

Eliminating Barriers and Expanding Access to Entrepreneurs

In California, the wage gap between high-income and low-income earners has increased dramatically in the past several decades. Since the 1980s, wages for top earners have grown by 40 percent, declined by 19 percent for low-income earners, and increased by just 5 percent for middle incomes. ¹Rising inequality is contributing to displacement and impeding our region's economic growth.

Historically, homeownership and entrepreneurship have been two of the strongest vehicles to increase economic prosperity in these communities. After home equity, business equity is the greatest source of family non-financial assets.²The promise of economic mobility is foundational to our economy and society, and yet upward mobility is out of reach for many in our community.

Minority-owned businesses are quite rare in the Bay Area, despite its diversity. Only about 6% of businesses in the nine Bay Area counties are Hispanic-owned, and less than 1% are Black-owned. ³By supporting small businesses and entrepreneurship, our team can have a greater impact on increasing access to capital for all and creating a more thriving Bay Area.

Small businesses are a critical segment of our economy; they build intergenerational wealth and employ almost half of the American workforce. An entrepreneur interested in starting or growing a new business needs capital to get started, which is often the most challenging hurdle for new businesses. ⁴It is particularly challenging for low-income entrepreneurs who need collateral, such as savings or a home, or access to what's commonly termed, "friends and family" funds. These difficulties are heightened for Black, Latinx, Indigenous, and AAPI communities, who often have to overcome systemic barriers to access financing. Women entrepreneurs face similar barriers to access to capital, even when their ventures are similar or identical to their male counterparts.⁵

¹Bohn, S. & Danielson C. (2016), "[Income Inequality and the Safety Net in California](#)." Public Policy Institute of California.

²Kein, J. & Fischer L. "Building Assets Through Microbusinesses." Asset Funder's Network.

³Calculated from US Census Data - Annual Business Survey, 2017

⁴Looze, J. and Desai, S. (2020) "Challenges Along the Entrepreneurial Journey: Considerations for Entrepreneurship Supporters," Ewing Marion Kauffman Foundation: Kansas City.

⁵Brooks, A. W., Huang, L., Kearney, S. W., & Murray, F. E. (2014). Investors prefer entrepreneurial ventures pitched by attractive men. Proceedings of the National Academy of Sciences, 111(12), 4427-4431