



**Testimony of**

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**On behalf of the  
Association of Women's Business Centers  
to the**

U.S. House of Representatives  
Small Business Subcommittee on Innovation,  
Entrepreneurship, and Workforce Development:

*The Small Business Administration's Entrepreneurial  
Ecosystem: An Update and Next Steps with SBA's  
Resource Partners*

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Thank you, Chair Crow, Ranking Member Kim, and distinguished Members of the Subcommittee for the opportunity to share this testimony with you. My name is Corinne Hodges, and I serve as the CEO of the Association of Women's Business Centers.

### Introduction and Overview of Women's Business Center Program

#### *About the Association of Women's Business Centers*

The Association of Women's Business Centers (AWBC) works diligently to secure economic empowerment and entrepreneurial opportunities for women by supporting and sustaining a national network of women entrepreneurs and program staff for 135 Women's Business Centers (WBC). WBCs help women succeed in business by providing counseling, training, mentoring, business development, and access to capital.<sup>1</sup>

As an advocate for women entrepreneurs and the Women's Business Centers program, I am honored to be here today.

#### *What is a Women's Business Center?*

The Women's Business Center program is a public-private partnership with 32 years of success in providing training, counseling, mentoring, networking opportunities and access to capital to women entrepreneurs across the country.

The 135 WBCs that make up our national network are hosted by a myriad of connected non-profit entrepreneurial development organizations that serve economically and socially disadvantaged clients, in as many as 38 languages.

While all our WBCs operate a brick-and-mortar location, many have opened additional satellite locations, offer online support or even upfitted mobile buses to reach the hardest to reach entrepreneurs.

Women's Business Centers are essential to help ignite and respond to a period of economic recovery. Building on the momentum achieved during the continued economic crisis, WBCs will continue to provide women business owners the vital support and services to enable small business' doors to not only remain open but to spur continuous growth.

#### *Twenty New Women's Business Centers*

On January 4, 2021, the Small Business Administration (SBA) announced grant awards for 20 additional WBCs across the United States, spanning urban, rural, and underserved communities.<sup>2</sup> This marked the largest single expansion of the program, and we are grateful to Congress for ensuring the program had additional funding in recent years to bring more communities a WBC.

Of the newly launched WBCs, spanning Alabama, Arizona, California, Georgia, Maine, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, Ohio, Pennsylvania, Tennessee, South Carolina, South Dakota, Texas, Virginia, and Wisconsin, two centers are hosted in underserved and rural markets and widen the footprint and partnership with Historically Black Colleges and Universities (HBCUs).

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<sup>1</sup> *Home*. Association of Womens Business Centers. (2021, April 8). <http://www.awbc.org/>.

<sup>2</sup> U.S. Small Business Administration. (2021, January 4). SBA Launches Largest Expansion of Women's Business Centers in 30 Years. <https://www.sba.gov/article/2021/jan/04/sba-launches-largest-expansion-womens-business-centers-30-years>.

The AWBC network has grown to include:

1. Regional Economic Assistance for Communicating Hope (REACH) Catalyst Women's Business Center – *Clanton, Alabama*
2. Chicanos Pro La Causa, Inc. (CPLC's) Women's Business Center - *Phoenix, Arizona*
3. El Pájaro Regional Women's Business Center – *Monterey, California*
4. Mission Community Women's Business Center serving Kern County – *Bakersfield, California*
5. Access to Capital for Entrepreneurs (ACE) Savannah Women's Business Center – *Savannah, Georgia*
6. Coastal Enterprises, Inc. (CEI) WBC South – *Portland, Maine*
7. Women's Business Center at Jackson State University (**HBCU**) – *Jackson, Mississippi*
8. New Growth Women's Business Center, West Central – *Springfield, Missouri*
9. Missoula Women's Business Center – *Missoula, Montana*
10. GROW Nebraska Women's Business Center (GNWBC) – *Omaha, Nebraska*
11. Women's Enterprise and Development, Mid-Hudson – *Hudson, New York*
12. Winston Salem State University (WSSU) Women's Business Center (**HBCU**) - *Winston Salem, North Carolina*
13. Women's Business Center of Central Appalachia – *Portsmouth, Ohio*
14. Women's eBusiness Center of Excellence – *Erie, Pennsylvania*
15. The Women's Business Center South – *Memphis, Tennessee*
16. South Carolina Women's Business Center – *Charleston, South Carolina*
17. South Dakota Women's Business Center (East) – *Sioux Falls, South Dakota*
18. Women's Business Center of Montgomery County, East Harris County, and West Chambers County – *Houston, Texas*
19. Women's Business Center of Richmond – *Richmond, Virginia*
20. Wisconsin Women's Business Initiative Corporation Southwest – *La Crosse, Wisconsin*

As these WBCs establish and build out their operations, AWBC is committed to working with these new centers to get them up to speed on the program and how to best assist their respective clientele. We ask Congress to consider how to best support new centers as part of a program re-authorization. In our experience the first years of a WBC operation can be the most challenging.

#### Women's Entrepreneurship Today and the Critical Role of WBCs

There is no question that women entrepreneurs play a key role in our nation's economy and, unfortunately, the Coronavirus pandemic has challenged them disproportionately. Women are exiting the job market to care for their families, particularly among low-income populations, as well as communities of color. Women seeking flexibility and necessary household income are turning to entrepreneurship.

For existing businesses, the pandemic was especially challenging as women entrepreneurs are more likely to own service-based businesses such as childcare centers, salons, and food services, where rates of closure reached as high as 40% in some segments - many of these businesses continue to struggle today.

In preparation for this testimony, I was struck by the following quotation from a recent article discussing the unique challenges and opportunities facing women in the workforce:

If there is a silver lining, it's that crisis breeds innovation. One study found that 57 percent of Fortune 500 companies were founded during a recession or bear market. The Great

Recession may have brought the steepest decline in employment since the end of World War II, but it also spurred entrepreneurship to its highest rate in more than a decade. Times like these are a leading driver of so-called “accidental entrepreneurs,” who strike off on their own out of necessity rather than desire.<sup>3</sup>

WBCs are there to answer the questions posed by those “accidental entrepreneurs.” Indeed, an unprecedented number of women have turned to entrepreneurship support at Women’s Business Centers. In 2020 alone, WBCs assisted clients to access nearly \$362 million in business capital, more than double (a 128% increase) 2019 (at \$159 million).<sup>4</sup>

Using the pre-2019 OED definition of small businesses reached (clients counseled + group training attendances), in FY2020 WBCs reached 187,555 small business owners, a 31% increase from the 143,567 small businesses reached in 2019.<sup>5</sup>

In 2020, the total number of clients served increased by 28% (2020: 82,446 clients served vs. 2019: 64,527 clients served) and the number of new business starts grew by 12% from 2019.<sup>6</sup> As WBCs helped owners respond, existing businesses served increased by 48% over the past year. Not only did WBC services and impacts increase, they also retained and created new jobs (33% more jobs in 2020 compared to 2019) and leveraged significant increases in capital.

These statistics hardly capture the incredible stories of resilience and innovation from women business owners. Maximizing our economic recovery depends on the continued prioritization of the small business community, especially women and minority-owned businesses, and WBCs are committed to supporting this work.

### COVID Experience

The COVID pandemic period proved that WBCs can and will do more with more. Facing unexpected and limiting circumstances, a record number of small businesses called upon their local WBC for guidance to pivot their small business effectively.

Not only are WBCs seeing more entrepreneurs, but they are returning for more services – a testament to the quality of our offerings. In FY19, WBCs had 82,466 unique interactions among their 64,527 clients, averaging 2.22 interactions per client. In FY20, WBCs had 187,555 unique interactions among their 143,567 clients served, averaging 2.27 interactions per client.

We could not have accomplished this without the leadership of this Committee, so allow me the opportunity to say thank you to this group of Members and their diligent staff. The designated additional WBC funding and waiver of the matching requirement in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Consolidated Appropriations Act, 2021, in the 116th Congress, allowed WBCs the resources they needed to respond to the influx of demand from the small business community during this precarious time.

These funds have been critical in providing entrepreneurs in need with adequate support and were utilized to hire additional staff and provide additional counseling and mentoring to convey the changing loan guidance.

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<sup>3</sup> Rodz, C. (2021). Is Entrepreneurship The Answer To The ‘Shecession’? *Dame*.

<https://www.damemagazine.com/2021/03/26/is-entrepreneurship-the-answer-to-the-shecession/>.

<sup>4</sup> *EDMIS Management Report-Type: Impact*.

<sup>5</sup> *EDMIS Management Report-Type: Impact*.

<sup>6</sup> *EDMIS Metrics*.

One example of the WBC impact is exemplified in Jennie Lennick's, owner of Jenny Lemons, a small-batch retail shop and clothing line, experience with the Renaissance Women's Business Center when the hardships of COVID-19 hit. The Renaissance Women's Business Center connected Jeannie with a resiliency coach who helped her create a plan to diversify her products by using fabric scraps from her shop to host a free online class on making fabric protective masks for COVID-19.

Stories like Jennie's abound as WBCs have helped women entrepreneurs in their pursuit of access to capital, EIDL and PPP loans, tactical business pivots, business resiliency, and much more.

### *Resource Partner Training Portal*

In addition, AWBC supported the broader small business community by leading the construction and implementation of the Resource Partner Training Portal (RPTP), a platform that provides small businesses with access to a consolidation of COVID-19 related information and resources from multiple federal agencies, in coordination with America's Small Business Development Centers (ASBDC).

RPTP (covid-sb.org) aims to support small businesses affected by the Coronavirus by providing a centralized resource of reliable information from federal agencies and enabling an education and training capability for WBC, SBDC, SCORE, and VBOC advisors. The education platform contains interactive learning capabilities, informative content, collaboration, and communication abilities.

### *Trends/Lessons Learned*

Throughout our work and experience this past year, the pandemic has amplified many issues within the small business community and has shed light on structural disadvantages that social and economically underserved communities face every day.

*Access to Capital.* An overwhelming takeaway among the women and minority-owned business communities is a remarkable continued lack of access to capital. Women and minority-owned business owners demonstrated that they don't hold longstanding relationships with traditional lending institutions, and this was evident in the initial PPP and EIDL loan rollout.

The under-banked businesses are typically smaller and younger organizations, leaving them to face challenges more easily overcome in traditional banking relationships. The outset of the COVID-19 pandemic amplified this issue, with women and minority-owned business owners unable to receive relief dollars intended for them by statute.

*Jobs.* A continuing concern for businesses of all sizes, the pandemic is having a detrimental impact on the ready and available workforce and has left many positions vacant. The most recent jobs report by the Bureau of Labor Statistics Employment Situation Report, which added only 266,000 jobs, shows just how many Americans need to reenter the workforce.<sup>7</sup>

WBCs will continue to do their part to work alongside business-owners to create and retain American jobs, but their success will depend on finding qualified candidates they can afford to retain and/or hire to fill those positions. By the end of 2020, WBC clients experienced a 33% increase in jobs created and retained.

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<sup>7</sup> Division of Labor Force Statistics, THE EMPLOYMENT SITUATION -- APRIL 2021 (2021). U.S. Bureau of Labor Statistics. <https://www.bls.gov/news.release/empsit.nr0.htm>.

*Minority-owned businesses.* The pandemic has also illuminated a long-standing reality of the significant disparity that minority-owned businesses experience each day.

WBCs worked diligently to support traditionally underserved communities, who were disproportionately affected by the downstream effects of the COVID-19 pandemic. In 2020, 70% of the individuals WBCs served were women (while women make up 51% of the U.S. population) and 56% were people of color. The overall increased number of clients served from 2019 to 2020 resulted in higher percentages of clients served who identified as Asian Pacific Islander (39% increase, Asian + PI), Asian (23% increase), and African Americans (12% increase).<sup>8</sup>

This pandemic has been a learning opportunity for the American public, small business community, resource partners, Administration and Congress alike. Moving forward, we must strive to proactively combat these institutional norms and empower these traditionally underserved populations.

### WBCs and Equity

The WBC program delivers on its mandate to be inclusive - to serve all aspiring entrepreneurs in need. Of the individuals WBCs served in 2020, 70% were women and 56% were people of color. Of those served in 2020 who identified as people of color in one or more race/ethnicity, 51% were African American, 33% were Latinx, 10% were Asian, 2.7% were Native American/Alaska Native, 1.2% were Native Hawaiian, Pacific Islander or other, and 1.7% were multi-racial.

Recently, notices of award for the newest WBCs reflect the program's active intent to better reach communities of color, including awards to host organizations that operate as minority chambers of commerce and Historically Black Colleges and Universities.

### *AWBC*

AWBC has and continues to prioritize efforts towards an equitable workforce. In the outset of COVID legislation implementation, AWBC was a founding member of the Page 30 Coalition, which was created to call attention to, and champion the underserved and rural communities identified in CARES legislation and beyond.<sup>9</sup> Despite Congress' intention, billions of COVID relief dollars were deployed without an operational prioritization of these communities. Page 30 works with partners around the country to ensure the critical constituencies recognized on Page 30 of the CARES Act receive the prioritization Congress intended.

AWBC joined the Small Business Roundtable (SBR), a coalition of leading small business and entrepreneurship organizations, dedicated to advancing policy, securing access, and promoting inclusion to benefit the businesses at the heart of the American economy.<sup>10</sup> During Women's History Month, AWBC co-hosted an event celebrating women's entrepreneurship coordinated by SBR to discuss how women-owned small businesses are navigating the pandemic, have removed market and supply chain barriers, and additional options for capital access and opportunities to help women entrepreneurs thrive in 2021.<sup>11</sup>

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<sup>8</sup> *EDMIS Operational Reports (641 parts I and II).*

<sup>9</sup> Page 30 Coalition. <http://www.page30coalition.org/>.

<sup>10</sup> Small Business Roundtable. <http://www.smallbusinessroundtable.org/>.

<sup>11</sup> Small Business Roundtable. (2021). *A Celebration of Women's Entrepreneurship: Recognizing the Resiliency of Women-Owned Businesses.* YouTube. <https://www.youtube.com/watch?v=qZjyglTJcnU&t=6s>.

In 2019, AWBC partnered with National ACE signing an MOU in solidarity with Asian communities across the country seeking greater access to entrepreneurial opportunity.

AWBC is committed to improving its outreach to these communities and has undertaken internal and external steps to further build on our leadership in this regard. This begins at the top, where today, one-third of the AWBC board members are women of color.

### How to Strengthen the Program

The experiences of the women-owned business community and our network of WBCs have unveiled structural successes and avenues for improvement for the WBC program.

#### *Modernize the WBC Program*

WBCs have a proven track record of producing exceptional results with limited resources. When record funding was allocated to the Women's Business Center Program via the CARES Act in 2020, WBCs made record-breaking impacts. WBCs exceed goals when it comes to client service and performance, and yet there are serious challenges faced within the walls of the WBCs. For this reason, AWBC continues to advocate for re-authorization and modernization of the WBC Program that has lived well beyond its designed intent.

Regulatory and grant compliance inconsistencies and inefficiencies can create challenges for even the highest performing WBCs. The recent OIG report identified specific findings that we see would be remedied by a modern re-design of WBC program. Working with our agency partner, SBA, we would seek to establish a structured accreditation process that ensures accountability to national standards for client service, including management and operational aspects. In addition, an increased individual grant level from \$150,000 to \$300,000 per WBC would effectively allow centers to reach deeper into marginalized and rural communities.

AWBC endorsed, and fully supports Women's Business Centers Improvements Act of 2019, H.R. 4405, from the 116<sup>th</sup> Congress.<sup>12</sup> Had that legislation been enacted, we believe WBCs could have been better positioned to respond to the pandemic. We urge similar legislation to be introduced, passed and enacted.

We thank and recognize the 117<sup>th</sup> Congress for the efforts already made to prioritize the WBC program. Legislation like Rep. Marie Newman's recently introduced H.R.2449, to amend CARES to extend the non-federal matching requirement to Women's Business Centers (WBCs), shows understanding of the societal and economic benefits of continued support for women entrepreneurs.<sup>13</sup> We look forward to continue working alongside Congress in prioritizing women entrepreneurs during this pivotal time.

#### *Parity is Equity*

The WBC program would benefit by achieving statutory parity with other Office of Economic Development programs. The creation of an accreditation program, similar to the Small Business Development Center program, would ensure that WBCs were offering the best services to all

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<sup>12</sup> Women's Business Centers Improvements Act of 2019, Congress.gov (2019). bill. <https://www.congress.gov/bill/116th-congress/house-bill/4405>.

<sup>13</sup> To amend the CARES Act to extend the waiver of matching funds requirement under the women's business center program., Congress.gov (2021). bill. <https://www.congress.gov/bill/117th-congress/house-bill/2449>.

clients. Recognition and consultation of a national association would also enable improved communication, RFP processes, and day-to-day maintenance of the program.

#### *Improved SBA Management & Communication*

As demand for WBC services increases, it is critical that our partners at the SBA have the resources to manage a growing and important program – select improvements would enhance the WBC and SBA working relationship, and in turn, the sustained effectiveness of the program.

For example, an automated WBC Program grant management process is needed. Under the current process each WBC is responsible for building out their own excel spreadsheets, a tedious process with the outdated guidance for new centers.<sup>14</sup> In addition, there should be an avenue to centralize WBC contracts and/or better communicate on nuances between contracts. Managing 246 separate contracts (Core grants + COVID grants) with different terms and conditions in the NOA is confusing for both the SBA staff and the WBC.

Each center within the program has their unique needs, and some have more than others. Newer and smaller centers would stand to benefit from additional oversight and guidance to achieve maximum results. AWBC is exploring ways to support centers with the greatest needs, including the smallest and newest centers. This could also achieve savings for the taxpayer using economies of scale for common purchases including CRM and LMS tools. We hope to work with this Committee on exploring how achieving economies of scale can benefit the program.

#### *Leverage RPTP Moving Forward*

AWBC has been proud of its partnership with SBA to ensure America’s resource partners, including WBCs, have the important information to support entrepreneurs. We urge Congress to ensure the investment in RPTP continues beyond COVID.

We also believe the portal can be improved in a future re-authorization. We recommend converting the management to a contract to improve the efficiency of its operations.

#### Recommendations for the Committee

We ask this Committee, and the 117<sup>th</sup> Congress more broadly, to take the following actions to support WBCs and the broader women-owned business community:

1. Fully fund the program at \$30 million in core funding, provide an additional \$48 million COVID-related appropriation, and waive the match requirement until FY23.
2. Re-authorize the program through legislation like H.R. 4405.
3. Ensure WBCs are partners of choice for engaging women business owners in any future jobs and infrastructure package.

As always, please consider AWBC a resource and supporter in the development of these proposals.

#### Conclusion

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<sup>14</sup> Women's Business Centers. (n.d.). <https://www.sba.gov/partners/resource-partners/womens-business-centers>. For example, the information at <https://www.sba.gov/wbc> is no longer up to date.

The WBC program is an effective program at providing support for thousands of women entrepreneurs nationwide, and more every day. The program is a productive public-private partnership and an effective resource partner to fill the growing need for entrepreneurial training.

We look forward to working with Congress to help minority and women entrepreneurs reach their full potential through business ownership. Thank you for the opportunity to testify and I am happy to answer any questions.