

AMERICA'S NEW BUSINESS PLAN



EWING MARION
KAUFFMAN
FOUNDATION

TABLE OF CONTENTS

- EXECUTIVE SUMMARY 3**

- ACCESS TO OPPORTUNITY 5**
 - Streamline the Process of Starting a Business 5
 - Create Opportunity with Infrastructure Investment 6
 - Improve Connection to the Digital Economy 7
 - Accelerate the Workforce and Job-Creating Power of Immigrants 8
 - Unlock Entrepreneurial Activity by Reforming Noncompete Agreements 9
 - Rein in Occupational Licensing 10
 - Reduce Debt-Imposed Barriers to Entry 11

- ACCESS TO FUNDING 12**
 - Level the Economic Playing Field for Future Entrepreneurs 12
 - Make a National Commitment to Expanding Access to Capital for All Entrepreneurs 14
 - Invest in Local Financial Institutions 15
 - Develop Non-Debt Entrepreneurial Capital Catalyst Grants 17
 - Promote Online Tools to Drive Equitable Alternative Funding Opportunities 19
 - Protect Entrepreneurs Through Truth-in-Lending Laws 19

- ACCESS TO KNOWLEDGE 20**
 - Develop Inclusive Entrepreneur Support Mechanisms 20
 - Prepare Students with an Entrepreneurial Mindset 21
 - Foster a Prepared Workforce Equipped with Entrepreneurial Skills 22

- ACCESS TO SUPPORT 24**
 - Increase Access to Caregiving 24
 - Provide Health Care Options for Early-Stage Entrepreneurs 26
 - Provide Entrepreneurs Relief from Student Loan Debt 26
 - Enable Entrepreneurs to Save for Retirement 27

- ENDNOTES 28**



EXECUTIVE SUMMARY

America is a place of new stories. A country that still attracts those looking to grow new ideas and that invites our people to invent a better life for themselves, their families, and their communities. Everybody has faced challenges during the COVID-19 pandemic, but the past two years have shown in no uncertain terms that, despite the will of the American people, systems continue to impact different populations in significantly different ways.

These are not new problems – but they are grave. Besides serving as a reminder of our country’s failure to uphold core values, these systemic shortcomings also carry an economic toll. The consequence is an economic system in which Black households have a median net worth of just \$17,000, about one-tenth that of typical white households¹, with Latino households facing a similar wealth gap. That means considerably less personal wealth to draw from, a reality that forces business owners to seek outside funding to cover startup costs. Somewhat predictably, however, loan requests from Black entrepreneurs are three times less likely to be approved than those of white entrepreneurs – a difference that persists even after accounting for credit scores and net worth.²

Research also shows the gender pay gap puts a disproportionate strain on female entrepreneurs, and that men are still significantly more likely than women to secure funding when pitching an identical business.^{3,4}

And despite ideation and entrepreneurial aspirations not being limited to one geographical area, access to opportunity often is. Venture capital continues to consolidate at high levels – north of 80% – in just three coastal states: California, Massachusetts, and New York.⁵

This pervasive inequity has lasting implications not just for historically underserved communities, but for the broader U.S. economy. Research has shown that higher levels of inequality cut into overall economic growth and make it likely that growth cycles won’t last as long. People at the lower end of the economic scale – equaling millions of Americans – are under-utilized. Their potential is stifled as they work in an economy that does not work for them. Left unchecked, our competitive strength is undermined, and the American dream weakened.

If we want America to continue to be a force of innovation on the increasingly competitive global stage, we must unlock the brilliance of our *entire* nation. An increase in competition abroad, coupled with rapid technological advancements and a changing economy, affirms the importance of innovation, entrepreneurship, a dynamic workforce, and reimagined schools. Thriving families and neighborhoods are essential for the economy of the future. And we need bipartisan approaches that focus on fair and equal economic growth, ensuring that diverse talent has an open and equal door to opportunity.

As a country, we have yet to create a level playing field for all of our communities. But we still can.

To do so will require a new, collaborative approach that provides entrepreneurs the opportunity, funding, knowledge, and support necessary to reduce barriers to entry and spur more startups across the country, and an approach that provides access for students of all ages to gain the skills they need to succeed.

America's New Business Plan for 2022 offers a nonpartisan policy road map to create a more inclusive economy by building a prepared workforce and concentrating on entrepreneur-focused economic development. The four-part plan focuses on creating new, good jobs and rebuilding an economy that works for everyone, with practical and achievable ideas that can be implemented starting now.

We achieve this by increasing equitable:

★ **ACCESS TO OPPORTUNITY** to level the playing field and reduce barriers.

★ **ACCESS TO FUNDING** that takes a holistic approach, balancing the reality of debt and equity while encouraging new, innovative capital.

★ **ACCESS TO KNOWLEDGE** to equip Americans with the real-world skills necessary to be a successful entrepreneur or employee.

★ **ACCESS TO SUPPORT** to help more Americans take care of their families and address financial concerns that limit risk-taking.

The specific policies outlined in this plan are aimed at helping federal, state, and local governments close gaps based on race, gender, and geography while increasing opportunity for all and growing the economy.

This is America's New Business Plan – the transformative and collaborative change we need for a strong future.



ACCESS TO OPPORTUNITY: A LEVEL PLAYING FIELD THAT REDUCES BARRIERS

Entrepreneurship is a path to sustainable growth and prosperity, but only for those who can hurdle its barriers to entry. That path is far more readily available to those who are white, male, and wealthy. Ensuring the **opportunity** of entrepreneurship is available to all requires action to address the underlying and well-documented systemic barriers.

Streamline the Process of Starting a Business

FEDERAL, STATE, LOCAL

Too often, the regulatory requirements of starting a business are unclear for entrepreneurs and can be more difficult for immigrants navigating cultural and language barriers.⁶ This is especially the case when starting a brick-and-mortar business. Conflicting information from various local regulatory bodies can cause delays that are far costlier than just the added time to become compliant. To entrepreneurs, it may mean more time paying rent on a commercial space with no revenue or income, and it can often be the difference between a successful enterprise and one that is forced to close its doors far too early. Even seemingly insignificant fees and forms can add up to have a detrimental effect. **Government should support the following solutions:**

- ➔ **Create federal and state monetary incentives for local authorities to reduce barriers to starting businesses, including reducing paperwork and restrictive fees.** Funding could be made available, for example, to local governments to create and distribute a single resource or website listing all requirements to start a variety of businesses, with easy-to-understand guides that walk entrepreneurs through the permitting process.
- ➔ **Incentivize coordination across agencies to simplify all federal, state, and local procedures, forms, licenses, and permits required to start a business.**
- ➔ **Shift policymaker focus to think in terms of age of a business, not size. Accordingly, the federal government should measure business performance and outcomes by age cohorts in addition to size,** reporting this data publicly and using it to guide policymaking. Codifying the distinction between the age and size of a business and providing policy support for new businesses across each stage of the entrepreneurial journey will better enable everyday Americans to start businesses and, in the process, employ millions.

Supporting Evidence

- ★ According to the Peterson Institute for International Economics, in countries that had a more efficient business formation process (the amount of time it took to start a new business), entrepreneurship was more likely to increase.^{7,8}

Policy in Practice

In response to the COVID-19 pandemic, San Francisco adapted their local rules and regulations around starting a business.⁹ This includes allowing all applications for storefront use to be reviewed within 30 days (compared with the months it would previously take), ensuring parallel cross-department application reviews to speed up the application process, and relaxing zoning ordinances and regulatory rules. San Francisco is also modernizing zoning restrictions to allow businesses to open more quickly by making more businesses eligible for streamlined approval in neighborhood commercial zones.

Create Opportunity with Infrastructure Investment

In 2021, the bipartisan Infrastructure Investment and Jobs Act (IIJA) was signed into law. The implementation of this law, however, rests on the shoulders of local leaders. To help IIJA achieve its potential, local governments must navigate and prioritize across what the federal government has provided them.

- 🌐 **Resource:** Accelerator for America has [developed a guide](#) to support local leaders navigating the influx of federal dollars. IIJA provides an opportunity for state and local government to prioritize firms that are underrepresented, inclusive of small or medium-sized firms. Research on large corporations indicates that prioritizing equity when selecting suppliers has a benefit to both the larger entity and the emerging firms. However, there are a number of factors that need to occur to support minority- and women-owned firms, such as intermediary capacity to connect underrepresented firms to both public and private supplier opportunities.¹⁰

To support this coordination and increase participation of underrepresented firms, a local leader could:

- ➔ **Engage private financing using infrastructure as a platform.** Despite the assistance of federal money, most infrastructure projects will only be successful if they draw on private funding as well. Local leaders should prioritize securing private funding, identifying a capable project sponsor, and creatively deploying tax incentives to maximize the impact of projects.
- ➔ **Build economic opportunity through deployment.** Infrastructure projects can be even more transformational if agreements include training and hiring a diverse workforce and intentionally include Black-, Brown- and women-led firms to design, build, and maintain projects.

Improve Connection to the Digital Economy

FEDERAL, STATE, LOCAL

The COVID-19 pandemic exposed that too many Americans are without access to fast, reliable, and affordable broadband. The Aspen Economic Strategy Group indicates that a high-quality, reliable home internet service for all Americans would increase labor productivity by an estimated 1.1%.¹¹ This could provide our country gains of \$160 billion per year. For entrepreneurs and new business owners, broadband provides a wealth of possibilities, including filling online sales, connecting to the global market, accessing new investors, and better supporting their employees and customers.

To level the playing field and reduce barriers to entrepreneurship, the federal government should:

- ➔ **Create and deploy a national broadband plan** to ensure all Americans are connected to the internet with fast, reliable, and affordable service. The plan should build a more competitive broadband marketplace and address the cost of service by ensuring that the Lifeline subsidy for low-income households is adequate to support their access.

Supporting Evidence

- ★ Geographic disparities remain when it comes to access to broadband in the United States. A 2020 Federal Communications Commission report stated that [98.5%](#) of Americans in urban areas have access to fixed terrestrial broadband, but only 77.7% of those in rural areas and 72.3% on tribal lands do.¹²
- ★ Approximately [18%](#) of Black Americans are without home broadband subscriptions.¹³
- ★ [51%](#) of households with an annual income below \$25,000 do not have home internet service because it is too expensive.¹⁴
- ★ U.S. consumers pay the highest average costs for internet service of any region examined by [New America](#) in its report.¹⁵



Accelerate the Workforce and Job-Creating Power of Immigrants

FEDERAL

Foreign-born entrepreneurs and would-be entrepreneurs face obstacles different from those of their U.S.-born counterparts, including long delays in becoming a legal permanent resident that postpone new business creation,¹⁶ and visa categories that do not allow for entrepreneurship until permanent residence has been granted¹⁷. Many foreign-born individuals enter the United States in a status that fails to guarantee they can remain in the United States on a permanent basis. Without the certainty that one can stay permanently, it is very challenging to formulate a long-term business strategy or attract investment. More than a million members of the workforce are also living in uncertainty with a status defined under the Deferred Action for Childhood Arrivals (DACA) policy.¹⁸

Multiple media stories¹⁹ have pointed to the “Great Resignation” and the role the limits on legal immigration have played in labor shortages. These factors led organizations across the political spectrum to begin to work toward comprehensive immigration reform and pathways to citizenship. In the shorter term, to open opportunities and remove barriers for foreign-born individuals already in the U.S. in a temporary status, such as an H-1B visa holder or an international student, and for those who would come in the future, **the federal government should:**

- ➔ Increase the number of employment-based green cards and eliminate the per-country limit for high-skilled immigrants to decrease wait times.
- ➔ Raise the H-1B visa cap and streamline processing.²⁰

Supporting Evidence

- ★ Immigrants seeking to become a legal permanent resident [wait an average of almost six years](#) to get a green card, which is twice as long as the wait time was 30 years ago. Some wait far longer.²¹
- ★ Foreign students who study in the United States are [less likely to stay in the United States](#) as wait times for becoming a legal permanent resident increase.²²
- ★ Immigrants are [nearly twice as likely](#) as native-born Americans to start a business.²³
- ★ [More than half](#) of all of America’s startups valued at \$1 billion or more were started by at least one immigrant.²⁴
- ★ Immigrants are playing an increasingly large role as new business owners. Between 1995 and 2012, the share of employer firms started by immigrants grew from about 16% to 25%.²⁵



Unlock Entrepreneurial Activity by Reforming Noncompete Agreements

FEDERAL, STATE

The free movement in and out of jobs is essential for a dynamic, entrepreneur-driven economy. Yet many states enforce employer noncompete agreements that lock employees into their current jobs and hamper new business creation.²⁶ About 14% of workers without a college degree and 13% of workers earning less than \$40,000 annually are subject to noncompete agreements.²⁷ Although these workers are half as likely to possess trade secrets compared with their higher-earning peers, noncompete agreements can deter these individuals from starting a business in their area of experience. **To curb the negative impacts of noncompete agreements on entrepreneurship, policymakers should:**

- ➔ **Restrict the use of noncompete agreements** through outright bans or by shortening the maximum duration of these contracts and narrowing the scope of industries and jobs for which noncompete agreements may be used. This is important because more capitalized firms are able to navigate these laws through lawyers and consultants while undercapitalized firms cannot, creating an even greater imbalance in power.
- ➔ **Improve transparency** by requiring employers to disclose their intent to use a noncompete agreement in job postings and offers.

Supporting Evidence

- ★ Greater enforceability of noncompete agreements has been found to reduce new business creation by as much as 18%,²⁸ with disproportionate effects on women.²⁹
- ★ Research indicates that noncompete agreements act as a brake on entrepreneurial entry, although this effect is limited to intra-industry spinoffs in which employees of one company leave to found a new firm, a rival in the same industry.³⁰

Policy in Practice

Several states took action in 2019 to reform and restrict noncompete agreements, including the state of Washington. Policymakers in Washington banned any noncompete agreement lasting longer than 18 months and made such agreements unenforceable for employees making a salary less than \$100,000 per year.³¹ Washington also increased transparency by requiring employers to give potential employees notice of noncompete agreements prior to their employment start date.³² Policymakers in Maine and Oregon took similar steps to improve transparency.^{33,34} These policy steps are still recent and are being monitored to observe the long-term impact.

Rein in Occupational Licensing

FEDERAL, STATE

Occupational licensing create barriers to workers entering certain fields, and to prospective entrepreneurs creating businesses that can compete with incumbent firms benefiting from licensing protection.

Policymakers should:

- ➔ **Commission an impact assessment on current licensing and identify where current forms of regulation can become less onerous**, especially in industries where public health is not seriously threatened.
- ➔ **Streamline remaining licensing requirements.** States can develop regional or interstate compacts to ensure occupational licenses are transferable to or recognized by neighboring states. Federal preemption would accomplish a similar purpose.
- ➔ **Reduce blanket bans³⁵ and “good character”³⁶ clauses in remaining licensing requirements**, which erect barriers to entrepreneurship for returning citizens (individuals who were formerly incarcerated).^{37,38}

Policy in Practice

Several states, including Florida, Mississippi, Missouri, and Ohio, enacted occupational licensing reform in 2020. Florida reduced barriers to occupational licensing through reciprocity, eliminated repetitive business licenses and fees, and reduced licensure education requirements, such as dropping the required training for a barber from 1,200 to 900 hours, removing registration requirements for hair braiding, and preventing license suspension due to unpaid student loans.^{39,40} Missouri also expanded reciprocity by allowing professional licenses in other states to remain valid in Missouri in fields such as nursing, teaching, and cosmetology for those who are in good standing with the jurisdiction from which the license was issued.⁴¹ The reforms in Mississippi and Ohio reduced licensing barriers for military families.⁴² However, recent analysis shows that further efforts are still needed to create opportunities for returning citizens.⁴³

Supporting Evidence

- ★ Since the 1960s, the number of jobs that require an occupational license has increased from about **5% to 25%**.⁴⁴
- ★ Research suggests that stricter occupational licensing requirements lead to higher recidivism rates, increasing recidivism by **more than 9%** in strict states and decreasing it by as much as 2.5% in more lenient ones.⁴⁵

Reduce Debt-Imposed Barriers to Entry

STATE, LOCAL

In some states and cities, entrepreneurs are required to prove they do not owe debts to the government prior to starting a business. For some, this can make something as insignificant as a minor traffic ticket or parking violation an unnecessary hurdle to starting a business. Other places impose excessive fines and fees that trap residents in cycles of debt. A 2015 Department of Justice report,⁴⁶ released in the aftermath of the killing of Michael Brown, revealed that Ferguson, Missouri, city officials raised revenue by aggressively fining residents for things as insignificant as high grass or weeds in a yard. When residents cannot pay, they are assessed late fees that quickly pile up and create artificial debt-imposed barriers to not only starting a business, but to economic self-sufficiency. A 2017 study by the U.S. Commission on Civil Rights⁴⁷ found that these practices are widespread across U.S. municipalities and that they disproportionately target and impact the poor and communities of color. **Policymakers should:**

- ➔ **Reduce debt-imposed barriers to entry**, or “debt traps,” that prevent prospective entrepreneurs from obtaining or renewing a business license because of unpaid fines or fees unrelated to the business.
- ➔ **Assess and eliminate the prevalence of the use of unreasonable and excessively punitive fines and fees in low- and moderate-income areas**, which trap would-be entrepreneurs in those communities into cycles of debt.

Supporting Evidence

- ★ People of color have lower average household income and are more likely to have debt in collections or in default or be delinquent on debt payments than white Americans are.⁴⁸ Moreover, research by the National League of Cities, based on a review of Census data from 20,000 cities, found a positive correlation between cities’ Black and Latino populations and cities’ reliance on fines and fees.⁴⁹
- ★ It can be difficult for prospective entrepreneurs to figure out whether they have outstanding debt, thereby compounding the cycle. One study found that none of eight states examined had a central state repository where information on the total amount of legal financial obligations (such as fines, fees, and costs in civil and criminal cases) owed could be found.⁵⁰



ACCESS TO FUNDING: A HOLISTIC, ACCESSIBLE, AND INNOVATIVE APPROACH TO CAPITAL

Capital remains among the most impactful ways to strengthen access to entrepreneurship. Today, at least 83% of entrepreneurs do not access bank loans or venture capital when launching a business. The ongoing impact of past discriminatory policies, such as redlining, must be countered and new investments made to ensure we are supporting entrepreneurs of color as well as women and rural Americans who have less access to funding in the private market. When business owners do not have access to personal funds or quality capital, they are less able to take the risks necessary to grow their businesses, artificially stifling the marketplace.

🌐 **Resource:** The Kauffman Foundation’s Capital Access Lab is a national pilot initiative that aims to find, promote, and scale innovative investment managers, providing new kinds of capital to underserved entrepreneurs and communities. It is informed by findings outlined in the 2021 report “[Access to Capital for Entrepreneurs: Removing Barriers.](#)”

Level the Economic Playing Field for Future Entrepreneurs

FEDERAL, STATE

Black and Latino families have much lower median wealth than their white counterparts.⁵¹ The wealth disparities are stark. In 2019, the median net wealth of a typical white family in the U.S. was about \$171,000, compared with \$17,000 for Black families, according to Brookings.⁵² This wealth gap is especially pernicious given the fact that the personal or family savings of the entrepreneur is the top source of capital used by businesses at startup.⁵³

One idea to counteract these gaps and generate wealth that could be put to productive uses is “baby bonds.” Under a baby bonds policy, the federal government would create investment accounts for infants, with larger seed grants for families with lower household wealth, and smaller grants for those with more wealth.^{54,55}

The value of the bond would increase over time through additional contributions and the returns generated by the investment. The recipient would not be eligible to access it until they reach adulthood. Once fully matured, funds could be used for activities that promote productivity or socioeconomic mobility, such as an investment in education or training or the initial capital to start a business. **To address unacceptable racial wealth gaps and put all Americans on a stronger path to entrepreneurship, policymakers should:**

- ➔ **Create a baby bonds program with automatic enrollment at birth and program-provided funds structured progressively** – both the seed grant at birth and the annual deposits made by the government.

Supporting Evidence

- ★ Child development accounts, or child savings accounts, have been linked to improved social and emotional well-being in children, heightened educational expectations, improved early academic achievement, better college outcomes, and a greater return on a postsecondary degree.⁵⁶
- ★ A 2018 study of a hypothetical baby bonds program found that while racial wealth differences would still exist, implementing such a program would reduce the median Black-white wealth gap from a factor of 15.9 to 1.4.⁵⁷

Policy in Practice

On July 1, 2021, Connecticut became the first state to implement a state-level baby bonds program. This investment will provide each child born under the state's Medicaid program after July 1, 2021, a fund of \$3,200, which they can access once they come of age.⁵⁸ This investment can be used for further education, starting a business, or buying a first home. The investment remains available to the individual from age 18 to 30. Although this state policy is too new to evaluate, the expectation of the policymakers is that it will be an important lever to close the racial wealth gap.



Make a National Commitment to Expanding Access to Capital for All Entrepreneurs

FEDERAL, STATE

Too many Americans have been denied the opportunity to turn their ideas into businesses because they lacked the funding required to do so. Between 90% and 95% of entrepreneurs who hire employees require some amount of financing to start their business, making capital a critical requirement for new business creation.⁵⁹ However, many government programs meant to provide capital to entrepreneurs are biased in favor of established businesses instead of newer businesses.

To address the significant and persistent gaps in access to capital, the Biden administration has prioritized a coordinated initiative across the federal government to close such gaps for entrepreneurs everywhere by 2030. **In doing so, the policymakers should:**

- ➔ **Request that Congress make permanent the State Small Business Credit Initiative (SSBCI) and heighten the monitoring of its effectiveness** in serving demographically and geographically diverse entrepreneurs. Doing so will expand capital access through patient capital, innovative investment models and technologies, financing guarantees, user-centered service design, community banking, and other means.
- ➔ **Request that the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board, and Office of the Comptroller of the Currency modernize the Community Reinvestment Act (CRA) through an equitable lens.** Modernization of the CRA should prioritize making sure the signature legislation benefits the underserved communities and entrepreneurs it was intended to support.⁶⁰ The CRA's weighting system must support more small business lending in disinvested communities — revisiting the idea that all Small Business Administration loans should count toward CRA credit — while simultaneously rethinking geographic-based ties in response to the emergence of the financial technology sector and bank consolidation.
- ➔ **Incentivize financial innovation** that addresses gaps in capital access by spurring the creation of a new generation of funding models that serve all types of new businesses, especially those currently underserved by the capital marketplace. Many government funding sources and incentives are limited to small business lending and venture capital funding; other flexible financing mechanisms, such as revenue-based investing and employee ownership models, are worthy of attention.
- ➔ **Catalyze tech-based financial innovation** that can use technology to reduce bias and barriers for Black- and Brown-owned businesses. A recent study showed that fintech lenders were responsible for 53.6% of Paycheck Protection Program (PPP) loans to Black-owned businesses, while only accounting for 17.4% of all PPP loans. In geographic areas where racial discrimination was evaluated as high, fintech provided better loan access than small community banks.⁶¹

Invest in Local Financial Institutions

FEDERAL, STATE, LOCAL

As evidenced by the initial distribution of Paycheck Protection Program loans, a variety of factors, such as bias and lack of preexisting relationships, led to racial disparities.⁶² Community development financial institutions (CDFIs) and minority depository institutions (MDIs) are important sources of capital for new and small businesses, and they have stepped up in recent years to fill the capital gaps further exposed in the COVID-19 recovery programs. Yet these local financial institutions face issues of capitalization, regulatory complexity, and organizational capacity.⁶³ **To improve access to capital, policymakers should:**

- **Expand the U.S. Treasury Department’s CDFI Fund’s impact** by allowing CDFIs to apply for both technical assistance (TA) and financial assistance (FA) in the same cycle. Currently, non-Native CDFIs have to apply for either an TA or FA award each year. They cannot apply for both even if they have both programmatic and capacity-building needs.
- **Simplify the Capital Magnet Fund (CMF) program** to expand access to affordable housing. Currently, CMF recipients are forced to comply with different sets of rules for different years of awards. In addition, the program’s reporting complexity artificially limits the number of CDFIs that can successfully deploy these dollars. Additionally:
 - Consider adding prioritization or incentives for for-sale affordable housing within the CMF program to emphasize wealth-building.
 - Make the 30% allowance for economic development the default option in the application.
- **Provide more funding to Small and/or Emerging CDFI Assistance (SECA) CDFIs.** Normally, SECAs have to demonstrate matching funds to receive CDFI Fund grants, similar to the larger “core” CDFIs, but unlike Native CDFIs. This is a significant resource drain on smaller and emerging CDFIs, which also tend to be minority-led and/or closest to their communities.
- **Encourage the capitalization of local financial institutions** by backstopping “equity-like” investment in CDFIs and MDIs and strengthening investor tax credits.
- **Work with philanthropic organizations to create funding pools** that reduce risk and interest of CDFIs’ short-term lending to businesses not eligible for SBA loans.
- **Establish community deposit programs** or expand existing community deposit programs to facilitate greater lending to new and small businesses.

Supporting Evidence

- ★ While only 22% (\$1.8 trillion) of bank loans in 2014 came from community banks, these local financial institutions accounted for more than 50% of all small business loans.⁶⁴
- ★ Analysis of early lending through the Paycheck Protection Program (PPP) found that more PPP loans were made in states where small, local banks have a bigger share of the market.⁶⁵
- ★ From 1994 to 2019, the CDFI Fund awarded nearly \$3.6 billion to CDFIs. With an annual budget of \$250 million in 2019, the CDFI Fund helped spur the financing of more than 19,000 businesses in underserved areas that lacked access to traditional lending.⁶⁶

Policy in Practice

AltCap is a community development financial institution (CDFI) that invests in underestimated communities throughout the Kansas City metro area. AltCap deploys capital through innovative financing products, targeted small business and economic development programming, and partnerships that help build an inclusive ecosystem of entrepreneurship. Since 2016, AltCap has made more than \$9 million in microloans to disadvantaged businesses, including those owned by women or minorities, with an average loan size of \$27,000.

Understanding the market need, in 2020 Kauffman Foundation provided an initial, catalytic investment to AltCap for the establishment of the Kansas City COVID-19 Relief and Recovery Loan Fund. AltCap in turn made more than 150 microloans in eight months and maintained a 0% default rate on the portfolio.⁶⁷ We believe these results prove not only the effectiveness of CDFIs and their relationships with the community, but also prove that investing in entrepreneurs from underrepresented populations is less risky than perceived.



Develop Non-Debt Entrepreneurial Capital Catalyst Grants

STATE, LOCAL

With bank loans and venture capital unavailable to so many entrepreneurs, states and communities should develop innovative funding streams to promote entrepreneurship and help support new businesses in their jurisdictions.⁶⁸ Capital should help entrepreneurs at different stages of starting a business, from having a new idea to opening doors to serving customers. There are a number of innovative models that could be scaled across America. **States and localities should create competitive Entrepreneurial Capital Catalyst Grants to:**

- **Create “evergreen” community investment funds** that support new businesses as they move through the early stages of proof-of-concept and product development. States and localities can look to successful models such as [MassVentures](#) in Massachusetts and [JumpStart Evergreen Fund](#) in northeast Ohio.
- **Build collaborative investment funds** that engage established businesses to work with emerging businesses for joint product development and supplier relationships. States and localities can gain lessons from the experiences of [Cintrifuse](#) and [Renaissance Venture Capital](#), operating in Cincinnati and Michigan, respectively.
- **Support investment funds** that spur the growth of new financial intermediaries – entrepreneurs creating capital to invest in other entrepreneurs – particularly those with innovative models such as revenue-based investing and profit-sharing. States and localities can leverage domestic learnings from individual funds, such as [Lighter Capital](#) and the [New Hampshire Community Loan Fund](#), and can borrow international lessons from “fund of fund” models, such as Yozma Group, IDB Lab, and Capria, on seeding and growing new investment categories.

Policy in Practice

JumpStart Evergreen Fund is a nonprofit seed fund operated by JumpStart, a venture development organization created in 2003 with support from Ohio’s Third Frontier program and civic and philanthropic leaders. JumpStart Evergreen Fund invests in technology businesses in the 21 counties of northeast Ohio. The financial returns from the fund are “recycled” to make more investments in additional companies.⁶⁹ JumpStart’s Evergreen Fund and its other investment funds together have:

- Invested more than \$61 million in 125 businesses, with 44% going to firms led by women and people of color.
- Provided critical services beyond capital, including connections to the right people, operational assistance, and other sources of capital as a company grows.

Policy in Practice

[The Capital Access Lab](#) is a national pilot initiative that aims to find, promote, and scale innovative investment managers, providing new kinds of capital to underserved entrepreneurs and communities in the United States. For this pilot, the Kauffman Foundation worked in conjunction with ImpactAssets to create a new vehicle for foundations and donors to aggregate and deploy charitable funding.

The Foundation worked with experts to develop [term sheets and tools](#) to enable more of this activity outside of the pilot. The results from our efforts only continue to underscore the systemic inequity faced by business owners and entrepreneurs of color and those who are women. With proper capital, managed and distributed by people who look and live like them, entrepreneurs have a higher chance for success when they have access to institutions that understand their needs most intimately.

- Kauffman's investment of \$3 million into six funds has catalyzed other investments, totaling \$177 million that has been raised by the funds.
- The funds have to date deployed more than \$25 million in funding to entrepreneurs across 40 companies.
- Across all six Capital Access Lab funds, 40 founders from diverse backgrounds received investment; including 97% underrepresented founders, 86% founders of color, 61% female founders, and 75% founders in cities outside major venture capital hubs such as New York City, Boston, and California."



Promote Online Tools to Drive Equitable Alternative Funding Opportunities

FEDERAL, STATE

While venture capital is highly concentrated, crowdfunding and other online tools have the potential to drive innovative funding sources to entrepreneurs throughout the American heartland. **To spur more online financing activity, policymakers should:**

- ➔ **Create tax incentives for investors purchasing securities offered by new businesses** through qualifying crowdfunding channels, with guardrails in place to ensure geographic/regional diversity in recipients.
- ➔ **Improve regulatory flexibility and reduce compliance burdens in crowdfunding.**
- ➔ **Collect demographic information on the U.S. Securities and Exchange Commission's Form C** about the entrepreneurs whose businesses are seeking to raise capital via Regulation Crowdfunding, and report the data disaggregated by race and gender.

Supporting Evidence

- ★ Early evidence from the U.S. securities crowdfunding market indicates that crowdfunding is a promising new way for high-quality, early-stage companies to find funding.⁷⁰
- ★ Between May 2016 and December 2018, the median Regulation Crowdfunding offering amount was \$107,367.⁷¹

Protect Entrepreneurs Through Truth-in-Lending Laws

FEDERAL, STATE

The federal Truth in Lending Act (TILA) does not provide enough protection to all borrowers. While individual consumers are protected by TILA's disclosure requirements for loan costs and terms, these do not generally apply to small business owners or entrepreneurs obtaining credit for commercial purposes. This leaves commercial borrowers at risk. Given that Black and Latino entrepreneurs are far less likely to secure funding through traditional capital markets,⁷² they are particularly vulnerable to deceptive or predatory lending practices and credit products. In fact, businesses owned by people of color are more likely to seek out alternative financing providers, such as merchant cash advances, than are white-owned firms.⁷³ **To ensure entrepreneurs and small business owners are adequately protected and able to make fully informed decisions, policymakers should:**

- ➔ **Direct the Consumer Financial Protection Bureau to study the impact of TILA** and related policy and publicly release the findings.

Supporting Evidence

- ★ Analysis of small business loan applications found some alternative lenders charging APRs of 90% or higher, with one study finding Black business owners were charged an average APR of 128%.⁷⁴
- ★ A survey indicated that a majority of small business owners⁷⁵ believe predatory lending is a problem and support stiffer regulations for alternative lenders.



ACCESS TO KNOWLEDGE: REAL WORLD EXPERIENCE FOR THE WORKFORCE AND TO START A BUSINESS

The fast-paced advancement of technology and the globalization of our businesses and economy require that our workforce and our future generations are well prepared to make or take a career. To have a prepared workforce and support entrepreneurs, we need to expand our education systems to include real-world learning experiences and hold systems and institutions accountable, preparing the next generation to be problem solvers and creators of change.

Corporations and education systems need to work together to develop the pathways that make these experiences easier to find and inclusive of all students regardless of race, gender or geography. Finally, communities need to work at every level to democratize access to the connections and networks that build social capital.

Develop Inclusive Entrepreneur Support Mechanisms

FEDERAL, STATE

Entrepreneurs value support from skilled professionals through avenues such as strong networks, cooperative platforms, co-working hubs, and high-quality incubators and accelerators.⁷⁶ Government should support the growth and development of those methods and others to connect entrepreneurs with helpful people and tools. **Policymakers should:**

- ➔ **Incentivize local mentor resource partners – both nonprofit and governmental – in funding packages** intended to increase the number of underrepresented entrepreneurs.⁷⁷

Supporting Evidence

- ★ Individuals with a mentor are five times more likely to say they are planning to start a business than those who do not have a mentor.⁷⁸
- ★ Business owners who have more hours of mentorship report more revenue and employment growth than business owners with fewer hours.⁷⁹
- ★ The introduction of accelerators to a region has a significant impact on the number of early-stage deals for new businesses, and these deals are driven primarily by the emergence of local, new venture capital firms.⁸⁰

Prepare Students with an Entrepreneurial Mindset

FEDERAL, STATE, LOCAL

To ensure that a strong current of entrepreneurial talent is continuously emerging in the United States, policies must equitably grow the next generation of business owners and develop employees with essential employable skills and entrepreneurial capabilities. **To do this, policymakers should:**

- ➔ **Incentivize state-level departments of education to provide districts flexibility in funding, credit, and curriculum to allow students to obtain real-world learning experiences** (also called work-based learning) and industry-recognized credentials. These credentials are assets that are immediately market-valued, created through client- and community-based projects, entrepreneurial experiences, and internships.
- ➔ **Ensure all students complete high school having acquired basic financial literacy skills through direct experiences relevant to life and work.** Policymakers should consider making technical assistance available to make this feasible.
- ➔ **Examine how state agencies can better collaborate to allow for alternative teacher certification pathways, career pathway specialists, and aligned workforce and education efforts.** This can provide students with access to professionals in their area of interest. Additionally, explore teacher residency models as a pathway to bring real-world expertise into certified positions.
- ➔ **Expand apprenticeship models that lead to growth in the number of underrepresented students** in high-growth, living-wage careers.
- ➔ **Monitor, evolve, and expand postsecondary criteria for federal grant and scholarship programs** that have been adjusted to support four-year, two-year, and qualified credentialing acquisition for students.
- ➔ **Invest in connecting early education, K-12, and workforce data to evaluate state-level student outcomes.** Currently, these data systems do not talk to each other, making it difficult to assess where students go after high school, especially if they do not attend a public higher education institution.
 - ➔ This holistic understanding of student results can drive further investment and support toward educational interventions that create more pathways toward good or prosperous jobs.
 - ➔ This can also guide states in connecting students to high-growth career pathways in their unique economies.

Supporting Evidence

- ★ Research has shown that with appropriate course content, entrepreneurial education and training in kindergarten through college is linked to positive business outcomes.⁸¹
- ★ A meta-analysis found a significant relationship between entrepreneurship education and training and corresponding entrepreneurship outcomes.⁸²

Foster a Prepared Workforce Equipped with Entrepreneurial Skills

FEDERAL, STATE

In our country, 44% of workers are employed at low-wage jobs. A recent analysis of these workers found that skill development, career guidance, or informative feedback was lacking at their places of work.⁸³ While low-wage workers flounder, employers continue to ring the alarm that middle-skill jobs are going unfilled.

While skills-based hiring has been elevated by large corporations, industries such as information technology still have a range of companies that require a bachelor's degree for jobs that can be filled by a credential holder or skilled worker.⁸⁴ College degrees have become a proxy for "soft skills" (or "essential skills"), which are highly desirable to employers. But these key competencies, such as collaboration, critical thinking, and proactivity, can be embedded into workforce and workplace training.⁸⁵

In a 2018 report, the Bureau of Labor Statistics stated that in 2016 there were 9.6 million self-employed workers. It projects that number will climb to 10.3 million by 2026. This is a slightly faster growth rate than the projected rate for all workers.⁸⁶ This trend is important, because almost half of American entrepreneurs have less than a bachelor's degree.⁸⁷

As these entrepreneurs come from a range of work and educational experiences – including workforce training programs – connecting entrepreneurial skills curriculum will expand the development of competitive and necessary skills. Connecting industry credentials and entrepreneurial skills will better position Americans for long-term success, whether as employees, the self-employed or employers. **State and federal policymakers should:**

- **Prioritize entrepreneurial skill-building, real-world experiences, access to networks, and new business creation** as key components of workforce training programs and K-12 accountability systems.
- **Significantly expand the number of entrepreneur support organizations that are eligible to receive funding for workforce development.**
- **Empower the 3,000 [CareerOneStop centers](#)** to be user-friendly outlets for information about entrepreneurship and to provide support for more Americans wishing to start their own businesses.
- **Include entrepreneurship and applicable information and tools in workforce training programs** to help tens of thousands of young Americans start their own businesses.
- **Reauthorize the National Apprenticeship Act** to expand apprenticeship programs in high-growth fields and occupations.⁸⁸
- **Launch an innovation arm of the U.S. Department of Labor.**

Policy in Practice

Traditional “scholarship” programs – both public and private – need to shift from valuing only college completion to allow for focus on achieving success in the workplace. Financial investment in a variety of educational and occupational pathways after high school will catalyze careers and earnings for larger numbers of citizens.

One program, [KC Scholars](#), is beginning to do that at scale. Launched five years ago with support from the Kauffman Foundation and many others, KC Scholars set out to engage students and adult learners in developing pathways to success. The program has awarded more than 700 scholarships each year to low-income and predominately first-generation scholars. More importantly, the coaching and support provided through the program has established persistence-to-completion rates over 30% higher than national averages. The higher education institutions in Kansas and Missouri supported the creation of the program and have made additional investments following its early success. KC Scholars is already yielding benefits to the metropolitan area’s workforce, with early [third-party evaluations](#) pointing to a more diverse and prepared workforce in the region.





ACCESS TO SUPPORT: THE ABILITY FOR ALL TO TAKE RISKS

Becoming an entrepreneur can mean leaving behind the stability of a traditional job and steady income, or starting from scratch through gig work or while being unemployed – a daunting proposition for anyone, but especially for the many Americans living paycheck to paycheck or with little savings.

Having access to a safety net makes risk-taking far more viable. Policymakers can ensure the next generation of entrepreneurs is not locked out of opportunities to improve their economic situations by helping all Americans build stable, mobile, and – eventually – prosperous financial futures.

Increase Access to Caregiving

FEDERAL

For entrepreneurs and those thinking about starting a business, the responsibility of caring for a child or other family member can be a serious hindrance to launching a business and putting in the hours necessary to make it a success. This has been exacerbated by the COVID-19 pandemic, which has forced parents and other caregivers to juggle working from home and caregiving simultaneously.

When it comes to affordable child care, existing federal tax credits are designed to help working families, and thus their requirements are based on earned income. This limits the ability of entrepreneurs – many of whom forgo income in the startup phase – to claim these credits. **To reduce these barriers, policymakers should:**

- **Allow entrepreneurs who are not yet earning an income but who are actively working to start or grow a new business to be eligible for the Child and Dependent Care Tax Credit** by substituting earned business revenue for the required earned personal income.⁸⁹
- **Expand child care programs in the most underserved communities** through increased funding for the Child Care and Development Block Grant and Head Start programs.
- **Form a commission to recommend a national caregiving policy that ensures affordable and equitable access to caregiving support**, recognizing that many caregivers are entrepreneurs themselves, operating in-home day care or other small businesses. A national caregiving policy should work for both consumers and providers.



Supporting Evidence

- ★ Of those who have considered starting a business but did not, or “pre-entrepreneurship leavers,” 22% report family considerations such as child care or aging parent care as a reason for not starting a business. This was especially pronounced among married “leavers” (25%), those with children under age 18 (34%), and mothers (37%).^{90,91}
- ★ 62% of former entrepreneurs said their business suffered because of additional child care responsibilities they had to take on after the onset of the COVID-19 pandemic.⁹²
- ★ According to a 2017 Small Business Majority poll, child care was a barrier for starting a business for 36% of entrepreneurs.⁹³
- ★ Women-owned businesses are hit hardest by lack of child care. In fact, nearly half of mothers who are very interested in starting a business but ultimately have not report that family and caregiving responsibilities are a primary reason.⁹⁴
- 🌐 **Resource:** The Kauffman Foundation report [“Economic Engagement of Mothers: Entrepreneurship, Employment, and the Motherhood Wage Penalty”](#) highlights the financial barriers mothers, especially mothers of color, face as entrepreneurs. Child care expenses can be crippling to a new business: The cost for two children in care exceeds mortgage costs among homeowners in 40 states and Washington, D.C. This has been exacerbated by the COVID-19 pandemic, which has disproportionately impacted mothers. Mothers ages 24 to 39 were nearly three times more likely than fathers of the same age to report being unable to work during the COVID-19 pandemic because of a school or child care closure.

Provide Health Care Options for Early-Stage Entrepreneurs

FEDERAL, STATE

The need for health insurance can prevent entrepreneurial risk-taking, contributing to “job lock,” a situation in which employees stay at their current jobs because leaving would result in the loss of benefits they value.

To reduce the effects of job lock, policymakers should:

- ➔ **Facilitate the development of a system of portable benefits** that follow workers as they move across jobs or out of the workforce to start a business.⁹⁵
- ➔ **Provide tax incentives to new businesses** to offset health care costs.

Supporting Evidence

- ★ Among those who have seriously considered entrepreneurship but ultimately decided against starting a business, 20% cited the need for health care coverage as a reason.⁹⁶
- ★ A 2010 study found that increased tax deductions for health insurance for self-employed workers increased the likelihood of new business creation.⁹⁷
- ★ Research found that prior to the passage of the Affordable Care Act (ACA), self-employed workers were twice as likely to be uninsured, and workers who had employer health insurance were 2.5 to 3.9 percentage points less likely to create a new business.⁹⁸
- ★ Research shows the ACA has led to a 3% to 4% increase in self-employment.⁹⁹

Provide Entrepreneurs Relief from Student Loan Debt

FEDERAL, STATE

The current student debt in the United States totals \$1.747 trillion. The average borrower owes \$37,113, and there are 43.4 million people who have federal student loan debt.¹⁰⁰ What's more, as student loan debt has increased, so too has the amount of time it takes for individuals to pay off their loans. A growing body of research has begun to point to student loan debt as a contributing factor to depressed rates of entrepreneurship, especially among younger generations.¹⁰¹ To avoid a lost generation of entrepreneurial talent, policymakers can address the burden of student loans. **Policymakers should:**

- ➔ **Forgive student loan debt.**
- ➔ **Provide entrepreneurs who maintain residence in the state an exclusion from state income tax** equal to the amount of student loan payments made in a year up to a capped amount.
- ➔ **Allow entrepreneurs to deduct a portion of student loan payments** made in a year against business income.

Supporting Evidence

- ★ A survey of 800 individuals between the ages of 18 and 34 found that among those with student debt who currently own or have plans to own a business, nearly half reported that their student loan payments affected their ability to start a business.
- ★ It also found that approximately four in 10 young adults believe that student loan debt has already impacted or would impact their ability to invest in an organization or hire new employees, suggesting that they think beyond whether to start a business and consider the additional decisions they may face in the future if they were to start a business, such as hiring.
- ★ Black students must overcome [larger student loan debt](#) and are five times [more likely to default](#) on their student loans compared with their white peers.
- ★ [One-third of Black borrowers](#) use income-driven repayment to pay down their student loans.
- ★ [Millennials](#) still paying off student loans who own or have plans to own a business say their student loan payments have impacted their ability to start a business. 43% say student debt affects their ability to invest in their business or hire new employees.
- ★ [48% of young people](#) who own or are interested in owning a business cite student loans as one of the main barriers to becoming an entrepreneur. Research shows that higher student loan debt corresponds with lower rates of adult entrepreneurship.

102,103,104,105,106,107

Enable Entrepreneurs to Save for Retirement

FEDERAL

Aspiring entrepreneurs may not take the risk of starting their own businesses because their current jobs help them save for retirement. **To ensure potential entrepreneurs are not further inhibited from starting their own businesses because of worries over a lack of retirement savings, federal law should:**

- ➔ **Permit entrepreneurs to make “reach-back” contributions to their retirement accounts for a limited number of years, and to have the tax deferral apply to the current tax year in which those payments are made.** This policy recognizes that entrepreneurs often do not have income in the early years of a new business to put toward retirement, and it gives those who are willing to take the risk of starting a business the ability to catch up on their retirement contributions and save for the future when they are more likely to have the means to do so.

Supporting Evidence

- ★ [Three-quarters of millennials](#) who own, plan to own, or would like to own a business listed the lack of an employer-sponsored retirement plan as a barrier to entrepreneurship.¹⁰⁸
- ★ A survey also showed that [34% of business owners](#) lack retirement plans.¹⁰⁹

Endnotes

- 1 "Median Value of Family Net Worth," Tax Policy Center, March 11, 2019.
- 2 Robert Fairlie, Alicia Robb, and David Robinson, "Black and white: Access to capital among minority-owned startups," Stanford Institute for Economic Policy Research, working paper 17-003, 2017.
- 3 Alison Wood Brooks, Laura Huang, Sarah Wood Kearney, and Fiona E. Murray, "Investors prefer entrepreneurial ventures pitched by attractive men," *Proceedings of the National Academy of Sciences*, 111(12): 4427–4431, 2014.
- 4 Dana Kanze, Laura Huang, Mark Conley, and E. Tory Higgins, "We ask men to win and women not to lose: Closing the gender gap in startup funding," *Academy of Management Journal*, 61(2), 2017
- 5 "National Venture Capital Association 2019 Yearbook," National Venture Capital Association, 2019.
- 6 Tamar Jacoby, "The entrepreneurial energy of immigrant business owners – and the hidden barriers they face," *Currents*, Ewing Marion Kauffman Foundation: Kansas City, March 19, 2020.
- 7 Simeon Djankov and Eva (Yiwen) Zhang, "Startups boom in the United States during COVID-19," Peterson Institute for International Economics, February 17, 2021.
- 8 Leora Klapper, Raphael Amit, Mauro F. Guillén, and Juan Manuel Quesada, "Entrepreneurship and Firm Formation Across Countries," World Bank: Washington, DC. 2010.
- 9 Taylor Bisacky, "Prop H to help SF businesses with permit process," *KRON4*, November 4, 2020.
- 10 Bruce Katz, Aiyah Josiah-Faeduwor, and Avery Harmon, "Can Large Corporations Fuel the Growth of Black Owned Businesses?," Nowak Metro Finance Lab at Drexel University.
- 11 Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis, "Internet Access and its Implications for Productivity, Inequality, and Resilience," Aspen Economic Strategy Group, Aspen Institute, December 2021.
- 12 "2020 Broadband Deployment Report," Federal Communications Commission, 2020.
- 13 Angela Siefer and Bill Callahan, "Limiting Broadband Investment to 'Rural Only' Discriminates Against Black Americans and other Communities of Color," National Digital Inclusion Alliance, June 2020.
- 14 Rafi Goldberg, "Unplugged: NTIA Survey Finds Some Americans Still Avoid Home Internet Use," National Telecommunications and Information Administration, U.S. Department of Commerce, April 15, 2019.
- 15 Becky Chao and Claire Park, "The Cost of Connectivity 2020," Open Technology Institute, New America, July 15, 2020.
- 16 Rajshree Agarwal, Martin Ganco, and Joseph Raffiee, "Immigrant Entrepreneurship: The Effect of Early Career Immigration Constraints and Job-Education Match on Science and Engineering Workforce," 2020.
- 17 Stuart Anderson, "Startup Visa Proposals and Job Creation," NFAP Policy Brief, National Foundation for American Policy, March 2016.
- 18 "Spotlight on the DACA-Eligible Population," *New American Economy*, September 1, 2017. <https://research.newamericaneconomy.org/report/spotlight-on-the-daca-eligible-population/>
- 19 Irina Ivanova, "America's labor shortage is actually an immigrant shortage," *CBS News*, April 8, 2022.
- 20 Sari Pekkala Kerr and William R. Kerr, "Immigration Policy Levers for US Innovation and Startups," National Bureau of Economic Research, working paper 27040, April 2020.
- 21 David J. Bier, "Immigration Wait Times from Quotas Have Doubled: Green Card Backlogs Are Long, Growing, and Inequitable," *Cato Institute*, June 18, 2019.
- 22 Ibid.
- 23 Robert Fairlie and Sameeksha Desai, "2019 Early-Stage Entrepreneurship in the United States," *Kauffman Indicators of Entrepreneurship*, Ewing Marion Kauffman Foundation: Kansas City, 2020.
- 24 Stuart Anderson, "Immigrants and Billion-Dollar Companies," NFAP Policy Brief, National Foundation for American Policy, October 2018.
- 25 Statement of Sari Pekkala Kerr for the U.S. House Committee on the Budget, "Building a More Dynamic Economy: The Benefit of Immigration," 2019.
- 26 Karla Walter, "States Must Act to Protect Workers from Exploitative Noncompete and No-Poach Agreements," *Center for American Progress*, April 2, 2019.
- 27 Evan Starr, J.J. Prescott, and Norman Bishara, "Noncompete Agreements in the U.S. Labor Force," *Journal of Law and Economics*, February 2021.
- 28 Evan Starr, "The Use, Abuse, and Enforceability of Non-Compete and No-Poach Agreements: A Brief Review of the Theory, Evidence, and Recent Reform Efforts," *Economic Innovation Group*, February 2019.
- 29 Matt Marx, "Employee Non-compete Agreements, Gender, and Entrepreneurship," 2020.
- 30 Matt Marx, "Reforming Non-Competes to Support Workers," *The Hamilton Project*, February 2018.
- 31 "Chapter 49.62 RCW," *Washington State Legislature*, 2019.
- 32 Michael A. Foley, "Competing Views on Non-Compete Agreements: Changes May be Coming Across the Nation to Employers' and Business Purchasers' Ability to Limit Competition," *National Law Review* 10(30), January 30, 2020.
- 33 "An Act to Promote Keeping Workers in Maine," *129th Maine Legislature*, June 2020.
- 34 "Enrolled House Bill 2992," *80th Oregon Legislative Assembly*, May 2019.
- 35 "Barriers to Work: People with Criminal Records," *National Conference of State Legislatures*, July 17, 2018.

- 36 Dick M. Carpenter II, Ph.D., Lisa Knepper, Kyle Sweetland, and Jennifer McDonald, "License to Work: A National Study of Burdens from Occupational Licensing, 2nd Edition," Institute for Justice, November 2017.
- 37 "Barriers to Work: People with Criminal Records," National Conference of State Legislatures, July 17, 2018.
- 38 Dick M. Carpenter II, Ph.D., Lisa Knepper, Kyle Sweetland, and Jennifer McDonald, "License to Work: A National Study of Burdens from Occupational Licensing, 2nd Edition," Institute for Justice, November 2017.
- 39 Andrew Wimer, "Governor Signs Bill Making It Easier for Floridians to Work," Institute for Justice, June 30, 2020.
- 40 "Governor Ron DeSantis Signs 'The Occupational Freedom and Opportunity Act' to Remove Unnecessary Barriers to Employment," Florida Governor Ron DeSantis, June 30, 2020.
- 41 "H.B. 2046," Missouri House of Representatives, 2020.
- 42 Patrick Gleason, "Governors & Lawmakers Successfully Remove Barriers to Work in 2020," Forbes, September 30, 2020.
- 43 Jaylen Darling, "Returning Citizens Need Better Access to Professional Licensing," Florida Policy Institute, December 18, 2020.
- 44 Zach Herman, "The National Occupational Licensing Database," National Conference of State Legislatures, March 24, 2020.
- 45 Dick M. Carpenter II, Ph.D., Lisa Knepper, Kyle Sweetland, and Jennifer McDonald, "License to Work: A National Study of Burdens from Occupational Licensing, 2nd Edition," Institute for Justice, November 2017.
- 46 "Investigation of the Ferguson Police Department," U.S. Department of Justice Civil Rights Division, March 4, 2015.
- 47 "Targeted Fines and Fees Against Communities of Color: Civil Rights & Constitutional Implications," U.S. Commission on Civil Rights, September 2017.
- 48 "Debt in America: An Interactive Map," Urban Institute, December 17, 2019.
- 49 Denise Belser, "Why Cities Should Find Equitable Ways to Impose and Collect Fines and Fees," National League of Cities, February 8, 2019.
- 50 Sarah Shannon, Beth M. Huebner, Alexes Harris, Karin Martin, Mary Pattillo, Becky Pettit, Bryan Sykes, and Christopher Uggen, "The Broad Scope and Variation of Monetary Sanctions: Evidence from Eight States," UCLA Criminal Justice Law Review 4(1), 2022.
- 51 Neil Bhutta, Andrew C. Chang, Lisa J. Dettling, Joanne W. Hsu, and Julia Hewitt, "Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances," Board of Governors of the Federal Reserve System, September 28, 2020.
- 52 Michaela Broyles, "A conversation about the racial wealth gap—and how to address it," Brookings, June 18, 2019.
- 53 Victor Hwang, Sameeksha Desai, and Ross Baird, "Access to Capital for Entrepreneurs: Removing Barriers," Ewing Marion Kauffman Foundation: Kansas City, 2019.
- 54 Darrick Hamilton and William Darity, Jr., "Can 'Baby Bonds' Eliminate the Racial Wealth Gap in Putative Post-Racial America?," The Review of Black Political Economy, January 1, 2010.
- 55 Christa Cassidy, Rachel Heydemann, Anne Price, Nathaniel Unah, and William Darity Jr., "Baby Bonds: A Universal Path to Ensure the Next Generation Has the Capital to Thrive," The Samuel DuBois Cook Center on Social Equity at Duke University, December 2019.
- 56 William Elliott, "Children's Savings Accounts: Increasing the Postsecondary Payoff for Low-Income Children," Midwestern Higher Education Compact, May 2018.
- 57 Naomi Zewde, "Universal Baby Bonds Reduce Black-White Wealth Inequality, Progressively Raise Net Worth of all Young Adults," Working Paper, 2018.
- 58 Diana Gaiter, "The First (Hopefully, Of Many!) State Baby Bonds Program," Prosperity Now, June 23, 2021.
- 59 Victor Hwang, Sameeksha Desai, and Ross Baird, "Access to Capital for Entrepreneurs: Removing Barriers," Ewing Marion Kauffman Foundation: Kansas City, 2019.
- 60 Laurie Goodman, Linna Zhu, Ellen Seidman, Janneke Ratcliffe, Jun Zhu, "Should the Community Reinvestment Act Consider Race?," Urban Institute, January 2022.
- 61 Sabrina T. Howell, Theresa Kuchler, David Snitkof, Johannes Stroebel, and Jun Wong, "Automation in Small Business Lending Can Reduce Racial Disparities: Evidence from the Paycheck Protection Program," SSRN, October 11, 2021.
- 62 Peter Bassine, Della Clark, Gary Cunningham, Benjamin Della Rocca, Bulbul Gupta, Marie C. Johns, Bruce Katz, Nate Loewentheil, Jamie Rubin, Mary Jean Ryan, and Luz Urrutia, "A Five-Step Roadmap for Rebuilding the U.S. Small-Business Sector, Reviving Entrepreneurship, and Closing the Racial Wealth Gap," Big Ideas for Small Business, October 2020.
- 63 Ibid.
- 64 Marshall Lux and Robert Greene, "The State and Fate of Community Banking," Mossavar-Rahmani Center for Business and Government, Harvard Kennedy School, February 2015.
- 65 Stacy Mitchell, "Update: PPP Loan Data Continues to Show that Big Bank Consolidation Has Hampered Small Business Relief," Institute for Local Self-Reliance, June 15, 2020.
- 66 "Expanding Opportunity: The CDFI Fund's FY 2019 Year in Review," Community Development Financial Institutions Fund, U.S. Department of the Treasury, 2020.
- 67 <https://www.alt-cap.org/relief>.
- 68 Victor Hwang, Sameeksha Desai, and Ross Baird, "Access to Capital for Entrepreneurs: Removing Barriers," Ewing Marion Kauffman Foundation: Kansas City, 2019.
- 69 "Real Economic Impact," JumpStart, October 2020, <https://www.jumpstartinc.org/our-impact>.
- 70 Eliot Abrams, "Securities Crowdfunding: More than Family, Friends, and Fools?" University of Chicago, January 2017.
- 71 "Report to the Commission, Regulation Crowdfunding," U.S. Securities and Exchange Commission, June 18, 2019

- 72 "Small Business Credit Survey: 2019 Report on Minority-Owned Firms," Federal Reserve Bank of Atlanta, December 2019.
- 73 Ibid.
- 74 "Unaffordable and Unsustainable: The New Business Lending on Main Street," Opportunity Fund, May 2016.
- 75 "Small Business Owners Concerned with Predatory Lending, Support More Regulation of Alternative Lenders," Small Business Majority, December 12, 2017.
- 76 "Kauffman Foundation Entrepreneurship Survey," Ewing Marion Kauffman Foundation, Global Strategy Group, and Public Opinion Strategies, 2018.
- 77 Ewing Marion Kauffman Foundation, "Mentoring in Entrepreneurship Support: Some Basics," Entrepreneurship Issue Brief, No.4, Kansas City, Missouri, 2020.
- 78 Ibid.
- 79 Ibid.
- 80 Daniel C. Fehder and Yael V. Hochberg, "Spillover Effects of Startup Accelerator Programs: Evidence from Venture-Backed Startup Activity," April 20, 2019.
- 81 Ibid.
- 82 Bruce C. Martin, Jeffrey J. McNally, and Michael J. Kayd, "Examining the formation of human capital in entrepreneurship: A meta-analysis of entrepreneurship education outcomes," Journal of Business Venturing, March 2013.
- 83 Joseph B. Fuller and Manjari Raman, "Building from the Bottom Up," Harvard Business School, January 2022.
- 84 Joseph Fuller, Christina Langer, and Matt Sigelman, "Skills-Based Hiring is on the Rise," Harvard Business Review, February 11, 2022.
- 85 "Essential Skills Report," DeBruce Foundation, 2021.
- 86 Elka Torpey and Brian Roberts, "Small-business options: Occupational outlook for self-employed workers," Career Outlook, U.S. Bureau of Labor Statistics, May 2018.
- 87 Ewing Marion Kauffman Foundation, "Educational attainment of business owners in the United States," Trends in Entrepreneurship Series, Kansas City, Missouri, 2020.
- 88 "How to Achieve an Equitable Economic Recovery for America: A Blueprint for the Biden Administration," JFF, November 2020.
- 89 "Topic No. 602 Child and Dependent Care Credit," Internal Revenue Service, <https://www.irs.gov/taxtopics/tc602>.
- 90 Sameeksha Desai and Travis Howe, "Who Doesn't Start a Business in America? A Look at Pre-entrepreneurship Leavers," Ewing Marion Kauffman Foundation: Kansas City, 2020.
- 91 Jessica Looze and Sameeksha Desai, "Economic Engagement of Mothers: Entrepreneurship, Employment, and the Motherhood Wage Penalty," Ewing Marion Kauffman Foundation: Kansas City, 2020.
- 92 Ewing Marion Kauffman Foundation, Global Strategy Group, and Public Opinion Strategies poll, 2020.
- 93 "Small Businesses Face Barriers to Affordable Child Care, Support Expanded Access," Small Business Majority, September 25, 2017.
- 94 "Special Report on Women-Owned Small Businesses During COVID-19," U.S. Chamber of Commerce, August 26, 2020.
- 95 Libby Reder, Shelly Steward, and Natalie Foster, "Designing Portable Benefits: A Resource Guide for Policymakers," The Aspen Institute Future of Work Initiative, June 2019.
- 96 Sameeksha Desai and Travis Howe, "Who Doesn't Start a Business in America? A Look at Pre-entrepreneurship Leavers," Ewing Marion Kauffman Foundation: Kansas City, 2020.
- 97 Bradley T. Heim and Ithai Z. Lurie, "The effect of self-employed health insurance subsidies on self-employment," Journal of Public Economics 94, no. 11-12 (December 2010): 995-1007.
- 98 Robert W. Fairlie, Kanika Kapur, and Susan Gates, "Is employer-based health insurance a barrier to entrepreneurship?" Journal of Health Economics 30, no. 1 (January 2011): 146-162.
- 99 James Benjamin Bailey and Dhaval Dave, "The Effect of the Affordable Care Act on Entrepreneurship among Older Adults," Eastern Economic Journal 45(3), 2018.
- 100 Melanie Hanson, "Student Loan Debt Statistics," EducationData.org, March 28, 2022. <https://educationdata.org/student-loan-debt-statisticsv>
- 101 Ewing Marion Kauffman Foundation, "Student Loans and Entrepreneurship: An Overview," Entrepreneurship Issue Brief, No. 5, Kansas City, Missouri, 2020.
- 102 "Millennial College Graduates with Student Loans Now Spending Nearly One-Fifth of Their Annual Salaries on Student Loan Repayments," Citizens Financial Group, April 7, 2016.
- 103 Pierre Azoulay, Benjamin F. Jones, J. Daniel Kim, and Javier Miranda, "Research: The Average Age of a Successful Startup Founder is 45," Harvard Business Review, July 11, 2018.
- 104 Judith Scott-Clayton and Jing Li, "Black-white disparity in student loan debt more than triples after graduation," Brookings Institution, October 20, 2016.
- 105 Ben Miller, "The Continued Student Loan Crisis for Black Borrowers," Center for American Progress, December 2, 2019.
- 106 "Opinion Poll: Millennials Identify Student Debt, Retirement Savings as Barriers to Entrepreneurship," Young Invincibles and Small Business Majority, January 27, 2016.
- 107 Laura Checovich and Tom Allison, "At the Extremes: Student Debt and Entrepreneurship," Young Invincibles, 2017.
- 108 "Opinion Poll: Millennials Identify Student Debt, Retirement Savings as Barriers to Entrepreneurship," Young Invincibles and Small Business Majority, January 27, 2016.
- 109 "One-Third of Small Business Owners Don't Have Retirement Savings Plan," Manta, July 11, 2017.



EWING MARION
KAUFFMAN
FOUNDATION