U.S. SENATE COMMITTEE ON
SMALL BUSINESS
& ENTREPRENEURSHIP
CHAIRMAN BEN CARDIN

Women's Small Business Ownership and Entrepreneurship Report

Majority Staff Report

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Economic Overview

Women represent more than half of the United States population and make significant contributions across all industries and sectors. Americans filed about 5.1 million business applications in 2022, nearly 14,000 a day, up from 3.5 million in 2019.[1] That compares to just 29 percent of all business filings pre-pandemic.[2] Women in particular have been the driving force behind America's economic rebound from the COVID-19 pandemic, creating about half of new businesses for the third year in a row.[3] Women of color, specifically Black women, have had a tremendous impact on the post-pandemic economy with the number of Black-women-owned employer businesses increasing to around 18 percent from 2017-2020, compared to a 9 percent increase in the number of women-owned businesses.[4] According to an analysis produced by the Boston Consulting Group, if women participated equally to men as entrepreneurs, global Gross Domestic Product (GDP) could increase by approximately 3 to 6 percent, adding $2.5 to $5 trillion to the global economy.[5]

While these statistics are important and impressive, more can be done to ensure women entrepreneurs and small business owners can continue on the path to business success and economic independence. Women, particularly those from minority communities, continue to face persistent barriers to entrepreneurial success that make achieving their professional and personal ambitions more difficult than their male counterparts.

The following report was prepared by the majority staff of the Senate Committee on Small Business and Entrepreneurship to understand the challenges women entrepreneurs face at a time when women are making important economic strides. The report examines obstacles including:

- Access to capital, and particularly to venture capital that could make a small business the next great American business;
- Childcare access and affordability;
- A gap in mentoring opportunities that could help women start their journey to entrepreneurship or advance their business interests.

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[1] Alex Tanzi, *Women Are Still the Driving Force of US Post-Covid Entrepreneurs*, Washington Post, (March 31, 2023), https://www.washingtonpost.com/business/on-small-business/women-are-still-the-driving-force-of-us-post-covid-entrepreneurs/.
[2] *Id.*
[3] *Id.*
[4] Andre M. Perry et al., *Who is driving Black business growth? Insights from the latest data on Black-owned businesses*, Brookings, (May 24, 2023), https://www.brookings.edu/articles/who-is-driving-black-business-growth-insights-from-the-latest-data-on-black-owned-businesses/
[5] *"Women Entrepreneurs and Access to Capital",* Women Business Collaborative, https://www.wbcollaborative.org/what-we-do/entrepreneurs/.

Status of Women's Small Business Ownership and Entrepreneurship

Of the 33.2 million small businesses in the United States, nearly 13 million of them are women-owned.[6] These businesses generate nearly $1.8 trillion in revenue and employ almost 10 million people.[7] Women's economic empowerment is central to women's rights and gender equality. Their access to economic opportunity is essential to a nation's economic prosperity and productivity. In the U.S. economy alone, if female labor market participation grew to the levels seen in other developed economies, the economy could receive a $1 trillion boost over the next 10 years.[8] Ensuring parity will require Congressional and federal intervention to make up for the effects of the COVID-19 pandemic and address systemic inequities that persist from pre-pandemic life.

Effects and Rebound from COVID-19

While the COVID-19 pandemic impacted most small businesses, women-owned small businesses were particularly hard hit. In the period beginning in January 2020 to June 2020, 47 percent of female business owners felt their business' overall health was in "somewhat or very good" condition.[9] In contrast, 62 percent of male business owners felt their business was in that same condition.[10] In addition, women business owners reported in a U.S. Chamber of Commerce survey that they were less confident in revenue increases, planned fewer business investments, and planned to hire fewer staff than their male counterparts.[11] And although Black women led the charge in new businesses, research has also indicated that minority-owned businesses, particularly Black-owned businesses, closed their doors and suffered higher losses than white-owned businesses during the pandemic.[12] Despite the efforts of Congress and the federal government to ensure small business owners had equal access to COVID-19 relief programs, only 22 percent of firms that responded to the gender demographic question for Paycheck Protection Plan (PPP) loans received funds in the first funding trench.[13] There is also data that suggests that women small business owners that received

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[6] Maryam Mohsin, *10 Small Business Statistics You Need To Know For* 2023, Oberlo, (Jan. 28, 2023), https://www.oberlo.com/blog/small-business-statistics.

[7] Rohit Arora, *Women-Owned Businesses Thrived in 2022*, Forbes, (Mar. 8, 2023), https://www.forbes.com/sites/rohitarora/2023/03/08/women-owned-businesses-thrived-in-2022

[8] Federica Urso, *Women workers could drive $1 trillion rise in U.S. GDP*, Moody's says, Reuters, (Mar. 8, 2022), https://www.reuters.com/business/women-workers-could-drive-1-trln-rise-us-gdp

[9] Nicole Fallon, *Why COVID-19 Is Hurting More Women-Owned Businesses*, U.S. Chamber of Commerce, https://www.uschamber.com/covid-19-impact-on-women-owned-businesses.

[10] *Id.*

[11] *Id.*

[12] The Impacts of COVID-19 On Racial Disparities in Small Business Earnings, U.S. Small Bus. Admin., Office of Advocacy, (Aug. 16, 2022), https://advocacy.sba.gov//the-impacts-of-covid-19-on-racial-disparities-in-small-business-earnings/. See e.g., Robert Fairlie, COVID-19, Small Business Owners, and Racial Inequality, National Bureau of Economic Research, (Dec. 2020), https://www.nber.org/reporter/2020number4/covid-19-small-business-owners-and-racial-inequality

[13] *Disparities in PPP Lending by Gender*, National Institute Economic Development, (Mar. 25, 2021), https://theinstitutenc.org/2021/03/disparities-in-ppp-lending-by-gender/

pandemic assistance received, on average, lower amounts than male-owned businesses and loan applicants that did not respond to the gender question on the application.[14]

However, since the early days of the pandemic, women-owned businesses have been a driving factor in the United States' economic rebound. In 2022, for the third year in a row, women created about half of new U.S. businesses compared to just 29 percent pre-pandemic.[15] Many women credit a desire for flexibility and financial stability as a driving force to either turn a side hustle into a full business or to open a business from scratch. With schools and childcare facilities disrupted throughout the pandemic, many women started their own businesses out of necessity, needing greater flexibility to care for their families. In a 2021 Gusto study, many workers reported "placing a premium on the flexibility and autonomy affords by self-employment, and are quitting paid employment in favor of entrepreneurship."[16]

Access to Capital

Access to capital remains a preeminent concern for women-owned small businesses, particularly those owned by women of color. Lack of equitable access to capital can limit a small business' establishment, expansion, and growth. This issue pre-dates the pandemic, with a 2019 HSBC Global Private Banking survey finding that 46 percent of American women entrepreneurs experienced gender bias when trying to raise capital.[17] In 2022, 25 percent of women had their loan applications denied versus 19 percent of males with 74 percent of women-owned firms relying on funds from personal savings, friends, or family over the past five years of their business operations versus 64 percent of male-owned businesses.[18] So far in 2023, the SBA has approved over 42,000 7(a) loans totaling over $20 billion.[19] Of that share, majority female-owned businesses represented almost 9,000 (21.1 percent) loans totaling approximately $3.25 billion (16.1 percent).[20] Unfortunately, 504 loan data illustrate a similar disparity with about 4,700 loans having been approved so far in 2023 for a total of about $5 billion with only about

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[14] *Disparities in PPP Lending by Gender*, National Institute Economic Development, (Mar. 25, 2021), https://theinstitutenc.org/2021/03/disparities-in-ppp-lending-by-gender/

[15] Alexandre Tanzi, *Women Are Still the Driving Force of US Post-Covid Entrepreneurs*, Bloomberg, (Mar. 30, 2023), https://www.bloomberg.com/news/articles/2023-03-30/women-are-still-the-driving-force-of-us-post-covid-entrepreneurs.

[16] Alexandre Tanzi, *Half of New US Entrepreneurs Are Women, Leading a Creation Boom*, Bloomberg, (June 23, 2022), https://www.bloomberg.com/news/articles/2022-06-23/half-of-new-us-entrepreneurs-are-women-leading-a-creation-boom.

[17] *She's The Business, Supporting entrepreneurial spirit*, HSBC Private Banking.

[18] *See* Hanneh Bareham, SBA loan and startup funding for women, Bankrate, (June 27, 2023), https://www.bankrate.com/loans/small-business/funding-for-women-entrepreneurs/. See e.g., Emily Wavering Corcoran et al., 2023 Report on Employer Firms: Findings From The 2022 Small Business Credit Survey, Federal Reserve Banks, (Mar. 2023), 2023_SBCS-Employer-Firms.pdf.

[19] U.S. SMALL BUS. ADMIN., 7(a) & 504 Summary Report, https://careports.sba.gov/views/7a504Summary/Report, (last visited July 24, 2023). [hereinafter 7(a) & 503 report]

[20] *Id.*

700 loans (14.9 percent) totaling $578 million (11.4 percent) going to female-owned businesses.[21]

Women of color face even greater hurdles to accessing the capital they need to start and grow their businesses. Women of color are founding businesses at a faster rate than women in general with 42 percent of newly created women-owned businesses started by Black women, and 31 percent by Latino women.[22] However, women of color are also more likely than their white counterparts to self-fund their businesses, making them more vulnerable to personal financial risk. This is, in part, due to the reality entrepreneurs of color face when seeking capital elsewhere with Black business owners who apply for funding having a rejection rate that is three times higher than that of white business owners.[23] For Latino-owned businesses the challenge is even greater. Latino-owned business have the lowest rate of using bank and financial institution loans compared with other racial and ethnic groups and are less likely to receive all the funding they apply for.[24] However, intentional policy choices to reach underserved and minority populations can have a targeted impact. For example, SBA's Community Advantage Pilot Program (CA) is designed specifically to reach underserved markets. Thus far in 2023, 37 percent of CA loans, totaling $43.7 million (34.8 percent), went to women-owned businesses. Additionally, 18 percent and 20 percent of CA loans went to Black-owned and Hispanic-owned businesses, respectively as compared to 8 percent and 12 percent in overall 7(a) program.

Minority entrepreneurs need equitable access to long-term funding resources that will give their businesses the opportunity to grow and thrive. If policymakers do not continue to find ways to address the inequities in traditional access to capital and lending opportunities for minority-owned businesses, we stunt our economic potential by not empowering every entrepreneur.

Venture Capital

Venture capital (VC) is a form of private equity and a type of financing that investors provide to startup companies and companies looking to scale. Venture capital is the fuel that allows companies to scale at their earliest stages, puts businesses on trajectory to later stage growth, and eventually public market investments. In order for women-owned small businesses to become the next great large business, they need equitable knowledge of and access to venture capital. However, VC partners, those making the investment decisions and writing checks, are overwhelmingly male with women only representing 8.6 of all venture capitalists, 8 percent of firm partners, and 7 percent of

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[21] 7(a) & 504 report, *supra* note 19.

[22] WBC Staff, *The Outlook for Women of Color Entrepreneurs*, Women Business Collaborative, (Feb. 27, 2023), https://www.wbcollaborative.org/insights/the-outlook-for-women-of-color-entrepreneurs/.

[23] *Black women are the fastest growing group of entrepreneurs, But the job isn't easy.*, J.P. Morgan, https://www.jpmorgan.com/insights/business/business-planning/black-women-are-the-fastest-growing-group-of-entrepreneurs-but-the-job-isnt-easy.

[24] Lucy Pérez et al., *The economic state of Latinos in America: The American dream deferred*, McKinsey & Company, (Dec. 9, 2021), https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/the-economic-state-of-latinos-in-america-the-american-dream-deferred.

board seats at venture capital firms across the country.[25] This has a direct result on the companies funded by venture capital as fewer than 5 percent of all VC-funded firms have women on their executive teams and only 2.7 percent have a female CEO.[26]

Women seeking VC investment not only contend with gender barriers, but also ethnic and racial barriers to funding. In their 2020 report, Global Women in VC, the world's largest global directory for women in venture capital, found that of all female VC partners, only 33 percent were non-white.[27] Ethnic and racial diversity among women VC partners is slightly higher than for all VC partners where only 25 percent are non-white.[28] As investors, VCs seek to minimize risk and are more likely to invest in networks and ideas that they are more familiar with. The current disparities in gender, racial, and ethnic representation at the VC level are reflected in the businesses they fund with only about 1.87 percent of the $31 billion held by 200 venture capital funds being allocated to startups with diverse leaders.[29]

Childcare Challenges

The United States is facing a growing childcare crisis with the economic impact on the country's underinvestment more than doubling from 2018 to $122 billion annually in 2022.[30] The pandemic illustrated the importance and instability of America's childcare systems with many childcare centers closing or losing employees, predominately childcare centers owned by women and women of color. Since the pandemic, the number of childcare establishments has increased, but the number of employees per establishment has decreased.[31] However, average hourly earnings for childcare workers were higher in August 2022 than pre-pandemic rates.[32] Yet, more than half of U.S. residents live in childcare deserts. Many families that have access to childcare simply cannot afford it. Research shows that for families headed by a divorced parent or households of color, the price of childcare is more than a quarter of the family's income, up to as much as 60 percent of total household income.[33]

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[25] Alexander Kersten & Gabrielle Athanasia, *Addressing the Gender Imbalance in Venture Capital and Entrepreneurship*, CSIS: Center For Strategic & International Studies, (Oct. 20, 2022), https://www.csis.org/analysis/addressing-gender-imbalance-venture-capital-and-entrepreneurship.
[26] *Id.*
[27] *The Untapped Potential of Women-led Funds*, Women in VC, (Oct. 2020), on file with staff.
[28] *Diversity, equity, and inclusion in the VC industry*, Deloitte, https://www2.deloitte.com/us/en/diversity-venture-capital-human-capital-survey.
[29] Dean Takahashi, *Diversity VC reports 1.87% of venture capital allocated to women and minority-owned startups*, VentureBeat, (Nov. 9, 2022), https://venturebeat.com/games/diversity-vc-reports-1-87-of-venture-capital-allocated-to-women-and-minority-owned-startups/.
[30] Gianna Melillo, *What's behind the US's worsening child care crisis*, The Hill, (Feb. 12, 2023), https://thehill.com/changing-america/enrichment/education/3852987-whats-behind-the-uss-worsening-child-care-crisis/ [hereinafter "The Hill Child Care"].
[31] Gilbert Crouse et al., *The Impact of the COVID-19 Pandemic on the Child Care Industry and Workforce*, U.S. DEPT. OF HEALTH AND HUMAN SERVICES, OFFICE OF THE ASSIST. SEC. FOR PLAN. AND EVAL., (Jan. 19, 2023), https://aspe.hhs.gov/reports/covid-19-child-care-industry.
[32] *Id.*
[33] The Hill Child Care, *supra* note 30.

Access to Childcare

The U.S. invests less in early childhood education and care as a percentage of Gross Domestic Product (GDP) than all but three of the 36 Organisation for Economic Co-operation and Development countries.[34] Public funding to support access to childcare is primarily supplied through the federal Child Credit and Development Fund (CCDF) as authorized under the Child Care Development Block Grant Act (CCDBG). This program supplies federal funding with a state match to help eligible families access child care through subsidy vouchers paid directly to the childcare provider. However, underfunding means this program only reaches 1 in 7 children, leaving many families contending with sky high costs.[35] In some states, families with only one child and an income of more than $32,580 are ineligible for assistance.[36]

The approximate average cost of center-based childcare for infants is as follows: $1,300 per month for infants, $1,100 per month for toddlers, and $900 per month for preschool care. This leaves families paying around $16,000, $13,200, and $10,800, respectively, per year to cover the cost of childcare.[37] The Department of Health and Human Services determines childcare to be unaffordable if it exceeds 7 percent of family income.[38] There are currently 36 states and Washington D.C. where that 7 percent threshold is exceeded. As of 2021, D.C. has the highest cost of child care per year ($17,600), with Vermont ($14,200) and New York ($13,200) close behind.

Without affordable and accessible childcare, women are not able to participate fully in the U.S. economy and workforce. Accessing and affording quality childcare is the number one reason women left or changed jobs in 2021 with 46 percent of women who remain unemployed having left the workforce due to child care issues.[39] In 2023, the rate of stay-at-home moms rose to 25 percent, nearly doubling from the 2022 level of 15 percent.[40] As women are the majority of primary caregivers, lack of childcare can severely hamper their professional ambitions and economic potential. Childcare is unaffordable for the majority of American families, forcing women, more often than men, to choose between a career and economic stability and caring for their families. This issue is exacerbated for Black and multiracial families with 13.1 percent of non-

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34 STAFF OF JOINT ECONOMIC COMMITTEE DEMOCRATS, 117TH CONG., REP. ON CHILD CARE INVESTMENT IS CRUCIAL FOR FUTURE ECONOMIC GROWTH.

35 Simon Workman, *The True Cost of High-Quality Child Care Across the United States*, Center for American Progress, (Jun. 28, 2021), https://www.americanprogress.org/article/true-cost-high-quality-child-care-across-united-states/ [hereinafter High-Quality Child Care Costs].

36 *Id.*

37 *Id.*

38 Linda Smith et al., *Demystifying Child Care Affordability*, Bipartisan Policy Center, (Aug. 31, 2020), https://bipartisanpolicy.org/blog/demystifying-child-care-affordability/.

39 The First Five Things to Know: Impact of the Child Care Crisis on Women & Mothers, First Five Years Fund, (Mar. 8, 2023), https://www.ffyf.org/the-first-five-things-you-need-to-know-impact-of-the-child-care-crisis-on-women-mothers/.

40 *State of Motherhood, 2023 Survey Report,* Motherly, https://www.mother.ly/state-of-motherhood/.

Hispanic Black individuals estimated to have quit, not taken, or changed their job due to child care issues, compared to 7.2 percent of white individuals.[41]

Childcare as a Business Opportunity

An estimated 90 percent of childcare businesses are owned by women and more than half are owned by women of color.[42] Childcare businesses are one of the most necessary, but difficult businesses to operate as operator pay is low and margins are tight. The typical driver of expenses delineates between workforce (60-80 percent), occupancy costs (9-14 percent), office and administration (about 15 percent), and classroom expenses such as materials and food (8-13 percent).[43] Yet, early childhood teachers are some of the lowest-paid professionals with nearly 40 percent of childcare teachers relying on public assistance at some point in their careers.[44] Many centers are the smallest of small businesses and rely on in-kind or philanthropic support to stay in operation.

The *American Rescue Plan Act* provided $39 billion to states to address the childcare crisis exacerbated by the pandemic.[45] States used that money to waive or reduce parental co-pays and helped expand eligibility to more middle-class families to qualify for assistance. These funds helped stem the crisis of childcare center closures, boost employee wages, and pay necessary overhead costs such as utilities, rent, and mortgages. However, this federal relief expires in 2024 leading many experts to worry about a second wave of childcare center closures and an even greater crisis both for providers and their clients.

Importance of Mentorship

Role models and mentors can greatly impact career choices, trajectories, and opportunities. Mentorship is an important tool for developing networks and supporting business success. Of the current Fortune 500 companies, women represent only 10.4 percent of CEOs.[46] Research suggests, that mentoring can be an important factor for women advancing in the business world and successfully operating their own businesses. Yet, about 40 percent of women have never had a formal mentor.[47] The SBA

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[41] Maureen Coffey & Rose Khattar, *The Child Care Sector Will Continue To Struggle Hiring Staff Unless It Creates Good Jobs*, Center for American Progress, (Sep. 2, 2022), https://www.americanprogress.org/article/the-child-care-sector-will-continue-to-struggle-hiring-staff-unless-it-creates-good-jobs/.
[42] Cindy Larson & Bevin Parker-Cerkez, *Investing in Child Care Fuels Women-owned Businesses & Racial Equity*, LISC, (Mar. 8, 2022), https://www.lisc.org/our-stories/story/investing-child-care-fuels-women-owned-businesses-racial-equity/.
[43] Simon Workman, *Where Does Your Child Care Dollar Go? Center for American Progress*, (Feb. 14, 2018), https://www.americanprogress.org/article/child-care-dollar-go/.
[44] *Id.*
[45] American Rescue Plan Act of 2021, Pub. L. No. 117-2, (2021).
[46] Emma Hinchliffe, *Women CEOs run 10.4% of Fortune 500 companies. A quarter of the 52 leaders became CEO in the last year*, Fortune, (Jun. 5, 2023), https://fortune.com/fortune-500-companies-2023-women-10-percent/.
[47] Stephanie Neal et al., Women as Mentors: Does She or Doesn't She? A Global Study of Businesswomen and Mentoring, DDI, https://www.ddiworld.com/research/mentoring-women-in-the-workplace

seeks to address this gap through the Women's Business Center (WBC) and SCORE programs by providing free or low-cost mentoring and counseling to women across the country.

Women's Business Centers

WBCs are a critical component of SBA's entrepreneurial ecosystem. WBCs were created to assist small businesses primarily owned by women, many of whom are socially and economically disadvantaged. The WBC program funds more than 140 non-profit organizations that provide quality advising and training services primarily to women entrepreneurs.[48] Many WBCs provide multilingual services, evening and weekend hours, and childcare. In 2022, the WBC program increased their reach by 12 percent and advised and trained more than 84,000 entrepreneurs, and helped start over 2,800 small businesses.[49] However, many women entrepreneurs do not know about the WBC program and its offerings. Research suggests that small businesses that receive mentoring early in the development of the business achieve higher revenues and increased business growth.[50] Expanding funding, marketing, and reach of the program would allow more women entrepreneurs to thrive.

SCORE

SCORE is the largest volunteer business mentoring program funded by the federal government. Comprised of over 10,000 volunteers, SCORE provides in-person and virtual mentoring, training, and advising to entrepreneurs and small business owners. Entrepreneurs and small business owners participating in SCORE are matched with volunteer mentors that are experts in entrepreneurship and related fields who meet with their clients on an ongoing basis to provide continued advice and support. SCORE regularly offers free online workshops in multiple languages including startup strategies, marketing, and finance. SCORE volunteers provide a full range of business consultation services and the SBA's SCORE database enables small businesses to find volunteers that best match the needs of their business.[51] SCORE's more than 250 chapters are located in all 50 U.S. states and territories. In FY 2022, SCORE served almost 323,000 unique clients and helped start almost 4,000 new businesses.[52] Similar to SBA's other Resource Partners, more can be done to expand SCORE's reach and programming.

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[48] SBA, FY 2024 CONG. BUDGET JUSTIFICATION AND FY2022 ANNUAL PERFORMANCE REPORT, at 90 [hereinafter SBA CBJ].
[49] *Id.*
[50] *Mentoring: the missing link to small business growth and survival*, U.S. SMALL BUS. ADMIN., (Feb. 4, 2019), https://www.sba.gov/blog/mentoring-missing-link-small-business-growth-survival.
[51] *SBA's Entrepreneurial Development Programs Before the H. Comm. On Small Business*, 117th Cong. (2021) (statement of Mark Madrid, Associate Administrator SBA's Office of Entrepreneurial Development).
[52] SBA CBJ at 91-92, *supra* note 48.

Federal Contracting

The federal government is the largest buyer of goods and services in the United States. Each year, about 10 percent of all federal spending goes to government contracts. By law, 23 percent of that 10 percent must go to small businesses.[53] The federal government's goal is to award at least five percent of all federal contracting dollars to women-owned small businesses each year. Since the benchmark's establishment in 1994, the federal government has only met that goal twice: in 2015 (5.05 percent) and 2019 (5.19 percent).[54] However, while the federal government generally falls short of the five percent Women-Owned Small Business Contract (WOSB) goal, in FY 2021, 75 percent of federal agencies met their own WOSB goals.[55] In addition, in FY 2022, a record $28.1 billion in prime federal contracting dollars were awarded to WOSBs, but only 4.57% of all prime federal contracting dollars were awarded to those businesses.

Benchmark figures for WOSB contracting goals are muddled by agencies' double counting. Double counting allows agencies to count an awarded contract under multiple contracting goals. For example, if a minority woman-owned small business receives a contract, the agency is allowed to count the contract under two goals: the small disadvantaged business goal and the women-owned small business goal. A Bipartisan Policy Center report found that $27.1 billion in federal contracts were counted towards the WOSB goal in FY 2020 and when removing double counting, that total falls to $26.4 billion.[56]

To help facilitate greater participation by women small business owners in government contracting, the government limits competition for certain contracts to WOSB program participants. WOSB contract restrictions apply to specific industries where WOSBs are underrepresented with some contracts further restricted to economically disadvantaged women-owned small businesses (EDWOSBs). The 2015 National Defense Authorization Act (NDAA) made significant improvements to the WOSB Federal Contract Program, which SBA implemented in 2020. The changes have made it easier for qualified small businesses to participate in the WOSB Federal Contract program while strengthening oversight and integrity of the certification process. However, these improvements do not address the double counting issue and more must be done to ensure that agencies are properly awarding and counting small business contracts.

Policy Recommendations

- **Make Permanent the Community Advantage Program**
  Senator Cardin (D-MD) has introduced legislation to codify the Community Advantage program for several Congresses. The Community Advantage Pilot Program was established by the SBA over ten years ago to address the credit gap

[53] Jason Wiens & Michelle Kumar, *A Look at Women-Owned Small Business Contracting*, Bipartisan Policy Center, (Oct. 22, 2022), https://bipartisanpolicy.org/blog/women-owned-small-business/.
[54] *Id.*
[55] *Id.*
[56] *Id.*

in underserved communities and has become an important complement to the 7(a) program. The program utilizes mission-oriented lenders, including Community Development Financial Institutions (CDFIs) and Certified Development Companies (CDCs), to make help fill capital gaps, as well as provide business support services and technical assistance. On July 19, 2023, the Senate Small Business and Entrepreneurship Committee passed out of Committee a bill to codify the CA program. It is imperative for underserved entrepreneurs that this bill becomes law.

- **Invest in Universal Childcare**
  Affordable, accessible, and quality childcare is cited as the leading barrier for women seeking to join or rejoin the workforce, advance at their jobs, or start their own business. The U.S. is in the midst of a childcare crisis, with its economic impact doubling since 2018 to 2022 resulting in $122 billion annually in lost earnings.[57] Women unduly face the burden of picking up where the government has failed them, resulting in more women leaving the workforce to take care of their families. Additional investment is needed to ensure America's children receive the early childhood education to help them develop and to allow women the freedom of professional choice.

- **Enact the Women's Business Center Improvement Act of 2023**
  Introduced by Senator Cardin (D-MD), the Women's Business Center Improvement Act of 2023 would modernize and strengthen the SBA's WBC program. The legislation would raise the funding cap from $150,000 to $300,000, ensuring WBCs have more resources to meet the needs of women small business owners. The legislation would also mandate the creation of an accreditation program for WBCs so that they are able to offer quality service to women small business owners and entrepreneurs across the country. The legislation also authorizes $31.5 million for each fiscal year from FY 2024 to FY 2027. Passage of this legislation is vital to ensuring women-owned small businesses have access to the mentoring, counseling, and training they need to succeed.

- **Enact the SCORE for Small Business Act of 2023**
  Introduced by Senator Coons (D-DE), the SCORE for Small Businesses Act of 2023 would modernize and improve the SBA's SCORE program. The legislation would also increase Congressional oversight of the program to make sure that mentoring services are being effectively and efficiently delivered. Passage of this legislation would strengthen SBA's only direct business mentoring program to ensure that SCORE can meet the needs and diversity of America's 21st century entrepreneurs.

[57] The Hill Child Care, *supra* note 30.

- **Improve Small Business Contracting Counting**
  Double counting makes it easier for agencies to "meet" their small business contracting goals, but it is a disservice to the small business owners interested in contracting with the federal government. Benchmarks have been set to expand opportunities for small business contractors, particularly women and minority contractors. Double counting allows agencies to skirt the intent of Congress' establishment of benchmarks by awarding one contract to one business that satisfies more than one goal when they could have awarded multiple contracts to multiple small businesses to satisfy multiple goals. Congress should look to address agency double counting across small business contractors to ensure that opportunity is being equally distributed and to get a more accurate representation of small business goals.

Conclusion

Women make up more than 50 percent of the U.S. population, but struggle to find parity in the world of business. Disparities in capital access, mentorship, and contracting put unnecessary barriers in the way of women seeking to start and grow a small business. While the federal government has programs available to women-owned small businesses, they are either in need of reauthorization or more support to reach women entrepreneurs. Equitable access to capital, programs in need of reauthorization, and federal contracting goals hinder the potential of women-owned businesses. In addition, America's continued underfunding of childcare has a greater negative effect on women's economic and professional advancement in comparison to their male counterparts. Improving access, affordability, and quality of childcare would alleviate the financial burden on primarily young families, families of color, and women broadly. Optimizing the economic and personal potential of America's women-owned small businesses and entrepreneurs is vital to the success of the American economy and its standing in the world in the 21st century. Congress must be prepared to do more to improve conditions for America's women in business or risk losing billions, or more, in annual growth. Congress should build upon and support the current women-owned small business boom by reauthorizing SBA programs and addressing systemic access issues to propel the American economy forward to remain competitive in the 21st century.