

**HOUSE COMMITTEE ON
SMALL BUSINESS**

Field Hearing on

Challenges Facing Women Small Business Owners

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Written Statement of

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Thank you Chairwoman Velazquez and Vice Chairman Sestak for the opportunity to speak to you about how we can better address the challenges facing women business owners.

I represent the Community First Fund which is a federally certified Community Development Financial Institution serving 13 counties in central and eastern Pennsylvania. I also serve as the Director of the Pennsylvania Women's Business Center which is a program of the Community First Fund.

The Community First Fund has been in operation since 1992 and provides a wide range of client services including business training classes, one on one business related technical assistance and access to loan capital for existing and aspiring entrepreneurs in our service area. Almost half of the individuals that we serve are women.

Over the last fifteen years Community First Fund has made a measurable impact in the region. Its service area has expanded from Lancaster County to a thirteen-county region in south central Pennsylvania which has a population in excess of 3.5 million people. Since its founding, Community First Fund has made over \$11.5 million in loans. As a sign of its growth, Community First Fund made over \$5 million of these loans in its last fiscal year alone. Also in the last fiscal year, Community First Fund provided services, including training and counseling, to more than 4,000 individuals.

This activity has led to the creation or retention of over 800 jobs in the past three years, and the development of 73 new affordable housing units.

Two of the most critical obstacles facing women entrepreneurs are a lack of access to capital -- due to inadequate collateral, a need for small-scale loans, inability to afford commercial property, or lack of business education and track record -- and the lack of established business networks and support systems, through which important business knowledge is shared both formally and informally.

To deal with these obstacles issue, Community First Fund operates the Pennsylvania Women's Business Center using funds from the Small Business Administration. Our Women's Business Center provides a variety of one on one technical assistance and training classes to women entrepreneurs in our service area. The Pennsylvania Women's Business Center's (PWBC) provides different training courses in including an Introduction Business class, Business Technology Training as well as a six-week Core Four Business course. The Core Four course consists of: personal evaluation: business ownership preparedness; market and product analysis; financial projections and cash flow budgeting; business operations; and marketing and promotion.

The PWBC also provides periodic government procurement courses which assist business owners in learning how to access state and federal procurement programs and how to become certified as a women's business. These trainings are an important source of clear and concise training and information about federal, state and even local governmental procurement contracts. This training includes information on how to become certified by government as an eligible women owned business.

PWBC also offers one-on-one counseling whereby a staff member meets individually with entrepreneurs to discuss business information, assess client needs, provide information and assistance and design on-going client "assignments" to support business development and aid in follow-up meetings.

In addition to the Women's Business Center program from SBA, the Community First Fund has been able to utilize a number of other vital federal small business programs to assist existing and emerging women business owners in our communities.

Programs that are vital to our continued efforts to assist women entrepreneurs include:

- The SBA Microloan programs have proven to be a vital source of both technical assistance funds as well as loan capital. I want to thank you, Madame Chairwoman, and your committee, for your leadership in providing the first appropriations increase for this program in six years. Being able to provide both the technical assistance and training as well as loan capital to the entrepreneur gives Community First Fund the ability to develop a close and constant working relationship that is best positioned to catch any problems that the entrepreneur may encounter and to help them address these problems early on. This combination of services has also resulted in a default rate of less than 1% nationally. It is also important to point out that recipients of these services are not being served by other SBA programs such as the 7a Loan Guarantee Program.
- We agree with the testimony of the Association of Women's Business Centers that the Women's Business Centers program are past the point of "demonstration" and should be evaluated and funded on an ongoing basis on par with other SBA business assistance programs. Despite a remarkable record of achievement over the past 18 years as the program has come into its own, its growth has recently stalled due to funding decisions. We know that when our program performance is measured against any other enterprise assistance program, we will meet or exceed our performance benchmarks.
- Funding allocations between new and existing centers should recognize the value of the longitudinal approach WBCs take to client service and should not vary from year to year. We support the provisions of the SBA Women's Business Programs Act of 2007 which will remove the funding uncertainty that WBC's have had to endure by establishing three tiers of funding and setting funding levels and budget allocations for each. We believe

that the proposed 40-20-40 allocation is eminently fair, and recognizes the economic contributions made by WBCs that have an established track record of service.

- We also urge your continued support of The US Treasury Community Development Financial Institution Fund which provides both operating grants as well as loan capital for CDFI's throughout the country. We have used both of these to leverage other state and local, public and private sources of funding for both our client services as well as for our loan fund.
- There are a number of programs from the United States Department of Agriculture which can be helpful in providing access to credit for women entrepreneurs. These include the Intermediary Relending Program as well as the Business and Industry Loan Guarantee Programs. Both of these are additional tools that Community First Fund can use to increase the availability of loan capital to new and emerging women business entrepreneurs.

In summary, I want to point out that this web of federally supported business assistance programs can be very confusing to any new or emerging entrepreneur. But these same federal programs provide local level practitioners like the Community First Fund with a valuable and important set of tools with which to work with our clients. Community First Fund's professional staff are able to assess the needs of our clients, sift through the various federal program rules and regulations and determine which mix of these programs are most appropriate for the client's needs. By utilizing local organizations like ours to implement these programs, the client receives a seamless web of service, without having to navigate the complex of federal rules and regulations.

I would like to make one final point regarding federal contracting goals for women owned businesses. According to my research, women-owned small businesses are losing out on government contracts because of delays in implementing a program designed to help them.

Erin Fuller, executive director of the National Association of Women Business Owners told a special hearing of the Senate Small Business Committee that the Women's Procurement Program, authorized in 2000 but not yet in operation, is key to helping the government achieve its goal of awarding 5 percent of all contracts to women-owned small businesses. According to Ms. Fuller, because there are no specific means for reaching that goal, only 3 percent of contracts go to women-owned businesses. That has meant a loss of \$16 billion during the last three years, Fuller said in her written testimony.

The program, if implemented properly, would allow federal acquisition officers to restrict contract competition to women-owned small businesses in industries where SBA determines they are underrepresented in federal procurement. Clearly, after seven years of discussion, this program needs to be fully implemented.

Thank you for the opportunity to provide you with this information.

**NOTE: In November 2007 the Pennsylvania Women's Business Center was renamed The Women's Business Center at Community First Fund.*