



Testimony of

Kiesha Haughton

**On behalf of the Maryland Women's
Business Center**

U.S. Senate
Committee on Small Business &
Entrepreneurship:

***Reauthorization of the SBA's Entrepreneurial
Development Programs***

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Thank you Chairman Rubio, Ranking Member Cardin, and distinguished Members of the Committee for the opportunity to share this testimony with you. My name is Kiesha Haughton, and I am the Managing Director of the Maryland Women’s Business Center. I also serve as Secretary on the Board of Directors for the Association of Women’s Business Centers (AWBC), the national organization that represents women’s entrepreneurial development.

I would like to thank the Committee for holding this hearing and for their willingness to hear about the work we do at the Maryland Women’s Business Center, what is going well with the WBC program, and areas where we can work together to make improvements during reauthorization.

The Maryland Women’s Business Center is part of the national network of 114 Women’s Business Centers (WBCs), a critical resource partner of the SBA that helps women entrepreneurs start and grow their own businesses. The WBC program is a public-private partnership with over 30 years of success in providing training, counseling, mentoring, and access to capital to women business owners nationwide. The centers leave an enormous footprint of successful business owners and job creators. In Fiscal Year 2018, centers reached more than 151,000 clients, leading to nearly 12,000 new businesses. In the prior year – the latest data available -- WBCs conducted over 93,000 hours of counseling and over 15,000 training sessions in over 35 languages.¹ In 2015, according to the most recently available data, WBCs assisted with nearly \$429 million in private capital infusion.²

These services have had a profound impact on client businesses and their local communities. According to the SBA Office of Entrepreneurial Development (OED) 2015 Report, the most recently available data, 96% of WBC clients reported revenue growth, totaling \$658 million dollars.³ This led to one in ten businesses hiring at least one new employee, creating nearly 25,000 jobs.

The Maryland WBC, headquartered in Rockville with two satellite offices in Bowie and Frederick, is proud to be amongst this network of efficient and effective resources for women entrepreneurs. We are also proud to be the only WBC located at a historically Black college, or HBCU, with our location at the University of Bowie. It is critical that HBCUs have the resources to cultivate entrepreneurship in their young students and future expansion of the SBA’s entrepreneurial development programs should take into consideration the current lack of partnerships with HBCUs nationwide.

What is Going Well

¹ From the 2019 CBJ: “Women’s Business Centers (WBCs) helped many small businesses work with microlending institutions, helping them access millions of dollars in loans.” Pg. 43 https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF

² Ibid

³ SBA Office of Entrepreneurial Development 2015 Report, p. 39

As the statistics reveal, the WBC program boasts of many successes and achievements happening at centers across the country on a daily basis. One of the hallmarks of the WBC program is the flexibility that each center has to tailor its offerings to the needs of the local community. As an example, WBCs provide services in dozens of languages and further meet the needs of their communities by offering flexible hours, including weekends and evenings, and allowing children to attend training classes with their mothers. These are particularly important aspects for a program that primarily services women. At the Maryland WBC, we have tailored services to our community through the roll-out of specialized offerings, like our procurement, advanced tech, international trade, child care, retail, and women's business leadership programs. We've customized these offerings to meet the demands of our clientele and the small business community which we serve.

Every day at the Maryland WBC, our dedicated staff works to ensure every entrepreneur that walks through our doors receives services that meet their needs. Like each WBC in the network, we're committed to helping women prosper and achieve financial security through business ownership and we have had many successes in this endeavor.

A particularly successful program at the Maryland WBC is our procurement series. Workshops in this series are designed to help established businesses position themselves to take on government work. This program has supported clients like Houry Tamizifar, owner of Cynuria Consulting, in winning a number of government contracts that has led to sales growth of over of 400% between her first and second year in business, and 300% in her third year. Charlisa Watson, a veteran and owner of CRW Associates, has also benefited from our procurement series. After taking our workshops, she was successful in securing a \$66 million contract with the Department of Defense.

Opportunities for Improvement

The WBC program continues to fulfill its Congressional mandate of ensuring that women's entrepreneurial drive is fueled by adequate training, resources, and access to capital which in turn keeps the American economy thriving. Congress, however, should act to strengthen and modernize the program, in turn supporting the growing number of women business owners nationwide. Reauthorization of the Small Business Act is the perfect opportunity to make improvements to the WBC program.

Since the program was established 31 years ago, the maximum grant amount available from SBA to qualified WBCs has remained at \$150,000 a year. Adjusted for inflation, that amount is equivalent to \$319,161.45 in 2019 dollars. Legislation to reauthorize the WBC program should increase that cap of \$150,000 per center and bring that number more in line with the realities of the 21st century, allowing well-established centers such as the Maryland WBC to expand their impact with increased funds. As the only Women's Business Center within the state of Maryland, our center has received a significant amount of demand for our services. However, due to the cap of \$150,000 we have been limited in our ability to leverage federal dollars to expand and cover more counties within our state. We only cover three counties currently, leaving 21 jurisdictions without our full support. Increasing the cap on the grant to our WBC, one that

has proven successful, would allow us to expand into additional counties and reach more entrepreneurs in need in the state of Maryland.

I would recommend Congress raise the cap on individual center grants to \$350,000, based on our centers ability to match. Our national association, AWBC, found in a recent survey the vast majority of centers could match at least \$300,000. This would of course require additional funds for the program and, given the upward trajectory of the program along with the explosive growth in female entrepreneurs, now is the time for Congress to provide robust funding in statute. The Association of Women's Business Centers (AWBC) is asking for \$30 million in funding for the WBC program in FY2020. As an on-the-ground practitioner, I fully support this request. While the nuances of authorization and appropriation levels are best left to this Committee and the appropriators, I encourage Congress to be ambitious with its authorization level, giving the program much-needed room to grow in the next 31 years.

Another improvement that can be made during reauthorization is the removal of unnecessary requirements that force WBCs to divert precious time and resources away from helping entrepreneurs in order to stay on top of back-office bureaucracy and burdensome reporting. One particularly nefarious requirement actually disincentivizes WBCs from raising additional funds beyond the match of their SBA grant. Currently, if a center raises more money than is required to meet the federal match, that additional money is subject to federal spending guidelines and verification requirements, even though it is not taxpayer money. This is a key inefficiency in the program, and it must be addressed.

The paperwork and reporting burden goes beyond these requirements on additional funds. The current reporting requirements for WBCs are not consistent with the other SBA resource partners. We would like to see consistency on audits, grant reporting requirements, and grant application opportunities like disaster relief. The reporting system that we are required to use, EDMIS, is problematic and in need of updating.

Lastly, while some WBCs standalone, others are hosted by larger organizations or universities. The Maryland WBC is hosted by the Rockville Economic Development Initiative, Inc (REDI). Thanks to continuing support from REDI, foundation and sponsorship support, and partnerships with county economic development organizations in Montgomery, Frederick, and Prince George's Counties, the Maryland WBC, like many other WBCs around the country, has grown increasingly self-sufficient over the years.

While the Maryland WBC is now able to sustain itself, there is no established process for it to "graduate" from our host organization and transition into a standalone center. This issue affects future growth opportunities. While there are many benefits associated with being a hosted center, WBCs like mine can run into difficulties with fundraising when associated with a large host or region-specific organization due to issues with branding. For example, it is at times challenging to fundraise for the Maryland WBC outside of Rockville while our center is associated with the Rockville Economic Development Initiative Inc. Our statewide impact is the unfortunate companion to a local name, which is challenging in a time of limited resources.

In reauthorization of the WBC program, I would ask Congress to implement a clear process for transferring WBC grants from the host to the newly established standalone entity, without having to close down and reapply as a new center. This would reduce the stigma of closing a center and allow for consistent branding and service delivery in an already established market for centers that have proven their viability and aptitude.

Conclusion

The Women's Business Center program fills a growing need for the distinct population that we serve and I am thankful for this Committee's continued bipartisan support of the program. While so many things are going well, evidenced by the many success stories that come out of my and other centers, I urge Congress to make necessary changes to the WBC program during the reauthorization process. I appreciate the opportunity to testify today and am happy to answer any questions.