

September 15, 2023

Chairman Ron Wyden  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C., 20510

Ranking Member Mike Crapo  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C., 20510

Chairman Jason Smith  
House Committee on Ways and Means  
1139 Longworth House Office Building  
Washington, D.C., 20515

Ranking Member Richard Neal  
House Committee on Ways and Means  
1129 Longworth House Office Building  
Washington, D.C., 20515

Dear Chairmen Wyden and Smith and Ranking Members Crapo and Neal,

We represent women startup founders and startup ecosystem leaders spanning multiple industries in communities across the country. As women founders, the deck is already stacked against us. We face more hurdles accessing the capital we need, carry more student loan debt on average, remain underrepresented in STEM fields, and shoulder more family and childcare responsibilities than our male counterparts. We have miles to go before women will have achieved equity in the U.S. startup ecosystem, and policymakers must act. Congress can begin by addressing the financial burdens faced by thousands of women caregivers of children throughout the country through a permanent enhanced child tax credit (CTC) so that these women have more security and flexibility to be innovators.

The American Rescue Plan provided a historic boost to the child tax credit—increasing the amount of the credit and making it fully refundable, expanding access to low and no-income families. It importantly supported mothers, who in particular, shouldered additional burdens during and emerging from the pandemic. Many women were forced to scale back working hours, or worse, leave their jobs, to manage increased caregiving responsibilities.<sup>1</sup> But the enhanced child tax credit helped thousands of women with children afford food, secure childcare, and pay rent, and it affords parents the ability to work more and pursue better employment opportunities.<sup>2</sup>

For the startup ecosystem, the enhanced CTC supported and encouraged entrepreneurship and gave many people the added security they needed to found companies.<sup>3</sup> According to research, 21.3 percent of CTC recipients were planning to launch a business or were already running a business.<sup>4</sup> Self-employment increased amongst low-income families by

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<sup>1</sup> Stephanie Hingtgen, *This Mother's Day, Congress can Support Mothers by Expanding the Child Tax Credit*, Center on Budget and Policy Priorities (May 5, 2022), <https://www.cbpp.org/blog/this-mothers-day-congress-can-support-mothers-by-expanding-child-tax-credit>.

<sup>2</sup> Carmen Reinicke, *With the Support of the Child Tax Credit, Some Parents Launched Businesses Last Year* (Feb. 19, 2022), <https://www.cnbc.com/2022/02/19/the-child-tax-credit-helped-some-parents-launch-businesses-last-year.html>.

<sup>3</sup> *Id.*

<sup>4</sup> Kelli Smith, *Expanded Child Tax Credit and Earned Income Tax Credit Boost Local Economies*, Economic Security Project (Nov. 3, 2022),

roughly 3 percent following the implementation of the enhanced benefit.<sup>5</sup> This equates to thousands of new businesses created.<sup>6</sup> But entrepreneurship is a risky business, one where women are already constantly having to work harder and longer for less. New founders often lack safety nets to support their families as they grow their startups and work to generate revenue. For entrepreneur parents, the enhanced CTC helped to lessen this burden.<sup>7</sup>

Women-run startups are exceedingly innovative and are more likely to be successful than their male-led counterparts when they receive the funding they need. While women-founded and co-founded startups receive less VC investment on average, they still perform better over time, generating more revenue over five years,<sup>8</sup> and they generate a higher return on investment—35 percent higher—than startups founded by men.<sup>9</sup> Women-led startups are also more likely to be job creators for other women—startups founded or co-founded by women hire 2.5 times more women than male-founded startups.<sup>10</sup> In short, women founders and the startups they launch are good investments, but policymakers repeatedly and continuously fail to give us the support we need in the innovation ecosystem.

Policymakers should be doing everything in their power to dismantle barriers to entrepreneurship, including those created because women more often than not shoulder the responsibility of family caregiving. Implementing a permanent enhanced child tax credit is one step Congress can take to help ease the path to entrepreneurship for women, allow women of more socioeconomic backgrounds to pursue entrepreneurship, and provide the support children need so they can succeed in school and in their future careers.

Sincerely,

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<https://economicsecurityproject.org/resource/how-expanded-tax-credits-boost-local-economies/#:~:text=The%20Child%20Tax%20Credit%20creates,freedom%20to%20take%20a%20risk>.

<sup>5</sup> Reinicke, *supra* note 2.

<sup>6</sup> See letter from business organizations:

<https://smallbusinessmajority.org/sites/default/files/policy-docs/BusinessOrganizations-Support-ChildTaxCredit.pdf>.

<sup>7</sup> Gabrielle Bienasz, *How the New Child Tax Credit is Helping Parent Entrepreneurs*,

<https://www.inc.com/gabrielle-bienasz/child-tax-credit-parent-entrepreneurs.html>.

<sup>8</sup> Katie Abouzahr, Matt Krentz, John Harthorne, and Frances Brooks Taplett, *Why Women-Owned Startups are a Better Bet* (June 6, 2018),

<https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>.

<sup>9</sup> *Female Founder Statistics*, Springboard Enterprises, <https://sb.co/female-founder-stats/>.

<sup>10</sup> Collin West and Gopinath Sundaramurthy, *Women VCs Invest in up to 2x More Female Founders*, Kauffman Fellows (March 25, 2020),

<https://www.kauffmanfellows.org/journal/women-vcs-invest-in-up-to-2x-more-female-founders>.

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*cc: Speaker Kevin McCarthy, Minority Leader Hakeem Jeffries, Majority Leader Charles Schumer, Minority Leader Mitch McConnell, and members of the House Committee on Ways and Means and Senate Finance Committee*