

America's entrepreneurs don't ask for much. They embrace the future by building it themselves, working toward goals with the spirit and drive to overcome every hurdle in their paths.

But too often and for too long, America's policymakers have taken that spirit and drive for granted. Being "pro-business" has come to represent favoring big business in today's politics. And when government does act to help American enterprise, support is heavily skewed toward established businesses — not scrappy and striving new business owners and entrepreneurs. This is despite the fact that new businesses created by entrepreneurs are the primary source of almost all net new jobs.¹

Making it easier for everyday Americans to start their own businesses is essential for creating economic growth that works for everyone. After all, this is what the American Dream is all about: the belief that anyone, regardless of who they are or where they are from, has the opportunity to make a better life. Unless leaders move quickly to reduce unnecessary barriers and expand the circle of American entrepreneurs, the United States will no longer be the most innovative nation with the most dynamic economy on Earth.

America's New Business Plan puts the ambitions and can-do spirit of everyday Americans first through a **four-part entrepreneurship plan** that ensures anyone with an idea has access to the opportunity, funding, knowledge, and support to turn it into a reality.

★ **Opportunity: A Level Playing Field and Less Red Tape**

When it comes to starting a business, entrepreneurs need a level playing field to compete with established businesses, which have better access to policymakers. Among other things, this means economic development efforts should support local business owners and not just offer incentives to attract outside businesses. Policymakers should prioritize the development of supportive ecosystems that help everyday Americans start businesses, and they should cut red tape that holds people back.

★ **Knowledge: The Know-How to Start a Business**

Starting a business is a courageous act, and far too many entrepreneurs take that risk without really knowing where to begin or understanding the requirements and barriers that come with turning an idea into reality. Policymakers can help by supporting policies that connect entrepreneurs to those who can show them the ropes and programs that teach entrepreneurs the skills needed to successfully launch a business. Policymakers can ensure a strong current of new entrepreneurs and their employees by embedding real world learning in classrooms — sharpening workplace skills such as communication, problem-solving, judgement, and decision-making.

★ **Funding: Equal Access to the Right Kind of Capital Everywhere**

Entrepreneurs continually emphasize the need for access to capital, including patient capital and other innovative models that give them an opportunity to get their businesses off the ground. These funding streams must extend beyond the coasts and reach deep into the heart of America to serve communities that lack access to capital and populations that are underrepresented as entrepreneurs.

★ **Support: The Ability for All to Take Risks**

Becoming an entrepreneur means leaving behind the stability of a traditional job, and with it, benefits such as health care and retirement savings. Most importantly, it often means forgoing a stable salary — a daunting proposition for anyone, but especially for the many Americans living paycheck to paycheck or with little savings. Policymakers must act to ensure the next generation of entrepreneurs is not locked out of opportunities to improve their economic situations by addressing Americans' real financial concerns that limit risk-taking.

1. John Haltiwanger, Ron S. Jarmin, and Javier Miranda. "Who Creates Jobs? Small Versus Large Versus Young." *The Review of Economics and Statistics*, 95, no. 2 (May 2013): 347-361.

Opportunity: A Level Playing Field and Less Red Tape

Create an Entrepreneurship Impact Statement

Nearly three-quarters of entrepreneurs believe that government regulations on businesses are complex and hard to follow.² Another 65% say that it is too time-consuming for business owners to stay legally compliant with local, state, and federal regulations.³ While retroactively addressing laws that have had negative effects on entrepreneurs is critical, it is not enough. It is imperative that entrepreneurs be considered from the start as new laws and policies are enacted.

To do so, Congress, state legislatures, and local governments should:

Require an Entrepreneurship Impact Statement (EIS) for all new laws, regulations, and rules developed that affect businesses less than five years old.

At the Federal level, the EIS would require the Congressional Budget Office and issuing agencies to estimate the direct costs to new businesses (i.e., those less than five years old) of changes to laws and regulations so that policymakers would be aware of the impact these policies would have on new businesses before bills are passed or new regulations issued.

States and localities would enact and follow similar procedures in their respective jurisdictions.

Funding: Equal Access to the Right Kind of Capital Everywhere

Make a national commitment to expanding access to capital for all entrepreneurs

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 businesses, making capital a critical requirement for new business creation.⁴ 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 capital access, the President should announce a public-private partnership to close gaps in access to capital for entrepreneurs everywhere by 2030. In doing so, the President should:

Instruct the U.S. Department of the Treasury, Small Business Administration (SBA), and other relevant departments and agencies to make concrete recommendations for how existing capital access programs can be improved to reflect the fact that the age of a business, not its size, is the key factor in job creation, and to direct more support to entrepreneurs launching new businesses.

Request that Congress make substantial funding available to states for strengthening the private financing of new businesses by expanding capital access through patient capital, innovative investment models and technologies, financing guarantees, user-centered service design, community banking, and other means.

Establish clear goals for all federal capital access programs, including the number of new entrepreneurs who access capital (disaggregated by race, gender, socioeconomic class, and geography), revenues generated, new jobs created and sustained, and customer experience feedback.

Incentivize financial innovation that addresses gaps in capital access by spurring the creation of new funding models and technologies that serve all types of new businesses, especially those currently underserved by the capital marketplace.

Incorporate lessons learned from past and current government programs, including the State Small Business Credit Initiative⁵, SBA loan guaranty programs, and Small Business Investment Company.

Ask governors and mayors to examine how their state and local ecosystems can be improved to increase access to capital for all entrepreneurs.

Knowledge: The Know-How to Start a Business

Integrate entrepreneurship into K-16 education

To ensure that a strong current of entrepreneurial talent is continually emerging in the United States, policies must both jumpstart the stagnant rate of new entrepreneurs and work to develop the next generation of business owners, as well as develop employees with entrepreneurial capabilities.

To do this, policymakers should:

Embed entrepreneurial know-how and spirit in classrooms throughout America by creating opportunities for students to explore and acquire the habits of mind, behaviors, skills, knowledge, and competencies that equip them to be entrepreneurial – whether by creating businesses themselves or by making contributions as employees and community members.

Provide students with real world learning experiences through project-based learning, client-based projects, and internships.

Give students opportunities to explore design thinking and prototyping, problem-solving, and communications, as well as ensuring all students are leaving high school with basic financial literacy skills.

Examine how state agencies can better collaborate, collect appropriate data, provide curriculum and credit flexibility, and allow for alternative teacher certification pathways.

Monitor state funding formula implications that will support or incentivize real world learning within districts.

Ensure local entities work closely with employers, especially new businesses, on alignment of curriculum to workforce needs in order to ensure equity of access to employer-based learning opportunities.

Support: The Ability for All to Take Risks

Provide entrepreneurs relief from student loan debt

In 2011, cumulative outstanding student loan debt in the United States surpassed \$1 trillion.⁶ Between 2004 and 2014, the number of student loans increased 89% and the average debt grew 77%.⁷ As student loan debt continues to grow, the burdens on the behaviors of those incurring the debt are still not fully known. 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.⁸

To avoid a lost generation of entrepreneurial talent, policymakers need to address the burden of student loans. Policymakers should:

Forgive student loan debt for entrepreneurs who continually make capped loan payments for a certain period of time through the Pay As You Earn (PAYE) or Income-Based Repayment (IBR) programs.

Create a federal Student Loan Deferral Plan that allows entrepreneurs faced with significant student loan burdens to apply to defer their student loans for an initial period of one year and for up to five years.

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.

2. Kauffman Foundation, Global Strategy Group, and Public Opinion Strategies. "Breaking Barriers: The Voice of Entrepreneurs." 30 November 2018.

3. Ibid.

4. Hwang, V., Desai, S., and Baird, R. (2019) "Access to Capital for Entrepreneurs: Removing Barriers," Ewing Marion Kauffman Foundation: Kansas City.

5. Center for Regional Economic Competitiveness and Cromwell Schmisser. "Program Evaluation of the US Department of Treasury State Small Business Credit Initiative." SSBCI. October 2016.

6. Rohit Chopra. "Too Big to Fail: Student debt hits a trillion." Consumer Financial Protection Bureau. 21 March 2012.

7. Andrew Haughwout, Donghoon Lee, Joelle Scally, Wilbert van der Klaauw. "Student Loan Borrowing and Repayment Trends, 2015." Federal Reserve Bank of New York. 16 April 2015.

8. Laura Checovich and Tom Allison. "At the Extremes: Student Debt and Entrepreneurship." Young Invincibles. 2017.