

## **Chapter 9 Microenterprise Assistance (Public Services)**

Oregon Community Development Block Grant funds are used by non-entitlement cities and counties to implement the Microenterprise Assistance Services Program to provide recruitment, screening and classroom training to microenterprise owners and persons developing microenterprises. This program enables low- and moderate-income owners of microenterprises and persons developing microenterprises access to information and resources for their individual circumstances.

The non-entitlement city or county grant recipient will secure the services of a statewide or local microenterprise support organization to provide microenterprise assistance within the grant recipient's jurisdiction by either subgranting the funds to a nonprofit or by procuring a for-profit entity.

### **Maximum Grant**

The maximum grant in this category is \$100,000.

### **Definition**

Microenterprise means a commercial enterprise that has five (5) or fewer FTE, including one (1) or more who owns the enterprise.

### **Work Plan**

Each application must contain a work plan that provides for a minimum performance measure of assisting at least one (1) microenterprise for every \$2,500 awarded to the applicant. If at project completion, this performance measure is not attained, the department will recapture a sufficient amount of the grant awarded in order for the project to meet the minimum performance measure.

### **National Objective**

Public services for microenterprise assistance must meet the federal national objective of benefiting low- to moderate-income persons based on family size and income, 24 CFR 570.483(b)(2)(ii)(B). National objective compliance is based on the actual number of persons served by the microenterprise assistance provider. Each grant must serve at least 51 percent or more low- to moderate-income persons who are owners of, or are developing, a qualifying microenterprise consisting of 5 or fewer employees including one or more persons who own the microenterprise. Refer to Chapter 3 for details.

### **Statewide Microenterprise Support Organization**

A statewide microenterprise support organization is a community development corporation, a nonprofit development organization, a nonprofit social services organization or another nonprofit entity that serves as an intermediary between the department and local microenterprise support organizations.

### **Local Microenterprise Support Organization**

A local microenterprise support organization is a community development corporation, a nonprofit development organization, a nonprofit social services organization or another locally operated nonprofit entity or a for profit entity that provides services to disadvantaged entrepreneurs.

**Area of Use**

The services provided by the microenterprise grant are restricted in use within the grant recipient's jurisdiction or with the jurisdictions participating in the regional microenterprise assistance project. The residential address for each potential microenterprise owner or person developing a microenterprise must be used for this determination and documented in the recipient's file(s).

**Eligible Projects**

- Provide general classroom training in business strategy, planning a business, marketing plans, business plans, needs assessments, financial education and access to markets to owners of microenterprises and persons developing microenterprises.

**Eligible Activities**

The permitted activities of providing general classroom training and support to microenterprises, as allowed under Section 105(a)(8) of the HCDA, includes:

- Limited one-on-one assistance directly associated with the initial recruitment and screening to evaluate entrepreneurial readiness and to determine degree of business feasibility or if a student has questions for the instructor immediately following the general classroom training session.
- The **direct** costs associated with the provision of general classroom training to microenterprise (5 or fewer employees, including one or more who own the microenterprise) of which 51% must be documented to be low and moderate income, as allowed under Section 105(a) of the HCDA.
- Limited English Proficiency Translation Services–Refer to Chapter 5 for details.

**General Classroom Training:**

- **Business Strategy Training**–Core trainings and assistance focused on developing and refining business feasibility and the creation of a business plan (strategy) that will guide the business venture. Develop demand based trainings and technical assistance including group trainings, based upon participant needs.
- **Planning a Business Training**–Developing a marketing plan, understanding financial statements and customer service.

**Specific Training**–Developing a business plan, access to capital, access to markets and financing. Technical assistance shall also help micro-entrepreneurs develop specific information needed to implement their business plan and better understand their business, including the following:

- Needs Assessment–Provide training that includes Financial Fitness, Introduction to Entrepreneurship, Internet marketing and specific training in their specific industry.
- Provide business and financial education classes to groups of low-/mod-income rural high school students.
- Provide business and financial education classes to adults.
- **Market Research Training**–Conduct market research to determine target markets and identify ways to penetrate each market, to assist microentrepreneurs in shaping their unique “message” and determine most effective means to deliver their message.

### **Ineligible Costs**

- Indirect costs. Refer to Chapter 5 for details.
- Assistance to small businesses that do not meet the definition of a microenterprise on page 9-1.
- Assistance to microenterprises that are relocating or who have relocated. To maintain compliance with the federal anti-pirating rule, the state’s CDBG program will not allow or assist with any business/microenterprise relocation.
- Assistance to microenterprise owners or persons developing a microenterprise that reside within an Entitlement area.
- Direct one-on-one assistance/mentoring in excess of the initial recruitment and screening, or if a student has questions for the instructor immediately following the general classroom training session.
- Pre-award costs. Refer to Chapter 5 for details.
- Unauthorized pre-agreement costs. Refer to Chapter 5 for details.
- The use of CDBG funds to replace any already budgeted federal, state, local, or community college funds. Refer to Chapter 5 for details.
- The use of CDBG funds to pay for already budgeted full-time staff of the Small Business Development Centers or community colleges. Refer to Chapter 5 for details.
- The cost of food, beverages, snacks, or related equipment and eating utensils.
- Grant administration and/or program management costs. Refer to Chapter 5 for details.

### **Entitlement Area Review**

State Community Development Block Grant resources cannot be used to benefit entitlement counties and cities. If the service area of the Microenterprise Assistance Support Organization contains an entitlement area, screening policies and procedures along with documentation of percent of the entitlement versus non-entitlement residents/beneficiaries that will be served is required. The 2017 CDBG Method of Distribution lists the entitlement areas in Chapter 2.

### **Matching Funds Requirement**

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project must be available and committed at the time the application is received by the department. Funds necessary to complete the project must be in the form of cash. No in-kind services or costs are allowed as match.

### **Financial Review**

Microenterprise assistance project applications are not subject to financial review.

**Outcome and Performance Measures**

Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

Objective	Outcome	Indicators	Performance Measures	State Measurement
Creating Economic Opportunities	Sustainability/ Promoting Livable or Viable Communities	Number of persons assisted: <ul style="list-style-type: none"> <li>• With new access to a service.</li> <li>• With improved access to a service.</li> <li>• Where the project is used to meet a quality standard or measurably improve quality, report the number of households that no longer only have access to a substandard facility or infrastructure (as defined by the local community).</li> </ul>	Amount of money leveraged from other federal, state, local and private resources.	The amount of money leveraged from all other funding sources.
			Number of persons assisted.	Number of persons having access to more microenterprise assistance services including the percentage of low- and moderate-income persons who benefit.
			Number of communities assisted.	Number of persons benefiting from new
			Race, ethnicity, disability (current categories for beneficiary reporting still apply).	microenterprise services including the percentage of low- and moderate-income persons who benefit.

**Minimum Information needed with application:**

- A draft sub-grantee agreement between the city/county grant recipient and the microenterprise service provider.
- A copy of the written agreement between all participating communities, signed by all parties involved.
- A clear and concise description of the items to be paid for in whole or in part with CDBG funds, and the amount of CDBG funds budgeted for each activity.
- The written procedures identifying how the low- and moderate-income national objective will be complied with, monitored and maintained throughout the project, which must include procedures for identifying how each potential microenterprise owner or person developing a microenterprise will be screened for:
  - a. Meeting the definition of a microenterprise contained on page 9-1;
  - b. Residing within the defined service area;
  - c. Are not residing within an Entitlement area; and
  - d. Are not relocating or have not relocated their microenterprise.
- A draft of the family size and income forms that include the data collection necessary to meet the requirements of a-d listed above.