



ASSOCIATION FOR ENTERPRISE OPPORTUNITY

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LOCAL BUSINESSMEN URGE CONGRESS TO PROVIDE ADEQUATE FUNDING FOR SBA MICROLOAN PROGRAM

**Lancaster City Entrepreneur and AEO Board Chair
Testify Before House Small Business Committee**

ARLINGTON, VA, June 14 -- The chair of the Association for Enterprise Opportunity (AEO), Daniel Betancourt, told a congressional committee today that the SBA Microloan Program makes good use of federal dollars, is important to the microenterprise development field, and can mean the difference between the success and failure of participating entrepreneurs. AEO is the national leadership organization for microenterprise development.

Betancourt, President and CEO of Community First Fund in Lancaster, testified before the House Small Business Committee about the importance of the Microloan program, especially its technical assistance/training component which is threatened with elimination by the Bush Administration and the SBA. He was joined by local entrepreneur Edward "Champ" Hall, who spoke on behalf of small business owners who have benefited from the program

"The Microloan program is a program that really works. It makes very good use of federal dollars," Betancourt told the committee. He attributed the low default rate of the loan program to the training and technical assistance provided to entrepreneurs. "That combination of training and technical assistance with lending has insured that the entrepreneurs are well prepared prior to receiving their loan funds," Betancourt said, adding, "This program would not work nearly as effectively if the technical assistance was not provided, or if it was provided by someone else."

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The Bush Administration and the SBA have proposed to eliminate the training and technical assistance portion of the Microloan program, as well as additional subsidy funding for the lending portion. Betancourt noted that eliminating funding for loan capital would increase interest rates on microloans, making the program less appealing to microenterprise development organizations. The higher interest for Intermediaries, Betancourt said, will be passed on to microentrepreneurs creating an economic hardship for them and making it more difficult for them to grow their businesses. "It will lead to fewer jobs created and fewer tax dollars paid," he added. Betancourt said that eliminating the technical assistance portion of the program will make it unworkable.

Joining Betancourt in providing testimony before the Committee was Edward "Champ" Hall, a Community First Fund client, who owns Champ's Barber Shop and Champ's Barber School in Lancaster City. Hall told the Committee how business training and counseling, as well as the loans, helped him renovate and operate his barber shop and purchase equipment needed to open and run his barber school.

The Association for Enterprise Opportunity (AEO) serves as the voice for the U.S. microenterprise movement. AEO's members include hundreds of organizations that assist thousands of entrepreneurs each year in realizing their dreams of small business ownership. By providing core services such as cutting edge training, information sharing, public policy and communications, we enable our 450+ members to be effective providers of services to their programs participants. AEO is based in Arlington, VA. Visit us at www.microenterpriseworks.org.

Community First Fund is central Pennsylvania's premiere economic development organization. Serving thirteen counties through five regional offices, Community First Fund provides business counseling and training and loans to new and emerging small businesses. Founded in 1992, its mission is to create lasting economic growth for its communities by providing equitable financial services, technical knowledge, and advocacy for its customers. Community First Fund is a nationally certified and top rated Community Development Financial Institution (CDFI) that disburses more than 100 loans annually and currently has a loan fund of nearly \$8 million. For more information, go to www.commfirstfund.org.

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