



AEO Association for
Enterprise Opportunity
THE VOICE OF MICROBUSINESS

April 7, 2014

The Honorable Ander Crenshaw
Chair
Subcommittee on Financial Services and General Government
House Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chair Crenshaw,

As Chair of the House Appropriations Subcommittee on Financial Services and General Government, I am writing to request your support for critical microbusiness programs as you consider appropriations for the 2015 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 that employ more than 41 million persons, according to our latest report, *Bigger than You Think: The Economic Impact of Microbusiness in the United States*.¹ However, these entrepreneurs continue to struggle when it comes to accessing the financing needed to start and grow their businesses. According to Treasury Secretary Jacob Lew, 8,000 small- and microbusiness loans are declined everyday.² 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. 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

¹ The Association for Enterprise Opportunity, *Bigger than you Think: The Economic Impact of Microbusiness in the United States*, <http://www.aeoworks.org/pdf/Bigger%20Than%20You%20Think%20-%20The%20Economic%20Impact%20of%20Microbusiness%20in%20the%20United%20States.pdf>.

² "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/j11979.aspx>.

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 communities, this additional increase in income is substantial and contributes to wealth generation.

Therefore, we are requesting the following FY2015 funding levels to support the programs that meet the demand for microbusiness services:

- Microloan Program Lending \$25 million
- Microloan Program Technical Assistance \$20 million
- PRIME Program \$8 million
- Women’s Business Centers \$20 million
- CDFI Fund \$225 million
- Office of Advocacy \$8.5 million

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 U.S. 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. Last year, for example, the Microloan Program supported more than \$54 million in loans to 4,426 businesses, while Women’s Business Centers counseled more than 134,000 entrepreneurs. These programs 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. If you have any questions regarding these requests, please feel free to contact Martin Feeney at (202) 626-8528 or at mfeeney@madisonservicesgroup.com.

Sincerely,



Connie E. Evans
President & CEO

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