



July 10, 2017

Governor Charlie Baker
State House
Boston, MA 02133

Dear Governor Baker:

We are writing to request that you restore \$250,000 in funding to the Small Business Technical Assistance Program in FY 2018, using resources obtained from Mass Development or other state funds recently procured to address budget shortfalls.

Such funding is essential to address the massive cuts to this program over the past two years. With the budget adopted by the Legislature last week, this program stands to receive a 62.5% cut from what this program received at the beginning of your tenure and as recently as FY 2016. This cut is especially surprising because of your past public commitment to fund the program at \$2 million and the program's proven success at advancing one of your top priorities – expanding economic growth to communities of color, immigrant communities, Gateway Cities and rural towns.

As you know from our meeting with you on May 2, The SBTAs program provides grants on a competitive basis to community based organizations across the Commonwealth. These organizations use these resources to support small business owners and aspiring entrepreneurs that need help to start, sustain and grow their businesses. These businesses serve communities across the state, providing services and products that help to revitalize local business districts, create jobs and build wealth in lower income communities. The assistance provided by these local community based organizations is often the difference between success and failure as they help business owners write business plans, obtain new customers, secure appropriate real estate, obtain financing and otherwise navigate the many complexities of owning a small business.

While this program has been successfully serving businesses for a decade, it's funding was cut from \$2 million to \$1 million in FY 2017. This forced the Massachusetts Growth Capital Corporation, which administers the program, to dramatically cut funding to community based groups across the state, which in turn has resulted in fewer businesses being served, and is a further impediment to sustaining successful minority- and women-owned businesses in low- and moderate-income communities across the Commonwealth. The pending cuts in FY 2018 will only make the situation worse. Indeed, MGCC has received applications from 47 agencies requesting \$3.5 million, nearly 5 times the available resources.

The SBTA program has served thousands of small businesses since it was first established in FY 2007. In fiscal year 2016, when the program was funded at \$2 million, the program achieved the following:

- Grants to 32 non-profit organizations across the state, ranging from \$10,000 to \$120,000, and Mini-Grants for Professional Services to 65 small businesses to help them in such areas as accounting, legal services, marketing, and technology.
- Technical assistance and training from grantee small business assistance providers to 1,891 business clients.
- 1,056 new jobs were created and 1,594 jobs were preserved, a 22% increase over FY 2015.
- 367 businesses received financing for a total \$29,970,094 and 74% of businesses supported achieved a positive outcome: opened, grew, or stabilized.

The SBTA program has had longstanding success, and we believe it will be difficult to sustain this level of excellence if the funding cuts are not reversed and further state investment is not encouraged. Additionally, this program generates revenue by growing new businesses and new jobs across the state.

Therefore, we respectfully request that you use some of the funding obtained recently from Mass Development and/or other agencies to restore at least \$250,000 to this program in FY 18, consistent with your original budget request.

Local business owners work hard every day running their businesses. They are committed to serving their customers, their employees and their communities. Individually and collectively they are bringing economic opportunity to more and more people across the state. The SBTA program, administered by MGCC, is helping them to succeed. It is a relatively small investment that yields significant returns. We hope that you will agree.

Thank you for your consideration,

Sincerely,



Joseph Kriesberg
President

cc. Secretary Jay Ash
Assistant Secretary Nam Pham
Elizabeth Mahoney