

## The Agenda for Wisconsin's Entrepreneurs

Small Business Majority's policy agenda ensures that small business is at the center of a thriving and inclusive economy in Wisconsin and advances policies that promote equitable pathways for entrepreneurship. The state's 461,000 small businesses employed 1.3 million people in 2021, and small businesses have historically driven job growth.<sup>1</sup> Yet, small businesses in Wisconsin continue to face setbacks from the COVID-19 crisis and struggle to access critical financing and resources. Small Business Majority's research has 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.

To advance an equitable recovery from the pandemic and promote an inclusive economy, it is critical to prioritize the smallest businesses and those from communities that have faced racial, ethnicity and gender-based discrimination, and other underserved business owners who are both socially and economically disadvantaged. Legislators and policymakers should consider the proposals outlined in this document.

### Expand equitable access to capital and business support services for Wisconsin's entrepreneurs

Entrepreneurs—particularly women, people of color and other underserved populations in low- and moderate-income areas—have historically faced significant hurdles accessing capital. Wisconsin can pursue the following policies to promote responsible financing:

- **Support deployment of state-based pandemic disaster relief and non-pandemic capital through grants, low-cost loans and innovative equity capital coupled with business finance counseling.** This funding must prioritize owners located in low- and moderate-income areas, owners who must service debts that accumulated during the pandemic, and be responsive to the unique capital needs of self-employed entrepreneurs and microbusiness owners.
- **Invest in inclusive outreach on state-funded capital programs coupled with culturally appropriate counseling for diverse owners who are both socially and economically disadvantaged in rural and micropolitan areas** to increase awareness, application, access, and support to manage funds. Additionally, the state should foster innovative capital that meets under-resourced and diverse small business, especially for owners located in low- and moderate-income areas statewide.
- **Pass truth-in-lending legislation that ensures fair online small business lending and combats predatory practices,** which disproportionately impacts owners of color and other under-resourced entrepreneurs.
- **Expand no-cost, certified small business support for start-up and growth by increasing funding for Wisconsin Small Business Development Centers.**
- **Require state-funded programs that support personal financial capacity trainings at agencies and intermediary grantees to incorporate entrepreneurship as part of their educational programming.** Personal financial literacy is a significant barrier in small business access to capital and credit for start-up and growth, particularly with diverse owners and other underserved entrepreneurs.

## Expand healthcare access and affordability

Healthcare access and affordability continues to be a top concern for small businesses and self-employed individuals based on Small Business Majority research.<sup>2</sup> Wisconsin lawmakers can better help owners and employees by creating commonsense policies to help those who are under-insured or uninsured because they must choose between safeguarding their health or their pocketbook. Specific proposals include:

- **Expand Badgercare so entrepreneurs not eligible for marketplace subsidies and small business owners and employees who are low- and moderate- income may access affordable coverage.** Unincorporated sole proprietors and self-employed owners earn a median income of roughly \$24,000, so expansion of Badgercare would better support entrepreneurship.
- **Conduct a feasibility study on and create a Medicaid buy-in option for BadgerCare.** Allowing individuals to buy in to public health plans such as the state Medicaid program will make great strides in ensuring freelancers and solo entrepreneurs have access to affordable healthcare.
- **Address the rising costs of prescription drugs,** as these costs are hurting small business owners' bottom lines.<sup>3</sup>
- **Enact an individual mandate at the state level to encourage more Wisconsin self-employed individuals and small business owners in the Badger state 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 Wisconsin's job creators

Wisconsin lawmakers must address the particular challenges small businesses face in finding and retaining skilled workers, which is especially challenging for microbusiness owners with less than 10 workers who struggle with recruiting, training and managing workers and their benefits. Small employers are on an unequal playing field with larger and wealthier businesses that have the resources to provide robust benefits and hire staff to oversee employees. We encourage policymakers to consider the following:

- **Pass legislation to create a Secure Choice Retirement Savings Program in Wisconsin.** This would establish a publicly-administered retirement savings program that would allow workers to automatically enroll in a state-run Roth Individual Retirement Account (Roth IRA) funded by modest employee contributions. This would help small business owners and their employees access a retirement savings program without taking on the expense or administrative burden of an employer-sponsored plan. This would particularly benefit owners in Wisconsin with under 20 employees who are most likely to struggle to access retirement saving options.
- **Implement policies that help working parents afford child and dependent care and that also subsidize low- and moderate-income small business care providers.** Care infrastructure policies increase both job participation and entrepreneurship among parents and family caregivers, while providing relief for small child care businesses as many operate on slim profit margins. More than 1 in 3 small business owners say a lack of access to affordable child care was a barrier to starting their business.<sup>4</sup> Investing in state subsidies for struggling owners and tax credits for parents and family caregivers benefits small business owners, their employees and the families they serve.
- **Encourage the state to pass a state-administered insurance program that expands access to paid family and medical leave** for a minimum of four weeks, which would provide partial wage replacement for small business owners who have invested their own equity and savings into starting their business without full loss of income. Additionally, this measure would help small businesses compete in an already difficult hiring market by giving employees access to a benefit that small business owners may not otherwise be able to afford.

## Invest in infrastructure and economic development

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

- **Boost investments in the state’s broadband infrastructure, roads, bridges and public transportation to support small businesses, especially those located in under-resourced and disadvantaged areas.**
  - **Allocate revenue-based broadband and technology operation grants and training** for diverse small owners and start-ups in underserved areas to strengthen digital operations to better compete statewide, nationally and globally, with specific aid tailored for the self-employed and owners with under 20 workers.
  - **Strengthen pathways and resources to diversify and increase certified minority- and women-owned enterprises** for state prime contracts and subcontracts.
- **Raise revenue by passing policies that close inefficient corporate loopholes in order to advance financial equity and fund policies that support small businesses.** Corporate loopholes put small businesses at a competitive disadvantage and add to budget deficits.

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<sup>1</sup> SBA Office of Advocacy, Wisconsin Small Business Profile 2020.

<sup>2</sup> 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>

<sup>3</sup> 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>

<sup>4</sup> Small businesses face barriers to affordable child care, support expanded access, Small Business Majority, September 25, 2017, <https://smallbusinessmajority.org/our-research/workforce/small-businesses-face-barriers-affordable-child-care-support-expanded-access>