



Economic Principles

The Congressional Budget Office (CBO) estimates the federal deficit for FY2011 to be at around \$1.3 trillion, down from its FY2010 record high of \$1.5 trillion, and constituting 8.5% of the U.S. GDP. According to CBO, the last three years have yielded the largest deficits in the past 65 years. The deficit inevitably affects small businesses through increased taxes and higher interest rates.

1) Federal Spending Must Be Controlled

WIPP urges Congress and the Administration to work together to confront difficult fiscal choices necessary to reduce the deficit, ensure spending cuts are equitable, and guard against revenue raising tactics that result in a wholesale tax on small businesses.

2) Repeal Burdensome Tax Requirements for Small Business

According to the U.S. Small Business Administration (SBA), small businesses pay 36% more in regulatory compliance than larger firms.

3) Businesses Need Economic Policy and Regulatory Certainty

Important to business growth is certainty about Congressional plans with respect to an overhaul of the tax code, a reduction in the corporate tax rate, depreciation rules, and regulations that will impact businesses. Women business owners who are considering growth are hampered by the future of the unknown. In addition to uncertainty about the future of the tax code, regulatory uncertainty is a factor in business decisions on hiring and investing. Right now, federal agencies are at work on more than 4,200 rules, 845 of which will affect small businesses. The President's agency review has identified 500 regulations that are duplicative, outdated or burdensome. WIPP supports S.1538, the Regulatory Time-Out Act of 2011, introduced by Senator Susan Collins (R-ME). The bill, would give a one-year timeout from any significant new regulation that would have an adverse impact on jobs, the economy, or US international competitiveness. Women business owners urge the Congress to work together— across party lines—to produce common sense solutions necessary to foster economic growth.

Access to Capital Principles

According to the Center for Women's Business Research, women business owners who obtained capital persevered, making an average of four attempts to obtain bank loans or lines of credit and 22 attempts to obtain equity capital. Access to capital is a key tool in the start-up and growth of successful women owned businesses. Larger, faster-growing women-owned firms are more likely than other firms owned by women to use credit. Women-owned firms with revenues of \$1 million or more are more likely to access commercial loans or lines of credit than are other women-owned firms (70% vs. 28%), although even these larger businesses owned by women lag behind their male counterparts in using commercial credit (56% of women vs. 71% of men). Of WIPP members who sought outside funding in 2011, only 45% of businesses were successful after two attempts.

1) Provide Tax Incentives to Lenders

At a time when private market lending to small businesses is low, WIPP is encouraged by SBA's guaranteed loan progress, which hit a record high in 2011. However, the need for capital continues to be a top priority for WIPP members. The SBA reported that bank lending to small businesses fell \$15 billion in the first quarter this year. We urge the Congress to consider incentivizing lenders other than banks to invest in small businesses. Providing tax incentives to angel investors, for example, would stimulate an important lending sector.

2) Increase Government Technical Assistance for Loans

Small companies that need infusions of capital in order to grow would benefit from increased technical assistance supported by the federal government. According to WIPP's Annual Issues Survey, women businesses report that they are not availing themselves of bank loans, alternative funding sources, and SBA backed loans and microloans. This points to a need for greater education on funding sources and strategies for growth. Such assistance would provide small business owners with a better understanding of equity positions, potential equity partners and terms and conditions commonly required by investors and lenders.

Procurement Principles

Currently, only 4.1% of all government contracts are awarded to women-owned businesses, even though federal law mandates a 5% government-wide procurement goal for women-owned small businesses. In addition, the SBA Goaling Report

shows that the federal government failed to reach the small business goal of 23% in FY 2010, falling short at 22.7%.

1) Increase the Ability of Women-Owned Businesses to Win Federal Contracts

With the implementation of the Women Owned Small Business (WOSB) Federal Contract Program completed, WIPP urges all agencies to fully utilize the program to award prime contracts to women owned firms.

We urge the SBA to take into account the need for updated statistics on women's participation in the federal contracting sector. Participation in the WOSB Program is based on 2002 statistics on women business owners.

2) In-sourcing Negatively Impacts Small Business

The government's policy to restore balance between government and private sector workforces has resulted in the Office of Management and Budget's designation of In-sourcing (the opposite of outsourcing) as a top priority for government agencies. This practice is harmful to small businesses that contract with the federal government, and small business participation in federal contracting will drop dramatically if this practice continues. We urge federal agencies to exercise caution when bringing contracts in-house.

Healthcare Principles

The SBA Office of Advocacy research shows that insurers of small health plans have higher administrative expenses than larger health plans. It is no surprise that more than one third of uninsured Americans in 2009 worked in small businesses with fewer than 500 employees. With the enactment of the healthcare law, state-based health insurance exchanges will be established for small businesses in 2014.

1) Ensure Health Insurance Exchanges Provide More Choices and Better Prices for Small Businesses

Rules and regulations that are enacted by the Federal and State government to create and implement health insurance exchanges should be structured to maximize health insurance choices for small businesses. In order for the exchanges to be successful, health insurance premiums for small businesses must fall into line with other segments of the marketplace. Regulators should learn from exchange successes and failures at the state level.

2) Cost Containment Measures Must Address Increased Healthcare Costs

One of the major drivers behind healthcare reform was the need to control healthcare costs. According to the Kaiser Family Foundation, healthcare spending has grown at an average annual rate of 9.6%, 2.4 percentage points faster than nominal GDP since 1970. The federal government projects that by the year 2018, health spending will be one-fifth of the GDP (20.3%).

Cost containment measures are needed to address increased healthcare costs such as medical malpractice. Furthermore, wellness and preventive care should be a priority of the providers as well as the consumers of healthcare.

Energy & Environment Principles

Small businesses are at the forefront of technological innovations in the areas of energy and environment. In 2010, the Department of Energy awarded \$1.9 billion in contracts with small businesses, including \$283 million in WOSB contracts. Nearly 2,800 loans were awarded to small businesses engaged in renewable energy by the SBA from 2006 to 2009.

1) A Comprehensive Energy Plan Must Be Adopted

The federal government should develop a comprehensive energy plan, one that incorporates the use and deployment of domestic energy and alternative energy sources. Continued reliance on foreign oil hurts the U.S. economy and puts the nation at risk.

2) Continue to Provide Research & Development Incentives

Small businesses are on the cutting edge of developing new energy technologies. The federal government should continue to provide adequate funding and incentives for small businesses to continue to develop new technologies through grants and public/private sector investments.

Telecommunications and Technology Principles

Technology and telecommunications costs are disproportionate to small businesses. This difference in spending means that very small firms pay disproportionately more for telecommunications services than other firms when operating their businesses

Broadband service is vital for small businesses. According to the SBA Office of Advocacy, the small business adoption rate of broadband was at 90 percent when the study was conducted in April 2010. However, price and service discrepancies still exist for small business in rural areas.

1) Increase Women and Minority Media Ownership

The government and private industry should work together to increase the number of commercial television and radio stations owned by women and minorities. A major impediment to minority/women-owned stations is access to capital.

2) Deploy Broadband Service Nationwide

Broadband deployment is critical to a pro-growth economic policy for women owned businesses. The current divide between urban and rural area access to broadband is still too wide. We believe the FCC should continue its programs to expand broadband access.

3) Keep the Internet Accessible to Small Businesses

Small businesses need a reliable and dependable network to conduct business. Any regulations which result in restricted bandwidth will be harmful to small businesses that depend on the Internet for their business needs. Women business owners report that Internet Service Providers (ISPs) should have the responsibility to manage Internet traffic. In addition, ISPs should offer tiered service plans so that small businesses will have the ability to choose service options.

Women Business Owners Are an Economic Force

Women business owners are a strong economic force in the United States, and increasingly in the world. Their contributions extend beyond the number of firms they own, the people they employ and the revenues they generate. Their economic influence is multiplied many times through the direct and indirect economic impact they generate through their business ownership.

As of 2010, the National Women's Business Center estimates that in the United States:

- There are 7.8 million women-owned businesses
- Women-owned firms make up 28.7% of all non-farm businesses across the country
- Women-owned firms generate over \$1.2 trillion in total receipts
- A full 88.3% of these firms are non-employer firms (i.e. self-employed), with average receipts of \$26,486
- The remaining 11.7% of the firms have paid employees, employing a total of 7.6 million people across the country with a payroll of \$217.6 billion. These employer firms have average receipts of \$1.1 million

Women-owned firms are found in every industry sector in the U.S. Not only are women an economic force today, but their impact is growing.

- Between 2002 and 2007, there has been a 20.1% increase in the number of women-owned businesses