



**Testimony of**

Corinne Hodges

**On behalf of the**

**Association of Women's Business Centers**

**to the**

U.S. Senate

Committee on Small Business & Entrepreneurship:

*Review of SBA Entrepreneurial Development Programs  
and Initiatives*

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Thank you, Chair Cardin, Ranking Member Paul, and distinguished Members of the Committee 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 140 Women's Business Centers (WBCs). WBCs help women start and grow their businesses by providing counseling, training, mentoring, networking opportunities, and access to capital.<sup>1</sup>

As an advocate for women entrepreneurs and the Women's Business Center 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 34 years of success in providing training, counseling, mentoring, networking opportunities and access to capital to women entrepreneurs across the country.

The 140 WBCs that make up the national network are hosted by a myriad of non-profit entrepreneurial development organizations and community lenders that serve economically and socially disadvantaged clients, in as many as 38 languages.

While each WBC operates out of a brick-and-mortar location, many have opened additional satellite locations and all of them offer virtual services. And, when disaster strikes, whether it is earthquakes in Puerto Rico, fires in California or a global health pandemic, Women's Business Centers provide real time support to small businesses affected. WBCs help prepare clients for unforeseen circumstances, support them through their challenges, and help them rebuild and grow.

For instance, Tammy Walker, founder of Tammy's Sweet Tasty Treats,' did not know where to go for help when starting her business. Through a Ladypreneur's meeting in Lexington, Kentucky, Tammy found the Women's Business Center of Kentucky, where she gives Phyllis Alcorn and her team credit for helping her "make her business make money." Tammy commended the WBC of Kentucky, who was available and responsive to her when she needed it; now Tammy's treats are selling in 6 local markets and continuing to grow.

### *Rapid Expansion of Women's Business Centers*

Within the past year, the Women's Business Center network has expanded by 24 locations – totaling 140 WBCs nationwide.

At the start of 2021, the Small Business Administration (SBA) announced grant awards for 20 new 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 WBC resources to more communities. Since then, an additional four announcements for new WBCs have been made in Rochester, NY, Tulsa, OK, and Puerto Rico.

Collectively in the past year, new WBCs have been launched in Alabama, Arizona, California, Georgia, Maine, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Tennessee, South Carolina, South Dakota, Texas, Virginia, and Wisconsin. Of these new additions, two WBCs (in North Carolina and Mississippi) are located in underserved and rural markets, widening the footprint and partnership with Historically Black Colleges and Universities (HBCUs).<sup>1</sup>

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*

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<sup>1</sup> 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>

21. The Roc Women’s Business Center (RWBC) – *Rochester, NY*<sup>2</sup>
22. Greenwood Women’s Business Center (WBC)<sup>3</sup> - *Tulsa, OK*
23. A Women’s Business Centers (WBC) will be hosted by Ana G. Méndez University, Gurabo Campus (UAGM-Gurabo) – *Puerto Rico*<sup>4</sup>
24. A Women’s Business Centers (WBC) will be hosted by the Friends of Puerto Rico – *Puerto Rico*

As the newest WBCs establish and build out their operations, AWBC is committed to working with them to get them up to speed on the program and how to best assist their respective clientele. In our experience the first years of a WBC operation can be the most challenging. We ask Congress to consider how to best support new centers, and all 140 WBCs, as part of a program re-authorization.

### Women Experience During the COVID-19 Pandemic

As you are aware, women were disproportionately impacted over the course of this pandemic and continue to struggle. Industries that are predominately women-led, like beauty, childcare, food, and other service industries and rely on in-person servicing, have been significantly impacted by the closures due to COVID restrictions. Hardships experienced by this sector, in turn, have been exacerbated by the national workforce crisis that we currently find ourselves in.

#### *Childcare*

Often, still the caretakers within the family, women faced challenges around childcare as these services and schools closed. Parents were left with the responsibility of maintaining their child’s education and homeschooling to keep them on track. Now, many women have had to unexpectedly take on multiple roles: childcare, teacher, and their day job. Having to balance these conflicting duties, women entrepreneurs' businesses took a disproportional hit.

#### *Capital Access*

Furthermore, women-led small businesses faced disproportionate strain in obtaining loans and other types of funding. These business owners, typically, do not hold the same longstanding relationships with traditional lending institutions, as their male counterparts. As a result, those that reached out to traditional banks during the initial rollout of the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) did not have the benefit of established relationships to receive prompt responses and ultimately, access to the loans in a timely matter, despite Congress’ intention of targeting traditionally underbanked groups.

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<sup>2</sup> SBA Administrator Guzman Announces New Women’s Business Center in Rochester, New York.  
<https://www.sba.gov/article/2021/oct/27/sba-administrator-guzman-announces-new-womens-business-center-rochester-new-york>

<sup>3</sup> SBA Administrator Announces New Women’s Business Center in Tulsa, Oklahoma.  
<https://www.sba.gov/article/2021/oct/13/sba-administrator-announces-new-womens-business-center-tulsa-oklahoma>

<sup>4</sup> SBA Announces Awardees for Two New Women’s Business Centers in Puerto Rico.  
<https://www.sba.gov/article/2021/sep/13/sba-announces-awardees-two-new-womens-business-centers-puerto-rico>

In addition, many women-owned small businesses (WOSBs) were also unable to rapidly produce financial information and other necessary documentation to apply for these loans.

### *Need for Digital Tools*

Finally, many women-led businesses were not prepared for the quick digital transition needed to adapt and survive. During the first year of the pandemic, WOSBs underwent significant overhauls to update their servicing to compete with other businesses that already had digital mechanisms in place. These businesses had to rapidly increase their digital literacy, through avenues like transitioning to an online delivery model or building out a website, to pivot their services. Those that could not adapt, like hair salons or gyms, were often forced to close their doors.

### WBC Experience During the COVID-19 Pandemic

WBCs received a sudden and urgent surge of demand from small businesses (new and existing clients) affected by the lockdowns. While pivoting their own services to remote formats, they were often an economic first-responder. The demands on some WBCs surged as much as 10x during peak periods, most saw peaks of 2x previous volume levels. To meet the demand, WBCs added staff and technology while developing new programming to address the rapidly changing needs of the small business ecosystem.

The CARES Act provided supplemental funding to the WBC program, amounting to \$420,000 per Women's Business Center. As a result, the COVID pandemic proved that WBCs can and will do more with more funding and resources. Despite their own internal challenges presented by the pandemic environment, WBCs served a record number of small businesses. According to data gathered by the Office of Women's Business Ownership (OWBO), WBCs served 87,852 unique clients in 2021 – an increase of 6.5% from the 82,466 unique clients served in 2020 and an even greater increase of 36% compared to the 64,527 served in 2019.<sup>56</sup> Furthermore, in 2020, the network of WBCs leveraged more than \$361,000,000 in support of their clients. Not only did WBCs serve more entrepreneurs and leverage more capital, but they saw an increase in returning clientele for continued and additional services – a testament to the quality of WBC offerings.

### *WBCs Pivot to Digital*

Responding with urgency, WBCs have pivoted to providing many of their services and training virtually, and in doing so found that their reach has been able to scale beyond the brick and mortar. WBC virtual trainings provide assistance to more entrepreneurs based in diverse locations, many of whom would not have been able to attend the traditional in-person sessions.

### *Workforce Strain*

In addition, WBC advisors became subject matter experts of highly technical and frequently changing information, especially as guidance evolved for various small business loan programs, like in the cases of the PPP and EIDL. WOSBs look to WBCs for business guidance, so advisors

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<sup>5</sup> Management Impact FY 2021 All WBCs, EDMIS data.

<sup>6</sup> AWBC Data from OED 2.3.21

continuously seek and decipher the most up-to-date information to properly counsel their clientele. Further burdening WBCs, workforce shortages and limited availability of the skills needed put pressure on the small staff. In turn, WBCs experienced capacity and staffing issues when counseling WOSBs. Few individuals had the correct skillset and program knowledge to effectively do this job and WBCs were strained on payroll for the increase in employees needed to handle the unprecedented demand.

A tight labor market, childcare difficulties, and physical restrictions due to COVID restrictions, among other drivers, have led to a significant influx in WOSBs turning to WBC centers for guidance. As a result, the demand has put a strain on WBC centers and their employees. In 2021 alone, WBCs provided a total of 169,303 counseling hours and 43,744 training hours, totaling about 213,047 hours of counseling and training support for clients.<sup>7</sup>

### *Federal Funding for Small Businesses*

I thank the Committee for your role in passing the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The SBA's Office of Entrepreneurial Development (OED) provided data that 69,550 jobs were supported by WBCs in FY20, which in large part was realized by this legislation.

The leadership of this Committee was monumental in our work, 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 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.

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 San Francisco-based Renaissance Women's Business Center when the hardships of COVID-19 hit. 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 face masks.

I frequently meet with entrepreneurs that have stories like Jennie's, those who say their businesses would have failed except for their local WBC. WBCs like Renaissance continue to help their clients access necessary capital, execute tactical business pivots, ensure business resiliency, and more.

The additional funding allocated through the CARES Act helped temporarily expand the capacity of WBCs, but unfortunately these resources have run dry. With the expiration of these funds, WBCs have had to downsize to their pre-pandemic operations and scale back on technology that enabled virtual service delivery. And yet, the demand from the business community has remained strong and is growing. Therefore, without demand-appropriate federal funding, WBCs are struggling to serve the ever-increasing demand. As the negative economic effects and uncertainty around the pandemic continues, additional funding for the WBC program would ensure that centers are properly equipped and have enough staff to help their clients recover and thrive.

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<sup>7</sup> Management Impact FY 2021 All WBCs, EDMIS data.

## AWBC's Work Supporting Entrepreneurs with Significant Need

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 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>8</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>9</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>10</sup>

In 2019, AWBC partnered with National ACE signing a memorandum of understanding 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, half of the AWBC board members are women of color.

## 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.

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<sup>8</sup> Page 30 Coalition. <http://www.page30coalition.org/>.

<sup>9</sup> Small Business Roundtable. <http://www.smallbusinessroundtable.org/>.

<sup>10</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=qZjygtJcnU&t=6s>.

The current WBC Program outlined in statute is antiquated. We ask that the Committee consider introducing complimentary legislation to the bipartisan bill recently introduced in the House of Representatives, H.R. 6441, the Women’s Business Centers Improvement Act of 2022, cosponsored by Congresswomen Sharice Davids (D-KS) and Claudia Tenney (R-NY).<sup>1112</sup>

The WBC program was established by the Women’s Business Ownership Act of 1988 (Public Law No. 100-533) and has been operating under the same requirements since its permanency in 20007. Regulatory and grant compliance inconsistencies and inefficiencies can create challenges for even the highest performing WBCs. The recent OIG (Office of Inspector General) report identified specific findings that we see would be remedied by a modern re-design of the 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.

### *Reauthorization*

Through our experience during the pandemic, WBCs have proven that with increased resources, more small businesses can be served. Reauthorization of the WBC Program would recognize the program in statute and bring the program serving up to date. In addition, a formalized accreditation process would ensure that WBCs have a uniform set of standards across the country, thus increasing WBC effectiveness in aiding local WOSBs.

An increased grant cap for individual WBCs from \$150,000 to \$300,000 would significantly increase WBCs capacity to support entrepreneurs and expand their reach to more women entrepreneurs in need. If the original cap of \$150,000 were indexed for inflation, the grant amount would be approximately \$325,000 today. Also, extending the term for continuation grants to 5 years would help alleviate some of the administrative and compliance burdens experienced by WBCs.

We also expect that the \$31.5 million for the WBC program from FY22-FY25, as called for in the legislation, would enable WBCs to maintain their staff and capacity supporting the WOSBs as small businesses continue to struggle. We ask the Committee to consider the following provisions outlined in H.R. 6441:

- Increase program cap from \$150,000 to \$300,000
- Create an accreditation program to strengthen and standardize WBCs across the country
- Call for \$31,500,000 for FY2022-2025

### *Increased role for AWBC*

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<sup>11</sup> Davids Introduces Bipartisan Legislation to Support Women Business Owners.

<https://davids.house.gov/media/press-releases/davids-introduces-bipartisan-legislation-support-women-business-owners>

<sup>12</sup> Congresswoman Tenney Joins Colleague in Introducing Women’s Business Centers Improvement Act.

<https://tenney.house.gov/media/press-releases/congresswoman-tenney-joins-colleague-introducing-womens-business-centers>



Recognizing the Association of Women's Business Centers in statute would strengthen coordination between the Association and SBA, thus encouraging program transparency and the greatest support for WOSBs. We support the House legislation, which would require recognition and coordination with the AWBC on implementation and policy recommendations under Sec. 29 of the Small Business Act. In addition, we agree that an annual WBC conference, as outlined, would be beneficial for the WBC community's professional development and to share best practices.

We ask the Committee to consider the following provisions outlined in H.R. 6441:

- Recognize the Association of Women's Business Centers and strengthen coordination between the Association and SBA
- Provide funding for a national WBC conference to be led by the AWBC (\$50,000)

#### *Additional Programmatic Guidelines*

Since the program's permanence was established in 2007, WBCs have experienced some confusion around various aspects of the program. Additional programmatic guidelines would clarify points of misunderstanding. We ask the Committee to consider the following provisions outlined in H.R. 6441:

- Provide guidance around carryover matching funds requirements and waivers
- Create a review and appeal process for WBC applications
- Incorporate accounting and reporting requirements for Office of Management and Budget
- Create additional backstops for grant/programmatic enforcement
- Provide guidance on terms and conditions in continuing grants

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

#### Conclusion

WBCs help entrepreneurs transform ideas into businesses, scale businesses, pivot in pursuit of business resiliency, and more. It is commonly said that small businesses are the backbone of our economy, and I would say that WBCs are the vertebrae that help provide support.

The WBC program is an effective program at offering assistance 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.