



December 5, 2017

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

Dear Governor Baker:

On behalf of the MACDC membership and Board, I want to thank you for your recent remarks at our 35th Anniversary celebration last month. Over the past three years, at your invitation, we have enjoyed a regular, robust and engaging dialogue with you and your Administration, and we fully appreciate your efforts to enact policies and to promote legislation that advances many of our shared values for improving housing affordability and generating new economic opportunities for low- and moderate-income citizens and families in every community across our Commonwealth.

As you and your advisors begin to consider your FY 2019 budget submission for January, we have an obligation to support people of color and people living in poverty as they seek support for building businesses and bringing opportunities to their neighborhoods and towns. Our key FY 2019 budget priority is to restore funding for the Small Business Technical Assistance (SBTA) program (line item 7002-0040) to at least \$2 million.

As you know, the SBTA program has been successfully serving businesses for a decade. It's funding was cut from \$2 million to \$1 million in FY 2017, and reduced further to \$750,000 in FY 2018. Over the past two years, this represents a 62.5% cut from what this program received at the beginning of your term and as recently as FY 2016. The SBTA program provides grants on a competitive basis to community-based organizations across the state, which then use these resources to support immigrant entrepreneurs, women-led business enterprise, people of color, veterans and other small business owners that serve lower income communities in urban neighborhoods, Gateway Cities and rural towns. These small business owners and aspiring entrepreneurs are providing services and products that help to revitalize local neighborhoods and main streets, create new jobs and provide additional tax revenue. In fact, the ability to build wealth in lower income communities across the Commonwealth does provide a meaningful opportunity for us to narrow our racial wealth divide, as we support immigrant entrepreneurs, boost rural economies and encourage greater economic opportunity in other hard to serve markets in our Commonwealth.

The SBTA program has had longstanding success, and we believe two successive years of funding cuts will inflict additional hardships on these neighborhoods and communities. Indeed, this year the Massachusetts Growth Capital Corporation (MGCC) received applications from 47 agencies requesting \$3.5 million, nearly 5 times the available resources. Investing in healthy and safe communities, building a "bridge" to prosperity, and creating and sustaining jobs in underserved communities are shared values that we can all embrace.

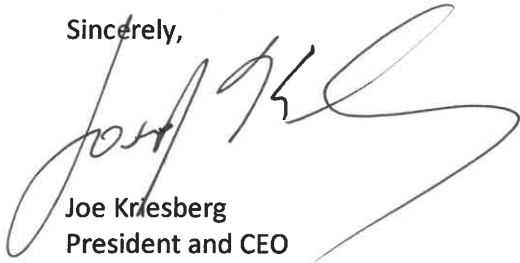
In fiscal year 2016, when the Program was last funded at \$2 million, SBTA achieved the following:

- 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 of \$29,970,094 and 74% of businesses supported achieved a positive outcome: opened, grew or were stabilized.

The SBTA program has had longstanding success, and we believe it will be difficult to sustain this level of excellence if further state investment is not provided.

Therefore, we respectfully request that you revive the SBTA program (line item 7002-0040) with funding of at least \$2 million in your FY 2019 budget submission in January. 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 people and families across our Commonwealth. The SBTA program, administered by MGCC, is helping them to succeed. It is a relatively small investment that yields remarkable returns. We hope that you share this belief, and, as always, we look forward to continuing a collaborative and productive partnership with your Administration in the coming year.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Kriesberg", written over a white background.

Joe Kriesberg
President and CEO