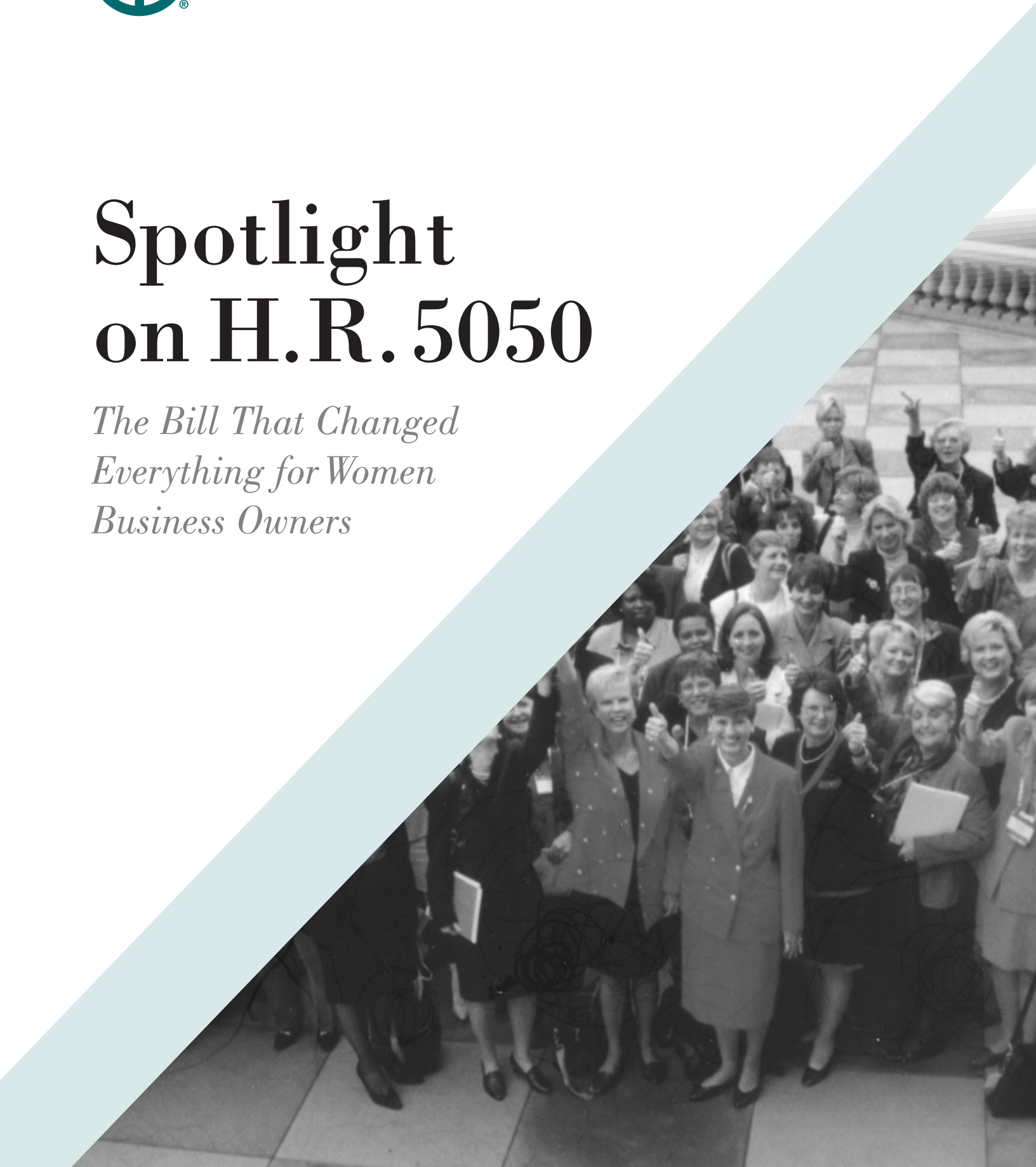




NAWBO
National Association of Women Business Owners

Spotlight on H.R. 5050

*The Bill That Changed
Everything for Women
Business Owners*

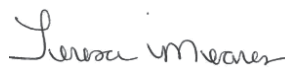




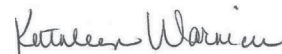
NAWBO was founded in 1975 in Washington, D.C. to serve as the first advocacy organization for all women business owners. As this white paper demonstrates, many of our predecessors at NAWBO spent a considerable amount of time identifying and understanding institutional or attitudinal biases they and their fellow women business owners were facing at the time as well as the obstacles that were precluding women business owners from further growth. Their efforts changed the landscape not just for their generation but for the generations to come. Thanks in part to their advocacy, women business owners are now one of the fastest-growing segments of our nation's economy. When women business owners do well, the economy does well. Additionally, women business owners bring an undeniable mission to give back in their work. Women business owners are very likely to reinvest any money saved or benefits extended to them back to their employees, their community, and other women business owners through groups like NAWBO, making them a great investment for us all.

It is our pleasure to commemorate and celebrate the 30th anniversary of HR 5050. This white paper sets out to examine the environment 30 years ago that led to the need for HR 5050 as well as provide a current assessment of the law's tenets to ensure they are still in effect today. Finally, this white paper looks forward to any current obstacles or opportunities on the horizon for the women business owner community.

Our appreciation goes out to all those who were involved at the time in the passage of this historic legislation and all of those who continue to this day to work for the betterment of women business owners.



TERESA MEARES
BOARD CHAIR
NAWBO Institute for
Entrepreneurial Development
2017-2018



KATHLEEN WARNICK
BOARD CHAIR
NAWBO National
2017-2018



LOREEN GILBERT
BOARD CHAIR
NAWBO Institute for
Entrepreneurial Development
2018-2019



MOLLY GIMMEL
BOARD CHAIR
NAWBO National
2018-2019





It seems incomprehensible today to think that just 30 years ago, simple acts of financial independence like obtaining business credit under your own name, were denied to our mothers and grandmothers. As we commemorate the 30th anniversary of H.R. 5050 this year, it is important to remember the foresight and perseverance of the many women who advocated for passage of the Women’s Business Ownership Act. The NAWBO members and their colleagues who helped to draft this landmark legislation and lobbied Congress to make it a reality were true visionaries. It is difficult to imagine the nation’s economy and culture today without the proliferation of women-owned businesses and the goods, services, jobs and other advancements that they and the women they empowered have created or driven since 1988.

The financial services industry has benefited from the economic expansion fueled by women as well. PNC’s support for female financial decision makers is reflected within our company and across the communities we serve. More than 1,650 PNC-Certified Women’s Business Advocates are intentional in bringing financial insights and services to women, and PNC’s status as an SBA Preferred Lender has enabled us to extend credit to more qualified women-owned companies. Furthermore, our partnerships with organizations such as NAWBO provide mentorship and other professional development for women in business, and our commitment to programs like the U.S. 30% Club creates opportunities for more female trustees while fostering diversity and inclusion among our senior leadership.

While there is still progress to be made to advance women in their careers and organizations, we pause at this milestone to express gratitude for the women and men who brought H.R. 5050 to life and who continue to push for increased adoption of its game-changing provisions. PNC is proud to support this celebration.





Female business owners have made great strides during the last 30 years, thanks, in part, to the passage of H.R. 5050. Female business leaders and policymakers sound off on the progress and next steps needed to keep moving the needle forward.

It's hard to believe, but as recently as the 1980s, women who dreamed of owning businesses faced myriad barriers, including the inability to get a business loan without a male co-signer, difficulty getting federal contracts, not having a seat at the policy table and lack of gender-sensitive entrepreneurial education and training. These obstacles were due, at least in part, to a lack of understanding about the impact of female business owners.

"An SBA publication called 'The State of Small Business' had a chapter on women-owned businesses, which mistakenly believed, based on extremely limited data excluding larger corporations, that almost all women-owned businesses were home-based ... with sales per year of under \$10,000," recalls Virginia Littlejohn, co-founder of Quantum Leaps and its president of innovation and strategic initiatives.

The National Association of Women Business Owners and other groups had long been advocating for better business policy. The Small Business Administration report demonstrated how little was known about the complexity and diversity of women-owned businesses and the off-base thinking and approach to public policy that had resulted. This became the catalyst for a more concerted effort. Led by NAWBO's then-president, Gillian Rudd, a group of women, including Littlejohn, pushed presidential candidates and members of Congress to provide more policy support of female entrepreneurs.

At a news conference on the steps of the US Capitol in late 1988, Rudd called out the SBA on its misguided report.

"She said we need data and research on women business owners, banks need to stop demanding that men sign for loans for women and we need more education and ... [business] counseling across the country to help women to grow their businesses even more," explains Dr. Terry Neese, a serial entrepreneur and CEO/president of the Institute for Economic Empowerment of Women.

Through intense lobbying, strategic communications and grassroots political action, NAWBO educated elected officials and agency staffers on the economic impact of women-owned businesses (WBOs). They showed how much more job growth, wealth generation and trade could be produced if women had the same support and access to business ownership as men.

GAME-CHANGING LEGISLATION

Eventually, US Rep. John LaFalce, D-N.Y., authored [H.R. 5050](#), and President Ronald Reagan signed it into law in a Rose Garden ceremony on Oct. 25, 1988. “It truly was the Big Bang,” says Littlejohn. “It transformed the landscape for women’s entrepreneurship.”

AMONG ITS MANY PROVISIONS, H.R. 5050:

ELIMINATED STATE LAWS REQUIRING WOMEN TO HAVE A MALE RELATIVE OR HUSBAND CO-SIGN A BUSINESS LOAN.

“One of our witnesses for the H.R. 5050 hearings didn’t have a husband, brother or living father available, so her 17-year-old son had to co-sign the loan for her,” Littlejohn recalls. “The stupidity of this really surprised the House Small Business Committee and propelled us to put language to change this into the legislation.”

Loreen Gilbert, president of WealthWise Financial Services, agrees. “If I had to rely on a male, it would be my brother, who’s very bright, [but who] has no interest in being part of my business,” she notes. “Thankfully, we had people ahead of us who paved the way for women business owners and made it possible for someone like me to grow my business, buy the building I’m in and **move the needle – and do it on my own!**”



“[H.R. 5050] truly was the Big Bang, it transformed the landscape for women’s entrepreneurship.”

—VIRGINIA LITTLEJOHN

GET INVOLVED

“The environment for women business owners today is probably the best we’ve ever had, but that doesn’t mean it can’t get better,” says Molly Gimmel, CEO of Design To Delivery Inc. One way to work to that end is to join professional groups for women, which create unified advocacy and opportunity building.

You can also take the fight directly to elected officials.

“So many decisions made at all levels of government can be either obstacles or opportunities for business owners,” explains NAWBO Chair Kathy Warnick. “It’s important to stay engaged so that those representing us understand the consequences of the laws and regulations they put forth.

“Government is a two-sided endeavor – our elected officials have the

responsibility to represent us to the best of their ability, and we have the responsibility to remain aware and engaged to help them and encourage them to do so.”

The websites [Contact Your Senator](#) and [Find Your Representative](#) provide contact information for your US senators’ and US House members’ Washington and field offices.

ESTABLISHED THE WOMEN'S BUSINESS CENTER PROGRAM.

"The biggest impact of H.R. 5050 was the recognition that women are subjected to discrimination in entrepreneurial developments due to their gender," says Antonella Pianalto, previous president and CEO of the Association of Women's Business Centers. The WBC program created entrepreneurial support for and by women. "WBCs provide not only business education, but a supportive environment that helps build self-efficacy and confidence," Pianalto notes. Today more than 100 centers in 48 states and Puerto Rico have helped more than 2 million women start and expand businesses.

CREATED THE NATIONAL WOMEN'S BUSINESS COUNCIL.

"The fact that the NWBC was created specifically to track women business owners and report back to the president, Congress and the Small Business Council offered us a voice," says Teresa Meares, founder of DGG Uniform and Work Apparel and former chair of the NAWBO board of directors.



"The biggest impact of H.R. 5050 was the recognition that women are subjected to discrimination in entrepreneurial developments due to their gender"

—ANTONELLA PIANALTO

The NWBC conducts research and advances practical policy solutions to expand and improve opportunities for WBOs. The center manages a robust data program that performs quantitative analysis on large data sets, including those requiring special access on-site at the Census Bureau or other locations. "We also offer data and statistics assistance to congressional offices, media or any other stakeholder looking for specific data on a component of women business ownership," explains Carla Harris, NWBC chair.

REQUIRED THE CENSUS BUREAU TO INCLUDE WOMEN-OWNED C-CORPORATIONS WHEN REPORTING DATA.

Before 1988, government agencies tracked mostly self-employed women but overlooked larger women-owned enterprises.

Adding other forms of business to the data sets was "really important to combat the assumption that women business owners were doing beadwork at home and selling on the weekends, which is a great home-based business,



but it certainly wasn't a true picture of the commerce of women," says entrepreneur and consultant Kathleen Diamond. The bill also required the Women's Bureau at the Department of Labor, the SBA Office of Advocacy and other government agencies to report to the Office of Federal Procurement Policy on public procurement with women-owned businesses.

H.R. 5050's impact extends beyond equity to the economy.

"Owning a business is one of the most effective ways for women to secure a financial future for themselves, provide for their families, exercise their commitments to their communities and drive our country's economic growth," notes SBA Administrator Linda McMahon.

"[The data speaks for itself](#)," she continues. "Women own almost 10 million businesses in the US and employ more than 8 million workers. They pay out more than \$264 billion in wages and salaries to employees and contribute \$1.4 trillion in sales to our national economy."

CONTINUING THE FIGHT

On the 30th anniversary of H.R. 5050's passage, it's important to reflect on this revolutionary legislation and its place in American women's history.

"We should all be aware that institutional biases against women business owners existed in this country only 30 years ago," explains NAWBO National Board Chair Kathy Warnick.

"We can celebrate how far we have come and assess how much further there may still be to go."



A WBO SUCCESS STORY: TERESA MEARES

Teresa Meares is a serial entrepreneur and award-winning business owner. DGG Uniform and Work Apparel, a Jacksonville, Fla.-based law enforcement supplier she founded in 2006, is one of the fastest-growing companies in northeast Florida and sells to accounts across the nation.

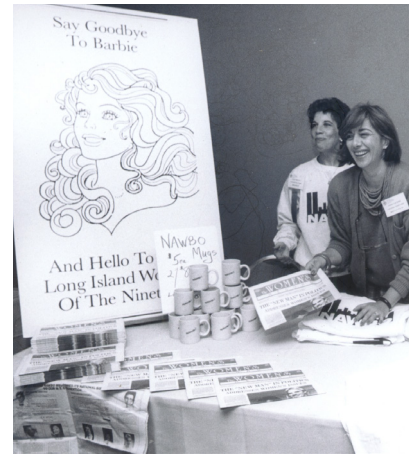
"I realized in my time as a law enforcement officer there was no growth opportunity for me, so at 36 I chose to leave a career I loved to chart my own course and not be held back by others," she explains.

To get started, Meares received an SBA 7(a) Loan to fund the business and a 504 Loan to purchase condos to house the operation.

"Having the backing of the SBA loan program allows me to focus on growing my business and maintain an accountability to the bank, plus have access to further financing as I build a trusting relationship with the bank," Meares says.

The company launched with one employee and ramped up quickly. Head count grew to 15 by the end of 2007, and to 30 in 2008.

"I purchased another condo to expand and grew my sales to over \$15 million," she says. In 2014, she expanded beyond embroidery, silk-screening and heat press to include selling the apparel itself. "I've grown that business approximately 30% year over year," she says.



“Owning a business is one of the most effective ways for women to secure a financial future for themselves, provide for their families, exercise their commitments to their communities and drive our country’s economic growth.”

—LINDA MCMAHON



SOME AREAS STILL NEEDING ATTENTION:

- **ACCESS TO CAPITAL 2.0:** “Even without needing a male co-signer, it’s still difficult for many women to get the financing they need to grow their businesses. **Not just from banks – only a small percentage of venture and institutional investor money goes to women-owned businesses,**” notes Molly Gimmel, CEO of Design To Delivery Inc. Adds Pianalto: “Women start their businesses with half as much capital as men, and only 4% of commercial loan dollars go to women-owned businesses. Last year, women received only 2% of venture capital dollars, a decline from previous years.” Pianalto says researchers estimate that if women started their businesses with the same amount of money as men, they could create 600,000 jobs in five years. McMahon says the SBA increased 7(a) Loan lending to women-owned businesses to \$7.5 billion in 2016 – almost \$300 million more than in the last fiscal year – and increased 504 Loan lending to almost \$1 billion, up \$277 million from the previous year.



OF WOMEN AND MINORITIES
THAT OCCUPIED FORTUNE
500 BOARD SEATS IN 2016

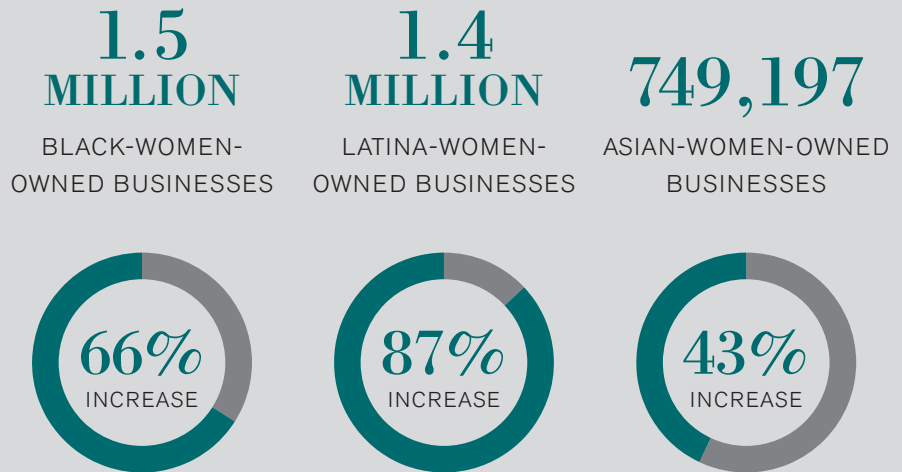


- **BOARD REPRESENTATION:** “The next biggest hurdle women business owners need to strive toward is representation on corporate boards,” Gilbert says. According to [Deloitte and the Alliance for Board Diversity](#), women and minorities occupied about 31% of Fortune 500 board seats in 2016. The figure is rising slowly, yet these boards remain 80% male. “Right now, one woman on a corporate board isn’t enough – we’d like to see more than one,” says Gilbert.
- **CERTIFICATION REQUIREMENTS:** Littlejohn says it’s time to re-evaluate the effect of the 51% requirement for certification to better understand the degree to which this keeps women-owned businesses smaller than they could be. The 51% requirement states that a business must be at least 51% directly owned and controlled by one or more women who are US citizens. “Can this problem be partly solved by having women investment funds investing in women-owned businesses to enable them to stay 51% or more female-owned?” she says. “Should there be more of a focus on women-led businesses, and less focus on the 51%?”



Research shows that when business owners receive training and business assistance, 80% are still in business after five years, compared to 50% who did not receive help.

IN 2012, NEARLY 3.8 MILLION BUSINESSES IN THE US WERE OWNED BY WOMEN OF COLOR:



- **ECONOMIC-IMPACT DATA:** “We need more deep research on the real economic impact that women-owned businesses can have on job creation, GDP and innovation,” Littlejohn notes. Specific queries include **how to create more employer firms and foster more female entrepreneurial unicorns, how tackling child care issues could affect WBOs and which good and best practices can we learn from other countries.**
- **INFRASTRUCTURE AND INNOVATION:** Regional and local entrepreneurial ecosystems are fundamental to ensuring the success of WBOs. These groups generate grassroots and governmental initiatives to promote more infrastructure to support business formation, growth and innovation. “Women business owners have a lot of power within their reach to make sure that various domains of their local ecosystem are working together,” Harris says. “Incubators and accelerators ... are refining their practices and developing more effective approaches than ever to support women entrepreneurs.” There are also opportunities to create policies and programs that promote digital inclusion, support WBOs in tech transfer and connect women-owned enterprises with scientists and inventors.
- **MINORITY SUPPORT:** Women of color are starting businesses in record numbers, creating opportunities for targeted support and engagement. “Research shows that when business owners receive training and business assistance, 80% are still in business after five years, compared to 50% who did not receive help,” Pianalto says. According to the Census Bureau’s survey of female business owners, in 2012 (the most recent year surveyed), nearly 3.8 million businesses were owned by women of color: 1.5 million black-women-owned businesses in the US, 66% more than in 2007; 1.4 million Latina-women-owned businesses, an 87% increase; and 749,197 Asian-women-owned businesses, up 43%.

- **PUBLIC PROCUREMENT:** “The United States federal procurement market represents one of the largest markets in the world — over \$400 billion — and the federal government has a goal to spend 5% of federal contract dollars with women-owned small businesses,” Harris explains. “As of the end of FY 2017, that goal has been met just once — in FY 2015.” **Getting more WBOs involved requires two things: more women competing and more agencies contracting.** Policy changes would enable more enterprises to go after lucrative contracts. Among the biggest agencies, however, only the Department of Health and Human Services exceeded the goal of 5%, says Harris. Others include the Department of Defense at 4.1%, NASA at 4.05%, the Department of Veterans Affairs at 3.04% and the Department of Energy at 1.2%. “If each [agency] had spent a full 5% of dollars with women-owned businesses, the share of government contracts going to women business owners would have been closer to 9%,” Harris says.
- **WBC EXPANSION:** “We need to change the mandate of the Women’s Business Centers so that they can have a bigger focus on growth,” Littlejohn notes. A more balanced approach would enable support for business growth and poverty alleviation. Business growth is critical as women-owned businesses get larger and more complex and require different resources to do so. Poverty alleviation is still relevant, according to a report from the [Federal Reserve Bank of St. Louis](#), because families — and particularly families of color — have experienced “relatively low cumulative increases in long-run wealth” since the Great Recession.

Addressing these challenges requires WBOs to lobby at every level of government and get more directly involved in helping one another, Gilbert says. “Women must look for opportunities to continue to move things forward ourselves,” she says. “We want to appreciate what we have and enjoy our success, but we must keep working. It’s possible. Don’t think it’s not, even if it seems like an uphill battle. These battles can be won.”

“Women must look for opportunities to continue to move things forward ourselves, we want to appreciate what we have and enjoy our success, but we must keep working.”

—LOREEN GILBERT





ACHIEVING THE DREAM



Linda McMahon is Administrator of the US Small Business Administration. Before the SBA, McMahon was CEO of World Wrestling Entertainment, which she co-founded with her husband, Vince McMahon. She was instrumental in expanding the company's presence through product merchandising, publishing and television contracts. Here, McMahon talks about the challenges women-owned businesses face and how women can achieve their dreams of entrepreneurial success.

SBA HELPS FEMALE BUSINESS OWNERS IN MANY WAYS. DESCRIBE ONE THAT'S COMMONLY OVERLOOKED OR THAT'S ESPECIALLY IMPACTFUL.

One commonly overlooked resource is the SBA's assistance in accessing government contracts. The federal government is the world's largest purchaser of goods and services, buying everything from pencils to aircraft carriers. It has a goal that 23% of federal contracts be filled by small businesses, with 5% filled by women-owned small businesses. Our 68 district offices and resource partners, such as the Women's Business Centers, counsel women on how to access these opportunities.

WHAT IS THE MOST PERSISTENT DISPARITY OR OBSTACLE FOR FEMALE BUSINESS OWNERS?

The biggest disparity is access to capital. Research shows that women tend to finance new businesses with personal savings and credit cards and, therefore, start with less capital than businesses owned by men, who are far more likely to finance new businesses with loans and preserve that cash and credit line for unexpected challenges. Research shows that having enough capital at the start is the leading indicator of a business's long-term success. Businesses that start with more capital also tend to have more employees and higher sales. When it's time to expand, again men are more likely than women to get a business loan — women tend to use cash reserves.

WHAT CAN FEMALE BUSINESS OWNERS DO TO ADDRESS THAT DISPARITY?

I want more women to consider loans guaranteed by the SBA — the guarantee makes it more attractive for banks and credit unions to make loans to a small business that may not qualify for more conventional funding. And the SBA has several loan programs to meet their needs. Our signature 7(a) Loans are primarily used for starting and expanding small businesses. Our 504 Loans are primarily used for purchasing fixed assets.

WHAT ARE THE TWO BIGGEST OPPORTUNITIES FOR FEMALE BUSINESS OWNERS?

I advise all entrepreneurs to seek counseling and mentorship. Women can benefit from talking to people who have “been there, done that” — it helps take the mystery out of starting or growing a business. The SBA’s 68 district offices and resource partners, such as the WBCs, can offer guidance specific to their needs.

WHY SHOULD FEMALE BUSINESS OWNERS FEEL OPTIMISTIC ABOUT THE FUTURE?

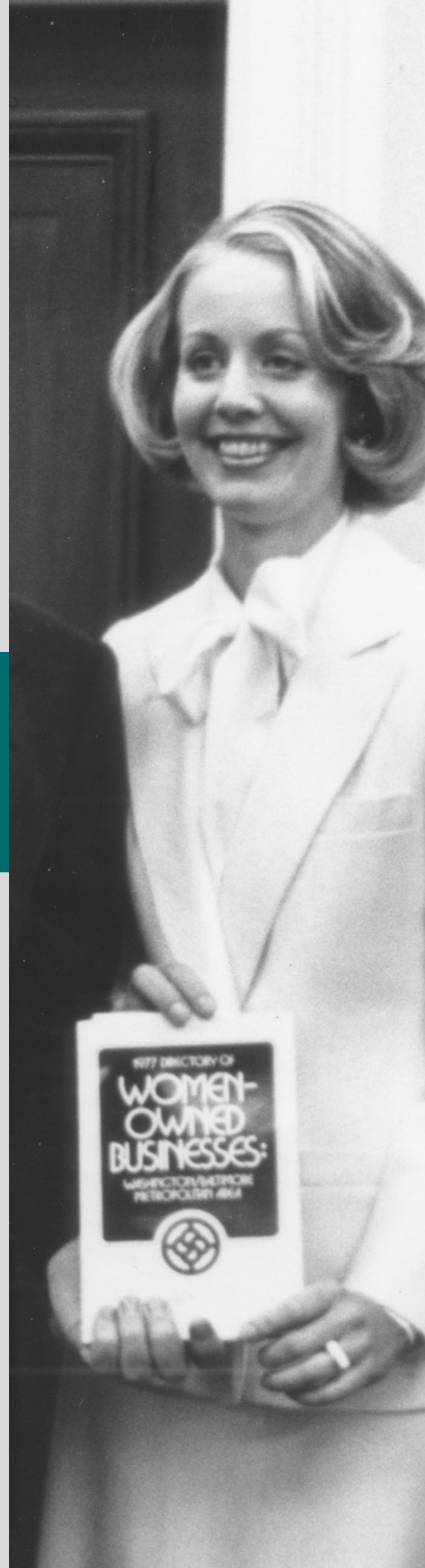
I think all business owners should feel optimistic. One of my priorities as administrator of the SBA is to continue to revitalize a sense of entrepreneurship in America. I believe President [Donald] Trump has set the tone for this with a pro-growth agenda. He is working to roll back overly burdensome regulations and reform taxes, including cutting the rates corporations and small businesses pay. This would allow business owners to invest in their companies, hire more workers and grow our economy. The president is also committed to training the workforce of tomorrow, such as with an executive order in support of internships and apprenticeships that will help potential employees learn the skills small businesses demand. We want entrepreneurs to feel confident in taking a risk on starting or expanding their small businesses. And the SBA is here to help them.

*“Dreaming will never get you to your goal.
It takes a lot of doing.”*

—LINDA MCMAHON

WHAT ONE PIECE OF ADVICE WOULD YOU GIVE FEMALE BUSINESS OWNERS?

You never know if you don’t try! I have known the full range of successes and failures in business, from declaring bankruptcy early on in my life to building a company into a publicly traded global enterprise. There is no limit to what you can achieve, but you have to put in the work to get there. I have truly lived the American Dream, but I believe that phrase is kind of a misnomer as dreaming will never get you to your goal. It takes a lot of doing.





ABOUT NAWBO

Founded in 1975, the National Association of Women Business Owners (NAWBO) is the unified voice of America's nearly 11.6 million women-owned businesses representing the fastest growing segment of the economy. NAWBO is the only dues-based organization representing the interests of all women entrepreneurs across all industries. NAWBO develops programs that help navigate women entrepreneurs through the various stages of their business growth.

