

# United States Senate

WASHINGTON, DC 20510

March 20, 2009

The Honorable Tom J. Vilsack, Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, DC 20250-0002

Dear Secretary Vilsack:

We were pleased to see that the President's Fiscal Year 2010 (FY10) Budget Summary included the Rural Microentrepreneur Assistance Program (RMAP) as part of the U.S. Department of Agriculture's efforts to bolster the rural economy. We write to you today to urge you to build on this by immediately implementing RMAP and to include the full authorized amount in the detailed budget to be submitted this spring.

At this moment of economic emergency, traditional private-sector lenders are pulling back from providing credit to small businesses. Across the country, credit-worthy businesses are lining up before the community development organizations providing financing, looking for loans because banks are no longer willing to provide capital for expansion, working capital, or equipment. The situation is worse for those start-up businesses that do not have a track record and must depend on "character lending." Start-ups and microbusinesses are on the chopping block for private credit, even with good business plans or records of success.

The situation is even more acute in rural America, where small businesses make up 90 percent of all rural businesses. In fact, over a million rural businesses have 20 or fewer employees. Small firms in rural areas need capital to finance their start-up costs, as well as any expansion efforts. Research indicates that Small Business Administration (SBA) per-capita spending is less in rural areas than in urban communities; and SBA 7(a) lenders are unable to lend to any small, rural ventures which are inadequately collateralized or lack a business track record.

Microenterprise was crucial in creating employment during our last recession. From 2000-2003, microenterprise employment grew by 9.13 percent. During the same period, other private, non-farm employment fell by 1.47 percent. We are once again in a period of recession; it is a critical time to invest in job creation and economic recovery by supporting microenterprise businesses.

RMAP is designed to provide technical and financial assistance, as well as capacity building, to very small businesses and sole proprietorships. Section 6022 of the Food, Conservation, and Energy Act of 2008 authorized RMAP and provided \$4 million in mandatory funding for FY09 and FY10, as well as \$3 million for FY11. In addition, the Act authorized \$40 million annually for FY09 - FY11.

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We were disappointed with the lack of progress toward implementing this valuable rural development program by the previous Administration. We urge you to expedite its implementation and issue a request for the FY09 funds. For FY10, we encourage you to include the full authorized amount in order to allow the Department to implement a robust program that will have a substantial, positive impact on small business throughout rural America.

Thank you for your consideration. We look forward to working with you to ensure RMAP's success.

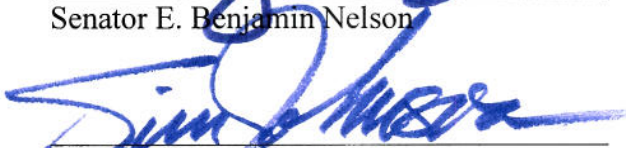
Sincerely,



Senator E. Benjamin Nelson



Senator Susan Collins



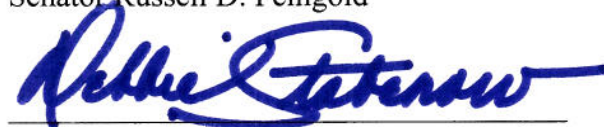
Senator Tim Johnson



Senator Russell D. Feingold



Senator Kirsten E. Gillibrand



Senator Debbie Stabenow



Senator Maria Cantwell



Senator Jon Tester



Senator Carl Levin



Senator Mike Johanns



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