

**IN THE NEWS**

By R.J. King - March 7, 2023

## **Michigan Microbusiness Coalition Launches to Support Startups and Small Ventures**

The New Economy Initiative (NEI) and Michigan Municipal League (MML) Foundation today announced the formation of the Michigan Microbusiness Coalition.

The goal of the coalition is to increase statewide support and develop a new strategy for emerging entrepreneurs and small businesses as essential drivers of economic growth and job creation.

“Microbusinesses offer the best way to accelerate economic growth across Michigan, but we need to be more intentional about how we support them,” says Helen D. Johnson, president of the MML Foundation. “Collectively, these small businesses have nearly limitless potential to create jobs, increase wealth, and drive productivity in every community in the state.

“In short, communities are economic drivers for our state and thriving businesses and communities go hand-in-hand. The Michigan Microbusiness Coalition is committed to helping develop policies tailored to their unique needs that help businesses thrive in the communities that serve them.”

Microbusinesses — defined by the coalition as having fewer than 10 full-time employee positions — account for about 78.5 percent of the total businesses in this country, according to the Small Business and Entrepreneurship Council.

Businesses that have 500 or more employees comprise less than 1 percent of all businesses. Much of current small business policy is one-size-fits-all for small enterprises ranging from a sole entrepreneur to 499 employees.

“Microbusiness owners are more likely to be young, women, and people of color, and they hold the key to building a more resilient and equitable new economy,” says Wafa Dinaro, executive director of NEI. “Entrepreneurs in underserved communities face additional barriers and struggled to access grants and technical assistance throughout the pandemic.

“As the state looks to increase job growth throughout Michigan, its best bet is focusing on entrepreneurs and small businesses who are ready to create opportunities within their local community.”

Since spring 2022, the Michigan Microbusiness Coalition has been developing a vision for supporting microbusinesses built around targeted funding, increased technical assistance, and leveraging peer knowledge and best practices through a support network. Reforms or policy they support include:

- **Defining Microbusinesses by Law:** Codify the definition of microbusinesses in Michigan to 10 or fewer full-time employee positions so that specific policy and legislation can directly support them.
- **Implementing 5 Percent to Start Requirements:** Dedicate a percentage of state/federal funding (contracts, economic development funds) to microbusinesses with an emphasis on those in their first five years of operation.
- **Reducing Licensing Barriers:** Reduce or eliminate occupational licensing requirements, permits, and fees for microbusinesses, including for home-based operations.
- **Providing Health Care Mobility:** Provide portable health care benefits for workers in transition who want to start a small business.
- **Reducing or Eliminating Early Tax Burden:** Provide immediate tax relief for microbusinesses during their first five years of operation.
- **Making Crowdfunding Easier:** Improve regulatory flexibility and reduce compliance requirements with regard to crowdfunding.
- **Creating Michigan Office of Microbusinesses:** Designate a liaison in state government to focus on microbusinesses and their unique needs, challenges, and opportunities.

The new coalition is made up of more than 20 local and statewide stakeholders with expertise and interest in supporting and funding microbusinesses, including local governments, large foundations, and industry groups.

In addition to NEI and the MML Foundation, participants involved in the initial meetings include the cities of Detroit and Grand Rapids, the Council of Michigan Foundations, Small Business Association of Michigan, Michigan Women Forward, Michigan SBDC, ProsperUs Detroit, USDA Rural Development, Venture North Funding and Development, Michigan Community Capital, William Davidson Foundation, Community Foundation of St. Clair County, Michigan Economic Development Corp., W.K. Kellogg Foundation, Ralph C. Wilson Jr. Foundation, and Northern Initiatives.

The New Economy Initiative is a philanthropic collaboration and an initiative of the Community Foundation for Southeast Michigan that works to build a regional network of support for entrepreneurs and small businesses.

Its mission is to grow an inclusive culture of entrepreneurship in southeast Michigan that benefits all residents and strengthens the regional economy. Since 2009, NEI has awarded 650 grants totaling nearly \$133 million to non-profit business support organizations assisting 21,436 companies while leveraging more than \$2.6 billion in the ecosystem.