A Call to Reauthorize and Modernize the Women’s Business Centers Program
I. Overview

The Women’s Business Center (WBC) program is a public-private partnership created by Congress 31 years ago as part of H.R. 5050 (P.L. 100-533), the Women’s Business Ownership Act of 1988. This landmark bill noted that despite making enormous contributions to the American economy, “women, as a group, are subjected to discrimination in entrepreneurial endeavors due to their gender...adversely impacting the ability to raise or secure capital, to acquire managerial talents, and to capture market opportunities.” H.R. 5050 not only established the WBC program, but it also authorized seed funding for the first centers via the Small Business Administration (SBA), specifying their role in providing technical assistance to women business owners, particularly those who are socially or economically disadvantaged, “from start up to success.”

In its first year, the WBC program received $2 million and funded four centers. After 10 years, the program grew to 70 centers and $12 million in funding. Since then, in line with the explosive growth of women’s entrepreneurship, the program has increased from those four “demonstration sites” to a proven network of 114 grants leveraged to more than 150 locations in 48 states and territories.

Today the network of WBCs reaches into urban, suburban, and rural communities alike to assist America’s job creators, particularly the most disadvantaged, in launching and growing their own businesses by providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country.

The continued growth of the program leaves an enormous footprint of successful business owners and job creators. In fiscal year 2017, WBCs reached more than 148,000 clients and conducted over 93,000 hours of counseling and over 15,000 training sessions in over 35 languages. In 2015, according to the most recently available data, WBCs assisted with nearly $429 million in private capital infusion. This success is in part a result of the fact that approximately 35% of WBCs are co-located with a microlending program and many collaborate with local lenders and microlenders as a way to help more women entrepreneurs access capital.

While the WBC program has grown immensely since its creation, resources for the program have not grown in parallel. And while WBCs have served more than two million women entrepreneurs, leading to the creation and expansion of tens of thousands of new businesses and jobs, they have not been able to keep up with the explosive growth of female entrepreneurs.

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2 HR 5050 https://www.congress.gov/bill/100th-congress/house-bill/5050?q=%7B%22search%22%3A%5B%22HR%22%5D%7D&s=4
3 From the 2019 CBJ: “Women’s Business Centers (WBCs) helped many small businesses work with microlending institutions, helping them access millions of dollars in loans.” Pg. 43
https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF
According to recent data, in 2018 the number of women-owned businesses was 12.3 million—
that is 31 times more than the amount in existence in 1972.4 Furthermore, analysis of data from
2007 to 2018 showed an explosive growth of 58% in women-owned businesses, while the
growth for all businesses was 12%. Four out of 10 businesses in the United States today are
women-owned.5

With current resources, the 150 locations of WBCs are able to serve around 145,000 clients
annually. While many entrepreneurs remain clients throughout the lifecycle of their small
business and are served in various ways over the years, such as through workshops, trainings,
one on one counseling and mentorship, the data shows that this is only a small proportion of the
actual number of female entrepreneurs in America. While centers would like to serve more
women, they are currently constrained by resources which dictate the amount of staff and third-
party service providers they can hire. They are also constrained by certain aspects of the WBC
program which are outdated and incompatible with growth. To reach more of the growing
population of women entrepreneurs, the WBC program is in need of program reauthorization and
modernization and a significant increase in funding.

II. Necessities of Reauthorization

A. Funding

When the WBC program was established over 30 years ago, the maximum grant amount
available from the SBA to a WBC was set at $150,000 per year. This cap on grant size has
remained fixed since 1988, failing to grow with either inflation or the number of women
entrepreneurs in need of service. Adjusted for inflation, that amount in 2019 dollars would now
be $319,161.45.6

WBCs are required to match federal dollars at a 1:1 ratio. A survey conducted by the Association
of Women’s Business Centers (AWBC) in 2019 found that 75% of centers surveyed have the
ability to match a federal grant of least $300,000.

5 Ibid
Increasing the potential grant amount to an individual center will allow centers to expand their reach and serve more entrepreneurs through various avenues which include opening a new location (under the same grant) and supporting distance learning initiatives. Under the current model, in order to reach into unserved geographic locations, an entirely new WBC would need to open in that area. This process involves not only a new grant application, but also a learning curve which must be surmounted. By instead increasing the grant cap and allowing an established and experienced WBC to operate a new location, economies of scale can be realized, and the center can become operational on an efficient timeline, benefiting from staff experience and expertise.

If 70% of WBCs were funded by grants of $300,000, 20% funded at $200,000 and 5% at $150,000, the program would need $29,355,000 to operate at its current size. An additional $5M would allow for the opening of 16 new centers, reaching into geographic areas that are as yet unserved. Reauthorizing the WBC program for FY2020-2024 at $35M would allow the program to operate at maximum efficiency with room for growth. This amount sets a reasonable ceiling for this time period and restores the program to good governance and oversight while signaling to the growing women’s business community the commitment of Congress to support the ever-increasing population of women entrepreneurs.

Another way to maximize the impact of the WBC program is by tapping into unused program funds. The Association of Women’s Business Centers can determine the best use for unspent funds, and they should be consulted by the SBA when determining their use. For example, this money can be maximized through additional Innovative Grants to WBCs.

Additionally, the program is burdened by unnecessary reporting requirements which reauthorization should eliminate. Currently, funds which WBCs raise beyond the 1:1 federal match are subject to Office of Management and Budget rules, regulations and reporting requirements. This burden causes many centers to avoid raising funds beyond the federal match. These reporting requirements should be eliminated, and additional flexibility should be given to overmatch, including the ability to carry over to the next fiscal year and count towards that year’s federal match.

Creating flexible options and creative solutions for the match requirement would also be helpful to some centers. Currently there is a waiver option for centers who cannot meet the federal match, but it is effectively non-existent in practice. This is worthy of reconsideration.

**B. Improving Centers**

There is significant opportunity for improvement of the WBC program through reauthorization and modernization. The greatest opportunity to strengthen WBCs is by establishing an accreditation program, overseen by the AWBC, which would increase accountability and raise the standards of excellence for training and counseling of women entrepreneurs. The accreditation program should be similar to the successful Small Business Development Center (SBDC) accreditation program run by the Association of Small Business Development Centers (ASBDC). In such an accreditation program, standards should be set independently of the SBA.
Another improvement can be made to ensure rural representation of the WBC program, thus reaching entrepreneurs outside of urban centers. The 1:1 matching funds requirement should be modified for centers established in rural areas, where it may be impossible to secure private sector funding. These centers should also be exempt from procurement requirements that necessitate multiple bids because there may not be multiple firms to collect bids from in rural areas.

The sharing of best practices in grant compliance, training, and counseling across the 114 centers would improve center operation and service delivery for all. Additional funds to facilitate this sharing, particularly through the annual AWBC conference, is an avenue to accomplish this goal.

Finally, in order for WBCs to reach more women entrepreneurs, the program needs more promotion and marketing. SBA does not consistently market the services of WBCs, which is a missed opportunity for engaging more women entrepreneurs. According to a 2018 survey conducted by ThinkNow Entrepreneurship, only 27% of women surveyed were aware of the WBC program. Raising visibility and awareness will drive more entrepreneurs through the doors of centers.

C. Accountability

Given AWBCs familiarity and extensive knowledge of the program, SBA should work in consultation with AWBC to determine new center locations. The process for choosing the location of new center grants should be transparent and public.

The oversight requirements in current legislation must be matched with the capabilities of the SBA. For example, the SBA does not have the resources to conduct a yearly exam of each center. The current process is retroactive, requiring centers to address issues from up to two years prior, the process often fails to address current situations. This is inefficient and a waste of both SBA and WBC resources.

Data is of course needed to measure the true impact of the WBC program. The EDMIS system which is used across the broader Entrepreneurial Development division at the SBA is problematic, often suffering outages which narrows the window of time that WBCs are able to complete their required reporting. This system needs to be fixed, or a newer and more efficient system put in place. Additionally, Office of Entrepreneurial Development (OED) reports must be filed annually. The last report issued was from 2015. Data collected via EDMIS should be shared and publicly available in order for stakeholders to measure impact.

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Reauthorization should also include a line item in appropriations to ensure funds flow to WBCs in disaster areas. The RISE Act is not strong enough legislation to funnel funds to WBCs for the purpose of facilitating technical assistance in disaster areas.

**D. Return on Investment**

Based on the most recently available data from the Small Business Administration’s FY 2020 Congressional Budget Justification And FY 2018 Annual Performance Report, an increase in funding to $35 million could nearly double the current impact of the WBC program, as measured in performance indicators such as number of clients served, trained, advised, as well as new businesses created and financing secured.⁸

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<th>Funding Level</th>
<th>Clients Served Annually</th>
<th>New Small Businesses Created</th>
<th>Financing</th>
<th>Clients Advised</th>
<th>Clients Trained</th>
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<td>233,755*</td>
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*Projected numbers based on $35M funding*

When asked in a recent 2019 survey conducted by AWBC, the overwhelming majority of WBCs answered that with additional funds they would be able to serve more entrepreneurs, particularly in rural, difficult to reach areas. Respondents to the survey stated that they would accomplish this by opening a new location, traveling into rural communities, or investing in distance learning programs.

Some anecdotes from survey responses allow a closer look at how WBCs would use additional resources to tailor their services to meet the specific needs of women in their communities. For example, the Business Outreach Center Network in Brooklyn, New York stated that with additional funds they could “provide childcare at events so more women who are mothers feel comfortable attending.”⁹

A number of centers located in diverse communities, such as the Wisconsin Women’s Business Initiative Corporation and the Women’s Business Center of New York State, stated that

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⁹ 2019 WBC Funding Survey conducted by AWBC
additional resources would allow them to expand programming targeting Spanish speakers while offering more programs in languages other than English.

The majority of those surveyed stated that additional funding would allow them to expand their geographic footprint and reach into rural communities. This is especially important for states with large rural communities and only one WBC in the entire state. For example, the Arkansas Women’s Business Center stated that their center serves the entire state of Arkansas and an increase in resources would “help with traveling into Arkansas’ rural communities of the state,” while the South Dakota Center for Enterprise Opportunity said with additional funds they “could […] reach new audiences in more rural areas across South Dakota.”10 The Montana WBC also mentioned “additional regional outreach to rural Montana.”11

An intimate look at survey responses reveals the sheer necessity for additional funding to help with the day-to-day operations of many centers. The Missouri Women’s Business Center stated that they “desperately need more employees,” while the Wyoming Women’s Business Center said “we desperately need another trainer/counselor.”12 Responses like these show that additional funding is not just a “nice to have,” but in many cases there is an urgent need for it.

With the explosive growth in female entrepreneurship over the past several decades, now is the time for a significant increase in investment in the only government program focused on serving socially and economically disadvantaged women entrepreneurs. With modernization of the Women’s Business Center program will come an increase in women entrepreneurs who receive business training, counseling, and the access to capital they need to start businesses, create jobs, and contribute to thriving local economies.

10 ibid
11 ibid
12 ibid