

**WOMEN ENTREPRENEURS:
AN ECONOMIC GROWTH ENGINE FOR AMERICA**

HEARING
BEFORE THE
**COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP**
OF THE
UNITED STATES SENATE
ONE HUNDRED SEVENTEENTH CONGRESS
FIRST SESSION

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ONE HUNDRED SEVENTEENTH CONGRESS

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WOMEN ENTREPRENEURS: AN ECONOMIC GROWTH ENGINE FOR AMERICA

WEDNESDAY, OCTOBER 27, 2021

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 2:48 p.m., via WebEx and in Room 301, Russell Senate Office Building, Hon. Benjamin L. Cardin, Chairman of the Committee, presiding.

Present: Senators Cardin, Cantwell, Duckworth, Rosen, Hickenlooper, Paul, Ernst, and Hawley.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, CHAIRMAN, A U.S. SENATOR FROM MARYLAND

Chairman CARDIN. The Senate Small Business and Entrepreneurship Committee will come to order. It is good to have Senator Ernst with us. We have adjusted the schedule because of the rolling votes. We have just started two votes on the floor of the Senate, so I think members might be tending to their vote.

Senator Paul, I understand, was here. He just left in order to cast that vote and then he will be coming back, and when he arrives we will allow him to give his opening statement.

At this point I want to just welcome our two witnesses and thank you all for joining us today for this important hearing on how the Federal Government can empower women entrepreneurs and unleash the potential of women-owned small businesses so they can continue to be a growth engine for our economy as we recover from COVID-19 pandemic.

This hearing comes as we close National Women's Small Business Month, during which we recognized the contributions of women entrepreneurs to our local and national economies. I look forward to National Women's Small Business Month each year because women entrepreneurs should be celebrated, for prospering in spirit of the historical barriers to success that persist.

National Women's Small Business Month is particularly important in my home state of Maryland, as it boasts the highest concentration of women-owned small businesses in the country—we are very proud of which—many of which are owned by minority women. It is a distinction that fills me with great pride and informs my work as Chair of this Committee.

Today's hearing also falls two days after the 33rd anniversary of the Women's Business Ownership Act being signed into law. This landmark bill eliminated state laws that prevented women from securing a business loan without a male co-signer, and it established the Women's Business Center Program at the Small Business Administration.

We are now far removed from these antiquated state laws, but the past 18 months of COVID-19 pandemic has demonstrated that women entrepreneurs still face many structural barriers when they start, operate, and attempt to grow small businesses. Throughout the pandemic, women entrepreneurs have been more likely to report a significant decline in the health of their business than their male counterparts, according to the research conducted by the Kauffman Foundation.

And historically, women-owned small businesses lag behind male-owned small businesses in four key indicators of future business growth: investment plans, revenue projections, staffing expectations, and access to capital. While the pandemic has shined a light on the structural barriers women still face, it has also demonstrated that the Federal Government can play a key role in breaking down those barriers and empowering women entrepreneurs.

A recent report issued by the Government Accountability Office found that the policies championed by Senate Democrats in the Paycheck Protection Program and Health Care Enhancement Act, Economic Aid Act, and the American Rescue Plan made later rounds of the Paycheck Protection Program more equitable and accessible for underserved communities. While small business owners received only 9 percent of the initial PPP loans authorized by the CARES Act, the report found that the share of loans made to women-owned small businesses, following changes made by Congress, increased that to 16 percent. This is in line with the percentage of small businesses owned by women, which is also 16 percent.

This report is proof that through thoughtful, concerted efforts it is possible to bridge the historical gaps that prevent underserved entrepreneurs from starting and growing small businesses.

I was proud to work with my colleagues in the Senate, including several on this Committee, to secure those improvements to the PPP, and I am looking to build upon that work in the months and years ahead.

Now as Congress continues to negotiate President Biden's Build Back Better agenda, a once-in-a-generation investment in our families, communities, and small businesses, it is vital that we build on the lessons learned during the pandemic to continue investing in women entrepreneurs. That is why I am looking forward to hearing the testimony of Tammira Lucas, founder of The Cube Cowork in Baltimore and co-founder of Moms As Entrepreneurs. Dr. Lucas will shed light on the unique barriers that women, including mothers, face on the path to business ownership. I would also like to congratulate Dr. Lucas on The Cube Cowork's grand opening of its expansion last week, making it the largest Black-owned coworking space in the country. Congratulations.

I am looking forward to hearing from Women Impacting Public Policy's President and CEO, Candace Waterman, who advocates on

behalf of women business owners to Congress. I know that that organization is celebrating its 20th anniversary next month, so Candace, I want to thank you and your colleagues for your tireless efforts to empower women small business owners over the last two decades.

I hope to hear from you both about the tools and resources Congress can create and improve to support women on their entrepreneurship journey and ensure their success.

The COVID-19 pandemic interrupted a period of tremendous growth for women-owned businesses. Women-owned businesses employed 9.2 million people, 8 percent of the total private sector workforce, and they generate \$1.8 trillion in annual revenues, 4.3 percent of the annual private sector revenues.

While these numbers seem small on the surface they tell a remarkable story about the potential women-owned small businesses. From 2007 to 2019, total employment by women-owned businesses rose 21 percent while employment for all businesses declined by 0.8 percent. In other words, for the past decade women-owned small businesses have been the drivers of economic growth in our economy, despite the myriad headwinds they face in the path to success.

This fact is even more evident when it comes to minority women. Between 2007 and 2019, businesses owned by minority women grew by more than 163 percent. Imagine what our women entrepreneurs could do if there were less obstacles in their way and if they had more support during their entrepreneurship journey.

Supporting small businesses through the COVID-19 pandemic has been the most challenging and the most important thing this Committee has ever done. Our efforts to build back better in the years ahead will be another incredible challenge, but they are our opportunity to help our economy grow in a fairer, more productive way.

We simply cannot waste the time that we have to make the process in these areas. We must commit ourselves to using this opportunity to create thoughtful policies that will empower women entrepreneurs for generations to come.

And with that let me yield to the Ranking Republic Member, Senator Paul.

**OPENING STATEMENT OF HON. RAND PAUL,
A U.S. SENATOR FROM KENTUCKY**

Senator PAUL. Thank you, Mr. Chairman. The Chairman makes a great point that women are doing very well in small businesses across America, and I think every way have shown themselves to be the equal of men, if not often the superior to men. But it is also, I think, inadvertently an argument for why we do not need special set-asides for women. I think they can compete on their own two feet, just with men.

You know, when I took over as Ranking Member of this Committee I believed that our charge would be to create an environment in which all small businesses can flourish. Instead, our work here, though, has focused almost exclusively on which side of the scale the heavy hand of government should place its thumb. While some businesses may have just been too large to qualify as small

businesses and were ineligible for the Paycheck Protection Program, the Biden administration has continued to violate the law, to pay back, with taxpayer dollars, their political ally, Planned Parenthood.

Then came the Restaurant Revitalization Fund, whose race and gender preferences were struck down by the Sixth Circuit for violating the Fourteenth Amendment's guarantee of equal protection under the law. It is simply galling that after Democratic governors shut restaurants down, shut the economy down, that Congress would insist that before owners receive assistance they are first asked whether they are a man or a woman, Black or White, Pakistani or Iraqi, and that the answers to these questions determine whether you go to the front of the line or the back of the line.

Which brings us to today's attempts by the Biden administration to favor one set of races and genders over others. Rather we should embrace the words written by Justice John Marshall Harlan, in his dissenting opinion in *Plessy v. Ferguson*. He said, "Our Constitution is colorblind and neither knows nor tolerates classes among its citizens."

The free enterprise system is consistent with those words. Free enterprise empowers those who innovate, who take risks, who work hard, including women. In other words, free enterprise is the great equalizer. The facts demonstrate that women entrepreneurs do not need government handouts. While just shy of 60 percent of Small Business Administration's microloans go to women-owned or women-led businesses, a majority of women entrepreneurs use private loans and sources of funding to start their own businesses, compared to just 20 percent who use SBA loans. Moreover, women-owned businesses have a nearly 70 percent success rate with crowdfunding, outstripping male-owned businesses by nearly 10 percent.

The history of women in business is a great one. Private tech companies led by women achieve a 35 percent higher return on investment than similar companies led by men. Look around. Women are succeeding like never before. Whether it be in academics or business, women have proven themselves to be the equals of men. Frankly, it is insulting to think that women need affirmative action.

A century of economic history demonstrates, beyond a doubt, that the best way to promote economic growth and upward mobility for all is to adhere to free market principles. Those are the policies that should be on the agenda today, but they are not. If the Biden administration and most of my Democratic colleagues in the Senate were truly interested in discussing the issues facing female entrepreneurs today we would be here to discuss the impact of rising inflation, the growing supply chain crisis, inflation throughout the system, and the effects they are having on American small businesses. Instead, Democrats are planning to exacerbate these issues by spending trillions—trillions more of Americans' dollars, money that we do not have, in their attempt to remake America.

At a time when 86 percent of small businesses today say they are concerned about inflation and 74 percent say inflation hurt their businesses, Congress is now, led by the Democrats, doubling down on failed big government socialist policies in precisely the wrong

prescription, making it harder on small business. Rather, we ought to rediscover old economic truths, that all entrepreneurs thrive when they are encouraged to innovate and compete in a marketplace.

This Committee should work to end discriminatory and patronizing programs and instead focus on policies in which all small business owners, no matter their race or gender, are most likely to thrive. Thank you.

Chairman CARDIN. Thank you, Senator Paul.

[Pause.]

Chairman CARDIN. We will first hear from Dr. Tammira Lucas, who is a “mompreneur,” a mother and entrepreneur. She is CEO of The Cube Cowork, a coworking space in Baltimore that also provides childcare services, and co-founder of Moms As Entrepreneurs, an organization that focuses on decreasing chronic poverty by helping mothers build sustainable businesses. As of 2019, Dr. Lucas’ program, Moms As Entrepreneurs, has helped over 100 moms launch businesses in Baltimore, and she recently expanded The Cube Cowork space to increase opportunity for even more entrepreneurs with children.

Dr. Lucas, it is a pleasure to have you here.

STATEMENT OF TAMMIRA LUCAS, Ph.D., CEO, THE CUBE COWORK

Dr. LUCAS. Good afternoon, Chairman Cardin, Ranking Member Paul, and members of the Committee. Thank you for having me today. I am Dr. Tammira Lucas, CEO of The Cube Cowork, Baltimore business leader, and business professor.

As a mom, wife, and entrepreneur, I struggle to choose my business or my family. I quickly learned that I was not the only mother faced with these struggles, after training hundreds of mom entrepreneurs locally and nationally through my organization, Moms As Entrepreneurs. I spent two years researching solutions to these problems that many women entrepreneurs battle.

The results of my extensive research determined that mom entrepreneurs all shared the same wants: more time, a network, and support services to grow their business. I created a solution to address these barriers to success for women entrepreneurs, The Cube Cowork. The Cube Cowork is the largest Black-woman owned coworking space in the United States, to provide a space where parents no longer have to choose their businesses over their families. The Cube Cowork provides onsite babysitting services, business-building resources, a network, and office space rental.

The vast majority of growing businesses in the United States are women, and more specifically, Black women. Unfortunately, this same demographic experiences multiple pandemics, including the lack of financial capital, human capital, race inequities, and social capital to break the ceiling of 40 million to increase impact hiring. During the pandemic, women entrepreneurs, especially Black women entrepreneurs, were the most resilient, yet received the least support. With the lack of capital that already existed pre-pandemic, women entrepreneurs had to figure out a way to survive during and after the pandemic.

What we saw in communities like Baltimore was women using their creativity, social platforms, and the power of working together to ensure their businesses sustain. In theory, this sounds profound, but in reality, this should not be the case. We saw women business owners being pushed out of financial bailout opportunities like the first round of the PPP loans and EIDL, where big corporations, who had the resources, benefited, and small women-owned businesses continued to struggle. This should not be the case.

This catastrophe taught us that women entrepreneurs need more access to capital and resources that Women Business Centers provide. The Women Business Center should continue to be funded and supported to help bridge the gap of support services needed to sustain a business. For example, many women-owned businesses could access resources like the PPP loans in the beginning because they did not have proper accounting systems, banked with large financial institutions, or had a payroll. Women-owned businesses tend to not be in a place to have the resources to set up proper system or hire full-time or part-time staff.

Sixty-one percent of Black women entrepreneurs start businesses in retail, beauty, health, education, or social service sectors. They are typically small, informal businesses with low margins and crowded, competitive markets, and are more challenging to sustain over the long term. This is due to the lack of knowledge, financial resources, and family consideration. However, these businesses are keeping the lights on and food in the refrigerators of families. These businesses are the ones that are setting a foundation to close the wealth gap in Black communities.

According to the Kauffman Foundation, 37 percent of moms do not start businesses because of family considerations like childcare access. For those who do start their businesses, nearly half of them do not believe their businesses will succeed, which is why Black women have fewer established business owners compared to their high rate of new venture startups.

Access to key resources needed for entrepreneurship is unevenly distributed in U.S. society, reinforcing the advantage of certain groups while impeding the entry and catching-up of certain disadvantaged groups. Black mothers are often pushed into necessity entrepreneurship, which often generates low income, and they have fewer choices in how they engage economically.

Mothers who choose entrepreneurship as an attractive economic opportunity with access to the right resources are better able to start businesses and grow it. Mom entrepreneurs are ideally situated in close proximity to their potential customers and collaborators in the center of their often-overlooked communities despite these added pressures. They are in an ideal position to identify business voids that address community needs and provide opportunities to generate income and wealth.

The socioeconomic reality for Black mothers and women entrepreneurs in Baltimore and similar cities are defined by the legacies of structural racism, including redlining and underfunded education, in addition to the wage gap women face. The actual reality is that our economy would not sustain if it were not for women entrepreneurs and women consumers.

I have seven recommendations.

Number one, continue to fund and expand Women Business Centers in underserved communities and cities.

Number two, accelerate finalizing the funding opportunity for the SBA Community Navigator and ensure the organizations that receive funding to implement these services have the capabilities to reach the underserved demographics. Too often, funding opportunities are given to organizations that do not have the capabilities to reach the actual people that need the services.

Number three, under the Office of Women Business Ownership, create an advisory board that is solely focused on addressing the issue mom entrepreneurs face such as family considerations. Mom entrepreneurs continue to be grouped under women entrepreneurs, and there is a huge difference between being an entrepreneur as a woman and being an entrepreneur as a mom.

Number four, create an advisory board that will help the SBA interface look less daunting to everyday women entrepreneurs and provide relatable outreach services. Most entrepreneurs do not access resources offered by the SBA because the interface is not friendly to those that need it most. We have to design access to services that are equitable for all.

Number five, access to capital should be made easy for women entrepreneurs to access, taking into consideration that more than half of the 11.6 million entrepreneurs are moms living below the poverty level and may not have a great credit rating or collateral. This should not be the defining factor in whether they should access capital to start or sustain their businesses and create generational wealth for their families.

Number six, provide affordable childcare to women starting and growing businesses. Often these resources are given to women who are looking to go into the workforce but not women who are creating the workforce.

And Number seven, provide access to affordable health care. Women entrepreneurs' hesitation to start businesses often includes the barriers to affordable health care as an entrepreneur. Because of the lack of affordable health care for entrepreneurs, women tend to work full-time jobs to obtain health care while working in their business full-time. Women should not have to balance both or choose.

In closing, in order to encourage more women to be entrepreneurs, they need to know that they have the resources and support to do so. This is not just business resources but this includes adequate housing, childcare, education, and mentorship.

Thank you for your time and the opportunity to share my expertise and thoughts.

[The prepared statement of Dr. Lucas follows:]

Tammira Lucas
CEO
The Cube Cowork

Good afternoon

Thank you for having me today. I am Dr. Tammira Lucas, CEO of The Cube Cowork, Baltimore business leader and business professor.

As a mom, wife, and entrepreneur, I struggled to choose my business or my family. I quickly learned that I was not the only mother faced with these struggles after training hundreds of mom entrepreneurs locally and nationally through my organization Moms As Entrepreneurs. I spent two years researching solutions to this problem that many women entrepreneurs battled. The results of my extensive research determined that mom entrepreneurs all shared the same wants: more time, a network, and support services to grow their business. I created a solution to address these barriers to success for women entrepreneurs, The Cube Cowork. The Cube Cowork is the largest black woman-owned coworking space in the United States to provide a space where parents no longer have to choose their businesses over their families. The Cube Cowork provides on-site babysitting services, business-building resources, a network, and office space rental.

The vast majority of growing businesses in the United States are women and, more specifically, black women. Unfortunately, this same demographic experiences multiple pandemics, including the lack of financial capital, human capital, race inequities, and social capital, to break the ceiling of 40 million to increase impact hiring. During the pandemic, women entrepreneurs (especially black women entrepreneurs) were the most resilient yet received the least support. With the lack of capital that already existed pre-pandemic, women entrepreneurs had to figure out a way to survive during and after the pandemic. What we saw in communities like Baltimore was women using their creativity, social platforms, and the power of working together to ensure their businesses sustain. In theory, this sounds profound, but in reality, this shouldn't be the case. We saw women-owned businesses being pushed out of financial bail-out opportunities like the first round of the PPP loans and EIDL, where big corporations who had the resources benefitted and small women-owned businesses continued to struggle. This should not be the case!

This catastrophe taught us that women entrepreneurs need more access to capital and resources that women's business centers provide. The women's business centers should continue to be funded and supported to help bridge the gap of support services needed to sustain a business. For example, many women-owned businesses could not access resources like the PPP loans in the beginning because they did not have proper accounting systems, banked with large financial institutions, or had a payroll. Women-owned businesses tend to not be in a place to have the resources to set up proper systems or hire full or part-time staff. Sixty-one percent of Black women entrepreneurs start businesses in retail, beauty, health, education, or social services sectors. They are typically small, informal businesses with low margins in crowded, competitive

markets and are more challenging to sustain over the long term. This is due to the lack of knowledge, financial resources, and family considerations. However, these businesses are keeping the lights on and food in the refrigerators of families. These businesses are the ones that are setting a foundation to close the wealth gap in black communities.

According to the Kauffman Foundation, thirty-seven percent of moms don't start businesses because of family considerations like childcare access. For those who do start their businesses, nearly half of them don't believe their businesses will succeed, which is why black women have fewer established business owners compared to their high rate of new venture start-ups.

Access to key resources needed for entrepreneurship is unevenly distributed in U.S. society, reinforcing the advantage of certain groups while impeding the entry and catching-up of disadvantaged groups. Black mothers are often pushed into necessity entrepreneurship — which often generates low income, and they have fewer choices in how they engage economically.

Mothers who choose entrepreneurship as an attractive economic opportunity with access to the right resources are better able to start a business — and grow it. Mom entrepreneurs are ideally situated in close proximity to their potential customers and collaborators in the center of their often-overlooked communities despite these added pressures. They are in an ideal position to identify business voids that address community needs and provide opportunities to generate income and wealth.

The socio-economic reality for black mothers and women entrepreneurs in Baltimore and similar cities are defined by the legacies of structural racism (including redlining and underfunded education) in addition to the wage gap women face. The actual reality is that our economy would not sustain if it weren't for women entrepreneurs and women consumers.

Recommendations:

1. Continue to fund and expand Women Business Centers in underserved communities and cities.
2. Accelerate finalizing the funding opportunity for the SBA Community Navigator and ensure the organizations that receive funding to implement the services have the capabilities to reach the underserved demographics. Too often, funding opportunities are given to organizations that do not have the capabilities to reach the actual people that need the services.
3. Under the office of Under the Office of Women's Business Ownership, create an advisory board that solely focuses on addressing the issues mom entrepreneurs face, such as family considerations. Mom entrepreneurs continue to be grouped under women entrepreneurs, and there is a huge difference between being an entrepreneur as a woman and being an entrepreneur as a mom.
4. Create an advisory board that will help the SBA interface look less daunting to everyday women entrepreneurs and provide relatable outreach services. Most entrepreneurs do not access resources offered by the SBA because the interface is not friendly to those that need it most. We have to design access to services that are equitable for all.
5. Access to capital should be made easy for women-entrepreneurs to access, taking into consideration that more than half of the 11.6 million women entrepreneurs are moms

living below the poverty level and may not have a great credit rating or collateral. This should not be a defining factor in whether they should access capital to start or sustain their businesses and create generational wealth for their families.

6. Provide affordable childcare to women starting and growing businesses. Often these resources are given to women who are looking to go into the workforce but not women who are creating the workforce.
7. Provide access to affordable healthcare. Women entrepreneurs hesitation to start businesses often includes the barrier to affordable healthcare as an entrepreneur. Because of the lack of affordable healthcare for entrepreneurs, women tend to work a full-time jobs to obtain healthcare while working in their business full-time. Women should not have to balance both or choose.

In closing, in order to encourage more women to be entrepreneurs, they need to know that they have the resources and support to do so. This is not just business resources, but this includes adequate housing, childcare, education, and mentorship.

Thank you for your time and opportunity to share my expertise and thoughts.

Dr. Tammira Lucas

Chairman CARDIN. Thank you, Dr. Lucas, and we are very proud of your activities in our city of Baltimore.

We will now hear, via the Web, from Mrs. Candace Waterman, who is the President and CEO of Women Impacting Public Policy, a national, nonpartisan public policy organization, advocating on behalf of women business owners and its coalition of 79 business organizations.

Mrs. Waterman has over 35 years of experience spanning across the private and public sector, owning companies herself in the medical, real estate, and hospitality industries. In her current role she works in a bipartisan way with lawmakers like ourselves to impact and influence policy that provides economic equity, procurement inclusion, and access to the global marketplace to women entrepreneurs.

Mrs. Waterman, pleased to hear from you.

**STATEMENT OF CANDACE WATERMAN, PRESIDENT AND CEO,
WOMEN IMPACTING PUBLIC POLICY**

Ms. WATERMAN. Thank you so much, and good afternoon Chairman Cardin, Ranking Member Paul, and members of the Committee. It is an honor to meet you and to be invited to speak to the Committee today.

My name is Candace Waterman, I serve as the President and CEO of Women Impacting Public Policy, a national nonpartisan organization advocating on behalf of women entrepreneurs, strengthening their impact on our Nation's public policy, and creating economic opportunities while and forging alliances with other business organizations.

Thank you for the opportunity to speak at today's hearing, which will highlight the strength of women small business owners during the COVID-19 pandemic, the ongoing barriers to success these entrepreneurs face, and how Congress and the Small Business Administration can better support small business owners and encourage more women to pursue entrepreneurial opportunities.

Women Impacting Public Policy is a national nonpartisan organization which educates and advocates on behalf of women-owned businesses across the country. Since its inception in June 2001, WIPP has reviewed, provided input, and taken specific positions on many economic issues and policies which affect the bottom line of our membership. The issues cover a broad range of current legislation and/or policies such as affordable health care, leveling the playing field for women-owned businesses, opening up Federal procurement policies for women-owned businesses, the implementation of well-established Federal law which seeks to encourage women in the marketplace, tax policies, energy, telecom, and more. Matters which are not directly relevant to the economic health and well-being of constituent businesses are not part of our agenda.

Since its founding 20 years ago, WIPP's policy priorities have shifted to meet the times and to address the emerging policy areas impacting the economic health of women-owned small businesses, such as digital infrastructure and workforce development. Additionally, at its core, WIPP's advocacy has always been focused on increasing parity and equity for women-owned small businesses in Federal contracting and access to capital.

As an organization which represents the country's over 12 million women-owned businesses, we have within our ranks Republicans, Democrats, Independents, liberals, conservatives and every variety of opinion. We urge and encourage our members to become involved and politically active as their consciences dictate.

Our organization surveys its membership on a regular basis to determine which issues are priority issues for them, and we maintain the issue committees to review options and alternatively look to them for advice on legislation that meets the needs of our membership.

In order to further our objectives, we maintain relationships with all Members of Congress, as well as the incumbent Administration, regardless of political affiliation, and we intentionally maintain our nonpartisan approach.

WIPP has tackled Federal contracting issues since its inception. Access to Federal markets continues to be a challenge for WOSBs, given that the Federal Government has only met its modest goal of 5 percent awards to WOSBs twice. One missing piece is good data on these large, multi-year contracts also known as MACs. In addition, the government does not have sufficient data on whether subcontracting commitments have been met. A significant legislative victory was achieved in 2018, giving small firms more "runway" to transition out of the small business set-aside program and into full and open competition. The law allows businesses to average revenues over five years rather than the previous three years for purposes of determining their size standards.

WIPP will continue to advocate for changes to acquisition policies that will generate more contract awards for women-owned small businesses. Current efforts include support for expanding sole source awards to small businesses, reinvigorating education and support for the women-owned small business procurement program in Congress and in the agencies.

WIPP's efforts to level the playing field cuts across a wide set of issues relating to the government's acquisition policy. Without our advocacy, small businesses and women-owned small businesses will continue to lose ground as procurements become larger and longer.

Access to capital remains the top concern for women-owned small businesses. As members of this Committee are aware, women-owned small businesses have experienced great levels of hardship due to the pandemic, and have struggled to access the capital necessary to keep their businesses afloat. Without delving too deeply into these hardships, it has been widely reported that businesses owned by women were more likely to lay off employees, report losses in revenue, or close permanently, more than any other demographic.

Also, in regard to financing, even when women successfully secure financing, it is often less than what they originally requested and certainly far less than what is needed. In a similar vein, women apply for less funding, due to what I call application anxiety. On average, they ask for \$35,000 less than men.

With all of that said, WIPP has committed to making access to capital one of our top policy priorities. To that end, we frequently engage with leaders in Congress and in the private sector to amplify measures that would increase women's access to capital. This

includes engagement with banks, fintechs, financial institutions, NGOs and nonprofit organizations.

We also host monthly advocacy updates for our members to keep them abreast of updates on the Hill as well as provide an opportunity to hear from policymakers like yourselves. Additionally, WIPP hosts regular educational sessions for our membership on access to capital.

WIPP was founded in 2001, with the sole intention of serving America's women-owned businesses through advocacy and education. Since our founding, we have consistently prioritized the economic health and well-being of constituent businesses and have maintained bipartisan relationships at the state, local and federal levels.

Like many organizations, WIPP has been confronted with the rapid changes in the small business community as it relates to Federal contracting and procurement, technology, infrastructure and economic opportunity. As these changes have occurred, WIPP has made great strides to confront them head-on through our greatest strengths, and that is advocacy, education, and mobilization of the WIPP network.

Over the years, WIPP has been heavily involved with policymakers and experts in the private sector, whether that be through participation in hearings, like the one we are having today, meetings with key staff and committees, and through developing strong partnerships.

Our actions have brought strong results on behalf of women business owners. For example, WIPP fought for implementation of the women-owned small business procurement program which gives Federal agencies the authority to set-aside contracts for WOSBs. In 2015, WIPP pressed for, and achieved, the swift implementation of sole-source authority to the WOSB Procurement Program. More recently, WIPP has joined Senator Cardin, the Rockville Economic Development and the Maryland Women's Business Center for a roundtable discussion about the issues that women business owners face running their businesses.

WIPP also advocates for the collection of meaningful data as it relates to financing and Federal contracting for small businesses, an issue that has become increasingly important throughout the pandemic. It is critical that policymakers understand how aid is allocated and what can be done to better serve demographics that are passed over for aid.

I would like to thank the Committee for inviting WIPP to testify today, and thank you, Chairman Cardin, Ranking Member Paul, and members and staff of the Committee for all of the work that you do on behalf of America's women small businesses. I look forward to answering your questions and a robust discussion.

[The prepared statement of Ms. Waterman follows:]



Testimony of Candace Waterman, President and CEO, Women Impacting Public Policy (WIPP)

Provided to the U.S. Senate Committee on Small Business and Entrepreneurship
October 27, 2021

Good Afternoon Chairman Cardin, Ranking Member Paul and members of the Committee. It is an honor to meet you and to be invited to speak before this committee. My name is Candace Waterman, I serve as the President and CEO of Women Impacting Public Policy, a national nonpartisan organization advocating on behalf of women entrepreneurs—strengthening their impact on our nation’s public policy, creating economic opportunities, and forging alliances with other business organizations. Thank you for the opportunity to speak at today’s hearing which will highlight the strength of women small business owners during the COVID-19 pandemic, the ongoing barriers to success these entrepreneurs face, and how Congress and the Small Business Administration can better support women small business owners and encourage more women to pursue entrepreneurial opportunities.

Background

Women Impacting Public Policy is a nonpartisan organization which educates and advocates on behalf of women-owned businesses. Since its inception in June of 2001, WIPP has reviewed, provided input, and taken specific positions on many economic issues and policies which affect the bottom line of our membership. The issues cover a broad range of current legislation and/or policies such as affordable health care, leveling the playing field for women-owned businesses, opening up federal procurement policies for women-owned businesses, the implementation of well-established federal law which seeks to encourage women in the marketplace, tax policies, energy, telecom, and more.. Matters which are not directly relevant to the economic health and well-being of constituent businesses are not part of our agenda.

Since its founding, 20 years ago, in 2001, WIPP’s policy priorities have shifted to meet the times and to address emerging policy areas impacting the economic health of Women Owned Small Businesses (WOSBs), such as digital infrastructure and workforce development. Additionally, at its core, WIPP’s advocacy has always been focused on increasing parity and equity for WOSBs in federal contracting and access to capital for WOSBs.

As an organization which represents the country's over 12 million women business owners, we have within our ranks Republicans, Democrats and Independents, liberals, conservatives and every variety of opinion. We urge and encourage our members to become involved and politically active as their consciences dictate, but these members do not speak for the organization or for its position.

Our organization surveys its membership on a regular basis to determine which issues are priority issues for them, and we maintain issue committees to review options and alternatives and to advise on legislation which meets the needs of our membership. In order to further our objectives, we maintain relationships with all Members of Congress, as well as the incumbent Administration, regardless of political affiliation, and intentionally maintain our nonpartisan approach.

Create Parity for WOSBs in Federal Contracting

WIPP has tackled federal contracting issues since its inception. Access to federal markets continues to be a challenge for WOSBs, given that the federal government has only met its modest goal of 5% awards to WOSBs twice .

One missing piece is good data on these large, multi-year contracts also known as MACs. In addition, the government does not have sufficient data on whether subcontracting commitments have been met. A significant legislative victory was achieved in 2018, giving small firms more “runway” to transition out of the small business set aside program and into full and open competition. The law allows businesses to average revenues over 5 years rather than the previous 3 years for purposes of determining size standards.

WIPP will continue to advocate for changes to acquisition policies that will generate more contract awards to WOSBs. Current efforts include support for expanding sole source awards to small businesses, reinvigorating education and support for the WOSB procurement program in Congress and the agencies. WIPP's efforts to level the playing field cuts across a wide set of issues relating to the government's acquisition policy. Without our advocacy, small businesses and WOSB businesses will continue to lose ground as procurements become larger and longer.

Increasing Access to Capital for WOSBs

Access to capital remains the top area of concern for WOSBs. As members of this Committee are aware, WOSBs have experienced great levels of hardship due to the pandemic and have struggled to access the capital necessary to keep their businesses afloat. Without delving too

deeply into these hardships, it has been widely reported that businesses owned by women were more likely to lay off employees, report losses in revenue or close permanently than other demographics. Also, in regards to financing, even when women successfully secure financing, it's often less than what they originally requested and far less than what is needed. In a similar vein, women apply for less funding, due to what I call application anxiety. On average, they ask for \$35,000 less than men.

With all of that said, WIPP has committed to making access to capital one of our top policy priorities. To that end, we frequently engage with leaders in Congress and in the private sector to amplify measures that would increase women's access to capital. This includes engagement with banks, fintechs, financial institutions, NGOs and non-profit organizations. We also host monthly Advocacy updates for our members to keep them abreast of updates on the Hill as well as to provide an opportunity to hear from policy makers. Additionally, WIPP hosts regular educational sessions for our membership on access to capital.

WIPPs 20 Year Journey

WIPP was founded in 2001 with the intention of serving America's women business owners through advocacy and education. Since our founding, we have consistently prioritized the economic health and well-being of constituent businesses and have maintained bipartisan relationships at the state, local and federal levels. Like many organizations, WIPP has been confronted with the rapid changes in the small business community as it relates to federal contracting and procurement, technology, infrastructure and economic opportunity. As these changes have occurred, WIPP has made great strides to confront them head on through our greatest strengths: advocacy, education and mobilization of the WIPP network. Over the years, WIPP has been heavily involved with policy makers and experts in the private sector, whether that be through participation in hearings (like the one we are having today), meetings with key staff and committees, and through developing strong partnerships. Our actions have brought strong results on behalf of women business owners, for example, WIPP fought for implementation of the WOSB procurement program which gives federal agencies the authority to set aside contracts for WOSBs. In 2015, WIPP pressed for – and achieved – the swift implementation of sole source authority to the WOSB Procurement Program. More recently, WIPP joined Senator Cardin, the Rockville Economic Development and the Maryland Women's Business Center for a roundtable discussion about the issues that women business owners face running their businesses.

WIPP also advocates for the collection of meaningful data as it relates to financing and federal contracting for small businesses - an issue that has become increasingly important throughout the

pandemic. It is critical for policymakers to understand how aid is allocated and what can be done to better serve demographics that are passed over for aid.

Conclusion

I would like to thank the Committee for inviting WIPP to testify today, and thank you to Chairman Cardin, Ranking Member Paul and members and staff of the committee for all that you do on behalf of America's women small businesses. I look forward to answering your questions and a robust discussion.

Chairman CARDIN. Mrs. Waterman, thank you very much for your comments and your incredible record on advocacy on behalf of women-owned small businesses.

We have been joined earlier, as I said, by Senator Paul and Senator Ernst. We also have Senator Hawley who has joined us by WebEx, Senator Hickenlooper, and Senator Rosen, also by WebEx. As I explained earlier, the members are coming in and out. If a member on WebEx wishes to ask a question, if they just show their video we will call on those that are on the WebEx.

But let me get—and I see Senator Hickenlooper took me up on that suggestion, so let me call upon Senator Hickenlooper.

Senator HICKENLOOPER. I did not want to usurp your role as asking the first question but since you have called on me, first I just want to thank both our guests and I appreciate how much work they have done, and as busy as they are taking time out for our hearing. It is important, and it makes a big difference, and it is important for us to get more perspective on some of the challenges we are facing.

Women-owned businesses obviously are not getting their fair share. If you look at startups, the percentage of venture capital that goes to women-led startups is under 3 percent, which defies any possible measure of what is going on. We have got a bill we put together, the Small Business Investment Program, to try and make sure that the actual professionals who are directing and expanding the access to that kind of early-stage funding, that there are more women and more people of color in those roles.

I also come from Colorado, and some of you might know Guild Education. It is a women-started business that provides a marketplace for connecting large corporations, for these large corporations to get their employees connected to various colleges and community colleges. It was founded and is still run by a woman named Rachel Romer Carlson, who, if she was on this call, she would provide a lot of context of so many of the challenges that she faced and chilling, really chilling stories. They had this great idea. Her business is now valued at over \$3 billion, and she is one of those rare success stories.

Anyway, I would like to ask both of our witnesses today, you know, I mentioned that we are working on diversifying the pool of asset managers. Do you think that will help lead more capital to businesses like yours? Is that something that you think would help, and what else could the SBA be doing to encourage, or to make sure and facilitate more venture capital going to women-owned businesses?

Chairman CARDIN. Why don't we start with Dr. Lucas.

Dr. LUCAS. Could you clarify, I did not hear the first part of your question.

Senator HICKENLOOPER. So there are serious professional restraints on who qualifies. You know, the SBA has a program called the Small Business Investment Program. It creates pools of money that are directed and usually in partnership with private money, but for early stage investors, for venture capital.

The people who run these funds are generally all white males, and have been for a long time. This seemed an appropriate place to reach out and propose legislation that would change that. So I

was wondering if there are other things you are aware of that the SBA should be doing to facilitate getting more funding to women-owned startups and startups that are not just by women but people of color, other marginalized communities. What could the SBA be doing that would provide even more help?

Dr. LUCAS. Great question. So, of course, one of the challenges, that, like you said, small businesses have is access, but it is access to patient capital. And so if there were funds available, let us just say \$5,000 to \$15,000, like a revolving fund, tied to technical assistance, there is a good chance that there could be more mom- and women-owned businesses to thrive.

Senator HICKENLOOPER. Mrs. Waterman, do you want to add anything to the answer?

Ms. WATERMAN. Yes. I would just like to add, on top of Dr. Tammira, this sort of mezzanine funding, if you will, or this sort of bootstrap funding, to, you know, make payroll, or pay for certifications. I think that is really needed. And I think the other thing is we need to look at the way that we are funding, because it is not a one-size-fits-all. We need to meet the businesses where they are to ensure that the methodology is appropriate when providing funding.

Senator HICKENLOOPER. Got it. No, I appreciate that, and I agree completely.

I am almost out of time, but just quickly, patents, the people that apply for patents are predominantly men. Twelve percent of investors filing for patents in 2019 were women. That is painfully low. Most of the best innovators I know, starting with my wife, are women, and yet somehow we have made that process feel foreign.

And I guess we are running out of time. I will file this question and you can answer it in more detail, but I would just quickly as each of you, is there anything the SBA can be doing to facilitate getting more women into that process of filing patents?

Chairman CARDIN. Mrs. Waterman, do you want to start first?

Ms. WATERMAN. Thank you. I would say by and large it is education. Some people do not even understand the process, so I think education is key at all levels, to understand, one, how to protect themselves, how to protect their IP, and more importantly, how to make certain that that IP is sustainable.

Senator HICKENLOOPER. I love that. You are right.

Chairman CARDIN. We have been joined by Senator Cantwell. I am going to give her a moment. Senator Cantwell.

Senator CANTWELL. Yes. Thank you, Mr. Chairman. Thank you so much for your—

Chairman CARDIN. A former Chair of our Committee, I might point out.

Senator CANTWELL. Thank you. I love our partnership, because even when we work, the Chairman of the Committee, you did such great work in helping us with access to capital, and now that I am over at Commerce and you are here we are partnering again with your great help on the Minority Business Development Agency—

Chairman CARDIN. Thank you.

Senator CANTWELL [continuing]. And hopefully we will get a record. That was your legislation that was authorizing that organization.

Chairman CARDIN. And I just want to underscore that point. We were able to get the SBDA language included in the infrastructure thanks to Senator Cantwell, give it permanency and expand its applications, which is a critical tool to help the underserved and minority communities of small business. And Senator Cantwell, thank you so much for your work on that.

Senator CANTWELL. So we are very excited about that, because one of the issues is now, obviously, putting more money into that. So I do not know if the witnesses—you know, we have a couple of organizations in the State of Washington that are very focused on minority women business organizations and try to grow access to capital. So I do not know if the witnesses want to talk about access to capital. What we like about the MBDE is similar to the gap we found at SBA, there are the programs but where is the advisory help and support and some of those mentoring programs, the most senior people in business. Well, guess who they ended up being? White men. So when it came to the products and services that women might be offering, they were not as expert on what those products and services might be, or the interest.

So anyway, I just do not know if somebody wants to comment on access to capital issues as it relates to trying to marry up, particularly for the minority community, what we need to do.

Chairman CARDIN. I think maybe Dr. Lucas can give her personal experiences that she confronted in her efforts.

Dr. LUCAS. Absolutely. So let me first say, access to capital has always been a hot topic and a huge barrier for women, especially minority women entrepreneurs. And the major problem with access to capital is that often minority women, especially those in underserved communities, do not have the credit score or the collateral to access funding. And I believe Congress could better support these entrepreneurs with early startup funding that does not have many barriers or contingencies.

Let's think about the mom from West Baltimore, me, who desires to start a business and is currently working a job that barely pays her bills. The chances of her having a good credit or collateral is very low. She should not have to give up on her entrepreneurial dreams because of generations of poverty and structural racism that she was more likely born into.

There is a huge opportunity to align access to capital to federally funded social service program, because contrary to what people think, many individuals who qualify for social services want more for themselves, but we have to design programing and opportunities to allow them to obtain more.

Senator CANTWELL. Thank you, Mr. Chairman.

Chairman CARDIN. Let me followup on some of these points. First, Dr. Lucas, thank you for your seven-point suggestion, and both of you have mentioned access to capital issues and the challenges with capital. I want to go down some of these issues and I want to get to the experiences under the Paycheck Protection Program, which I think underscores some of the structural challenges we have in underserved communities.

First, in regard to Women's Business Centers, we are very proud of our Women's Business Centers. Thank you for that recommendation. We just opened up one recently in Morgan, and we also, by

the way, opened up one in Salisbury. So we are now fortunate to have three Women's Business Centers in the State of Maryland, and they are all very valuable.

In regard to the navigator program as part of the American Rescue Plan, your suggestions there are good suggestions. We have got to make sure it is implemented in the way that reaches the underserved communities.

The family considerations. Senator Cantwell's point was so well taken, the challenges that you have in your answer. Cowork is truly unique, and we are blessed to have you in Baltimore, but there are so many communities that do not have a Cowork, where a woman can take care of her family obligations as well as enter the workforce and be an entrepreneur.

We are trying to correct that in the Build Back Better agenda. Now that is being negotiated as we are here today. We hope this is going to be successful within the next 24 hours. But we deal with childcare, affordable childcare. We deal with health care access, which are critically important if we are going to be able to get the full entrepreneur participation in our economy, as you both have pointed out so well.

But let's get to capital because capital really is, I think, the driving force. Senator Hickenlooper mentioned the SBIC. It is one of the tools available for capital, but it is a closed shop today. It is a narrow group of entrepreneurs who can benefit from the SBIC. And one of the areas that we are trying to expand that is to get fund managers that represent our community, particularly the underserved community, so that we can get startup capital and venture capital to minority small businesses and women-owned small businesses. Today the percentages, as Senator Hickenlooper pointed out, is virtually non-existent, the availability of venture capital. So we need to be able to do a better job in all of that.

So my question to you is, what do we take away from the Paycheck Protection Program? This was the largest single program ever devised to help small business—\$800 billion of funds were made available in a relatively short period of time.

Now here is a program where there was no risk to the bank because it was 100 percent guaranteed by the government. We paid their costs. We did everything we could to make it easier for them to accept applications quickly in order to get money out to save small businesses. And yet we know, during the first rounds of PPP, the underserved, underbanked communities, women-owned small businesses were not represented in the numbers that represent the number of women-owned small businesses in our community.

So I guess my question to you, what is the lesson learned from this? We did modify the program as we went forward, including making sure that there were allocations to mission lenders that have a much better record in underserved communities, and we did expand the EIDL program, which is much more direct SBA involvement rather than the banks. And then lastly, we had a grant program because, as you pointed out, Dr. Lucas, in some cases small businesses cannot take out loans. The credit is just not there. The assets are not there. They do not want to take out additional loans. They need grants.

So my question to you is, as we look at moving forward, what is the lesson learned from the PPP experience, which got off to a rocky start with women-owned small businesses. As we look at building back better, access to capital, women-owned small businesses, where should we put our priority?

I will start with Mrs. Waterman. If you have some view on this I would appreciate it.

Ms. WATERMAN. Absolutely. Thank you. You know, we totally understand that the pandemic took its toll, right, on businesses, particularly on those women and minority firms, with more than 71 percent of them having a decreased business revenue. I think that PPP and EIDL did work. I think that it worked for what it was. I think as we look at next steps, if you will, in our lessons learned, we have got to understand that the funds that were provided during that time, many people took it out of desperation. And so as they are desperate to keep the doors open, desperate to pay their employees, desperate to keep homes afloat, we have got to have the education for people to understand the cash flow, what is the funding that they are receiving, what does that mean, you know, what funding is right for them? Some of our members, I had a few who said, you know, they actually did not really want to have what it is that they received, meaning because the terms and conditions of it were just too stringent for them.

So I think, one, education is key. Having us understand the true impact on the businesses that receive this funding, where are they at now, what funding do they need going forward, and are we ensuring that we are educating them on how to manage the P&L so that it can be a sustainable funding, not just a "right now" type of funding.

Chairman CARDIN. That is very helpful, and Dr. Lucas, your recommendations on the navigators would certainly help in that education and outreach suggestions to make sure the capital gets out in a more equitable way.

I am going to yield to Senator Duckworth, who is on WebEx, and give her a chance to ask questions.

Senator DUCKWORTH. Thank you very much, Mr. Chairman, and I want to thank the folks for being here on this very important topic.

Earlier this year a joint survey of nearly 1,200 female entrepreneurs was conducted to understand how they were affected by the pandemic, and the survey findings demonstrated the resilience of women entrepreneurs and just how important they are to rebuilding our economy. For example, many of the women surveyed had started a new small business over the past year, and of these new ventures, nearly half were owned by women of color.

Ms. Waterman, could you address how increasing Federal investments in women entrepreneurs would deliver a strong return on investments for local economies and job growth?

Ms. WATERMAN. Absolutely. You know, I say investing in women is an investment in our future and our economy. We know that women make 85 percent of the decisions in the household, they influence the other 15 percent, and when you overlay that with a business owner being a woman, and opening businesses at record rates prior to COVID, showing their resilience and innovation, I

think those are the components, right, and the recipes for success in terms of knowing that the return on investment is there as you invest in women-owned small businesses, or in women businesses, in particular. They will have the funding to, again, not to startup their companies but to grow their companies and then be able to impact our economy in a very strong manner, as we are looking to make certain that we are moving from crisis to recovery.

Senator DUCKWORTH. Thank you. I could not agree with you more about the importance of supporting women-owned small businesses at the Federal level and the need to specifically help female entrepreneurs. It is why this summer I reintroduced my Interagency Committee on Women's Business Enterprise Act. I was proud that our Committee chairman, along with Senators Tim Scott and Susan Collins, joined me to introduce this bipartisan bill that simply seeks to restore the Federal interagency committee that was originally created to lead a whole-of-government effort to support and promote women entrepreneurs.

Ms. Waterman, in your testimony you mentioned the need to better understand how Federal aid is reaching, or failing to reach in your answer to the Chairman just now, as well, how Federal aid is reaching or failing to reach women small business owners, particularly women of color? Do you believe that restoring and reinvigorating the Interagency Committee on Women's Business Enterprise would improve Federal Government's efforts to solve long-standing challenges, such as making sure that Federal support is actually reaching women-owned business enterprises, sending them the most appropriate support that they need?

Ms. WATERMAN. I say a resounding yes, and I say that, in June of this year we submitted a letter to Speaker Pelosi and leaders Schumer, McConnell, and McCarthy, to express our support of the Interagency Committee on Women's Business Enterprise Act. And we know that that agency is really critical to the Federal Government as it develops policies that would support these women business owners.

After the last 18 months that we have had, which has been exceedingly challenging for women businesses, in particular, it is our hope here at WIPP that Congress can work together, in a bipartisan manner, so that Federal Government can provide targeted assistance to this demographic of women entrepreneurs as they seek to start and grow their businesses.

Senator DUCKWORTH. Thank you. I want to switch gears a little bit and talk about the care economy. I have been frustrated with a recent debate that sort of tries to separate so-called real infrastructure investments like roads and bridges and airports from investments in other economic programs that I think are just as important in the care economy.

I think there is a false dichotomy here that ignores the reality that the care economy investments would empower more parents to start new businesses and level the playing field for small businesses that struggle to compete with large corporations because those large corporations can afford paid leave but the small businesses that are just starting out just simply cannot afford it, no matter how much they want to provide it.

That is why I led 14 of my colleagues in sending a letter to Senate leadership pushing for major investments in caregiving as part of any Build Back Better package.

Dr. Lucas, you highlighted mom entrepreneurs in your testimony. Could you address the caregiving challenges confronting mom entrepreneurs and address how enhancing our caregiving infrastructure from expanding affordable childcare to making home and community-based services accessible to our loved ones could help these entrepreneurs to start and grow their businesses?

Dr. LUCAS. Absolutely. Thank you. So just to kind of put some context to this, the median annual income for full-time female entrepreneurs is \$40,000. The average cost of childcare just in Maryland is \$15,335, the average yearly rent is \$16,800, and the average yearly grocery bill is \$8,600 for a family of three. Women are expected to raise families without assistance or work unfulfilled jobs, right? So in order for you to qualify for daycare vouchers, that is just a whole different battle by itself. A family of three has to only have an income of no more than \$60,000, right. And so a Maryland resident, they either have to take their spouse or the child's father down for child support.

There are all these guidelines in order to receive assistance. And so these requirements are not realistic, nor do they support the mom who desires to start or run a business, and I think that is extremely important for us to really look at how our social service system is set up and how we are constantly pushing mothers into low-income jobs.

Senator DUCKWORTH. Thank you so much. I am over time, Mr. Chairman. Thank you.

Chairman CARDIN. And let me thank Senator Duckworth for her leadership in regard to the Interagency Task Force. Your work has been incredible there on behalf of women, so thank you for your leadership on these issues.

I want to thank both of our witnesses for their testimonies today. We are going to have a chance to deal with the issue Senator Duckworth was referring to in the care economy. We clearly are going to make that one of the major centers of our Build Back Better budget that we are working on right now. We are looking at strengthening the tools in the SBA toolkit to deal with the underbanked, underserved communities, with women-owned small businesses. We are optimistic. We are working very closely with the Biden administration, and we are together in our priorities and with our counterparts in the House.

So I particularly want to thank our stakeholders who have been working with us, including the Women Impacting Public Policy. You have been a great partner for us in these efforts. And as I said earlier, to Dr. Lucas, we are very proud of what you do in Baltimore, filling such an important need so that entrepreneurs, women, moms can enter the entrepreneurial space and help themselves and help our community.

With that the Committee will stand adjourned with the thanks of the Committee to our witnesses.

[Whereupon, at 3:44 p.m., the Committee was adjourned.]

APPENDIX MATERIAL SUBMITTED



November 3, 2021

Attn: Members of the Senate Small Business Committee

Engine is a non-profit technology policy, research, and advocacy organization that bridges the gap between policymakers and startups. Engine works with the federal government and a community of thousands of high-technology, growth-oriented startups across the nation to support the development of technology entrepreneurship. For every startup access to capital is a vital part of growth, yet many women-led startups face unique barriers to attracting funding and that warrants attention and better support from the federal government.

For underrepresented entrepreneurs, access to capital remains a significant challenge. These individuals have to address unique and complex barriers to raising the money required to launch and grow their businesses and introduce new technologies. However, the government can, and should, help dismantle those barriers and create new funding pathways for underrepresented entrepreneurs. For most startups, the financial journey begins with raising capital from the founders and their friends and family. But, this is also where inequity first becomes apparent—for women founders, particularly women founders of color, this network is often less developed, with fewer resources than the networks of other founders.¹ And structural racism and sexism prohibits many entrepreneurs from equitable access to traditional sources of capital. For example, many businesses owned by women of color could not access resources such as the Paycheck Protection Program (PPP) loan upon initial release due to lack of proper accounting systems, banking with large financial institutions, or had a payroll system.² And, according to the Small Business Administration's Office of Advocacy, "women and minority business owners are denied loans and pay higher interest rates than white counterparts, even after controlling for factors such as credit score."³ This is despite the fact that entrepreneurship, particularly amongst Black women, is growing at a fast pace.⁴

Other factors also hold back women entrepreneurs. Often, women founders enter entrepreneurship with fewer resources to build systems and hire staff because women in the workforce earn less in wages than their male counterparts. And the gender and racial pay gaps are well-known illustrations of this problem. For every dollar a white man earns in America: white

¹ Emma McGowan, Being A Female Founder In Venture Capital Is Hard. It's Even Harder If You're A Woman Of Color (April 1, 2019), <https://www.bustle.com/p/being-a-female-founder-of-color-in-venture-capital-means-coming-up-against-all-these-barriers-16991907>.

² Sifan Liu and Joseph Panilla, New Data Shows Small Businesses In Communities of Color Had Unequal Access To Federal COVID-19 Relief, <https://www.brookings.edu/research/new-data-shows-small-businesses-in-communities-of-color-had-unequal-access-to-federal-covid-19-relief/>, September 17, 2020.

³ Ellen Sheng, This underfunded female demographic is launching the most start-ups in America, far from Silicon Valley (Feb. 25, 2020), <https://www.cnn.com/2020/02/25/underfunded-female-demographic-is-launching-the-most-start-ups-in-us.html>.

⁴ *Id.*

women earn approximately 79 cents; black men 67 cents; black women 62 cents; latino men, 68; Latina women, 54 cents.⁵

Of particular note, underrepresented founders, including women, have less access to outside financing. In comparison to white men, Black and Latino startups, including those founded by women, rely more on capital from personal sources, and business loans which have higher interest rates. Disparities in credit scores are also an important factor here; studies suggest that women, Black people, and Latinos all have relatively lower credit scores.⁶ Income and wealth inequality result in systemic differences in credit scores, which are then used by banks to determine who does and does not get a loan.⁷ And, according to the 2016 Small Business Credit Survey, Black women are more likely to indicate credit access as an issue when compared to non-minority peers.⁸ When approved for financing, women-owned small businesses also often receive less in business loans than small businesses owned by men.⁹

For sophisticated financing like venture capital, the inequities are stark. In 2018, all-male founded startups raised \$100 billion in venture capital, compared to just \$12 billion for startups with at least one woman founder.¹⁰ These statistics are even more bleak for women of color—startups led by Latino and Black women combined, raise just .64 percent of venture capital.¹¹ And Black and Latina women raise significantly less than the national median seed round of \$2.5 million, raising on average \$125 thousand and \$200 thousand respectively.¹² This problem is compounded by a low number of women in the investor world. Studies have shown that only 12 percent of venture firms or angel investors have women making investment decisions.¹³ But women venture capital partners are twice as likely to invest in women founders.¹⁴

Not all barriers to entrepreneurial success come in the form of capital access struggles. Access to affordable child care disproportionately affects women entrepreneurs. For women business owners, child care services can be a critical factor to businesses sustainability. According to

⁵ David Leonhardt, *The Black-White Wage Gap Is as Big as It Was in 1950*, N.Y. Times (June 25, 2020), <https://www.nytimes.com/2020/06/25/opinion/sunday/race-wage-gap.html>; Press Release, Economic Policy Institute, Latinx workers—Particularly Women—Have Faced Some of the Most Damaging Economic and Health Effects of the Coronavirus (Aug. 20, 2020).

⁶ *Women Business Owners' Access to Capital Literature Review*, (National Women's Business Council, Washington, D.C.), Mar. 1, 2018, at 14-15, https://cdn.www.nwbc.gov/wp-content/uploads/2018/03/28215658/NWBC-Report_Understanding-the-Landscape-Access-to-Capital-for-Women-Entrepreneurs.pdf.

⁷ See, e.g., *Women Business Owners*, *supra* note 54, at 16; *Minority Small Business Credit*, *supra* note 53, at 6.

⁸ Sheng, *supra* note 2.

⁹ *Id.* at 15 (women); *Minority Small Business Credit*, *supra* note 53, at 9 (people of color).

¹⁰ Collin West and Gopinath Sundaramurthy, Startups With At Least 1 Female Founder Hire 2.5x More Women (Oct. 17, 2019), https://www.kauffmanfellows.org/journal_posts/female_founders_hire_more_women.

¹¹ Emma Hinchliffe, The number of Black female founders who have raised more than \$1 million has nearly tripled since 2018 (Dec. 2, 2020), <https://fortune.com/2020/12/02/black-women-female-founders-venture-capital-funding-vc-2020-project-diane/#:~:text=Black%20female%20founders%3A%20Black%20women,has%20tripled%20since%202018%20%7C%20Fortune>.

¹² Digital Undivided, Project Diane, The State of Black and Latinx Women Founders (2020), <https://www.projectdiane.com/>.

¹³ Collin West and Gopinath Sundaramurthy, Women VCs Invest in Up to 2x More Female Founders (March 25, 2020), https://www.kauffmanfellows.org/journal_posts/women-vcs-invest-in-up-to-2x-more-female-founders.

¹⁴ Kauffman Fellows, Venture Capital Needs More Women (Oct. 27, 2020), <https://www.kauffmanfellows.org/venture-capital-needs-more-women#:~:text=We%20found%20that%20gender%20Diverse%20eligible%20employees%20or%20founders>.

the Kauffman Foundation, thirty-seven percent of mothers refrain from starting businesses because of child care access.¹⁵ When looking at the probability of starting and owning a business, countries where public provision for child care is offered ensure a higher probability for women to start and maintain their businesses as compared to countries without public provision for childcare.¹⁶ For example, when looking at areas with little to no state child care spending, such as in the US or Canada, a woman's likelihood of being engaged in entrepreneurial activity is about two-thirds that of a man. In contrast, when the state spends generously on child care, for example, in Denmark or Finland, the likelihood of engaging in entrepreneurial activity is about half that of a man.¹⁷ Child care also consumes women entrepreneurs' time inequitably. Women entrepreneurs are spending more time on childcare activities and less time engaging in self employed work compared to men.¹⁸ For women owned startups, child care is expensive with respect to both time and finances. And this increased cost proves to be a heightened challenge for many underrepresented founders and can be a barrier to entry into the startup ecosystem.

The federal government has a role to play in helping women entrepreneurs surmount the barriers they face. Policymakers should ensure, for example, that government agencies work to attract diverse leaders and employees, particularly amongst decisionmakers with respect to capital access avenues. Congress should also pursue policies, like the New Business Preservation Act, to help enable venture capital funds to be distributed more equitably. Government should also ensure they collect up-to-date data on government financing, like loan approval and denial rates, to identify and rectify any existing equity issues.

Other efforts, like working to expand mentorship and networking opportunities for women founders would help women build the networks they need to better achieve success. And government could take a more active role in outreach to women entrepreneurs, including by supporting online resources and improving the accessibility of government resources and programs. Exploring alternatives to the traditional credit score is another option, opening up disadvantaged entrepreneurs to more sources of financing. Additionally, improving government support for child care is critical. Dr. Grin Lord of startup Empathy Rocks told Engine, "When entering the startup world, I was most affected by access to child care. It's cost prohibitive, and remote schooling plus lack of consistent child care almost stopped my startup journey. Since becoming a parent, I've taken jobs that barely made a profit when accounting for the cost of childcare for two kids under 5 years old. That is scary to me given that I am a doctoral-level psychologist. I have an amazing amount of privilege and job opportunities, and yet I still struggle."¹⁹ Finally, providing women owned businesses with tangible access to capital includes investments in improved, dedicated innovation and entrepreneurship education, to train women entrepreneurs and equip them with the tools they need to succeed in navigating problems and developing new ideas into practical solutions through advanced technology.

¹⁵ Economic Engagement Of Mothers How and When Entrepreneurship Matters. Kaufman Foundation. <https://www.kauffman.org/wp-content/uploads/2021/01/Economic-Engagement-of-Mothers-How-and-When-Entrepreneurship-Matters.pdf> August 2016.

¹⁶ Kaufman Compilation: Research On Gender And Entrepreneurship. Kaufman Foundation https://www.kauffman.org/wp-content/uploads/2019/12/gender_compilation_83016.pdf August 2016

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Edward Graham. #Startupseverywhere: Bellevue, Wash. <https://www.engine.is/news/startupseverywhere-bellevue-wash-empathyrock> March 12, 2021

Thank you for the opportunity to provide feedback on women entrepreneurship as an economic growth engine. Engine looks forward to serving as a resource to the committee on issues facing women entrepreneurs in the future.

**Senate Committee on Small Business and Entrepreneurship Hearing
October 27, 2021
Follow-Up Questions for the Record**

Questions for Dr. Lucas

Questions from:

Senator Coons

We have seen throughout the pandemic the creative resilience of women entrepreneurs. As our economy began to shift more online, women entrepreneurs have adapted by leading online microbusinesses. What once were hobbies taken up during the pandemic have transformed into flourishing online shops.

QUESTION 1:

How can the SBA encourage the growth of online microbusinesses and ensure that these types of women-led business are not being overlooked?

Delaware's SBA office connects local entrepreneurs to resource partner organizations, such as SCORE Delaware, SBDC Delaware, and the Women's Business Center at True Access Capital, who offer advice and guidance to small businesses. Programs like these have been vital during the pandemic by offering their critical expertise during the pandemic.

Answer: Microbusinesses are becoming the heartbeat of our communities, especially in low-income areas. When looking to embed resources in these communities to cultivate growth, you must be intentional with the resources and ensure those resources are communicated and delivered on the level of the individuals you are serving. In addition, resources needed to help these women-led companies grow are not always business-focused, but instead, life-focused. Walk in the shoes of an average woman who is leading these businesses. What barriers are they facing with their families? What barriers are they facing with healthcare? What barriers are they facing with transportation? What barriers are they facing with everyday resources that would hinder them from focusing on their businesses or accessing the business resources available to them?

QUESTION 2:

What can Congress do to strengthen SBA resource partners so that women-owned businesses are supported by these networks?

Answer- Congress can ensure that the resource partners available have true funding to ensure they can hire the talent needed to help women-owned businesses. Is the funding being provided a true representation of what is needed to build a team on the ground to support the networks that are there? The SBA should also understand that most women that are running these companies

may not all be college-educated or have received a high school diploma/GED. Therefore the resources available need to be communicated on a level that they understand. Credit scores should not hinder women from accessing loans. Being incarcerated should not also be a barrier that prevents women from accessing resources. We can expect the heartbeats of our community to thrive if we continue to place barriers in front of them along the way.

Questions from:

Senator Hirono

Women's Business Centers (WBCs)

During the pandemic SBA's resource partners, including Women's Business Centers (WBCs), stepped up to support businesses in local communities. Resource partners were especially important as they helped businesses weather the economic downturn and navigate COVID relief programs.

I have advocated for increasing funding for individual WBCs, which in Hawaii include the Mink Center for Business and Leadership – named for Patsy T. Mink (a trailblazer in her own right):

QUESTION 1:

In your testimony you recommended increasing funding for WBCs and expanding their reach to underserved communities. Can you elaborate on this recommendation?

Answer: The WBC's were funded \$75k the first year and \$150k the second with a match. When we think about how many women-owned businesses exist and are in need of those services and the cost associated with programming, the funds allocated are simply not enough. WBC's should be provided funding to cover the cost of staff and additional resources and do not require a match.

QUESTION 2:

Why is it so important that we increase funding for these centers and expand their reach?

Answer: Increasing funding for these centers translates into additional resources and networks that can help more women-owned businesses navigate a system that has been plagued with racism and sexism. The WBC's are the ones that are boots on the ground locating these women and helping them. Expanding funding will allow the centers to bring on additional advisors and experts to help reach more women. In communities like Baltimore, one center is not enough to do the work of a city of that size. More funding means more locations which ultimately means more impact. Women-owned business does not just impact the women who are running their businesses; it is impacting generations.

Child Care and Paid Family Leave

Women, particularly working mothers, have faced a number of challenges during the pandemic – including limited access to affordable child care and paid family leave. These are not new challenges, but were highlighted and made worse by the pandemic.

Democrats are working to expand access to child care and paid leave through the “Build Back Better Act” (what some have called the “human” or “social” infrastructure bill) – which includes provisions based on the “Child Care for Working Families Act” that I worked to reintroduce with Senators Murray and Casey earlier this year:

QUESTION 3:

Can you elaborate on how the lack of child care and paid leave has affected women business owners and entrepreneurs during the pandemic – particularly working mothers?

Answer: Childcare has been an issue for women since the beginning of time. Traditionally women would stay at home and care for the children; however, this isn’t realistic these days. The cost of childcare supersedes the income of most working mothers and is not an option for women who are starting businesses. Low-income mothers can sometimes access daycare vouchers; however, it requires the father to be on child support and not play a role in the child’s life. This is not a system that is setting families up for success. Help should not exist to hinder families but instead, help families. The lack of affordable childcare has hindered women from growing their businesses and moms from going back into the workplace.

QUESTION 4:

What would it mean for these business owners and entrepreneurs if we were to improve access to child care and paid leave?

Answer: Improving access to childcare and paid leave would make a huge difference in how women-owned businesses could grow. It means growth in businesses, but it also provides these entrepreneurs with the opportunity to create generational wealth for their families and close the wealth gap.

QUESTION 5:

What other challenges do we need to address for these business owners and entrepreneurs to be even more successful?

Answer: When addressing challenges for entrepreneurs, especially women entrepreneurs, we have to think about the systemic issues that women, especially minority women, face daily. Affordable housing, healthcare, childcare, and transportation are all challenges that should be addressed for entrepreneurs. While capital is always crucial and a necessity for entrepreneurs, funding to address those challenges is also needed.

QUESTION 6:

Beyond child care and paid family leave, how can other programs like the expanded Child Tax Credit support women business owners and entrepreneurs?

Answer: Programs like the Child Tax credit are only great if you meet the criteria. If you look at the cost of living compared to the qualifications, the child tax credit only benefits the very poor. The cost of living and the qualifications should match, and at this point, programs like that will become helpful and impactful.

Question from:

Senator Rosen

More than 80,000 small businesses in Nevada are women-owned, and the state has led the nation in growth of women-owned businesses over the past decade. However, the COVID-19 pandemic severely impacted small businesses and their workforce, especially in my home state – facing the highest unemployment rate in the country, often permanent closures of small businesses, and shifts in child care accessibility for working families. As schools moved to hybrid learning and child care options became scarce, it often fell on women – including women small business owners and workers – to take on child care responsibilities at home, sometimes while balancing full-time work. According to one study, nearly 20 percent of working parents had to leave work or reduce work due to the lack of child care. At the onset of the pandemic, one-third of the U.S. workforce had a child under 14 in their household, which accounted for about 50 million workers. As we move forward from the pandemic we have learned that that access to childcare is not just a family issue, but also a business issue.

QUESTION 1:

With that in mind, how can Congress or the SBA better support child care accessibility, especially for women-owned businesses and their workforce?

Answer: Congress or the SBA can better support childcare accessibility by providing a form of subsidy that women-owned businesses can access while they are in the growth stages of their businesses. Childcare centers should also be forced to pay their employees a livable wage so that the quality of childcare is much better. Just because you live in a certain area should not dictate the quality of the childcare you have access to. Another recommendation is to provide funding specifically for women-owned businesses for childcare.

**Senate Committee on Small Business and Entrepreneurship Hearing
October 27, 2021
Follow-Up Questions for the Record**

Questions for Ms. Waterman

Question from:

Senator Coons

I share your view that Congress should find ways to help women entrepreneurs access capital as this has been a consistent burden for women-owned small businesses. Late last year, I introduced the Next Generation Entrepreneur Corps Act, a bill establishing a competitive fellowship for entrepreneurs in underserved communities.

QUESTION 1:

How can the Small Business Administration (SBA) improve their funding programs so that women entrepreneurs in underserved communities have the opportunity to apply for and receive funding?

We appreciate your efforts to increase access to capital for women-owned businesses (WOSBs), it is consistently the top priority for WOSBs.

I strongly believe that the Access to Capital conversation goes hand-in hand with the Access to Contracts conversation, as capital is a bridge and contracts equate to true business sustainability.

We constantly hear from women entrepreneurs about what would help them the most, some of the top priorities we're hearing are:

Ensure WOSBs receive payments prior to the start of a contract or at an agreed-upon date:

There is often a gap period between when a contract is awarded and when the work begins, and in turn, when payments are scheduled to begin. WOSBs put a great deal of effort into preparing and applying for contracts and they don't always see a payday soon enough. While bidders and contractors can negotiate an agreement to ensure payment upfront, it doesn't guarantee that businesses will get paid by the agreed-upon date. This keeps WOSBs from paying themselves and their employees and serves as a disincentive to apply for public sector work.

Increased awareness of opportunities for capital: There are many capital programs and resources available for small business owners, however, there seems to be a challenge in spreading the word about these programs. Many times, women and minority-owned businesses do not apply for funding because they're either unaware of the opportunities, or they don't think that they qualify for funding in the first place. For example, when the Paycheck Protection Program and Economic Injury Disaster Loan Program was available to small businesses during

the pandemic, we saw [that the majority](#) of minority-owned businesses didn't apply because they didn't think their business qualified. For women who often undervalue their businesses and ask for far less than they need or are qualified for, this is a heavy pain point. In fact, [only a quarter of women business owners](#) seek financing for their businesses and this isn't because they don't need funding. They often dip into their savings or look to friends or family for financial assistance. The bottom line is that there needs to be a better system for making women both aware of capital opportunities, to help them understand that they do qualify and actually encourage them to apply for funding.

Collection/disaggregation of data: As members of this Committee are well aware, one of the greatest tools we have to support women-owned small businesses is accurate and reliable data. Data helps us keep a pulse on how existing resources are serving WOSBs and it can help us determine what types of resources or programs we need to better serve them. Importantly, data must be disaggregated by race/gender/ethnicity to give us a fuller picture of the women and minority-owned business landscape.

Questions from: Senator Hirono

Women-Owned Small Business (WOSB) Contracting Program

SBA's Women-Owned Small Business (WOSB) Contracting Program provides opportunities for women-owned small businesses through contracting set-asides – with a 5 percent federal contracting goal for these businesses. But the federal government has rarely met this contracting goal.

QUESTION 1:

What are your recommendations for making sure the federal government meets this contracting goal?

We feel that there should be greater Contracting Officer training, accountability and compliance relative to meeting or not meeting the goal. One of the biggest pain-points of the WOSB/EDWOSB community is lack of awareness of the WOSB Federal Contracting Program by the Contracting Officers. This causes the WOSB/EDWOSB firm to not only have to understand their own company, but to also educate the CO on how to utilize their firm for opportunities. To assist with this, WIPP has actually developed a one-page overview that our members utilize and share with the COs when engaging in procurement conversations.

Increasing Awareness of Opportunities for Capital: As noted above in my answer to Senator Coons question, there are a vast amount of resources available for women-owned businesses, the problem is, that they don't always know about these opportunities, or they don't believe they qualify for them. There needs to be a greater effort by the government and its partners in the private sector to increase awareness of opportunities for capital for the WOSB community. Women Impacting Public Policy has a large national network that reaches into many smaller,

local communities and we are ready and willing to work with Congress, the SBA, and other agencies to lift up opportunities for women.

Technical Assistance Programming in Underserved Communities: A common theme for women and minority-owned businesses as it relates to applying for financial resources, government contracts, and aid through government programs is that the applications are hard to understand, onerous, and ask for too much personal information or in some cases, there are language barriers. As an example, government contracts are highly detailed, can be difficult to decipher, and often incorporate additional requirements by reference—but must be strictly adhered to by prime contractors and often, their subcontractors. Most women-owned businesses don't have the legal expertise or a legal team to navigate the federal contracting process, and therefore need better guidance to more actively pursue contracts and other government programs.

Create pathways for WOSBs new to contracting to access contracts: According to the [Goldman Sachs 10,000 Small Businesses Voices program survey](#), half of women owners who chose not to apply to federal contracts said it was because the process was too time-consuming, 40 percent said it was too complicated and lacked sufficient information, and 38 percent said they felt small businesses weren't prioritized so it was unlikely they would get a contract if they went through the motions of applying. Furthermore, the federal government sets an annual goal to allocate 5% of federal contracts toward women-owned businesses and has only managed to achieve this goal twice since establishing it in 1980. The federal contracting process must be improved so that women and other underserved groups find them worth the time to pursue and ultimately so that they can be more accessible.

QUESTION 2:

How else can we work to ensure women business owners and entrepreneurs receive their fair share of contracting opportunities?

Revisit the Classification System for Federal Contracting - The system that classifies businesses that receive federal contracts is far from perfect and it has a tendency to miscount or misrepresent how many women are truly served. For example, A woman-owned small business that is in a historically underutilized business zone and receives a contract would be counted toward both of those programs' goals of 5 percent and 3 percent, respectively. Additionally, the 5% goal for women-owned businesses may be obscuring the fact that certain sectors, such as information technology received the bulk of federal contracts. It's been over 2 decades since these standards have been evaluated, and in that time the rate of women's business ownership [has swelled to over 11.6 million](#).

Question from: Senator Rosen

More than 80,000 small businesses in Nevada are women-owned, and the state has led the nation in the growth of women-owned businesses over the past decade. However, the COVID-19 pandemic severely impacted small businesses and their workforce, especially in my home state – facing the highest unemployment rate in the country, often permanent closures of small businesses, and shifts in child care accessibility for working families. As schools moved to

hybrid learning and child care options became scarce, it often fell on women – including women small business owners and workers – to take on child care responsibilities at home, sometimes while balancing full-time work. According to one study, nearly 20 percent of working parents had to leave work or reduce work due to the lack of child care. At the onset of the pandemic, one-third of the U.S. workforce had a child under 14 in their household, which accounted for about 50 million workers. As we move forward from the pandemic we have learned that access to childcare is not just a family issue, but also a business issue.

QUESTION 1:

With that in mind, how can Congress or the SBA better support child care accessibility, especially for women-owned businesses and their workforce?

Access to Affordable Childcare Options and Paid Sick Leave—As many of us have learned throughout the pandemic, women often shoulder the burden of childcare and caregiving for loved ones (parents, older relatives, friends, etc.). In the majority of instances, this work goes unpaid despite the fact that women devote hours, days, weeks, months, and even years providing care. These responsibilities often keep women from developing their careers and growing their businesses. Too often, women are forced to choose between their careers and childcare or caregiving responsibilities, losing out on tens of thousands of dollars in annual income. [Women are more likely to leave the workforce](#) or to close their businesses to care for children or loved ones than men are. We need more options when it comes to childcare, especially as [the cost of childcare has risen by 41% in the last year \(an increase from \\$9,997 pre-pandemic to \\$14,117 in 2022\)](#) and parents are spending up to 20% of their total income on childcare alone. We are in need of stronger policies that give women better options to take time off work to care for children that do not compromise their ability to provide for themselves and their families.

Questions from: Senator Inhofe

Inflation and Supply Chain Challenges

Ms. Waterman, your testimony highlighted the importance of financial capital for women business owners. Yet, supply chain shortages and massive increases in the cost of goods are hurting women business owners as well. For example, Cerese Bly, owner of Taste of Soul Giant Egg Rolls Eatery and Food Truck in Oklahoma City, has seen the cost of chicken tenders rise from \$75 to \$130 per box, chicken breast from \$40 to \$83 per case and catfish from \$53 to \$91 per case.

On top of this, Cerese recently called every Sam's Club in Oklahoma City simply to try to find 20-ounce cups. Businesses can't keep operating in this environment – yet Democrats are still pushing for their reckless tax and spending spree, which will only increase inflation.

QUESTION 1:

Ms. Waterman, do you agree that inflation and supply chain shortages are hurting small businesses, and that pumping trillions more into our economy will make these problems worse?

It's no secret that WOSBs are being badly hurt by inflation and supply chain disruptions which are occurring in tandem with the fallout of the COVID-19 pandemic. While there are many who believe that the pandemic is over, many WOSBs are still hurting and reeling over the impact of the pandemic. There have been countless reports calling out the fact that women were less likely to receive COVID relief, and even if they did, they received less on average than male-owned businesses and the situation is bleaker for women of color. Recovery for women-owned businesses is not occurring at the same pace as it is for businesses owned by men, and without stronger support, we risk a lopsided recovery.

Congress has an outsized role to play in helping these businesses recover, whether that be through approving additional dollars, shifting existing funding, or passing bills that will strengthen the economic recovery for small businesses.

Labor Shortage

Ms. Waterman, I've also heard from constituents about the ongoing labor shortage. Allison Dickens, owner of Ludger's Bavarian Cakery in Tulsa, Oklahoma, pays her staff above minimum wage. But increased unemployment benefits and competition with other businesses have required her to close the café's kitchen, cutting off breakfast and lunch, due to staffing shortages. As you know, businesses operate on tight margins, and these decisions can make or break a small business.

QUESTION 2:

Ms. Waterman, what are your members telling you about the labor shortage, and how do you see that affecting small businesses moving forward?

Many WOSBs (as with many most small businesses) are experiencing a hiring squeeze, and as you know, we are experiencing an incredibly tight labor market. [According to recent studies](#), 40% of women business owners who posted an open position during the summer or fall of 2021 had trouble filling those roles, with the highest rate in the Midwest (47%) and the lowest in the Northeast and West (37%). Businesses in the goods-producing sectors (i.e. construction/manufacturing) experience the greatest challenges to staffing. Women surveyed identified the mismatch in skills between open positions and applicants was the number one cause of worker shortages. Given that the pandemic has certainly accelerated trends towards remote and automated work, we're seeing that more and more workers lack the skills needed to be competitive in the labor market.