

June 29, 2017

Dear AEO Members and Supporters:

This spring and into the summer, AEO has been especially active on Capitol Hill, advocating for robust funding for the CDFI Fund and SBA's entrepreneurial development and lending programs.

On June 28, the House Agriculture, Rural Development and Food & Drug Appropriations Subcommittee held a mark-up on their FY2018 appropriations bill. This is the subcommittee of jurisdiction for the United States Department of Agriculture (USDA). The Committee funded the Intermediary Relending Program (IRP) at \$17.5 million. Allocations for the Rural Microentrepreneur Assistance Program and the Rural Business Development Grant Program will be released following the full Appropriations Committee's mark-up following the one-week July 4 recess.

On June 29, the House Financial Services & General Government (FSGG) Appropriations Subcommittee held a mark-up of their FY2018 funding bill. FSGG is the subcommittee of jurisdiction for the Small Business Administration (SBA) and the Treasury Department's CDFI Fund. The CDFI Fund was funded at \$190 million, and Microloan Technical Assistance was funded at \$31 million. The Microloan allocation reflects AEO's budget request. Allocations for Women's Business Centers, PRIME and SBDCs will also be released following the full Appropriations Committee mark-up.

On Friday, June 30, Congress adjourns for the one-week July 4 recess. Our work doesn't end when Members of Congress leave Washington — this is where you come in. Representatives need to hear from their constituents, and the July 4 recess is a great opportunity to continue AEO's important Congressional advocacy at home. Click [here](#) to find your Representative and contact their local office. Found below to use as a guide are our FY2018 appropriations requests and letter templates you can use to reach out to your local Representatives related to SBA, CDFI and USDA funding.

We look forward to working with you to advocate on behalf of our nation's entrepreneurs and small businesses.

Sincerely,



Connie Evans
President & CEO

What to Talk About:

Save Critical Funding for Entrepreneurial Support Programs

AEO is asking all its members and supporters to call or visit their Member of Congress and urge them to support AEO's FY2018 small business lending and technical assistance program requests. Several of these programs are slated for elimination in the President's FY2018 budget request. Congress needs to hear from you on how these programs support entrepreneurs and small businesses in your community.

House Appropriations Subcommittee of Jurisdiction: Financial Services & General Government

Program	FY2018 AEO Request	FY2018 President Request	FY2018 House Draft
CDFI Fund	\$250 million	\$14 million	\$190 million

House Appropriations Subcommittee of Jurisdiction: Financial Services & General Government

Program	FY2018 AEO Request	FY2018 President Request	FY2018 House Draft
Microloan -TA	\$ 31 million	\$25 million	\$31 million
Microloan - Lending	\$44 million	\$36 million	TBD
PRIME	\$10 million	\$0	TBD
WBCs	\$21.5 million	\$16 million	TBD

House Appropriations Subcommittee of Jurisdiction: Agriculture, Rural Development, Food & Drug Administration, and other Agencies

Program	FY2018 AEO Request	FY2018 President Request	FY2018 House Draft
Rural Business Development Grants (RBDG)	\$30 million	\$0	TBD
Rural Microentrepreneur Assistance Program (RMAP)	\$3 million	\$3 million	TBD
Intermediary Relending Program (IRP)	\$19 million	\$0	\$17.5 million

AEO Letter to Congress for SBA Programs & CDFI Funding:

Dear Member of Congress:

I am writing to request your support for critical microbusiness programs as you consider appropriations for the 2018 fiscal year. Specifically, these programs include: the Small Business Administration's Microloan Program, the Program for Investment in Micro-Entrepreneurs (PRIME), Women's Business Centers (WBCs), and the Community Development Financial Institutions (CDFI) Fund at the Department of the Treasury.

According to the Small Business Administration Office of Advocacy, small businesses have created two-thirds of new jobs since the end of the 2009 recession. Today, there are 25.5 million microbusinesses in the United States; however these entrepreneurs continue to struggle when it comes to accessing the financing needed to start and grow their businesses. According to former Treasury Secretary Jacob Lew, 8,000 small business loans are declined every day.¹ It is imperative that we continue to provide our nation's entrepreneurs with the tools they need to succeed: ensuring access to capital and business development services remains critical.

Investments in microbusiness development matter: 88 percent of small businesses that receive business development services are still in business after five years.² This compares to an overall five-year business success rate of less than 50 percent. Businesses that receive training also tend to have average annual revenues that are 38 percent higher than those that do not. Business ownership is also a means with which to increase income and generate wealth. For example, a woman who operates a microbusiness on a part-time basis generated an additional \$13,000 in annual household income. In underserved and rural communities, this additional increase in income is substantial and contributes to wealth generation.

Therefore, we are requesting the following FY2018 funding levels to support the programs that meet the demand for microbusiness services:

Treasury CDFI Fund	\$250M
Treasury CDFI BGP	\$1B
SBA Microloan – Lending	\$44M
SBA Microloan – TA	\$31M
SBA PRIME	\$10M
SBA WBCs	\$21.5M

¹ "Secretary Jacob J. Lew delivers remarks on growing America's small businesses at the Capital Access Innovation Summit," <http://www.treasury.gov/press-center/press-releases/Pages/jl1979.aspx>.

² Aspen Institute's Field Initiative, MicroTracker Outcomes, <http://fieldus.org/Microtest/MTOutcomes08FactSheet.pdf>.

The Power of One in Three, an earlier report released by AEO, shows that if just one in three microbusinesses hired a single employee, the United States would be at full employment.³ This is a powerful statement, but it requires focusing on supporting entrepreneurs and providing them with critical capital, counseling, and business assistance. In FY16, for example, the Microloan Program supported nearly 4,500 microloans totaling \$60.8 million to small businesses. This program and others focused on access to capital for our nations microentrepreneurs are integral pieces of the entrepreneurial ecosystem and should be fully funded.

AEO is the national member organization and voice of microbusiness in the United States. For more than two decades, AEO and its network of more than 450 members and partner organizations of nonprofit lenders and business development practitioners have helped more than two million entrepreneurs to contribute to economic growth as they support themselves, their families, and their communities.

Thank you in advance for your consideration of these views.

AEO Letter to Congress for USDA Program Funding:

Dear Member of Congress,

On behalf of the Association for Enterprise Opportunity (AEO) and the microbusiness community, I am writing to request your support for rural entrepreneurial development program in Fiscal Year (FY) 2018. Specifically, AEO requests the following funding levels for three programs proven to support our mission: Rural Business Development Grants (RBDG), Rural Microentrepreneur Assistance Program (RMAP) and the Intermediary Relending Program (IRP).

AEO is the leading voice of innovation in microfinance and microbusiness development, with member organizations in every state, as well as a growing coalition of partners in the private, public and non-profit sectors. We engage our complex and interdependent network of stakeholders required to unlock the power of microbusiness as an engine to drive the country's economy.

This is an exhilarating time for the microfinance/microbusiness industry. Awareness and recognition of the significant economic impact of 25.5 million microbusinesses representing 31% of all private sector employment is building like never before.

Congress plays a critical role in this growth. Federal investment in microbusiness development matters: 88% of small businesses that receive business development services are still in business after five years. This compares to an overall five-year business success rate of less than 50 percent. Businesses that receive training also tend to have average annual revenues that are 38 percent higher than those that do

³ The Association for Enterprise Opportunity, *The Power of One in Three*, http://www.aeoworks.org/pdf/one_in_three.pdf.

not. Most importantly, business ownership is a means with which to increase income and generate wealth in underserved communities.

Philanthropic and non-profit organizations have fewer resources to expand on this development. Despite slight increases in funding or maintained funding levels in FY2017 House and Senate Appropriations Committee-approved bills, cyclical changes in priorities across the small business spectrum, paired with the merging of government programs mean funding for rural development is still at an all-time low, as none of the bills ever received a floor vote.

AEO urges Congress to respond by making these programs a priority at USDA Rural Development. The dollars spent continue to provide returns for the taxpayer and support the entrepreneurial pillar of our economy. As such, AEO requests the following FY2018 funding levels for the programs that serve microbusinesses in rural areas:

Rural Business Development Grant (RBDG) Program: \$30 million

Intermediary Relending Program (IRP): \$19 million

Rural Microentrepreneur Assistance Program (RMAP): \$3 million

These programs are integral pieces of the Rural Business-Cooperative Service (RBS) and critical to the entrepreneurial ecosystem. Since 2009, RBS investments in rural communities have assisted over 122,000 businesses supporting 791,000 jobs. To improve opportunities in rural America, these programs should be fully funded.

The RBDG provides technical assistance and training to small and microbusiness owners, capitalizes revolving loan funds, and spurs new business opportunities in rural communities. According to the Department of Agriculture's FY17 Budget Justification, funding at \$30 million would create or save over 8,000 jobs and will assist 4,150 businesses. AEO supports this funding level for FY 2018.

The IRP makes one percent loans to local intermediaries that re-lend to businesses and development projects in their communities. If fully funded, the IRP will support the creation of 14,450 jobs in rural communities.

RMAP provides business training and microloans to owner-operated businesses with up to ten employees. It targets very small business development, the leading job creator in rural communities, and is the only federal program that finances the capitalization of revolving microloan funds for rural areas. AEO supports an appropriation of \$3 million for FY18—the amount passed by the House last year.

Thank you in advance for your consideration of these views.