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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Section 257 Proceeding to	)	GN Docket No. 96-113
Identify and Eliminate	)	
Market Entry Barriers	)	
for Small Businesses	)	

COMMENTS OF AMERICAN WOMEN IN RADIO & TELEVISION INC. AND WOMEN OF WIRELESS™

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SUMMARY

Women-owned businesses face significant market entry barriers to ownership of communications companies that can only be overcome with gender-based policies that neutralize these discriminatory barriers. Gender-based policies adopted by the Commission can withstand judicial review both as remedial measures that redress prior and ongoing discrimination against women and as non-remedial measures that fulfill Congress' mandate to the FCC to foster diversity in media voices, and widely disseminate spectrum licenses.

Persuasive evidence exists of the market entry barriers that women business owners face in entering the communications industry. Data from spectrum auctions demonstrate that the ability of women-owned businesses to acquire spectrum licenses is directly related to the existence of gender-based bidding incentives. In auctions with specific bidding incentives and financing plans targeted to women-owned businesses, women generally acquired over 30% of the licenses. By contrast, in auctions with gender-neutral rules for small businesses, 49% to 82% fewer women-owned businesses were able to win licenses -- a number well below the percentage of communications firms owned by women.

In the capital intensive industry of telecommunications and broadcasting, the barriers that women face in accessing capital is pronounced. The economic disability faced by women spans the range of financing alternatives:

- One-third of women-business owners perceive some degree of gender-based discrimination by loan officers. Twenty percent report that their loan officer insisted upon their spouse's signature in order to obtain a loan. Fourteen percent of the surveyed women-business owners believe that the mere fact that their business was women-owned was an impediment to obtaining financing.

- In 1993, as reported by *The Wall Street Journal*, less than 1% of the $3 Billion invested by institutional venture capitalists was received by women-owned businesses.

- With the elimination of government incentives to partner with women entrepreneurs for broadband PCS licenses, equity investors have terminated their investments.

In addition, to the barriers posed for women by this discrimination, Commission policies to promote female ownership of communications companies also are appropriate to redress discrimination against women in education, employment and procurement (both government and private).

- Until 1970, most engineering programs had a 10% ceiling on their admission of women. Other federally supported institutions discriminated against women in their admission policies until 1972 and the passage of Title IX. Today, less than one in ten engineers in the U.S. is a woman.

- The glass ceiling remains a barrier to women entering positions of corporate leadership. According to 1995 findings of the bi-partisan Federal Glass Ceiling Commission: "[a]t the highest level of business, there is indeed a barrier only rarely penetrated by women or persons of color."

- The federal government consistently has awarded less than 3% of the federal procurement contracts to small women-owned businesses. In California, leading telecommunications companies on average have awarded less than 10% of their overall procurement contracts to women-owned companies although California has the largest number of women-owned companies.

Commission policies are appropriate to provide incentives for telecommunications and other communications companies to invest in, support and sponsor women-owned businesses. Such policies are also appropriate to assist women enterprises in overcoming the access barriers that have inhibited their wide spread participation in the communications industry.

Furthermore, Commission policies for women-owned businesses are supported by the non-remedial interests set forth by Congress in the Budget Act of 1993 and Section 257 of the Telecommunications Act of 1996.

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COMMENTS OF AMERICAN WOMEN IN RADIO & TELEVISION INC. AND WOMEN OF WIRELESS™

American Women in Radio and Television Inc. ("AWRT") and Women of Wireless™ ("WOW") submit their comments in response to the Notice of Inquiry ("NOI") adopted by the Federal Communications Commission on May 10, 1996 in the above-captioned proceeding. These comments are limited specifically to the identification and examination of market entry barriers faced by women to ownership of communications companies.

In these comments, AWRT and WOW present statistical and anecdotal evidence on the market entry barriers encountered by women-owned businesses. Women-owned companies face many of the market entry barriers faced by small businesses, however, studies show that the barriers are magnified for women due to their gender. The comments also document how discrimination against women, past and present, has lingering effects on the advancement of women into communications ownership. Based on the evidence provided in these comments, AWRT and WOW firmly believe that gender-based policies adopted by the Commission can withstand judicial review both as remedial measures that redress prior and ongoing discrimination against women and as non-remedial measures that fulfill Congress' mandate to the

FCC to foster diversity in media voices,[1] and widely disseminate spectrum licenses.[2] Finally, in Section IX, AWRT and WOW provide recommendations for policy initiatives and further research.

I. AWRT And WOW

A. AWRT -- The Leading Organization for Women in the Electronic Media

AWRT is a non-profit, national organization of professional women and men who work in radio, television, cable advertising -- essentially the electronic media -- and closely allied fields. The mission of AWRT is to enhance the impact of women in the electronic media and allied fields by educating, advocating, and acting as a resource to its members and the industry. Since 1951, AWRT has worked to promote the entry and advancement of women in the management and ownership of broadcast, cable and other communications companies. Besides conducting its own educational and professional development activities to promote and facilitate ownership and management of communications companies by women, AWRT co-sponsored with the Commission the two highly successful symposia: "Women in the Telecommunications Marketplace" and "The Women Entrepreneur".

In addition to its extensive experience with the problems and discrimination historically encountered by women in the communications industry, AWRT has a unique ability to present the views of women directly affected by the issues in the NOI. AWRT is the leading organization for women in spectrum-based communications media and lists among its members

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[1] 47 U.S.C. § 257.

[2] 47 U.S.C. § 309(j).

women who are currently and/or have been owners of and applicants for communications licenses issued by the Commission. Through its involvement as an advocate for women in the communications industry, AWRT has witnessed through its members the discriminatory barriers women face in entering the communications industry and in raising capital. The statistics provided in these comments and the experiences of women demonstrate the need for specific action by the Commission to redress the market entry barriers faced by women.

B. Women of Wireless -- Promoting Spectrum Opportunities for Women

WOW was founded in 1995 to promote the successful participation of women-owned businesses in the personal communications services ("PCS") auctions. In April, 1995, WOW sponsored a highly successful full-day seminar in Washington, D.C. on the opportunities in PCS for women-owned businesses. WOW has continued to serve as a resource and advocate for women in the wireless industry. WOW participated in the FCC's PCS proceedings as an advocate for women-owned businesses.

II. The Statistics on Women-Owned Communications Companies Demonstrate the Need for Commission Incentives for Female Ownership and a Comprehensive Study on Female Ownership

A. Auction Data on Women-Owned Businesses Reveal Gender Neutral Rules Dramatically Reduce the Number of Women-Owned Companies Able to Acquire Spectrum Licenses

The only current data on the gender or race of regulated licensees is data from applicants in the Commission's recently completed spectrum auctions. An analysis of the auction data demonstrates that the number of women-owned businesses able to acquire spectrum licenses to participate in the communications industry is directly related to whether or not Commission policies exist to aid women in overcoming the barriers women face in accessing capital both in

the public credit markets and in attracting strategic equity investors. As set forth on the table below, in auctions with specific bidding incentives and financing plans targeted to women-owned businesses, women generally acquired over 30% of the licenses. The percentage of successful women-owned bidders in these auctions is comparable to the percentage of women-owned businesses in the U.S. -- 34%.[3]

How Women Fare in Auctions

Auction	Women-Owned Incentives	Women-Owned Licensees
Broadband PCS (A&B)	No	0
Multipoint Distribution Service	No	5.9%
900 MHz SMR	No	6.3%
Interactive Video Service	**Yes**	**38.2%**
Narrowband PCS (nationwide)	Yes (limited)	0
Narrowband PCS (regional)	**Yes**	**33.3%**
Broadband PCS (C)	No	16.9%

By contrast, in auctions with gender-neutral rules for small businesses, 49% to 82% fewer women-owned businesses were able to win licenses -- a number well below the percentage of communications firms owned by women. This auction data provides powerful evidence that gender-neutral rules do not foster the wide dissemination of licenses to companies, including

[3] According to the 1992 Census, 5,888,883 of the 17,253,143 firms in the U.S. are women-owned, "1992 Survey of Women-Owned Businesses", Excerpts, United States Department of Commerce, Economics and Statistics Administration, Bureau of the Census ("1992 Census") at 10.

women-owned companies, and that government policies and incentives are needed to overcome discrimination against women in the communications industry and in lending. The data further reveals that financing for communications companies -- in any form (*i.e.* debt or equity) -- is not readily available absent government incentives to invest in women-owned companies.

The auction data's indication of the important role of government incentives for women-owned businesses is consistent with the U.S. Department of Justice's recent findings on the important role of affirmative action in federal procurement. In its recent preliminary survey of evidence of discrimination against minorities that provides a compelling government interest in redressing that discrimination, the Department of Justice found:

> the information in the state and local studies, and the impact of the cut-back in affirmative action at the state and local level after *Croson*, provide strong evidence that further demonstrates the compelling interest for affirmative action measures in federal procurement . . . The information also indicates that without affirmative action, minorities would tend to remain locked out of contracting markets.[4]

The survey also revealed that in Philadelphia, public works subcontracts awarded to minority and women-owned firms declined by 97% one month after the city suspended its affirmative action program.[5]

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[4] Department of Justice, *Proposed Reforms to Affirmative Action in Federal Procurement*, 61 Fed. Reg. 26042 (May 23, 1996) ("DOJ Procurement Reform") at Appendix A, 26062.

[5] *Id.*

B. The Faces Behind the Numbers

The individual experiences of several women seeking to participate in the broadband PCS C block auction and acquire spectrum licenses through comparative hearings explain the sharp drop off of women-owned businesses in auctions without financing incentives for women. These stories confirm that women continue to face discriminatory barriers in attracting capital in the private and public markets. In addition, these experiences confirm the continued exclusion of women from important business networks (i.e. the "old boys club") -- networks still likely to lead to business relationships. The Department of Justice identified discrimination by business networks as one form of discrimination that has inhibited minorities access to contracting opportunities. Congressional hearings provide evidence of similar exclusion of women.[6]

(1) PCS - Financing Vanishes After Rule Changes

After researching the opportunity in broadband PCS, a female entrepreneur[7] determined that a strategic partner was essential to not only bid for licenses in the C block auction but to succeed in the increasingly competitive wireless marketplace. In her words "a strategic partner is important to achieve the critical mass you need to be successful in today's competitive market." After much diligence, this women entrepreneur, with extensive experience in

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[6] *See* H.R. Rep. No. 870, 103d Cong. 2d. Sess. 15 n. 36 ("The construction industry is close-knit; it is family dominated (and reflects an) old buddy network. Minorities and women, unless they are part of construction families, have been and will continue to be excluded whenever possible"); National Economic Research Associates, *The Utilization of Minority and Women Owned Business Enterprises by the Southeastern Pennsylvania Transportation Authority* 107 (1993) (exclusion from the "old boy" networks "was the most frequently cited problem of minority and women-owned firms").

[7] AWRT has been asked not to disclose the name of this women entrepreneur who continues to be active in the telecommunications industry.

telecommunications, was able to negotiate an agreement with a strategic partner to invest with her company and bid for spectrum in the C block auction. The partnership's strategy was focused narrowly on capturing BTA markets in a single mid-sized MTA. The capital required even to acquire and build out the markets in a single mid-sized MTA was projected at $300 Million prior to the auction.

Based on this relationship and her experience in the industry, this entrepreneur was able to secure bank credit and funding to contribute to the partnership. The relationship and almost all of her funding for the $300 Million project, however, immediately evaporated following the Commission's decision to revise the bidding rules for the C block auction and eliminate the financial and bidding incentives for women-owned companies. Although the woman entrepreneur continued to qualify for favorable financing and bidding credits as a small business, her perceived "value" to the partnership diminished dramatically and the partnership did not go forward. This woman entrepreneur attributes the dissolution of the deal, in part, to her exclusion from the traditional "old boys network" -- a networks that in telecommunications remains dominated by male engineers and financial officers.

Consider also the experience of Elizabeth Blanchard of Kansas Star Communications, Inc. Ms. Blanchard was an early entrepreneur in PCS and her company qualified as a women-owned company. In addition to her prior experience in television and a management team that brought additional telecommunications experience, Ms. Blanchard distinguished herself in PCS by starting the "Entrepreneurs Block" a newsletter on PCS activities subsequently purchased by Phillips Publishing. Ms. Blanchard reportedly was close to finalizing the investments in her

company until the Supreme Court's decision in *Adarand*. After that decision she reported she was treated like the plague.

(2) Financing a Radio Station – Unreasonable Terms

The experience of women seeking to enter the communications industry in the PCS auction is not unique to telecommunications but rather indicative of the continued barriers that women face in accessing capital and obtaining most spectrum licenses. An AWRT member in the Southwestern United States, as part of a group of women, completed a prolonged battle for an FM radio construction permit. Her cherished dream was to provide a radio format specifically targeting issues of concern to women. After nearly a decade of litigation that ended in a settlement when the case was before the Court of Appeals, the AWRT member obtained her permit. Although she had raised sufficient funds to litigate, construct and commence operation of the station, she now needed additional financing to make her programming dream a reality. By the time she found her way through the comparative hearing process, the financial climate had soured. She sought funding from many sources for long-term operating capital in an amount of less than $1,000,000.

The woman entrepreneur faced difficulties trying to obtain long range financing because she was a start-up business and a woman. Banks would not fund her because they could not consider her station license as collateral. One major banker, the first financial institution she approached, literally laughed her out of his office because the banker did not believe, as a woman, she was capable or winning a radio license. Other banks make it quite clear that for her to be considered for long range financing each woman in her group and their spouses would have to sign a personal guarantee for the requested money. Industry sources that provide

Specialized Small Business Investment Company ("SSBIC") funds to minorities in broadcasting would not give her financing because she was not a minority and her station was a start-up. AWRT is unaware of any SSBIC's for women in broadcasting. Individual investors, as well as venture capitalists, were willing to invest only if they had a majority of the equity and control over the programming. Because long-term funding could not be obtained, she made the painful decision to enter a time brokerage agreement with another radio station in her market in which she permits the other station to program her station for the vast majority of each broadcast day. As a result, her original plan to provide diversity in broadcasting with programming for women all but vanished.

Other women seeking to acquire radio stations describe the contacts (industry and financial) necessary to make a deal as controlled primarily by the "old boys network." Women reported a continued exclusion from the "deal making" and informal contacts that often lead to acquisitions in the communications industry.

These stories of entrepreneurial women seeking to enter the communications industry demonstrate the barriers that women face in entering the communications industry.

III. Census Data -- Generalized Data from 1992

The FCC's auction data is the only current data on female ownership of communication companies. The latest Census on women-owned businesses which was just released this year, but is based on data from 1992, reports that women owned 31.1% of the communications firms

in the U.S. in 1992. Of these firms, 14.7% of the women-owned communications firms had paid employees.[8] Only 2.3% of the firms owned by women are communications firms.[9]

Unfortunately, the 1992 Census data has three shortcomings as the primary foundation for Commission policy. ***First***, the dynamic changes in the communications industry, especially since the passage of the Telecommunications Act of 1996, render the Census data woefully out of date.[10] ***Second***, the data reported in the 1992 Census on women-owned businesses is aggregate data for the communications industry. The communications industry defined by the two digit Standard Industrial Code 48, includes establishments furnishing point-to-point communications services, whether intended to be received aurally or visually and radio and television broadcasting. The 1992 Census does not include a more specific break down of ownership to the four level SIC code. Such a breakdown would provide valuable information on the distribution of female ownership among different communications media. ***Third***, for the first time, the 1992 Census of women-owned businesses includes "C" corporations, corporations previously excluded from Census' count of women-owned businesses. Accordingly, the two most recent Census on women-owned businesses differ in their coverage of women-owned

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[8] 1992 Census at 10.

[9] *Id.* at 9-10.

[10] Recognizing the strong role that women-owned businesses are playing in the national economy, President Clinton has requested that the Census conduct a mid-term review of women-owned businesses with a focus on the 20% of firms with paid employees. The mid-term report is expected by the end of this year.

companies. Any comparison between the 1987 and 1992 Census data must account for this difference.

IV. An FCC Sponsored Study on the Current Level of Ownership of Communications Companies by Women is Critical to the Development of Sound Public Policy

The paucity of specific, current quality data on women-owned communications firms demonstrates the need for a comprehensive study sponsored by the FCC.[11] As the licensing agency, the FCC, more than any other agency or independent organization has the data required to complete an academically rigorous review of female ownership of communications companies. AWRT has requested that the FCC conduct such a study since 1991 and consistently over that five year period.[12] Such a study should include the following areas of inquiry:

1. Definition of communications industry. What is included (which Standard Industrial Classification Codes), i.e., broadcast, radio, cable, wireless cable, wireless telecommunications, wireline telecommunications.

2. Historical growth of the communications industry in relation to the growth of industry generally.

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[11] Such a study also is important to monitor the progress and success of any policies adopted by the Commission to eliminate market entry barriers faced by women and minority-owned firms. The Department of Justice in its proposed reform to affirmative action in federal procurement proposes the creation of a benchmark established from statistical studies of minority representation in industry segments to measure the continued need for race-based policies in contracting. DOJ Procurement Reform, 61 Fed. Reg. at 26045. The Department of Justice's proposal is limited to race-conscious measure affected by *Adarand* and does not address procurement from women-owned companies.

[12] See Letter to Chairman Hundt and Mr. Larry Irving attached to AWRT's Comments in MM Docket Nos. 94-149, 91-140 as Exhibit 1.

3. Historical employment growth by gender in the communications industry vs. industry as a whole.

4. Historical business ownership growth of women in the communications industry (by a review of licensing by the Commission and a survey of current licensees) vs. industry as a whole.

5. Detailed analysis of the communications industry with special emphasis on the role of women in the industry using historical data and other contemporary factors (*i.e.*, special characteristics of the industry).

6. General requirements for entry into the industry, *i.e.*, capital requirements, ownership experience, technical or sale experience.

7. An analysis of the participation by women-owned companies in spectrum auctions -- including the number of applicants, the amount of upfront payments submitted, round-by-round bidding activity (*i.e.* when did women-owned companies leave the auction or win their licenses), licenses acquired and downpayments submitted.

8. Barriers to capital and other institutional factors that negatively affect women's participation in the industry (for example, financing terms, equity investments, capital intensive nature of the industry, discrimination against women, etc.).

9. Empirical study on the nexus between women's ownership of mass media facilities and content diversity (programming -- at least news, editorial content and if a nexus can be established entertainment) and diversity of work force (i.e. hiring and advancement), communications access and products targeted towards women.

Following the U.S. Supreme Court's decision in *Adarand Constructors, Inc. v. Pena*[13], several interested parties have requested that the Commission conduct a "Croson" study on minority ownership. AWRT and WOW support such a study provided that it includes women. AWRT and WOW also believe for the study to accurately reflect ownership conditions, specialized data on telecommunications and other communications companies must be collected beyond the data reported by the U.S. Census. This data can be collected through amendment to

[13] 115 S. Ct. 2097 (1995).

the FCC's annual ownership report, Annual Ownership Report Form 323, and a one time call for information from Commission licensees. Amendment of Form 323 provides an appropriate and reasonable vehicle for the collection of ownership data. Furthermore, amendment of the Annual Ownership Form would provide a statistically valid means of assessing the responsiveness to Commission policies and ultimately for determining when those policies have achieved their goal and can be terminated.

In order to provide a current baseline of female ownership in the communications industry, AWRT and WOW further urge the Commission to require all licensed communications companies to submit a current Form 323 as soon as possible. While approval of the Form change by the Office of Management and Budget ("OMB") will be required, OMB can expedite approval of form changes pursuant to 5 C.F.R. §1320.18. Expedited approval is permitted under 5 C.F.R. § 1320.18 when it is essential to the mission of the agency and public harm would not result if informal procedures were followed. The collection of current ownership data is essential to the Commission's consideration of policies in this NOI. Moreover, there is precedent for expedited OMB approval of a Commission form change. In 1988, OMB approved the Commission's request for a one-time collection of data on minority and women-owned broadcast stations. OMB's ruling was based on the fact that the information to be collected by the FCC was not duplicative of information collected by other agencies and that the burden on stations was minimal.

V. Access to Capital is a Fundamental Requirement for Communications Company Ownership And A Market Entry Barrier for Women-Owned Companies

Several studies that analyze the barriers to entry into the communications industry confirm that telecommunications is a particularly capital intensive industry. In its 1995 paper "Capital Formation and Investment in Minority Business Enterprises in the Telecommunications Industry", NTIA found that "capital requirements appear to be greater for telecommunications companies than for firms in other industries."[14] The findings of the National Women's Business Council after its 1992 hearing on Women Entrepreneurs in Telecommunications also found the telecommunications industry to be capital intensive:

> This [the telecommunications industry] is a capital intensive industry, generally requiring a substantial start up investment.[15]

The NWBC also concluded that access to capital for women entrepreneurs in telecommunications is "extremely difficult".[16]

The importance to access to capital in the communications industry is due, in large part, to the need to acquire a license to operate on spectrum for wireless services. Today, there generally are only two ways to obtain a license for radio frequencies. One way is to participate in an auction that requires an immediate outlay of cash (although possibly not all upon license

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[14] See "Capital Formation and Investment in Minority Business Enterprises in the Telecommunications Industry", NTIA, April, 1995 ("NTIA Capital Report") at 29.

[15] National Women's Business Council, Annual Report to the President and Congress (1992) ("NWBC 1992 Report") at 15. A copy of the NWBC 1992 Report is attached as Exhibit 1.

[16] *Id.*

approval). A second way is to acquire a license from an existing licensee. Each of these entry options carries a significant price tag. In the broadband PCS C block auction, the average price per Pop for a PCS license was $ 53.17. As reported in Broadcasting and Cable in December 1995, the average cost of purchasing a television station in 1995 was $25,132,390.[17] The average price for an FM station in 1995 was $2,160,540 and the average 1995 sale price for an AM station was $508,375.[18]

A. Women Face Discrimination in Obtaining Access to Capital

(1) Congressional Findings

Although women-owned businesses represent a large and growing component of the U.S. economy women business owners continue to face discrimination in obtaining access to capital. Gender-based discrimination in lending was recognized by Congress as a national problem in 1988 when it enacted the Women's Business Ownership Act of 1988. Findings by Congress in that Act included an accurate account of the discrimination that women-business owners faced in 1988 and continue to face today. Congress found, in part:

> A. women owned business has become a major contributor to the American economy by providing goods and services, revenues and jobs;
>
> B. over the past two decades there have been substantial gains in the social and economic status of women as they have sought economic equality and independence;
>
> C. **despite such progress, women, as a group, are subject to discrimination in entrepreneurial endeavors due to their gender;**

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[17] *Broadcasting and Cable*, December 18, 1995 at 70.

[18] *Id.*

D. **such discrimination takes may overt and subtle forms adversely impacting the ability to raise or secure capital, to acquire managerial talents, and to capture market opportunities;**

E. it is in the national interest to expeditiously remove discriminatory barriers to the creation and development of small business concerns owned and controlled by women:

F. the removal of such barriers is essential to provide a fair opportunity for full participation in the free enterprise system by women and further increase the economic viability of the Nation. (emphasis added)[19]

Studies confirm that barriers in access to capital are a critical issue that prevents entry by women into the capital intensive communications industry. After extensive study the NWBC, in its 1992 Report to the President and Congress, cited the lack of access to capital as the most pervasive barrier to success for women business owners.[20] The 1995 Report of the Interagency Committee on Women's Business Enterprise, established by President Clinton, analyzed the issue of access to capital and determined that the obstacles to obtaining capital and credit are magnified for women.[21]

(2) Empirical Studies

Current surveys of the women business owners by the National Foundation for Women Business Owners ("NFWBO") demonstrate that gender discrimination in accessing capital is alive and well. According to the NFWBO, fully two-thirds of women business owners report

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[19] 15 U.S.C. § 631(h).

[20] NWBC 1992 Report at 11.

[21] Expanding Business Opportunities for Women, The 1995 Report of the Interagency Committee on Women's Business Enterprise in Cooperation with the National Women's Business Council (January, 1996) ("The Interagency Report") at 8.

difficulties in working with their financial institutions. One-third of women business owners perceive some degree of gender-based discrimination in seeking financing from financial institutions.[22] This discrimination is evident by repeated requests by lenders for a husband's signature or financial statement -- a request that embodies the outdated stereotype that women do not belong in the business world and are dependent on their husbands. Fully twenty percent of the women surveyed by the NFWBO in 1992, stated that they have been asked to have their husbands co-sign documents.[23]

Faced with limited access to commercial credit, many women-owned businesses use personal credit cards and personal savings to finance their businesses. The 1993 National Survey of Small Business Finances, conducted by the Federal Reserve, found that 42% of all women-owned firms use personal credit cards for short term financing and 30% finance growth through their own savings.[24] A year earlier, the NFWBO reported that 52% of women business owners used credit cards for short-term financing.[25] By contrast of all small and midsize companies only 18% were forced to use this high cost method of financing short term debt.[26] In 1994, the

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[22] The National Foundation for Women Business Owners, *Financing the Business: A Report on the Financial Issues from the 1992 Biennial Survey of Women Business Owners* (1993) ("Financing the Business") at 5. A copy of Financing the Business is attached as Exhibit 2.

[23] *Id.*

[24] *Federal Reserve Bulletin*, July 1995.

[25] Financing the Business at 9.

[26] *Id.*

NFWBO's finding remained unchanged when the NAWBO reported that 51% of women-owned businesses used credit cards to meet their capital needs.[27]

One women entrepreneur who participated in the C block PCS auction, used her personal savings to post the upfront payment after her efforts to find financing where unsuccessful. Her prior experience in funding a radio station acquisition also made her pessimistic about the sources of financing for women-owned companies. The entrepreneur participated but subsequently withdrew from the auction due to capital constraints. Many women entrepreneurs interviewed by AWRT routinely sought funding from private sources, avoiding the commercial markets, markets which they perceived as not receptive to women-owned communications companies. According to the NFWBO, a larger proportion of women business owners rely on private financing than do their male counterparts.[28] Fourteen percent of women business owners surveyed by the NFWBO believe that the mere fact that their businesses are women-owned is an impediment to obtaining financing.[29]

Women have also faced barriers in accessing the venture capital market -- a capital source identified by NTIA as a critical source for improved access and participation by minorities in telecommunications and other technology-based enterprises.[30] In 1994, *The Wall*

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[27] National Foundation for Women Business Owners & Dun and Bradstreet Information Services, ***Women-Owned Businesses: Breaking the Boundaries The Progress and Achievement of Women-Owned Enterprises*** (April 1995) at 2 (" Breaking the Boundaries"). A copy of Breaking the Boundaries is attached as Exhibit 3.

[28] Financing the Business at 20.

[29] *Id.*

[30] NTIA Capital Report at iii.