

The Agenda for Georgia's 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 Georgia. The state's 1 million small businesses comprise 99.6% of all businesses in the state, and they employ 1.6 million residents—nearly half of all Georgia employees.

Despite their importance to the state's economy, Georgia small businesses have been greatly impacted by the COVID-19 crisis and have struggled to access the financing and tools they need to weather storm. [Recent polling](#) from Small Business Majority found 6 in 10 Georgia small businesses have been negatively impacted by the pandemic, and more than half of those whose revenue declined last year say it will take at least six months to recover.¹ This is why it's critical that state lawmakers enact policies to support and empower these entrepreneurs, guaranteeing that they have access to capital to start and grow their business, affordable and quality healthcare and benefit programs that will make it easier for them to attract and retain talented employees.

Expand healthcare access and affordability

Georgia is one of only 14 states that has yet to expand its Medicaid program, and 1.4 million Georgians do not have health insurance. Many Georgia entrepreneurs and small business employees struggle to access healthcare as they fall into the so-called "coverage gap" (individuals whose income is above Medicaid eligibility but falls below the limit for marketplace premium tax credits). Georgia can address its remaining uninsured rate and ensure more affordable healthcare for the small business community through the following policies to strengthen healthcare markets and expand health coverage.

- **Expand Medicaid eligibility coverage.** Closing Georgia's coverage gap would extend health insurance to more than 500,000 Georgians and create 56,000 new jobs. And a recent survey found 6 in 10 Georgia small businesses support expanding the state's Medicaid program.
- **Revise Georgia's 1332 waiver to once again allow consumers to enroll in health coverage via Healthcare.gov.** More than 480,000 Georgians purchase private coverage through Georgia's health insurance marketplace. Last year, the federal government approved Georgia's request to eliminate the use of HealthCare.gov, making Georgia the only state without a single one-stop-shop marketplace for consumers in need of private health insurance. Consumers will now have to use a decentralized enrollment system that will be extremely difficult and costly to navigate. Many small business owners utilize HealthCare.gov to find affordable insurance, and this will limit their ability to easily access coverage and to receive financial assistance they may be eligible for.
- **Address the rising cost of prescription drugs,** which is hurting small businesses' bottom lines, by passing the Prescription Drug Consumer Financial Protection Act. This legislation would require all health insurers to pass along no less than 80% of all prescription drug rebates to enrollees.

Ensure Georgia entrepreneurs and small business employees have access to paid family leave, retirement and other benefits they need for their success

Entrepreneurs and small business employees need a level playing field with larger companies that offer benefits that smaller businesses struggle to provide. Lawmakers must address the particular challenges small business owners face in being able to offer benefits that are crucial to finding and retaining skilled

¹ Small Business Majority, "Georgia small business owners continue to face setbacks from the pandemic, identify policy solutions to support their businesses." March 2021. <https://smallbusinessmajority.org/our-research/georgia-small-business-owners-continue-face-setbacks-pandemic-identify-policy-solutions-support-their-businesses>

workers and close a critical gap in independent entrepreneurs' access to retirement and paid family and medical leave. And these proposals find wide support among Georgia small businesses.

- **Pass legislation to create the Georgia Secure Savings Plan**, establishing and implementing a state-run retirement savings program to help more small businesses, their employees and independent entrepreneurs access retirement plans. The plan would be funded through modest employee deductions, helping Georgia's small businesses provide access to a critical program without taking on the expense or administrative burden.
- **Create a paid family leave and medical leave insurance program** that would allow small business employees and the self-employed to access parental leave or to handle serious health conditions for themselves and family members. Such programs have been implemented in several states, and research has found they have not placed a burden on small businesses, allowing them to facilitate access to benefit that small businesses typically cannot afford.

Expand access to capital, infrastructure and economic development

Entrepreneurs—particularly women, people of color and other underrepresented populations—face significant hurdles accessing capital. Increasing access to capital and expanding opportunities for marginalized communities is key to driving more inclusive economic growth. Black-owned businesses and entrepreneurs of color are more likely to use personal funds as their primary funding source and their loan approval rates are lower. In addition, Black-owned businesses are more likely to turn to credit unions and community development financial institutions (CDFIs) rather than large banks for their funding needs. State policymakers can address the funding barriers in the financial market by adopting these policy recommendations:

- **Continue state investments into federally-matched business support services**, such as Small Business Development Centers (SBDCs) and Women Business Centers (WBCs). These centers provide low and no-cost critical counseling and assistance by professional staff to all entrepreneurs, especially to women and people of color, helping small business owners maximize their potential for creating a positive economic impact.
- **Establish an Entrepreneurship Learner's Permit program through the Georgia Department of Economic Development to assist individuals seeking to form new businesses in the state.** This would support first-time entrepreneurs starting new businesses in the state by providing waivers for filing, permitting, or licensing fees associated with the formation of new businesses and provide education and training for prospective permit holders and current permit holders.
- **Pass legislation to create a Division of Supplier Diversity in the Department of Administrative Services** for the award of state contracts. This legislation would establish purchasing goals with disadvantaged businesses (MWBE/DBE) in the purchasing of goods and services by all state agencies. Georgia will benefit by identifying industry practices to improve the state's contracting process while supporting more local small businesses.
- **Expand broadband access to rural communities.** As small businesses pivot their business models due to the pandemic, access to broadband is now more important than ever. Expanding rural broadband access would give small businesses the opportunity to participate in the e-commerce market and would positively impact local economies.

Increase tax fairness for small businesses

Policymakers should take steps to level the playing field for small businesses and drive economic growth by implementing tax policies that will help all entrepreneurs. This should include simplifying and correcting existing tax policy to ensure ease of compliance for small business owners, as well as proactive solutions that would further boost and incentivize Main Street small businesses.

- **Pass legislation that would establish a state Earned Income Tax Credit (EITC),** which would bolster the economic security of low to moderate-income entrepreneurs and small business employees. This is particularly important to Georgia’s economic success because the majority of small businesses are solo enterprises, and the median income for self-employed individuals at their own unincorporated firms was just \$25,064 in 2018, according to the U.S. Small Business Administration.
- **Pass legislation that would allow the self-employed and independent contract workers to be eligible for unemployment benefits.** According to the 2020 World Bank collection of development indicators, 50.78 % of Georgia’s small businesses are self-employed, independent contractors and gig workers. These small business owners who play a key role in stimulating Georgia’s economy are still suffering from the effects of the pandemic and are in need of financial relief.

Supporting Georgia’s robust women-owned small business community

Georgia ranks second in the nation in the number of women-owned small businesses with more than 520,000 women-owned firms that employ 283,100 people, contributing roughly \$56 billion to the state’s economy. However, the COVID-19 pandemic has had a disproportionate impact on women-owned businesses and has caused many to close their doors and leave Georgia’s workforce. Women-owned businesses represent more than half of Georgia’s small businesses and are a critical component of the state’s economy. State lawmakers should support these businesses by implementing the following policy recommendations:

- **Update regulations to make it easier for home-based childcare providers to maintain and grow their businesses.** Administering up-to-date regulations and providing more education about business licensing could incentivize individuals to begin child care businesses, and in turn, provide support for parents looking to enter the workforce. We recommend that lawmakers study how existing regulations both help and harm home-based child care providers and develop an action plan based on the findings.
- **Increase childcare affordability and accessibility.** The COVID-19 pandemic has caused many women small business owners to close their doors and leave Georgia’s workforce. Lawmakers must address these issues and pass legislation that will improve eligibility for child care assistance.
- Small business owners and employees would benefit from providing workplace accommodations for pregnant and postpartum women, which in turn will **increase employee retention and morale as well as a reduction in turnover.**