



## **New Evidence Shows Micro Enterprise's Significant Role in California Economy**

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Ninety percent of California Businesses are Micro Enterprises according to a new study requested by Senator Leland Yee from the California Senate Office of Research (SOR) on behalf of the California Association for Micro Enterprise Opportunity (CAMEO).

According to the study, there are an estimated 3.2 million Micro Businesses, those with fewer than five employees and sole proprietors with no employees, in California and they employ up to 4 million people.

Growth in the Micro Enterprise sector, the study says, is largely driven by increases in self employment, which is related to large scale changes in our economy, such as the decline in manufacturing, growth in service sectors and the emergence of virtual businesses.

The Senate study also estimates that four out of five jobs created by Micro Enterprises are new, self employed business owners.

These entrepreneurs of both opportunity and necessity contribute to local California economies in significant ways:

- Creating new businesses and jobs
- Bringing new products, services and innovations into the marketplace
- Creating additional income for economically distressed families
- Boosting state and federal tax revenues

The SOR study highlighted other significant data regarding Micro Enterprise in California:

- Between 2000 and 2007, the number of Micro Enterprises launched in California grew by up to 28%
- Low wage workers actually earn more through self employment
- While wage employment tends to provide more benefits, the current lack of wage earning jobs gives self employment a vital role to play in California's economic recovery

CAMEO believes, and the SOR study proves, that self employment is now the fastest growing labor market trend. CAMEO has identified key roles the state and federal governments can play to enhance Micro Enterprise in California and beyond:

- Allocate more Workforce Development resources to self employment training and technical assistance
- Use local Community Development Financial Institutions (CDFI) as vehicles to get federal small and micro business lending funds out to distressed communities.
- Promote partnerships between banks, government and non-bank lenders to leverage more capital and grants for Micro Enterprise Development.

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