

## The Agenda for Illinois' Entrepreneurs

Small Business Majority's Illinois policy agenda outlines policies that advance and promote equitable pathways for entrepreneurship while centering small businesses as the key to a thriving and inclusive economy. The state's 1.3 million small businesses employ 2.4 million people (about 44.1% of the private workforce), with firms without employees making up 80% of all owned businesses.<sup>1</sup> Illinois small business owners are navigating workforce shortages, a childcare crisis and the end of a number of pandemic era programs that support entrepreneurship. Small Business Majority's research has found that while economic conditions have improved for some small businesses, small businesses owned by entrepreneurs of color have been disproportionately affected by the blow back from the COVID-19 pandemic and ongoing economic crisis.

It is critical that we prioritize the smallest businesses and those located in communities that have faced racial, ethnicity and gender-based discrimination. We must enact short- and long-term policies to support and empower entrepreneurs by guaranteeing their access to capital, an infrastructure that can support their ability to offer quality jobs, and their ability to compete fairly now and in the future. To achieve these goals, policymakers should consider the following policy proposals. Increase equitable access to capital and opportunities for entrepreneurs.

- **Pass truth-in-lending legislation that ensures fair small business lending and combats predatory practices**, which disproportionately impacts owners of color and other under-resourced entrepreneurs. Currently, the federal Truth in Lending Act requires that consumer creditors disclose critical financing information, including annual percentage rate (APR), in a clear and comparable format. However, Congress has yet to extend these disclosure requirements to small business loans and other credit products, leaving these products largely unregulated. In the absence of a federal law protecting small business borrowers, we must work with state lawmakers to pass strong lending disclosure standards for Illinois small businesses.
- **Foster innovative capital through programs such as the State Small Business Credit Initiative (SSBCI) and other state-based programs that meet under-resourced small business needs** by collaborating with community development financial institutions (CDFIs), nonprofit microlenders, community banks, credit unions, nonprofits and private sector firms led by diverse leaders committed to supporting small business in underserved areas.
- **Strengthen the implementation of the Illinois Community Reinvestment Act (CRA)** to ensure state-regulated financial institutions meet diverse small business capital and credit needs especially in low- and moderate-income neighborhoods. Proposed rules, legislation and budget allocation should: 1) define state-based levels of non-compliance and consequences related to section 1071 of the federal Dodd-Frank Act and 2) allocate funds to conduct regular Illinois CRA data analysis related to small businesses.
- **Remove systemic barriers for under-resourced small business owners seeking certification and procurement opportunities.**
  - Relieve the administrative burden of applying for certification to bid on government opportunities by investing in business services that allow under-resourced small business owners to win and scale in government contracting opportunities.
  - Provide oversight to the monitoring of the state's spending goals for diverse entrepreneurs.

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<sup>1</sup> "Illinois Small Business Profile". U.S. Small Business Administration. <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-IL.pdf>

## Address healthcare access and affordability

Based on Small Business Majority's research, access to affordable healthcare continues to be one of the top concerns for small businesses and the self-employed.<sup>2</sup> Illinois lawmakers can better help owners and employees so they are not left with plans with exorbitant premiums or uninsured or under-insured because they must choose between safeguarding their health or their pocketbook.

- **Keep health insurance costs down by implementing the Department of Insurance's new authority to reject unaffordable insurance rates.** Small businesses continue to see health insurance costs rise faster than inflation, thus pricing out the smallest businesses. Unlike large corporations, small businesses are not able to negotiate rates with insurance carriers placing them at a competitive disadvantage. Recent legislation provided regulators the power to disapprove or modify unjustified rate increases proposed by insurance companies. Regulators must exercise the full extent of this new authority.

## Bolster a Main Street-friendly workforce and the creation of quality jobs

Illinois lawmakers must address the challenges small business owners face in finding and retaining skilled workers. The struggle is especially challenging for microbusiness owners who have capacity barriers and serve as the sole person who recruits, trains and manages workers and their benefits. This puts small businesses on an unequal playing field with larger, wealthier corporations that have the resources to offer robust benefits that small businesses struggle to access on their own.

- **Pass the Family & Medical Leave Insurance Act**, which would provide partial wage replacement for small business owners, their employees and the self-employed when they need to take time off work to care for themselves or a close family member. This measure would help small businesses compete in a difficult hiring market by giving employees access to a benefit that small business owners may not otherwise be able to afford.
- **Continue to support outreach efforts for Illinois Secure Choice** to ensure small business owners understand the opportunities and responsibilities within the program, particularly as the deadlines have recently passed for the smallest businesses to enroll. It's critical small businesses have access to information about how to enroll and how they can use the program to attract and retain talent.
- **Implement policies that help working parents afford child and dependent care and that subsidize compensation for low- and moderate-income small business care providers.** Care infrastructure policies increase both job participation and entrepreneurship among parents and family caregivers while providing small childcare providers with relief as many operate on slim profit margins. More than 1 in 3 small business owners say a lack of access to affordable childcare was a barrier to starting their business. We must invest in our care economy by boosting the supply of childcare slots via increased state subsidies for struggling care providers, and by providing tax credits for parents and family caregivers who rely on these services to participate in the workforce.
- **Advance Clean Slate policies** to ensure small businesses can tap into an underutilized workforce comprised of justice-impacted individuals who have remained crime-free for a period for non-sexual and non-violent crimes.

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<sup>2</sup> "Small business and the State of The Union." February 7, 2023. Small Business Majority. <https://smallbusinessmajority.org/our-research/small-business-and-state-union>