

Testimony of Rose Jaspersen

Before the Appropriations Committee in

Support of Increased Funding for the Microenterprise Development Act

State Capitol, Room 1003 – March 11, 2009

Senator Heidemann and members of the Appropriations Committee, I am Rose Jaspersen, Executive Director of the Nebraska Enterprise Fund (NEF), formerly known as the Nebraska Microenterprise Partnership Fund. It is the mission of NEF to make sure that Nebraska micro and small businesses, in rural and urban areas have access to capital, training and technical assistance.

With the economic downturn in our economy, now more than ever it is critical to support small /micro business development in Nebraska. Nebraska microprograms are experiencing an increase in demand for services from displaced workers. From June 2004 to June 2008, Nebraska microbusinesses created and/or retained 1.6 jobs each on average.¹ In a recent study, the total economic outcome from these jobs (wages paid, owner income effect, and owner asset growth effect) was projected to range from \$6.2M to \$9.6M (depending on low to high wage scale).² At a minimum, this is a 4:1 return on one year of Microenterprise Development Act funding.

Small business creation also has an extended effect of creating other jobs in the local economy. A study of the Northeast Entrepreneur Fund in Minnesota in 2000 found that for every job created by a Northeast, customer firm, an additional 0.9 jobs were created in the local economy.³ Providing access to microenterprise development services contributes to job creation/retention as an economic stimulus strategy.

I am here today to request that the funding under the Microenterprise Development Act be maintained at \$1.5M per year for the next two years. We must maintain program capacity and the resources necessary to continue stimulating micro business growth and development in this State. People that have been laid off and the increasing unemployment speak to the need for assisting business start-ups and technical assistance for existing businesses to retain and/or grow jobs.

Microenterprise assistance in Nebraska has proven to be successful since its inception, meeting multiple expectations and goals since 1997. Programs report to NEF quarterly and we provide a report to the Department of Economic Development and to the Legislature each year. Included in this report are details about performance and outcomes data. For the fiscal year ending June 2008 programs served 2,613 new trainees, made 80 direct loans (\$1,060,497) and helped leverage 46 loans (\$2,033,250).

The increased Microenterprise Development Act funding in fiscal year ending June 2008 made it possible to increase the use of technology in making loans and marketing products;

¹ Nebraska Enterprise Fund. *Report to the Legislature*.

² Bailey, J. and Preston, K. 2009. *Economic Outcomes of State Investment in the Nebraska Microenterprise Development Act*.

³ Sevron, L. and Doshma, J. "Microenterprise and the Economic Development Toolkit: A Small Part of the Big Picture." *Journal of Developmental Entrepreneurship*, 5, no. 3, (December 2000): 183-208.

improve program exposure through online resources; hire new staff including bilingual business specialists for three programs; establish a computer lab for QuickBooks training, and access additional loan capital. As in the past, the Microenterprise Development Act funding (\$1,497,500) helped leverage an additional \$10,897,951 from federal, local and private sources.

Our nation and state are facing unprecedented economic stress. Now is the time to find opportunity in the economic chaos. Microenterprises are part of that opportunity.

Attached to this testimony are two letters of support. The first is from your former colleague, John Synowiecki and the second is from Yolanda Diaz, owner of La Princesita. Both of these individuals have witnessed first hand what micro program services from Catholic Charities Microbusiness Training and Development Program can do to make a difference for communities such as South Omaha and for individuals like Yolanda. La Princesita now has 8 employees.

Thank you for the opportunity to share this message today.

WE, the following individuals and organizations, support the above testimony:

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