



# Women Mean Business:

State Strategies to Close the Women's Wealth Divide  
Through Entrepreneurship in Georgia

May 2<sup>nd</sup>, 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.

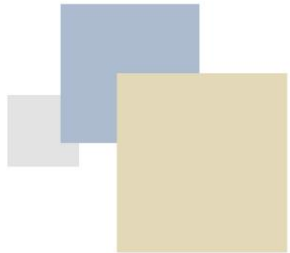
We envision a fair and inclusive Georgia where all people prosper.



# 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

$$\text{Value of Assets} - \text{Debts} = \text{Wealth}$$

## Common Types of Assets:

Cash  
Investments  
Property  
Retirement Accounts  
**Business Assets**

## Common Debts:

Mortgages  
Credit card debt  
Student loans  
Car loans

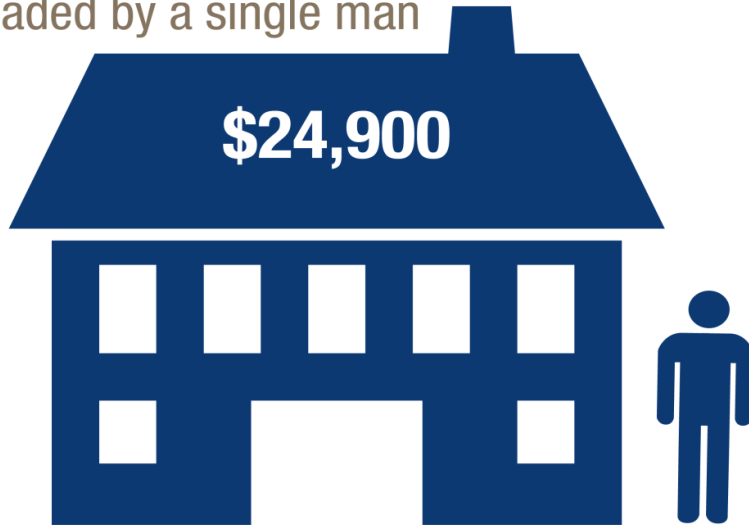




# GENDER WEALTH DIVIDE

The typical household headed by a single woman in Georgia has about **42% of the wealth** of a household headed by single man

Wealth of household  
headed by a single man



Wealth of household  
headed by a single woman

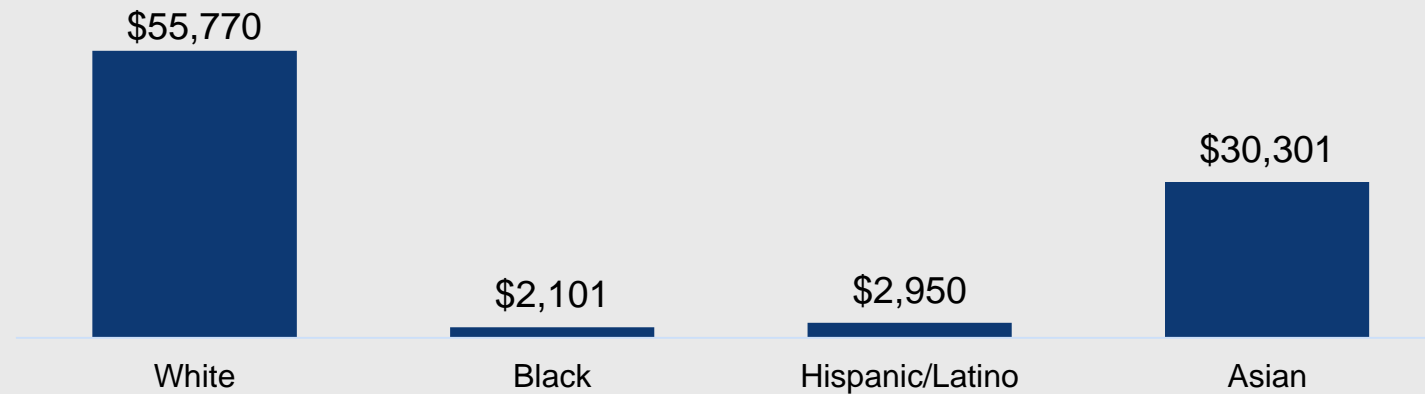




# WEALTH DIVIDE GREATEST FOR BLACK AND LATINO WOMEN

## *Wealth Gap Wider for Women of Color*

*Median wealth for U.S. households headed by single women, by race of householder, 2014*



*Source: Prosperity Now analysis of the 2014 Survey of Income and Program Participation*

# BRIEF HISTORY OF SYSTEMIC ROADBLOCKS TO BUILD WOMEN'S WEALTH

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

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

1920

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)

1968

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

**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

1988

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

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

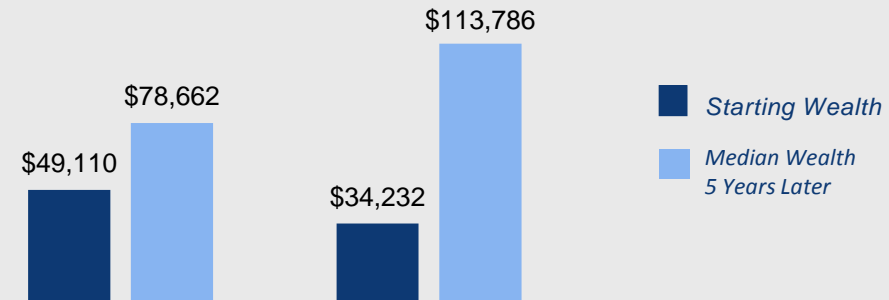
2006 onward

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

***Increases in Median Wealth Larger for Those Who Are Self-Employed, 2015***



*Source: Association for Enterprise Opportunity analysis of 2015 Study of Income Dynamics*

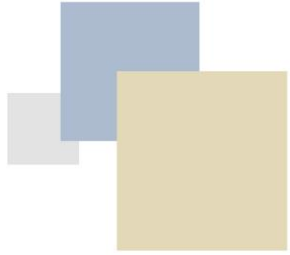
***“Becoming self-employed correlates with higher wealth outcomes in the future compared against persons who never became self-employed”***

- Association for Enterprise Opportunity, 2016



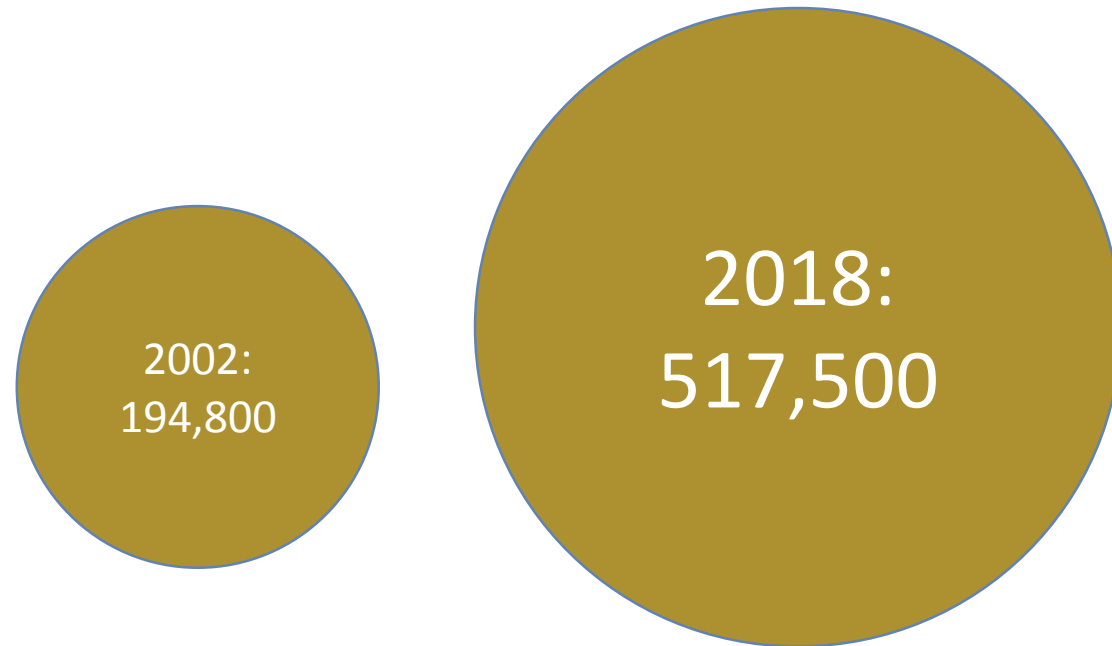


# KEY FINDINGS



# WOMEN-OWNED BUSINESSES ON THE RISE IN GEORGIA

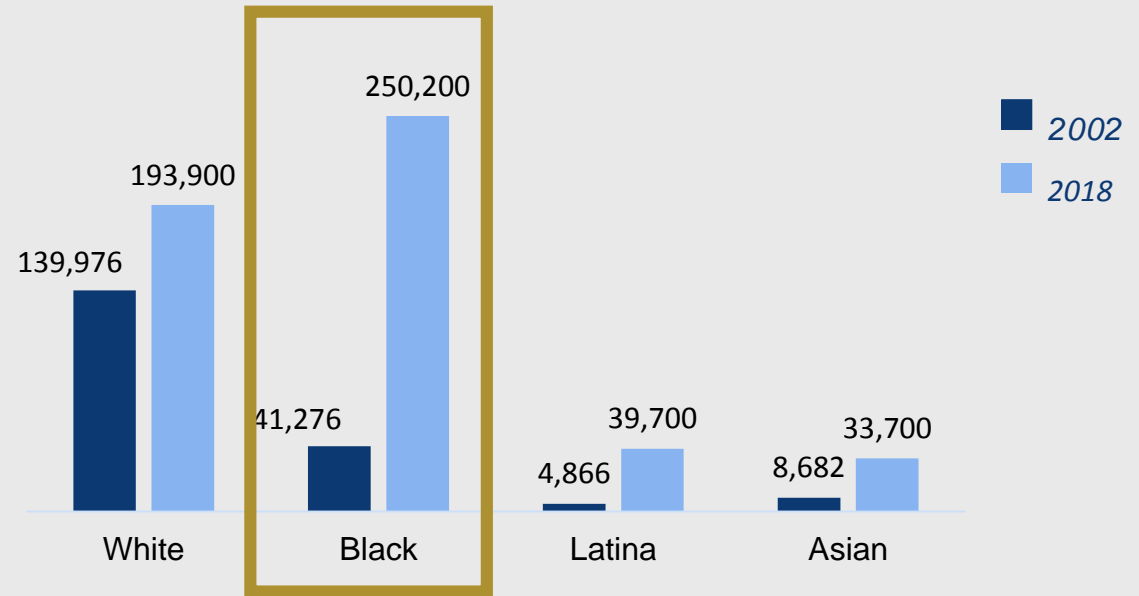
- Georgia now ranks **second** in the nation in growth of women-owned businesses
- From 2002 to 2018, women started about **124 new firms per day**



# 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**

*Businesses Owned by Women of Color Experienced Phenomenal Growth from 2002-2018*



*Source: American Express OPEN 2018 analysis of the Annual Survey of Entrepreneurs*



# CHARACTERISTICS

- 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.



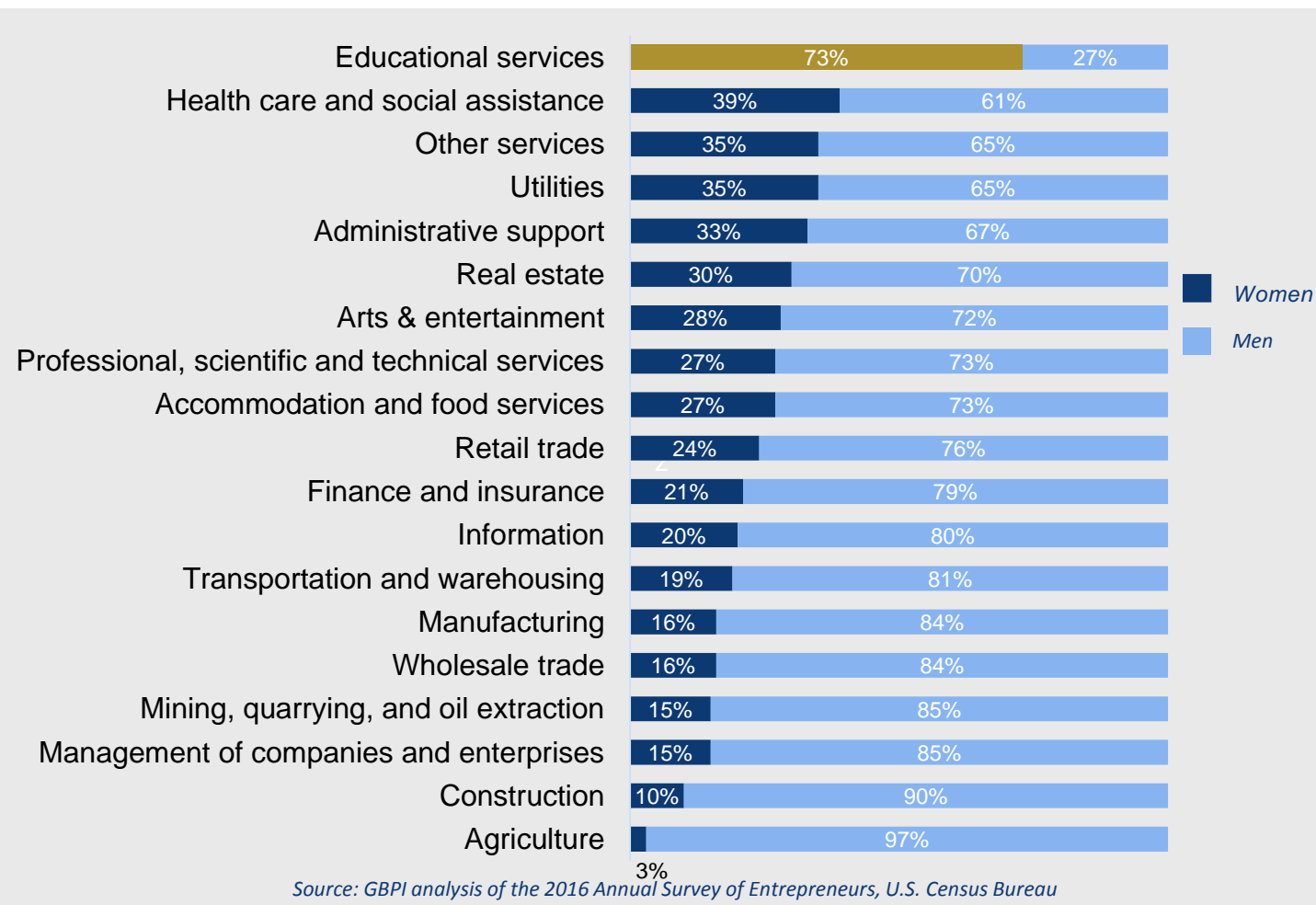
**40%**

*Women own 40% of all firms in Georgia*

**5%**

*Of women-owned businesses report over \$250,000 in annual revenues, compared to **15%** of 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**

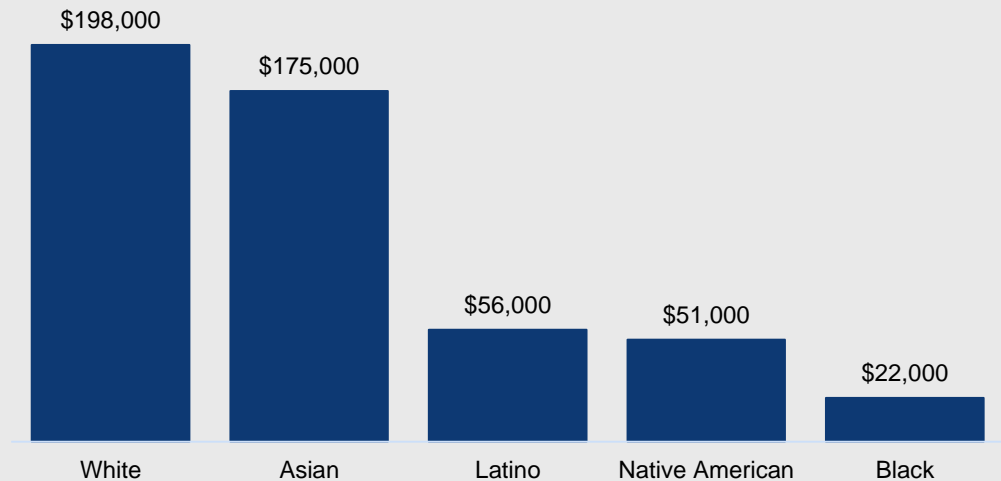




# CHARACTERISTICS

- 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

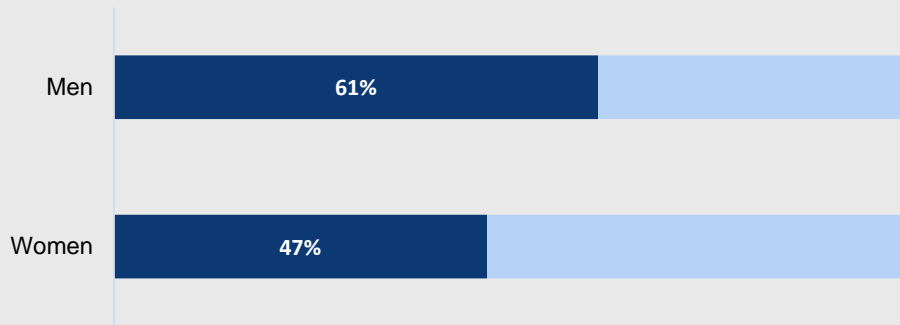
***Businesses Owned by Black Women Earn Least Among All Women, 2016***



*Source: GBPI analysis of the 2016 Annual Survey of Entrepreneurs, U.S. Census Bureau*

# ACCESS TO CAPITAL REMAINS A BARRIER

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

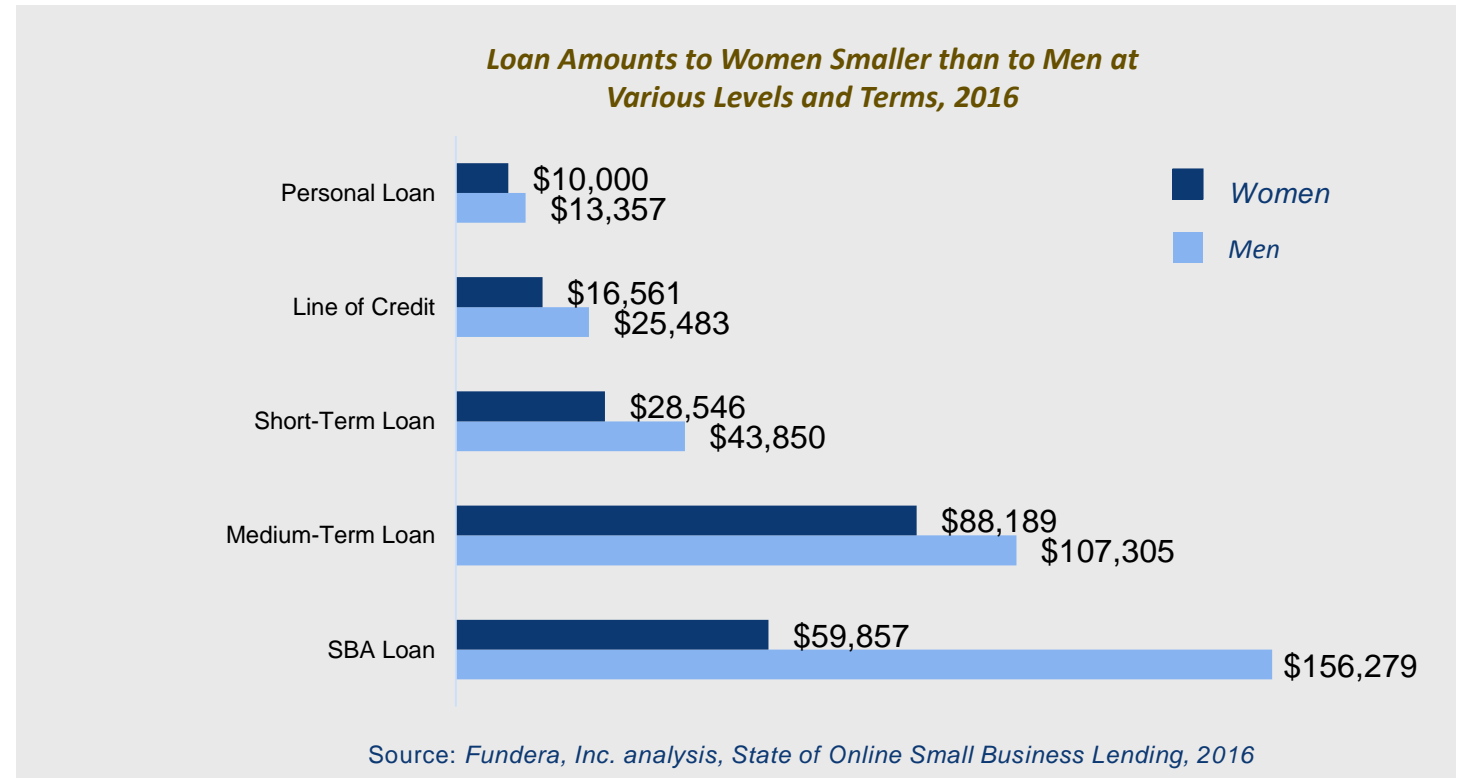


*Source: 2016 Study by Federal Reserve Bank of New York and Kansas City*

- 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

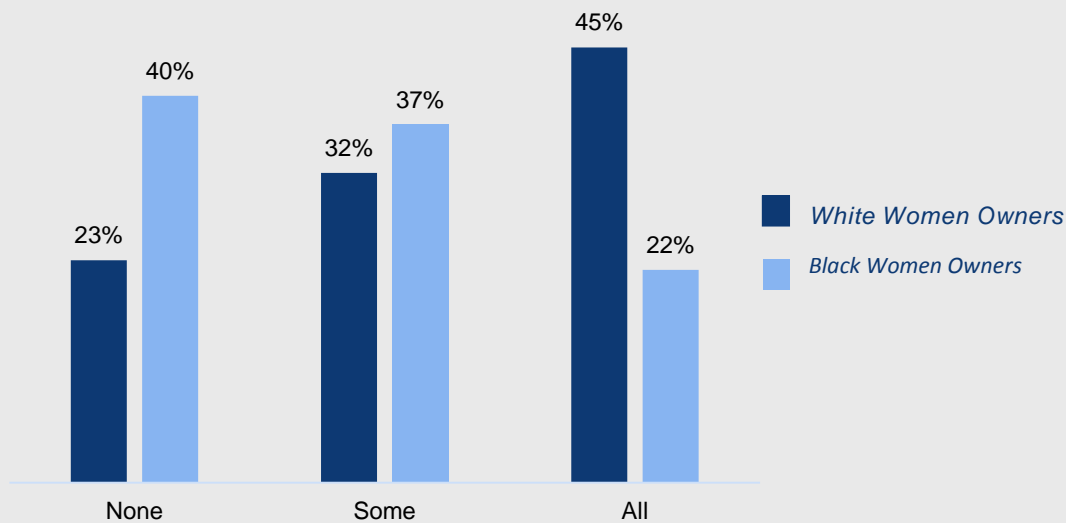
# ACCESS TO CAPITAL REMAINS A BARRIER

- 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.**



# ACCESS TO CAPITAL REMAINS A BARRIER

*Black Women-Owned Businesses Receive Less Money than Requested More Often, 2016*



Source: Federal Reserve Bank of Kansas City, 2016

- 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



# SOLUTIONS





# 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

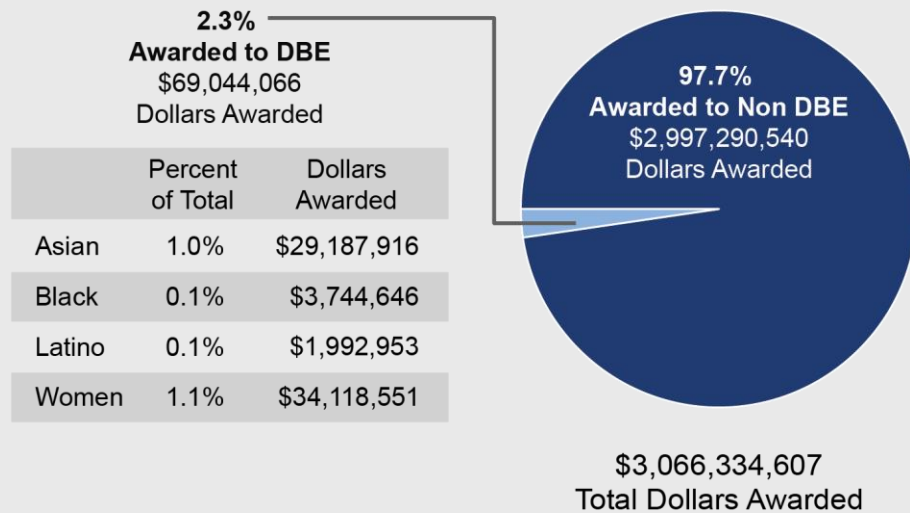
- Georgia's minority business certification does not include women
- There are also no goals to contract with women and people of color across all state agencies
- Georgia also does not publicly report how much business it does with women and people of color across all agencies either



The screenshot shows the header of the Georgia Department of Administrative Services (DOAS) website. The header includes the Georgia state logo, the DOAS name and tagline 'Improving efficiency, compliance and workforce performance', a 'GOVERNING 2016 STATE PROCUREMENT RANKINGS' badge, and a 'Learn About DOAS' link. The breadcrumb trail reads: Home > State Purchasing > Minority Business Enterprise Certification > FAQ's. The main heading is 'IS A WOMAN-OWNED BUSINESS CONSIDERED A MINORITY BUSINESS?'. The text below states: '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.'

# IMPROVE GENDER EQUITY THROUGH STATE CONTRACTING GOALS

## Women and Minority-Owned Businesses Left Out of State Contracts, 2016



Summary of Dollars Spent in 2016, by Minority Enterprise Category

- 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

# STATE EXAMPLE: MARYLAND

- 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.



## Maryland to raise minority business goal to 29 percent

By John Fritze, The Baltimore Sun

APRIL 26, 2015, 8:17 PM

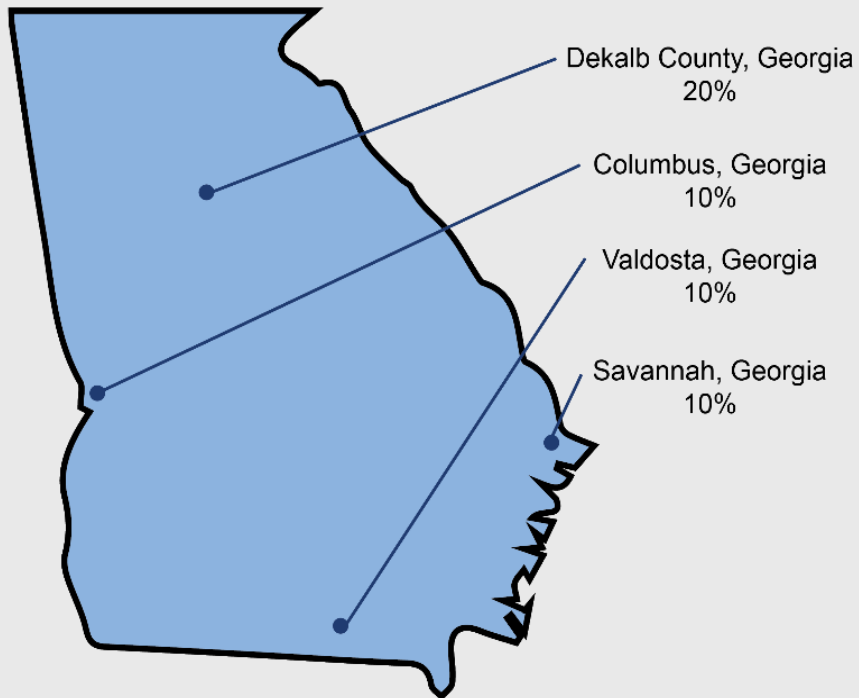
Maryland plans to steer to minority and women-owned businesses 29 percent of the nearly \$8 billion a year it spends on contracts, increasing a target that was already among the most aggressive in the nation, Lt. Gov. **Anthony Brown** said Monday.





# GEORGIA'S LOCAL AREAS LEADING THE WAY

Local governments with stated goals in county or city code:



## 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

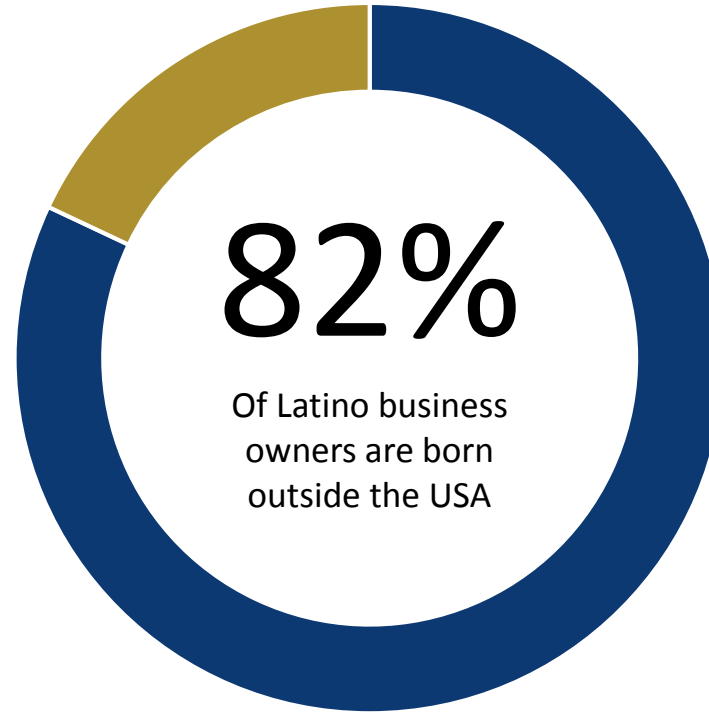
## 2018 GEORGIA LATINO ENTREPRENEURSHIP STUDY



Report of Research Into the Characteristics, Challenges, and Needs of Latino Business Owners in Georgia  
April 24, 2019



In collaboration with the Stanford Graduate School of Business, Latino Entrepreneurship Initiative (SLEI), and the UGA SBDC Office of Minority Business Development.



■ Foreign Born ■ USA Born

Source:

*Georgia Latino Entrepreneurship Study,*  
Latino Community Fund, 2019

- **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.



# 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



REFUGEE  
WOMEN'S  
NETWORK





# THANK YOU

**Thoughtful Analysis, Responsible Policy**

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