

The Agenda for Illinois' Entrepreneurs

Small Business Majority has created a comprehensive state policy agenda to ensure entrepreneurship is at the center of a thriving and inclusive economy in Illinois, with a particular emphasis on policies that will address systemic racism and sexism that are harming businesses owned by people of color, women and immigrants. The state's 1.2 million small businesses employ 2.4 million people (about half of the private workforce) and created more than 68,000 jobs in 2015. Yet, despite their importance to the state's economy, Illinois small businesses continue to face setbacks from the COVID-19 crisis and struggle to access the financing and tools they need to weather storm. This is particularly true for underserved businesses. Small Business Majority's most recent survey found that even as economic conditions are starting to improve for some small businesses, small businesses owned by entrepreneurs of color are disproportionately lagging behind white-owned businesses.

It's critical that state lawmakers enact policies to support and empower these entrepreneurs during this critical time, guaranteeing they have access to capital to start and grow their business, affordable and quality healthcare and benefits programs that will make it easier for them to attract and retain talented employees. These policies must prioritize the smallest businesses and those that have faced discrimination based on their race, gender and socioeconomic status, particularly women of low wealth and assets, people of color and other underserved business owners. To achieve these goals, legislators should consider the policy proposals outlined below.

Expand equitable access to capital and business support services for Illinois' diverse entrepreneurs

- **Pass truth-in-lending legislation that promotes fair online lending for small businesses and combats predatory practices, understanding that this is an issue with a disproportionate impact on communities of color.** At the same time, we urge the state to address predatory practices undertaken by some small business loan brokers, such as amending the Illinois Loan Brokers Act to include business loan brokers and require more transparency in their fees and contracts.
- **Establish a state bank** that re-invests a portion of deposits into low-interest loans for small business, infrastructure and agriculture to ensure equitable lending in underserved communities.
- **Support the fair and equitable deployment of state-based pandemic disaster relief loans and grants, in addition to providing business debt relief for existing loans.** This will ensure that more owners of color and women of limited assets located in underserved and dis-invested areas receive funds to continue operating and supporting jobs, as well as relief from accumulated debt that existed pre-pandemic.
- **Increase funding for Small Business Development Centers (SBDCs) to boost staffing, resources and technology support.** These centers provide low and no-cost counseling and assistance by professionally certified staff to all entrepreneurs. Additionally, funds should be set aside to promote and market these centers and educate the public about the services they provide in underserved metropolitan, micropolitan and rural areas.

Address healthcare access and affordability

Illinois can address its remaining uninsured rate and promote more affordability for the small business community through commonsense policies to expand affordable, comprehensive coverage so owners and employees are not left with skimpy plans with exorbitant drug coverage, wherein owners and employees must choose between safeguarding their health or their pocketbook.

- **Review the state’s 2021 feasibility study on making healthcare more affordable through the following:**
 - **Establishing a Medicaid buy-in option.** Roughly 86% of owners of color are self-employed, so allowing individuals to buy in to public health plans will ensure that freelancers and solo entrepreneurs have access to affordable healthcare
 - **A state reinsurance program,** which would help stabilize premiums in the individual marketplaces by providing support for insurers facing high financial losses. States such as Colorado, Maine, Maryland, New Jersey and others have reinsurance programs.
 - **Address the rising costs of prescription drugs,** as these costs are [hurting small business owners' bottom lines](#).¹
- **Require the Illinois Department of Insurance to conduct mandatory health insurance annual rate reviews of companies’ rates** to regulate affordability and request transparent justification on rate increases.
- **Enact an individual mandate at the state level to encourage more Illinoisans to enroll in health insurance** in order to maintain balanced risk pools and keep costs down, particularly in light of the repeal of the federal individual mandate penalty.

Ensure a skilled workforce for Illinois’ job creators to help close the wealth and income gap

Illinois lawmakers must address the particular challenges small businesses face in finding and retaining skilled workers. Small employers face capacity barriers to hiring and offering benefits, which puts them on an unequal playing field with larger businesses that have these resources.

- **Expand the state’s Secure Choice retirement savings program to fewer than 25 employees and the self-employed to ensure the smallest businesses are eligible to participate.** Additionally, the state should ensure there is sufficient funding to educate small businesses and their employees about the opportunity to easily participate in a workplace retirement savings without any administrative, legal or fiscal burdens on small businesses.
- **Encourage the state to pass insurance programs to expand access to paid family and medical leave** that would provide partial wage replacement for the self-employed and small business employees, as well as small business owners who have invested their own equity and savings into starting their business. This would ensure they are able to access paid parental leave or to handle serious health issues for themselves and family members without full loss of income.
- **Implement policies that help more working parents afford child and dependent care,** understanding this is essential to retaining a skilled workforce and building a successful small business. More than 1 in 3 small business owners say a lack of access to affordable child care was a barrier to starting their business, and 3 in 10 small employers report that employees’ child care issues have affected productivity. Inclusive policies such as state tax credits would support an ecosystem of sustainable care, while bolstering entrepreneurship in Illinois and promoting more workforce participation among parents and those caring for elderly family members.
- **Dedicate state funding to small business workforce training and development programs,** with a focus on programs that are equitable and accessible for business owners located in underserved areas. Small businesses are struggling to compete with larger businesses to hire and retain workers, but traditional job creation and training programs are often not accessible for microbusiness owners, particularly those in low and moderate income areas.

Invest in infrastructure, economic development and fair small business tax and budget policies

Investments in economic development, infrastructure and tax reform should reflect the role small businesses play as key drivers of our economy by ensuring these policies truly benefit small businesses and their local communities, rather than large corporations. Moreover, these investments must be targeted to meet the needs of traditionally underserved business owners like women and entrepreneurs of color. Specific proposals include:

- **Invest in the state’s broadband infrastructure, roads, bridges and public transportation**, as adequate infrastructure is imperative to ensuring women and small business owners of color can operate efficiently.
- **Raise revenue by closing inefficient corporate loopholes** that put small businesses at a competitive disadvantage and add to the deficit. Further, additional revenue is needed to support state programs such as workforce training, child and family care credits and affordable healthcare, so legislation implementing a fairer tax system will advance financial equity for a more inclusive economy.
- **Pass legislation expanding the Illinois Earned Income Credit (EIC)**, which would help close the gaps in federal funding relief programs and put more money into the pockets of low-income and working-class Illinoisans. This would directly benefit many solo entrepreneurs, small business owners and their employees.

¹ Scientific Opinion Poll: Small Business Owners Say Drug Prices Are Impacting Their Bottom Lines, Small Business Majority, December 6, 2016, <https://smallbusinessmajority.org/press-release/scientific-opinion-poll-small-business-owners-say-drug-prices-are-impacting-their-bottom-lines>