



Women's Initiative's Findings and Recommendations to the San Francisco Commission on the Status of Women - March 25, 2009

ABOUT WOMEN'S INITIATIVE

In our 20 years of non-profit business support services Women's Initiative has served over 17,000 low-income and minority women in the San Francisco Bay-Area who dreamed of starting their own business. We have never seen the current level of demand for our business support services nor have so many incoming clients reported this degree of desperation. One client who had become homeless because her unemployment benefits were not enough to pay her rent, told us she was lucky to be able to move in with her daughter. Now more than ever, we need the partnership of the City of San Francisco to meet the demand for our services but the City has pulled back on \$225,000 in funding for our program.

In addition to intake interviews with clients, our research team conducts regular interviews with our graduates for five years after they participate in our program in order to understand the needs of women entrepreneurs and measure the impact of our program on our clients' financial well-being, their businesses and the community. We have consistently seen that, given the access to the training, capital and business networks, low-income women can start and grow prosperous businesses - even during, especially during times of economic recession! In fact, president Obama has announced that 70% of all new job growth will take place in small business. Our clients will start businesses that stay in San Francisco, hire San Franciscans and serve the community.

IMMEDIATE NEED AND OPPORTUNITY

Women's Initiative strongly urges the City of San Francisco to take a gender budgeting approach to ensure that women and their families are not left behind San Francisco's economic recovery. **We ask the city of San Francisco to invest \$20 million in women and minority microentrepreneurs within the next 18 months to result in \$600 million in economic growth:**

- Women and their children are now especially vulnerable to hardship and violence
- A gender budgeted approach will ensure that women and their children will be able to participate in the economic recovery
- Women Initiative recommends 7 actions to support microentrepreneurship in San Francisco, an effective strategy for low-income women to increase their income, create jobs, and stimulating the local economy- especially during times of economic recession.

WOMEN AND FAMILIES ESPECIALLY VULNERABLE TO HARDSHIP AND VIOLENCE

More women are now sole breadwinners struggling to support their families. In addition, women are more financially vulnerable than men because they own fewer assets, earn less and are more likely to have a part-time job¹. **Half of the women starting our program have less than \$40 in net worth.** Our research last year showed that within two years after graduation, clients had increased their wealth over \$50,000 on average but nearly half of the graduates interviewed in the last six months have

¹ From "Taking a Toll: The Effects of Recession on Women" issues by the Senate committee on health, education, labor and pensions, chaired by the Democratic senator from Massachusetts, Edward Kennedy

reported severe loss of wealth due to falling real estate values. The consumer federation of America reported that women were generally more likely to have received a subprime mortgage than men².

Sadly, the recession has also led to an increase in the frequency and severity of domestic violence. **There has been a three-fold increase in domestic violence related homicides**³. Microenterprise support services pick up where domestic violence shelters leave off by offering long-term solutions to gaining the economic independence, self-confidence, supportive networks and financial safety nets for a woman and her children to leave an abuse relationship and rebuild their lives. One quarter of our clients are estimated to be domestic violence survivors.

The New York Times reports that the recession is **affecting Hispanics the most** and especially Hispanic women⁴. Women's Initiative provides culturally-competent Spanish language instruction to serve the Latina community. Our research has shown that microenterprise is a particularly successful strategy for helping Latinas build assets and improve long-term job prospects.

WHAT'S AT STAKE

Without a gender budgeted approach, the economic stimulus targeting traditionally male dominated sectors, such as **manufacturing and construction spending, will not reach women headed households and their children**. The focus on job training appears to be a limited strategy while the ratio of job seekers to jobs remains over 3:1⁵. What we need to focus on now is job creation.

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 are among the most effective economic stimulus**.

RECOMMENDED ACTIONS TO SUPPORT WOMEN ENTREPRENEURS

While corporations shut down offices and layoff thousands, microenterprises thrive. **Microenterprises have historically been able to create jobs during economically rough times**. Microentrepreneurs in California generated more than 377, 000 new jobs and almost 80% of the job growth in the state during the last recession⁶. Entrepreneurship offers women a unique opportunity to achieve self-sufficiency while employing others and revitalizing depressed communities.

1. **San Francisco must renew its support for our first-time leaseholder program**. This program has been invaluable to our clients in finding a storefront to open their business. These businesses provide tax dollars and employment that will stimulate the economy and revitalize impoverished neighborhoods.
2. **Investment in microloan funds** which have lower barriers for entrance such as Women's Initiative's loan fund.
3. **Invest in microenterprise training and growth support services for low-income and minority women** – this will result in the highest return on investment for San Francisco.

² <http://www.consumerfed.org/pdfs/WomenPrimeTargetsStudy120606.pdf>

³ http://www.boston.com/bostonglobe/editorial_opinion/oped/articles/2008/12/25/recession_can_be_deadly_for_domestic_abuse_victims/

⁴ http://www.nytimes.com/interactive/2009/03/21/us/20090321_immig_hispanics.html?hp

⁵ http://www.epi.org/economic_snapshots/entry/more_job_seekers_fewer_jobs/

⁶ <http://www.microenterpriseworks.org>

- For every \$1 invested in our work, \$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.
 - Graduates quadruple their wealth within the first two years
 - 70% of our graduates are in business five years after participating in our program
 - Nearly half of our graduates are providing jobs for others five years after training.
 - Our graduates pay their employees an average hourly wage of over \$16.
 - Our graduates are report being less directly impacted job and Income insecurity than others, particularly their husbands.
4. **Decrease the fees for businesses licensing and other fees that create barriers to starting a business for low-income people**
 5. **Provide a tax incentive, façade improvement and other supports for microbusinesses locating in the city of San Francisco**
 6. **A 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. **Low cost or subsidized health care and day care.** San Francisco already does an excellent job of providing low-cost healthcare for its residents. However, the high cost of childcare is a major barrier to women in providing for their families.

A GENDER BUDGETED APPROACH

Increasingly more low-income and minority women are seeking our business support services to start or grow a business. The partnership of the City of San Francisco is essential for us to continue helping low-income women achieve self-sufficiency and return that investment back to the local economy thirty times over. San Francisco's economy will only recover with the participation of women and will be served in the long-term by investment in residents committed to the city. Microenterprise has proven to be a powerful income and wealth building strategy for low-income women. The most effective time to invest in microenterprise is now, during a recession. It is essential that San Francisco invest in helping low-income women generate income and jobs for themselves and others and stimulate the local economy.