



NATIONAL ASSOCIATION OF
WOMEN BUSINESS OWNERS

Public Policy Positions with Key Messages

as of February 2008



NAWBO: KEY MESSAGES AND ISSUES

- With 80 chapters and more than 9,000 members—the majority between the ages of 45 and 54 years old—the National Association of Women Business Owners® (NAWBO®) is the voice of women entrepreneurs in America. Nearly 70% of NAWBO members are service businesses and **more than 80 percent of our members have employees**. An amazing **21 percent of NAWBO members gross more than \$1 million in annual revenues**. We represent the interests of women entrepreneurs across all industries.
- Since 1975, NAWBO has helped women evolve their businesses by sharing resources and providing a single voice to shape economic and public policy.
- Each February, NAWBO chapter members unite in Washington, D.C. for **Public Policy Days**, a three-day event designed to train women business owners about advocacy, lobbying, legislation, and how to seek office. During the event we meet formally and informally with our legislators to share our key issues and discuss ways that we can help them address their challenges.
- Affordable health insurance coverage, increased federal procurement opportunities, and access to capital are overwhelmingly the top three public policy issues for NAWBO members.
- NAWBO supports **affordable health insurance offerings for small businesses** that would lower costs and promote multi-year predictability for women business owners and their employees.
- NAWBO supports **achievement of the five percent Federal procurement goal** for women-owned small businesses and government-wide implementation of the restricted competition (set aside) program for women-owned small businesses authorized by Congress in 2000.
- NAWBO supports increased access to capital for women entrepreneurs and works to ensure that women business owners can get the **funding they need to grow their businesses**. NAWBO helped pass the Women's Business Ownership Act of 1988 (also known as HR 5050), which allowed women in all states to receive a business loan without the co-signature of a male relative. With this historic victory under our belts, we continue to strive to open doors for women business owners seeking various forms of capital.
- NAWBO believes the national business tax burden is significant and could harm small business competitiveness. We support **equitable tax policy for large and small businesses** that fosters the economic growth of women-owned and other small businesses.

FACTS ABOUT WOMEN BUSINESS OWNERS

Source: Center for Women's Business Research
(founded by NAWBO in 1989 as the National Foundation for Women Business Owners)

- Nearly **10.4 million firms** are owned by women (50 percent or more), **employing more than 12.8 million people** and generating **\$1.9 trillion in sales**.
- **Three quarters** of all women-owned businesses are **majority owned by women** (51 percent or more), for a total of **7.7 million firms**, employing more than **7.1 million people** and generating **\$1.1 trillion** in sales.
- For the past two decades, majority women-owned firms have continued to **grow at around two times the rate** of all firms (42 percent vs. 24 percent).
- Women-owned firms, 50 percent or more owned by women, account for **41 percent of all privately held firms**.
- Women-owned businesses will spend an estimated **\$546 billion** annually on salaries and benefits (\$492 billion on salaries and \$54 billion for employee benefits – health, retirement, and insurance). Health benefits comprise the largest share of benefit expenditures, with 2006 spending estimated at **\$38 billion**.
- Women-owned firms employ **12.8 million** people and generate **\$1.9 trillion** in sales.
- Privately held 50% or more women-owned firms are **just as likely** as all privately held firms to have employees (**23 percent** of women-owned firms compared to **25 percent** of all firms).
- **Contrary to common perception**, women business owners are as likely as men business owners to be willing to **adopt new technology** and more likely (24 percent vs. 18 percent) than women in general.
- Women business owners value technology as a means to create workplace flexibility:
 - **61 percent use technology** to integrate the responsibilities of work and home.
 - **44 percent use technology** to enable employees to work offsite or to have flexible work schedules.
- **3 percent of all women-owned firms** have revenues of \$1 million or more **compared with 6 percent** of men-owned firms.
- Women business owners are highly likely to be voters, as indicated by a survey of NAWBO members. The reported NAWBO voter turnout of **93.4 percent** for the 2000 Presidential election is larger than those for both all registered voters (**85.5 percent**) and all women registered voters (**85.7 percent**).
- Women business owners are **nearly twice as likely** as men business owners to intend to **pass the business on to a daughter or daughters** (37 percent vs. 19 percent).

ACCESS TO AFFORDABLE HEALTH CARE: OUR POSITION OVERVIEW

Position:

NAWBO supports legislation that will make health care insurance more affordable for women business owners and their employees. NAWBO will consider and support, as appropriate, federal and state legislation designed to address the rising cost of health insurance by lowering premiums or creating tax incentives that make the purchase of health insurance more affordable for small business owners.

Relevant Facts:

Access, cost, and quality are all critical issues for women business owners.

- **Access: Individual and small business insurance markets.** While over 70 percent of NAWBO members have employees, about 45 percent have full time employees. This means 55 percent of our members must obtain health insurance in the individual market (or through their spouse's employer). 35 percent of NAWBO members purchase insurance in the 2-20 insurance market and 10 percent in the 20+ market.
- Access to secure, affordable health insurance is critical to enabling women to start new enterprises.
- NAWBO supports insurance reforms that guarantee access regardless of health status, control pricing differentials between "high" and "low" risk businesses, and allow employers to offer a wide choice of plans. We recognize we are all one breast cancer diagnosis away from uninsurable in many insurance markets.
- **Cost and quality.** The Kaiser Family Foundation reports that from 2000-2006 health insurance premiums outpaced wage growth by five times. The 2007 average annual insurance premium for individual employees is \$4,480 and the cost for family coverage is \$12,100. (Ca. Healthcare Foundation)
- Medicare is under severe financial strain, which will only increase as Baby Boomers reach 65.
- While we often accept that quality has its price, the media is filled with reports of questionable financial connections between providers/researchers, expensive and ineffective or harmful medications, and preventable medical errors in hospitals. We urge government and provider initiatives to control costs and improve quality.
- We also accept our own responsibility to care for our own health and support wellness programs in our businesses. Business has proven that enhancing wellness works to reduce costs. Coca Cola reported major savings of \$500 per year for employees enrolled in their fitness program. Prudential reported a reduction of major medical costs from \$574 to \$312 for each participant in their wellness program.

PROCUREMENT AND CONTRACT BUNDLING: OUR POSITION OVERVIEW

Position: NAWBO supports achievement of the five percent Federal procurement goal for women-owned small businesses (WOSBs). We oppose the Small Business Administration's recent proposed rule that the set-aside program only be applied in four industry categories, knowing from experience that women-owned businesses face disparity in many of the 2,300 categories established by the North American Industry Classification System (NAICS). We support increasing contract opportunities for women by holding federal agencies accountable when they fail to meet these goals. NAWBO also opposes contract bundling, the Federal government's policy of consolidating its purchases of unrelated goods and services into a single large contract. Bundling limits the opportunities for small business to effectively compete, thereby restricting competition and increasing the overall cost of goods and services to the federal government.

Secondary Positions:

- NAWBO supports legislation or executive action that will hold ALL government entities, departments and purchasing agents accountable under the Small Business Act. NAWBO continues to put pressure on the Small Business Administration to fully implement the set-aside program for women-owned businesses and meet the Congressional mandate that five percent of government contracts must go to women-owned businesses.
- NAWBO advocates executive branch action or legislation designed to facilitate standardization of RFP solicitation language and specifications according to the industry type being sought to fulfill the proposed contract.
- NAWBO advocates enforcement of subcontracting plans to hold prime contractors accountable for using minority and women-owned businesses. Greater enforcement of "prompt payment" requirements to subcontractors are needed.
- NAWBO advocates executive branch action or legislation that will create a single source of timely information regarding formal and informal opportunities (projected and planned). There should be a single portal and standardized formats for displaying procurement information and opportunities on agency websites.
- NAWBO advocates executive branch action or legislation that will ensure agencies are held accountable for documentation and accurate valuation of bundled contracts. NAWBO will continue to advocate unbundling of contracts in order to afford more women-owned, minority and small businesses the opportunity to win federal contracts.

Relevant Facts:

- In 1994, Congress enacted the Federal Acquisition and Streamlining Act (PL 103-355; FASA) that, among other things, set a goal of five percent of Federal contract dollars to be awarded to women-owned small businesses (WOSB). This goal has never been achieved. In fact, the amount of Federal contract dollars awarded to WOSB has never exceeded 3.4 percent.
- Recognizing the lack of progress toward the five percent goal, Congress acted in 2000 to authorize a "restricted competition" or set aside program specifically for women-owned businesses. This program, the Women-Owned Small Business Federal Contract Assistance Program, was included in the SBA Reauthorization Act (Public Law 106-554) and has now been codified in the Small Business Act, 15 U.S.C. S 637(m). The act is sometimes known as the Equity in Women's Contracting Act. Unfortunately, more than seven years after Congress authorized the new set-aside program, it has yet to be implemented.

- In FY 2006, \$11.6 billion in Federal procurement dollars was spent with women-owned small businesses out of a total spend of \$340 billion. The overall share of dollars spent with women-owned small businesses was 3.4 percent, up from 2.89 percent in FY 2003.
- If women business owners had received five percent (rather than 3.4 percent) of the \$340 billion spent by the Federal government with prime contractors, they would have received \$17 billion in contracts in FY 2006—\$5.4 billion more than they actually did receive. In the years since FY 2000, women-owned businesses have missed out on an average of \$5 billion in contracts per year, putting the total at \$40 billion since the set-aside program was established in 2000.
- NAWBO submitted testimony at hearings of both the House and Senate Committees on Small Business stating our opposition to the Small Business Administration's proposed rule on the set-aside program. The proposed rule will only allow federal agencies to implement the set-aside program for women-owned businesses in four of over 2,300 business categories and even then only after the agencies individually document that they previously discriminated against women-owned businesses.

FAIR AND EQUITABLE TAX TREATMENT: OUR POSITION OVERVIEW

Position:

NAWBO supports fair and equitable tax policy for large and small businesses that fosters the economic growth of women-owned and other small businesses.

Legislation should be enacted to ensure tax equity and basic fairness for all forms of small business organizations. The privilege of deducting legitimate business expenses should no longer be based upon the entity chosen to operate the business.

Relevant Facts:

- Business meals and entertainment: small businesses typically rely on close personal relationships and customer service to compete for sales rather than expensive advertising campaigns that are 100 percent deductible. Thus, small business expenditures for meals and entertainment are an important part of the marketing effort. Currently only 50 percent of such expenditures are deductible. NAWBO supports legislation that provides small business with relief in this area. An immediate small business tax deduction for 100 percent of the meals and entertainment expenses (with an annual cap of \$10,000) is optimal.
- Fringe benefits: NAWBO supports the position that, if the payments of all fringe benefits are deductions to the C Corporation and exclusions from the taxable compensation of the C Corp owner-employee, then all such benefits should be excluded from the income of the non-C Corp owner as well.
- Home office deductions: The current home office deduction is difficult to qualify for in terms of space use of the home and activities conducted there. Also, the calculation of the amount of the deduction is time consuming and complex. NAWBO supports the greater of a standard home office deduction, allowing home-based small business owners to deduct the costs of office, storage, studio, and retail space in their homes, regardless of whether customers physically visit or revenue is produced there.
- Estate (death) tax: The “death” tax creates a disincentive to expand a business, create jobs, and invest in capital equipment. Further, the estate tax is a form of double taxation since profits and earnings have already been taxed once when income taxes were paid. NAWBO supports estate tax reform provisions as it relates to family-owned and small businesses and encourages Congress to address the sunset provisions of The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) to remove the uncertainty of estate planning.

ABOUT THE NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS

The National Association of Women Business Owners® (NAWBO®) is the voice of America's 10.4 million women-owned businesses. Since 1975, NAWBO has helped women evolve their businesses by sharing resources and providing a single voice to shape economic and public policy. National Association of Women Business Owners is the only dues-based national organization representing the interests of all women entrepreneurs across all industries.

Mission

Today the organization has 9,000 members and 80 chapters across the United States. By combining the knowledge, networks, and expertise of its diverse membership, board of directors, and staff, NAWBO works to:

- Strengthen the wealth creating capacity of its members and promote economic development
- Create innovative and effective changes in the business culture
- Build strategic alliances, coalitions, and affiliations
- Transform public policy and influence opinion makers

Vision

National Association of Women Business Owners propels women entrepreneurs into economic, social, and political spheres of power worldwide.

Membership

NAWBO's strength comes from the diversity of its membership. Businesses range in size from sole proprietorship to hundreds of employees. Members hail from every business industry—from construction and importers, to retailers and service providers—and represent all areas of the country. Membership is open to sole proprietors, partners, and corporate owners with day-to-day management responsibility. Local chapters allow members to network with their peers on the local level, while staying connected to the larger community of women business owners through the national organization.

Visit NAWBO at www.nawbo.org. Contact us at 800-55-NAWBO or national@nawbo.org.