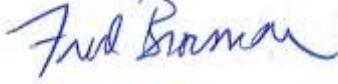


CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST
1390 Market Street, Suite 1150, San Francisco, CA 94102
PHONE (415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Myrna Melgar
From: Budget and Legislative Analyst's Office
Re: Financial Assistance Provided to Women-Owned Businesses During the Covid-19 Pandemic
Date: July 13, 2021



Summary of Requested Action

Your office requested that the Budget and Legislative Analyst conduct an analysis of the local, state, and federal Covid-19 financial assistance provided to businesses owned by women in San Francisco relative to other firms.

For further information about this report, contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office.

Executive Summary

- Our review of federal, state, and local sources of data on the number of women-owned businesses in San Francisco found that there is no single reliable source of data that captures the total number of women-owned businesses, inclusive of employer and non-employer businesses (such as sole proprietors, independent contractors, consultants, and freelancers).
- In the absence of a single reliable data source, we used a number of data sources in order to estimate that there are approximately 22,564 to 41,005 women-owned firms in San Francisco. This range is based on the estimate that there are between 60,984 to 97,631 total businesses in San Francisco, with an estimated 37 to 42 percent owned by women. We address the lack of specific data for women-owned firms in San Francisco in our Policy Options.
- We found that women-owned businesses received fewer and smaller loans on average from the federal Paycheck Protection Program (PPP) in 2020. The program provided forgivable loans to help businesses retain their workforce during the Covid-19 pandemic, and was available to both employer businesses and self-employed individuals. According to the San Francisco Office of Economic and Workforce

Budget and Legislative Analyst

Development (OEWD), a total of \$3.2 billion was provided in PPP loans to San Francisco firms from March through December 2020. Our analysis found that women-owned firms received a disproportionately smaller share of all PPP loans: an estimated 25 percent though they comprise an estimated 37 to 42 percent of all firms in San Francisco. This translates into an estimated 2,666 to 3,776 women-owned firms that did not receive financial assistance, given their share of all businesses in San Francisco and the total number of PPP loans provided, as shown in Exhibit A.

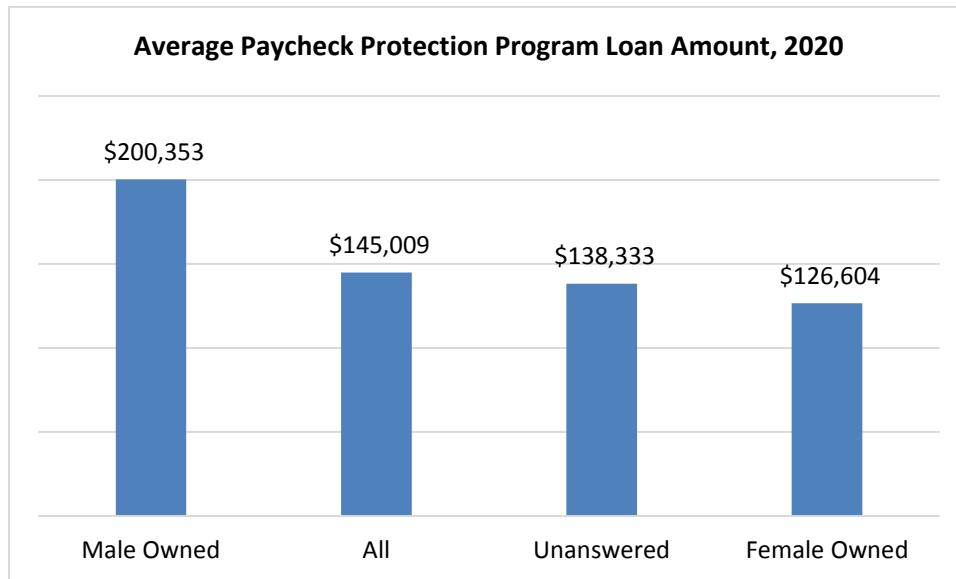
Exhibit A: Number of SF Women-owned Businesses that would have Received PPP Loans if Awarded in Proportion to their Share of all Businesses

	Low estimate	High estimate
Total # businesses in SF	60,984	97,631
Estimated # women-owned businesses in SF	22,564	41,005
# PPP loans awarded 2020	22,215	22,215
# PPP loans to women-owned businesses if proportional to share of all businesses	8,220 (37%)	9,330 (42%)
Less: actual estimated # PPP loans to women-owned businesses (25% of all loans)	5,554 (25%)	5,554 (25%)
Difference: estimated additional SF women-owned businesses that would have received PPP loans if proportionally awarded	2,666	3,776

Sources: Detailed in body of report.

- We further found that the average Payroll Protection Program loan amount that women-owned firms in San Francisco received in 2020 was 37 percent less than the average loan amount received by firms owned by men (\$126,604 for women versus \$200,353 for men), as shown in Exhibit B. Beginning in January 2021, the federal government announced a number of changes intended to increase access to the PPP for women-owned businesses, along with minority, underserved, and veteran businesses.

Exhibit B: Women-Owned Businesses in San Francisco Received 37 Percent Less than the Average Paycheck Protection Program Loan Amount for Men in 2020



Source: PPP Data (March-Dec. 2020) via OEWD

- OEWD does not have access to information related to local recipients of the state's Small Business Relief Grant Program, and we were not able to obtain information about Covid-19 financial assistance from the state.
- OEWD allocated \$19.6 million in local funds for Covid-19 financial relief for small businesses in 2020, and, unlike the allocation of federal relief funds, these resources primarily benefited women-owned businesses. In addition, in April 2021, the Board of Supervisors approved a supplemental appropriation for OEWD in the amount of \$24.75 million that is primarily intended for women- and minority-owned businesses, businesses serving historically under-invested neighborhoods, and other underserved businesses.
- Our analysis of the initial local Covid-19 relief allocation administered by OEWD shows that women received 54 percent of the 1,303 total awards, or 706 awards, amounting to a total of \$8.2 million, or 48 percent of the \$17 million dollars awarded from the initial allocation. Similar to the pattern with federally funded loans, women recipients of OEWD loans and/or grants received an average award that was 23 percent less than the average award provided to men (\$11,649 for women versus \$15,082 for men).
- The variation in average award amount for local funds—and federal PPP loans—aligns with historic evidence showing that women start with less capital than men

and are less likely to take on additional debt to expand their businesses.¹ We address the disparity in access to capital for women-owned firms in our Policy Options.

Policy Options

The Board of Supervisors should:

1. Request that the Treasurer and Tax Collector report to the Board of Supervisors on the feasibility of collecting optional demographic information on the gender and race of business owner(s) during the business registration and renewal process or other options for obtaining this information.
2. Request that the Office of Economic and Workforce Development (OEWD) and the Office of Small Business prioritize and build on existing practices for: (a) tracking economic impact indicators in order to measure outreach and financial aid that women small business owners receive, particularly from federal and state sources of Covid-19 assistance and (b) assisting women-owned businesses to obtain financial assistance from various sources separate from pandemic relief efforts.

<i>Project Staff: Fred Brousseau, Rashi Kesarwani</i>

¹ U.S. Department of Commerce Economics and Statistics Administration for the White House Council on Women and Girls, Oct. 2010, "Women-Owned Businesses in the 21st Century"

While Estimates Vary, at Least 37 Percent of San Francisco Businesses are Owned by Women

We Assume between 60,984 to 97,631 Total Businesses in San Francisco

To identify the number of women-owned businesses in San Francisco, we turned to federal, state, and local public agency data on the total number of businesses in San Francisco hoping they would also provide owner gender information. However, businesses are defined differently by different agencies and owner gender information is not readily available for all businesses in San Francisco. The number of total businesses varies widely in these sources, depending on factors such as whether sole proprietors and other “nonemployer” businesses are included. This can be significant since businesses that do not have employees account for approximately 45 percent of all businesses in San Francisco, according to San Francisco Treasurer and Tax Collector data.

We obtained and used data on the total number of businesses from two sources: the Quarterly Census of Employment and Wages prepared by the U.S. Bureau of Labor Statistics and the City inventory of businesses maintained by the San Francisco Treasurer and Tax Collector’s Office.

As summarized in Exhibit 1 below, the Quarterly Census of Employment and Wages reported 60,984 businesses in San Francisco for the third quarter of 2020. We found this to be a reasonable lower-bound estimate, since it is based on administrative data from the state’s unemployment insurance programs, though it excludes certain exempt businesses, such as independent contractors of professional services.²

The Treasurer and Tax Collector’s Office reported 97,631 entities with business account numbers in San Francisco for calendar year 2019 (as of March 2020), which excludes non-profit organizations but includes sole proprietors. The number of businesses provided by the Treasurer and Tax Collector is a reasonable upper-bound estimate as it incorporates all establishments with a business account number, including those with zero gross receipts. We note that the Treasurer and Tax Collector does annually purge its list to account for shuttered businesses that have not paid their annual business registration renewal fee.

The Treasurer and Tax Collector reports that approximately 45 percent of the businesses in its database, or 44,172 businesses, are sole proprietors, leaving 53,459 other types of businesses, a number reasonably aligned with the Quarterly Census of Employment and Wages amount of 60,984 reported businesses for the third quarter of 2020.

² Employment Development Department, State of California, Information Sheet Exempt Employment, Version DE 231EE Rev. 9 (9-19) (INTERNET), https://edd.ca.gov/pdf_pub_ctr/de231ee.pdf

Unfortunately, neither the Quarterly Census of Employment and Wages or the Treasurer and Tax Collector data report the gender of business owners. However, in its most recent 2018 Annual Business Survey, the Census Bureau reports the number of businesses by gender of the owner but, unfortunately, these data only count businesses with employees; they exclude independent contractors, freelancers, and sole proprietors with no employees. As a result, the Census survey reported only 28,537 total businesses in San Francisco in 2017—of which 22 percent, or 6,278, were reported to be women-owned. We have not used this Census Bureau estimated number of total businesses for our analysis since it excludes so many non-employer businesses in San Francisco, many of which are likely to be owned by women. With its approach, the Census Bureau count omits a significant number of businesses such as the approximately 44,172 sole proprietors in San Francisco identified by the Treasurer-Tax Collector for 2019, close to half of which are presumed to be women-owned businesses, based on Current Population Survey data discussed further below.

For its purposes, the City's Office of Economic and Workforce Development (OEWD) uses the total number of businesses reported by the Treasurer and Tax Collector's Office, and we therefore believe it is safe to assume that there are anywhere from 60,984 to 97,631 total businesses in San Francisco. We note that this range does not account for the economic recession induced by the Covid-19 pandemic, which has caused many businesses to permanently or temporarily close. Since March 1, 2020, about 2,900 businesses in San Francisco have permanently closed, according to a September 2020 local economic impact report from the business-reviews website Yelp.³

Exhibit 1: Two Data Sources for the Number of Businesses in San Francisco

Number of San Francisco Businesses	Methodology	Data Source
97,631	All establishments registered with a Business Account Number, excluding non-profit organizations	San Francisco Treasurer and Tax Collector, CY 2019 (provided by OEWD)
60,984	Administrative data from the state's unemployment insurance programs, which excludes certain exempt businesses such as independent contractors	Quarterly Census of Employment and Wages (U.S. Bureau of Labor Statistics), Third Quarter (July-Sept.) of 2020

³ Yelp: Local Economic Impact Report, Sept. 2020, <https://www.yelpeconomicaverage.com/business-closures-update-sep-2020>

We Assume that 37 to 42 Percent of San Francisco Businesses Are Owned by Women

We found similar variation in the percentage of businesses estimated to be owned by women. Our review of various data sources lead us to conclude that at least 37 percent and up to 42 percent of San Francisco businesses are owned by women.

Census Bureau Offers Two Estimates from Business Surveys in 2012 and 2018

The Census Bureau's 2012 Survey of Business Owners found 37 percent of businesses nationwide to be owned by women, and OEWD continues to rely on this survey to assume that 37 percent of San Francisco businesses are owned by women. The Census Bureau's more recent 2018 Annual Business Survey reported only 22 percent of businesses in San Francisco were owned by women but we believe that understates the total number of businesses owned by women as it only includes employer businesses and excludes non-employer businesses, such as sole proprietors, independent contractors, consultants, and freelancers, as described further in the adjacent sidebar.

American Express Estimate of Women-Owned Businesses Nationally

A 2019 study conducted by American Express projected federal government data from 2012 to calculate the number of women-owned businesses for 2019, including sole proprietors. That study concluded that women-owned businesses represented 42 percent of the approximately 32 million businesses in the U.S. (including sole proprietors), or 12.9 million businesses in 2019.⁴ We

Census Bureau's 2018 Annual Business Survey. We reviewed the Census Bureau's 2018 Annual Business Survey and found that its methodology excluded non-employer businesses, such as sole proprietors, independent contractors, consultants, and freelancers. In San Francisco, sole proprietors represent a full 45 percent of all registered businesses, according to Treasurer and Tax Collector data. These microenterprises are more likely to be women-owned firms, since women-owned businesses are typically smaller than men-owned businesses, according to the U.S. Department of Commerce. For this reason, we conclude that the 2018 Annual Business Survey is an underestimate of the percentage of women-owned firms. It shows that just 21 percent of businesses nationwide are owned by women (and 22 percent in San Francisco), whereas the 2012 Census Bureau survey found 37 percent nationwide.

⁴ American Express, "The 2019 State of Women-Owned Businesses Report: Summary of Key Trends," <https://about.americanexpress.com/all-news/news-details/2019/Woman-Owned-Businesses-Are-Growing-2X-Faster-On-Average-Than-All-Businesses-Nationwide/default.aspx#:~:text=According%20to%20the%20annual%20State,from%20the%20record%2Dsetting%202018>

used the 42 percent national rate as the upper bound for our estimates of the number of women-owned businesses in San Francisco, applied to the total number of businesses reported in the Quarterly Census of Employment and Wages at the lower end and the number reported by the City's Treasurer and Tax Collector for the higher end.

If we assume that between 37 and 42 percent of the 60,984 to 97,631 total businesses in San Francisco are owned by women, then we arrive at an estimate of 22,564 to 41,005 women-owned firms in San Francisco.

Women Comprise 42 Percent of Self-Employed Individuals

Finally, we note that the Current Population Survey (a monthly household survey) conducted by the Census Bureau on behalf of the U.S. Bureau of Labor Statistics shows that 42 percent of all self-employed workers with unincorporated businesses nationwide are women. Individuals who report themselves as self-employed are typically assumed to be business owners. They may be sole proprietors, independent contractors, consultants, and freelancers. It is important to note that the 42 percent figure is not a count of all women-owned businesses, but rather a measure of self-employed *individuals* and excludes self-employed workers with incorporated businesses.

Women-Owned Businesses Did Not Receive Fair Share of Federal Paycheck Protection Program Funds in 2020

Federal Covid-19 Financial Assistance Programs for Businesses

After the onset of the Covid-19 pandemic in 2020, the federal government established the following financial relief programs for small businesses administered by the U.S. Small Business Administration (SBA):

- The federal Paycheck Protection Program (PPP) provides loans that can help businesses retain their workforce and cover other expenses during the Covid-19 pandemic. The program is also available to self-employed individuals. According to OEWD, a total of \$3.2 billion in PPP loans was provided from March through December 2020 to 22,215 San Francisco businesses, with an average loan amount of \$145,009. The data show that 17,541 businesses reported a total of 216,325 jobs retained, or, an average of 12 jobs retained per business reporting these data. Limited data are available by gender for recipients of the PPP, and we discuss further below our finding that women-owned businesses appear to be underrepresented among PPP recipients in San Francisco.
- Covid-19 Economic Injury Disaster Loans (EIDL), another federally funded assistance program, provides economic relief to small businesses and non-profit organizations that are currently experiencing a temporary loss of revenue. According to OEWD, a total of \$936.8 million was provided from March through December 2020 to 15,012 San Francisco-based small businesses, self-employed individuals or sole proprietorships, and non-profit

organizations, with an average loan amount of \$62,400. Data are not available by gender for recipients of EIDL.

- Shuttered Venue Operators Grants provide emergency assistance to eligible venues affected by the Covid-19 pandemic. Data were not available for this program from the U.S. Small Business Administration (SBA).

Paycheck Protection Program Disproportionately Benefitted Larger Companies Initially

While the Paycheck Protection Program (PPP) did not prioritize women- or minority-owned and other underserved businesses when it was launched in 2020, the SBA took steps in January 2021 to enable greater access to subsequent rounds of program funding for such businesses. The PPP, which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of March 2020, provided an initial \$349 billion—with an additional \$310 billion added later—in forgivable loans to businesses if certain conditions were met. Loan amounts varied up to a maximum of \$10 million and were forgivable if the business spent at least 75 percent of the funds on payroll costs. Self-employed individuals were also eligible for the program.

- *More than half of \$522 billion in Paycheck Protection Program (PPP) funds went to just 5 percent of all recipients from March through August 2020.*
- *Only 28 percent of PPP funds were distributed in amounts less than \$150,000 to small firms over the same time period.*

The PPP is widely credited with helping some businesses make payroll during the early months of the Covid-19 pandemic; however, initial funds were found to disproportionately benefit larger companies. More than half of the \$522 billion awarded as of August 2020 went to just 5 percent of all recipients, according to a Washington Post analysis of SBA data.⁵ And only 28 percent of the funds distributed nationally were in amounts less than \$150,000 to small firms over the same time period. The SBA Inspector General issued a May 2020 report that corroborated these findings, noting that the initial distribution of PPP funds did not align with the CARES Act requirement to prioritize “underserved and rural markets.”⁶ The report

⁵ O’Connell, Jonathan, Van Dam, Andrew, Gregg, Aaron, and Fowers, Alyssa. “More than half of emergency small-business funds went to larger businesses, new data shows,” Dec., 2, 2020, The Washington Post, <https://www.washingtonpost.com/business/2020/12/01/ppp-sba-data/>.

⁶ SBA Inspector General, Flash Report Small Business Administration’s Implementation of the Paycheck Protection Program Requirements, May 8, 2020, Report No. 20-14, https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf.

recommended that the SBA issue guidance requiring lenders to prioritize borrowers in underserved markets and to collect optional demographic information.

Second Round of Paycheck Protection Program Took Steps to Target Women-Owned and Other Underserved Businesses Beginning in January 2021

The second Covid-19 stimulus package, known as the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act (Economic Aid Act), adopted by Congress in December 2020 incorporated set asides to better target underserved small businesses. Among the set asides were \$15 billion and \$25 billion, respectively, for borrowers with a maximum of 10 employees or for loans less than \$250,000 to borrowers in low- or moderate-income neighborhoods.⁷ The SBA also announced a number of steps intended to increase access to the PPP for women-owned businesses (along with minority, underserved, and veteran businesses), and we have provided some key examples below:

We estimate that between 2,666 to 3,776 women-owned firms in San Francisco would have received PPP loans if they were awarded in proportion to the number of women-owned businesses in the City.

- Accept PPP loan applications only from community financial institutions for at least the first two days when the PPP loan portal reopens;
- Direct borrower inquiries from Lender Match, a free online referral tool, to small lenders who can aid traditionally underserved communities; and
- Continue setting aside dedicated hours to process and assist the smallest PPP lenders with their PPP loans.

Women Business Owners Received Smaller Paycheck Protection Program Loans on Average in 2020

As mentioned above, a total of 22,215 San Francisco businesses received more than \$3.2 billion in PPP loans from March through December 2020, according to SBA data provided by OEWD. While the gender of business owners was only available in 15 percent of these cases (a total of 3,415 loans), we used these data to conclude that women-owned businesses received approximately 25 percent of PPP loans in San Francisco, or, 5,554 of the 22,215 loans. As we noted earlier, there are an estimated 22,564 to 41,005 women-owned businesses in San Francisco (representing 37 to 42 percent of all businesses). Using these two data points, we are

⁷ Carranza, Jovita, Paycheck Protection Program (PPP) Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns, U.S. Small Business Administration, <https://www.sba.gov/sites/default/files/2021-01/Guidance%20on%20Accessing%20Capital%20for%20Minority%20Underserved%20Veteran%20and%20Women%20Owned%20Business%20Concerns%20.pdf>

able to deduce that an estimated additional 2,666 to 3,776 women-owned businesses would have received PPP loans, if they had been awarded in proportion to the number of women-owned businesses in San Francisco, as shown in Exhibit 2.

Exhibit 2: Number of SF Women-owned Businesses that would have Received PPP Loans if Awarded in Proportion to their Share of all Businesses

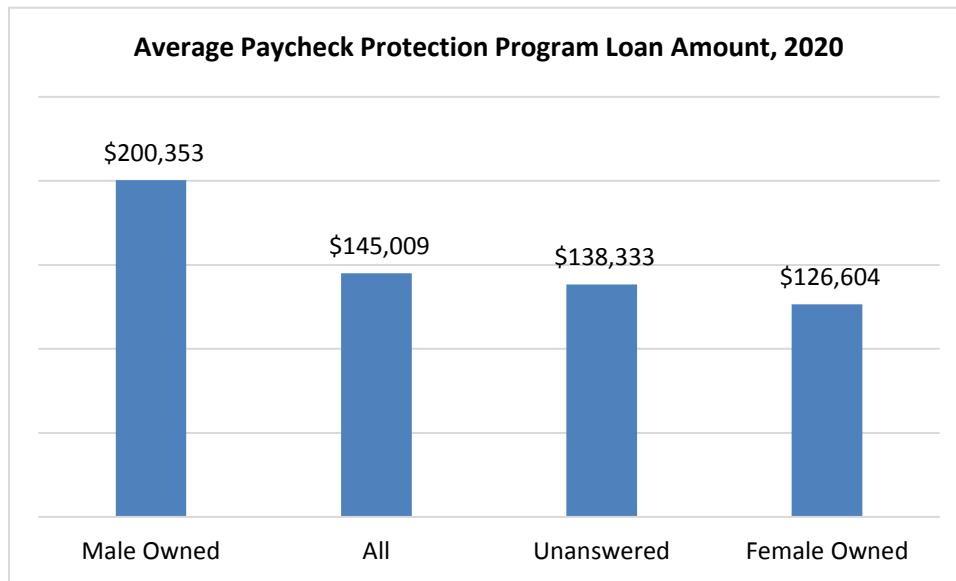
	Low estimate	High estimate
Total # businesses in SF	60,984	97,631
Estimated # women-owned businesses in SF	22,564	41,005
# PPP loans awarded 2020	22,215	22,215
# PPP loans to women-owned businesses if proportional to share of all businesses	8,220 (37%)	9,330 (42%)
Less: actual estimated # PPP loans to women-owned businesses (25% of all loans)	5,554 (25%)	5,554 (25%)
Difference: estimated additional SF women-owned businesses that would have received PPP loans if proportionally awarded	2,666	3,776

Sources: Estimated number of women-owned businesses in SF, low: BLA applying ratio from U.S. Census, 2012 Survey of Business Owners to total number of businesses reported in Quarterly Census of Employment and Wages, Bureau of Labor Statistics. Women-owned share of total businesses, high: BLA, applying ratio from *The 2019 State of Women-Owned Businesses Report: Summary of Key Trends*, American Express, to total number of Treasurer-Tax Collector's total number of businesses registered. Number of PPP loans awarded, 2020: Small Business Administration. Estimated number of PPP loans to women-owned businesses: SBA owner gender data provided by OEWD.

In addition to receiving fewer loans relative to the number of women-owned businesses, the women PPP recipients received loan amounts that were 37 percent less, on average, than the amounts provided to recipient organizations owned by men, with women business owners receiving an average of \$126,604 compared to \$200,353 for men, as shown in Exhibit 3 below. Women-owned businesses are typically smaller than men-owned businesses, which may be driving this disparity in loan amounts. This is also borne out in these data, as measured by the number of loans provided that were less than \$150,000, which comprise 80 percent of PPP loans to women versus 73 percent of PPP loans to men, shown in Exhibit 4 below. Historically, there have been substantial differences in the financing utilized by women-owned versus men-owned businesses, according to a 2010 U.S. Department of Commerce Report. Women start with less

capital than men and are less likely to take on additional debt to expand their businesses.⁸ The Department of Commerce report found that it is difficult to distinguish preferences from constraints in these data. Our finding that women business owners in San Francisco received fewer and smaller PPP loans in 2020 aligns with historical data on women-owned firms' access to capital and with national PPP data showing that larger companies benefitted more initially.

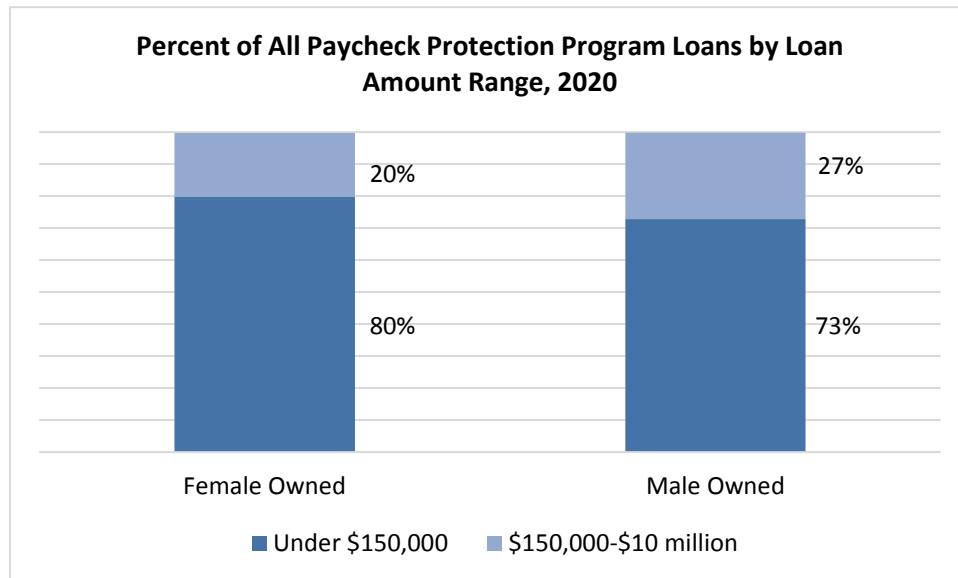
Exhibit 3: Women-Owned Businesses in San Francisco Received 37 Percent Less than the Average Paycheck Protection Program Loan Amount for Men



Source: PPP Data (March-Dec. 2020) via OEWD

⁸ U.S. Department of Commerce Economics and Statistics Administration for the White House Council on Women and Girls, Oct. 2010, "Women-Owned Businesses in the 21st Century"

Exhibit 4: Women-Owned Businesses in San Francisco Received A Greater Share of Loans Less than \$150,000



Source: PPP Data (March-Dec. 2020) via OEWD

Federal American Rescue Plan and State Provide Additional Assistance to Businesses

The American Rescue Plan enacted under the Biden Administration provides additional support to small businesses including:

- \$28.6 billion for a new Restaurant Revitalization Fund for restaurant industry-focused grants;
- \$15 billion for the existing Economic Injury Disaster Loan program, which provides economic relief to small businesses and non-profit organizations that are currently experiencing a temporary loss of revenue, including \$5 billion for a new Supplemental Targeted Economic Injury Disaster Loan Advance for those hardest hit;
- \$7.25 billion in additional funds for the PPP, including to expand eligibility to additional nonprofits and digital news services, increasing the total program level to \$813.7 billion;
- Additional funds for the Shuttered Venue Operators Grant program, and allows businesses to apply for both a PPP loan after December 27, 2020, and a Shuttered Venue Operator Grant; and

July 13, 2021

- \$100 million for a new Community Navigator pilot program, with grants going to eligible organizations supporting efforts to improve access to Covid-19 pandemic assistance programs and resources.⁹

In February 2021, the Governor of the State of California signed a \$7.6 billion stimulus package that included several programs to support small businesses.¹⁰

- \$2.1 billion was added to the Small Business Relief Grant Program—previously funded at \$500 million—to provide grants of \$5,000 to \$25,000 to small businesses, non-profits, sole proprietors, and independent contractors with revenues less than \$2.5 million impacted by Covid-19 or related public health orders.¹¹ An additional \$2 billion was proposed by the Governor in his May Revision budget proposal.¹²
- Two years of license fee relief for roughly 59,000 restaurants and bars licensed through the state's Department of Alcoholic Beverage Control that can range annually from \$455 to \$1,235. The action also includes fee relief for more than 600,000 barbering and cosmetology individuals and businesses licensed through the state's Department of Consumer Affairs.
- The Small Business Disaster Relief Loan Guarantee Program provides loans to businesses with one to 750 employees that are guaranteed by the California Infrastructure and Economic Development Bank.¹³

⁹ U.S. Small Business Administration, American Rescue Plan Act Elevates Small Business Support in Response to COVID-19 Pandemic, March 11, 2021, Release No. 21-19, <https://www.sba.gov/article/2021/mar/11/american-rescue-plan-act-elevates-small-business-support-response-covid-19-pandemic>

¹⁰ Officer of Governor Gavin Newsom, "Governor Newsom Signs Legislative Package Providing Urgent Relief to Californians Experiencing Pandemic Hardship," Feb. 23, 2021, <https://www.ca.gov/2021/02/23/governor-newsom-signs-legislative-package-providing-urgent-relief-to-californians-experiencing-pandemic-hardship/>

¹¹ California Small Business Development Center, California Relief Grant Program, <https://www.californiasbdc.org/covid-19-relief-grant>

¹² Office of Governor Gavin Newsom, "California Roars Backs: Governor Newsom Announces the Largest Small Business Relief Program in the Nation," May 13, 2021, <https://www.ca.gov/2021/05/13/california-roars-back-governor-newsom-announces-the-largest-small-business-relief-program-in-the-nation/>

¹³ COVID-19.C.GOV, Business and employers, May 11, 2021, <https://covid19.ca.gov/business-and-employers/>

OEWD does not have access to information on local recipients of these state programs, and this information was not readily available from the State.

Office of Economic and Workforce Development Seeks to Fill Gap for Women Business Owners, but with Limited Local Resources

During the pandemic, OEWD administered \$19.6 million in direct Covid-19 financial relief loans and grants to small businesses—funded by private contributions and reallocation of existing General Fund monies in 2020. In addition, in April 2021, the Board of Supervisors approved a supplemental appropriation for OEWD in the amount of \$24.75 million, as displayed in Exhibit 5. This supplemental appropriation is primarily intended for women- and minority-owned businesses, and businesses serving historically under-invested neighborhoods and other underserved businesses. The Small Business Covid-19 Relief Grants (\$10.9 million) and Music and Entertainment Venue Recovery Fund (\$3 million) are available as of April 2021, and the Covid-19 Relief Loans will become available in the May to June 2021 timeframe. The remaining programs, including Shared Spaces and Victims of Vandalism, are under development as of the writing of this report, according to OEWD.

Exhibit 5: FY 2020-21 OEWD Supplemental Appropriation to Support Small Businesses

Description	Amount
SOURCES	
Property Tax Revenue	\$24,750,000
USES	
Small Business Covid-19 Relief Grants	\$10,900,000
Small Business Covid-19 Covid Relief Loans	\$7,600,000
Music and Entertainment Venue Recovery Fund	\$3,000,000
Shared Spaces Program	\$2,250,000
Support for Small Businesses Impacted by Property Crime (Victims of Vandalism)	\$1,000,000
TOTAL	\$24,750,000

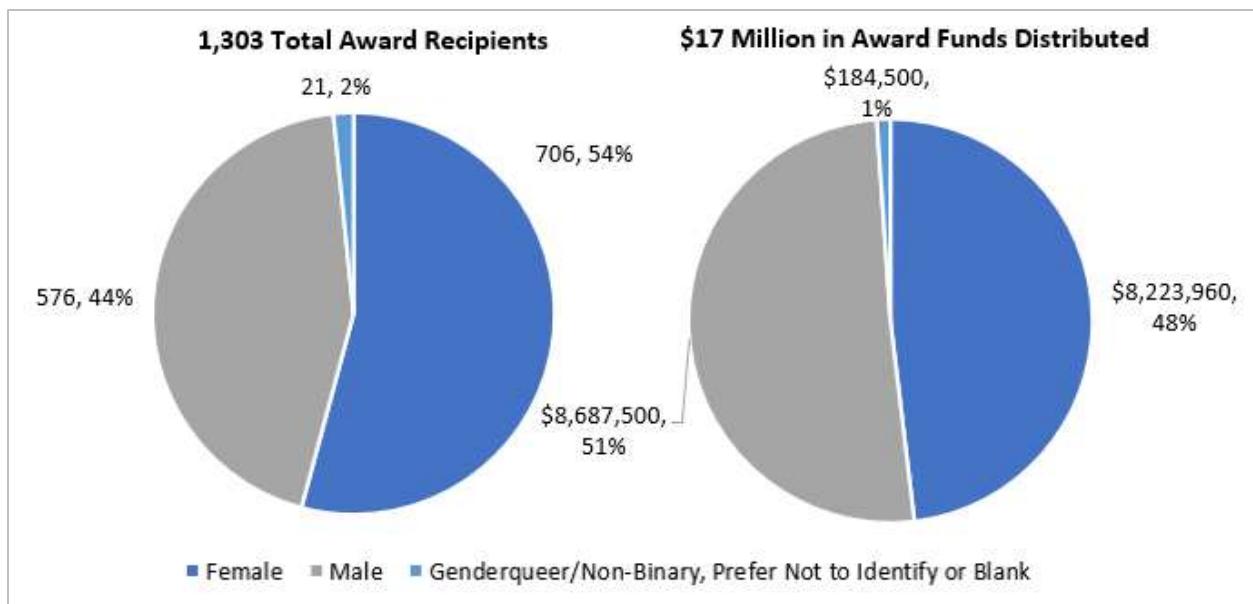
Source: File No. 21-0177

OEWD Successfully Targeted Women-Owned Businesses for Covid-19 Financial Assistance through \$19.6 million in Loan and Grant Program Awards in 2020

Data from OEWD show that their locally funded Covid-19 business loan and grant programs during the pandemic disproportionately favored women-owned businesses, which aligns with their stated goal to cater to underserved businesses. In Exhibit 6 below, we provide a summary for the total distribution to date of approximately \$17 million (of the total allocation of \$19.6 million) by gender, which shows that women received a higher share of all award dollars (\$8.2 million, or 48 percent) relative to their proportion of all San Francisco businesses. A total of 1,303

awards have been issued as of May 2021, with women receiving 54 percent of all awards, as also shown in Exhibit 6. For each of the loan and grant programs listed in Exhibit 7, including the SF Hardship Emergency Loan Program (HELP), African American Revolving Loan Fund, Latino Small Business Relief Fund, Resiliency Grant, Neighborhood Mini-Grants, SF Shines for Reopening, and Women's Entrepreneurship Mini-Grants, the percentage of women recipients for each program exceeded their estimated 37 to 42 percent share of all business owners. We also found that women recipients of OEWD loans and/or grants received an average award that was 23 percent less than the average award provided to men (\$15,082 for men versus \$11,649 for women). This variation aligns with the U.S. Department of Commerce report finding referenced above that women-owned businesses experience less access to capital compared to businesses owned by men, either as a result of preference or constraints.

Exhibit 6: Women Received A Higher Share of Locally Funded OEWD Loans and Grants Relative to their Share of All San Francisco Business Owners in 2020



Source: OEWD

Exhibit 7: OEWD Covid-19 Business Loan and Grant Programs Favored Women-Owned Businesses as a Share of Recipients though their Average Loan Amounts were Smaller

Overall

	Female	Male	Genderqueer/Gender Non-Binary, Prefer Not to Identify or Blank	Total
LOANS				
SF Hardship Emergency Loan Program: Zero-interest loans. Launched March 2020.				
Total Amount	\$4,897,200	\$5,690,727	\$105,000	\$10,692,927
Number of Recipients	179	173	5	357
Percent of Recipients	50%	48%	1%	100%
Average Loan Amount	\$27,359	\$32,894	\$21,000	\$29,952
African American Revolving Loan Fund: Zero-interest loans to African American-owned small businesses. Launched July 2020.				
Total Amount	\$974,996	\$1,154,000	NA	\$2,128,996
Number of Recipients	22	25	NA	47
Percent of Recipients	47%	53%	NA	100%
Average Loan Amount	\$44,318	\$46,160	NA	\$45,298
Latino Small Business Relief Fund: Zero-interest loans for Latino-owned small businesses. Launched December 2020.				
Total Amount	\$109,000	\$100,000	NA	\$209,000
Number of Recipients	4	2	NA	6
Percent of Recipients	67%	33%	NA	100%
Average Loan Amount	\$27,250	\$50,000	NA	\$34,833
GRANTS				
Resiliency Fund Phase 2: Grant program using a lottery system to distribute across the City. Launched March 2020.				
Total Amount	\$852,000	\$623,500	\$24,500	\$1,500,000
Number of Recipients	136	90	4	230
Percent of Recipients	59%	39%	2%	100%
Average Loan Amount	\$6,265	\$6,928	\$6,125	\$6,522
Resiliency Fund Phase 1: Grant program. Launched March 2020.				
Total Amount	\$533,000	\$439,000	\$33,000	\$1,005,000
Number of Recipients	68	56	4	128
Percent of Recipients	53%	44%	3%	100%
Average Loan Amount	\$7,838	\$7,839	\$8,250	\$7,852
Neighborhood Mini-Grants: Serving historically underserved communities. Launched May 2020.				
Total Amount	\$497,500	\$423,000	\$22,000	\$942,500
Number of Recipients	159	155	8	322

	Female	Male	Genderqueer/Gender Non-Binary, Prefer Not to Identify or Blank	Total
Percent of Recipients	49%	48%	2%	100%
Average Loan Amount	\$3,129	\$2,729	\$2,750	\$2,927
SF Shines for Reopening: Storefront businesses or non-profits that are open to the public receive \$2,000 to \$5,000 grants to reimburse for expenses, such as fixtures, furniture, equipment, minor storefront improvements, or design services. Launched October 2020.				
Total Amount	\$210,264	\$253,273	NA	\$463,537
Number of Recipients	63	73	NA	136
Percent of Recipients	46%	54%	NA	100%
Average Loan Amount	\$3,338	\$3,469	NA	\$3,408
Women's Entrepreneurship Mini-Grants: \$2,000 mini-grants to women-owned small businesses. Launched June 2020.				
Total Amount	\$150,000	\$4,000	NA	\$154,000
Number of Recipients	75	2	NA	77
Percent of Recipients	97%	3%	NA	100%
Average Loan Amount	\$2,000	\$2,000	NA	\$2,000
GRAND TOTALS FOR LOANS AND GRANTS				
Total Amount	\$8,223,960	\$8,687,500	\$184,500	\$17,095,960
Number of Recipients	706	576	21	1,303
Percent of Recipients	54%	44%	2%	100%
Average Amount	\$11,649	\$15,082	\$8,786	\$13,120

Source: OEWD as of May 2021

OEWD's Role For Federal and State Covid-19 Financial Relief

OEWD has shown success in reaching women- and minority-owned businesses and other underserved businesses through its Covid-19 loan and grant programs. OEWD partners with a number of organizations listed below that, among other services, support small businesses in accessing Covid-19 financial relief available from local, state, and federal sources. OEWD funds the organizations listed at a total of \$730,000 annually using federal Community Development Block Grant funds and plans to fund an additional \$300,000 from the supplemental appropriation (approved on April 21, 2021) for technical assistance.

- Excelsior Action Group
- Main Street Launch
- Mission Economic Development Agency
- Renaissance Entrepreneurship Center
- San Francisco LGBT Community Center
- San Francisco Small Business Development Center

- Southeast Asian Community Center

OEWD reported to us that each partner organization providing technical assistance tracks economic impact indicators, including, for example:

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- Access to capital;
 - Jobs created;
 - Jobs retained;
 - Counseling hours;
 - Businesses started; and
 - Workshops provided.

The number of clients served and economic impact achieved are tracked in the department's Customer Relationship Management (CRM) system. Beginning in FY 2021-22, all clients will receive a survey in order to assess customer satisfaction. Given that the total amount allocated at the local level to date—\$19.6 million plus the forthcoming \$24.75 million supplemental appropriation—pales in comparison to the billions of dollars made available to San Francisco businesses from federal relief programs during the pandemic, OEWD and the City's Office of Small Business should ensure that they and partner organizations focus their outreach efforts on providing information and support for women-owned small businesses in accessing federal and state assistance.

Women's Entrepreneurship Programs

OEWD provides a number of women's entrepreneurship programs, as described in Exhibit 8. These programs are unrelated to Covid-19 financial assistance.

Exhibit 8: OEWD Women's Entrepreneurship Program Information, FY 2016-17 and FY 2017-18 Program Data

Program	Number of Participants	Description
Established Women	134	Free one-on-one consulting services for women business owners and monthly networking events.
Wu Yee's Family Child Care Small Business Development Program	118	Supports Family Child Care (FCC) professionals to operate successful and high-quality child care businesses.
Technical Assistance to Women Entrepreneurs	90	Support workshops in English and Spanish for women entrepreneurs.
La Cocina Incubator Program	74	Serves talented low-income food entrepreneurs, helping them leverage their cooking skills to create successful businesses, generating opportunities for themselves and others.

Program	Number of Participants	Description
Bayview Women	63	A 12-week training program (including training, mentorship, peer support, and networking), with a possible cash prize, for women entrepreneurs in the Bayview Hunters Point community and the Fillmore.
San Francisco Women's Entrepreneurship Fund	16	Provides mini-grants, up to \$5,000, to women-owned small businesses in San Francisco, beginning in 2017.
Total	495	

Source: Department on the Status of Women, July 2020, "Equity, Entrepreneurship, and Economic Empowerment for Women"

Policy Options

The Board of Supervisors should:

1. Request that the Treasurer and Tax Collector report to the Board of Supervisors on the feasibility of collecting optional demographic information on the gender and race of business owner(s) during the business registration and renewal process or other options for obtaining this information.
2. Request that the Office of Economic and Workforce Development (OEWD) and the Office of Small Business prioritize and build on existing practices for: (a) tracking economic impact indicators in order to measure outreach and financial aid that women small business owners receive, particularly from federal and state sources of Covid-19 assistance and (b) assisting women-owned businesses to obtain financial assistance from various sources separate from pandemic relief efforts.