

**TESTIMONY OF EVA LONGORIA  
FOUNDER, THE EVA LONGORIA FOUNDATION  
BEFORE FOR THE  
US SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
WEDNESDAY, MAY 8, 2013  
“STRENGTHENING THE ENTREPRENEURIAL ECOSYSTEM FOR MINORITY WOMEN”**

Thank you, Madame Chair, Ranking Member Risch, and members of the Committee. I am honored to testify before you regarding Latina entrepreneurs and how we can better facilitate their success. You may know me best as an actress, but I am also an entrepreneur. I own two restaurants, Beso and SHe, and manage my own production company, UnbeliEVable Entertainment. My experience as an entrepreneur and as a Latina inspired me to launch the Eva Longoria Foundation, which helps Latinas build better futures through entrepreneurship and education.

I am here today because I am dedicated to advancing the cause of my fellow Latina business owners. Latinas face challenges in launching and growing their businesses but, with the proper support, we can create opportunity for more of these women to succeed and help grow our nation’s economy.

**Challenges for Latina Entrepreneurs**

More than 25 million Latinas live in the U.S., making us the largest group of minority women in the country.<sup>i</sup> Despite being such a huge resource, Latinas are currently not reaching their potential as an economic powerhouse, largely due to institutional barriers which we need to address. Let’s consider the facts; 25% of Latinas live in poverty<sup>ii</sup> and about one in three drops out of high school.<sup>iii</sup> Latina unemployment is high at 9.3%, compared to 5.9% for white women.<sup>iv</sup> Despite their entrepreneurial track record, when Latinas are in the workforce, they earn lower wages than any other ethnic group of women. For every dollar that a white man earns, a white woman makes \$0.89 but Latina earns only \$0.59.<sup>v</sup> For context, when Congress passed the *Equal Pay Act* in 1963, women earned \$0.59 for every dollar a man made, the same ratio Latinas face today, 50 years later.<sup>vi</sup> Given their lack of opportunity and earning power in the traditional workforce, it is not surprising that many Latinas turn to entrepreneurship as a means to increase their livelihoods.

Statistics show that Latinas are incredibly entrepreneurial. According to the most recent *Survey of Business Owners*, the number of Latina-owned businesses has increased at eight times the rate of businesses owned by men.<sup>vii</sup> However, while Latinas are clearly driven to launch their own endeavors, obstacles prevent them from growing successful businesses. Many are held back by lack of education and limited access to capital.<sup>viii</sup> With proper training and basic financial literacy, Latinas could run profitable businesses and effectively scale their operations. Without the financial history to qualify for a loan and given the demonstrated gender discrimination in the commercial banking sector, Latinas struggle to buy raw materials, pay employees and invest in growth.<sup>ix</sup> As a result, Latina-owned businesses are particularly susceptible to failure.<sup>x</sup> These failures are a missed opportunity for our economy, which depends on small businesses to create two out of every three new jobs.<sup>xi</sup>

**Proposed Solutions**

The question, then, is what we can do to help empower Latina entrepreneurs to reach their potential. A clear opportunity is to offer the critical resources Latinas lack – business training and capital access.

Together with Howard Buffett, my Foundation launched a program to do just that. During the next four years, we will issue more than two million dollars in micro loans.

To illustrate our impact, I would like to share the story of Maria, one of our clients.<sup>xii</sup> After years as an Avon saleswoman, Maria saw an opportunity to sell fashion products door-to-door. She had a good idea, but lacked the capital to stock up her inventory. With a \$5,000 loan, Maria was able to buy merchandise to expand her offerings. In addition to the loan, she received training to create a solid business plan. And now she is earning more from her existing sales route. There are many Marias out there who have great ideas for starting businesses and creating jobs. We see women-owned businesses in non-traditional fields like engineering design, construction, IT and healthcare. With the proper investments and by addressing institutional barriers like access to capital, Maria and the thousands of Latina entrepreneurs out there will further grow the economic engine of this country. In addition, research shows that business ownership can be an important source of job creation and economic development in poor neighborhoods, and that low-income business owners tend to have more upward income mobility than low-income wage and salary workers.<sup>xiii</sup>

So far I have discussed what are currently nonprofit interventions, but we know that government plays an important role. Since 1988, the Small Business Administration has offered training and financial assistance programs through their Women's Business Centers. However, without reauthorization from Congress, funding for this program is stuck at the 1999 level. Similarly, the Minority Business Development Agency at Commerce has been able to deliver technical assistance throughout its Business Centers. They are also helping Minority Businesses to export, especially through the Business Center in San Antonio, TX. **If Congress really wants to create jobs and increase our global competitiveness, it needs to invest in programs like the Women's Business Centers, which give Latinas the resources they need to create thriving small businesses.**

Personally, I would also love to see the government further encourage commercial banks – which live in every town – to allocate a percentage of their lending to this important population.

### **Conclusion:**

Helping Latina entrepreneurs succeed is not only important for their personal livelihoods and those of their families, but for our country. By 2050, Latinas will comprise 15% of the population.<sup>xiv</sup> As Latinas become a larger proportion of America's workforce, I encourage Congress to invest in their potential, particularly in the fastest growing technical fields - science, technology, engineering and math to both harness an untapped resource and help create America's entrepreneurs and innovators of tomorrow. **These women are one of our nation's greatest natural resources and we have to treat them as such.** If we invest in giving Latinas the tools to unlock their potential today, we can create a brighter economic future for our country.

Thank you again for the opportunity to testify.

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<sup>i</sup> National Characteristics: Vintage 2011, U.S. Census Bureau, <http://www.census.gov/popest/data/national/asrh/2011/index.html>

<sup>ii</sup> "Poverty Among Women and Families," National Women's Law Center, Sept 2011, <http://www.nwlc.org/sites/default/files/pdfs/povertyamongwomenandfamilies2010final.pdf>

<sup>iii</sup> "Trailing Behind, Moving Forward: Latino Students in U.S. Schools," Editorial Projects in Education, 2012, 4.

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<sup>iv</sup> *Employment status of the Hispanic or Latino population by sex and age*, Bureau of Labor Statistics, 4 Nov 2011, <http://www.bls.gov/news.release/empsit.t03.htm>

<sup>v</sup> U.S. Bureau of Labor Statistics, *Median usual weekly earnings of full-time wage and salary workers by selected characteristics, annual averages* <<http://www.bls.gov/news.release/wkyeng.t07.htm>> (retrieved January 2013).

<sup>vi</sup> "The Wage Gap Over Time: In Real Dollars, Women See a Continuing Gap," National Committee on Pay Equity, Sept 2012, <http://www.pay-equity.org/info-time.html>

<sup>vii</sup> U.S. Census Bureau, American Fact Finder, [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO\\_2007\\_00CSA01&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2007_00CSA01&prodType=table)

<sup>viii</sup> Valdez, Z., *The New Entrepreneurs: How Race, Class and Gender Shape American Enterprise*, Stanford University Press, 2011, 13.

<sup>ix</sup> Valdez, 79.

<sup>x</sup> Valdez, 74.

<sup>xi</sup> BA Office of Advocacy, Frequently Asked Questions, Sept 2012, [http://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf)

<sup>xii</sup> Name changed

<sup>xiii</sup> Robert Fairlie and Christopher M. Woodruff (2010) "Mexican-American Entrepreneurship," *The B.E. Journal of Economic Analysis & Policy*: Vol. 10: Iss. 1 (Contributions), Article 10, p. 3, <http://www.bepress.com/bejeap/vol10/iss1/art10>

<sup>xiv</sup> "An Older and More Diverse Nation by Mid-Century," U.S. Census Bureau Newsroom, 14 Aug 2008, <http://www.census.gov/newsroom/releases/archives/population/cb08-123.html>