? And being able for people to find those resources. What has been done with the PPP and the EIDL loan and even communities that have created their own relief funding programs has absolutely elevated access to capital for those underserved markets. We just have to keep it going.

Ms. BOURDEAUX. Thank you so much. We are out of time. I yield back.

Chairwoman DAVIDS. Thank you. The gentlewoman yields back.

All right. Well, I really appreciate our witnesses who have taken the time out of what I am sure are very busy schedules to join us today. Your testimony has illuminated many of the problems that female business owners face. And I appreciate you sharing your stories. And of course, your insights and valuable recommendations for what we can be doing. All of you come from different communities across the country but you have described some pretty similar ways that our small businesses really need support, that women small businesses need support in this economy because right now what we are seeing is not quite working. And being the venue to listen and hear from the voices of small businesses in Washington, we have to work as a Committee to remove the obstacles and barriers that we heard about today so that we can get the playing field leveled. And without a full recovery for women-owned businesses, we are not going to be able to move past the economic crisis that we have seen because of a public health crisis that we have been in. And I am looking forward to working with my fellow Committee Members to address the issues that we have heard about today and build a better economy for female entrepreneurs and for their employees.

I would ask unanimous consent that Members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before the Committee, we are adjourned. Thank you.

[Whereupon, at 11:24 a.m., the subcommittee was adjourned.]

A P P E N D I X



Testimony of

Sherry Turner

On behalf of the

Kansas City Women's Business Center

to the

U.S. House of Representatives

Committee on Small Business

Subcommittee on Economic Growth, Tax, and Capital
Access

*Reversing the Decline in Women Entrepreneurship:
Opportunities for Rebuilding the Economy*

June 15, 2021

Thank you, Chairwoman Davids, Ranking Member Meuser, and distinguished Members of the Subcommittee for this opportunity to provide testimony on women's entrepreneurship. My name is Sherry Turner, Executive Director of the Kansas City Women's Business Center. It is my honor to highlight the incredible resilience of entrepreneurial women that contribute to our U.S. economy in such a profound way.

Introduction and Overview

What is a Women's Business Center?

The Women's Business Center (WBC) program is a public-private partnership with 32 years of success in providing training, counseling, mentoring, networking opportunities and access to capital to women entrepreneurs across the country.

The U.S. Small Business Administration provides grants and oversight through their Office of Women's Business Ownership for the 135 WBC's across the nation. This national network demonstrates a commitment to urban and rural markets connected to economic development non-profits serving economically and socially disadvantaged clients in as many as 38 languages.

Women's Business Centers are essential to help ignite and respond to a period of economic recovery. Building on the momentum achieved during the continued economic crisis, WBC's will continue to provide women business owners the vital support and services to grow their businesses. The current climate also creates interest in starting a business, demonstrated through the increased interest in the WBC start-up services.

Twenty New Women's Business Centers

In January 2021, the U.S. Small Business Administration (SBA) announced grants awards for 20 additional WBC across the United States, spanning urban, rural, and underserved communities. This marked the largest single expansion of the program over 30 years made possible by Congress for ensuring the program had additional funding in recent years to bring more communities the resources of a WBC.

About the Association of Women's Business Centers

The network of 135 WBC's is fortunate to have the Association of Women's Business Centers (AWBC) to support and advocate for women's entrepreneurship. Among its other services, AWBC provides synergies among the network of large and small WBC's and ensuring staff have training and support to administratively function under the Office of Women's Business Ownership is a primary function of the association.

On May 19, 2021, Corinne Hodges, CEO of the Association of Women's Business Centers provided testimony to the Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development.

Ms. Hodges testified regarding the increase demand in the services provided by the WBC network and reported in 2020, the total number of clients served increased by 28% (2020: 82,446 clients served vs. 2019: 64,527 clients served) and the number of new business starts grew by 12% from 2019.¹ Existing businesses served increased by 48% over the past year. Not only did WBC services and impacts increase, they also retained and created new jobs (33% more jobs in 2020 compared to 2019) and leveraged significant increases in capital.

We support Ms. Hodges' recommendations to enhance the WBC program:

- Fully fund the WBC program at \$30 million in core funding, provide an additional \$48 million COVID-related appropriation, and waive the match requirement until FY23
- Re-authorize the program through legislation like H.R. 4405, introduced by Chairwoman Davids in the 116th Congress
- Ensure WBC's are partners of choice for engaging women business owners in any future jobs and infrastructure package

The Kansas City Women's Business Center - 20 years

The Kansas City Women's Business Center exemplifies many of the WBC's across the country. This year, we are celebrating our 20th anniversary as a program of our host organization, the Enterprise Center in Johnson County. Our small but mighty staff of four serves over 800 clients annually within the geographic area of the Kansas City MSA and the broader state of Kansas. Traditionally, our budget averages \$500k annually with \$150k grant from the SBA. Our volunteers help provide subject matter expertise to our clients through content sharing, mentoring and consulting. Our services are free for most offerings.

The financial health of a business is our primary focus, which we address through one-on-one consulting. We deliver workshops both digitally and in-person and are very effective in connecting women owned businesses through networking events and introductions. When necessary, we use contractors and connect our clients to additional resources as needed.

We also focus heavily on access to capital through micro-lending, institutional banking relationships and equity funding. With 48% of our client base serving women of color, we serve established small businesses as well as women interested in starting businesses.

Collaboration with other Programs

In addition to operating independently, the Kansas City Women's Business Center collaborates within our entrepreneurial ecosystem to streamline effective resources. Our WE-Lend microloan program has a current portfolio of 18 companies, however, due to COVID-19 pandemic our community synergized around the creation of a KC Region Covid Relief &

¹ Association of Women's Business Centers, Testimony of Corrine Hodges to the U.S. House of Representatives, Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development: *The Small Business Administration's Entrepreneurial Ecosystem: An Update and Next Steps with SBA's Resource Partners*, May 19, 2021

Recovery Fund. In collaboration with AltCap, a CDFI lender successfully deployed over \$4.1 million to date, our WBC provides the technical assistance to borrowers in need of support. Many WBCs across the nation similarly integrate within their communities to best support women entrepreneurs.

Equity funding

In 2008, the Kansas City WBC created a women's angel investor network, one of only six nationally, the Women's Capital Connection. This was to fill a gap in equity funding for women-led companies. To date, the portfolio is 20 companies with over \$5 million invested. All forty angel investors are women investing in women.

Experience during the COVID-19 Pandemic

Significance of COVID Funding

During this past year, our organization became very "entrepreneurial" as we were thrust into a virtual service delivery overnight. The \$420,000 we received in funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant enabled us to increase our capacity to assist the influx in clientele.

We thank this group of Members, their hardworking staff, and the leadership of this Committee for their work in passing the CARES Act and Consolidated Appropriations Act, 2021 in the 116th Congress to enable us to better serve women entrepreneurs this past year.

These funds were utilized to hire a marketing specialist to expand our outreach efforts and digital presence, hire contractors to develop and facilitate weekly Zoom webinars, and much more. We received a No Cost Extension (NCE) to continue to utilize funds through April 30, 2022 and are enthusiastic to continue our efforts.

Pivoting to Support Entrepreneurs: Webinar

COVID funds made a Women's Wednesday Entrepreneur Education Series possible, which provides timely education to assist women entrepreneurs negatively impacted by the pandemic. Notably, we contracted with local women business owners/entrepreneurs to develop and facilitate these sessions, which provided income opportunity and visibility to women experts within the Kansas City community.

We hired 12 contractors to assist us in developing 74 business topics for nearly \$45,000 in contractor funding. Since April 30, 2020, we have hosted 86 sessions on topics spanning the following:

- How to Survive an Economic Downturn
- Re-Opening Kansas City: Creating New Business Norms in a COVID Culture
- Human Resources: Managing Employees Remotely, Unemployment, Managing Concerns of Employees During Pandemic
- Social Media: Facebook, LinkedIn, Twitter, LinkedIn

- Consumer Target Marketing
- E-Commerce and Taking Your Business Online
- Cybersecurity
- Supply Chain Management
- Financial Management
- Accessing Capital including SBA COVID Relief programs
- WBE Certification and Procurement
- Entrepreneurial Leadership

Over the course of 14 months and 86 webinar sessions, we received over 2,600 registrations. We expanded our market outreach from 1,500 unique emails to 6,100 unique emails representing entrepreneurs in 35 different states and 17 different countries.

Pivoting to Support Entrepreneurs: Virtual LaunchU

In the winter of 2020, we started receiving an increase in the number of start-up requests. We attributed this to two factors: (1) increased/continued unemployment for women and (2) childcare challenges. Many of our start-up clients had either not been recalled to work, could not return to work for health/childcare reasons or did not feel comfortable returning to work.

As a result, we decided to modify our LaunchU business plan development curriculum into a virtual model. We were able to implement two 8-week sessions utilizing Zoom with one night for facilitation and one night for team coaching. Not only did we help women looking to start a business but also we helped women pivot to new business concepts. One client in the class exemplified this with her daily travel tours business:

"This client had a business for years but changed industry and had just opened when the virus started. Pivoted from bus day trips to walking tours. She was not eligible for PPP or EIDL loans because was too new in her business start. She felt that the class helped her narrow down the process of opening the business. It showed her a road map for the business. She said even though she had been in business for years with her first business there was a lot that she did not know." - Childcare Businesses

COVID-19 Takeaways

Need for Increased Marketing

With the expansion of our market outreach, we used the opportunity to connect participants outside our region with their local Women's Business Center programs. We viewed this as a great opportunity to assist the entire network of Women's Business Centers and found that women entrepreneurs would benefit from increased marketing of the WBC program and SBA resources. Many entrepreneurs are unaware of the great services of this program.

In our experience this past year, we expanded our outreach by creating a YouTube channel to post recordings of all of the webinars that were part of the Women's Wednesday Entrepreneur

Education Series and amplified our content through social media to our increase client engagement.

Difficulty Navigating Relief

Not only did we see an increase in client training, but an increase in clients seeking counseling services. Pre-COVID, we received an average of 25 counseling requests monthly for entrepreneurial and funding assistance. Beginning in March 2020, our requests for counseling doubled to nearly 50 per month.

Roughly, 70% of all requests were related to accessing emergency relief funding through the SBA Economic Injury Disaster Loan (EIDL), EIDL Cash Advance and Paycheck Protection Program. Due to the high demand of requests, we hired a business consultant contractor to assist with helping clients navigate the funding programs and complete the applications.

Need for Business Counseling

We also found that many of these clients did not have a solid understanding of their business financial statements, and many did not even have a formal bookkeeping system in place, which hindered their ability to even apply for the funding that was available to them.

Most of these particular clients represented self-employed individuals within underserved markets in our community. We also experienced many clients without business banking relationships, also our underserved client base, that could not access the initial rounds of PPP loans as a result. Our staff served as "match-maker" to identify those banks willing to accept applications from businesses with whom they did not have an existing relationships.

Benefits of Collaborating with Other WBCs

As a 20-year Women's Business Center, we were instrumental in expanding Women's Business Center programs available to women entrepreneurs by assisting the Missouri Women's Business Center (Columbia, MO) and New Growth Women's Business Center (El Dorado Springs, MO) with their application to become a WBC. We also have started collaboration calls with the Missouri WBC's to identify joint projects that can better serve our clients.

Our WBC is just one example of how our program can reach so many more entrepreneurs by increasing coordination among the WBC program. We must commend the SBA and AWBC's diligent work supporting the WBC program. We agree with Ms. Hodges' testimony that the program would be able to increase its scope with formal accreditation and modernization.

TA Collaboration with Other Programs

We are heavily involved in two local COVID relief funding programs within the Kansas City market and had an existing relationship with a Kansas City based CDFI, AltCap, by providing technical assistance to their borrowers. In April, they established a KC Region Covid Relief &

Recovery Loan Fund to provide low-interest, easy access microloans to businesses negatively impacted by COVID.

We worked with 80 of their loan recipients on a monthly basis through a combination of counseling and training webinars to help them manage cash flow and pivot their business models. Our host organization, the Enterprise Center of Johnson County, served as the administrator of the Johnson County (KS) Small Business Relief grant program. Through the grant, we were able to provide \$13.5 million in small business grants to Johnson County businesses with fewer than 50 employees. The WBC/ECJC have developed a strategy to engage with the grant recipients to provide follow-on technical assistance to these businesses.

Need for Increased Childcare Support

This pandemic has brought to light the longstanding issues surrounding childcare in the United States. In Q1 of this year, 61% of women business owners with children at home reported that school closures had impacted their business, and 30% of such owners reported scaling back due to childcare needs.² Many childcare businesses have failed this past year and our role as a Women's Business Center can help this sector to rebound and grow to assist in our economic recovery.

We have started a new collaboration with the three Missouri Women's Business Centers to receive funding at the state level to provide childcare business training and counseling. Our goal is to increase the number of childcare businesses available to female entrepreneurs and working mothers. Likewise, we are in discussion with the State of Kansas Department of Commerce on the same subject.

Key Lessons Learned to Bolster American Entrepreneurship

- Our CARES Act dollars are being deployed exactly as intended in statute, allowing us to immediately increase capacity to serve women in our region.
- Pivoting to a digital delivery was paramount to our success and will continue to be a method of delivery post pandemic.
- Digital media/marketing expertise is required to be effective in clients discovering our resources.
- Technology and staff must remain up-to-date to be effective.

What do women entrepreneurs need NOW?

- Affordable, high quality childcare
- Reduce occupational licensing for professional services
- Health care & retirement plans for small businesses
- Equal access to capital

² Gusto (2021) *How the Pandemic's Childcare Crisis Impacted Women-owned Businesses and Altered their Future*

- Education/knowledge to start and grow a business

What can lawmakers do?

Start Us Up: America's New Business Plan was formally launched by the Kansas-City based Ewing Marion Kauffman Foundation, but the initiative was designed so others could tailor it to their organization or community's own needs. An extensive team of entrepreneurs and policymakers was consulted to draft the recommendations, and the coalition has grown to more than 150 champions, all of whom are working to advance entrepreneurship in their regions.

- Access to Opportunity: A Level Playing Field Without Red Tape
- Access to Funding: The Right Kind of Capital Everywhere
- Access to Knowledge: The Know-How to Start a Business
- Access to Support: The Ability for All to Take Risks

This business plan provides very specific recommendations at the federal, state and local levels to reduce barriers for entrepreneurs to succeed and bolster start-ups.

What do "New Entrepreneurs" look like in 2021?

Significant progress has been made to address the disparity experienced between traditional underserved communities and we must continue to prioritize these groups moving forward to ensure equitable opportunity. In 2020 alone, four in ten new entrepreneurs were women, one in five were Latino, and more than one in four were foreign-born.³

A recent survey exploring women starting businesses during COVID-19 revealed that minority women have been leading new business starts, largely out of need. Out of the businesses start by women in the past year, nearly half (47%) are minority-owned – these women were more than twice as likely (35% vs. 17% for others) to start a new business because of financial need.⁴

Since 1996, new entrepreneur's within Asian, Black and Latino communities have steadily increased, and foreign-born new entrepreneurs have more than doubled. We must continue these trends and continue to encourage traditionally disadvantaged communities to turn to entrepreneurship.

As we look ahead at strategies to bolster entrepreneurship in a post-COVID economy, we must keep in mind that new entrepreneurs are increasingly likely to span any age, gender, and pull from any breadth of experience. Diversity breeds innovation, and we look forward to working alongside these new entrepreneurs in building their businesses.

Recommendations for the Committee

³ Ewing Marion Kauffman Foundation (2021) "Who is the Entrepreneur? The Changing Diversity of New Entrepreneurs in the United States, 1996-2020," *Trends in Entrepreneurship*, Kansas City, Missouri.

⁴ Gusto (2021) *Who Started Businesses During the Pandemic: A Survey of Women Starting Businesses During Covid*

We ask this Committee, and the current Congress, to take the following actions to support women entrepreneurial community:

1. Support increased WBC Program core funding at \$30 million and sustained COVID-19 relief funding at \$48 million in 2022 to sustain WBC capacity to support the increase in need among women entrepreneurs.
2. Support modernization and accreditation of the Women's Business Center program to level the playing field. Reauthorization of the program through legislation like H.R.4405, introduced by Representative Sharice Davids the 116th Congress, would support our efforts, alongside those of our fellow 134 WBCs.
3. Support Work-Family Friendly policies with emphasis on access to affordable Childcare
4. Prioritize funding for Community Development Financial Institutions (CDFI's), especially for small businesses in traditionally underserved communities.

Closing

We have a significant opportunity in front of us in elevating the role entrepreneurship has on our economic future and particularly the role women entrepreneurs can play in our universal success as a nation. Thank you for your time and interest today, it has been a privilege to address the Committee.

Women's Business Centers are grateful for your support and effort to enable our work and commitment to women small business owners across the nation. I look forward to answering any questions.

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Testimony of

Tammy Williams

Founder and CEO

Envision2bWell, Inc.

**House Committee on Small Business
Subcommittee on Economic Growth, Tax, and
Capital Access**

**“Reversing the Decline in Women
Entrepreneurship: Opportunities for Rebuilding
the Economy”**

June 15, 2021

Chair Davids, Ranking Member Meuser and Members of the Subcommittee, thank you for the opportunity to testify today. My name is Tammy Williams, and I am the President and Founder of Envision2bWell Inc., a firm that reimagines wellness with our unified digital health and wellness platform. I founded the company in 2019 and we are based in West Chester, Pennsylvania.

I'm here before you as a woman entrepreneur who happens to be a black woman in technology and a baby boomer, with a solution to a problem that has plagued many for a long time: an easier way to be healthy and happier. I started my company for two main reasons: I was let go from a job I loved and because I knew there was a gap that needed to be filled for people to be sustainably healthier, which it appeared no one was willing to take on in a way that would make a difference. We coined this as Knowledge, Support, Access, and Autonomy, which we call KSSA (pronounced KISS-AH), and it's tied directly to the inequity of access to healthcare and information that matters for living a sustainable healthier lifestyle.

Envision2bWell® reimagines wellness with our unified digital health and wellness platform called EnvisionWell®. There are many applications available that help users keep track of their fitness, nutrition, health, etc., and yet none of them communicate with one another. Our current wellness market is fragmented. EnvisionWell® brings knowledge to life in one centralized location to empower and enable healthier outcomes because wellness is really a connection of the pathways to knowledge and action. Everything we do with our product begins with our proprietary KSAA® engagement model and social determinants of health (SDoH) first in mind with a focus on our 10 Pillars of 360° Well-Being. Those are: Eating, Fitness, Finance, Health, Humanity, Kindness, Mental Health, Relationships, Spirituality and Work.

We were a little ahead of our time – focusing on social determinants of health is now widely accepted as key to understanding health, especially in low income and minority populations. Yet, let me be clear, every individual has a combination of positive, negative, and neutral SDoH that directly affects their health. In the private sector, employers have started to work with health plans, practitioners, and communities to create or improve existing resources to better meet their employees' social needs. What's still missing is one unified approach to meet the employees needs while also addressing institutional racism and discrimination that drive disparities in treatment and inequitable health outcomes. If the pandemic has taught us anything, it's that the scope of workplace wellness initiatives has not taken social determinants of health nor employees' individual social/mental needs into account.

Prior to the pandemic there were initiatives to address social determinants of health in health and non-health sectors. Even with the initiatives, the cost of being unwell through

chronic disease, work-related stress, disengagement at work and workplace related injuries is greater than \$1 trillion dollars. This was pre-COVID. What was eye-opening to many – except the people impacted – is that COVID-19 exacerbated already existing health disparities for a broad range of populations, in particular for people of color and the working poor. Now factor in the trends during the pandemic that will continue if not addressed in a thoughtful and actionable manner:

The Census Bureau's recent Household Pulse Survey¹ was designed to quickly and efficiently collect and compile data about how people's lives have been impacted by the coronavirus pandemic. It found:

- Nearly 1 in 5 adults (19%) reported that they or someone in their household had experienced a loss of employment income in the past 4 weeks, and 1 in 10 (10%) applied for Unemployment Insurance (UI) benefits in the past 4 weeks;
- More than half (51%) of adults reported difficulty paying for usual household expenses in the past 7 days, and 26% used credit cards or loans to meet household spending needs;
- 6 percent of adults had no confidence in their ability to make next month's housing payment (across renters and owners), and 9% reported food insufficiency in their household;
- Nearly 1 in 5 (19%) adults reported delaying medical care in the last 4 weeks due to the pandemic and more than 3 in 10 (31%) adults reported symptoms of depression or anxiety.

This is just the tipping point of why social determinants of health are important to being well. Knowledge, support, access, and autonomy of key to addressing these factors.

As stated by Michael Marmot, Director of The UCL Institute of Health Equity, "Inequities in power, money and resources give rise to inequities in the conditions of daily life, which in turn lead to inequities in health." Further, "Personalizing interventions to provide the right behavior change technique for the right person, at the right time is important" says Nicole Brainard, PhD, MPH, Behavioral Scientist, Johnson & Johnson Health and Wellness Solutions.

All of what I've stated above is quite a bit to take in. What's more compelling is that what Envision2bWell is doing with its product, EnvisionWell®, was mostly self-funded. Why? Because no one could grasp what we were doing. We were told over and over that "what you're doing is too hard," or "the market is too saturated for your product," and "why bother

¹ Household Pulse Survey Data Tables, U.S. Census Bureau (May 5, 2021 with subsequent releases every 2 weeks), <https://www.census.gov/programs-surveys/household-pulse-survey/data.html>.

to do it the way you want to, that's crazy." It's why I often refer to the quote from Steve Jobs, former CEO and co-founder of Apple Inc. who said, "the people who are crazy enough to think they can change the world are the ones who do" and "You've got to start with the customer experience and work your way backwards." This is exactly what we are doing with EnvisionWell®. We've self-funded over \$400,000 before we got our first institutional investor. That investment was for \$300,000, but the catch is that the funds had to be matched – there are not many founders/entrepreneurs who can do that. Many entrepreneurs have a great idea, something that could indeed change the world, but have no way to bring it to life.

Capital is the lifeline of business. The ability to secure capital often determines an entrepreneur's opportunity to start or grow. There are nearly 10 million women-owned businesses in the United States, generating \$1.6 trillion in receipts and employing nearly 9 million Americans. Yet, for women, accessing capital continues to be difficult. Women account for only 16% of conventional small business loans and receive only 4% of all commercial loan dollars.² In 2013, fewer than 1 in 3 loan applications for women-owned firms were approved. This lack of available funding explains, in part, why women ask for less funding – on average, \$35,000 less than men.³

In the last Congress, a bill was introduced to address some of these inequities, the *Women and Minority Investment Act of 2019*. A companion bill was also introduced in the Senate by Senators Cantwell (D-WA) and Rubio (R-FL). Currently, if a women-owned firm or a minority-owned firm wants to obtain a Small Business Administration (SBA) certification to participate in the Women-Owned Small Business or Economically Disadvantaged Woman-Owned Small Business (WOSB/EDWOSB) procurement program or the 8(a) program, ownership rules require them to have 51% unconditional ownership in the company. Obtaining equity or venture capital funding, which often exceeds 51%, tosses the women-owned or minority-owned firm out of the SBA certification and the benefits those certifications provide, including capital and the ability to compete for federal contracts. This choice essentially forces women business owners to choose between participating in the federal marketplace through these programs or growing their business. The *Women and Minority Equity Investment Act* opens a path for investment in women-owned and minority owned businesses who are government contractors. The bill makes a commonsense tweak to existing SBA programs that will expand venture capital access for participating business owners and companies.

² U.S. Senate Committee on Small Business and Entrepreneurship Report on Women-Owned Small Businesses (2017), https://www.sbc.senate.gov/public/_cache/files/2/5/25bd7ee9-a37b-4d2b-a91a-8b1ad6f5bd58/536DC6E705BBAD3B555BFA4B60DEA025.sbc-tackling-the-gender-gap-december-2017-final.pdf.

³ Fundera, State of Small Business Lending Report (last updated March 2018), <https://www.fundera.com/blog/the-state-of-online-small-business-lending-q2-2016>.

How? By allowing venture and equity firms that are majority woman-owned or minority-owned to exceed the 51% ownership threshold. After all, if both firms are women-owned or minority-owned, then the company is still majority owned by women or minorities. Investors have told us that this change would spur more ownership in equity and venture capital firms for women and minorities as well. I urge the Committee to consider making this change and pressing for its adoption.

Another way the Congress can improve investment in small businesses is by expanding the SBA's Small Business Investment Company (SBIC) program. There are best practices in the private sector that the SBA should consider adopting. For example, I recently participated in a pitch competition where 5 companies presented to a panel of 3 experienced investors. After the presentations, virtual tables were open for the audience of investors to talk to the presenters. It is good preparation for businesses like mine to speak to investors and the forum exposes investors to new, innovative businesses. While the SBA has a website that lists SBICs that small companies can cold call, it is certainly not the most effective method of finding capital. SBA could sponsor pitch sessions for small businesses that belong in their network to provide targeted investment introductions to SBICs. There is so much they could do to boost the ability of small companies to meet investors in their network by matching investors and businesses.

Further, establishing a MicroCap small business investment company designation within the SBA's Small Business Investment Company (SBIC) helps narrow this gap. Creating a new MicroCapSBIC entry-level license designation within the existing program will allow qualified underrepresented investment managers to participate in the program. Currently, less than 1% of venture capital funds go to companies with Black founders. H.R. 3842, introduced by Representative Joe Neguse (D-CO-2) and cosponsored by Representative Young Kim (R-CA-39) of this Subcommittee, would help grow the number of smaller funds in underserved markets and create more investment vehicles serving these markets.

In 2020 after the pandemic hit, I didn't know if my company would be able to stay afloat. The few people I had at that time I was forced to lay off. Then I heard about the CARES Act and what the SBA was going to do to help businesses, small and large, through the Paycheck Protection Program (PPP). Navigating obtaining a PPP loan proved to be challenging, due to the numerous changes before and after the program was created. Large banking institutions were providing loans to the largest companies who had staff to research what was involved and complete the paperwork. Smaller businesses, often with limited resources, felt left out. After attending many zoom calls about the CARES Act and PPP, much of the conversation was that there was little guidance provided to banks on how to accept and accommodate the paperwork for business. I heard of a small regional community bank that seemed to be on top of the situation with communication and

empathy for what small businesses were going through. In fact, I applied to this small regional community bank (Meridian Bank) that I had never done business with instead of the 4th largest bank in the United States that I've had my account with since starting my business. The large bank, which I have a small line of credit at, even cut off any additional loans or increases in lines of credit at the time when many small businesses really needed it. I fortunately received a PPP loan, which allowed me to not only hire back the people laid off that wanted to come back, but it also allowed me to add additional staff and pay some allowed expenses. I received a second PPP loan of the same amount once the second round was available. Once again, my regional community banking partner, Meridian Bank, was there for my company. Without the PPP loans my business would have failed. I know this Committee and its Senate counterpart are responsible for putting this program together. Please accept my gratitude for all the work that went into standing up the PPP program.

I also attempted to obtain the Main Street Lending Program (MSLP), which is a financial program sponsored by the Federal Reserve to assist small and midsize businesses previously in good financial standing before the coronavirus pandemic. This program provided another option for businesses who didn't receive a loan through the Paycheck Protection Program; however, if you happened to be approved for both, you could receive both types of loans. After review of the program requirements and talking to my small business banker, we determined that we did not meet the MSLP requirements, and neither would most small businesses. It felt like this program was intended to assist large businesses. The businesses that met the requirements were many public companies that received the maximum PPP loan amount and had plenty of money in the bank – the requirements included having 15,000 employees or fewer and 2019 revenues of \$5 billion or less. Another requirement for MSLP was a lien on your personal property. While my home is of significant value, putting it up for collateral was not an option. Additionally, as a software company, we don't require hundreds of thousands of dollars of tangible assets for which a lien could be placed. As a result, many small and midsize businesses could not afford the loan because the terms were too onerous and burdensome. The MSLP would have been a great opportunity for small businesses because you could use the loan for any expense, however, there was limited interest from community banks and large banks were slow to get the program started.

Numerous resources exist across the government to help women-owned businesses thrive. However, coordination of resources across federal agencies is often disjointed. Congress has come up with a solution to solve this problem – reauthorizing the Interagency Committee on Women's Business Enterprise (ICWBE). The ICWBE was established in 1979 and maintained through both Democratic and Republican administrations but has been inactive since 2000 with no chairperson to operate it.

Revitalizing this Committee is needed to facilitate intergovernmental cooperation to provide women in business access to government contracts, technical assistance, access to capital via grant and loan programs, and business training and mentoring. The ICWBE has, in the past, served a vital purpose – to monitor, coordinate, and promote programs within federal agencies that support and strengthen women's business ownership. If reauthorized, the work of the ICWBE will play a critical role in developing interagency policies that assist and promote growth for women owned businesses.

In light of the pandemic, there is also a renewed focus on ensuring small businesses have ample opportunities to win federal contracts. However, according to Bloomberg Government, the number of federal contractors working on unclassified prime contracts is at its lowest level in 10 years, despite a steady rise in government contract spending.⁴ Additionally, since the government continues to increase buying through larger contracts and move away from direct contracts, there are less opportunities for small businesses to participate in the federal marketplace.

The Federal Government can accelerate the recovery of small businesses from the coronavirus pandemic by harmonizing requirements for awarding sole source contracts for small businesses. Currently, the sole source dollar limits for small business programs are \$4.5 million and \$7 million (manufacturing) over the life of the contract. Meaning, for companies like mine, that is less than \$1 million each year. By doubling the existing thresholds, it would allow for more awards to small businesses who are currently limited by dollar amounts that don't align with current government buying trends. Data on government spend illustrates this issue – despite a rise in contract dollars to small businesses, their share of the market remains the same. These statistics bring attention to the need to adapt to this way of buying, which requires new strategies for small businesses and changes to SBA contracting programs to increase small businesses participation.

Additionally, the Women-Owned Small Business (WOSB) program requires that a contracting officer justify through market research that not two or more offers at a reasonable price are expected. The acquisition community has largely interpreted this requirement to mean that a sole source contract can only be awarded if the company receiving the award is the "only company in the world" that can perform this work, leading to exceedingly few sole source awards. Other interpretations have included qualifiers such as the only company who meets the past performance standards, or geographic requirements or has the capacity to perform the contract. Generally speaking, contracting officers who have awarded sole source contracts to WOSBs have used the broader

⁴ Paul Murphy, *Federal Supplier Base Continued to Shrink in Fiscal 2018* (May 23, 2019), <https://news.bloomberglaw.com/federal-contracting/federal-supplier-base-continued-to-shrink-in-fiscal-2018>.

interpretation. I would encourage the Committee to clarify that contracting officers should use this broader definition, thus freeing up their ability to award sole source contracts to WOSBs. Since the WOSB program was put into place, the federal government has only met its 5% goal twice. These changes would increase opportunities for women-owned businesses to provide their valuable goods and services to the federal government.

These contracting changes would provide Envision2bWell the ability to market and secure contracts since our product is unique. We have been in discussions with federal agencies to use the platform. As the Subcommittee knows, it is not easy for government agencies to buy innovation.

Several times in this testimony, I've noted the terms knowledge, support, access, and autonomy and have related it to being healthy. It's no different with entrepreneurs. Wellness, to entrepreneurs means having the knowledge, support, access, and autonomy to growing their ideas into companies. Yes, there is more KNOWLEDGE available but the two items severely lacking and, in some cases, totally missing for women entrepreneurs, is SUPPORT and ACCESS. Statistics illustrate the problem of access and support for women. For every \$1.00 raised by men at early stage, women raise an average of \$0.38. Black women raise just \$0.02. For the average man, seed funding means a team, an operating budget and cushion for a pivot or two before finding the elusive product market fit. For the average woman, it likely means an outsourced team, an office in the local coffee shop and an idea that can slowly die on the vine due to limited resources.

In closing, I urge the Subcommittee to proactively take steps to break down barriers with respect to access and support for women entrepreneurs. Together we can eliminate obstacles that prevent women from accessing critical capital and resources to succeed in business. Thank you for giving me the opportunity to testify before you today and I look forward to answering any questions.



Testimony

Ayris T. Scales - CEO, Walker's Legacy Foundation

**The Committee on Small Business
Subcommittee on Economic Growth, Tax, and Capital
Access**

**Hearing: "Reversing the Decline in Women
Entrepreneurship: Opportunities for Rebuilding the
Economy."**

10:00 A.M. (ET) on Tuesday, June 15, 2021

Greetings Madam Chair and members of the Subcommittee on Economic Growth, Tax, and Capital Access, my name is Ayris Scales and I have the great pleasure of serving as the CEO of Walker's Legacy Foundation and Managing Director of Walker's Legacy LLC. It is my honor to submit testimony as we discuss and seek solutions to reverse the decline in women entrepreneurship and identify opportunities for rebuilding the economy.

Walker's Legacy, LLC was founded in 2009, and in 2016, launched its social impact arm, Walker's Legacy Foundation. Collectively our fundamental values, inspiration and strategic approach is shaped and driven by the philanthropic spirit and unprecedented entrepreneurial achievements of Madam C. J. Walker; this country's first self made female entrepreneur.

Our whole purpose is to unleash the next generation of self-made women and to improve the livelihood and economic prosperity of women and girls through entrepreneurship, as well as, their financial gains and professional development. Before the pandemic, two-thirds of all women were breadwinners for their families, a status even more common among Black and Latina women, low-income women, and mothers with school-age children. Supporting wealth creation and economic success for low to moderate-income Black and Latina women, female founders, and entrepreneurs is fundamental to reversing the decline and building back stronger via a system not just focused on rebounding, but focused on true and equitable recovery.

COVID-19 shook the American economy, shedding light on deep economic disparities faced by people of color, especially Black and Latina women led households and businesses. Over 2 million women left the labor force during the COVID crisis, and the unemployment rate for Black and Latina women remains persistently higher than the unemployment rates for White and

Asian men and women. And over 80% of female respondents to our COVID19 Impact study, recently shared that they are scared their businesses will be closed by the end of this year; these are astonishing numbers, but they are not beyond repair.

Building a more equitable and inclusive country requires an all hands, multi-sector approach, and bi-partisan approach. Personally, as a trisector professional who at every step of the way pushes herself to be a champion of women, a voice for those most marginalized and a true believer in the power of the collective; I've been on the frontlines establishing partnerships, developing policy, creating and executing strategic initiatives, overseeing investments and amplifying stories that tell just that for which we are gathered here today.

This moment and the momentum that's finally focused on investing resources, infrastructure and policies to support and advance small businesses, particularly those led by minorities, women and other marginalized demographics could not come at a more poignant moment in time. At Walker's Legacy, we recognize that women are the backbones of our families and home, that women led enterprises and small businesses collectively are the backbone of our communities and that in turn makes them the backbone and true engine of our economy.

This country is and always has been, built on the bold vision, innovation and hustle of everyday citizens who sought new, better and different ways to not just create wealth but to create opportunity. And I came to Walker's Legacy because I believe wholeheartedly that empowering women is a surefire strategy to closing socio-economic inequities. More specifically, we seek to close racial and gender disparities through entrepreneurship.

According to the American Progress, African American and Hispanic female-owned businesses are the fastest-growing entrepreneurial segment in the country. Growing at a rate 6 times faster than white firms, at nearly 300%. And with more women being pushed out and/or deciding to check out of the workforce, entrepreneurial endeavors are becoming their alternative or side hustle. However, minority-owned-women firms continue to struggle with growth, regardless of their income status, capital, and hiring needed to scale and expand.

The barriers for women starting and maintaining a successful business include lack of startup capital, resources, and loans; gender discrimination within male-dominated sectors; little access to strong networks; difficulty in obtaining government and private contracts; along with children and family obligations - these barriers are further compounded for women of color as a result of the influence of race on social, human, and financial capital.

For example, among all businesses nationally those owned by Black women have average sales per business of \$28,000, compared to \$768,000 for those owned by white men. And we know that Black women founders receive less than one percent of venture capital deals and receive lower loan amounts at higher interest rates than other founders.

Additionally, women founders, particularly those of color, traditionally lack access to formal business training, social networks and mentors that can support their launch, sustainability and scale. The importance of Black and Brown representation via mentors, instructors, representatives and examples, goes a long way in supporting the women in which we serve, dreams and aspirations. In fact, confidence and the impact of mentors are just a couple of the

metrics in which we actually track pre and post completion of a Walker's Legacy business accelerator; as the ability to believe in your vision and talent is just as important as having both. 70% of small businesses that received mentoring survive five more years and 93% of small businesses have noted that mentoring has helped them succeed. And upon completion of our programs nearly 85% of the women state that they feel more confident to launch, pitch or scale their business plan to customers, investors and the public.

And while these issues were prevalent before our economy was hit with the impact of the global pandemic, we see that challenges and barriers have only continued to get worse for small businesses. So as we begin to reopen across the country, our stakeholders are both excited but also burdened and emotionally taxed trying to navigate what's to come and a landscape of uncertainty. They are seeking guidance and support on even more issues and challenges such as:

- Employee reintegration and retention due to new work normals and expectations from the workforce;
- How to more quickly access and apply technology to pivot to online and virtual commerce;
- The removal of discriminatory barriers and evaluation criteria in order to access capital and business insurance;
- And how to manage emerging mental health issues and concerns.

Other findings from our COVID19 Impact study found the following:

■ **Disaster Preparedness**

- More than 80% of multicultural business women did not have a disaster preparedness plan.

- More than 60% of multicultural business women believe business interruption insurance would have been helpful.

■ Technology

- For multicultural business women, seven on a scale of 10, were using technology prior to the pandemic, this increased to eight out of 10 during the pandemic.

■ Wellness & Work-Life Balance

- Multicultural business women acknowledge that COVID-19's impact has affected their mental health (75.07%).

These concerns and true gaps, only further reiterate the need for ongoing federal funding, but also that of the private sector. In a recent survey conducted by Walker's Legacy, we found that 60% of our respondent business owners were awarded government funding and 60% of multicultural business women indicated that supply chain disruptions impacted their business operations. Federal support via PPP loans - loan forgiveness; child care assistance and unemployment insurance has been lifelines to women led businesses and the small business ecosystem in general. With nearly 50% of all Americans working for a small business, we know we can not afford both literally and figuratively to continue to invest in their speedy recovery.

In closing, for more than a decade Walker's Legacy has been providing critical support through our thought provoking content, our 10 week instructor led, industry agnostic business accelerators and boot camps, and our mentoring and networking programs - all specifically designed to increase the confidence, coins and connections for women of color entrepreneurs. We have engaged with thousands upon thousands of women across the country and actually

around the globe and see every day the resilience demonstrated by small business owners and hear their outcry for support and solutions.

We are committed to leveraging intentional metrics, emerging policies, and market data to ensure that we're delivering approaches that are responsive, culturally sensitive, economically feasible, and generate long-term sustainability and scale. Now more than ever, we stand ready and diligent to support multi-sector efforts to ensure that in fact there is not a decline in women and that small businesses are at the forefront of recovery efforts, here and beyond.

This concludes my testimony. I thank you for the opportunity to share more about Walker's Legacy, the needs of our members, alum and stakeholders and how collectively we can and should continue to invest in women as we seek solutions to stabilize and recover our economy.



June 15, 2021

Small Business Subcommittee on Economic Growth, Tax, and Capital Access

Reversing the Decline in Women Entrepreneurship: Opportunities for Rebuilding the Economy

Natalie Buford-Young, CEO of Springboard Enterprises

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Springboard Enterprises is a 21-year-old not-for-profit committed to propelling women entrepreneurs forward. We serve as a growth accelerator for women entrepreneurs who are building innovative companies at scale. The value that Springboard Enterprises brings to the market has been validated by our strong 21-year track record of success with more than 835 companies coming through our program resulting in more than \$27B of value created, 89% of our portfolio companies receiving funding, more than 200 exits or M&A events and 22 IPOs.

Despite all of Springboard's success in supporting women entrepreneurs, there is still tremendous a gap in the amount of funding flowing through to women founded companies. Women founders are still only receiving a small fraction of overall venture capital funding. In 2019, women founders received a paltry 2.8% of venture capital funding. In 2020, it dipped even lower to 2.3% of venture capital funding going to women founders¹. Studies are pointing to two contributing factors for the decline.

1. Women were disproportionately impacted by Covid, as they often serve as the primary caregivers for their families and found themselves faced with the choice of focusing on the care of their families or building their companies. Some opted to put their company growth on hold or postpone their capital raise.
2. Investors, faced with market uncertainty, reverted back to their more "comfortable" networks and were less willing to take a "risk" on unknown entities including women founders.

Ironically, studies show that companies with a woman founder performed 63% better than investments in all-male founding teams, and businesses founded by women deliver twice as much per dollar invested than those founded by men.² In contrary to the overall market, in the time that most women-founded companies were taking a hit from 2019 to 2020, Springboard was doubling down and our Springboard companies saw an increase. In 2019 Springboard companies raised \$1.06B in funding. In 2020, despite the pandemic, our Springboard companies raised \$1.31B in funding.

Founded by Kay Koplovitz in 2000, Springboard was the first organization of its type focused on women entrepreneurs and has continued to be instrumental in the success of our entrepreneurs including those who built top companies such as Zipcar, iRobot, Minute Clinic, Constant Contact, Everlywell and many others. While there are many accelerators, incubators, and start-up organizations that focus on

¹ March 2021 Crunchbase- Female Investors Aim To Reverse Alarming Decline In Women's Economic Participation

² Forbes 3/29/2019 "The value of investing in female founders."



companies at the ideation stage, Springboard programs serve women entrepreneurs that are at the critical stage of scaling their companies. Our companies have typically raised their seed or angel funding and are approaching series A or have raised their series A.

I'd like to give you a glimpse inside Springboard and how we impact the success of our women entrepreneurs through our expert network and our signature programs. Unlike most accelerators, we are focused on assessing the stage and skill sets of our entrepreneurs and then helping to fill those gaps utilizing our network of 5,000 advisors.

Women entrepreneurs apply, are evaluated, and then selected to join our various cohorts. Once a woman is selected to be a part of one of Springboard cohorts, we listen to their personal bio pitch and their company pitch and spend time getting to understand what they need. Then, based on what they believe their gaps are and what we see as their gaps, we match them with a custom set of advisors from our network of 5,000 subject matter experts. The gaps can vary greatly from founder to founder but here are a few examples of what we have experienced: financials are not in order, lack of understanding of how to protect intellectual property, misalignment in product-market fit, or lack of experience navigating the FDA approval process. Whatever her gaps may be, we have subject matter experts in our Springboard network who provide their time and talent to help our entrepreneurs build their companies. Many of these connections have spanned for more than 20 years, with advisors joining the company they have advised, or joining the board, or investing in the company or serving them as a service provider. Once a woman entrepreneur is an alumna of Springboard, they are part of our network for life. We like to borrow a lyric from Hotel California by the Eagles ... "you can check out any time you like but you can never leave."

Another one of our signature programs is Dolphin Tank. Similar to the television show Shark Tank, companies provide their quick pitch to a live audience. In the case of Dolphin Tank, our live audience is comprised of advisors and investors who offer their feedback and connections to the presenting companies. In one of our recent dolphin tanks featuring diversity founders, one of our presenting companies that provides a transportation and logistics solution for school systems, ended her presentation with a request for access to a specific decision maker in a particularly large school system. One of our audience members who is closely connected to the superintendent, offered the introduction on the spot.

Our collective community, which includes all of you, needs to continue to ban together to support the next generation of women entrepreneurs building their companies at scale. Here are a few of the ways that you can support the women entrepreneurs:

1. provide incentives for all types of investors to be motivated to invest in women founded companies
2. create direct grant programs support for mid to later stage women-led start-ups where there is a large funding gap



Springboard and other similar not-for-profits and accelerators have accomplished so much with the support of the private sector primarily through corporate sponsorships, corporate philanthropic donations, as well as individual donor contributions. Springboard's key corporate contributors include Accenture, Eli Lilly, Aetna (now CVS), Dell Technology, CA Technology (now Broadcom) Proctor & Gamble, Microsoft, as well as many top law firms, commercial banks and other top industry service providers. Despite their contributions, we still need additional support to allow us serve more women entrepreneurs who come to us for help. As corporations have cut back on sponsorship and philanthropic budgets during the pandemic, it has impacted our fundraising efforts to support our mission of advancing women entrepreneurs.

While direct support of women entrepreneurs is key, support of organizations like Springboard is crucial to provide women entrepreneurs with the educational and other support they need to build their companies to scale. Here is how you can support Springboard and our mission:

1. provide meaningful governmental incentives for corporations and other donors to give to non-profits that support women entrepreneurs
2. establish governmental grant programs that directly support women entrepreneurs while establishing key metrics on their outcomes

The perfect way for you to see us in action is to join, as our guest, for one of our Dolphin Tanks, which you can attend virtually. <https://sb.co/dolphin-tank>.

Thank you for this opportunity to present to the Committee.

**Questions for the Record
Committee on Small Business
Subcommittee on Economic Growth, Tax, and Capital Access
Hybrid Hearing: Reversing the Decline in Women Entrepreneurship: Opportunities
for Rebuilding the Economy
Tuesday, June 15, 2021**

Questions for Ms. Sherry Turner, Executive Director, Kansas City Women's Business Center, Fairway, KS from Rep. Van Duyne

In May, SBA's OIG issued an audit of SBA's oversight of Women's Business Centers and their compliance with cooperative financial requirements in which the OIG found that SBA did not provide adequate oversight. As a result of this limited oversight, "program officials did not detect \$801,056 in unallowable, unallocable, and unsupported costs, matching funds, and program income earned." Additionally, the "SBA was aware of two WBC's material noncompliance with federal regulations and cooperative agreement requirements, yet continued to allow WBCs to participate in the program for three additional years and receive \$787,500 federal funds."

Ms. Turner, obviously hearing about the lack of oversight by the SBA is concerning, and the SBA must do everything in its power to make sure its partners are properly using taxpayer dollars.

What has your experience been like when dealing with SBA and their oversight? How often do you communicate with the SBA? What metrics of success do you share with the SBA? Do you believe communication should be more frequent to ensure the success of WBCs?

Regulatory and grant compliance inconsistencies and inefficiencies would be remedied by modernization of the WBC program and creation of an accreditation program. Similar with other Office of Economic Development programs, a structured accreditation process would allow for program accountability for client service.

The Association of Women's Business Centers' (AWBC) work has helped increase communication and the sharing of information between WBCs. We echo Corinne Hodges' recent testimony, "Recognition and consultation of a national association would also enable improved communication, RFP processes, and day-to-day maintenance of the program." We are hopeful that any new communication improvements with the SBA will increase clarity among WBC operations.

Our WBC shares the following metrics of success with the SBA:

- Unique clients served (counseling and training)
- Number of start-ups
- Number of capital transactions (grants, loans and/or equity)
- Number of jobs retained (CARES grant only)

- Activities facilitated to support clients
- Type of assistance requested by clients and type of assistance provided
- Challenges experienced by our WBC in our ability to serve our clients

Regarding your question on frequency in which we communicate with the SBA. In our experience as a 20-year organization, our communication with the SBA includes the following. We consider SBA communication to be adequate and would welcome increased communication moving forward.

- Bi-weekly calls with our CARES grant manager and CORE grant manager (starting this month for CORE)
- Monthly Office of Womens Business Ownership (OWBO) calls
- Weekly SBA Briefings via email from our CORE grant manager
- Financial Audit every 2-3 years; quarterly financial reports and 6-month narrative reports
- Mid-Year and Year End review with SBA Kansas City District Office

In your testimony, you mentioned that women entrepreneurs need is reduced occupational licensing for professional services and that lawmakers can help create a level playing field by reducing red tape. Can you identify any examples of occupational licensing or regulations that you think Congress should look to change?

Occupational Licensing:

This research work was completed by United WE.org in Kansas City.

Examples of new legislation in Missouri addressing "The Importance of Reciprocity"

For decades, occupations like nursing, dentistry, medicine, pharmacy, and cosmetology have required licensure as a means of protecting the public. Because occupational licensing regulations are enforced and controlled by each state throughout the nation, there are varying requirements and qualifications.

This makes reciprocity, the policy and process of accepting an individual's license from another state, difficult due to significant disparities among state requirements.

In 2021, HB 2066 expands the existing law to make it easier for military spouses from other states to use their professional licenses in Kansas by expediting key elements of the licensing process.

In 2020, Governor Parson's of Missouri signed HB 1511 and HB 1452, which would allow military spouses to move to Missouri without losing their professional licenses from other states.

In 2018, SB 843, waived licensing fees for military families and low-income Missourians.

Legislation was also supported to allow those seeking to pursue a career in hair braiding to complete an online video and obtain a certificate of registration.

As referenced in my testimony: Start Us Up has created America's New Business Plan with specific recommendations to lessen burdens for entrepreneurs. One specific recommendation is as follows which is verbatim from their plan:

Rein in Occupation Licensing (Federal, State)

Occupation licensing erects barriers to workers entering certain fields and to perspective entrepreneurs creating businesses that can compete with incumbent firms benefiting from licensing protection. Policymakers should:

- Replace licensing with less onerous forms of regulation, such as certifications or permits, in industries where public health is not seriously threatened.
- Streamline remaining licensing requirements. State can develop regional or interstate compacts to ensure occupational licenses are transferable to or recognized by neighboring states, just like a driver's license. Federal pre-emption would accomplish a similar purpose.
- Reduce blanket bans and "good character" clauses in remaining licensing requirements, which erect barriers to entrepreneurship for the formerly incarcerated.

Supporting evidence:

- Today, about 29% of jobs require a government-issued license, a dramatic increase from the 1970's, when just 10% of workers were licensed.
- Research suggests that stricter occupational licensing requirements lead to higher recidivism rates, increasing recidivism by more than 9% in strict states and decreasing it by as much as 2.5% in more lenient ones.

Bright Spot: In 2017, Arizona's governor issued an executive order requiring all state licensing boards to perform a review of all existing licensing requirements. The Arizona Legislature also passed legislation to establish a cause of action that allows workers to challenge licensing requirements that serve no legitimate health or safety purposes.

