



**Testimony  
Before the  
Committee on Small Business  
United States House of Representatives  
Roundtable on Access to Private Capital  
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**Presented by  
Claire Guthrie Gastañaga  
Founding Partner, Women in Public Policy  
Principal  
CG<sup>2</sup> Consulting  
Richmond, Virginia**

I am pleased to participate in this roundtable on behalf of Women Impacting Public Policy (WIPP) -- a national bi-partisan public policy organization that advocates for and on behalf of 250,000 women and minorities in business strengthening their sphere of influence in the legislative process of our nation, creating economic opportunities and building bridges and alliances to other small business organizations. I am also here on behalf of the National Association of Women Business Owners, one of the member organizations of WIPP.

Access to capital has been, and remains, a critical issue for emerging and growing businesses, particularly those owned by women and minorities. I come from the 11<sup>th</sup> largest state in the country – a state which ranks 33<sup>rd</sup> in the nation in the rate of growth of women owned business and in the top ten of all states in the number of minority women owned businesses.

A study of barriers to women owned businesses conducted by the Virginia General Assembly in 1995 found that (of the women business owners surveyed) 56% felt that women business owners had difficulty accessing short term capital all of the time, 37% agreed that this was true all of the time, and only 7% responded that this was not a problem. One third of the survey respondents indicated that gender bias by bank officers was one of the main barriers to obtaining financing. The survey found that 49% of women business owners relied on personal savings to finance their businesses, 37% relied on business earnings and 36% relied on credit cards to adjust to the lack of access to capital from outside sources.

**CG<sup>2</sup> Consulting**

501 East Franklin Street, Suite 727  
Richmond, Virginia 23219  
804.521.4067 voice  
804.521.4175 fax  
email [claire@cg2consulting.com](mailto:claire@cg2consulting.com)  
[www.cg2consulting.com](http://www.cg2consulting.com)

While I think that we can all agree that the situation has improved since 1995, women businesses still face greater obstacles in obtaining financing for their businesses than similarly situated men.

A recent national study funded by Wells Fargo and conducted by the Center for Women's Business Research confirmed that use of credit cards by women business owners dropped nationally from 52% to 36% from 1992-1998, and their use of business earnings to finance growth doubled to 65%. At the same time, however, only 52% of women business owners (compared to 59% of men business owners) had access to bank credit. And, in fast-growth firms only 39% of women owners had bank loans compared to 52% of men owners. This suggests that the drop in reliance on credit cards by women owners during this period may have had more to do with the strong business climate and higher earnings than it did on greater access to capital. It will be interesting to see whether and how these data change as growth slows and the effects of the recession are factored in.

The picture painted in this same national study was less favorable for minority women business owners – 60% of Caucasian women had bank credit, compared with 50% of Hispanic, 45% of Asian, 42% of Native American and 38% of African American women owners.

And, although women are becoming more active in the equity capital markets, a 1999 survey showed just 9% of the institutional investment deals and 2.3% of the dollars among the investors interviewed went to women-owned firms.

There are some simple things that the women business owners represented among the WIPP membership think Congress and the federal government can and should do to help improve this picture. They are:

- Speed up the application process for Small Business Investment Companies (SBICs) that focus on investing in women owned businesses.
- Provide funding to increase awareness among women business owners of Federal resources through better and more targeted marketing of SBA programs and better dissemination of information on hub zones;
- Provide funding for additional training on access to capital for women and minority business owners; and
- Close the gap in the Microloan program by increasing the maximum loan amount to \$50,000.

This committee might also want to consider finding a way to recognize and reward publicly banks, venture funds and other investors whose records show they make lending and other investment decisions fairly and without bias based on the race, ethnicity or gender of the business owner. Thank you.

## **CG<sup>2</sup> Consulting**

501 East Franklin Street, Suite 727  
Richmond, Virginia 23219  
804.521.4067 voice  
804.521.4175 fax  
email [claire@cg2consulting.com](mailto:claire@cg2consulting.com)  
[www.cg2consulting.com](http://www.cg2consulting.com)