

JOBS COUNCIL



PRESIDENT'S COUNCIL
ON JOBS AND COMPETITIVENESS

JOBS COUNCIL RECOMMENDATIONS

Nurture the High-Growth Enterprises that Create New Jobs

THE CHALLENGE

Over the Past Decade, the Environment for High-Growth Businesses has Become Increasingly Unfavorable

- Over the last three decades, high-growth enterprises less than five years old have created 40 million net new jobs, accounting for nearly all the net new job creation in America. However, since the early 2000s the environment for high-growth businesses to grow and thrive has become increasingly unfavorable.
- Research indicates that 90% of job creation for public firms occurs after they go public, yet the share of IPOs that were smaller than \$50 million fell from 80% in the 1990s to 20% in the 2000s, and there were fewer venture-backed IPOs in 2008 and 2009 than in any year since 1985.
- In the last three years, the number of new businesses launching annually has fallen by an unprecedented 23%. If we had maintained the same level of start-up activity as in 2007, we would have nearly two million more jobs than we have today.

JOBS COUNCIL RECOMMENDATION

Launch a Comprehensive, Multi-Sector, Multi-Year Commitment to an Entrepreneurship Agenda

Unleashing the next era of entrepreneurship will ensure our nation remains competitive in an increasingly interdependent world. The Jobs Council recommends that the Administration, Congress and the private sector implement a comprehensive package to unleash startups and empower small businesses.

WHAT CONGRESS SHOULD DO

Build Bipartisan Support for Reforms that will Unleash the Next Wave of American Entrepreneurship

Win the Global Battle for Talent. Some of the most iconic American companies were started by immigrant entrepreneurs or the children of immigrant entrepreneurs. Today, however, many of the foreign students completing a STEM degree at a U.S. graduate school return to their home countries and begin competing against American workers. A significant majority of the Jobs Council calls upon Congress to pass

reforms aimed directly at allowing the most promising foreign-born entrepreneurs to remain in or relocate to the U.S.

Reduce Regulatory Barriers and Provide Financial Incentives for Firms to Go Public. Lowering the barriers to and cost of IPOs is critical to accessing financing at the later stages of a high growth firms' expansion. A significant majority of the Jobs Council recommends amending Sarbanes-Oxley and "rightsizing" the effects of the Spitzer Decree and the Fair Disclosure Act to lessen the burdens on high growth entrepreneurial companies.

Enhance Access to Capital for Early Stage Startups as well as Later Stage Growth Companies. The challenging economic environment and skittish investment climate has resulted in investors generally becoming more risk-averse, and this in turn has deprived many high-growth entrepreneurial companies of the capital they need to expand. The Jobs Council recommends enhancing the economic incentives for investors, so they are more willing to risk their capital in entrepreneurial companies.

WHAT THE ADMINISTRATION SHOULD DO

Take Immediate Administrative Actions that Help Entrepreneurs Grow and Create Jobs

Make it Easier for Entrepreneurs to Get Patent-Related Answers Faster. There are concerns among many entrepreneurs that, as written, the recently passed Patent Reform Act advantages large companies, and disadvantages young entrepreneurial companies. The Jobs Council recommends taking specific steps to ensure the ideas from young companies are handled appropriately.

Streamline SBA Financing Access, so More High -Growth Companies Get the Capital they Need to Grow. The SBA has provided early funding for a range of iconic American companies. The Jobs Council recommends that the Administration streamline and shorten application processing with published turnaround times, increase the number of full time employees who perform a training or compliance function, expand the overall list of lending partners, and push Congress to fully authorize SBIR and STTR funding for the long term, rather than for short term re-authorizations.

JOBS COUNCIL



PRESIDENT'S COUNCIL
ON JOBS AND COMPETITIVENESS

JOBS COUNCIL RECOMMENDATIONS

Nurture the High-Growth Enterprises that Create New Jobs *(CONTINUED)*

Expand Seed/Angel Capital. The Jobs Council recommends that the Administration clarify that experienced and active seed and angel investors should not be subject to the regulations that were designed to protect inexperienced investors. We also propose that smaller investors be allowed to use “crowd funding” platforms to invest small amounts in early stage companies.

Enhance Commercialization of Federally Funded Research. The government continues to play a crucial role in investing in the basic research that enables America to be the launchpad for new industries. The Jobs Council recommends that the Administration do more to build bridges between researchers and entrepreneurs, so more breakthrough ideas can move out of the labs and into the commercialization phase.

Address Talent Needs by Reducing Student Loan Burden and Accelerating Immigration Reforms. A large number of recent graduates who aspire to work for a start-up or form a new company decide against it because of the pressing burden to repay their student loans. The Jobs Council recommends that the Administration promote Income-Based Repayment Student Loan Programs for the owners or employees of new, entrepreneurial companies. Additionally, we recommend that the Administration speed up the process for making visa decisions so that talented, foreign-born entrepreneurs can form or join startups in the United States.

Expand Programs to Mentor Entrepreneurs. Research consistently shows that a key element of successful enterprises is active mentorship relationships. Yet, if young companies do not have the benefit of being part of an accelerator, they often struggle to find effective mentors to coach them through the challenging, early stages of starting a company. Therefore, the Jobs Council recommends leveraging existing private sector networks to create, expand and strengthen mentorship programs at all levels.

Bring Together Investors and Entrepreneurs, Particularly From Neglected Geographic Areas. To expand regional ecosystems, it will be vital to lift up parts of the country that traditionally go unnoticed but which possess the ingredients for success. Companies in these regions should be encouraged to sponsor events like Startup Weekends.

Allow University Faculty to Shop Discoveries to Any Technology Transfer Office. America's universities have produced many of the great breakthroughs that have led to new industries and jobs. But too often, research that could find market success lingers in university labs. The Jobs Council recommends allowing research that is funded with federal dollars to be presented to any university technology transfer office (not just the one where the research has taken place).

WHAT THE PRIVATE SECTOR CAN DO

Foster Regional Ecosystems of Innovation and Support Growth of Startup Accelerators. There is a significant opportunity to build stronger entrepreneurial ecosystems in regions across the country – and customize each to capitalize on their unique advantages. To that end, the Jobs Council recommends that the private sector support the growth of startup accelerators in at least 30 cities. Private entities should also invest in at least 50 new incubators nationwide, and big corporations should link with startups to advise entrepreneurial companies during their nascent stages.