

STATEMENT FOR THE RECORD

BEFORE THE SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

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Chairman Vitter, Ranking Member Shaheen, and members of the Committee thank you for the opportunity to testify today.

My name is Julia Parker. I have the pleasure of serving as Executive Director of Omaha Small Business Network. Omaha Small Business Network (OSBN) is a community development entity (CDE) and Micro-Enterprise Development Organization (MDO) dedicated to bringing underserved local small business owners, entrepreneurs and nonprofits the tools needed to become successful and sustainable entities in Omaha, Nebraska.

OSBN is compelled by the desire to assist historically undercapitalized aspiring entrepreneurs achieve financial inclusion in Omaha's underserved neighborhoods while improving economic mobility throughout the City of Omaha.

OSBN and likeminded community based micro-lenders across the country have the ability to become a catalyst for both community and economic development through programs such as the Small Business Administration (SBA) Microloan program that allow us to lend funds to those individuals unable to access traditional capital.

**Simply put, micro-lending to small and emerging businesses spurs job creation which impacts our communities.**

OSBN is one of over 100 non-profit intermediary organizations that receive funding for loans and technical assistance from the SBA to operate microloan programs. The purpose of the Microloan Program is to assist women, low to moderate income, veteran, and minority entrepreneurs in need of small amounts of financial assistance or microloans.

The SBA microloan program started in 1992 and SBA Micro-lenders have collectively loaned over \$722 million to entrepreneurs and small businesses while creating or retaining approximately 212,000 jobs since program inception. The average loan size is \$14,000. In 2014, according to SBA 42 % of microloans went minority entrepreneurs; 47% went to female entrepreneurs; and 34% to start-up businesses.

The Microloan Program Modernization Act of 2016 updates and improves the current SBA program, providing greater flexibility for micro-lenders to provide technical assistance to businesses "upfront" or pre-loan disbursement which is essential for new business owners and those small business owners without access to additional formal business training.

**We recognize that underserved entrepreneurs have a variety of barriers to success including lack of formal business training as well as lack of access to capital and lines of credit.**

Access to capital is always a critical hurdle for new business owners. When seeking to start a new company, the ability to obtain a business loan strongly indicates whether that business will be successful and have the ability to create additional jobs. In our work throughout the microbusiness landscape, we frequently find that lack of adequate financing is one of the core reasons for business failure.

**OSBN has been able to lend more than \$1.8 million dollars in microloans to small and emerging small businesses.** This would not have been possible without the SBA Microloan program.

In 2012, new small business owner Justin Moore came to OSBN to borrow funds for his budding contracting and construction business, Spencer Management. Justin had a great business plan, was dedicated to expanding his business and ready for work, however, he was unable to access capital from local area banks. Like so many new entrepreneurs from underserved areas, Justin was considered un-bankable.

We worked with Justin to get him the technical assistance that he so desperately needed in addition to finding a low cost location for his new business. OSBN approved an SBA microloan for Justin Moore and Spencer Management for \$35,000. Just four years later, Spencer Management has expanded services, moved in to a new and larger facility and earned over \$1 million dollars in revenue this year. Justin Moore is an OSBN success story. But, he would not have been able to move his business forward or receive a small business loan from OSBN without assistance from the SBA Microloan Program.

Through the SBA Microloan Program, OSBN supported small and emerging business owners like Justin Moore not only receive capital, they also receive valuable technical assistance in a safe and secure environment and have the opportunity to better collaborate with fellow small business owners and business thought leaders.

**We must recognize that small business growth is driving our economy. We must continue to invest in our small business owners in order to spur economic activity.**

OSBN offers the most un-bankable entrepreneur access to micro credit alongside technical assistance programs before and after loan disbursement. OSBN relies on the SBA Microloan Program to support micro-lending operations and technical assistance programs.

OSBN and similar MDOs work to eliminate barriers to financial inclusion and allow underserved entrepreneurs the opportunity to start and grow a micro business sparking economic mobility and continued economic prosperity across the nation.

Thank you for your time and support of the Microloan Program Modernization Act of 2016.