



March 7, 2012

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
The Capitol
Room H-232
Washington, DC 20515

Re: Support for “The JOBS (Jumpstart Our Business Startups) Act”

Dear Speaker Boehner:

We write today to express our support for “The JOBS (Jumpstart Our Business Startups) Act” and thank you for your leadership on the critical issue of job creation. The legislation will help small businesses and startups raise capital, spur growth, and create jobs for America.

We additionally are pleased to see that the Administration has supported “The JOBS Act.” With this bipartisan support, we recommend quick Senate action on the measure so that it will rapidly help the business community accelerate hiring and aid business growth.

An often-repeated truism of the U.S. economy is that small businesses – generally defined as those with fewer than 500 employees – account for about 70 percent of net new job creation. But recent research has shown that, in fact, new businesses are the U.S. economy’s true engine of job creation. Businesses less than a year old contribute an average of 3 million new jobs each year. To be sure, existing small businesses and larger firms are important, too. Policies that improve the circumstances for existing businesses also enhance the prospects for economic growth and job creation. But if the policy target is job creation, new business formation is the bull’s-eye.

Regrettably, America’s entrepreneurial economy is faltering. According to a recent BLS report on entrepreneurship, after increasing at a relatively steady rate for more than a decade, the number of new businesses created annually peaked in 2006, and then began a precipitous decline – a decline accelerated by the recent recession. The number of new businesses formed in the year ending March of 2010 was down 24 percent from the 2006 peak, to the lowest level since the BLS began collecting start-up

data in 1994. Even more alarming, the new businesses that are being formed are creating fewer new jobs. If such patterns persist, over the next 10 years new firms will likely create 7.5 million fewer jobs, suggesting that the United States may face chronic unemployment of 9 percent or higher for many years.

With this critical understanding in mind, policymakers and the broader business community must do everything possible to enhance the circumstances for new business formation, survival, and growth.

Additionally, the stifling effect of over-regulation is particularly acute for small businesses, which don't have the scale and resources of larger firms over which to absorb and amortize the costs of compliance.

Throughout 2011, the Financial Services Forum – a non-partisan financial and economic policy organization comprised of the chief executives of 20 of the largest financial institutions operating in the United States – launched a research initiative to identify the major obstacles to faster job creation.

The Forum engaged the leaders of new and small businesses directly through a series of in-person roundtables conducted in 12 cities around the nation – York, PA; New York, NY; Columbus, OH; Richmond, VA; Herndon, VA; Kansas City, MO; Memphis, TN; Austin, TX, Los Angeles, CA; Seattle, WA; Orlando, FL; and Cambridge, MA. Roundtable locations were chosen in an effort to cover the broad geographic territory of the United States as well as the industrial diversity of the U.S. economy.

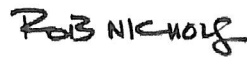
The major take-away from the Forum's research is that the problems and obstacles encountered by entrepreneurs and other small business owners across the country are remarkably consistent. Notwithstanding differences in local economic conditions and business and regulatory environments from region to region – and acknowledging differences in emphasis from one city to the next – entrepreneurs from Austin to Boston, and from Seattle to Orlando, identified the same list of burdens, frustrations, and difficulties that are undermining their efforts to start new businesses, expand existing firms, and hire:

- “It’s a dogfight to find qualified people.”
- “Regulatory complexity and uncertainty is killing us.”
- “Access to capital and credit is more difficult than ever.”
- “We’re just not getting enough business.”
- “We need tax certainty.”
- “We just don’t know what the future holds.”

A nationwide poll of entrepreneurs recently released by the Forum confirmed these key challenges to entrepreneurs. The poll results are attached to this letter.

In our view, “The JOBS Act” will address the issues highlighted by our research initiative and will meaningfully enhance the circumstances for new business formation and survival by reducing regulatory burdens and allow for greater access to capital. With the aim of revitalizing America’s entrepreneurial economy and its job creating capacity, we respectfully urge Congress to act swiftly and pass “The JOBS Act.”

Sincerely,

Handwritten signature of Robert S. Nichols in black ink.

Robert S. Nichols
President and CEO
Financial Services Forum

cc:

The Honorable Barack Obama, President of the United States
The Honorable Eric Cantor, Majority Leader, U.S. House of Representatives
The Honorable Nancy Pelosi, Minority Leader, U.S. House of Representatives
The Honorable Harry Reid, Majority Leader, United States Senate
The Honorable Mitch McConnell, Republican Leader, United States Senate