



December 22, 2015

Your Excellency Charlie Baker
Governor, Commonwealth of Massachusetts
Massachusetts State House
Boston, MA 02133

Dear Governor Baker:

MACDC was very pleased to see your new Economic Development Plan for the Commonwealth place a significant emphasis on entrepreneurship, especially among immigrant and other disadvantaged communities.

According to the plan, "The Commonwealth will build capacity among a broad range of small businesses, including businesses owned by women, veterans, recent immigrants, and entrepreneurs of color". This is further articulated in the strategic goals:

Strategic Goal #4: SUPPORT COMMUNITY-BASED ENTREPRENEURSHIP Develop and sustain supports for a broad range of small businesses, from traditional businesses, to innovative start-ups, to the creative economy. Support entrepreneurship at each phase of business: from idea, to proof of concept, to thriving business. Support minority-, women- and veteran-owned businesses through capital access and technical assistance programming. Deepen entrepreneurship among minority-, women-, LGBT- and veteran-owned businesses serving public and private supply chains. Support entrepreneurship among recent immigrants. The focus of this goal will include entrepreneurs who run main street, trade and service businesses, and scalable businesses, through MOBD and community-based partners such as CDCs and CDFIs.

As you and your advisors work to prepare your FY 2017 budget submission for January, we believe that there is an existing program that very much advances this agenda and we would like to recommend a second program that would complement and accelerate the impact of the first.

Specifically, we want to formally request that you include \$2.5 million for the Small Business Technical Assistance (SBTA) program (line item 7002-0040), and \$5 million to establish a capital grant program for non-profit Community Development Financial Institutions (CDFIs) that lend to small businesses.

The Massachusetts Growth Capital Corporation (MGCC) Small Business Technical Assistance Program has served thousands of small businesses since it was first established in FY 2007, and in fiscal year 2015, the program achieved the following:

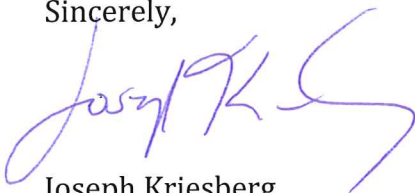
- **Distributed grants to 39 non-profit organizations across the state**, ranging from **\$10,000 to \$125,000**, and provided **Mini-Grants for Professional Services to 67 small businesses to help them in such areas as accounting, legal services, marketing and technology...**
- **1,486 business clients** received technical assistance and training from grantee small business assistance providers
- **701 new jobs** created and **1,473 jobs** were preserved, at a cost of less than \$1,000 per job impacted.
- **331 businesses** received financing for a **total of \$32,503,124, a leverage ratio of \$16 per \$1 of state funding and a 98% increase over FY 2014.**

Additionally, Massachusetts is home to many non-profit CDFIs that make loans to small businesses that are not yet bankable or that need subordinate financing in order to secure bank loans. However, this lending is challenging and the CDFIs that do this work need to continually raise capital to meet the growing demand for these loans. There are several federal agencies that can provide capital to augment these efforts, including the U.S. Department of Treasury's CDFI program, the Small Business Administration, U.S. Department of Agriculture and the Economic Development Administration. However, all of these federal resources require matching funds as part of the application process, and we believe Massachusetts could leverage more federal dollars – and private funding – if we establish a consistent source of state capital to be used for matching dollars.

Given its longstanding success, we believe MGCC would be the logical agency to administer a matching grant program for small business lenders across the state. Such a program would allow the Agency and its partners to serve a larger and more diverse array of small business across the Commonwealth.

Thank you for your attention to this request. Please do not hesitate to contact me if you have any questions about these proposals. As always, we look forward to our continuing collaboration and productive partnership with your Administration in 2016.

Sincerely,



Joseph Kriesberg
President & CEO