



**Women's Initiative Findings and Recommendations  
Relating to the Economic Stimulus Efforts  
June 2009**

**Our Vision is that Every Woman will know that she can be safe, build assets and achieve prosperity. No woman in the United States will experience economic insecurity.**

**ABOUT WOMEN'S INITIATIVE**

In 21 years of business training and support services, the nonprofit organization Women's Initiative has served nearly 19,000 low-income and minority women in the San Francisco Bay Area who dream of starting and sustaining their own businesses. After receiving business training and skills from the Women's Initiative, the women who begin their own businesses improve the economic vitality of their communities. Consider the following:

- **For every \$1 invested in the Women's Initiative, \$30 are returned to the local economy** as a result of women paying taxes hiring others, and leaving the welfare system;
- Graduates **increase their income 60% within one year**; and
- **70% of our graduates are in business five years after participating in our program.**

Our research consistently demonstrates that when given access to training, capital and business networks, low-income women can start and grow prosperous businesses - especially during times of economic recession! In fact, President Obama has announced that **70% of all new job growth will take place in small businesses**. Women's Initiative clients are starting businesses that will stay in our communities, hiring locally and becoming leaders and philanthropists in their communities.

**CALL TO ACTION: SUPPORT WOMEN ENTREPRENEURS AND LOCAL ECONOMIC RECOVERY**

While corporations shut down offices and layoff thousands, microenterprises thrive. Historically, these businesses have been able to create jobs during economically rough times. For example, microentrepreneurs in California generated more than 377, 000 new jobs and almost 80% of the job growth in the state during the last recession. Entrepreneurship offers women a unique opportunity to achieve self-sufficiency while employing others and revitalizing depressed communities.

Women's Initiative strongly urges policy makers to include gender in all budget analyses - what we call a gender budgeted approach - in order to ensure that women and their families are not left behind in the economic recovery. Specifically, we urge the following eleven actions to support microentrepreneurship, an effective strategy for low-income women to increase their income, create jobs, and stimulate the local economy- especially during times of economic recession.

1. **Support for the Women's Initiative first-time leaseholder program.** This program has been invaluable to our clients accessing a storefront to open their business in San Francisco. These businesses provide tax dollars and employment that will stimulate the economy and revitalize impoverished neighborhoods.
  - Reinstatement of the Women's Initiative first-time leaseholder program in San Francisco and every city in the Bay Area.
  - Introduce affordable commercial real estate zoning, similar to affordable housing.
  
2. **Invest in microenterprise training and microloan funds for low-income and minority women,** which have proven to result in the highest return on investment for communities.
  - Expand funding for SBA Women's Business Centers.
  - Include more funding for technical support in CDFI.
  - Expand funding for Community Development Block Grants (CDBG).
  - Extend PRIME (Program for Investments in Microentrepreneurs) to the state of California.
  - Include more funding for microenterprise technical support for Mayor's Office of Community Investment (MOCI) and Economic and Workforce Development (OEWD).
  - Create an economic development grant program that would provide funding for microenterprise programs. A percentage of the profits currently going to repay the Resolution Funding Corporation obligation could be used to fund this program.
  
3. **Expand access to microloan funds and microenterprise training.**
  - Self-sufficiency standard or HUD guidelines should be used to determine eligibility. A family of three with an annual income of \$12K is currently earning *too much* to qualify while basic expenses such as housing, food and healthcare come to nearly \$58K for a family of three in San Francisco.
  - Reform asset limits to at least three months income, a dependable vehicle, and all business assets.
  - Waive third party evaluation requirements, which substantially increase overhead without adding services.
  - Increase reporting period to 12-24 months.
  
4. **Decrease the fees for businesses licensing and other fees that create barriers to starting a business for low-income people,** such as:
  - Fictitious business name filing fees
  - Fire permits
  - Worker's Compensation
  - Fees paid by microentrepreneurs should be spent to support microenterprise
  
5. **Provide a tax incentive, façade improvement and other supports to encourage microbusinesses to locate in the cities.** Microenterprises do not receive equal

incentives as national chains do to locate in a city or particular neighborhood. A portion of government activities to attract business should target local, women and minority owned microenterprises.

6. **Insist on economic stimulus that supports women.** We must push for a stimulus that will specifically support women and the industries women are more likely to be involved in. Payroll tax decreases and other stimulus methods targeting people who work for an hourly wage as opposed to a salary will especially help low-income women who often work in food service, child care, customer service, and other by-the-hour jobs.
7. **Provide low cost or subsidized health care and day care.** The high cost of childcare is a major barrier to providing for their families for women. And lack of health insurance is one of Americans greatest financial vulnerabilities. One half of all personal bankruptcies in the US are the result of medical expenses.
8. **Expand eligibility requirements, time limitations, and approved uses of IDAs** in order to allow more low-income families and women to benefit from this important asset-building tool.
  - Make available to anyone earning less than the self-sufficiency wage.
  - Include self-employed people by making available to those who do not have regular paychecks.
  - Make it practical to use for a down payment on a home by lengthening the time period in which it must be spent.
  - Include immigration fees in qualified uses.
9. **Creation of Bay Area Certification Zone** with reciprocal certification among all municipalities in order to streamline the certification process and encourage more microbusinesses to participate in government contracting and corporate procurement opportunities.
  - Women owned businesses
  - Minority owned businesses
  - Small businesses
  - Microenterprise (not yet relevant for government contracts)
  - Local businesses (not yet always relevant for government contracts)
  - Green businesses (not yet relevant for government contracts)
10. **Create a National Microenterprise Agency** (separate from small business). As a growing sector of the economy, the opportunities and issues related to microenterprise need to be addressed separately from those of small business for the following reasons:
  - Changing demographics and markets have resulted in increasing numbers of microenterprises as well as the number of people who are employed by microentrepreneurs.
  - Data on small business only inadequately describes and explains trends in microenterprise.
  - Microenterprise is an underserved sector of the economy.

- There is a need for programs specifically targeting microentrepreneurs, women microentrepreneurs, and microenterprise services in Spanish.
- Microenterprise is unique as an employment opportunity, economic development and poverty alleviation strategy.

**11. Encourage the IRS to extend the capacity and availability of training for its Volunteer Income Tax Assistance (VITA) program to serve low-income tax payers with self-employment income.** Currently, many IRS offices discourage or forbid volunteers from filing schedule C self-employment returns because of increased complexity involved in completing the returns.

#### WHAT'S AT STAKE

By failing to analyze the impact of budget and policy decisions on women, the current economic stimulus efforts will not reach women-headed households and their children. The well-being of families increasingly relies on women's earnings: more women are now sole breadwinners struggling to support their families. In addition, women are more financially vulnerable than men because on average they own fewer assets, earn less and are more likely to have a part-time job. The current economic stimulus efforts target traditionally male-dominated sectors, such as manufacturing and construction spending, and fail to address the needs and capacity of women. The focus on job training appears to be a limited strategy while the ratio of job seekers to jobs remains over 3:1. What we need to focus on now is job creation, including self-employment and employment by microenterprises.

Getting money into the hands of low-income families is proven to have the greatest economic stimulus benefit, due to the fact that it immediately increases consumption. Research shows that benefits and tax refunds to low-income women and their families will be spent quickly to meet household expenses. According to the Center for Budget and Policy Priorities, a non-partisan research group, relief to low- and moderate-income families is among the most effective economic stimulus.

#### ECONOMIC STIMULUS MUST ACTUALLY CREATE JOBS

Much of the economic stimulus money is going to funding large corporations and replacing lost public service jobs, which has limited benefit for low-income families. This strategy perpetuates the failed trickle down policies. Investing in microentrepreneurs is clearly the strategy that will have the highest payoffs for working families and it is the most essential investment today, with a demonstrated multiplier effect which pushes money up through the economy.

Microenterprises will create 70 - 80% of all new jobs in this recession, according to a broad segment of economists and as report by President Obama in his recent speech. There are little if no provisions in the stimulus to directly support these businesses, which – while individually small – make up a significant sector of the economy. Microenterprises created by Women's Initiative will create an average of 3 new jobs paying on average \$2 an hour over the mean wage in the San Francisco Bay Area.

## CONCLUSION

Despite the fact that the economic downturn is impacting women disproportionately, current policy solutions are leaving women out. Economic recovery can only reach all families and communities if the specific needs and contributions of women are tapped as part of the solution.

Supporting women through targeted, culturally competent entrepreneurship training and business service support must be a key part of the economic stimulus strategy. Right now, the Women's Initiative is experiencing a 100% increase in demand as more and more low-income and minority women are seeking business support services to start or grow a business. These women, with support, will provide for their families, offer regular paychecks to others in the community, and stimulate economic recovery through increased spending and tax revenue.

Microentrepreneurship increases during economic downturn. Necessity entrepreneurship increases as there are fewer jobs to be found and, at the same time, new business opportunities open up as bigger businesses fail or shrink. Additionally, business ownership is one of the most powerful ways for women, who often face barriers in employment, to increase their income and build assets. Recent history has shown that microenterprises are the engine of economic growth during recovery from recession.

Investing in microenterprise during a recession produces an especially large return on investment as money is put directly in the hands of low-income families, new jobs are created, communities where bigger businesses withdrew now have access to new services and products, and business districts create vibrant communities. It is essential that we invest in helping low-income women generate income and jobs for themselves and others and stimulate the local economy.

With your leadership and support, we can help ensure that women are safe, build assets and achieve prosperity and as a result create economic growth for our communities and create good paying jobs that will stimulate our economy.

**Within one year, a \$10M investment in microentrepreneurs through Women's Initiative today will result in:**

- **6,193 women served**
- **1,714 graduates with a bank-ready business plan**
- **865 women and minority owned local businesses**
- **providing 1,495 jobs**
- **paying over twice the minimum wage**
- **generating over \$39 million in gross annual revenue**