



Recess Packet July 2017

Message from the CEO: Why You Need to Be an Advocate this Recess

Dear CAMEO Members,

On June 30, Congress will return to their states and districts for the one-week July 4 recess. CAMEO has been tirelessly advocating for robust funding for entrepreneurial development programs these past few months in Washington, DC. However, any successful advocacy effort also includes direct communication between constituents and their elected officials. This is where you come in. You are affected by government policy every day and your advocacy at the district level is vital to CAMEO's efforts in Washington.

The best way to make sure CAMEO's message is heard loud and clear is for you to schedule a meeting with your Representative and Senators in their local office, and tell your story.

Click [here](#) to find your Representative and contact their local office. Below find the following:

- What to ask for;
- Talking Points Supporting Micro; and
- CAMEO's funding request letters sent to Congress regarding USDA, SBA and CDFI funding.

Thank you for your continued support of CAMEO's advocacy for entrepreneurs and microbusiness in California. We look forward to hearing about your meetings!

Sincerely,

A handwritten signature in black ink that reads "Claudia Vieck". The signature is written in a cursive style with a large, sweeping initial "C".

Claudia Vieck
CEO

What to Talk About at Your Meeting

Save Critical Funding for Entrepreneurial Support Programs

CAMEO is asking all its members and supporters to call their Member of Congress and urge them to **support FY2018 small business lending and technical assistance programs as an investment in job creation and economic growth**. 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!

Treasury Department - Subcommittee of Jurisdiction: Financial Services & General Government

Program	FY2018 President Request	FY2018 CAMEO Request
CDFI Fund	\$14 million	\$250 million

SBA - Subcommittee of Jurisdiction: Financial Services & General Government

Program	FY2018 President Request	FY2018 CAMEO Request
Microloan - Lending	\$36 million	\$44 million
Microloan - TA	\$25 million	\$31 million
PRIME	\$0	\$10 million
WBCs	\$16 million	\$21.75 million
SBDCs	\$110 million	\$130 million

USDA - Subcommittee of Jurisdiction: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Program	FY2018 President Request	FY2018 CAMEO Request
Rural Business Development Grants (RBDG)	\$0	\$35 million
Rural Microentrepreneur Assistance Program (RMAP)	\$3 million	\$3 million
Intermediary Relending Program	\$0	\$19 million
Value-Added Producers Grants (VAPG)	\$0	\$11 million



California Microbusiness Means Business Creating Jobs and Economic Progress

Very small businesses are key job generators.

- 3.6 million Californians are employed by micro-businesses in 2012 (latest census)
- 2.9 million micro-businesses have no employees (self-employed)
- From 2004 to 2012, California micro-businesses (1 to 4 employees) created a net of 920 thousand jobs; large businesses (those with greater than 500 employees) lost 200 thousand jobs during the same period.
- The multiplier effect for a small local business on a local economy is twice that of a national chain.

Business assistance is the key to success and first step in capital access.

- Microbusiness owners that have gone through training programs and receive business assistance from CAMEO members have an 80% success rate (versus the 50-80% failure rate of small businesses that don't seek help.)
- CAMEO member clients who start their own businesses also on average create two jobs in addition to their own, over a three-five year period.
- For every \$3,000 in business assistance provided, a company generates \$70,000 in sales.
- The CAMEO cost of creating a job is the low average cost of \$1,000 a job. That's truly cost effective -- consider that a public works infrastructure project costs \$50,000 a job.

Capital Access is important

- A research paper, [How Much Does Credit Matter for Small Business Success in the United States?](#), compared similar potential borrowers except for whether they received a loan or not. Applicants who receive a loan
 - are 54% more likely to qualify for future business loans;
 - are 54% more likely to survive; and
 - increase their sales by an average of 41%.

CAMEO members are wealth creators.

CAMEO members serve approximately 15,000 businesses with training, technical assistance and loans. These firms, which are largely start-ups, support/create about 25,000 new jobs into California's economy.

- The businesses created an estimated \$1 billion in economic activity-- raising state revenues, decreasing demand for government services and putting more money into local and state economies.
- Federal taxes paid increased 35% over a five-year period.



- We've seen \$1 invested turn into a \$30 Social Return on Investment (local multiplier effect, more tax revenue, less government assistance, etc.)
- Traditionally, CAMEO members have served the emerging majority, the underserved - women, minorities and low income – or those who have high barriers to entry into the business world.



Letter to Congress for SBA Programs & CDFI Funding:

Dear Member of Congress,

As Ranking Member 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 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), Small Business Development Centers (SBDCs), and the Community Development Financial Institutions (CDFI) Fund at the Department of Treasury.

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. 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.

Investment 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 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 income. In low-income urban and rural communities, this additional income is substantial and contributes to wealth generation.

Therefore, we are requesting the following FY 2018 funding levels to support 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	\$21.75M
SBA SBDCs	\$130M

The Power of One in Three, a report released by our partner organization Association for Enterprise Opportunity, shows that if just one in three microbusinesses hired a single employee, the U.S. would be at full employment. 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 nation's microentrepreneurs are integral pieces of the entrepreneurial ecosystem and should be fully funded.

As California's statewide Micro Enterprise association, CAMEO is the voice for Micro-business in California. Our members help the self-employed and entrepreneurs create their own jobs as well as jobs for others, help Main Street businesses survive and thrive, revitalize neighborhoods through business development, and provide infrastructure that strengthens families.

Thank you in advance for your consideration.

Letter to Congress for USDA Program Funding:

Dear Member of Congress,

On behalf of the California Association for Micro Enterprise Opportunity, I am writing to request your support for critical programs that support rural businesses as you consider appropriations for the 2018 fiscal year. Specifically, these programs include: Rural Business Development Grants (RBDG), Rural Microentrepreneur Assistance Program (RMAP), the Intermediary Relending Program (IRP) and Value Added Producer Grants (VAPG).

CAMEO is California's statewide micro-business network made up of over 170 organizations, agencies, and individuals dedicated to furthering micro-business development in California. We expand resources and build capacity for our member organizations that provide entrepreneurs with small and micro-business financing such as loans and credit, technical assistance and business management training. Annually, CAMEO members serve about 21,000 very small businesses with training, business and credit assistance and loans. These firms – largely start-ups with less than five employees – support or create 37,000 new jobs in California and generate a total of \$1.3 billion in economic activity.

Congressional investment in micro-business 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 not. Business ownership is also a means with which to increase income and generate wealth. In underserved communities – whether urban or rural – microbusinesses are creating jobs and uplifting their communities.



Thus, we are requesting the following FY2018 funding levels to support the programs that serve microbusinesses in rural areas:

Rural Business Development Grant Program	\$35M
Intermediary Relending Program	\$19M
Rural Microentrepreneur Assistance Program	\$3M
Value Added Producer Grants	\$11M

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 112,000 businesses and saved or created over 450,000 jobs. To improve opportunities in rural America, these programs should be fully funded.

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, the proposed funding level for RBDG will create or save over 8,000 jobs and will assist 4,150 businesses.

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. We support USDA's FY 2018 budget request of \$3 million for microlending and \$2 million for grants to support microbusiness training and technical assistance. These funding levels will support nearly \$25 million in loans and grants that will create nearly 6,000 jobs.

VAPG offers competitive grants to farmers and ranchers developing farm- and food-related businesses that boost farm income and create jobs in rural America. These grants may be used to fund business and marketing plans and feasibility studies or to acquire working capital to operate a value-added business venture or alliance.

Thank you in advance for your consideration of these views.

