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Schwarzenegger Signs Microenterprise Bill Increases Job and Income Opportunities for Californians

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Sacramento—(((FOR RELEASE JULY 15, 2004))) Governor Arnold Schwarzenegger signed State Bill 1156, authored by Senator Richard Alarcón (D-Los Angeles), giving more Californians a chance to start their own businesses. "I know first hand the value of these tiny businesses. My father owned an upholstery shop. He was able to give our family a decent lifestyle and he generated three or four other good paying jobs," says Alarcón. "I'm proud that this bill will help us grow the middle class by creating more opportunity for Californians who dream of starting their own businesses."

Alarcón's bill also encourages city and county governments to take "microenterprises" into account when planning their economic development strategies. Many communities do not have microenterprise services and some communities provide incentives only for business attraction or large businesses wanting to expand. But microenterprises, once up and running, are an important job creation component vital to every community.

- + In 2001, over 3 million Californians were either self-employed or working for a microenterprise, representing nearly 18% of all employment in the state.
- + From 2000 to 2001, when California's larger employers (50+ employees) lost nearly 200,000 jobs, microentrepreneurs created employment for 62,731 Californians, accounting for nearly 64% of all new employment growth.
- + From 1997 to 2001, California microenterprises accounted for 22% of all new job growth in California.
- + 61% of those seeking microenterprise development services are women and 83% are low income.

Bill Supporting Microenterprise Development Signed into Law

"This bill is the first time the state has acknowledged microenterprises as important to California's economy and job creation," says Catherine Marshall, CEO of California Association for Microenterprise Opportunity (CAMEO), who sponsored the bill.

The bill also opens the door to discussions with state agencies, such as Vocational Rehabilitation and Housing and Community Development, that can provide increased funding for microenterprise development. By accessing federal funds and some eligible state funds to develop microenterprises, Alarcón's bill will increase the opportunities for fast growing businesses as well. 69 percent of the Inc Magazine's 500 fastest growing firms in the United States started with less than \$50,000 in capital; 50 percent had businesses that were non-technology-related, and 56 percent started their business at home.

What is a microenterprise? A microenterprise is a business with five or fewer employees, which requires \$35,000 or less in start-up capital and which does not have access to the traditional commercial banking sector.

Who are microentrepreneurs? Microentrepreneurs--such as small, family-owned businesses, independent contractors, home-based business owners, and the self-employed--are important to every community. Microentrepreneurs are artists, barbers, bakers and childcare workers, gardeners, restaurant owners, inventors, repair people, photographers, physical therapists and tutors. Self-employment is a particularly viable option for those who are unemployed or underemployed, for people with disabilities, and caregivers who need flexible work hours. From an unemployed lumberjack establishing a boat repair shop in Mt. Shasta, to a mother of two stuck in a minimum wage job and trying to grow a workplace massage franchise in the Bay Area, microenterprise is bigger than you think!

What is CAMEO? California Association for Microenterprise Opportunity (CAMEO) is a statewide association of microenterprise programs and supporters providing business training, technical assistance, microloans and other services to low and moderate-income individuals.

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