

The goal of the Economic Opportunity Initiatives Microenterprise program is to increase the incomes/assets of low-income micro entrepreneurs over a three-year period by at least 25%. If that goal is achieved within the three year program service period, new higher advancement goals are identified.

PROGRAM NEEDS

In the current recession, small business failure is high. Low income people already had a greater challenge than others succeeding in the marketplace. The Economic Opportunity Initiative has shown great success in promoting microenterprise growth in its first three graduating classes. Most of the graduates completing their three year program increased their business revenues by almost 300%. Now in the downturn, we are finding that our 415 very small businesses are for the most part, holding on and losing less than other similar businesses. We attribute this to the support and training that they receive as part of the Initiative. Difficulties in the banking sector have continued to make expansion and working capital scarce. Mercy Corps has recently increased its funds available to microenterprises and MESO has past the first round of SBA reviews for their Microenterprise loan fund. For the 10/11 contract year, the City eliminated its one time only investments in EOI and also eliminated some other funding that was used for loans by EOI contractor, the Hispanic Metropolitan Chamber.

PROGRAM DESCRIPTION

The Economic Opportunity Microenterprise program funds several non-profit community-based organizations to provide technical assistance to specific groups of low-income people, including home-based child care providers, minority construction firms and aspiring Latino businesses. Each organization must identify the specific group of low-income people that it will serve and must show competency at serving this group. The activity must increase the incomes and/or assets of the identified group by 25% over three years. The activity must also contain program elements tailored to the needs of the identified group, including support services and a peer support component.

PROGRAM TOOLS

In addition to individualized provision of microenterprise development assistance, all enrolled EOI microenterprises have the opportunity to use several jointly

provided services; business legal assistance, credit repair, marketing assistance, resolution of minor personal criminal, civil and driver's license issues.

PROJECT SELECTION AND OPERATIONS

Economic Opportunity Projects were initially selected by an RFP process. Continuation in the program is determined annually based on performance. Project and Economic Opportunity staff work together constantly to identify the program funds financial and/or technical assistance to specific groups of low-income people, including home-based child care providers performance issues, resource needs and potential policy recommendations as a result of their work. PDC is considering developing a new RFP for the 12/13 program year which would somewhat reshape the requested services to align with the Portland Economic Development Strategy and the Neighborhood Economic Development Strategy.

PROGRAM ELIGIBILITY

Microenterprise projects receive funds to work with Portland residents in their focus populations, 50% of a Microenterprise Project's participants can be 80% - 50% of median family income. The other 50% must be at or below 50% of the area MFI.

POTENTIAL BARRIERS

Micro entrepreneurs' success depends on their own skills and motivation, as well as the economic marketplace. Because funders and agencies do not have control over these variables, and because of the high risks inherent in any small business enterprise, Microenterprise projects have a greater chance of failure than conventional community development projects that produce tangibles like units of housing, miles of pavement, or community centers or even EOI workforce development projects. However, a successful microenterprise will directly benefit the low-income participants and their families. Since the recession, difficulties in the banking sector have continued to make expansion and working capital scarce. Mercy Corps has recently increased its funds available to microenterprises and MESO has past the first round of SBA reviews for their Microenterprise loan fund. For the 10/11 contract year, the City eliminated its one time only investments in EOI and also eliminated some other funding that was used for loans by EOI contractor, the Hispanic Metropolitan Chamber.

PARTNER AGENCIES AND ORGANIZATIONS

- The Oregon Microenterprise Network (OMEN) and the ASPEN Institute both review and provide their assessment of our Microenterprise performance data. Additionally OMEN provides Market link data and marketing consultation services to EOI businesses.
- The United Way of the Columbia-Willamette and the NW Area Foundation
- The Oregon Labor Division, Child Care Section has provided match for the City's investment in the Childcare Improvement Project. EOI staff helped establish a working capital system and expansion capital for emergency efficiency related construction contractors which EOI convinced the NW Area Foundation to seed and the US Department of Energy has further developed with a \$20 million grant to Clean Energy Works Oregon.

COMPLEMENTARY LOCAL, REGIONAL AND NATIONAL EFFORTS

This program's strategy differs from, and complements, most regional, state, and federal economic development efforts. Those efforts focus on investing in more developed, higher revenue businesses or developing infrastructure to attract businesses, anticipating that the benefits from these investments will trickle down to low-income workers. Loan capital is the most common form of their investment. EOI is focused on training and development rather than loans for discrete groups of low-income residents. Loan-led strategies for this group can result in bankruptcies. It is premised on best practice research that indicates high quality, comprehensive projects to nurture the development of microenterprises can succeed in increasing the incomes and assets of low-income micro entrepreneurs.

GEOGRAPHIC SERVICE AREAS (INCLUDING AREAS OF LOWINCOME FAMILIES AND/OR RACIAL MINORITY CONCENTRATION)

Consortium-wide.

MONITORING

All contractors are pre-screened for CDBG compliance during the RFP process. A description of PHB's Monitoring program is in Section One.