

PATHWAYS TO WOMEN'S ENTREPRENEURSHIP: UNDERSTANDING OPPORTUNITIES AND BARRIERS

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

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ONE HUNDRED EIGHTEENTH CONGRESS

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PATHWAYS TO WOMEN'S ENTREPRENEURSHIP: UNDERSTANDING OPPORTUNITIES AND BARRIERS

WEDNESDAY, JULY 26, 2023

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

The committee met, pursuant to notice, at 10:00 a.m., in Room 106, Dirksen Senate Office Building, Hon. Benjamin Cardin, Chairman of the Committee, presiding.

Present: Senators Cardin [presiding], Hirono, Rosen, Ernst, Hawley, and Hickenlooper.

OPENING STATEMENT OF SENATOR CARDIN

Chairman CARDIN. Well, good morning, everyone.

[Chorus from AUDIENCE.] Good morning.

Chairman CARDIN. Senator Ernst and I are not used to this type of attendance at our hearings. [Laughter and applause.]

Chairman CARDIN. We really welcome you to this hearing. We know that America is in great shape when we see the spirit that's in this room. The entrepreneurial spirit of women has really carried us into an unprecedented growth in small businesses during this period of time.

So we applaud your entrepreneurship and we welcome you to our committee. We are looking forward to this particular hearing as we talk about how the Small Business Administration, how all of us work together to remove obstacles that have been in the way for women entrepreneurs.

So we welcome you to the hearing and we look forward to the distinguished panel of witnesses and their testimony.

I particularly—and I'll introduce the two witnesses that happen to be here from Maryland in a few moments, but whenever I have Marylanders in the room—I got some more Marylanders in the room—they get special attention. So I'm going to have special words to say about Ms. Somerville and Mrs. Sweeney.

Every day I'm inspired by the tenacity and innovation of small businesses across the country, especially women-owned small businesses. Today, we are witnessing an historic rise in women's entrepreneurship under the Biden-Harris Administration. It has lifted individuals and communities across the country to prosperity.

As Chair of the Small Business and Entrepreneurship Committee, one of my highest priorities is to ensure that our nation

taps into the entrepreneurial spirit that is sweeping our nation to build a fair and more just economy for all.

Women-owned small businesses, particularly black women-owned small businesses, are leading the charge post-pandemic with historic numbers of new small business startups but unfortunately still face systemic barriers to success as entrepreneurs.

In a committee staff report released prior to this hearing, we outline how access to capital, gaps in mentorship, under-utilization of women-owned firms in federal contracting, and under-investment in childcare all make the job of operating a small business unnecessarily harder for women, and I want to compliment my staff for the production of this report.

I encourage you all to please take a look at it because it provides a chronology of the challenges that we face today for women entrepreneurs and I hope this will be a guidepost for us moving forward in trying to deal with some of the changes in the Small Business Administration's tools that are in their toolkit that will help our women.

That's why throughout my tenure in Congress I have been laser focused on comprehensive legislation to reauthorize several important programs that support American women-owned small businesses.

Last month, for example, I introduced the Women's Business Center Improvement Act, which would increase federal support to women's business centers or WBCs by doubling the maximum annual grant to \$300,000. [Applause.]

Chairman CARDIN. Both Senator Ernst and I appreciated your initial response. That was great. But I have to exercise the responsibilities of the Chair and ask that you allow our testimonies to go forward without response from the audience.

The bill appropriates—even though I like the response. [Laughter.]

The bill appropriates \$31.5 million for each fiscal year from 2024 through 2027 and requires an annual report on the program.

WBCs provide free or low-cost counseling and training focusing on addressing the unique challenges facing women who want to start, grow, and expand their small businesses.

Just last year, I was able to secure a new Women's Business Center at Bowie State University, Maryland's oldest historically black university. The SBA awarded a grant to Rockville Economic Development to launch the center. The new center is the fourth WBC in Maryland, joining a WBC in Rockville, a WBC operated by Morgan State University, and a WBC in Salisbury operated by Maryland Capital Enterprises.

American women-owned small business owners and entrepreneurs deserve the very best tools and resources to keep them growing. It's the right thing to do as for the values of our nation. It's also important for America's growth.

Congress must do more to ensure women and particularly traditionally underserved women have access to the same opportunities as their male counterparts.

I look forward to the testimony of our witnesses and I'm eager to learn more about what Congress can do to further advance the interests of women entrepreneurs.

And now let me recognize the distinguished Ranking Member Senator Ernst.

STATEMENT OF SENATOR ERNST

Senator ERNST. Thank you, Mr. Chair, and thank you to all of our guests here today, as well.

I walked in the room and I was incredibly impressed by having so many just wonderful strong women entrepreneurs. So thank you for joining us.

I also want to welcome the Association of Women's Business Centers and thanks for all the work that you are doing and it's incredibly important that you're out there supporting women all across our great United States, and a special shout-out to T.J. Daniels of the Iowa Women's Business Center who is also——

Chairman CARDIN. You can respond to that.

Senator ERNST [continuing]. With us. Yeah. [Applause.]

Who is with us here today. So thank you so much.

Today, we will examine ways to help women-owned small businesses succeed. There are more than 12 million women small business owners contributing \$2.1 trillion in total sales to our national economy.

While women entrepreneurs are creating jobs and igniting local economies, according to the National Federation of Independent Business, the Small Business Optimism Index remains below the 49-year average for the 18th consecutive month. Inflation and rising interest rates are top concerns.

Unfortunately, small businesses continue to suffer under Bidenomics. Despite the White House attempting to paint an optimistic view of the economy, small business owners aren't buying the narrative.

President Biden has issued nearly \$360 billion in new regulatory costs on our small businesses. Rather than focusing their time and energy on strengthening and growing their small businesses, many have to spend time figuring out how to comply with burdensome government regulations.

In an effort to address this, I'm working on the PROVE IT Act to ensure small businesses have a voice in federal agencies' rule-making process.

Another challenge I hear from businesses and families is the lack of access to affordable quality childcare options. In Iowa, 53,000 women have left the workforce since 2020 due to lack of childcare options.

While the Iowa Legislature and Republican Governor Kim Reynolds have made progress, there's much more work to be done specifically at the federal level.

That's why I'm proud to say my bipartisan Small Business Childcare Investment Act with Senator Rosen passed out of our committee just last week. The bill allows nonprofit childcare providers, including religious nonprofits, to access the SBA loans. This legislation will create a greater number of affordable childcare options, especially in rural areas, like mine, and I will continue to advocate for this bill to be signed into law.

Furthermore, accessing quality business training and coaching is critical to our women small business owners. By modernizing the

Small Business Administration's SCORE Program, we will be giving entrepreneurs, especially our women entrepreneurs, access to quality mentorship.

My SCORE Act of 2023, which revitalizes SBA's Mentorship Program by adding a team of women business leaders called the National Women's Business Coaches, will work alongside SCORE coaches and pair them with aspiring and existing entrepreneurs.

These coaches will work to recruit individuals with expertise across all job industries to join the SCORE Program. This will help guarantee our young entrepreneurs receive the relevant and productive assistance to support their path to success.

Lastly, I want to highlight a critical bill I introduced to close loopholes that enable fraud in the Women-Owned Small Business Contracting Program.

The Accountability in Women-Owned Small Business Contracting Act eliminates self-certification in the program and holds federal agencies to task by forcing department and agency heads to testify before Congress when they fail to meet their own women-owned small business contracting goals.

Since much of the discussion today will focus on the SBA's Women Business Center Program and I'm glad for that, I am thankful that we're able to focus on this, but I want to be very clear about my priorities as we consider any potential reauthorization of this program.

The distribution of program resources must be made more consistent across all states, especially in our rural areas.

Mr. Chairman, I do commend you for having four women's business centers in Maryland, but I'm sure you can understand my frustration that in Iowa we only have one, one center to service the entire state and our state is very large.

Many of my colleagues on the Republican side share my frustration that as the Administration has added additional women's business centers to the program, they haven't seen the benefits in their own states, many of which like mine have only one service center.

The placement of new centers and the allocation of taxpayer dollars by the SBA must be distributed broadly in the future.

Again, I want to thank all of you very much for being here today and I look forward to our discussion on how we can best serve our women entrepreneurs.

Thank you for being here. Thank you, Mr. Chair.

Chairman CARDIN. Well, Senator Ernst, thank you for your opening statement.

I share your concern. I want to make sure the resources are fairly distributed in all parts of our country and you have a big state and it's difficult with just one center. So I recognize your concerns and I assure you I want to work with you to make sure that women entrepreneurs are served throughout the entire country.

I'm now going to introduce our panel of distinguished witnesses. I'll be introducing you in the order in which you will be presenting—we'll rotate between my introductions and Senator Ernst's introductions.

But I'm very pleased to introduce Ms. Adrienne Somerville, the CEO of Somerville Consulting Group, LLC, and Talent & Technical Solutions Corporation, located in Hughesville, Maryland.

You have an impressive background of academic achievements from Norfolk State University, Florida Institute of Technology, Georgetown University, and Harvard University Kennedy School Executive Program.

I was very impressed in your background that you were partnering with Apple and Google and developed and produced a Mobile Career Guidebook that is downloadable to smart phones and tablets. So we thank you for that service that you have provided to the community.

And now for the introduction of Ms. Onwuka, I'll turn to Senator Ernst.

Senator ERNST. Thank you, Mr. Chair.

Ms. Patrice Onwuka, Director, Center for Economic Opportunity, Independent Women's Forum. The Independent Women's Forum is a nonprofit organization whose goal is to develop and advocate for common sense policy solutions that enhance people's freedom, opportunities, and well-being.

The Center for Economic Opportunity specifically seeks to promote and develop policies that expand workplace choice, flexibility, freedom, and opportunity.

Prior to her career at IWF, Patrice served as the Senior Fellow at the Alliance for Charitable Excellence and before that she worked as the Communications Director for Generation Opportunity.

Thank you for joining us, Patrice.

Chairman CARDIN. We then have Mrs. Nik Sweeney, the Founder and CEO of Amani Nicol Wellness in Baltimore, Maryland. We're pleased to have you with us.

In the spring of 2019, Nik was unemployed, recovering from surgery. She then decided to take her experience as a Zumba instructor and put that to entrepreneurship. In the fall of 2019, she made the big jump to become a full-time entrepreneur. She opened the first and only of its kind holistic wellness spa integrating self-care with lifestyle medicine and programming to meet the needs of women in under-resourced communities.

Lastly, we have Mrs. Koch, Koch. Sorry.

Senator ERNST. Thank you, and thank you, Mr. Chair.

We have Ms. Catherine Koch and she is the President and CEO of K-Tec Systems. K-Tec Systems was founded by Koch in 1989 in Southeast Michigan. This small business is a global manufacturer of advanced control and automation technology, specializing in accurate and reliable temperature flow and pressure measurements.

As a female entrepreneur in a male-dominated industry, Catherine is passionate about helping other women start their own businesses. As a Global Forum committee Member of the Women's Business Enterprise National Council and the Board Member and Vice President of—and it got cut off there. So we welcome you but thank you, thank you, Ms. Koch, very much for being here.

Chairman CARDIN. To our witnesses, your entire statements will be made part of our record without objection. You may proceed as you wish. We ask you to try to summarize your statements in about five minutes and leave a little time for us to ask you some questions.

So we'll start with Ms. Somerville.

STATEMENT OF ADRIENNE M. SOMERVILLE, CEO, SOMERVILLE CONSULTING GROUP, LLC, TALENT & TECHNICAL SOLUTIONS CORPORATION, HUGHESVILLE, MARYLAND

Ms. SOMERVILLE. Good morning and thank you, Chair Cardin and Ranking Member Ernst and Members of the Committee on Small Business and Entrepreneurship, for this amazing opportunity to share my experience as a female business owner and government contractor in Maryland.

My name is Adrienne Somerville and it's an honor to highlight my incredible benefit of how technical assistance helped me in my pursuit of business ownership.

I am the Founder and CEO of two small businesses. I am Consulting Adrienne Somerville Consulting Firm and we collaborate with diverse leaders to ensure the success in providing ethical, transparent, repeatable, and affordable talent management solutions focused on improving accountability and ownership at all levels to build strong performance within each company to ensure strong profit margins.

In addition, Talent & Technical Solutions, we focus on building IT solutions that result in a plethora of data analytics to help build companies that manage their talent portfolios.

Throughout building a business, I experienced many challenges that I later learned are similar to those of other women across the nation.

Today, I will highlight a few: accessing sources of funding, navigating available information and tools available for business owners, and identifying effective mentorship.

By far, the biggest barrier, of course, to any business is resourcing. I was faced with difficulty identifying capital opportunities to support the purchasing of business development tools and resources which were expensive and needed to enable the success of my business and scale accordingly.

Ultimately, it was my work with resource partners that helped me identify these avenues for private and philanthropic capital which took my business to the next level.

As we identify opportunities to support women business owners like me across our nation, I ask this committee to consider capital solutions to incentivize both public and private avenues to capital.

Additionally, another challenge I was met with was navigating resources available for entrepreneurs. SBA resource partners provided me with the tools and strategies during my entrepreneurship journey that set me up for success, sustainable success.

The resource partners I worked with uniquely supported my needs throughout my entrepreneurship journey. I worked with four different small business resource partners in various capacities: the Baltimore-Metro Washington Business Center, the Virginia Women's Business Center, SBDC, and SCORE, all of which helped me as a business owner in different ways.

I have firsthand seen the uniqueness and the value and the impact each resource partner has had in offering me various opportunities through the stages of my development.

SCORE supported me with my pre-business establishment. This organization provided robust access to tools and training materials early in my process. I was able to leverage the tutorials, the manu-

als, the books, the algorithms, and the structural outlines. They helped me with the groundwork and the creation of my business.

Once established as a business, I connected with the benefits of SBDC, the network in Maryland, as well, which helped me develop the application of the tools, the identification of resources, the establishment of mentorship.

Through this resource I was able to identify local opportunities in my community in which I could have the greatest targeted impact. As my business infrastructure was built, the Baltimore-Metro WBC and Women's Business Center of Virginia enabled me through a Guide of Designated Programs that were very targeted and rich for my business.

This resource was critical in providing assistance to support my needs as a woman business owner. Through initiatives like UpScale, certification, training, digital training, conferences, networking events, and specialized finance sessions, I was able to build a true access plan.

Through this program, I was able to apply for the WOSB Certification for the State of Virginia which will also open doors for my business and increase opportunity in terms of visibility in my network.

As a business owner with only six employees, the WBC helped me provide a one-stop shop when approaching this certification process. When considering additional solutions that will support women entrepreneurs like me in pursuit of ownership, I ask that you consider the following: expand reach to economically-disadvantaged regions, equal encouragement for resource partners to collaborate with other agencies and organizations, focus on technology adopting in this hybrid work environment, focus on streamlining reporting.

We heard a little bit of that today in terms of the administrative requirements. Designated marketing specifics for resource partners, the reauthorization of the WBC Program along with other resource partners, and also support increased appropriation and funding for the WBC.

I thank you for your time today and I look forward to answering any of your questions. It's truly an honor to be here.

[The prepared statement of Ms. Somerville follows:]

Testimony of
Adrienne M. Somerville

Somerville Consulting Group & CEO, Talent & Technical
Solutions Corporation

U.S. Senate
Committee on Small Business and Entrepreneurship

*Pathways to Women's Entrepreneurship: Understanding
Opportunities and Barriers*

July 26, 2023

Good morning, and thank you to Chair Cardin, Ranking Member Ernst, and the Members of the Committee on Small Business and Entrepreneurship for the opportunity to share my experience as a female business owner and government contractor in Maryland. My name is Adrienne Somerville. It is my honor to highlight the incredible benefit of how technical assistance helped me in my pursuit of business ownership.

Introduction and Overview

I am the Founder and CEO of two small businesses, Adrienne Somerville Consulting Group LLC, and Talent & Technical Solutions Corporation (TTSC). The Adrienne Somerville Consulting Group LLC collaborates with diverse leaders to ensure their success by providing them with ethical, transparent, repeatable, and affordable talent management solutions to improve accountability and ownership at all levels to build strong performance because building strong performance builds profit. In addition, the Talent & Technical Solutions Corporation (TTSC) is focused on building IT solutions that result in data analytics to help build companies' talent portfolios.

Through both of my businesses, I work with companies to get smart on talent management. My team and I are experienced in helping businesses understand their needs, identify which resources are needed to optimize efficiency across their organizations and create a strategy to implement these efficiencies. Interestingly, the most difficult client I have faced are those of my two businesses. These challenges, I later learned, are similar to those that women across the nation experience, including but not limited to accessing sources of funding, navigating available information and tools available for business owners, and identifying effective mentorships.

Despite these obstacles, I utilized public and private support to build my companies - thanks to my collaboration with various SBA resource partners. Navigating the unique landscape that is entrepreneurship has taught me not only how to be effective in my craft, but the benefit of being business savvy as well. Many women entrepreneurs, especially those starting out, continue to face the same obstacles, and I think it is necessary to address these issues head-on to bolster the economic opportunity of women in business.

Utilization of Resource Partners in Business Growth

In my experience growing and scaling my two businesses, I have had the opportunity to work with three different Small Business Administration (SBA) resource partners in various capacities. I was able to benefit from SBDC-, WBC-, and SCORE support, all of which helped me as a business owner in different ways. I have seen firsthand the unique value and impact that each resource partner has had in supporting business at various capacities and stages of development.

SCORE Support

SCORE supported me in my pre-business establishment. The organization provided me with robust access to the training materials early on in the process. I was able to leverage tutorials, manuals, books, algorithms, and structural outlines, which helped me lay the groundwork for the creation of my business. I also benefitted from the guidance and financial pitches available through pitch competitions, where I was connected to funding avenues that many business owners starting out are not aware of.

SBDC Support

Once established as a business, I was connected with and benefitted from the local SBDC network in Maryland as well, which helped me in the application of tools, identification of resources, and establishment of local mentorship. Through this resource, I was able to identify local opportunities in the community to support more targeted areas to have a greater impact.

WBC Support

As my business infrastructure was built out, the Balt Metro WBC and Women's Business Center of Virginia were able to guide me through the process with a designated program targeted for my business. This resource was critical in providing assistance to support the needs I had as a woman in business.

Specifically, I utilized the UPSCALE initiative, Utilizing Procurement Systems for Certifications/ Contract Awards to Accelerate and Leverage Economic Empowerment for Women Entrepreneurs. The program provides focused support designed to meet the needs of women business owners through training, 1:1 mentorship, panel discussions, conferences and special events, and support programs.

I attended training on certifications, digital, IT / Communications, conferences, and more, which allowed me to work on my access plan. Beyond 1:1 mentorship, they also frequently host specific networking events, and hold sessions to teach you about business needs, like capital management and forecasting.

Through this program, I was able to apply for a WOSB certification in the state of Virginia, which opens up doors for many other small business recognitions in the state and increases my company's visibility and network. As a microbusiness without a development team, the WBC helped provide a one-stop shop when approaching this certification process, which opens up doors for many other small business recognitions in the state and increases my company's visibility and network.

Challenges and Opportunities in Support of Women-Owned Small Businesses*Finding Funding*

By far, the biggest barrier to entry in building my businesses was accessing sources of funding. This obstacle continues to be true for women business owners across the nation. I was faced with difficulty identifying capital opportunities to support the purchasing of business development tools and resources, which were expensive and needed to enable my business to scale. Ultimately, it was my work with resource partners that helped me identify these avenues for private and philanthropic capital which took my business to the next level.

This is a trend that transcends my personal experience. A Harvard Business Review study from 2021 showed a substantial drop in venture capital funding for women-led startups in 2020 (2.3%) compared to the prior year (2.8%) - separate from the overall decrease in VC funding.¹

When pursuing loans that are often needed to start a business, women traditionally have less established relationships with traditional banking institutions and are unable to obtain working capital and loans without assistance. We saw this play out over the pandemic with the inequitable rollout of PPP funds, and are continuing to see it take place today.

As a solution, I ask the Committee for the following solutions to create capital challenges for women business owners:

- *Reform SBA lending programs to ensure utility for women entrepreneurs.*
- *Increase funding, and designate funding for WOSBs, to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.*
- *Incentivize early-stage investment in women-owned companies through additional federal programs.*
- *Measure equitable deployment for the Department of Treasury's State Small Business Credit Initiative (SSBCI) funding allocations.*

Support for SBA's Resource Partners

Finally, I have also faced the difficulty that many small business owners face navigating the multitude of resources available for entrepreneurs and the confusion associated with which tools to focus on for useful information that is relevant to the business. I can best compare this scenario to drinking from the firehose. You need a strategy to be effective in your efforts. As I mentioned earlier, SBA resource partners provided me with the tools and strategy during my entrepreneurial journey to set me up for success.

In my experience, resources provided by the SBA were more academic in nature and helpful in providing examples for documents, especially during the structuring of the business and the more nascent stages of its development. It is the resource partners that each uniquely supported my needs throughout my entrepreneurial journey.

¹ "Women-Led Startups Received Just 2.3% of VC Funding in 2020." *Harvard Business Review*, 25 February 2021. <https://hbr.org/2021/02/women-led-startups-received-just-2-3-of-vc-funding-in-2020>. Accessed 22 July 2023.

When considering the role of resource partners in supporting business owners, I ask that the Committee consider:

- *Reauthorize the WBC program, along with other resource partners, in the statute.* Modernization of this program would enable the soon-to-be 160 WBCs across the nation in their support of women's business owners. Chair Cardin recently S.2184, the *Women's Business Centers Improvement Act of 2023*, calling for the reauthorization of the WBC program and bipartisan support of reauthorization is critical.²
- *Increase appropriations FY24 funding for the WBC program to \$30 million.* Increased funding will enable WBCs to expand their reach and provide more extensive services to a larger number of women-owned, and all small businesses.
- *Expand reach to economically disadvantaged regions.* Develop policies and incentives to encourage SBA resource partners to establish centers in rural areas and economically disadvantaged regions. This will help ensure that entrepreneurs in these areas have access to vital resources and support when they continue to struggle with broadband and similar location-based challenges.
- *Encourage resource partner collaboration with other Agencies and Organizations.* Establish policies that encourage collaboration between SBA resource partners and other federal agencies, local governments, nonprofit organizations, and academic institutions. This collaboration can foster a more comprehensive and coordinated approach to supporting small businesses.
- *Focus on technology adoption.* Support policies that enable SBA resource partners to assist small businesses in adopting technology solutions that can improve their operations, productivity, and competitiveness.
- *Streamline Reporting and Administrative Requirements.* Simplify reporting and administrative requirements for SBA resource partners to reduce administrative burdens and allow them to focus more on delivering services to small businesses.
- *Designate marketing-specific funding for resource partner services.* To increase the visibility and understanding of the role of SBA resource partners, designated funding for marketing of services can help entrepreneurs best utilize those available in their area.

Navigating the unique landscape that is entrepreneurship has taught me not only how to be effective in my craft, but the benefit of being business savvy as well. Many women entrepreneurs, especially those starting out, continue to face the same obstacles, and I think it is necessary to address these issues head-on to bolster the economic opportunity of women in business.

²13 June 2023, <https://www.congress.gov/bill/118th-congress/senate-bill/2184/text>. Accessed 23 July 2023.

Thank you for your time and interest today in hearing my experience as a women entrepreneur, I am honored to address the Committee and look forward to answering any questions.

Chairman CARDIN. Thank you very much. [Applause.]

Chairman CARDIN. And you did it exactly in five minutes. That's really good.

Mrs. Onwuka.

STATEMENT OF PATRICE ONWUKA, DIRECTOR OF THE CENTER FOR ECONOMIC OPPORTUNITY, INDEPENDENT WOMEN'S FORUM, WASHINGTON, D.C.

Ms. ONWUKA. Good morning. Thank you, Chairman Cardin, Ranking Member Ernst, and the Members of the Committee, for having me to appear today.

I work for the Independent Women's Forum and, as mentioned, we want women to value free markets and personal liberty and so we advance policies that enhance people's freedom, opportunity, and well-being.

I've got to say entrepreneurship has created ladders of opportunity for women of all ages, backgrounds, and races. So it's critical to ensure that government policies do not erect barriers to opportunity for women.

Now the growth of female entrepreneurship over the past few decades has been tremendous. As the Ranking Member mentioned, women own 12 million businesses, small businesses, or 43 percent of them.

Interestingly, only about one in 10 actually employ workers. Most women that own businesses are one-woman shops and they tend to be concentrated in sectors that track closely with where women's labor force participation is.

Most female business owners strike out on their own because they're looking for independence, flexibility, and the ability to fulfill their passion. This actually sets them apart from a lot of their male counterparts.

Now despite many bright spots, women's businesses face struggles. Some challenges are universal to men- and women-owned businesses, such as labor shortages. We've seen this in the national economy. Inflation, unfortunately, still has not gone back down to pre-2021 levels. Regulations, taxes, and uncertain economic conditions.

Average women's revenue for women-owned businesses are rising but they lag behind those of firms owned by men, a lack of capital. I'm sure we're going to hear a lot about that. Interestingly, men start their businesses with six times as much capital as women do.

Women also lack robust networks and that particularly is true in rural environments. Almost half of female founders cite a lack of available mentors or advisors as an impediment and so it's important that government programs where private programs are not available be a support to them.

Two additional challenges to starting businesses that I actually think are directly the result of government-imposed barriers to building human capital, Number 1, overly restrictive occupational licensure at state levels, and Number 2, restrictions on independent contracting.

I'll skip a little bit on the occupational licensure since that tends to be a state level issue.

But on independent contracting, many women have found the flexibility and the freedom to balance work-life-careers by being an independent contractor, and unfortunately we see some congressional legislation currently pending that would impose restrictions on the nation's 65 million freelancers in this country.

I bet you we have some freelancers right in this room today. They're not traditional employees. They work for themselves. They define when, where, and how they work, and for women flexibility is what allows them to continue to raise their families, to take care of aging parents and sick family members, and, frankly, just to fulfill their passions.

So it's important that Congress does not needlessly reclassify independent contractors across this country. We would lose thousands of jobs, millions of jobs, frankly, and raise business costs on small businesses by anywhere between \$18 to \$64 billion each week.

So Congress should not be nationalizing independent contracting. A piece of that, though, a piece of the entrepreneurship and what makes it so interesting is that it allows for flexibility for care-giving and I dropped my kids off right at daycare before this, so I understand how important it is.

That's why we should make childcare options more affordable, plentiful, and diverse. Diversity is key. Not every parent wants a formal childcare center. Some informal childcare options that are home-based care, for example, or, frankly, staying with relatives is really important and, unfortunately, unnecessary regulations that don't have anything to do with the quality of care in childcare centers is increasing costs by up to \$1,800 per child each year.

So there's opportunity for us to look at legislation that would make it easier for small businesses to be able to offer quality childcare for their employees and I thank Senator Ernst for mentioning the Small Business Childcare Investment Act because I think that's one of those opportunities.

Congress needs to consider also just reducing the burden on small businesses. On average, regulatory costs amount to \$11,700 per employee each year, and small businesses, they are the ones who bear the brunt of those increased regulatory costs.

So there are lots of measures that are floating around that look at how do we ensure that the Small Business Administration is ensuring that every new piece of regulation that is passed by Congress does not impose new compliance costs on small businesses.

I have lots of other ideas but I will stop right there. Thank you.
[The prepared statement of Ms. Onwuka follows:]



**Testimony to the United States Senate
Committee on Small Business & Entrepreneurship**

**Hearing: "Pathways to Women's Entrepreneurship: Understanding
Opportunities and Barriers"**

**Patrice Onwuka
Director, Center for Economic Opportunity
Independent Women's Forum**

**Washington, D.C.
July 26, 2023**

Chairman Cardin, Ranking Member Ernst, and Members of the Committee, thank you for inviting me to appear today.

My name is Patrice Onwuka, and I am the director of the Center for Economic Opportunity at Independent Women's Forum. We are a nonprofit organization, committed to increasing the number of women who value free markets and personal liberty. We advance policies that enhance people's freedom, opportunities, and well-being.

Small business ownership has created ladders of opportunity for women of all ages, races, and backgrounds. Entrepreneurship offers a pathway to achieve work-life balance, experience fulfillment, and better one's community.

Finding ways to ensure individuals can engage in entrepreneurial pursuits is admirable, but more importantly, it's critical to ensure that government policies do not erect barriers to opportunity. We appreciate that this committee seeks bipartisan solutions to dismantle those barriers and promote entrepreneurship to ensure economic growth for women-owned businesses and prosperity for all.

Overview of Women-Owned Businesses

The growth of female entrepreneurship has been tremendous over the past decades, but particularly in recent years in good part due to technology.

Today, women own **12 million** small businesses (43% of all small businesses) generating \$2.1 trillion in total sales. Only about one in ten (1.1 million) of these businesses are employer firms, employing 10.1 million workers. Most women-owned businesses are one-woman shops. The **10.9 million** self-employed women-owned firms generated about \$300 billion in sales according to the Census Bureau Annual Business Survey, 2018.

Women were starting an average of **1,817** new businesses per day in the U.S. just before the pandemic, according to an analysis commissioned by American Express.

Women-owned businesses are concentrated in certain sectors, and these sectors track closely with women's labor force participation in the labor market. Health care and social assistance is the top industry for female businesses (216,000) followed closely by professional, scientific, and technical services (207,00). Retail trade, services, and accommodation and food services round out the top five industries.

Demographic characteristics of women-owned businesses largely reflect the racial diversity of our nation. According to one **national survey** by Guidant Financial, the racial breakdowns of these firms are as follows: 78.4% white, 11.3% Black, 4.6% Hispanic, 4.6% Asian, and 1% Middle Eastern. Interestingly, from 2022 to 2023, the number of women business owners who identify as "Black or African-American" increased by 33%.

Generationally, most women business owners are middle-aged and older.

Despite tremendous gains, women have not reached parity with men in starting businesses. In 2021, about **four in ten** new entrepreneurs were women, and the share of women among new entrepreneurs has remained relatively consistent over decades.

Examining **business types**, we find that most women started their businesses from scratch (59%) rather than buying an existing company (40%). Women-owned franchises outpace women-owned independent businesses by a margin of 52% to 47%. Of the women who are franchisees, more (34%) bought their own location instead of purchasing an existing franchise location (10%).

Motivations for entrepreneurship

Most female business owners strike out on their own because they desire independence, flexibility, and the ability to fulfill their passion. These motivations set them apart from their male counterparts.

According to a **survey** conducted by Guidant, the leading pull and push factors drawing women into entrepreneurship are autonomy and flexibility (27%) and dissatisfaction with Corporate America (23%). Women are also more likely than men to launch a business based on passion.

For many women, entrepreneurship is not a sudden decision, but a long-standing ambition. Some **84%** of female business owners polled said they had dreams of starting their own business for "as long as they could remember." The COVID-19 pandemic also motivated nearly two out of three (61%) women to start a business in the past few years.

Challenges Facing Women Entrepreneurs

Despite many bright spots, women's businesses face struggles. A survey of 1,000 female small business owners commissioned for Office Depot found that one in six are stressed out every day.

Women face similar economic challenges to men, such as labor shortages, inflation, regulations, taxes, and uncertain economic conditions.

Women-owned firms tend to be younger and smaller than their male counterparts, which could account for some of their revenue differences.

Average revenues of women-owned businesses are rising but are behind those of firms owned by men. Women-owned employer firms hire fewer workers and earn less. According to **Census data** from 2018, the average annual earnings of employees of women-owned firms lag behind the national earnings average of the workers of all firms by over \$15,000 (\$38,238 in average annual payroll per employee compared with \$54,114).

Lack of access to capital is a perennial problem. In 2022, female-founded companies garnered just **2.1%** of the total capital invested in venture-backed startups in the U.S. Men start their businesses with six times as much capital as women. Nearly half (**47%**) of women business owners said a lack of funds was their toughest startup challenge and of those, over half pointed to high startup costs with business. A large majority (**60%**) of female business owners polled believe they do not have the same access to capital that men have.

Women lack robust networks. Almost half (**48%**) of female founders cite a lack of available mentors or advisors as an impediment. Nearly a third (**29%**) of women in a poll cited networking as their biggest challenge.

Some of the challenges noted, from high costs of goods and services to labor shortages, are impacted by government policies but are economic in nature.

Two additional challenges to starting businesses are directly the results of government-imposed barriers to building human capital: overly-restrictive occupational licensure laws and restrictions on independent contracting.

Credentialing Challenges

Occupational licenses are intended to prevent consumer harm from unskilled or inexperienced workers. Unfortunately, they can also become an impediment to opportunity for women by limiting competition and discouraging entrepreneurship.

Before beginning a job in certain occupations and fields, states often require that an individual obtain an occupational license. This credential is supposed to verify that she has obtained a certain level of education, training, and testing to deliver a good

or service. Over the past 60 years, the preponderance of occupational licenses has risen from just **5%** of workers in the 1950s to more than one out of four workers today.

Despite claims by supporters, some licenses have no connection to public health or safety at all. Instead, they serve to protect established businesses against new competition, allowing them to keep prices for their services artificially high.

Excessive occupational licensing has robbed our economy of nearly **3 million jobs**, cost the national economy \$6 billion, and prevented workers who already face social and economic challenges from gaining access to opportunities and economic mobility.

Occupational licenses are required for industries that women-owned businesses are concentrated in, including personal care services such as hair styling and care, skin care, makeup artistry, nail styling, waxing and threading; and health care and social assistance. They place a burden on many women, especially those with few means and in need of opportunity, such as immigrant workers and those with criminal records.

Often the requirements for an occupational license are prohibitive for those without money or time to pursue them and may vary from state to state. For example, Texas imposes no **makeup artistry** license, but if a makeup artist moves one state over to Oklahoma, she would have to clock 600 hours of education before obtaining a license to work.

Military spouses are uniquely affected by excessive licensing. Nearly all of the 600,000 military spouses in the U.S. are highly educated (89% have some college education) but experience an astoundingly high **33%** underemployment rate. Because states vary in the requirements for a given occupation, it is difficult for workers who move frequently, such as military spouses, to be gainfully employed.

Over the past few years, bipartisan support for occupational licensing reform has unified Presidents **Barack Obama** and **Donald Trump** and governors of red and blue states. There is no national standard, nor should there be, as it could unintentionally force states to create licenses that did not exist before or to increase licensing requirements that were not as high to the new national level. However, the federal government can provide resources and encouragement—such as through the Federal Trade Commission—for states to design their own reforms.

Individuals who want to start their own businesses should not be limited by onerous, excessive licensing requirements that serve only to limit competition instead of encourage it.

Independent Contracting

Freelancing offers opportunities for women to launch small businesses across the country, but that entrepreneurial spirit is at risk from legislative and regulatory challenges.

In 2022, an estimated **65 million** people freelanced. Unlike traditional employees, independent contractors (including freelancers, gig workers, and consultants) control when, where, and how they work. This flexibility is one reason that contracting jobs are increasing in popularity, especially among women. In a 2018 survey of female gig workers, flexibility **ranked highest** among valued aspects of freelancing.

Independent contractors understand there is a tradeoff with this arrangement. Instead of a guaranteed salary and benefits, they receive the flexibility to determine their schedule and the autonomy to decide whom to work for, what work they do (or don't do), and how they get it done (i.e. being their own boss). Nearly 75% of freelancers are working independently by choice. Nearly **two out of three** women working in the gig economy (61%) would prefer to be independent while only 12% said they would want to be an employee of the company for which they gig.

In 2019, the California legislature passed Assembly Bill 5, a law that drastically changed the employment arrangements for at least one million independent contractors across the state. The law, which took effect on January 1, 2020, requires that employers prove they meet the **ABC test** for their workers to be lawfully classified as independent contractors. Proponents assumed that businesses will simply hire their contracted workforce as employees and offer them all the benefits of salaried workers. This ignored the substantial costs to businesses, as well as the preferences of workers. AB5's passage and enactment spawned the loss of income, contracts, and livelihoods of **thousands** of workers across the state.

Efforts to reclassify independent work nationally would have sweeping impacts on freelancers and the companies that hire them. A **study** by the American Action Forum estimates that the costs of reclassifying independent contractors as employees under a more stringent test could produce between \$18.4 and \$61.4 billion in additional weekly employment costs for businesses. A national version of AB5 could risk up to 8.5% (**\$2.2 trillion**) of the U.S. GDP.

Congress and regulators should not nationalize labor policy that could destroy income-generating entrepreneurial pursuits for enterprising men and women.

Child Care

The flexibility that entrepreneurship offers can help women balance caregiving responsibilities. However, even with flexibility, child care can be a challenge for some women.

Policymakers should find ways to make childcare options more affordable, plentiful, and diverse. Diverse is key. Most parents do not prefer formal daycare settings according to a **2022 report** by the Bipartisan Policy Center and Morning Consult. Nearly six in ten parents preferred informal child care over formal childcare centers, even if formal care was free and in a convenient location.

Eliminating unnecessary red tape that especially burdens home-based care facilities is a good place to start. A **Mercatus Center study** found that costs of care could be reduced by between \$850 and \$1,890 per child per year by eliminating regulations not related to the quality of care. Such efforts do not have to sacrifice safety and quality but will ensure that providers, especially smaller and at-home providers, can enter the marketplace giving parents more and better options.

In addition, Congress can consider opening up to nonprofit childcare providers the funding programs that for-profit providers have access to at the Small Business Administration (SBA). Presently, nonprofit childcare providers are ineligible for certain types of Small Business Administration (SBA) loan programs that are available to for-profits. While nonprofit providers can apply for the SBA microloan program which is capped at \$50,000 and limits how the money can be spent, for-profit providers have the option to apply for more flexible programs that can provide loans up to \$5.5 million and can be used for a variety of purposes.

If enacted, the Small Business Child Care Investment Act would allow qualified nonprofit childcare providers to access these same types of SBA loans to finance the startup and operational costs necessary to provide high-quality care.

Opportunities

Protecting independent contracting from sweeping reclassification through federal law or regulation is an important step that Congress must be committed to if it wants to ensure that women's entrepreneurship thrives. Most female entrepreneurs are self-employed and unnecessarily reclassifying millions of independent contractors would destroy their income-generating livelihoods and side hustles.

Congress should also consider reducing the regulatory burdens placed on small businesses. **Analysis** by the U.S. Chamber of Commerce finds that regulatory costs amount to on average \$11,700 per employee each year. Businesses with 50 or fewer employees incur regulatory costs that are nearly 20% higher than for the average firm. Cumulatively, economically significant federal rules for small businesses amount to over \$40 billion per year in regulatory costs. This is overwhelming for small businesses, especially if they are solo enterprises.

The Small Business Administration (SBA) is the one agency of government devoted to the preservation of our nation's small businesses. At minimum, Congress should consider directing the SBA to quantify and monitor federal regulatory costs on small businesses.

The SBA also has dedicated programs and efforts for women-owned small businesses including funding, counseling, and federal contracting. It is important to assess if these programs are meeting their goals, being effective, and truly expanding access and opportunity for women.

Congress can employ greater oversight of the SBA and understand areas of improvement by reauthorizing the agency as it does other agencies. The SBA has not been reauthorized in two decades.

Congress can also consider how private nonprofit organizations that receive federal funding are helping women start and grow their businesses.

Conclusion

Women-owned businesses must continue to thrive. The government serves a critical role in ensuring that it does not squelch the entrepreneurial spirit through heavy-handed, costly, and opportunity-killing regulations or ineffective programs.

Thank you for your time.

Chairman CARDIN. Thank you very much for your testimony, appreciate it very, very much.

Ms. Sweeney.

STATEMENT OF NIK SWEENEY, FOUNDER/CEO, AMANI NICOL WELLNESS, BALTIMORE, MARYLAND

Ms. SWEENEY. Good morning, Chair Cardin, Ranking Member Ernst, and Distinguished Members of the Committee.

It is a pleasure to be here and I'm honored today as a business owner in Baltimore, Maryland, sharing my experience with the Baltimore Metropolitan Women's Business Center.

I'll first start with Amani Nicol Wellness, where we are today and how we would not be in the position that we are if it was not for the support of the WBC.

So in 2019, unemployed with this big mission and only \$2,000 in my pocket and an opportunity to make this dream happen, we developed an innovative approach to help disrupt the health care system when it comes to prevention and management of diabetes.

But how are we able to do this? Well, at this time we are a for-profit social enterprise which means there are two sides to our business model, one specifically for women who are looking to get well while we're able to leverage those resources to fund our programs for women in underserved and under-resourced communities.

We are a CDC-recognized prevention program with the highest rank that the CDC delivers which is 4+ recognition because of our ability to sustain our impact.

We partner with Notre Dame School of Pharmacy as an accredited diabetes self-management provider to support women specifically with Type 2 diabetes.

We were accepted to Innovation Works and Accelerated Program that helped us to raise our first six figure capital raise and we have partnered with the Office of Women's Health to help support self measuring of blood pressure, our Blood Pressure Program.

In 2021, in the midst of the pandemic, we were fortunate enough to be able to relocate from a top office to a professional office park that more than doubled the size and helped us to become ADA-compliant so that we could benefit from becoming Medicaid-approved, contracted with six managed care organizations from Aetna to BlueCross, as well as Medicare.

Why is that significant? Because in Baltimore City alone, one of the cities with the highest disparities in terms of diabetes, we are one of only four Medicare providers when it comes to diabetes prevention.

We're happy to note that we're also the only diabetes prevention program for the deaf and hard-of-hearing in the entire country and yet we're facing many challenges and barriers.

While all that success is notable, it would not be possible without the support of the Baltimore-Washington WBC where as soon as we closed doors in March of 2020, within a week we received a mentor, Carmen Braxton, who for nine months walked us through strategically to keep us on point so that those goals that we just outlined could become realized.

So as a result of that, we were able to contract federally. We were able to expand access, including to the Hispanic-Latino community. Our Diabetes Prevention Program that was launched in 2022 was the first one launched in the state of Maryland next to Johns Hopkins.

So while all that sounds great, what about these barriers? Well, interestingly, we had just provided access to women and the deaf community and three months later, April 2022, I was diagnosed with breast cancer. With capacity constraints, revenue suffering, and trying to figure out how to keep working because there was no option to close, what mattered most would be the resources and the ecosystem like that provided by the WBC.

You see, it goes full circle with support. Being able to access other resources like additional funding would not have been possible. Being able to benefit from Morgan State University who is a partner for us because we are able to benefit from interns and a Master's of Public Health Program and Doctorate Programs.

We are excited because that program is the reason why Amani Nicol Wellness did not become one of those businesses that failed. In less than four years in the heart of a pandemic, we are supporting the health in Baltimore and Maryland as a whole because of their efforts.

So reauthorizing that program, sustaining the money that it needs in order for it to continue is not just about helping the women entrepreneurs like myself to feel good about the dream that's been realized but it is a powerful impact on the community as a whole and not just for today but we're talking about the ability to affect generations to come.

Thank you. [Applause.]

[The prepared statement of Ms. Sweeney follows:]



Testimony of
Nik Sweeney

Founder & CEO of
Amani Nicol Wellness

U.S. Senate
Committee on Small Business and Entrepreneurship

*Pathways to Women's Entrepreneurship: Understanding
Opportunities and Barriers*

July 26, 2023

Thank you, Chair Cardin, Ranking Member Ernst, and distinguished Members of the Committee for this opportunity to provide testimony on my journey as a woman business owner. My name is Nik Sweeney, Founder and CEO of Amani Nicol Wellness and I am honored to be here today to share my experience.

Experience Starting and Growing Amani Nicol

I am a small business owner, born and raised, in Baltimore, Maryland. Before starting my company, my professional experiences lay in sales management, lead generation, and community outreach. In May 2011, I became a Zumba Instructor as a side hustle. Helping women dance their way to better health inspired me to pursue health coaching and nutrition certifications. Implementing Zumba with behavior change coaching in 2016, I laid the foundation for "Beautifully Well," an online coaching program.

In the fall of 2019, I made the leap into being a full-time entrepreneur. I opened up the first and only of its kind holistic wellness spa integrating self-care with lifestyle medicine and programming to meet the needs of women in under-resourced communities.

Amani Nicol is a for-profit social enterprise - we have a strong mission centered around community and supporting underserved people. We bridge the gap of health inequities when it comes to prevention for women, creating a fusion strategy where self-care meets healthcare.

With the help of the Balt Metro Women's Business Center (Balt Metro WBC), my company has seen success through:

1. Expanded the CDC Recognized Diabetes Prevention (DPP) to reach the Hispanic/Latino and deaf and hard of hearing communities. *The Amani Nicol Wellness program for the deaf is the only DPP in the US.*
2. Partnered with *Notre Dame's School of Pharmacy* to become an accredited Diabetes Self-Management program to support women diagnosed with type 2 diabetes.
3. Accepted into the Innovation Works Six Months Accelerator Program (Developed, participated in, and *was awarded a \$ six-figure capital infusion* by giving a successful pitch for the Investor Showcase).
4. Received full plus recognition from the CDC; *the highest CDC recognition for diabetes prevention*, based on proven success with outcomes from our DPP program.
5. Partnered with the *Office of Women's Health* Self-Monitoring Blood Pressure Program.
6. Relocated to a professional office park storefront. Amani Nicol Wellness doubled operating space from a 3-room, 2nd-floor suite to a *storefront with 4 treatment rooms, 2 offices, and a lobby/classroom* and became ADA Compliant (wheelchair accessible).
7. Became referral partners with *Aetna Better Health, United Healthcare, and Medstar Family Choice* as a feeder to clientele.

CDC Certification

Amani Nicol is a CDC-recognized organization for diabetes prevention. This year, we were recognized as a full-plus diabetes prevention program, which is the highest distinction that the CDC awards organizations.

Not only are we providing diabetes prevention education, but it is also a year-long program we're delivering virtually to women who are diagnosed with pre-diabetes or at high risk. The goal of the program is to help them to reverse their diabetes diagnosis or lower their A1C by the end of the program.

The recognition from the CDC and the state of Maryland provides Amani Nicol with the benefit of being able to contract with Medicaid - a benefit that very few states across the nation receive. My company is Medicaid approved and contracted with six managed care organizations.

We are a health spa with patients, and we are able to receive patient referrals through these contracts. This past April, our program became approved for Medicare - the fourth with the Medicare distinction in Baltimore. As a result, we have bolstered our efforts in the Medicare community and hired a specialized coach to head our senior initiative in pre-diabetes. This Medicare achievement is critical for our company, but it is also vital for the city of Baltimore. Including our company, there are only four Medicare suppliers in Baltimore - despite Baltimore being a high-risk community.

Vital Role of the Balt Metro WBC for Amani Nicol*Balt Metro WBC Mentorship Program*

The timing could not have been more critical when the Balt Metro WBC reached out to help my business. My company's doors had actually closed in March when I received an email from the WBC about their work launching a program that would provide a mentor to help business owners navigate through the tumultuous time of the pandemic. The Balt Metro WBC met me and my business right where we were and re-opened those doors, giving me a second chance at fulfilling my dream of being an entrepreneur.

So, I became affiliated with the center, amid a worldwide crisis to help me navigate the difficult challenges I was facing as a result of the 2020 healthcare pandemic. I sought out support and services to pivot my business practices to ensure sustainability during such calamity.

Without knowing much about the program, I replied back to that email, and, within 24 hours I received Carmen Braxton as a mentor. This program, Carmen, and the Balt Metro WBC helped us weather the storm of the COVID-19 pandemic. In just one year, my company went from having our doors closed to receiving our CDC recognition for prevention. By the end of the same

year, we received our Medicaid approval and started the process of contracting with managed care organizations like Aetna Better Health, Care First, United Healthcare, and Medstar Family Choice.

Transition to a Mentee

Even once the one on one mentorship program ended, the Balt Metro WBC has continued to be instrumental in its mentorship and overall support for Amani Nicol Wellness. I benefited from being a part of the WBC's ecosystem, receiving access to webinars that connected us with other partners, a nomination for Maryland's Top 100 Women, and more. Ultimately, the experience of supporting other women in business through the WBC led me to become a mentor myself. I have been able to share knowledge that I have gained as well as receive and learn from other business owners in Maryland, creating a network of women entrepreneurs empowering each other to reach our full potential.

In my experience, mentoring is full circle. In a moment as critical as the start of the pandemic, having access to a mentor that was well-versed in business and scaling our initiatives was pivotal. I'm still a growing entrepreneur - Amani Nicol is only four years old, with more than 75% of the time being in a pandemic. I'm committed to giving back to impart what I have learned by participating in youth & university student educational programs, serving as an emerging business coach mentor in Balt Metro WBC's seven-track mentor/mentee business entrepreneurship program, named in honor of the retired Senator Barbara A. Robinson.

Why the Baltimore Metropolitan Women's Business Center?

The Baltimore Metropolitan Women's Business Center (Balt Metro WBC) met me where I was at during a time when my business was in need, to help me navigate the COVID-19 pandemic.

Balt Metro WBC is a highly visible Small Business Administration (SBA) technical assistance business resource, as part of the WBC program. The center is located in the Earl Graves School of Business hosted by the Provost Office at Morgan State University (MSU), the premier public urban research university in Maryland known for its excellence in teaching, intensive research, effective public service, and community engagement. The Balt Metro WBC provides business advisory services through education, training, technical assistance, and mentorship to small businesses in the Baltimore metropolitan region of Maryland.

What is the Women's Business Center program

The WBC being women-centered directly understood the challenges I faced and had an ecosystem of support I could lean into. They were the first program to offer assistance during the pandemic. One challenge as an entrepreneur is access to business education and resources from credible people. The WBC was located at Morgan State, a University I admired and saw as a partner for the community.

The Women's Business Center (WBC) program is a public-private partnership with 35 years of success in providing training, counseling, mentoring, networking opportunities, and access to capital to women entrepreneurs nationwide.

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

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

Obstacles Experienced as a Women Entrepreneur

Capital Access

In any business, but especially in a small business, you need capital to be sustainable, grow, and scale. Capital gives entrepreneurs, especially women entrepreneurs, options. Access to capital remains an important issue that many women entrepreneurs, like myself, continue to encounter on a daily basis. In April 2022, just three months after launching our prevention program for the deaf community, I was diagnosed with breast cancer. It wasn't an option to stop working, a necessary reduction of workload was implemented, even though it meant generating less revenue. The revenue loss affected the entire operation and my salary as a small business owner.

Securing sufficient capital and financing to start or expand a health-related business can be challenging for women entrepreneurs. Studies have shown that women-owned businesses, in general, tend to receive lower funding compared to their male counterparts - especially in the private sector. Similarly, obtaining loans at banks is often difficult for women as they have less established relationships with traditional financial institutions. We have faced difficulty raising private funding for Amani Nicol.

We have also found trouble finding accessible public funding. Even though we are addressing a community-based problem geared toward long-term prevention and recognized by the CDC, Medicaid, and Medicare, we are not considered to be in the same running as other companies. Amani Nicol does not have the same access to funds within the healthcare system dedicated to prevention. In Baltimore alone, we are sitting on millions of dollars in public health to support prevention and public health initiatives. Unfortunately, as a small business, we have to fight tooth and nail to even get close to those conversations.

Federal Contracting

As the only CDC-recognized public health program in the United States who has provided access to both deaf and hard-of-hearing communities, we need reliable and timely capital to ensure payment for our interpreters and ASL-certified professionals.

While we are in a position for reimbursement, there is significant administrative work and time that is needed to receive the reimbursement. In addition, these funds are often not timely, leaving many small businesses struggling to pay their overhead. Finally, the amount of Medicare / Medicaid reimbursement per participant covers less than 1/3 of what our company puts into the program to support the patient.

In the federal contracting industry more broadly, Women are often underrepresented both in terms of business ownership and senior leadership roles. This lack of representation can limit their access to networks, which helps in being aware of contract opportunities and is even more vital in winning those contracts. In addition, women-owned businesses face stiff competition from more established and larger companies, making it difficult to secure contracts. As a result, many women-owned small businesses are forced to subcontract instead of receiving the primary contract.

Maintaining a Skilled and Cost-Effective Workforce

Business operations always remain an obstacle for small business owners, since many often take on multiple roles and have few employees. We are fortunate that we have a small team that can carry some of the administrative weight, but we anticipate that demands associated with shifting regulations, tax compliance, and reimbursement requirements will result in us needing to dedicate a team to these specific roles. These are critical roles that are often daunting for many small businesses - getting the right people in place can definitely make a difference in the success of a small business.

Opportunities to Support Women's Entrepreneurship

Capital Access

- *Leverage the Community Reinvestment Act to increase lending to women.*
- *Reform SBA lending programs to ensure utility for women entrepreneurs.*
- *Increase funding, and designate funding for WOSBs, to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.*
- *Incentivize early-stage investment in women-owned companies through additional federal programs.*
- *Measure equitable deployment for the Department of Treasury's State Small Business Credit Initiative (SSBCI) funding allocations.*

Contracting

- *Simplify the SBA's WOSB certification process and allow WBCs to certify businesses.*

- *Adopt a trade policy agenda that prioritizes small and, by extension, women-owned small businesses.*

Workforce Initiatives

- *Data Collection and Analysis: Enhance data collection efforts to monitor and measure the progress of women entrepreneurs in the workforce. Regular analysis and reporting of data can help identify areas that require additional support and resources.*

Intentional Support for Resource Partners Designated to Help Women Entrepreneurs

It is critical to continue to meet women entrepreneurs where they are at - without the Balt Metro WBC reaching out to me and offering support, I doubt I would even still be an entrepreneur. Balt Metro WBC was able to flip the “closed” sign on my business to “open” by identifying the guidance that I needed to sustain, and later grow, my business.

I urge for reauthorization of the WBC program to ensure that women entrepreneurs like me are able to benefit from their unique services as resource partners. Women’s Business Centers understand the daily obstacles and needs of women in business - with women’s entrepreneurship on the rise, this program deserves to be modernized to be brought into the 21st century. Chair Cardin recently introduced S.2184, the *Women’s Business Centers Improvement Act of 2023*, calling for the reauthorization of the WBC program.¹ I ask for you all to consider supporting this reauthorization in a bipartisan manner. This program is vital to the success of companies like mine – and would operate more effectively and efficiently if the program could be modernized and expanded.

Finally, I ask that the WBC program receive support for sustained appropriations for fiscal year 2024 (FY24) at \$27 million. This will enable the program to maintain its current operations in support of tens of thousands of women entrepreneurs, especially with the upcoming increase of 16 additional centers later this year.

Closing

I am just one story of many women that have achieved success as a result of public and private support. Women business owners are making up an increasing percentage of the U.S. economy; it is vital to support the role of entrepreneurship and provide women business owners with the resources to achieve. Thank you for your time and interest today, it has been a privilege to address the Committee.

I look forward to answering any questions.

¹13 June 2023, <https://www.congress.gov/bill/118th-congress/senate-bill/2184/text>. Accessed 23 July 2023.

Chairman CARDIN. Thank you very much for your testimony, but thank you for what you have meant to our community in Baltimore. We appreciate it as a fellow Baltimorean.

Mrs. Koch.

STATEMENT OF CATHERINE KOCH, PRESIDENT & CEO, K-TEC SYSTEMS, INC., ST. FERNDALE, MICHIGAN

Ms. KOCH. Chairman Cardin, Ranking Member Ernst,——

Chairman CARDIN. Your mic's not on.

Ms. Koch. Chairman Cardin, Ranking Member Ernst, Distinguished Committee Members and guests, good morning.

My name is Cathy Koch. I am the Founder and Co-Owner of K-Tec Systems, a Detroit area manufacturer of temperature sensors, wire harnesses, and control systems. We serve diverse industries, including automotive, aerospace, food, medical, and chemical.

I am also an alumni of the Goldman Sachs 10,000 Small Business Program.

It is an honor to be here today. I appreciate your invitation and your attention to leveling the playing field for female small business owners.

I would like to begin by thanking the committee for its bipartisan work last week to pass a series of bills to modernize the Small Business Administration.

I'm here today to share my personal experience and the unique barriers I have faced and, importantly, what can be done to create equity and leveling the playing field.

Let me start from the beginning. It was 1989. I had a one-year-old daughter. I was a recently divorced single mother and I was working in sales in a male-dominated auto industry. '89 was a different time. I loved sales and I loved being a mom, but I was told by my male boss that a woman couldn't do sales, let alone a new single mom. I disagreed.

I knew my value and my talent. So I went to a competitor. While things were better, I was still held back. Eventually, I realized the only way I could reach my true potential was to start my own business. I put together a business plan. I sought a loan from a traditional lender but because I was a woman, I couldn't get one without a co-signer. In fact, I hadn't been able to secure a loan without a co-signer until three years ago, even though I've been profitable in business every year.

Do you think male small business owners face similar circumstances?

I can honestly say the women I speak to are not aware of the Women's Business Centers and I don't know the programs they offer. Wow! Since I couldn't get a loan to start a business, I bought a house with a land loan. I used \$10,000 from the loan to finance the start of K-Tec. I had succeeded in overcoming the first challenge female small business owners face, far more limited access to capital than their male counterparts.

Starting a business is hard. I made sacrifices. I brought my daughter to work with me regularly because like many female small business owners access to affordable and reliable childcare was another barrier I faced.

Eventually my hard work paid off. We were doing business with every major automobile manufacturer and had broken into other industries. Then COVID-19 changed everything. I didn't think my company would survive. Thanks to PPP, EIDL Loan, seed loan from Great Lakes Women's Business Council, and my amazing employees, K-Tec pulled through COVID and is thriving again.

In fact, we are doing some of our most meaningful work yet with the new contract to supply temperature sensors for the transportation of a new cancer drug.

Here's the truth. My story, while troubling, is a success story. The challenge that I faced and still face didn't stop me but they persist. The extra challenges female women businesses face in our nation's economy output.

Think of the charge we could put into our economy if we weren't wasting time and energy breaking through these barriers. As this committee continues to work, I offer these perspective where Congress and the SBA can focus to give us a fair shake.

First, make mentoring and coaching opportunities more accessible and tailored to the women they serve. I wish I had more female mentors who understood my situation and could help me navigate the challenges of starting a business. That is why I mentor female entrepreneurs.

I can honestly say that women I speak to are not aware of the Women's Business Centers and don't know the programs they offer.

Second, reform the procurement process. It is nearly impossible for small business owners to sell their product to the Federal Government. Even though I am a WOSB, I've effectively given up and I'm far from not alone. It's no wonder the SBA regularly misses its five percent contracts awarded to female small business centers.

Here's a true story that should resonate. My products are currently purchased by the U.S. Air Force. They aren't bought from me. They're purchased from a larger male-owned business who quite literally is the middle man because he can afford the resources to navigate the procurement process. If that doesn't trouble you, consider this.

The Federal Government is paying more for them than they would be purchasing directly from me because he marks up the price. The only reason for this is because the procurement process is too difficult and resource-intensive to navigate.

And third, continue to modernize the SBA to address the challenges of today's small businesses. A lack of access to childcare is a workforce issue and a small business issue and it must be treated as such.

I'd like to thank this committee and Senator Ernst for working to address the childcare challenges small owners face. We must also examine how the SBA Federal Government can increase access to affordable capital for small businesses.

I could share more as this is a real passion for me. However, in the interest of time I would conclude by thanking the committee. I look forward to answering any questions you have and stand ready to work with you to find solutions.

Thank you.

[The prepared statement of Ms. Koch follows:]

Testimony

Catherine (Cathy) Koch, owner of K-Tec Systems

Senate Small Business Committee Hearing – July 26, 2023

Pathways to Women's Entrepreneurship: Understanding Opportunities and Barriers

Chairman Cardin, Ranking Member Ernst, distinguished committee members and guests, good morning.

My name is Cathy Koch. I am the founder and owner of K-Tec Systems, a Detroit-area manufacturer of temperature sensors, wire harnesses and control systems. We serve diverse industries, including Automotive, Aerospace, Food, Medical and Chemical. I am also an alumna of the Goldman Sachs *10,000 Small Businesses* program.

It is an honor to be here today. I appreciate your invitation and your attention to leveling the playing field for female small business owners.

I would like to begin by thanking the Committee for its bipartisan work last week to pass a series of bills to modernize the Small Business Administration (SBA).

I am here today to share my personal experience as a female small business owner and the unique barriers we face. And, importantly, what can be done to create equity and level the playing field.

Let me start from the beginning of this journey. The year was 1989. I had a one-year-old daughter, I was a recently divorced single mother, and I was working in sales in the male-dominated automotive industry.

1989 was a different time. I loved sales, and I loved being a mom. But I was told by my male boss that a woman couldn't do sales – let alone a new, single mom. I disagreed. I knew my value and my talent. So, I left and went to a competitor.

While things were better at that competitor, I was still being held back. Eventually I realized that the only way I'd reach my true potential – as a woman in a male-dominated industry – was to start my own business.

I put together a business plan. I sought a loan from a traditional lender, but because I was a woman, I couldn't get one without a co-signer. In fact, I hadn't been able to secure a loan without a co-signer until three years ago even though I have been profitable every year in business. Do you think male small business owners face similar circumstances?

Since I couldn't get a loan to start a business, I bought a house with a land loan. I used \$10,000 from that loan to finance the start of K-Tec Systems. I had succeeded in overcoming **the first challenge female small business owners face: Far more limited access to capital than their male counterparts.**

Starting a business is hard. I made sacrifices. I brought my daughter to work with me regularly because – like many female small business owners – access to affordable and reliable child care was another barrier I faced.

Eventually, my hard work paid off. K-Tec hit our stride. We were doing business with every major automobile manufacturer and had broken into other industries.

Then came the Spring of 2020. COVID-19 changed everything. I didn't think my company would survive.

Thanks to PPP, a COVID EIDL loan, a CEED loan from Great Lakes Women's Business Council, and my great employees, K-Tec pulled through COVID and is thriving again. In fact, we are doing some of our most meaningful work yet with a new contract to supply temperature sensors for the transportation and storage of a new cancer drug.

Here's the truth: My story, while troubling in some respects, is a success story. The challenges that I faced – and to some degree still face – didn't stop me. But, those same challenges persist and are a devastating detriment to a large number of female small business owners.

Simply put, the extra challenges female small business owners face are a drag on our nation's economic output. Think of the charge female small business owners could put into our economy if they were unleashed without restriction.

As this Committee continues its work to establish equity for female small business owners, I offer these perspectives where Congress and the SBA can focus to give us a fair shake:

- **First, make mentoring and coaching opportunities for female small business owners more accessible and tailored to the women they serve.** Along the way, I could have used more female mentors who helped me navigate the difficult terrain of starting a business. That is why I mentor fellow female entrepreneurs. In my experience, the current mentoring and coaching programs and resources from the SBA are hard to find and not what we need.

I can honestly say the female small business owners I speak to are not aware of Women's Business Centers and don't know the programs they offer. These programs should be modernized, and their reach must be extended.

- **Second, reform the procurement process.** It is nearly impossible for small business owners to sell their products to the federal government. I've effectively given up – and I'm far from alone. It's no wonder the SBA regularly misses its goal of contracts awarded to female small business owners.

Here's a true story that should resonate: My products are currently purchased by the U.S. Air Force. But they are not bought from me.

They are purchased from a larger, male-owned business who is, quite literally, the middleman, because he can afford the resources to navigate the procurement process.

If that doesn't trouble you, consider this: the federal government is paying more for them than it would be by buying directly from me because he marks up the price. The only reason for this is because the procurement process is just too difficult to navigate.

It's past time to cut the red tape.

- **And third, continue modernizing the SBA to address the challenges of today's small businesses.** A lack of access to child care is a workforce issue and a small business issue – and it must be treated as such. I'd like to thank this Committee and Ranking Member Ernst for working to address challenges small business owners face as it relates to accessing child care. We must also examine how the SBA and federal government can increase access to affordable capital for small businesses. The truth is female and minority-owned small business owners are disproportionately impacted by this challenge.

I could share more as supporting women and female small business owners is a real passion. However, in the interest of time, I will conclude by thanking the Committee for its time and for inviting me here today. I look forward to answering any questions you have and stand ready to work with you to find solutions to challenges female small business owners face today.

Thank you.

Chairman CARDIN. Well, thank you very much for your testimony. [Applause.]

I must tell you we've always been impressed with the Goldman Sachs 10,000 Small Businesses. We now see a face for one. So thank you very much for your testimony.

Well, I just want you to know, Senator Ernst, I know, will agree with me, we hold many hearings during the course of a Congress. The four of you, very impressive testimony, very helpful to us, and each one of you stayed exactly within the five minutes. That's the type of—that's right. It is unheard of here. So thank you very much for the input that you've made to our committee.

I just really want to underscore a couple points. I'll start with Mrs. Sweeney. We had a hearing that I chaired in the Senate Finance Committee last week on transplant needs which basically we do a lot of kidney transplants because people are not taking care of their diabetes and hypertension.

So what you're doing is critically important for the individual, but it's also important for our health care system because dialysis and transplants are extremely expensive, necessary but expensive, but if you do the maintenance and prevention of diabetes or management of diabetes and dealing with hypertension, you reduce significantly the number of renal diseases, particularly end stage renal disease.

So I just want to thank you for that, and you're focusing, which I thought was really extremely impressive, on underserved communities.

So how did you get into that commitment and does the system reward you for reaching out because, as Mrs. Koch said, a lot of people don't know about the services. You have to do outreach. So how did the SBA tools help you in reaching this very vulnerable community?

Mrs. SWEENEY. Well, thank you.

With the WBC, we were able to focus on prevention right at the heart of the pandemic. That has always been our focus, but with the impact of COVID, that's where we narrowed down on prevention as the primary focus.

One out of three adult Americans have pre-diabetes which is the precursor. So what is the support that we have? Well, (1) we are reimbursed through Medicaid and Medicare. Those are small numbers. Where the barrier comes is that there's a lot of administrative responsibility on our staff and medical reimbursement does not cover it all.

We're also a for-profit. So that limits our ability to get a lot of the funding that's in place. Maryland alone has received millions just these past few years related specifically to diabetes prevention and management, but we're rarely ever in those conversations. So that's one of our goals, but we do a lot of outreach in the community and a lot of that is done with our outreach team and that is primarily because that is the only way we're going to keep the conversation going about these preventable illnesses.

Chairman CARDIN. Thank you.

The report that I referenced in my opening statement points out the disparities with women-owned small businesses. The number of loan rejections are higher than the male businesses. The number

of women-owned businesses that have to use their own savings and resources and family resources versus their male counterparts is much, much higher and the list goes on.

The number of 7(a) loans, the number of 504 loans are much lower than the demographics would have you think would be right, and then you go to venture capital which is almost nonexistent in women-owned small businesses.

Then on the contracting side, you mentioned this, Mrs. Koch, the government has reached all of its goals on small business set-asides, except for women. We have not reached the five percent which is not acceptable.

So, Ms. Somerville, you mentioned the use of the Women's Business Centers, the SCORE Program for mentoring, and we talked about the need for mentoring, and it seems to be working well for you.

Mrs. Koch, you had some concerns as to whether we have women mentors available which I think is a really strong point in the SBDCs.

How do you put together the tools that are there today and how can we make them more effective?

Ms. SOMERVILLE. I had a really good experience in terms of outreach and exposure to the different tools that are available at each of the SBA resources and one of the greatest take-aways was the building of the networks that are offered that allowed me to have access to other ways to generate revenue.

For example, with the Women Business Center, I was introduced to philanthropic opportunities in which I was able to compete at a pitch competition, if you will, to gain additional resources.

I was able to win about \$14,000 and it enabled me to buy the IT tools I needed, my computers, licenses to build my company and so I think it's the outreach and it's the resources that they exposed me to that were also in the community available.

I simply would never have been aware had they not granted me the opportunity, access, and exposure.

Chairman CARDIN. Senator Ernst.

Senator ERNST. Thank you, Mr. Chair.

Patrice, I'll start with you. In your testimony, you had highlighted findings from the U.S. Chamber of Commerce that demonstrated businesses with 50 employees or fewer incur regulatory costs that are nearly 20 percent higher than for the average firm.

Earlier this year, I introduced the PROVEIT Act which will hold federal agencies accountable when they overlook important due diligence requirements as they impose sweeping regulations that maybe aren't right for small businesses.

Do you think that businesses with 50 employees or fewer should be subject to the same regulations as businesses with over 500 employees?

Ms. ONWUKA. Well, Ranking Member Ernst, I mean, I think that they are unfair. A lot of mom and pop shops, they don't have the same resources as large companies do, particularly when it comes to compliance costs and legal experts that they have. So that they can dive into the minutia of all of the federal code and figure out what regulations are new and how they can, you know, abide by them.

When we think about women entrepreneurs, I mean, the members here, the panelists here have talked about it, but I've also talked about the research that, you know, you're starting with a capital deficit to begin with and so you're trying to build your business and at the same time trying to figure out what the regulatory burdens are at the federal level, not to mention state and local regulations that add a new layer of challenge.

So, absolutely, I think your bill and there are other bills on the House side that look at, you know, every piece of new regulation coming out from every single agency, from Energy all the way to Labor, to ensure that there's going to be zero costs on small businesses and then to ensure that at least small businesses understand what those regulations are so that they can figure out how they can comply with them.

Senator ERNST. So the regulatory burden is pretty heavy on our small businesses.

What about those broader economic challenges, like the high interest rates, workforce challenges, how do those affect our women entrepreneurs, as well?

Ms. ONWUKA. Sure. Well, labor shortages are obviously not new. For decades some industries, like construction, have had them, but we're seeing them in industries where women are concentrating their businesses.

In the retail industry but particularly in caring industries, whether it's home care services and in AIDS, whether it's, you know, daycare centers, childcare, a lot of businesses, small businesses find it hard to find people to compete with larger companies that can offer greater pay and benefits and so, you know, all of these make it difficult for you to be able to hire and retain your folks and then add to that the regulatory costs that can come with keeping people employed.

Senator ERNST. Thank you.

As I mentioned in my opening statement, women in rural communities lack the same resources available to those that are living in more densely populated areas and as I mentioned, there are four WBCs located within a 50-mile radius of Washington, D.C. and yet there's only one that is located in the entire state of Iowa.

So how can we better assist women in those rural communities?

Ms. ONWUKA. Well, interestingly,—thank you, Ranking Member. Interestingly, there are a couple of different pieces that I think rural female entrepreneurs—challenges that they face.

I mean, women, they tend to have lower incomes to begin with. Obviously that means less capital to start their businesses. They have higher poverty rates, interestingly, and then there are the infrastructure gaps and particularly when it comes to technology, we're seeing that rural women have—they're the least likely group to have internet access at home.

So when we look at the information system today and how many new entrepreneurs are starting their businesses simply with this little gal right here in their hands, if you don't have access to internet at home, then it's going to make it very difficult for you to be able to sell your wares on the internet and to find folks.

So I think looking at how we build infrastructure, make sure that infrastructure is particularly high-tech infrastructure is avail-

able, it's going to be important, and then, you know, I think the mentoring and the peer-to-peer coaching is very important and so while it may be hard to find mentors, there may be peers in your area.

You mentioned the fact that there are so few women business centers in rural areas, but maybe there are peer networks that can be built up and utilize technology to tap into all of the other women centers that are in other states or in other regions. That can be a way of helping to ensure that our rural female entrepreneurs have access to the resources that they need.

Senator ERNST. Yes, and I appreciate you mentioning how much work we do on our phones, and I think a lot of women do actually start by using this type of technology and in Rural Iowa I know of one woman that lived in Southern Iowa. She did not have internet access at her home and she lived on a farm and so she would drive into her little tiny rural community in the evenings and sit outside of the Iowa State Extension Office and draw off of their Wi-Fi and do all of her ordering and distribution on her phone. So we've got to figure out better ways of doing business.

So thank you very much, really appreciate that. Thank you, Mr. Chair.

Chairman CARDIN. Senator Hirono.

Senator HIRONO. Thank you, Mr. Chairman.

Welcome all of the panelists and you brought your cheering section, I see. So welcome to all of the women in the audience. Aloha. [Applause.]

So for our entire panel, how many of you had trouble getting access to capital? Raise your hands.

[Show of hands.]

Senator HIRONO. So obviously and I bet, yes, I see some hands from people in the audience, that that is one of the often-cited very practical concerns is access to capital.

Is there anything more that Congress can do to enable small businesses, especially women-owned businesses, to have access to capital? Any of you have very specific ideas about what Congress can do? Anybody? Go ahead.

Ms. KOCH. Thank you.

They could access more—the greater loans. They have a micro loan that SEED has in our local community. It's only \$50,000. It's been the same for, as I know, the last 15 years. Nothing's changed.

Then also look at second stage companies. As myself, you know, you start out at one point, you need different needs as you grow. Let us continue to grow.

Senator HIRONO. Anybody else? Yes, Ms. Sweeney.

Ms. SWEENEY. Yes, thank you.

The beauty of the WBCs is their ability to provide additional resources. There has to be an opportunity to include access to capital internally. From micro grants, other private funding within Baltimore, there's a huge resource, so an ecosystem built on nontraditional funding. Being able to tap into those resources and leverage those opportunities within the WBC so that it increases access to capital for mentees.

Senator HIRONO. Anyone else with other ideas?

Ms. ONWUKA. Yes, Congresswoman. I would just add that and underscore particularly small business in the childcare sector that are nonprofits being able to have access to the for-profit SBA loans and then broadly I think it's important that women are able to keep as much income coming into their households as possible and that gets into tax policy but also gets into regulatory sides, but that's what I would suggest.

Senator HIRONO. Ms. Somerville, did you want to add something?

Ms. SOMERVILLE. Yes, ma'am. Thank you for the opportunity to share.

I'd also like the recognizing of larger business and the strengthening of the partnerships between the larger business and the small business in terms of mentorships. That's another way to continue to enable our success.

Thank you.

Senator HIRONO. I know some of you, I think at least two of you have benefited from the mentorship opportunities that were provided through the Women Business Centers.

So was that a very critical aspect of your ability to start your businesses, the mentoring? What can we do to increase those mentoring opportunities, Ms. Somerville?

Ms. SOMERVILLE. It was truly a significant supporter. I think the biggest thing was with the WBC and applying for my women-owned certification as a small business was the handholding aspect. The flexibility, as the Ranking Member Ernst mentioned, that we do a lot of things in the evenings.

I think they were relentless in being accessible on weekends and late evenings and literally enabling me line by line, step by step because the process can be extremely challenging navigating through that. The support was unyielding and I think the flexibility that the program offers in terms of accessibility was bar none.

Senator HIRONO. I have visited the Women's Business Center in Honolulu and I know that it makes a really big difference.

One of you mentioned the need to access broadband. I think that's very true and that is why some of the funding that we provided for this purpose, especially for rural areas, through the Infrastructure Bill and others, I think that's going to be really critical to enable entrepreneurs in the rural areas of our country to be able to sell their products.

So I think that was Ms. Sweeney who mentioned that. So thank you very much.

I think one of the challenges is the need for affordable childcare and our country provides less support for early childhood education and childcare than just about any other developed country, probably the least, and so there are some bills that would provide additional support for access and affordability to childcare.

Would you agree that for the panel that that is an important element of enabling business women to—yes, to have successful businesses?

Ms. KOCH. It is hard. I lost most of my female workers. It was hard for them. We have a training program that we started because we partnered with a local organization called COTS. They are a nonprofit that helps take women off the street with children.

They teach them skills and we bring them in and teach them how to make wire harnesses and provide a place for them to work. If we don't have work, we sub them out to our competitors.

Senator HIRONO. And, frankly, the only three countries that do worse than us in terms of supporting childcare affordability and availability, Ireland, Costa Rica, and Turkey.

So we need to do a heck of a lot better and there are a number of bills that would enable the affordable access to childcare, and I think that's something that we need to do for the women in our country and I say about time. Do you agree in the audience? Go ahead and clap. [Applause.]

Senator HIRONO. All right. Thank you. Thank you, Mr. Chairman.

Chairman CARDIN. Certainly.

Senator Hawley.

Senator HAWLEY. Thank you very much, Mr. Chairman. Thanks to the witnesses for being here.

Ms. Koch, could I just come on to you? I'd like to talk a little bit more about your manufacturing background as well as about women in the industry.

Can you just give us a sense of what some of the biggest constraints are to success in manufacturing in particular for women-owned businesses?

Ms. KOCH. There's not enough women-owned manufacturers to get mentorships from, but the things that are hurting us today are the employee rates, the finding the good talent, learning—I didn't have a manufacturing background. I had a marketing background. I just had a passion on making things. So I did.

But there's a lot of—we need help with capital, being able to get to that next step. I've been presented to companies that wanted to do work with us but I couldn't get the funding or they thought we were too small and we do work with all the automotive companies, but, you know, to get to the next level is difficult, especially in this field of manufacturing.

Senator HAWLEY. Absolutely. Let me just ask you about an issue in your industry, in the manufacturing industry, which is offshoring, particularly with regard to China.

I'm just curious if the offshoring of our manufacturing capacity to China over decades now has created any challenges for you that you see, whether that's in the educational pipeline as it were that we used to have in this country that we've now lost in many instances because now those jobs have gone overseas and so now we don't have the education to train workers any longer or whether it's other things.

I'm just curious about your firsthand experience.

Ms. KOCH. Okay. I can talk about the education piece.

Senator HAWLEY. Please.

Ms. KOCH. STEM. Okay. I'm heavily believing that STEM is very important right now. It's where the future of manufacturing is. It's where the future of the jobs are. So we have to start early in our schools partnering with manufacturing companies, letting us bring them in early, at an early stage, also have mentoring and good programs to start with children at early ages, even in elementary, to show how important STEM is.

Today, even just in the female sector, 29 percent of women of the whole STEM industries are holding those positions. That's still very low in this day and age.

Senator HAWLEY. Yeah. Yes, thank you for that. You talked about the need to cut red tape and reform the procurement process, and I'm just wondering if you have any specific recommendations for this committee that maybe we could help with when it comes to that.

Ms. KOCH. Navigating the system is difficult. You can get certified as a WOSB through our local chapters and our local thanks to WBENC and our local Great Lakes Women's Business Council.

However, once you get certified, then you go to the system and there you just get a runaround. If you ever try to go get into their—you have to go hunt and find the contract and then when you get the contract, the language is so difficult to understand because it's a military language, it doesn't break it down to what we're used to in the industries.

So I think that the other thing is that having more of a networking group where you bring your procurement agents to some of our events to find us, help connect those procurements, the purchasing to see what we do, that would really help. They have events all the time through WeBack where women bring and show their products. Why isn't the military, why isn't the government there?

Senator HAWLEY. Very good. Thank you very much. Thanks to all of the witnesses for being here.

Thank you, Mr. Chairman.

Chairman CARDIN. Senator Hickenlooper.

Senator HICKENLOOPER. Thank you, Mr. Chair, Madam Ranking Member.

I thank all of you, the entire audience for being here, but especially you being on the firing line here.

I had the great fortune. I was an entrepreneur that had a very hard time raising money to build my first brew pub, a restaurant that brewed its own beer. I got turned down by 33 banks and I was just trying to get \$50,000. You know, no one knew what it was back then, but the process, the bank that finally took the risk on me was a women's bank, which I thought was ironic. [Applause.]

Senator HICKENLOOPER. But they understood the concept of doing something that someone hadn't done before and they also understood the challenge of having to deal with the bureaucracy that we often find.

I think we're in a global competition in terms of technology and innovation. I think whether you're talking about climate change, whether you're talking about quantum computing or artificial intelligence, we need all hands on deck and we cannot leave a large portion of our population not part of the effort, and I think it's going to have to be a national effort. I think you're all working in different aspects of this that really are important and going to bear fruit.

It's not a question of fairness and making sure people get good jobs. That's great. That's very important. But the nation needs everyone to be committed to this effort because we are in this incredible competition.

So, Ms. Somerville, let me just ask and, you know, roughly 25 percent of all our innovation firms are led by women. I think that's a generous estimate. How can the SBA better implement education programs among its resource partners to provide young women with the hands-on training to develop tech businesses and to support innovation?

Ms. SOMERVILLE. Thank you for that question, sir.

One of the things I think we focus on in my company is internships, partnering with academic institutions to develop curriculum that will enable individual students from high school and college to apply the academic piece in the real world, so looking at what those technical competencies are needed in the real world and infusing them in the academic curriculum, and then offering those internships sponsorship, ally ships, mentorships, if you will.

We also integrate in terms of being keynote speakers to tell many students what it's like in the real world. We sponsor a lot of STEM events which is also good in terms of IT because one of the things we've been able to do is to with the resources we receive from WBC and other partners was to build out our IT infrastructure so we can employ people and educate people throughout the nation.

We even have an employee in a teeny tiny home in the middle of Colorado somewhere, very rural area, and so it actually works, but exciting, our youth, about the opportunity and giving them opportunities to demonstrate that and partnering with academic institutions, podcasts, being very relevant and relatable with today and STEM is definitely, as mentioned earlier, it's key in terms of our IT infrastructure.

Believe it or not, that mentorship goes both ways because we learn from the amazing bright future leaders of women and young men in our communities. So the future looks bright and when we get out there and have that outreach opportunity, but it starts with the academic institutions, sir.

Senator HICKENLOOPER. I love your emphasis on apprenticeships and partnering with those. I think you all at various times in your materials support that and, you know, the Department of Labor has apprenticeships. I mean, Commerce has apprenticeships. Everyone's got apprenticeships but no one's really focusing on making that a national movement because I think especially for people that are from lower income backgrounds apprenticeships allow them to have those models.

In Colorado, I was partners in a project with a woman named Joyce Meskis who started the Tattered Cover Bookstore which was the most amazing bookstore any of us had ever seen, and she told me one time, she said the hardest thing was I didn't have any role models as a woman entrepreneur. There was no one I could go and hang out with and she said, you know, if I hang out with the guys, they didn't treat me as a guy, you know, and I think that's something we too often overlook.

Ms. Sweeney, research shows that women are less likely to choose being entrepreneurs and that there's a resistance there, largely it is because they don't encounter other women entrepreneurs.

So what type of public/private partnerships should we think about expanding to foster an environment where we create an ecosystem where women have more access to mentors?

Ms. SWEENEY. Well, a good example of that is actually the Baltimore Metro Women's Business Center because they are connected to Morgan State. So they are right there amidst other programs that have already launched. Their entrepreneurial programs are designed for college students and they have extended beyond that to high school students.

For us particularly, we're a partner. We take on summer youth workers and now we're moving into taking in youth workers throughout the entire year starting in the fall.

So it goes back to some of those partnerships that was mentioned earlier that we get into not just the high schools and colleges but we start working our way through middle schools and we can build from the WBC because of all the partners that they're leveraging so that we can begin to have real world experiences and I'll say I'm a 10K SB alum, as well.

So that partnership already there has a built-in system to help us to continue to help the next generation of entrepreneurs.

Senator HICKENLOOPER. All right. Well, I'm out of time but not out of heart and I love what you guys have all done. I think it's inspirational and delighted to see ways we can help expand and accelerate the progress you all have made.

Yield back to the Chair.

Chairman CARDIN. Senator Rosen's timing is just perfect. Senator Ernst has already mentioned, several of you have mentioned one of the initiatives that we have taken to expand the tools of the SBA for childcare businesses, nonprofits, and I want to congratulate Senator Ernst for her leadership on that and Senator Rosen for her leadership on that, and we're now joined by Senator Rosen.

Senator ROSEN. Thank you, Mr. Chairman. Thank you, Ranking Member Ernst, for your patience. We were in a Homeland Security markup. We just finished and I ran over. So I appreciate your timing and thank you all for being here today.

Obviously we're here talking about women-owned businesses and I'm going to talk, of course, about my state Nevada and in Nevada, women make up 45 percent of all businesses throughout the state which is equivalent to more than 80,000 small businesses that are women-owned.

In fact, Nevada has led the nation in women-owned businesses for the last decade and so I'm so proud of all the women entrepreneurs and I want to see women-owned businesses increase in the years to come and so one way to ensure that increases is to prioritize, of course, the proper resources for women and other underserved communities and so it's why I introduced the Minority Entrepreneurship Grant Program with Senator Tillis and this legislation would establish a minority entrepreneurship grant program at SBA.

It's going to award grants to minority-serving institutions, historically black colleges and universities to promote and increase opportunities for minority student business ownership and entrepreneurship.

So, Ms. Sweeney, can you speak to the resources that you utilized to start your business and how did you hear about them and what do you wish you had known or had available to you so we can maybe potentiate that? Ms. Sweeney?

Ms. SWEENEY. Thank you, Senator.

I've benefited greatly right at the start of the pandemic from the Baltimore Metro WBC. That connection was pivotal for us being able to be able to strategize what our next step would be at a time of great uncertainty.

So I was thankful that I knew about the WBC, but what wish I knew before, before I jumped into entrepreneurship that I had a mentor prior to. So a lot of our initial meetings was to clean up some of what needed to be cleaned up.

So the first step, of course, is how important it is when a woman is ready to start a business, how connecting with the WBC is so important from the entrepreneur education perspective.

Thank you.

Senator ROSEN. Thank you. I do agree. Mentors make all the difference in so many things, so many things.

Next, I want to move on to reducing burdens for our small business owners, something that I think you all know about, as well, and because there's many factors, as we know, that go into starting a small business, develop your business plan, you register your business, you have to understand perhaps your compliance requirements, and, of course, so much more, depending on what type of business it is.

I've heard from Nevadans about the complex process of starting their businesses and not fully knowing every operating requirement to ensure their business is up to par for their state standards.

So it's important that the Federal Government creates a streamlined process for Americans to work through the oftentimes bureaucratic red tape to start a small business more easily. It's why I introduced The One Stop Shop for Small Business Licensing. It's going to require the SBA to create a central website for licensing and business permit information. All these materials kind of in the wish you had known before you started category.

So again, Ms. Sweeney, can you speak about your experience in getting the proper licensing and permit requirements and how difficult was it and what else do you think we can do to streamline a little bit?

Ms. SWEENEY. Thank you. Because we are medical, we are part medical, so there's a lot of compliance around Medicaid, Medicare. The biggest piece, as you mentioned, is not just being able to go to a website because you have access to the site.

Senator ROSEN. Right.

Ms. SWEENEY. So what has helped me specifically has been mentorship within the State of Maryland and that mentoring has actually come through some of our managed care organizations, our direct contact with our partners, like Aetna, like Notre Dame School of Pharmacy.

So what I think of and in my experience, wouldn't it be awesome, especially with the burden of health care right now, if there was actually a committee in place or an infrastructure in place that would help people who are interested in tapping into health care

to be able to navigate the compliance much better and we know then we would see a huge increase in especially small business owners that would be willing to tap into Medicaid and Medicare reimbursement which means more support for communities that need it the most.

Senator ROSEN. Well, thank you. I appreciate especially working on the workforce, skilled nursing, long-term care, all of those things, we're all going to need it.

Thank you again, Mr. Chair and Ranking Member, appreciate it. Chairman CARDIN. Senator Ernst.

Senator ROSEN. Okay. Yes. I just want to expand upon that because so many members of the committee have asked about mentorship and I want to make sure that once again I highlight The SCORE Act of 2023 which is seeking to strengthen mentorship and coaching opportunities for women, especially in our rural communities.

Cathy, Ms. Koch, in your experience, what obstacles do women small business owners face when it comes to accessing the mentorship program and especially maybe in some of the rural communities?

Ms. KOCH. Well, I did not know where to find one. Access to female mentors that understand my challenges, my challenges from the time I started my company to the challenges that I still face today as a growing manufacturer.

I need mentors that are more like someone said earlier. I had a lot of male mentors early on because that's all there were and I didn't even know there was such a thing as a coach. I didn't have access to that. Today I do.

Senator ERNST. So did you—I'm sorry to interrupt, Ms. Koch. Did you have experience with The SCORE Program?

Ms. KOCH. Yes, I did early on and it was—so then it was—they paired me up with an engineer that was, you know, a retired engineer. I was young in my career. He didn't understand anything about running a business and he didn't understand anything I was trying to ask or say. It was so embarrassing for me that I just gave up.

Senator ERNST. Okay. And that's unfortunate and I think it's important to point out when we do have failures in the system and then how do we correct those failures and I think that's why it's important that we continually take a look at The SCORE Program and make sure that we're meeting the right fit with the needs of the individuals that are accessing the program.

I want to close with just a final question about childcare and maybe you can just share your story, as well, because I know probably a number of you have struggled with childcare and many in our audience and even as a young worker, I would take my daughter to work after hours because we didn't have access to nontraditional times and I think we need to modify the way we think about childcare because not everybody works a 9 to 5 position and having access afterhours or before school, a lot of that is really important.

But as a single mother with a young toddler when you were working, what obstacles did you face when you were starting your business?

Ms. KOCH. Finding the affordable childcare, so that's why she came to work with me. After school programs that I felt were good for her, not just a daycare, you know, options, something that she could still excel and learn in. Even though bringing her to work with me, I felt like, you know, now I learned later in life because my daughter is now a—she's a chemical engineer and she is now a partner at one of the largest consulting firms and a young mother and she's a female partner.

So to me, it was probably bringing her here was—now I look back and think it was probably good for her to see a role model. However, you know, I felt guilty when I was at work and she was with me working and I was not paying attention to her.

So having those programs are so important and they're also important for my employees. I said earlier we partnered with this program to bring women off the streets and teaching them. Part of the problem is when we pay them a salary and we pay twice the amount of our local Michigan wages to start with no experience and they still can't afford childcare.

Senator ERNST. Wow! That is incredible.

Patrice Onwuka, you had mentioned earlier, as well, thinking about childcare differently. If you could just help close us out on how we should think differently about childcare.

Ms. ONWUKA. Absolutely. Thank you, Ranking Member.

Childcare is so important to women and women small business owners because many small business owners have children and they're trying to balance how they can raise their kids but they're also employing, as my colleague here mentioned on the panel, they're employing workers who need childcare and so, Number 1, I think we want to be careful about suggesting that there should be a one size fits all solution to childcare.

I think daycare centers are one form of childcare. You also have in-home-based childcare that a lot of parents would rather have someone in a home that they trust than, you know, necessarily a daycare center. So we want to make sure that there is many different types of options as possible and I think you can do that through the Tax Code. I think you can do that through, you know, different acts.

We talked about the Small Business Childcare Investment Act. I think that's a really smart way of looking at it and then ensuring that the SBA provides those resources as a clearinghouse to where employers can find information about different childcare options and resources to offer at their centers.

Senator ERNST. Thank you very much. Thank you very much, Mr. Chair.

Chairman CARDIN. I want to thank again our four witnesses and thank those that are in attendance for what you do every day to help entrepreneurship in America.

Senator Ernst and I recognize we have a responsibility as the Chair and Ranking Member of the Small Business Committee to modernize and update and oversight the small business laws of our nation and unfortunately that hasn't been done for a long time.

So some of the issues that you are referring to, such as micro loan caps or some of the issues concerning oversight of The SCORE Program, Congress has not acted on these areas for a long, long

time. The same thing with the financing tools, we haven't done that.

Well, we're determined to exercise our roles as legislators in that regard and we've already started that process. We started that process with the passage last week of 12 bills. One of those bills dealt with the financing issues by recognizing we need permanency with mission lenders, with the Community Advantage Program, and modernizing the 504 Program.

So we are taking steps to try to respond to many of the concerns that you have already expressed.

We talked a lot about childcare. Childcare is absolutely essential for women to be able to enter the workforce and become entrepreneurs and so we have taken steps to remove the disqualification of childcare businesses from participating in the SBA financing tools.

So we are taking those steps and there's several others that we've already looked at.

You've made a lot of really good suggestions that we are going to absolutely take a look at. The SCORE Program, we need to make sure that we have mentors that are contemporary with the needs that are out there and your example points out that there's improvement that needs to be made. We need a mentoring program, as some of you have pointed out, extremely important to your successful start up of business, but let's make sure that the program is done correctly.

Women's Business Centers are absolutely essential and you've pointed out that, yes, there is a difficulty in figuring out how to deal with the tools that are available through the SBA, but then when you get to the private sector, which is another important source for help for small businesses, women are at a tremendous disadvantage and the Women's Business Centers can make a big difference.

I just want to point out to my Ranking Member four years ago we had no Women's Business Centers in the Baltimore Region and Baltimore was our largest city in Maryland. We now have a center located at Morgan State University and it makes a huge difference.

We also have one at Bowie, I might say. They happen to be HBCUs, but connecting to a college campus allows us to connect to mentors. It allows us to deal with some of the technical needs that businesses need by connecting the dots and having the programs available.

So it's important to update the Women's Business Center laws to make sure that we have the resources to take care of the people of Iowa as well as the people of Maryland.

So it's past time that we look at how we can exercise our responsibilities as legislators to update these laws.

I might tell you the Administration took steps in the Rules. We think we have responsibilities to make sure that there is legislative oversight and so we also want to make sure that we don't go a long period of time without us reviewing and we also want to make sure that as we allow lenders into our program that there's protection for the public from unscrupulous-type lending practices.

So all of that is part of our responsibility and we think we are making progress.

Contracting reform is desperately needed. Many of you have mentioned that. I understand the DoD has a foreign language in their rules and we really do need to be able to allow the access from small businesses, women-owned small businesses to be able to access government contracting in an easier way.

You don't have the large staff that can get you through those types of challenges. The resource partners help you, but we also have to make sure that the agency helps you. So these are all part of what we're trying to do on contracting reform.

The bottom line is the suggestions that you have made here will help us in our process in our reauthorization of these programs and we thank you very much, the four witnesses plus the people that are in the room. You're invited back again. [Applause.]

Chairman CARDIN. Thank you all very much.

The Committee stands adjourned.

[Whereupon, at 11:20 a.m., the hearing was adjourned.]

APPENDIX MATERIAL SUBMITTED



August 3, 2023

Senate Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C., 20510

Dear Chairman Cardin, Chairwoman Ernst, and members of the Senate Committee on Small Business and Entrepreneurship,

Thank you for convening a hearing last month covering women's entrepreneurship and the barriers women face when launching and growing companies. Engine is a non-profit technology policy, research, and advocacy organization that bridges the gap between policymakers and startups. Engine works with government and a community of thousands of high-technology, growth-oriented startups across the nation—many founded and led by women—to support the development of technology entrepreneurship through economic research, policy analysis, and advocacy on local and national issues. Equitable access to the startup ecosystem for women founders is a core tenet of Engine's work, and we are grateful for the opportunity to provide our feedback on the struggles and successes of women entrepreneurs.

Women entrepreneurs are amongst the most resilient in the nation. They face significant hurdles to entrepreneurial success, including child and family care responsibilities, diminished opportunities in STEM fields, disparities in capital access, and significant student loan debt. And yet, women own roughly 42 percent of U.S. businesses and in 2019 generated \$1.9 trillion in revenue.¹ Woman-founded and co-founded startups, though they receive significantly less VC funding on average, perform better over time than their male counterparts and generate more revenue over five years² and a higher return on investment.³ And women founders support women workers—hiring 2.5 times more women than startups founded by men.⁴

Despite these clear signs of success for women business owners and startup founders, significant challenges remain. While women own 42 percent of businesses, the number of startups with at least one woman founder hovers under 30 percent.⁵ And just 14 percent of startups have a

¹ *National Women's Small Business Month*, Small Business Administration.

<https://www.sba.gov/about-sba/organization/observances/national-womens-small-business-month>.

² Katie Abouzar et al., *Why Women-Owned Startups are a Better Bet*, Boston Consulting Group (June 6, 2018), <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>.

³ *Female Founder Statistics*, Springboard Enterprises, <https://sb.co/female-founder-stats/>.

⁴ Colin West and Gopinath Sundaramurthy, *Women VCs Invest in Up to 2x More Female Founders*, Kauffman Fellows (March 25, 2020), <https://www.kauffmanfellows.org/journal/women-vcs-invest-in-up-to-2x-more-female-founders>.

⁵ *Female Startup Founders Worldwide - Statistics & Facts*, Statista, <https://www.statista.com/topics/4691/female-founded-startups/#dossier-chapter3>.

female CEO.⁶ Women founders also receive just a fraction of all venture capital. In the first quarter of 2023, startups founded by women received just 2.1 percent of allotted venture capital dollars—that represents just \$800 million of the roughly \$37 billion in VC funds directed to U.S. startups.⁷ These statistics are even more bleak for women founders of color, who receive just a small fraction of a percent of funding.⁸ And women founders are often made to feel that they have no choice but to work within this flawed system to find success. Kathryn Rose, founder of getWise told us, “While I appreciate the opinion that we have to play the game—the game is rigged. So if we’re not getting the early dollars, or we’re not getting as many dollars, or the dollars that we are getting come at too high a price for our companies, we’re starting at a deficit.”⁹ And the funding disparities are only further highlighted by the greater inequity in the U.S. investment space. When women represent just 13 percent of partners at VC firms,¹⁰ equitable access to capital isn’t possible. Because women venture capitalists are twice as likely to invest in women founders than their male counterparts,¹¹ without more women investors, woman-founded startups are left behind.

Women founders don’t just struggle to secure venture capital, but all sources of startup funding. In fact, the vast majority of startups never raise venture capital at all, and instead rely on a combination of funding sources, including personal capital, loans, credit cards, and funds from friends and family.¹² But many women start from a financially less secure place with regards to personal finances, as women are more likely to hold lower wage jobs,¹³ and the ever-present wage gap continues to persist.¹⁴ Women also often receive worse treatment when applying for loans—according to a survey by funders, women represented just 25 percent of business loan applicants, and have a financing approval rate of just 32%.¹⁵ Women entrepreneurs are often quoted higher interest rates and are more likely to receive shorter-term loans.¹⁶ And with respect to

⁶ *More than Half of US Startups Lack Women in Leadership, According to Silicon Valley Bank’s 2020 Women in US Technology Leadership Report* (March 5, 2020), <https://www.svb.com/news/company-news/more-than-half-of-us-startups-lack-women-in-leadership-according-to-silicon-valley-banks-2020-women-in-us-technology-leadership-report>.

⁷ Narim Emdjian, *Bridging the Funding Gap for Diverse Founders and How SBIR Can Help* (May 22, 2023), <https://www.linkedin.com/pulse/bridging-funding-gap-diverse-founders-how-sbir-can-emdjian-mba/>.

⁸ Engine, *Making the Startup Ecosystem More Equitable* (Nov. 2021), <https://static1.squarespace.com/static/571681753c44d835a440c8b5/t/6193d03ac7eb9c40442a6740/1637077051416/Making+the+Startup+Ecosystem+More+Equitable+11.15.pdf>.

⁹ Engine, *Women Startup Leaders Roundtable: What We Heard* (Nov. 2022), https://static1.squarespace.com/static/571681753c44d835a440c8b5/t/64346ad31d539c3d06092981/1681156819155/Innovation+for+All+_+Women+Startup+Leaders+Roundtable_+What+we+Heard_Final.pdf.

¹⁰ *Venture Capital Is Still A ‘Boys’ Club.’ Let’s Start To Change That* (Aug. 17, 2021), <https://news.crunchbase.com/venture/venture-capital-female-gender-diversity/>.

¹¹ Ashley Bittner and Brigitte Lau, *Women-Led Startups Received Just 2.3% of VC Funding in 2020* (Feb. 25, 2021), <https://hbr.org/2021/02/women-led-startups-received-just-2-3-of-vc-funding-in-2020>.

¹² Engine, *supra* note 8.

¹³ Jasmine Tucker and Kayla Patrick, *Low Wage Jobs are Women’s Jobs: The Overrepresentation of Women in Low-Wage Work*, National Women’s Law Center (Aug. 2017), <https://nwlc.org/wp-content/uploads/2017/08/Low-Wage-Jobs-are-Womens-Jobs.pdf>.

¹⁴ Engine, *supra* note 8.

¹⁵ Jared Hecht, *State of Small Business Lending: Spotlight on Women Entrepreneurs*, Fundera (Feb. 2, 2021), <https://www.fundera.com/blog/the-state-of-online-small-business-lending-q2-2016>.

¹⁶ *Id.*

government funding, complex application processes hinder many, and women-owned businesses remain underrepresented in federal government contracts.¹⁷

Unfortunately, the barriers faced by women founders aren't just limited to capital access. Like most underrepresented founders, women founders face diminished access to the networks and mentors needed for success. And this lack of access translates into slowed capital access. As Sarah Adler, founder of Wave told us, "[Without] a small supportive network of other female founders who have already been through the process, I would have spent six months fundraising talking to 500 people instead of 30."¹⁸ Women also struggle to gain adequate representation in STEM fields that feed the innovation ecosystem. Despite the clear benefits of a diverse STEM talent pipeline, a number of factors, including caregiving responsibilities, keep many diverse populations out of STEM fields.¹⁹

Significantly, child and family care responsibilities keep women out of the innovation ecosystem and hinder many from being able to launch companies.²⁰ Even if women are able to launch startups, caregiving responsibilities consume much of a woman founder's time—time they do not then have to grow their businesses. According to one study, 54 percent of women entrepreneurs that were also parents indicated that they were the primary caregiver of their children—vs. just 37 percent of their male counterparts—performing over 50 hours of childcare duties in addition to their work as founders.²¹ Dr. Grin Lord, founder of Empathy Rocks told us, "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."²² This is just one story—without access to more affordable childcare options, women will continue to be pushed out of the startup ecosystem.

There is currently a lot policymakers can do to assist women founders. Policymakers can ensure federal agencies engage in better data collection so that we understand exactly where inequities are present, particularly with respect to government funding sources. They can ensure diverse representation amongst federal decision makers, so that those awarding federal funds reflect the population they serve. And they can work to ensure key government metrics, like in federal contracting, are met with respect to awards to women-owned small businesses. Policymakers can continue to explore and implement tools so women can better, and more affordably, access childcare, including through subsidies, incentives to employers to provide childcare, investment in childcare facilities, and implementing an enhanced child tax credit. To improve access to private investment, lawmakers should explore expanding the definition of accredited investor, so that we build a more equitable, diverse pool of potential investors who will in turn invest in diverse founders. And policymakers should facilitate access to networks and mentoring, including by ensuring that

¹⁷ Curran McSwigan, *Shut Out: The Dearth of Opportunity for Minority Contracting*, Third Way (June 23, 2022), <https://www.thirdway.org/report/shut-out-the-dearth-of-opportunity-for-minority-contracting>.

¹⁸ Engine, *supra* note 9.

¹⁹ Engine, *supra* note 8.

²⁰ Engine, *supra* note 8.

²¹ Michael Guta, *Only 28% of Entrepreneurs were Encouraged to Start Businesses When Young*, Small Business Trends (June 2, 2019), https://smallbiztrends.com/2019/06/parenthood-and-entrepreneurship.html?expand_article=1.

²² Edward Graham, *#StartupsEverywhere: Bellevue, Wash.*, Engine (March 12, 2021), <https://www.engine.is/news/startupeverywhere-bellevue-wash-empathylocks>.

Small Business Administration regional offices are staffed by a diverse workforce, ensuring more areas have the support of women's business centers, and making sure they are equitably distributed throughout the country.

Thank you once again for your commitment to examining the barriers faced by women business owners and exploring how Congress can better support women entrepreneurs. Engine is happy to serve as a resource for the committee as you continue this critical work.

Sincerely,

Engine Advocacy
700 Pennsylvania Ave SE
Washington, D.C., 20003

August 9, 2023

Senate Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C., 20510

Dear Chairman Cardin, Chairwomen Ernst, and members of the Senate Committee on Small Business and Entrepreneurship,

Thank you for the work the committee is doing to address barriers to entrepreneurship for women, and in particular, for holding a recent hearing on the matter. My name is Kathryn Rose, I am the founder and CEO of Framingham, Massachusetts-based startup, wiseHer, Inc, the parent company home of two online platforms (getWise and channelWise) that offers affordable access to vetted experts that meet 1:1 with members to provide answers to critical business and career questions. As a woman founder in a male-dominated industry, I am not a stranger to the significant challenges women face in launching and growing tech startups. And it is clear, without action from policymakers, equity in the innovation ecosystem will be challenging to achieve.

I was drawn to owning a business and the startup ecosystem in part out of necessity—similar to many women business owners. I worked on Wall Street for a number of years, but after the mortgage market melted down, I lost my job and was eight-and-a-half months pregnant and at the same time, my mother had a brain aneurysm that left her paraplegic. In three months time I had no job, a brand new baby, and had to help take care of my mother. A traditional full-time job simply wasn't possible for me, entrepreneurship provided the flexibility I needed at the time. I began by freelancing in the search engine optimization space and eventually found myself consulting on building women's small businesses. By that point in my self-employment, I had amassed a robust professional network and was constantly being asked to help make professional connections for others. I decided to lean into that and create an expert advice network where people can pay a nominal fee to speak to subject matter experts for practical advice, on demand called getWise and later added a "sister" network in the technology channel niche called channelWise.

But building the platform and getting the funding I needed wasn't simple or straightforward. I initially spent a year fundraising, talking to more than 100 investors, only to receive three term sheets. But unfortunately, as worries about the economy mounted and venture capital deals dried up, the valuation of my company was cut in half. I knew we needed to be able to turn to other sources for funding, but, as it turns out, it's not just venture capital that is challenging for women founders to access. We looked to government grants, but without robust resources and the ability to hire a grant writer—an expense many underrepresented founders, including women, cannot afford—applying for government grants is so time intensive, it is simply out of reach for many. And loans aren't any easier. There are options out there, but there are so many hoops you have to jump through, and women business owners often receive less favorable loan terms, that they aren't always an option.

Simply put, raising capital as a woman founder often feels impossible. Every meeting seemed like an excuse not to invest. I've been told in the past that I needed to find a co-founder, even though my company is already revenue generating, or get into an accelerator which take an incredible amount of time to apply for, nevermind IF you are lucky enough to get chosen. I've also been told I'm too "seasoned" (old) and my numbers consistently questioned even though they were provided with signed contracts and real-time access to financials. And we as women are routinely told that we have to play the "long game", but if you are a woman, the game seems rigged against you—we shouldn't have to work within a system that isn't designed to be inclusive and supportive of us. And if you don't have an Ivy League degree and pre-existing deep startup experience, you're at an even greater disadvantage. Moreover, even though there are government programs with the stated goal of supporting women business owners, it feels like those funds never truly get into the hands of those who need them the most. The funds go to "programs," the same programs (like courses and "mentoring") and agencies that they have been going to for decades, and the needle hasn't moved. For example, [a decade ago](#) there were approximately 10 million women owned businesses—90 percent of them solopreneurs and 88 percent less than \$100,000 in revenue. Fast forward to today there are more than 13 million women owned businesses but the same statistics apply. We haven't been given the funding to fuel the businesses therefore we don't have more successful businesses, just more women starting businesses.

It's important women founders have the support of policymakers so that access to capital becomes more equitable. Government loan and grant processes need to be streamlined, and women and diverse populations need to be represented amongst those awarding grants and loans. It would also be helpful to have some sort of a mechanism for feedback. When we apply for grants but are turned down, we basically receive a form letter. We don't know where we are going wrong and how we can improve our applications for future success. If the government wants people from diverse backgrounds to apply for grants and programs, it needs to supply not just clear guidelines, but feedback after the fact. When we do get access to funding, as during the pandemic millions and millions of dollars went to small businesses, but the criteria was nearly impossible for women to meet—since most women businesses are solopreneurs, we didn't meet the "employee" requirements, or the funds could only be used very narrowly and could not be used on things like childcare which is critical for women as we still shoulder more of the childcare responsibilities.

Thank you again for holding a hearing on women's entrepreneurship and highlighting barriers that women business owners face. Women founders serve as beacons of innovation throughout our startup ecosystem, but we are consistently forced to do more with less. I look forward to hearing about the committee's future efforts to support women entrepreneurs.

**Senate Committee on Small Business and Entrepreneurship Hearing
July 26, 2023
Follow-Up Questions for the Record**

Questions for Ms. Catherine Koch

Questions from:
Ranking Member Ernst

SBA's SCORE Program

QUESTION 1:

Can you please tell me about your experience with SBA's SCORE Program?

I have 2 experiences with SCORE – first, about 25 years ago when I was trying to grow my distribution business and thinking about manufacturing. I was paired with a man who was a retired engineer from one of the Automotive Companies. It was not the best experience because he really did not have any experience running a small business and could not relate to what we were trying to accomplish. We had one meeting and no response after that.

My second experience with SCORE was in July 2023 when I was seeking help to grow my new manufacturing plant. I was pleased to find the office was just a block away from us. The mentor was responsive, unfortunately with material that was dated 17 years ago. Although he was experienced in manufacturing, he didn't have the first-hand experience as the owner of a business. I felt that there was a lack of understanding of today's culture and business environment, therefore there was no value-added

QUESTION 2:

Based off of your personal experience, do you think that the volunteers working at SCORE consistently provide effective guidance and training that is useful to all entrepreneurs, and would you recommend SCORE's services to a fellow woman entrepreneur?

I understand the name SCORE stands for Service Corps of Retired Executives. I also believe our past generations have a lot to offer from experience and one day I hope that will be me. Unfortunately, I did not find the match was a good fit for me as a woman-owned business. There was not an understanding of the current culture and business climate.

QUESTION 3:

In your testimony you mentioned the importance of devoting a focus to second-stage companies like your own and supporting their continued growth. How can SCORE and other mentorship networks help already established businesses continue to thrive?

SCORE could be helpful by providing support via mentors who are not solely focused on experience, but rather on the future challenges that growing companies will need in order to excel to the next level.

Senate Committee on Small Business and Entrepreneurship Hearing, July 26, 2023
Follow-Up Question for the Record

Question for Ms. Patrice Onwuka

The Independent Women's Forum supports research on job and entrepreneurship opportunities for women in the United States and recommends government policies that support job creation.

QUESTION 1:

Does the IWF's Center for Economic Opportunity have feedback on an effective model for a women's entrepreneurship mentor network?

RESPONSE:

August 24, 2023

Dear Chairman Ben Cardin and Ranking Member Joni Ernst,

Thank you for inviting me to participate in the recent hearing "Pathways to Women's Entrepreneurship: Understanding Opportunities and Barriers."

It is abundantly clear that mentorships can be immensely beneficial for female entrepreneurs. A common experience shared by panelists during the hearing was how invaluable it was for them to meet other female entrepreneurs. Whether peers or mentors, when women see other women in business, it provides them intangible benefits: a confidence boost to help overcome self-doubt; access to valuable connections and resources; encouragement to hone their business acumen and leadership skills; and insights and advice to tackle challenges or avoid mistakes that would have harmed their companies. A UPS survey found that [70%](#) of small business owners who received mentoring survived for five years or more—double the rate of those who lacked mentorship.

While the Service Corps of Retired Executives (SCORE) programs can be beneficial for some, there is room for improvement. Most notably, female entrepreneurs voiced concerns that some mentors did not come from the same industry or professional backgrounds. As a result, the mentors did not always connect with mentees in meaningful ways.

In crafting or refining relevant mentorship or coaching programs, policymakers should consider the following:

- **Industry-driven** - Are mentors and coaches recruited from industries in which women are looking for mentors so that those professionals can provide industry-specific insight or helpful connections?
- **Technology** - In a world where remote work is expected and many female entrepreneurs conduct their businesses digitally, providing coaching and mentorship resources online will expand accessibility. Technology may also help to overcome logistical hurdles to developing business relationships for women in rural areas.

- **Marketing** - SBA programs must be marketed in better ways so that female entrepreneurs can find these resources. That could mean partnering with digital platforms that provide marketplaces and services for small businesses, participating in industry expos, and partnering with the business schools at local colleges and universities.
- **Performance accountability** - How are mentorship and coaching programs being assessed to ensure that they are meeting needs? What are the measures of success? Is there a feedback mechanism for participants to help shape the programs?

We applaud the committee for dedicating time and attention to boosting women's entrepreneurship in America and look forward to serving as a resource to the committee.

Thank you for this question.

Sincerely,



Patrice Onwuka
Director
Center for Economic Opportunity

