

Overview

Small business ownership has consistently been a path to America's middle class—particularly for minorities, immigrants and the economically disadvantaged. Very small businesses, or microbusinesses, represent more than 90% of all businesses in the United States, and are a key job creation strategy in communities with weak job prospects. However, of the estimated 20 million Americans who operate microbusinesses, at least 10 million of these microentrepreneurs face disadvantages in establishing and operating their own businesses, including women, minorities, low-income individuals, and people with disabilities. States should recognize that microbusinesses are an important part of the state's economy and provide funding to programs that help these individuals succeed as entrepreneurs.

What States Can Do

States can leverage federal funding to support microbusiness. Three federal sources—the Community Development Block Grant (CDBG), the Workforce Innovation and Opportunity Act (WIOA) and Temporary Assistance for Needy Families (TANF)—may be used for microbusiness development, training and services for entrepreneurs. States can include microbusiness as an eligible use in the state's CDBG consolidated plan and use non-entitlement CDBG funds to support microbusiness development or financing. States can also use WIOA and TANF funds to support microbusiness development or, as a first step, recognize self-employment and entrepreneurship training as allowable TANF work or participation activity.

What States Have Done

Twenty-five states and the District of Columbia use at least one of the three federal block grant programs to support microbusiness or self-employment. Twenty-two states and D.C. use CDBG funding for microbusiness development. Ten states use WIOA funds. Only Oregon leverages all three federal funding streams—CDBG, WIOA and TANF—to support microbusiness and entrepreneurial activities.

What Has Florida Done?

Microbusiness Support

- ✗ Does state use federal CDBG funding to support low-income entrepreneurs and microbusiness development?
- ✗ Does state use federal TANF or WIOA funding to support low-income entrepreneurs and microbusiness development?

Notes

For additional information on what states have achieved on all policies in the 2018 Prosperity Now Scorecard, please download our [State Policy Reports](#). Please send questions about the data in this Policy Brief or the 2018 Scorecard to scorecard@prosperitynow.org.