

Obama Administration's Support for Women Entrepreneurs

Women-owned businesses are a critical part of America's 21st century economy. Between 1997 and 2007, the number of women-owned businesses grew by 44%, twice as fast as men-owned firms. During this period, women-owned businesses added roughly 500,000 jobs, while other private firms lost jobs.

Women-owned businesses continue to grow and create jobs – even in difficult times – testifying to their important role in helping drive economic recovery and growth. At the same time, women-owned businesses face challenges. Today, the Administration is announcing three additional steps to help women-owned businesses continue to grow and prosper including:

- The Administration has been committed to putting in place an effective program to support access to federal contracting opportunities for women-owned small businesses. Today, after a 10 year wait the Administration will publish a new comprehensive women's contracting rule that will help women-owned businesses meet the 5% contracting goal and compete in more than 80 industries where they are underrepresented in federal contracting.
- The Small Business Administration will open four new Women's Business Centers in locations around the country, to add to the already existing 110 centers that are up and running – bringing the total to 114. The purpose of the centers is to train and counsel women on how to start and grow their small businesses.
- Donna James has also been selected as the new Chair of the National Women's Business Council. The National Women's Business Council is a bi-partisan federal advisory council created to serve as an independent source of advice and counsel to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners

The President recognizes the important and growing role that women-owned businesses have in the national economy. The Administration –with efforts from the Small Business Administration, the Department of Commerce, and the Treasury department – has already implemented a number of initiatives and policies to help support Women-owned businesses and address the challenges they face, namely provisions in the Recovery Act, subsequent legislation in 2009 and 2010 and the recently signed Small Business Jobs Act.

These initiatives include:

Increasing Access to Capital

The Recovery Act and the Small Business Jobs Act. SBA loans are three to five times more likely to go to women and minorities than traditional, conventional small business loans. The Recovery Act put much-needed capital in the hands of women entrepreneurs and small business owners. More than 12,000 SBA Recovery Loans have gone to women-owned small businesses, driving \$3 billion in lending support into their hands to help them grow and create jobs. The Small Business Jobs Act – signed by President Obama on September 27, 2010 – extends successful SBA Recovery Act provisions meaning that within a few days, it will restart the SBA's Recovery lending, beginning with the more than 1,400 small businesses that have been waiting to get the credit they need – with thousands more benefitting in the coming weeks.

- The new law significantly increases the maximum sizes of SBA loans. The law permanently increases 7(a) and 504 limits from \$2 million to \$5 million (for manufacturers in 504 loan program, up to \$5.5 million). Also, microloan limits will be increased from \$35,000 to \$50,000, helping entrepreneurs with start-up costs. Of SBA's Microloans, 2,383 microloans were made to WOBs since February 2009, representing 46.3% of all Microloans.

- Furthermore, the law expands the number of businesses eligible for SBA loans by allowing larger small businesses with less than \$15 million in net worth and \$5 million in average net income to qualify.
- **The Small Business Jobs Act infuses capital into community banks.** The Department of the Treasury is implementing a Small Business Lending Fund that will make \$30 billion available for smaller banks, potentially supporting multiples of that amount in new credit. The fund contains important incentives for these banks to increase small business lending above 2009 levels.
- **The Small Business Jobs Act Builds on Success of State-Level Access to Capital Programs.** The Department of Treasury will create a State Small Business Credit Initiative that will support at least \$15 billion in new lending to states, strengthening state small business lending programs. This is important because while states are facing budget cuts, many state-level programs are highly effective.
- **The Federal Reserve Board conducts major outreach on small business lending.** In 2010, the Federal Reserve held hearings in more than 40 communities across the U.S. to gather input on how to address the financing needs of small business. The initiative gathered perspectives to help the Federal Reserve and other stakeholders craft responses to the immediate and intermediate needs of small businesses.
- The initiative has identified key recommendations for enhancing access to financing for small businesses, and for improving the quality and infrastructure of small business technical support.

Providing Incentives for Small Business to Grow and Hire

Since taking office, the President has signed into law 16 Tax Cuts to help small businesses invest in their firms and create jobs. The recently signed Small Business Jobs Act includes 8 of these new tax cuts that went into effect immediately:

1. Zero Capital Gains Taxes on Key Investments in Small Businesses:
2. The Highest Small Business Expensing Limit Ever– Up to \$500,000
3. An Extension of 50% Bonus Depreciation
4. A New Deduction for Health Care Expenses for the Self-Employed
5. Tax Relief and Simplification for Cell Phone Deductions
6. An Increase in The Deduction for Entrepreneurs' Start-Up Expenses
7. A Five-Year Carryback Of General Business Credits
8. Limitations on Penalties for Errors in Tax Reporting That Disproportionately Affect Small Business

In the Recovery Act and subsequent legislation in 2009 and 2010, the President signed the following eight small business tax cuts into law:

1. A New Small Business Health Care Tax Credit
2. A New Tax Credit for Hiring Unemployed Workers
3. Bonus Depreciation Tax Incentives to Support New Investment
4. 75% Exclusion of Small Business Capital Gains
5. Expansion of Limits on Small Business Expensing
6. Five-Year Carry back of Net Operating Losses
7. Reduction of the Built-In Gains Holding Period for Small Businesses from 10 to 7 Years to Allow Small Business Greater Flexibility in Their Investments
8. Temporary Small Business Estimated Tax Payment Relief to Allow Small Businesses to Keep Needed Cash on Hand

Encouraging the Growth and Development of Women Entrepreneurs

- In 2009, SBA opened five new Women’s Business Centers, and in 2010 SBA is opening 4 additional centers, bringing the total to 114.
- SBA is finalizing two programs that will help train more entrepreneurs among women veterans and women who are part of military families.
- The administration’s Small Business Innovation Research program allows federal agencies to provide billions of dollars each year in grants to small firms conducting cutting-edge R&D. SBA is leading the charge to launch “SBIR 2.0” which incorporates greater performance management, best practices, and stronger interagency partnerships in order to maximize the commercial success of participating small firms, including WOBs.
- The SBA launched an Innovative Economies initiative with support for 10 Regional Innovation Clusters across the U.S. These clusters have shown great potential to create high-paying, sustainable jobs in high-growth industries.

Ensuring Women-Owned Businesses Compete for Government Contracts

- Federal agencies met or exceeded small business contracting goals for Recovery Act contracts. Already, the administration has fully awarded 32% of Recovery Act contracts to small businesses, in excess of the statutory goal of 23%. Additionally, while the annual goal for WOBs is 5%, fully 5.5% of Recovery Act contracts totaling \$1.8 billion have gone to WOBs.
- The Small Business Jobs Act reaffirms equal treatment (“parity”) among small business contracting programs. Federal agency contracting officers are free to choose among small businesses participating in 8(a) and HUBZone programs, as well as those owned by service-disabled veterans and, soon, women-owned firms as part of the upcoming women’s contracting rule.
- The Administration has a new women’s contracting rule – passed in 2000 – that will help WOBs meet the 5% contracting goal and compete in more than 80 industries where they are underrepresented in federal contracting.
- The Small Business Jobs Act enforces stronger subcontracting plan requirements for large prime contractors to use small businesses in subcontracting. The law also includes a new pilot program that will help small firms team up with each other to compete for larger and more complex federal contracts.

Enhancing the Long Term Survival and Growth of Women Owned Businesses

- Building on the President’s National Exports Initiative, the Small Business Jobs Act provides more counseling and access to capital for WOBs and other small firms interested in exporting. For example, the law turns the SBA Export Express pilot loan program into a permanent program with 90% guarantees for loans up to \$350,000 and 75% for loans between \$350,000 and \$500,000. It also raises the maximum loan size from \$350,000 to \$1 million, providing greater access to working capital loans that small businesses use to purchase new inventory and take on their next order – allowing them to create new jobs.
- Studies have shown that counseling and mentoring improve a small business’ chances of surviving and growing. SBA’s resource partners of Small Business Development Centers, SCORE chapters, Women Business Centers (WBCs) and Veteran Business Centers counseled more than 1.7 million entrepreneurs in FY2009. WBCs provided targeted advice to more than 150,000 entrepreneurs.