Women Mean Business:
State Strategies to Close the Women’s Wealth Divide Through Entrepreneurship in Georgia
May 2nd, 2019 | Agnes Scott College
WHO WE ARE

The Georgia Budget and Policy Institute is working to advance lasting solutions that expand economic opportunity and well-being for all Georgians.

We envision a fair and inclusive Georgia where all people prosper.
WHY PRIORITIZE GENDER EQUITY?

- Women represent a majority of Georgia’s adult population
- Nearly half of women and girls are of color
- Women represent nearly half of Georgia’s workforce
- In more than half of Georgia households with children, women are primary or co-breadwinners
WEALTH

Value of Assets – Debts = Wealth

Common Types of Assets:
- Cash
- Investments
- Property
- Retirement Accounts
- Business Assets

Common Debts:
- Mortgages
- Credit card debt
- Student loans
- Car loans
GENDER WEALTH DIVIDE

The typical household headed by a single woman in Georgia has about 42% of the wealth of a household headed by a single man.
WEALTH DIVIDE GREATEST FOR BLACK AND LATINO WOMEN

Wealth Gap Wider for Women of Color
Median wealth for U.S. households headed by single women, by race of householder, 2014

- White: $55,770
- Black: $2,101
- Hispanic/Latino: $2,950
- Asian: $30,301

Source: Prosperity Now analysis of the 2014 Survey of Income and Program Participation
BRIEF HISTORY OF SYSTEMIC ROADBLOCKS TO BUILD WOMEN’S WEALTH

1600s
Single white women recruited to the colonies by giving them land with no strings attached, but when they refuse to get married, legislatures introduce laws to repossess land from them.

Georgia passes bills preventing women from inheriting property

1830s
States, beginning with Mississippi, begin to allow married white women to own property with written permission from their husbands (excluding women of color, free, indentured or enslaved)

1920
Women gain the right to vote in the Constitution, yet barriers to the polls persist, especially for women of color

1968
Equal Credit Opportunity Act establishes women’s access to credit and lending without a man’s signature for the first time since the 1600s

1970s
Fair Housing Act prohibits discrimination in selling of property, but excludes gender and sex as protected classes

1988
Women’s Business Ownership Act makes it illegal to require a male relative’s signature on a business loan

2006 onward
Evidence that brokers are steering single women and women of color into risky subprime mortgages; recession causes concentrated losses of assets

Source: Adapted from Clipped Wings: Closing the Wealth Gap for Millennial Women, 2019, Asset Funders Network (AFN)
WHY BUSINESS OWNERSHIP?

- Increases in median wealth are larger over a five-year period for people who are self-employed compared to those who are not.

- Women business owners are more likely than men to turn to business ownership to balance caregiving responsibilities.

- New firms and young businesses account for about 70% of overall job creation in the U.S.

- Women-owners are more likely to hire other women.

"Becoming self-employed correlates with higher wealth outcomes in the future compared against persons who never became self-employed."

- Association for Enterprise Opportunity, 2016
KEY FINDINGS
Georgia now ranks second in the nation in growth of women-owned businesses.

From 2002 to 2018, women started about 124 new firms per day.

2002: 194,800
2018: 517,500
WOMEN OF COLOR DRIVING GROWTH

- The number of firms opened by black women grew to **250,000 in 2018** from **41,276 in 2002**

- The number of firms opened by Latinas grew to **39,700 in 2018** from just **4,800 in 2002**

Source: American Express OPEN 2018 analysis of the Annual Survey of Entrepreneurs
• Women now own about **40%** of all firms in Georgia

• Only **5%** of Georgia’s women-owned businesses report more than $250,000 in annual revenue compared to 15 percent of those owned by men.
### CHARACTERISTICS

- Georgia women tend to own companies in lower-revenue industries
- The top industry for women-owned businesses is educational services
- Other common industries include personal care, laundry, health care and social assistance

<table>
<thead>
<tr>
<th>Industry</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational services</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Other services</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Utilities</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Administrative support</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Real estate</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Arts &amp; entertainment</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>21%</td>
<td>79%</td>
</tr>
<tr>
<td>Information</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16%</td>
<td>84%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>16%</td>
<td>84%</td>
</tr>
<tr>
<td>Mining, quarrying, and oil extraction</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>Construction</td>
<td>10%</td>
<td>90%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>3%</td>
<td>97%</td>
</tr>
</tbody>
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Source: GBPI analysis of the 2016 Annual Survey of Entrepreneurs, U.S. Census Bureau
Despite owning more businesses than white women, women of color have lower revenues.

Only 2% of Georgia businesses owned by black women employ paid staff, compared to 13% of firms owned by white women.

ACCESS TO CAPITAL REMAINS A BARRIER

- Barriers to gaining capital is an ongoing challenge for women entrepreneurs.
- **Fewer than half** of applications women business owners submitted for commercial business loans in 2016 were approved.
- Financing shortfalls underpinned by gender biases derail women from growing businesses.

### Women Less Likely Than Men to be Approved for Commercial Loans 2016

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<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61%</td>
<td>47%</td>
</tr>
</tbody>
</table>

*Source: 2016 Study by Federal Reserve Bank of New York and Kansas City*
ACCESS TO CAPITAL REMAINS A BARRIER

• Women are about as likely to be approved for government-backed U.S. Small Business Administration (SBA) loans as men

• The SBA loan program awards women an average of 2.5 times less than men

• In both the private and SBA markets, women are also awarded smaller loans than men

• Venture capitalists handed $85 billion to U.S. businesses in 2017 and just $1.9 billion of that went to women entrepreneurs.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Women Amount</th>
<th>Men Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Loan</td>
<td>$10,000</td>
<td>$13,357</td>
</tr>
<tr>
<td>Line of Credit</td>
<td>$16,561</td>
<td>$25,483</td>
</tr>
<tr>
<td>Short-Term Loan</td>
<td>$28,546</td>
<td>$43,850</td>
</tr>
<tr>
<td>Medium-Term Loan</td>
<td>$88,189</td>
<td>$107,305</td>
</tr>
<tr>
<td>SBA Loan</td>
<td>$59,857</td>
<td>$156,279</td>
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</tbody>
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Source: Fundera, Inc. analysis, State of Online Small Business Lending, 2016
ACCESS TO CAPITAL REMAINS A BARRIER

- Even when controlling for differences in creditworthiness, **black and Latina business owners tend to pay higher interest rates** than white business owners and are likelier to be denied business loans.

- Just **22 percent** of black women entrepreneurs in the survey say they raised all the capital they needed.
RECOMMENDATIONS

“Georgia can eliminate systemic barriers that perpetuate and limit opportunities for women to grow wealth by implementing targeted efforts to support women-owned businesses. State lawmakers can seize this moment to keep Georgia positioned as the number one place in the country to do business while also becoming a national leader in economic inclusion.”

Leverage the state government’s immense purchasing power and target women as contractors.

Increase targeted technical assistance and capital for immigrant women entrepreneurs.
IMPROVE GENDER EQUITY THROUGH STATE CONTRACTING GOALS

Georgia should implement goals for state contracting by making it a priority to do business with women.

**Anchor Institutions**
Large anchors, like universities, hospitals, hotels, and airports present major opportunities for improving business growth for women owners.

$4.5 billion in goods and services from suppliers each year are purchased by the State of Georgia.
IMPROVE GENDER EQUITY THROUGH STATE CONTRACTING GOALS

• Georgia’s minority business certification does not include women

• There are also no goals to contract with women and people of color across all state agencies

• Georgia also does not publicly report how much business it does with women and people of color across all agencies either

IS A WOMAN-OWNED BUSINESS CONSIDERED A MINORITY BUSINESS?

Woman-owned businesses are not considered minority businesses in the State of Georgia. Georgia bases minority standing on ethnicity, not gender. The State of Georgia recognizes five minority groups: Asian American, Native American, African American, Hispanic/Latino and Pacific Islander.
Just one percent of money the Georgia Department of Transportation spent in 2016 for its mandated federal DBE program went to women-owned prime contractors.

This is well-below the national standard.

According to the SBA, only 5 percent of federal procurement contracts are awarded to women-owned businesses.
Maryland has set ambitious state procurement goals for people of color and women owned businesses.

MD awarded about $2.3 billion, or 26.2 percent, of its procurement to businesses owned by women and people of color in 2015, the latest year data is available.

The Minority Business Enterprise Program supported 22,128 direct full-time equivalent jobs, $917 million in direct wages and salaries and about $67.4 million in state and local tax receipts in 2014, the latest year for which data is available.

The Maryland program generates a $1.62 in total economic impact per dollar of state procurement expenditures.
Atlanta, Georgia:

40 percent of contracts with stated goals goes to minority- and women-owned businesses.

Based on data for $4 million of contracts with goals for small businesses for 2013 and 2014, 79% of those dollars went to minority- and women-owned firms.
INVEST IN TARGETED SUPPORT FOR IMMIGRANT ENTREPRENEURS

82%
Of Latino business owners are born outside the USA

- New Latino Community Fund Study affirms opportunity and need to support immigrant entrepreneurs in Georgia
- Immigrants are more likely than native-born Americans to start businesses
- Immigrants make up 31 percent of Georgia’s Main Street business owners despite accounting for only 10 percent of the state’s population.

Source:
Georgia Latino Entrepreneurship Study,
Latino Community Fund, 2019
INVEST IN TARGETED SUPPORT FOR IMMIGRANT ENTREPRENEURS

“*The limitations of Latino-women-business owners are not a lack of drive or work ethic but the systematic barriers that impede businesses growth as well as engagement in other employment forms.*”

- 2018 Georgia Latino Entrepreneurship Study, Latino Community Fund,

Georgia experienced the **most rapid growth of businesses owned by Latina women in the country**, according to American Express Open estimates.

Latina-owned businesses account for **64%** of Latino-owned businesses in Georgia

Yet, **95%** of businesses owned by Latinas report revenues over 250,000
INVEST IN TARGETED SUPPORT FOR IMMIGRANT ENTREPRENEURS

Georgia’s state leaders should budget to provide language-inclusive resources to a growing ecosystem of nonprofits and businesses that connect training, networking opportunities, space, and capital to immigrant women entrepreneurs.
THANK YOU

Thoughtful Analysis, Responsible Policy

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