August 16, 2010

Honorable Nancy Pelosi
Speaker of the House

Re. Micro Enterprise – Key Job Creation Strategy

Dear Speaker Pelosi:

Without regard to realities, the public increasingly believes that the Administration’s job programs have failed, or made little difference or are special interest driven. Winning the public back on this issue-- that will determine the fate of 50-100 congresspersons in the midterm elections-- will require a dramatic refocus of Workforce Development strategies.

We need to embrace new job creation strategies that build on our cultural advantage of entrepreneurship. We should rely on America’s historical sympathy and support for the entrepreneurial spirit behind the creation and expansion of small businesses to create jobs. These are jobs that are not sent overseas; these are jobs people can see in their communities because they are with locally owned businesses; these are jobs that can be directed to benefit our neighborhoods with the highest unemployment rates.

The Kauffman Foundation recently released a report showing that new jobs are created by start ups while larger, more mature businesses actually shed jobs. Many experts contend that 70% or more of new jobs will be created by very small businesses rather than the Fortune 500 Corporations, which most of us on Main Street have come to distrust.

It is commonly held by Workforce experts that 5% of the unemployed could be self employed – and with appropriate training and business support, a high proportion could succeed and create jobs for others as well. This translates to 1.25 million of the 25 million Americans who are either unemployed, discouraged or part time workers, who could potentially create a job for themselves! In California, this translates to 120,000 potential self employed.

We propose that you take the lead with a series of policy initiatives geared to this theme, announced in your Labor Day speech. Following are one bold initiative and three others that would be simpler to implement:
1. Create a $12.5 billion fund to support the 1.25 million potential entrepreneurs in the US at an average of $10,000 per business for Business Assistance and loans. $1.2 billion allocated to California. If only half of these entrepreneurs succeed, they will, over time, create an average of 3 jobs or 1.8 million jobs nationally and 180,000 jobs in California.

2. Convene the House Labor and Education Committee for a briefing on how Self Employment could be supported by the Workforce Investment Act within the Dept. of Labor. CAMEO and our national partners would provide background and testimony.

3. Ensure that the $300 million earmarked in Obama's Small Business Lending Act for CDFIs be directed to capital for very small business development.

4. Expand the SBA Loan Guarantees to non-depository CDFIs that are currently seeing a huge demand from both start ups and Main Street small businesses not being served by banks. The guarantee would exponentially increase the amount of lending, by leveraging more investment capital and decreasing the cost of this capital.

CAMEO, in our role as the statewide network for Micro Enterprise development organizations and lenders in CA that served 25,000 businesses last year, would be pleased to put you in touch with our members who are leaders in promoting self employment. Their innovative programs can provide you with concrete examples of how self employment works to create new jobs.

Speaker Pelosi, there is no one in America, other than yourself, who has the commitment and will to achieve a turnaround in Workforce policies. Working with your office, we believe that we can reinvigorate the entrepreneurial spirit in our communities and create jobs through proven effective Micro Enterprise programs.

Yours truly,

Claudia Viek, CEO