

# **An Evaluation of Effectiveness and Impact of the Massachusetts Growth Capital Corporation's Small Business Technical Assistance Grant Program**



Prepared for and in collaboration with:  
Massachusetts Growth Capital Corporation

Prepared by:  
Mt. Auburn Associates, Inc. and Karl F. Seidman Consulting Services

April 2018

# Table of Contents

1. Introduction .....	3
2. Program Impact on Grantees .....	9
3. Client Characteristics .....	17
4. Business and Employment Outcomes .....	23
5. Impacts on Massachusetts and Regional Small Business Ecosystem .....	33
6. Review of Similar Programs and Best Practices .....	38
7. Findings and Recommendations .....	41
8. Appendix .....	45

# 1 Introduction

Massachusetts Growth Capital Corporation (MGCC) is a state quasi-public corporation working to foster job creation and economic development in the Commonwealth's Gateway Cities and low- and moderate- income communities (LMI) through supporting the startup, growth, and stabilization of small businesses, including women, immigrants, and minority-owned businesses. In 2010, the consolidation of two prior state entities, the Economic Stabilization Trust and Community Development Finance Corporation, resulted in the formation of MGCC.

MGCC advances its mission through two core activities. First, it supplies loans to small businesses unable to access capital from conventional private lenders through a range of business credit products, including acting as a statewide intermediary for the Small Business Administration (SBA) Microloan Program. Its second activity is it administers the Small Business Technical Assistance Grant Program (grant program), a state-funded program that provides operating grants and other resources to state, regional, and local nonprofit organizations to strengthen their capacity to deliver technical assistance, access to capital, and training to small businesses.

## Overview of the Small Business Technical Assistance Grant Program

The grant program focuses on strengthening small business development capacity in Gateway Cities and in LMI communities and extending technical assistance and education services to women, veteran, minority, low-income, and immigrant entrepreneurs who often face barriers to accessing business assistance. The overall goals of the program are to expand economic vitality, business ownership opportunities, and employment offerings in Massachusetts, especially in rural regions, Gateway Cities, and communities that have not shared in the strong economic performance within the Boston metropolitan region, as evidenced by lower incomes and higher unemployment and poverty rates.

MGCC uses the grant program to complement and supplement existing services provided by other public entities and small business assistance resources, such as Small Business Development Centers (SBDC), the Service Corps of Retired Executives (SCORE), business associations, colleges and universities, and professional service firms. Several program requirements and guidelines exist to ensure that grant funds go to organizations that serve target businesses and communities and support activities that complement, rather than duplicate, existing small business development services. Key program and eligibility requirements include:<sup>1</sup>

- Organizations must use grant funds to provide technical assistance, access to financing, and training to small businesses with 20 or fewer employees.
- Eligible organizations must be incorporated under state law, maintain a tax-exempt status under the U.S. Internal Revenue Code, and be an organization that has a mission that focuses on community-driven small business development, including community development corporations (CDC), community development financial institutions (CDFI), chambers of commerce, and other nonprofit community-based organizations.

---

<sup>1</sup> These requirements and guidelines are for the most recent FY 2018 program funding cycle.

- Grant recipients must serve both prospective and existing businesses, with 85 percent of clients constituting existing businesses or new ventures within 12 months of opening.
- Maximum grants are \$85,000 to an individual organization and \$140,000 for multi-organizational collaborations.
- The vast majority of funded program budgets must be for direct services with administrative costs limited to 10 percent of the budget.

Beyond the eligibility requirements, MGCC established three key criteria that grant proposals and their associated program must meet to receive funding:

1. At least 60 percent of clients must be from targeted populations that include women-, minority-, and veteran-owned businesses; immigrant and non-native English speaking populations; LMI entrepreneurs; businesses started by an unemployed person; and businesses located in economically disadvantaged urban and rural communities.
2. An organization must provide a minimum of five hours of direct services per client per year, which may include individual counseling/coaching, selective group training, loan packaging, and/or direct lending services.
3. An organization must have the ability to project, collect, and track measurable business outcomes that it can attribute to services provided in terms of business starts, financings made or facilitated, businesses stabilized, jobs created or retained, and/or revenue growth.

MGCC awards grants on an annual basis through a competitive Request for Proposal (RFP) process, with the total available funding set by annual budget appropriations. MGCC typically issues the program RFP in May with proposals due in June, and it awards funds in the summer after approval of the final state budget. MGCC requires submission of a detailed grant application that includes the following elements:

- a narrative explanation of the proposed program, including a program overview, staff qualifications, a description of the client business community and its challenges, a description of partnerships and collaborations, specific grant-funded activities and services, and a data collection and outcome measurement plan;
- a work plan detailing program activities over the 12-month grant year;
- a line-item program budget with requested grant amounts and other matching funds;
- project performance data for clients served by demographic category and business stage;
- projected business and employment outcome measures; and
- multiple attachments, including staff resumes, financial statements, and a Certificate of Good Standing issued by the Secretary of the Commonwealth.

An outside Review Committee consisting of 14 members from the banking, economic development, and community development fields reviews all grant applications and recommends grant recipients and award amounts to the MGCC board of directors for final approval. MGCC requires recipients to submit a final budget, a revised work plan, and outcome projections based on the final grant amount prior to entering into a grant contract with recipients. Grantees submit a midyear and final report on their activities that includes a narrative description and data on clients served and outcomes that compares actual figures to the original projections. MGCC has put considerable effort into establishing uniform reporting for client

demographics served and outcome measures, issuing all grantees the same MGCC reporting forms and standard definitions and guidelines.

MGCC provides services and resources beyond grants aimed at strengthening grantee capacity and effectiveness, sharing best practices and innovations across grantees, and building a statewide network of community-based small business development organizations. MGCC holds an annual convening of its grantees to share information and effective practices and to foster learning and new relationships. It also conducts periodic training sessions on different issues and delivers information about resources and funding opportunities to grantees. Alison Moronta, the loan officer and grant program manager, maintains regular contact with grantee staff, offers advice and information related to the program, advises on grant program requirements, and makes referrals to other resources and organizations that can be of value to a grantee. In years when there is sufficient state funding, MGCC has added small supplemental grants targeted to specific uses that include: (1) expanded services to immigrant businesses; (2) mini grants<sup>2</sup> for professional services to deliver specialized technical assistance to individual businesses, typically through private consultants and professionals; and (3) grantee program capacity building. In years when funding is available, MGCC has also made discretionary grants of \$1,000 to \$10,000 available to innovative and emerging organizations supporting small businesses from target populations with the hope that these grants allow providers to build their small business programs and compete in following years for more funding through MGCC's grant program.

MGCC also worked with the Massachusetts Association of CDCs and the Mel King Institute to complete a 2017 report<sup>3</sup> on the education and training needs of business technical assistance providers, available resources to address these needs, and the design of a new education and certification program for business technical assistance staff.

## Evaluation purpose

While the grant program is an important part of Massachusetts' economic development policies and toolkit, there has been no formal evaluation of the program. Consequently, MGCC and its core partners and stakeholders do not fully understand the program's economic development benefits and opportunities in order to improve the program's impact and effectiveness. MGCC retained Mt. Auburn Associates to undertake this evaluation, which seeks to examine this knowledge gap by addressing three core questions:

1. What are the program's outcomes and resulting economic development benefits?
2. What are critical lessons, best practices, and innovations from comparable programs in other states that can inform MGCC's program design and management?
3. What are opportunities, approaches, and strategies that MGCC can use to expand the program's impact and improve its effectiveness in advancing economic development, particularly in Massachusetts Gateway Cities and low-income communities?

---

<sup>2</sup> Mini-grants of up to \$20,000 per grantee agency were available between FY 2015 and FY 2017. Agencies served as pass-through entities, and funding of up to \$5,000 was available to clients to hire specialized consultants to increase the capacity of the business client by providing professional services, education, or training. Clients provided a 25 percent match to the funding received. Because the mini-grants were outside of the core scope of the grant program and only available during select years, data reported throughout this document do not include mini-grant contributions.

<sup>3</sup> *Research Report: Business Technical Assistance Provider Education Program*, Finepoint Associates, LLC, July 2017.

Two key understandings informed the design of this evaluation: (1) the grantee organization that receives the funds and delivers small business services mediates the program outcomes; and (2) these grantees operate within larger regional business development ecosystems and their impacts are tied to their roles and contributions within these ecosystems. If grantees are duplicating services available through other regional organizations and serving businesses that can readily access these existing services, then MGCC funding may have little net impact. On the other hand, if program grantees provide services not otherwise available or undersupplied in a region, or serve entrepreneurs who would not otherwise have access to these services, then the business growth and jobs that result from grantee services are likely to constitute new economic activity attributable to MGCC's grant investments.

Based on these understandings, this evaluation strives to measure three distinct grant program outcomes:

1. the program's impacts on grantee capacity and services;
2. the impact of grantee technical assistance activities that MGCC funds on client businesses; and
3. how grantees within a region contribute to and affect regional small business development ecosystems.

## Evaluation methodology

The evaluators used a multifaceted methodology to gather the information and data needed to understand and measure program impacts across these outcomes. This methodology included:

- a review of program documents, records, and an interview with the grant program manager to understand the grant program's goals, policies, and processes;
- analysis of MGCC grantee reporting data<sup>4</sup> provided in grantee annual reports;
- interviews with the executive director and/or technical assistance program manager at grantee organizations;
- a survey<sup>5</sup> of business clients that grantees assisted during the years in which they received grant program funding;
- focus groups with state and regional economic development and small business development practitioners; and
- best practice research on comparable technical assistance grant programs conducted through a web search, review of practitioner literature, and interviews with program managers.

The focus of this data collection and analysis was grantee organizations that received three or more years of MGCC grants in recent years between Fiscal Year 2014 and Fiscal Year 2018. Organizations that received grants in multiple years were more likely to build additional capacity through the program, to use the MGCC funds to provide sustained and consistent services to businesses, and to have an impact on the larger regional ecosystem. Among the 38 organizations that MGCC awarded grants over this five-year period, 27 met this criterion, and the evaluators conducted interviews with 26 of them. The evaluators decided upon the four years from FY 2014 through FY 2017 as the best time period to evaluate and measure program

---

<sup>4</sup> This study relies upon the self-reported program data grantees provided to MGCC.

<sup>5</sup> See appendix for survey methodology.

outcomes. This period represents the most recent time for which consistent program data were available and is a feasible time period to cover in a survey of client businesses. MGCC provides clear definitions and guidelines for how grantees report their clients and business and employment outcomes to help obtain accurate data. However, there is the potential for some double counting of the number of unique clients and business and employment outcomes. Some clients receive assistance from multiple grantees and, thus, each grantee may report the client and outcome. Since MGCC does not collect and review unique client data for each grantee and net out multiple cases, there is no way to know how many entrepreneurs and their associated outcomes are double counted.

To have a better understanding of clients’ use of grantee technical assistance and its impacts, the evaluators fielded an online survey of client businesses in February 2018. The survey was available in English, Portuguese, Spanish, and Vietnamese. There was a total of 280 responses, which represents 5 percent of total clients over the four-year evaluation period. However, the actual response rate is unknown since grantees distributed the survey in a decentralized manner to an unreported number of clients. Based on respondent characteristics (see Exhibits 1 and 2), the survey sample compares to overall client population as follows:

- by business stage—it is fairly close in its share of pre-start-up and start-up stage businesses, but overrepresented by close to 2:1 in the percentage of prospective and existing businesses; and
- by demographic characteristics—it is close for women, minority, and veteran entrepreneurs/business owners, but underrepresented by half in the share of immigrant and low-income entrepreneurs.

The divergence from the full client population in the survey sample means that the results may not accurately represent the entire program’s clients to the extent that prospective and existing businesses have different experiences and outcomes than pre-start-up and start-up enterprises. The higher percentage of existing businesses may influence the type of services used, e.g., less use of business planning, and outcomes with fewer business creations, more expansions and stabilizations, and a higher incidence of businesses receiving loans and loan amounts. Similarly, the underrepresentation of low-income and immigrant business owners, who face greater barriers to business formation, growth, and access to capital, may result in the survey understating these outcomes compared to the full client populations. The reader should consider these issues when interpreting the survey results.

**Exhibit 1. Client population and survey sample by business stage**

<b>Business Stage</b>	<b>Survey Sample Percent</b>	<b>Client Population Percent</b>
Prospective*	16%	7%
Pre-start-up	29%	21%
Start-up	29%	24%
Existing	26%	48%

\*The grant program requires that no more than 15 percent of grantees’ program services are targeted to prospective business clients more than 12 months out from starting a business.

**Exhibit 2. Client population and survey sample by demographic characteristics**

<b>Business Population Characteristic</b>	<b>Survey Sample Percent</b>	<b>Client Population Percent</b>
Women	55%	55%
Minority/Non-white	38%	44%
Immigrant/Non-Native English	14%	28%
Low-income owner*	32%	60%
Veteran	5%	3%
Unemployed**/**	21%	9%

\* All survey data are self-reported, whereas income levels for the full client population are based on business and personal finance data along with net personal income collected by technical assistance providers. The self-reported income level may be conservative because business owners may see themselves as moderate-income due to their status as business owners.

\*\*Owner started this business as a result of becoming unemployed.

\*\*\* Not all technical assistance providers have collected data on their clients' employment status at the time the client started receiving services. In recent years, MGCC began collecting this data from grantees. As a result, the client population percentage for those unemployed may be conservative.

Mt. Auburn Associates compared key business and employment outcomes from the survey to the outcomes grantees reported to test their consistency in terms of the scale of program impacts as well as the validity of outcomes that grantees reported. The results show consistency between the survey results and grantee-reported data for most outcome measures.

## **Organization of the report**

The organization of this report is as follows:

1. program impact on grantees of the grant program, including the type of services they provided and the impact of the program on their operations;
2. analysis of the outputs, including how many clients grantees served, the characteristics of these clients, and the efficiency in achieving these outputs across grantees;
3. the business and community outcomes from grantee technical assistance;
4. the contribution to regional business development ecosystems;
5. models and best practices in state support of business technical assistance programs; and
6. key findings and recommendations.

# 2 Program Impact on Grantees

From FY 2014 through FY 2018, the grant program funded 38 grantee organizations or partnerships that deliver small business technical assistance and training programs. (See Exhibit A-1 in Appendix for list of grantees.) This section first presents an overview of all grantees and then looks at a subset of the grantees, the 27 grantees receiving support over a three-year period. The analysis examines this subset in terms of who they are, what type of businesses they serve, what services they provide, and what the impact of the program has been on their operations.

## Grant program grantmaking trends

Over the five-year period (FY 2014 to FY 2018), MGCC awarded \$5.6 million in grants. In three of the years, annual grants totaled between \$700,000 and \$915,000. Two large appropriation increases provided \$1.53 million and \$1.71 million in grant funds for FY 2015 and FY 2016, respectively, but the program budget then declined to \$915,000 in FY 2017 and \$735,000 in FY 2018, the current fiscal year. In addition, from FY 2015 to FY 2017, MGCC also funded approximately \$350,000 in mini-grants to 156 small businesses for professional services and roughly \$100,000 in discretionary grants from FY 2015 through FY 2016.

MGCC almost doubled the number of organizations funded from 18 in FY 2014 to 30 in FY 2018, with a corresponding drop in both the average grant amount and range of grant sizes. Grants averaged just under \$39,000 during FY 2014 and decreased further to \$28,594 and \$24,500 for FY 2017 and FY 2018, respectively. The range of grant amounts also contracted from a range of \$20,000 to \$65,000 in FY 2014 to \$10,000 to \$50,000 in FY 2018. Larger budgets in FY 2015 and FY 2016 deviate from this trend, with average grants of \$61,120 and \$53,484, respectively, and a range of \$10,000 to \$125,000. (See Exhibit A-1 in Appendix.)

The overall program trend has been to make smaller grants to more organizations, which has allowed MGCC to expand the types of programs funded and geographic areas served. In recent years, MGCC has awarded grants to programs targeting specific business sectors and that combine technical assistance with business financing. It also awarded more grants to programs serving Gateway Cities outside of the Boston region. The increase in number of funded organizations is also a response to the increased grant applications and demand for funding. In its most recent year, MGCC received applications from 47 organizations requesting over \$3.5 million in grants.

## Characteristics of the grantees

### Geography served

Through the grant program, MGCC has supported organizations serving all regions of Massachusetts and representing different types of organizations and program approaches. A balanced distribution of regional service areas exists among core grantees that received at least three years of funding between FY 2014 and FY 2018, including:

- six providing statewide services;
- five serving Boston;
- five serving Central Massachusetts;

- four serving Western Massachusetts;
- four serving Southeastern Massachusetts and Cape Cod; and
- three serving Merrimack Valley/Northeastern Massachusetts.<sup>6</sup>

### Types of services provided

While the grantees all have a shared goal of supporting entrepreneurs and small businesses, how they do it varies considerably across the organizations receiving grant program support. There were two types of services:

- 1) **Group Training:** Many of the grantees deliver training to groups of entrepreneurs or small businesses with general content targeted to their needs. MGCC defines group training as “classes that meet for a minimum of 5 hours that teach business skills that result in measurable status outcomes.” In some cases, this training is a “course” for a cohort of clients over a set period of time, some going as long as 16 weeks. The second type of training offered by grantees is one-time workshops. This training could focus on a specific business skill and be provided to a fairly broadly defined set of participants, e.g., how to design a website, or could be very specific to a sector. Some of the grantees were very training-focused, with over two-thirds of clients served by training (Artemorphus, Center for Women and Enterprise [CWE], Greater Holyoke Chamber Centennial Foundation, MASS MoCA, Nuestra Raices, and Nuestra Comunidad). Some of the trainings and business-related workshop topics included visioning and business planning, marketing or branding, financial management, and entering the wholesale market, among many others.
- 2) **1:1 Counseling:** The second major category of assistance is one-on-one technical assistance and support, defined by MGCC as “direct services beyond intake and assessment that includes advising, customized service plan, advocacy, and/or intervention on behalf of an individual business client.” A small group of programs exclusively provide counseling (some include Accion East, Community Economic Development Center [CEDC] of Southeastern Massachusetts, Cooperative Fund of New England, Jamaica Plain Neighborhood Development Corporation [JPNDC], and NewVue Communities). This assistance could be general, e.g., help on a business plan, or could be very technical and specific to a sector, e.g., production issues for a specific food product. For the most part, the staff of the grantee or contractors to the grantee provide this assistance. However, in a couple of instances, the grantee makes direct grants to businesses that are then able to hire their own specialized technical consultants.

Most grantees provide both counseling and training to many clients, with the largest share of clients receiving counseling. Grantees served almost twice as many clients through one-on-one counseling than by training. The number of clients receiving training also doubled between FY 2014 and FY 2017, and the share of clients with training assistance grew from 32 percent in FY 2014 to 40 percent in FY 2017. (See Exhibit 3.)

---

<sup>6</sup> See Exhibit A-3 in Appendix for details.

**Exhibit 3. Clients served by business stage and type of service, 27 core grantees, FY 2014 to FY 2017**

<b>Fiscal Year</b>	<b>Number of Training Clients</b>	<b>Number of Counseling</b>	<b>Number of Clients (Total)</b>
2014	316	658	974
2015	410	988	1,398
2016	654	1,142	1,796
2017	620	948	1,568
Total Four Years	2,000	3,736	5,736
Average, Four Years	500	934	1,434

A number of the grantees combine these two types of services with some additional services, such as loan funds, incubator facilities, innovation labs, mentoring, etc. Most notably, a relatively large number of the grantees’ small business assistance services are associated with a loan fund. In these cases, the technical assistance services are often tied to loan packaging, the support needed to access loans and stay current on loans, as well as post-loan technical assistance. Sixteen MGCC grantees also operate loan funds. A number of others do not operate their own fund, but partner with other capital providers.

Another type of model that EforAll and the Greater Holyoke Chamber Centennial Foundation /SPARK utilize is an accelerator program. These programs combine community pitches to promote and identify entrepreneurs with an intensive training course, mentoring, and grant funds to help launch a new business and expand existing ones.

A second type of model that combines multiple services involves grantees that are also operating some type of physical facility or work space for participating business. This can take the form of an incubator or working space, i.e., Artmorphus’ Fairmount Innovation Lab, or, in the case of Commonwealth Kitchen and Franklin County Community Development Corporation (FCCDC), a shared kitchen facility. In these instances, the grantee could specifically target the technical assistance to the companies located in these facilities and provide mentoring and networking activities that also contribute to the overall client services.

### **Organizational type**

MGCC has also awarded funding to a diverse set of nonprofit organizations that include CDCs, certified CDFIs, chambers of commerce, and sectorally or demographically targeted groups. Core grantees funded from FY 2014 to FY 2018 by type include:

- ten CDCs;
- four CDFIs;
- four CDFIs and CDCs;
- two chambers of commerce;
- four nonprofits targeted to specific sectors or industries; and
- three nonprofits targeted to a specific population and/or business stage.<sup>7</sup>

---

<sup>7</sup> See Exhibit A-3 in Appendix for details.

MGCC has provided the most funding to CDCs, which account for 46 percent of the grants awarded from FY 2014 to FY 2017. There was also a close alignment between the distribution of funding and distribution of client by organization type. Finally, most organization types served 60 to 67 clients per year on average, while sector-based nonprofits served fewer clients, averaging 41 per year, and population/business-stage groups served the most clients, averaging 85 annually. The MGCC grant amount per client served varies considerably by organization type with nonprofits targeting population or business stage having the lowest cost at \$573 per client and sector-targeted nonprofits have the highest cost at \$873. (See Exhibit 4.)

**Exhibit 4. Clients served and cost per client by organization type, FY 2014 to FY 2017**

Organization Type	Total Clients Served	Percentage of Clients Served	Total Grant Funds	Percentage of Total Grant Funds	Grant Dollars Per Client Served
CDC (n=10)	2,471	43%	\$2,040,000	46%	\$826
CDFI (n=4)	724	13%	\$480,000	11%	\$663
CDFI & CDC (n=4)	863	15%	\$740,500	17%	\$858
Chamber of commerce (n=2)	379	7%	\$256,000	6%	\$675
Nonprofit for specialized industry (n=4)	451	8%	\$393,500	9%	\$873
Nonprofit for target population or business stage (n=3)	848	15%	\$486,000	11%	\$573
Total, All Organizations	5,736	100%	\$4,396,000	100%	\$766

## Impact on grantees

### MGCC funding

One indicator of the importance and impact of grant program funding is the share of the grantee’s total budget for the small business development program it operates. For the 27 core grantees this evaluation studied, there was a comparison of MGCC annual grant amounts to the organization’s total annual budget for its MGCC-funded technical assistance program from FY 2014 to FY 2017.<sup>8</sup> The results show a large range in the portion of the annual budget MGCC grants funded: 33 percent (nine grantees) received 25 percent or less of their budget from MGCC grants; 48 percent (13 grantees) received 26 percent to 50 percent of their budget from MGCC grants; and 19 percent (five grantees) received 51 percent to 66 percent of their budget from MGCC grants.<sup>9</sup> Within this range, MGCC is a significant funding source for 70 percent of grantees that receive over 25 percent of their program budgets from the agency’s grants.

A richer picture of how MGCC grants affect the capacity and activities of grantee organizations emerged from interviews that focused on the deployment and impact of grants. These interviews revealed that MGCC grants largely fund technical assistance staff salaries, underwrite core technical assistance capacities, and aid organizations in expanding their services and the geographic areas served. The vast majority of grantees (18) used MGCC grant funds to cover staff costs to deliver training and technical assistance. A second use, among four grantees, was for costs related to specific accelerators, courses, or

<sup>8</sup> This evaluation does not include FY 2013 data because of uncertainty about annual program budget figures.

<sup>9</sup> See Exhibit A-2 in Appendix for details.

training programs, while two grantees paid for consultants or scholarships for businesses to secure specialized technical assistance or training.

MGCC grants provide core capacity to deliver training and technical assistance and to help organizations expand their services and geographic reach.

- Half of grantees (12) indicated that MGCC grants funded their core training and technical assistance services and contributed to their ability to offer these services to more clients.
- Forty percent of grantees (10) used grant funds to expand the type of services they offer.
- Over 25 percent of grantees (seven) used funds to expand the geographic area they serve.

*The expanded capacity provided through MGCC grants resulted in multiple impacts across grantee organizations.* By far, the most common impact was allowing organizations to serve more clients, reported by 15 organizations, or 60 percent of grantees. Four of these grantees indicated grants also allowed them to expand services to new types of clients, including immigrants, minority businesses, existing businesses, and types of producers. Several grantees with loan programs reported that MGCC funds resulted in making more direct loans (three) and achieving lower default rates from more intensive technical assistance to borrowers (two). A subset of grantees (six) indicated that MGCC funding was vital to sustaining their small business assistance program and servicing their core clients.

*In some cases, the technical assistance capacity MGCC grants generated had additional spillover effects on a grantee.* Mill Cities Community Investments (MCCI) is a CDC and a CDFI that began operations in 2009 to assist low-income, minority, and immigrant residents in the Merrimack Valley. MCCI first focused on helping households gain access to mortgage loans to purchase homes and then expanded into providing small business technical assistance and lending. MGCC grant funds helped the organization add staff devoted to business technical assistance and to build a strong reputation with lenders as an effective technical assistance provider. This experience and capacity helped MGCC secure capital from several banks to establish two small business loan pools.

*While MGCC has had a positive impact on grantee capacity, there is also concern that reduced funding is limiting some of that.* The largest concern among grantees is the reduced grant funding in recent years and the uncertainty about what level of funding they can expect to receive. While MGCC does not control the annual appropriation for the grant program, it does control the timing of the application and award process. Under the current process, MGCC issues the funding RFP before final appropriation is set. This has been challenging for grantees in their planning as they must apply and set their program budget and grant request without knowing what level of program funding and associated grant size will be available. In recent years, grantees received much lower grants than anticipated and then needed to revise their program budget and activities based on the lower appropriation and grant amounts.

### **Grant program nonfinancial assistance**

*Beyond the resources, all grantees found the nonfinancial assistance the grant program provided was valuable and had an impact on their operations.* The most common types of assistance and their benefits along with the number of grantees reporting are:

- training around specific issues and skills (nine);
- referrals to specific resources and service providers (eight);

- improvement to their client tracking and outcome measurement (seven);
- networking and gaining information on best practices from other grantees (six); and
- advice, guidance, and mentoring from the grant program manager.

*Almost half of grantees reported that MGCC funding helped them to leverage additional funding either directly as part of required matching funds or indirectly by building their capacity and credibility. Six organizations cited \$1.4 million in specific grants and funding that they secured at least in part through using MGCC grants for required matching funds. The sources of leveraged funds included the CDFI Fund, local CDGB funding, United States Department of Agriculture (USDA), the Massachusetts Office of Business Development (MOBD), and MassDevelopment. Another six organizations believed that MGCC indirectly helped them to secure funding from banks, the SBA, and other federal agencies through the added capacity, outcomes, and credibility they gained partly through the capacity and services that MGCC technical assistance grants provided.*

*Most grantees view the program’s reporting metrics and system positively and feel they have contributed to grantee capacity. Many reported that they have used the outcome data the grant program requires to inform their priorities, to support external communications of their impact, and to prepare grant proposals.*

*On the other hand, multiple grantees view the reporting metrics and process as overly complicated or confusing and burdensome. They had concerns about how to aggregate the different categories into total outcomes accurately and about the time needed to transfer their data onto the separate paper-based forms the program uses. This evaluation also surfaced challenges in the current system with issues arising around reporting consistency, mistakes in aggregating data across sub-categories, and double reporting of outcomes when multiple organizations collaborated on a program.*

## Businesses’ perceptions of grantee services

The survey of businesses presents insights into how businesses used grantee services and how they perceived the usefulness of these services.

There is an even distribution of respondents in terms of the hours of assistance received. (See Exhibit 5.) However, over half (51 percent) of surveyed clients received more than 20 hours of technical assistance. The estimated average hours of assistance per surveyed client ranges from 20.1

**Exhibit 5. Distribution of survey respondents by hours of technical assistance, FY 2012 to FY 2017**

Hours of Assistance Received	Percentage of Respondents
Less than 5*	16%
5-9	15%
10-19	19%
20-29	17%
30-49	15%
50 or more	19%

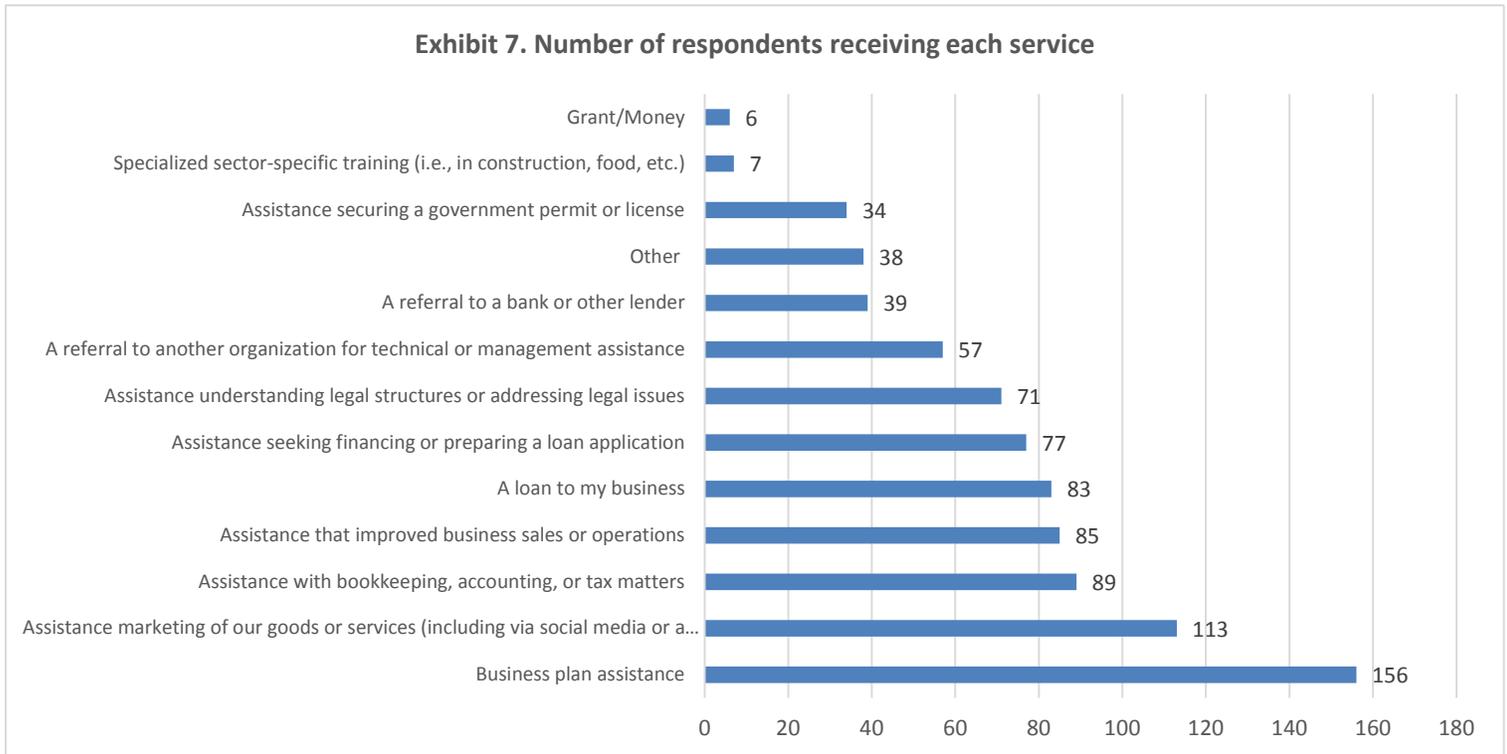
\*Grantees report outcomes for clients receiving five or more hours of direct service. However, 16 percent of survey respondents for which grantees reported outcomes indicated they received less than five hours of service. It is likely that technical assistance providers and business counselors invested time before and after the meeting to assist clients in addressing their business needs that clients did not know about and did not include in their responses.

**Note:** Total percentages do not total 100 percent due to rounding.

to 27.2 hours.<sup>10</sup> Some organizations invest up to 80 hours of technical assistance when working with entrepreneurs and small business owners on business planning, business feasibility, accounting, and loan packaging. In some cases, where commercial development is required, technical assistance providers could invest over 100 hours of assistance.

As detailed in Exhibits 6 and 7, business plan assistance and marketing were by far the most common services for close to half of respondents receiving technical assistance or training. A second group of services and topics touched one-quarter to one-third of respondents. On the other hand, only 3 percent of surveyed businesses reported receiving training for sector-specific business needs.

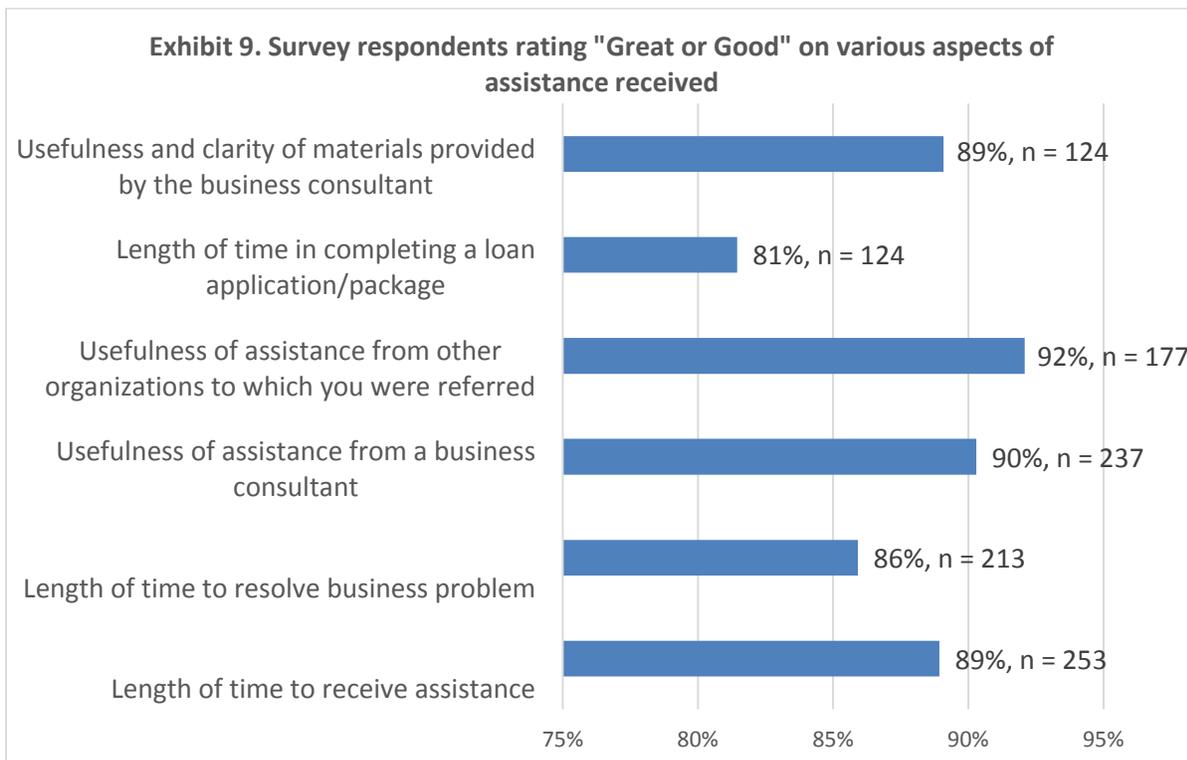
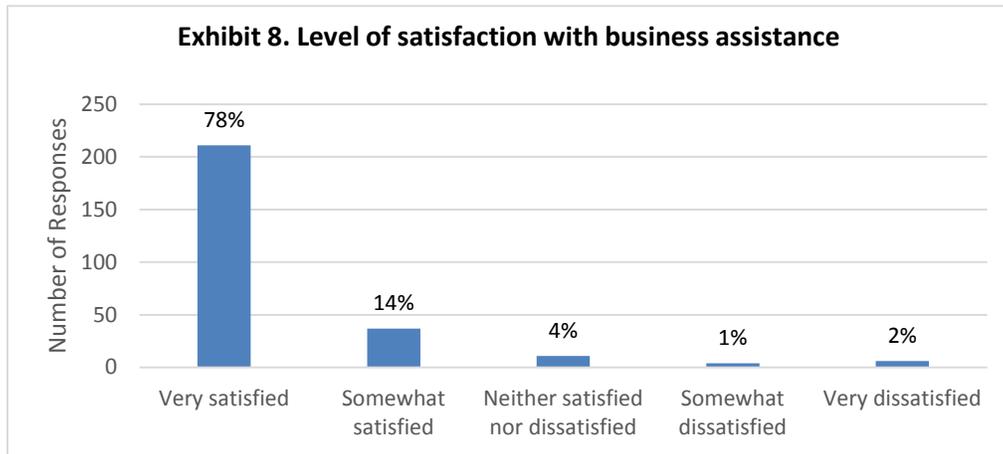
Exhibit 6. General type of services received by survey respondents, FY 2012 to FY 2017	
General Type of Service Received	Percentage of Respondents
One-on-one counseling	56%
Workshop or training	65%
Referral to another organization	27%
Mini-grant to work with a consultant	22%
Loan	30%



<sup>10</sup> The low estimate assumes every respondent received the low figure in each range, and the high estimate assumes each client received the high figure in the range. For most estimates, this evaluation used 50 hours for the highest range category.

The survey results indicate that clients are very satisfied with the technical and training services that they received. (See Exhibits 8 and 9.):

- 78 percent were very satisfied, 14 percent were somewhat satisfied, and only 3 percent were somewhat or very dissatisfied;
- 89 percent rated the timeliness of receiving assistance as either great or good;
- 90 percent rated the usefulness of assistance as either great or good; and
- 86 percent rated the time needed to resolve a business problem as either great or good.



# 3 Client Characteristics

This section discusses the characteristics of the clients, the individual entrepreneurs and small businesses that program grantees serve. It looks first at actual outputs—the number served—and then more specifically at types of clients in terms of stage of business and demographic characteristics.

## Program outputs—number of clients served and costs

The 27 “core grantees” this study covers reported serving 5,736 clients from FY 2014 through FY 2017, averaging 1,434 clients per year. The annual number of clients almost doubled from 974 in FY 2014 to 1,796 in FY 2016 before declining to 1,568 in FY 2017, reflecting increases in the number of organizations funded and total program funding. As an indicator of program efficiency, the evaluators calculated the cost to MGCC per client served. (See Exhibit 10.)<sup>11</sup>

Fiscal Year	Total Clients Served	Total Grant Funding	Grant Dollar Per Client Served
2014	974	\$630,000	\$647
2015	1,398	\$1,318,000	\$943
2016	1,796	\$1,613,000	\$898
2017	1,568	\$ 835,000	\$533
Total Four Years	5,736	\$4,396,000	\$766
Average, Four Years	1,434	\$1,099,000	\$755

The cost to MGCC per client served was lowest at \$533 and \$647 in FY 2017 and FY 2014, respectively, the years with the smallest level of grant funding. In the intervening years, the MGCC cost per client was closer to \$900, or 40 percent to 70 percent higher. This suggests that grantees were able to assist clients with less costly services or were able to secure other funds to address lower MGCC funding, or both.

Grantees vary by the scale of clients they serve each year, falling into three broad groups: eight high-volume programs averaging 80 or more clients per year; 11 medium-volume programs with 40 to 80 clients annually; and eight low-volume grantees serving less than 40 clients per year.

Exhibit A-7 in the Appendix compares the average cost to MGCC per client assisted across grantees. These figures are the ratio of total grant program dollars awarded to each organization to total clients served over the four-year evaluation period. While these figures are an indicator of the impact and efficiency of MGCC grants, several factors impact these ratios, including program scale, the type and number of hours of service delivered to clients, and MGCC’s share of the program budget. Consequently, care must be taken in interpreting these data and making comparisons across organizations. Nonetheless, there is more than a tenfold difference in MGCC grant costs between the lowest (\$297) and highest grantee (\$3,214).

<sup>11</sup> The cost calculation is the total grant program dollars divided by total clients served and is different from actual cost for the grantee organizations.

Moreover, there is a strong relationship between the grantees that serve the most clients per year and those with the lowest MGCC cost per client served with nine of the ten top ranked grantees the same in both categories.

## Stage of business

Exhibit 11 summarizes aggregated annual data on clients assisted for the program’s 27 core grantees by business stage. Overall, grantees assisted comparable numbers of existing businesses and new businesses (pre-start-up and start-ups) at 2,741 and 2,589, respectively. This pattern was consistent over time except for FY 2014 when existing business clients were 25 percent higher than new business clients were.

Grantees are largely fulfilling the grant program requirement to focus resources on existing businesses and entrepreneurs expected to start a business within one year, as prospective entrepreneurs accounted for 7 percent of clients from FY 2014 to FY 2017.

<b>Fiscal Year</b>	<b>Number of Prospective Firms</b>	<b>Number of Pre-start-up and Start-up Firms</b>	<b>Number of Existing Businesses</b>
2014	39	415	520
2015	48	655	695
2016	152	841	803
2017	167	678	723
Total Four Years	406	2,589	2,741
Average, Four Years	102	647	685

## Demographic characteristics of clients served

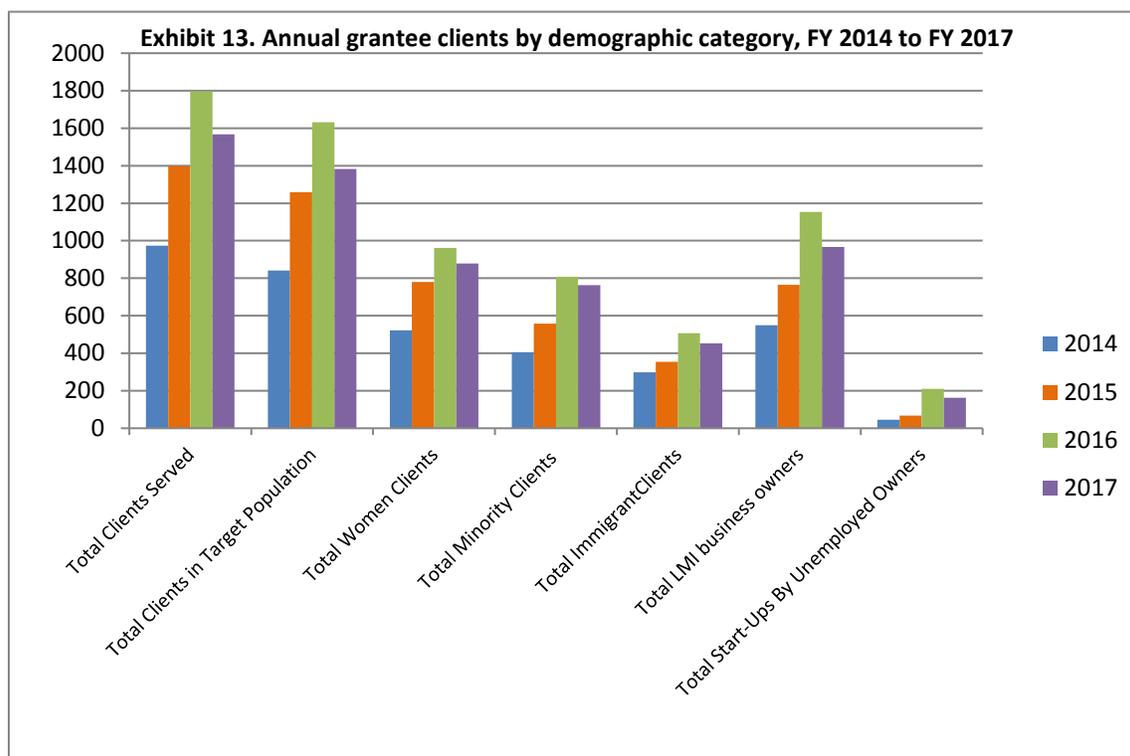
MGCC’s mission is to expand business ownership and economic opportunity for underserved populations. Given this mission, it is critical to understand the demographic characteristics of clients the grant program grantees serve and how well they align with the program’s target populations.

*Based on data from grantee reports, the grant program is clearly fulfilling this mission. (See Exhibits 12 and 13.)*

- Women and LMI are the largest client segments among target populations, accounting for 62 percent and 68 percent, respectively, of target population served over the four-year period.
- Veterans and unemployed persons working to start a business represent a small share of clients served by grantees, accounting for 3 percent and 10 percent, respectively, of four-year target population clients.
- Immigrant and non-native English speaking clients were one-third of target population clients.
- Growth in target population clients slightly outpaced overall client growth at 64 percent versus 61 percent from FY 2014 to FY 2017.
- Minority clients and LMI business owners were the fastest growing segments among target populations, increasing by 88 percent and 76 percent, respectively, over the four years.
- Immigrant and non-native English speaking clients increased at the slowest rate (51 percent) among target populations from FY 2014 to FY 2017.

**Exhibit 12. Clients served by target population, 27 core grantees, FY 2014 to FY 2017**

Fiscal Year	Total Clients, Targeted Populations	Grant Dollars per Target Pop Client	Total Women	Total Minority Clients	Total Immigrant Clients	Total LMI Business Owners	Total Unemployed Business Owners	Total US Military Veterans
2014	841	\$749	523	405	299	549	45	18
2015	1,230	\$1,072	780	558	355	765	67	30
2016	1,632	\$988	962	808	507	1153	210	56
2017	1,382	\$604	878	763	452	966	163	44
Total, Four Years	5,085	\$865	3,143	2,534	1,613	3,433	485	148
Average, Four Years	1,271	\$853	786	634	403	858	121	37
Share of Four-Year Total	100%		62%	50%	32%	68%	10%	3%



Overall, target populations constitute over 60 percent of clients for all but one core grantee. All but five had 80 percent of their clients in targeted populations from FY 2014 to FY 2017.<sup>12</sup> There were some differences across the grantees in terms of reaching the target population. Five programs are particularly effective at reaching immigrant and non-English speaking clients, with the average for this group accounting for at least half of their annual average clients (Accion East, CEDC of Southeastern Massachusetts, EforAll, JPND, and Mill Cities Community Investments). Seven grantees serve a relatively high percentage (over 67 percent) of minority clients (Accion East, Artmorphus, Dorchester Bay Economic Development Corporation [DBEDC], Holyoke Chamber Centennial Foundation, JPND, MCCI, and Nuestra Comunidad). Finally, there is considerable disparity in how well grantees reach LMI clients: 13 grantees

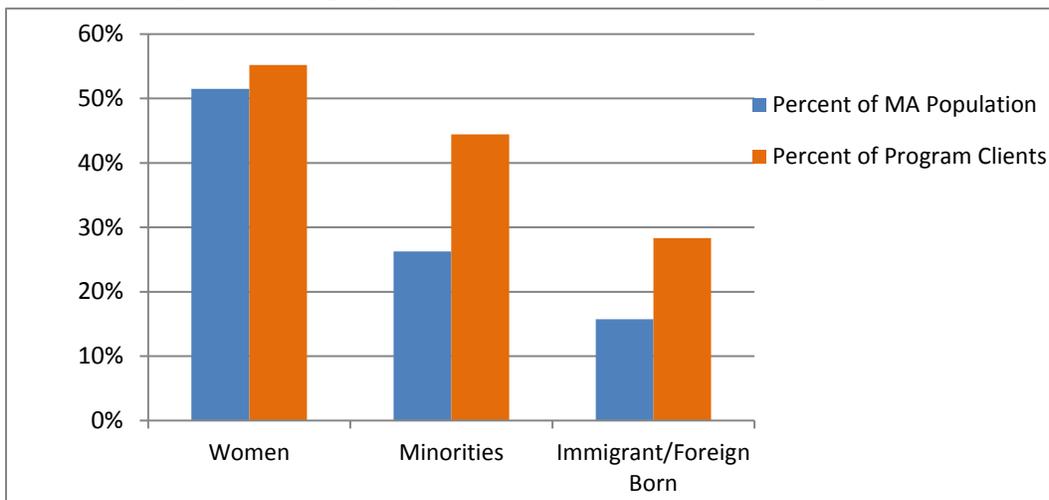
<sup>12</sup> See Exhibit A-6 in Appendix for details.

average two-thirds of their annual clients in this group, while eight organizations average less than half of their average annual clients with LMI income.

It is important to note that geography has a large impact on which organizations have a large share of minority and immigrant clients. Grantees serving Boston and Gateway Cities in northeastern and southeastern Massachusetts, which have a higher percentage of minority residents and immigrants, also have a higher percentage of clients in this group.

This analysis shows that the grant program is addressing its mission to provide technical assistance to underserved populations of women, minority, and immigrant entrepreneurs and business owners. One indicator of this success is how the composition of grantee clients compares to the share of target populations within the Massachusetts population, as shown in Exhibit 14. The percentage of clients served exceeds each group's share of the state population, with minority and immigrant client shares at two-thirds and four-fifths above the state level, respectively.

**Exhibit 14. Comparison of target population shares in Massachusetts and grantee clients**



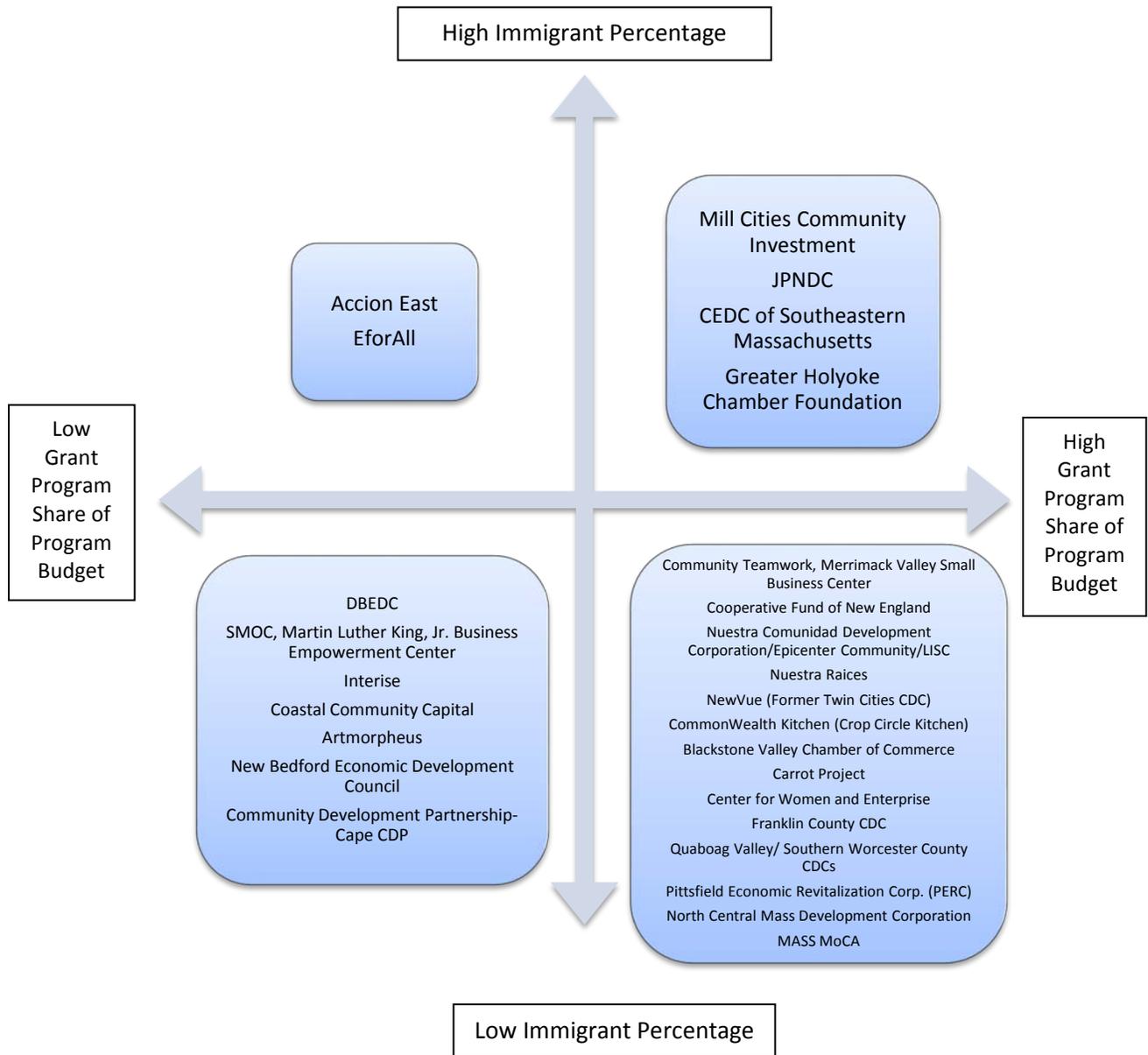
*Massachusetts population figures from 2016 5-year American Community Survey*

Since immigrant clients are an important target population for MGCC, the evaluators used a quadrant analysis to assess the extent to which grantees that serve a high percentage of immigrant clients are especially dependent on grant program funding. (See Exhibit 15). The evaluators then divided grantees into four groups based on these two factors:

- high percentage of immigrant clients (above the 33 percent average) and high dependence of MGCC funding (25 percent or higher);
- high percentage of immigrant clients (above the 33 percent average) and low dependence of MGCC funding (below 25 percent);
- low percentage of immigrant clients (below the 33 percent average) and high dependence of MGCC funding (25 percent or higher); and
- low percentage of immigrant clients (below the 33 percent average) and low dependence of MGCC funding (below 25 percent).

Seven grantees have a relatively high share of immigrant clients, with five of these grantees relying on MGCC for over one-quarter of their funding. Among the remaining 20 grantees with a low share of immigrant clients, there are 13 (65 percent) for which MGCC funds represent over one-quarter of their budget.

**Exhibit 15. Distribution of grantees by share of immigrant clients and MGCC share of budget**



### Differences across types of grantee organizations

Since the grant program funds different types of organizations with different strategies, capabilities, and approaches to business assistance, the evaluators conducted an analysis to explore differences in the client base and outcomes by organizational type. As the number of organizations in these categories (other than CDCs) is small, the evaluators consider this analysis as exploratory. It seeks to identify variations in the

type and level of clients served and outcomes (in the next section) that may warrant further investigation by MGCC to consider if certain types of organizations offer more effective strategies or means to reach different target populations or to achieve different outcomes.

The analysis of the different types of organizations found differences in terms of the stage of development of the clients they served. CDFIs served almost all their clients through counseling, while chambers of commerce relied more heavily on training. CDFIs and combined CDFI/CDCs primarily served existing businesses (62 percent of clients), while the nonprofits and chambers of commerce were more likely to serve pre-start-ups and start-ups (55 percent of clients). (See Exhibit 16.)

**Exhibit 16. Annual average clients served by organization type for business stage and type of service, FY 2014 to FY 2017**

Organization Type	Clients Served per Year (Avg)	Prospective Firms per Year (Avg)	Pre-start-up and Start-up Firms per Year (Avg)	Existing Businesses per Year (Avg)	Counseling Clients per Year (Avg)	Training Clients per Year (Avg)
CDC	67	7	31	29	47	19
CDFI	60	2	20	38	55	6
CDFI & CDC	62	3	22	37	43	18
Chamber of commerce	63	7	36	20	29	35
Nonprofit for specialized industry	41	1	21	19	21	20
Nonprofit for target population or business stage*	85	3	47	36	31	53

\* Nonprofits targeting population groups or business stage refer to organizations like CWE that target a specific target population (women), or organizations such as Interise that target clients at a specific business stage (established businesses).

**Note:** Totals may not equal sum of categories due to rounding.

There were also differences in the demographic profile of the clients that different types of grantees served. For example, chambers of commerce had the lowest percentage of target population clients, while sector nonprofits were least likely to serve immigrant and minority clients. In addition, CDFIs had the largest annual average number and percentage of immigrant/non-English speaking clients and the largest percentage of minority clients. Overall, CDCs and nonprofits with a target population or business stage are serving MGCC’s target population more so than the other types of organizations, particularly those who are LMI. (See Exhibit 17.)

**Exhibit 17. Annual average clients served by organization type for population groups, FY 2014 to FY 2017**

Organization Type	Annual Average					
	All Target Pop. Clients	Target Pop as Percent of All Clients	Women Clients	Minority Clients	Immigrant Clients & Non-Native English Client	LMI Business Owner Clients
CDC	62	93%	37	29	18	46
CDFI	48	80%	24	36	29	36
CDFI & CDC	54	87%	27	21	16	32
Chamber of commerce	44	69%	35	25	18	16
Nonprofit for specialized industry	36	88%	24	13	4	26
Nonprofit for target population or business stage	81	95%	63	43	20	47

**Note:** The calculation for annual average client populations served is the total client type per organization type / total years funded for each grantee organization type. The subcategories do not total “target population” because much of the client population represents more than one minority group.

# 4 Business and Employment Outcomes

The ultimate goal of the grant program and the technical assistance provided to entrepreneurs is to generate business creation, growth, employment, and access to capital. As part of the evaluation, Mt. Auburn analyzed four types of outcomes:

1. business status outcomes, including new businesses created, business expansions, businesses stabilized (preventing a closure or contraction of the enterprise), and a combined total of positive business outcomes;
2. access to capital;
3. jobs created and retained; and
4. broader community outcomes.

This section looks at these program outcomes for FY 2014 through FY 2017 based on data from grantee reports, the business survey, and interviews and focus groups with grantees and other community stakeholders.

## Outcomes of the grant program

### Business status outcomes

Clients that grant program funding assisted generated over 4,300 positive business outcomes during the four-year evaluation period as follows:

- 1,258 new businesses created, averaging 315 per year;
- 1,642 total business expansions, averaging 411 per year; and
- 1,425 enterprises stabilized, averaging 356 per year.

The total annual positive business outcomes for all core grantees increased by 68 percent from FY 2014 to FY 2017, with the largest percentage growth at 81 percent for new businesses. Trends over time mirrored those for clients served with all but one outcome increasing from FY 2014 to FY 2016, as the number of program grantees and clients increased, followed by declines in FY 2017. (See Exhibit 18.) The exception was the number of businesses stabilized, which had steady annual increases each year.

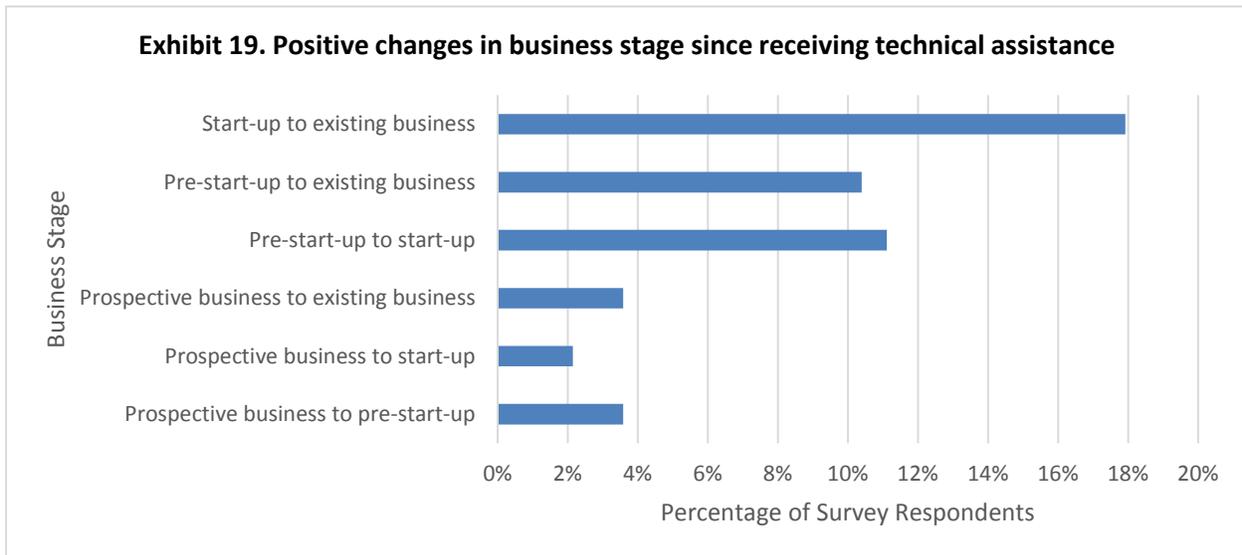
The decline in outcomes in 2017 was somewhat expected given that MGCC's total available grant funding declined that year as well. Funding has a positive impact on services and outcomes. When MGCC awards more funding through this grant program, more resources are available and more business clients receive services. Less funding support reduces the capacity, staffing, and programs grantees are able to offer to their business communities and, as a result, business outcomes are negatively impacted.

MGCC's annual cost per positive business outcome was modest, averaging \$1,007 over the four years, with the lowest cost at \$670 in FY 2017 and the highest at \$1,266 in FY 2015.

**Exhibit 18. Business status outcomes for 27 core grantees, FY 2014 to FY 2017**

Fiscal Year	Number of Businesses Created	Number of Business Expansions	Number of Businesses Stabilized	Number of Positive Business Outcomes	MGCC Grant Cost per Business with Positive Outcome
2014	205	285	252	742	\$849
2015	282	424	335	1,041	\$1,266
2016	399	506	391	1,296	\$1,245
2017	372	427	447	1,246	\$670
Total Four Years	1,258	1,642	1,425	4,325	\$1,016
Average, Four Years	315	411	356	1,081	\$1,007
Percent Increase 2014 to 2017	81%	50%	77%	68%	-21%

The business survey also captured changes in clients’ business status outcomes since first receiving technical assistance. (See Exhibit 19.) These data show that 27 percent of surveyed businesses started a business since receiving technical assistance (businesses that went from prospective or pre-start-up to either start-up or existing) and 18 percent went from start-up to an existing business, an indicator that the business expanded. This compares to grantee reported data of 23 percent of clients starting a business and 29 percent expanding. The largest group of respondents, 41 percent, reported no change in the stage of their business.



### Impact on access to capital

One of the important outcomes associated with small business technical assistance is enhancing the capacity of the clients to access the capital they need to start or to thrive. The grant program has had some important outcomes in this area (see Exhibit 20):

- Over 1,200 clients secured loans that totaled \$105.7 million over the four-year period. Over one in five clients (23 percent) assisted through the grant program was able to obtain a loan.

- The number of clients obtaining a loan increased annually from 2014 to 2016, then declined by one-third in FY 2017, while the total value of loans secured by clients peaked at \$33 million in FY 2015 before declining by over \$3 million for each of the next two years.
- MGCC grant funds helped to leverage a considerable amount of new financing for assisted businesses. For every grant dollar that MGCC awarded, grantees helped business clients raise \$24 in loan capital. Since only a portion of grantee clients secured loans, MGCC cost per loan transaction, at \$3,612, was higher than its cost per client served (\$766).

Exhibit 20. Business finance outcomes for 27 core grantees, FY 2014 to FY 2017			
Fiscal Year	Number of Businesses Receiving Financing	Total Value of Loans	MGCC Grant Cost per Loan Transaction
2014	273	\$16,253,898	\$2,308
2015	336	\$33,159,624	\$3,923
2016	367	\$29,970,094	\$4,395
2017	241	\$26,318,682	\$3,465
Total Four Years	1,217	\$105,702,298	\$3,612
Average, Four Years	304	\$26,425,575	\$3,523

### Employment outcomes

Ultimately, from the point of view of the Commonwealth, the most critical outcome is whether the assistance provided is helping businesses to create or retain jobs in the state. Both the data the grantees submitted and the data from the survey present evidence that the program has produced significant employment outcomes. Clients added 2,854 jobs and retained 4,862 for a combined employment impact of 7,716, suggesting that technical assistance to existing businesses had a larger impact than the creation of new enterprises. (See Exhibit 21.) However, this may change as new businesses add more jobs over time. Similar to other metrics, jobs created and retained increased from FY 2014 to FY 2016 before declining in FY 2017 because of a reduction of funding to support technical assistance services and programming toward generating positive jobs outcomes.

Exhibit 21. Employment outcomes for 27 core grantees, FY 2014 to FY 2017				
Fiscal Year	Number of Jobs Created	Number of Jobs Retained	Number of Jobs Created and Retained	MGCC Grant Cost Per Job Created and Retained
2014	438	638	1,076	\$586
2015	707	1,446	2,152	\$612
2016	1,004	1,539	2,543	\$634
2017	706	1,239	1,945	\$429
Total Four Years	2,854	4,862	7,716	\$570
Average, Four Years	714	1,215	1,929	\$565
<b>Note:</b> Total four years may not sum accurately due to rounding.				

The survey of businesses also offered evidence of the employment outcomes associated with the technical assistance. Almost half (44 percent) of surveyed businesses reported that the technical assistance directly

resulted in increased employment. The distribution of employment gains among these 119 businesses included:

- 74 businesses added full-time jobs, with 86 percent of them adding one or two employees;
- 73 businesses added part-time jobs, with 73 percent of them adding one or two positions; and
- 35 businesses added seasonal jobs, with 77 percent of them adding one or two seasonal workers.

Across all survey respondents, 119 businesses reported that they added 178 full-time jobs, 193 part-time jobs, and 40 seasonal positions because of the technical assistance they received. Fifty-four respondents indicated that they would have gone out of business or had employee layoffs without receiving technical assistance and that 73 full-time jobs, 70 part-time jobs, and 34 seasonal jobs would have been lost. Counting two part-time jobs as equal to one full-time-equivalent (FTE) position (and omitting seasonal positions), the total FTE job creation and retention impact for all survey respondents is 383.

### Indirect impacts on their communities

Grant program clients also contributed to the physical improvement and revitalization of their communities. Over half of surveyed clients either reused an abandoned or vacant building, improved the physical condition of their building, or improved the surrounding site or buildings. A small percentage of businesses (8 percent) indicated that their investments helped to attract additional businesses. (See Exhibit 22.)

Exhibit 22. Revitalization impacts reported by survey respondents		
Impact	Number	Percent
Reused an abandoned or substantially vacant building	21	9%
Improved the physical condition and/or appearance of our building	69	30%
Improved the physical condition and/or appearance of the site surrounding our building	34	15%
Attracted other businesses to locate near our facility	19	8%
Total Responses	228	100%

### Contribution of technical assistance to outcomes

One question that often arises in studies of the business outcomes is whether any changes are attributable to the services that clients received. This is a very complex issue, one that this particular evaluation could not address completely. However, the survey responses do present strong evidence that many of the positive business outcomes are attributable to the technical assistance grantee organizations provided:

- 24 percent of respondents that started a business reported that their business would not have started had the assistance not been available;
- 67 percent of respondents that started a business indicated that their start-up would have been delayed, occurred on a smaller scale, or both had the assistance not been available;
- 13 percent of existing businesses stated that they would have closed if the assistance had not been available; and
- 50 percent of existing businesses stated that their revenue would have declined or they would have grown at a slower rate if the grantee assistance had not been available.

In contrast to these results, a small percentage of respondents reported that their business trajectory would have been unchanged without the technical assistance:

- 9 percent of newly created enterprises reported the start-up would have occurred with no change if the assistance was not available; and
- 15 percent of existing businesses indicated that the company's revenue would have grown at the same rate without the available assistance.

Survey respondents also noted other possible business outcomes clients received as a result of technical assistance from grantees. (See Exhibit 23.) When MGCC data were available, Mt. Auburn Associates compared survey results to MGCC data. Most notably, 41 percent of respondents indicated that the technical assistance increased the business' productivity.

<b>Exhibit 23. Business outcomes from technical assistance: survey and grantee reports</b>			
<b>Business Outcome from Technical Assistance</b>	<b>Number of Survey Respondents</b>	<b>Percentage of Survey Respondents</b>	<b>Percent for All Clients from Grantee Reports*</b>
Realize I should not start a business	9	3%	NA
Prevent my business from closing	33	12%	25%
Increase employment	45	16%	NA
Secure a loan	67	25%	21%
Overcome a major business problem or crisis	69	25%	NA
Increase sales	81	30%	29%
Start my business	101	37%	23%
Increase productivity	113	41%	NA
Other	48	18%	NA
<b>Total responses</b>	<b>273</b>		
*MGCC grant reports did not include all business outcome metrics captured in the survey. Metrics that were not requested in grant reports are marked NA (not available).			

### Comparison with MSBDC and other economic development tools

This evaluation compared the grant program to the Massachusetts SBDC (MSBDC) to assess its relative cost-effectiveness and presented the outcomes with the results in Exhibit 24. Key observations from this comparison are:

- MGCC's technical assistance grant program serves a larger percentage of women and minority clients than the MSBDC, with its share of minority clients almost double that of the MSBDC;
- MGCC clients receive close to three times the average hours of technical assistance than do MSBDC clients;
- MSBDC serves more than four times as many clients per year and has lower average costs per client served and job created and retained compared to grant program grantees, which reflects the different amount of assistance provided per client; and
- Grant program grantees achieve more jobs impacts per client served (1.35) than MSBDC (.99).

While a comparison of MGCC’s grant program and the outcomes of the MSBDC provides a point of reference for program outcomes, the two programs have a number of critical differences. For one, MGCC client data reflect only clients who have received five or more hours of individualized counseling and/or education/training, while MSBDC data reflect clients receiving one or more hours of technical assistance and education. MGCC grantees provide more assistance per client than MSBDC, with the average number of hours of assistance above 20 for MGCC compared to less than eight for MSBDC. Additionally, the programs and services themselves differ along with each entity’s geographic reach and cultural and language capacity. Lastly, MGCC program data include only the 27 core grantees that are the primary focus of this evaluation as opposed to all its grantees between FY 2014 and FY2017. For these reasons, the comparison in the table above should only serve as a point of reference.

<b>Exhibit 24. Comparison of MGCC and MSBDC program outputs and outcomes, FY 2014 through FY 2017</b>		
<b>Program Metric</b>	<b>MGCC Small Business Technical Assistance Program</b>	<b>Massachusetts Small Business Development Center</b>
Clients served, total	5,736	26,269
Clients served annual average	1,434	6,567
Average number of hours per client	20.1 to 27.2*	6.9 to 7.7
Percent women	55%	44%
Percent minority	44%	24%
Percent veteran	3%	6%
Percent existing business	48%	52%
Financing raised	\$105,702,298	\$195,897,723
Jobs created and retained	7,716	11,472
Cost per client (annual average for four years)	\$755	\$185
Cost per job created or retained (annual average for four years)	\$565	\$461
<p>*Based on the client business survey data with the lower figure based on the low point for each response category and the higher figure based on the high point of each category.  <b>Note:</b> MGCC’s grant program data reflect only those clients with five or more hours of individualized counseling and/or education/training. MSBDC data reflect clients receiving at least one hour of technical assistance and education. MGCC data reflected in this table include outcomes only for the 27 grantees that are part of this evaluation as opposed to all of the program’s grantees during FY 2014 to FY 2017.  <b>MSBDC data source:</b> <a href="https://www.msbdc.org/stats.html">https://www.msbdc.org/stats.html</a> and additional MSBDC figures on financing from the MSBDC director.</p>		

A different useful benchmark is to compare the grant program’s cost per job created to other publicly funded economic development tools and programs. A report by the Aspen Institute<sup>13</sup> used several studies for a comparison with microenterprise programs. The report cites three studies with the following costs per job:

- state tax credits that generate new jobs at costs between \$9,100 and \$75,000 per job;
- jobs for disadvantaged workers that are subsidized at \$12,500 per year or less; and
- direct government job creation or employment at a net cost of \$26,162 per FTE.

<sup>13</sup> Edgcomb, Elaine and Tamra Thetford, *Microenterprise as Job Creation*. Aspen Institute FIELD, n.d.

When adjusted for the difference in the job impact measures these studies used (i.e., new job creation rather than job creation and retention), the costs are six to 50 times as high as the grant program's \$1,540 cost per job created.

## Outcomes by grantee organization

With the differences in the numbers and types of clients that grantees serve, there is also considerable variation in business and employment outcomes across grantees, with the greatest differences in financing outcomes. (See Appendix Exhibits A-8 and A-9.) Key findings on individual grantee outcomes include:

*Mean annual outcomes for businesses created, stabilized, and expanded are similar when averaged across grantees, but grantees differ in which ones drive their impact:*

- New business creation is the primary business outcome for 11 grantees.
- Stabilized businesses is the largest average outcome for five grantees, with JPNDC generating over 80 percent of positive business outcomes from stabilization.
- Expansions are the major outcome for 11 grantees, with six grantees generating over half of their positive outcomes from expansions. Interise and DBEDC lead this category with 70 percent and 67 percent, respectively, of positive outcomes from business expansions.

*Lending outcomes are highly concentrated among a few grantees.* Accion East accounted for 41 percent of the businesses that received loans, with four grantees assisting 67 percent of clients that secured loans over the four years. In terms of the value of loans, Coastal Community Capital was responsible for 63 percent of the total value of loans to clients, with four grantees accounting for 81 percent of total loan value for clients raised from FY 2014 through FY 2017. Six grantees assisted no clients in securing loans, and another six helped less than 10 percent of clients on average with access to loans.

*Annual jobs impacts averaged 30 jobs created and 50 jobs retained across the grantees over the evaluation period.* Almost two-thirds of grantees (17) had moderate average annual job impacts, between 25 and 75. Seven grantees reported relatively high impacts that average over 100 annual jobs created and retained; Interise is the outlier with 348, 83 percent of which are retained jobs. Finally, three grantees averaged less than 25 job impacts per year.

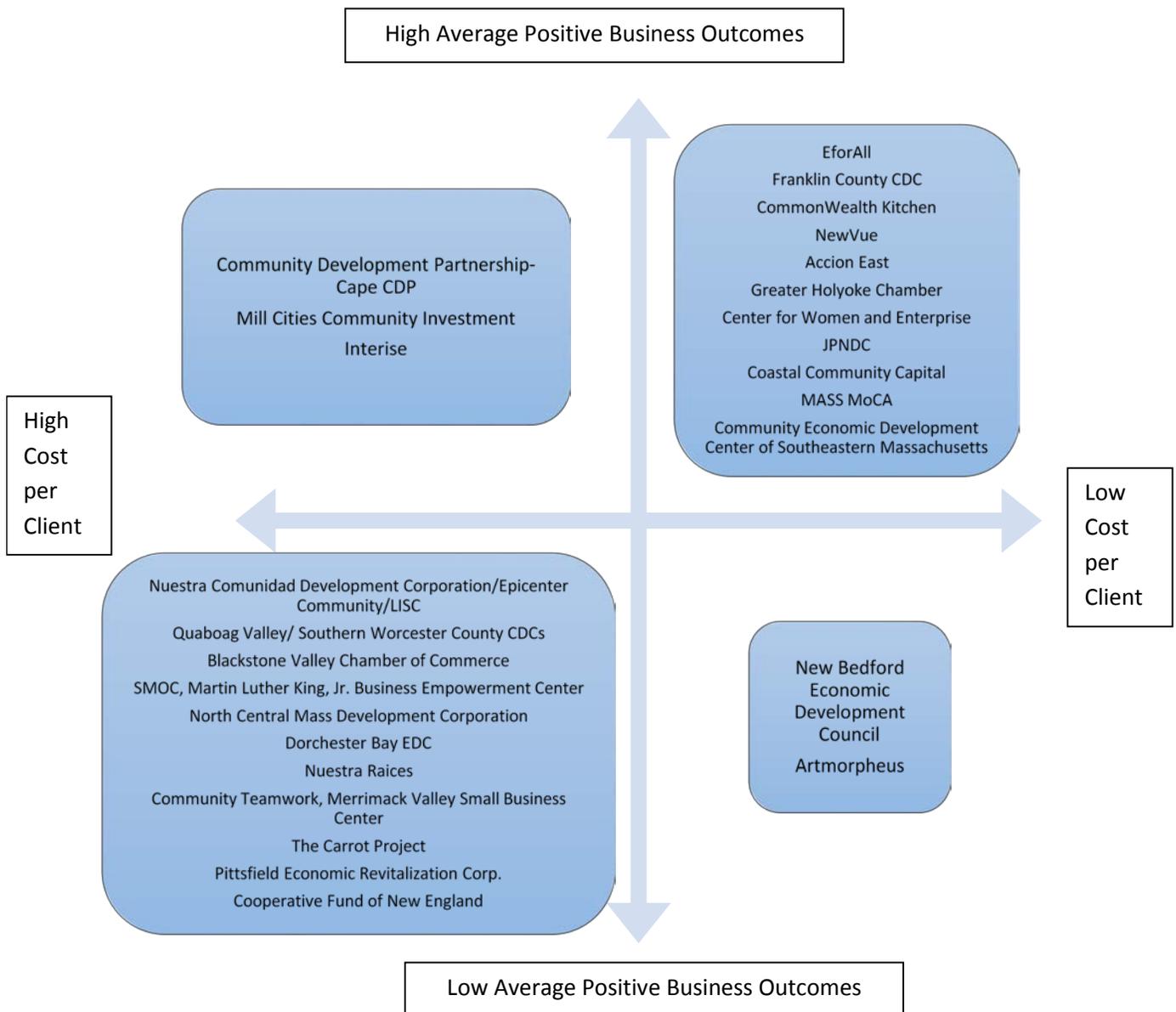
To have a better understanding of outcomes across the grantees, the evaluators developed a quadrant analysis and divided grantees into four quadrants: low cost and low outcomes; low cost and high outcomes; high cost and low outcomes; and high cost and high outcomes. For purposes of this report, the evaluators considered grantees with an average per client cost below \$906 (the median average per client among the 27 grantees) low cost and those equal or above this amount high cost. In terms of outcomes, the evaluators deemed grantees with an average annual outcome equal or above the median annual average for the 27 grantees as high outcome and those below fell into the low outcome categories. The analysis was based two summary outcome measures: (1) the number of positive business outcomes, and (2) the number of jobs created and retained. (See Exhibits 25 and 26.)

The results from this analysis are:

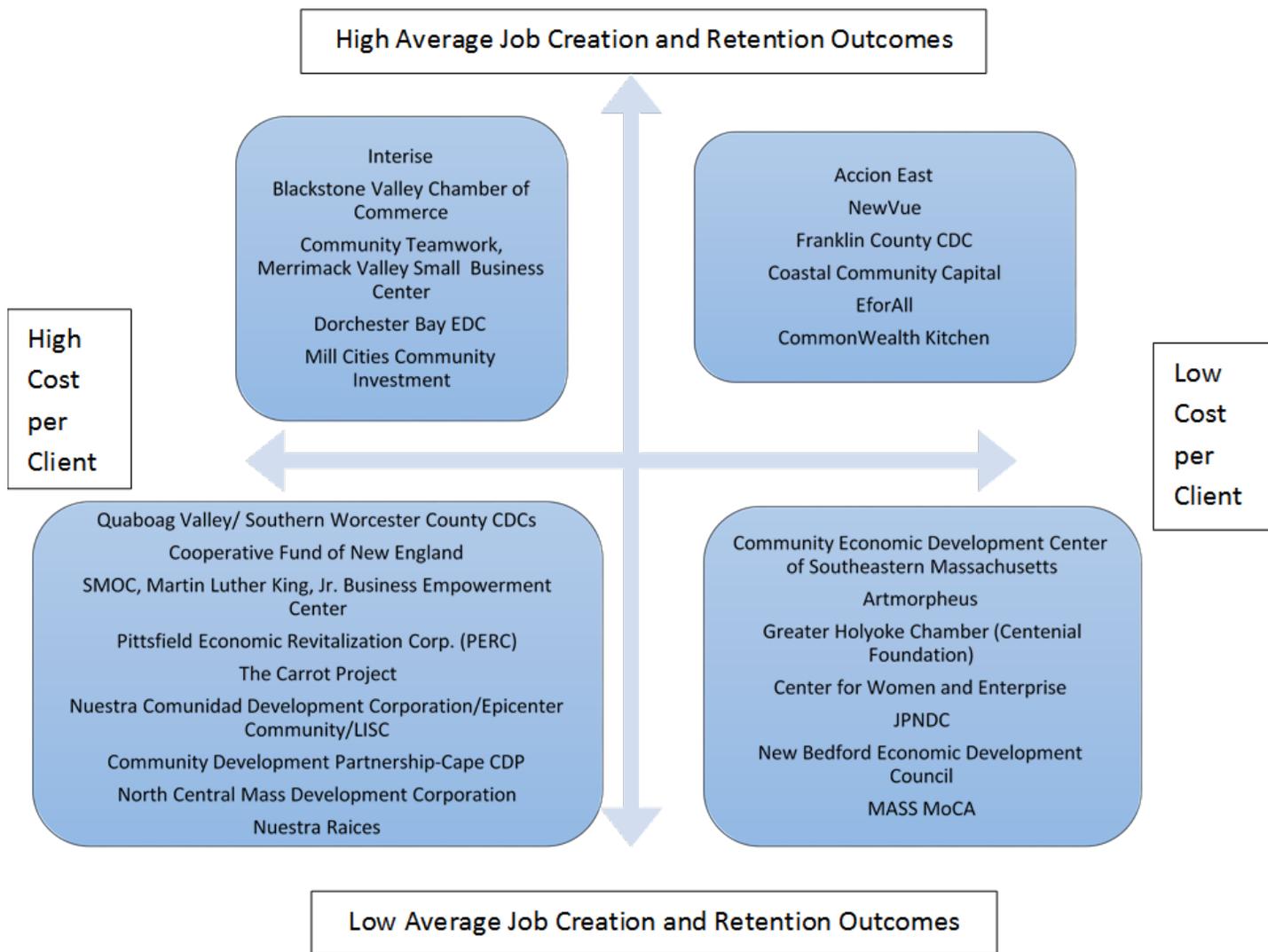
- Fourteen grantees had high positive business outcomes and 11 had high job creation and retention outcomes, with eight organizations overlapping for both outcome measures.

- There is a sizable cohort of ten grantees with high business outcomes and low client costs, while six have high job outcomes and low clients costs.
- Another group of eight grantees has both low positive business and employment outcomes and high per clients grant costs to grant program.
- Grantees with relatively low job outcomes are split almost evenly among those with high client costs and those with low costs.

**Exhibit 25. Quadrant analysis of grantees for cost per client and average annual positive business outcomes**



**Exhibit 26. Quadrant analysis of grantees for cost per client and average annual jobs created and retained**



### Outcomes by organization type

This evaluation also includes an analysis of business and employment outcomes by organization type, similar to the analysis of client characteristics in the prior sections.

Most types of organizations had a similar average number of positive business outcomes—between 40 and 50—while specialized industry nonprofits had the lowest average at 34, and nonprofits targeting population groups or business stage<sup>14</sup> had the highest average at 71. The analysis also found that CDFIs

<sup>14</sup> Nonprofits targeting population groups or business stage refer to organizations like CWE that target a specific target population (women), or organizations such as Interise that target clients at a specific business stage (established businesses).

and joint CDC/CDFI outcomes were primarily business expansions and stabilizations, reflecting their larger client base of existing businesses. (See Exhibit 27.)

**Exhibit 27. Annual average business status outcomes by organization type, FY 2014 to FY 2017**

Organization Type	Annual Average Number of Businesses Created	Annual Average Number of Businesses Stabilized	Annual Average Number of Business Expansions	Annual Average Number of Business with Positive Outcome	MGCC Grant Dollars Per Positive Business Outcome*
CDC	16	19	15	50	\$1,100
CDFI	9	17	16	41	\$968
CDFI & CDC	9	12	21	42	\$1,253
Chamber of commerce	19	15	16	50	\$856
Nonprofit for specialized industry	9	5	19	34	\$1,061
Nonprofit for target population or business stage	21	21	29	71	\$681

\*Based on total grants to organization type/outcomes.  
**Note:** The calculation for annual averages is total outcome by client type/total years funded for each grantee organization type.

Nonprofits targeting population groups or business stage performed best across multiple metrics, including the average annual number of positive business outcomes, the average annual jobs created and retained, and the MGCC grant dollars per both of those outcomes. On the other hand, specialized industry nonprofits had the lowest average annual positive business and job impact outcomes along with the highest MGCC grant cost per job created or retained.

Not surprising, certified CDFI organizations had by far the largest ratio of financing clients to total clients. (See Exhibit 28.) Nonprofits targeting specific population or business stages had, by far, the largest impact in terms of annual average jobs created and retained and also cost MGCC the least amount of money per job outcome. While this suggests, to some degree, that funding nonprofits that target specific population or business stage is very cost-effective, it is worthwhile to note that the sample size of organizations in this category was only three and, therefore, may not accurately represent all nonprofits with these specific target clients.

**Exhibit 28. Annual average financing and employment outcomes by organization type, FY 2014 to FY 2017**

Organization Type	Annual Average Number of Businesses Receiving Financing	Annual Average Ratio of Financing Clients to Total Clients*	Total Value of Loans	Annual Average Jobs Created & Retained	MGCC Grant Dollars Per Job Created or Retained
CDC	8	12%	\$547,830	70	\$788
CDFI	48	79%	\$658,412	91	\$439
CDFI & CDC	15	27%	\$4,994,120	80	\$664
Chamber of commerce	5	11%	\$574,167	103	\$414
Nonprofit for specialized industry	4	15%	\$60,953	32	\$1,123
Nonprofit for target population or business stage	5	5%	\$349,850	195	\$249

\*Based on total clients receiving financing/total clients.  
**Note:** The calculation for annual averages is total outcome by client type/total years funded for each grantee organization type.

# 5. Impacts on Massachusetts and Regional Small Business Ecosystem

MGCC’s grant program operates within a statewide small business development ecosystem, while program grantees participate in their regional ecosystems. Since the program invests in and works to strengthen local and regional nonprofit technical assistance providers, it is important to understand how these grantees contribute to their regional ecosystem and what unique roles they play and functions they serve within these ecosystems. This understanding frames both how programs contribute to regional ecosystems and highlights changes to these ecosystems that are a result of grants and other assistance. Secondly, this understanding informs the program’s current role within the Commonwealth’s statewide small business system and presents opportunities to sustain and strengthen this role.

## Framing regional business ecosystems

Many organizations and resources exist within regional small business development ecosystems, as illustrated in Exhibit 29, and offer extensive services in different formats, locations, and at different price points.

**Exhibit 29. Components of regional small business development ecosystems**



Beyond the nonprofit providers' grant program funds, the following organizations deliver small business technical assistance and training:

- government programs such as the federal SBDCs, SCORE, MOBD, MassDevelopment, MassVentures, and some local government services;
- broad-based business associations such as chambers of commerce and industry associations;
- college and university-based services including formal courses, certificates and workshops, student projects and internships, and specialized research and assistance;
- private professionals and consultants who are important sources of specialized technical assistance and advice in legal, accounting, financial, marketing, strategic planning, technology, and other business issues; and
- friends, colleagues, and family members who can be a source of information, expertise, and advice.

While this evaluation did not analyze or map Massachusetts' regional small business development ecosystems, it did assess the unique roles of grant program grantees in these ecosystems through a combination of grantee interviews, focus groups, and the evaluator's existing knowledge and experience in Massachusetts. To help inform this analysis, Mt. Auburn Associates created a functional framework for the ideal range of functions that grantees should deliver collectively across the range of institutions within a well-functioning and effective regional ecosystem.<sup>15</sup>

### **Exhibit 30. Core functions and capabilities for regional small business development ecosystems**

- Counseling on business concept development, planning, management, business finance/access to capital and marketing.
- Training on core issues and skills including business planning, management, strategic planning, accounting/financial management, finance, and access to capital.
- Access to a larger network of experts (and training on more specialized business needs and industry-specific technical assistance).
- Language and cultural competency to deliver assistance to regional immigrant and non-English language populations.
- Outreach and referral network to reach a diverse set of businesses and entrepreneurs.
- CDFI or similar intermediary to supply a range of small business financing products and utilize SBA and other federal/state lending resources.
- Microlending capacity to supply nonpredatory small loans and uncollateralized credit.
- Access to credit assistance (credit repair, identify right sources, and loan packaging).

---

<sup>15</sup> The August 2016 report *Capital and Collaboration: An In-Depth Report on the Community Investment System in Massachusetts Working Cities* also identified these as small business development challenges.

Beyond these core functions, there is also a need in some regions for additional specialized functions, including:

- specialized sector assistance initiatives for important and/or emerging sectors;
- business accelerator programs that address all types of entrepreneurs; and
- co-working and incubator space to serve new and early-stage businesses.

## Grantee roles and contributions to regional ecosystems

Since the grant program funds diverse organizations across all regions of Massachusetts, inclusive of rural areas, small and medium-sized cities, and urban neighborhoods, grantees served varied functions within their regional business development ecosystem. However, despite this diversity, MGCC grantees have some common functions within most or all regions of the states:

- *Outreach and expanded access to technical assistance and training.* Grantees provide an important local presence in rural regions and cities that lack a SBDC office, strong SCORE networks, college-based business assistance, or extensive private professionals. The accessible assistance that providers can deliver at the place of business is critical for micro- and small business owners and managers who need to operate their business full-time and find it difficult to travel outside their community to a central service location.
- *Expanded supply of core business counseling and training services,* and particularly free and low-cost services for LMI business owners who cannot afford market rate private sector services.
- *Language and cultural competency* particularly in Boston, Holyoke, the Merrimack Valley, New Bedford, and parts of Central Massachusetts. As nonprofit organizations, in some cases with language and cultural knowledge, they are more approachable for immigrants and less experienced entrepreneurs who may be uncomfortable reaching out to governments, banks, and institutions that are more formal.
- *Access to capital technical assistance and alternative credit* through CDFIs and microlending, albeit with significant regional differences. MGCC grantees appear to have the largest roles on Cape Cod and in Franklin County, the Merrimack Valley, and North Central Massachusetts.
- *Specialized technical assistance for specific industries* and sectors, such as creative businesses or food- and agricultural-related businesses.
- *Specially designed business accelerator programs* targeted to underserved populations in Holyoke, Lawrence, and Lowell, and promotion of community awareness and interest in starting a business.

As compared to other regional providers, focus group participants also noted that MGCC grantees have local knowledge and relationships that are valuable in better understanding local businesses' context and challenges and addressing local government issues such as permitting and licensing. This local knowledge and relationships also make them very important "referral" hubs. Grantees serve as a referral and resource for early-stage entrepreneurs who approach banks and city government for financing or for help in opening a business. Some grantees serve as a point of entry and facilitator to connect aspiring entrepreneurs and existing businesses to the appropriate technical assistance resource, e.g., Holyoke Spark, Merrimack Valley Small Business Center, North Central Chamber of Commerce, and Quaboag Valley CDC.

Many partnerships and collaborations exist within regional ecosystems among grant program grantees and between grantees and other organizations. MGCC has contributed to these collaborations by actively encouraging partnerships and collaborations in program guidelines and applications; fostering connections among grantees through its convenings, introductions, and referrals; and providing direct grant funding for partnerships. Most of these collaborations, which are too numerous to list individually, fall into several broad categories. (See Sidebar.)

While this evaluation did not map and carefully analyze Massachusetts' regional small business development ecosystem, several important observations about these ecosystems did emerge from grantee interviews, focus groups, and the consultants' observations. Key general observations about regional ecosystems and grant program are:

*The grant program has contributed to expanded small business technical assistance capacity and services in all regions of Massachusetts, including additional language and culturally appropriate services in some regions and expanding access to legal services.*

*Despite this impact, MGCC and the grant program are not well recognized and understood as a funding source and technical assistance resource beyond its own grantees and other state programs. Many bankers and other regional stakeholders, such as SBDC and SCORE staff, are not familiar with the program.*

*While considerable collaboration exists around serving clients and implementing programs, few regional efforts convene diverse business development stakeholders to strengthen and improve the impact of the overall ecosystem.*

*Despite recent improvements and investments by the grant program, important gaps remain in many regional business development ecosystems. Major gaps reported by multiple grantees and identified through consultant interviews and focus groups include:*

- The supply of business planning assistance, as many grantees indicated that the demand for this assistance exceeds their capacity and that of other providers.

## ROLE OF GRANTEES IN REGIONAL ECOSYSTEM

### **Regional collaboration to address referrals, review pipelines of businesses seeking assistance, plan joint events/workshops, and improve coordination:**

- quarterly meetings in the Merrimack Valley with Mill Cities Community Investments, Merrimack Valley Small Business Center, EforAll, and the Lawrence Partnership;
- quarterly meetings with lenders hosted by the North Central Chamber of Commerce to review businesses seeking financing and/or needing technical assistance; and
- EforAll creates a board of advisors in each city with its program to advise on the program implementation, marketing, and outreach to identify participants and co-sponsor pitch events.

### **Formal outreach relationships among organizations:**

- Franklin County CDC works with Valley CDC to reach businesses in its service area;
- EforAll works with CEDC to conduct outreach to entrepreneurs in New Bedford; and
- Accion, Dorchester Bay EDC, and JPNDC have worked together to market each other's program and to refer clients to one another.

### **Sharing of resources and expertise:**

- North Central Chamber of Commerce provides a "quarterback" role to refer businesses to the appropriate regional service provider and/or lender;
- several organizations have co-located their programs in the New Bedford Quest Center to provide a central location for one-stop small business services;
- FCCDC serves as the loan administrator for The Carrot Project;
- NewVue provides business planning and loan packaging for the North Central Chamber of Commerce's loan programs;
- CWE has partnered with other grantees to host workshops; and
- FCCDC is a lending partner for several Western Massachusetts grantees.

- ESOL, non-English services, outreach, and services to some immigrant populations. This is a need for both regions with large immigrant populations and those with emerging populations and immigrant entrepreneurs.
- Specialized services including bookkeeping and accounting, local permitting, workforce training, and shared workspace are other gaps. The availability of specialized services, such as accounting and legal assistance, in languages other than English, is particularly in short supply. Addressing the myriad permitting regulations and processes across many small communities is a key challenge in rural regions.
- There is a need for alternative credit outside of standard commercial underwriting standards and at nonpredatory interest rates.
- Regional disparities exist in CDFI and alternative lending capacity with greater capacity in southern, eastern, and western Massachusetts.
- Accelerator programs targeting immigrant, low-income, and minority entrepreneurs are present in a small number of cities.
- The supply and access to specialized industry-based technical assistance is limited to a few sectors such as food products, agriculture, and the creative economy.

# 6. Review of Similar Programs and Best Practices

To inform future directions for the grant program, the evaluators conducted a scan of similar city and state programs that award grants for small business technical assistance. This research primarily relied on a web search, review of program documents, and selected interviews with program administrators or funded organizations.

Almost all programs that award grants to nonprofit organizations for small business training and technical assistance are at the city level. Exhibit 31 summarizes information on five city-level programs and one state program. Annual funding for these city programs ranges from \$500,000 in Minneapolis to \$3 million in Washington, D.C., with programs funding 10 to 24 organizations. Federal community development block grants are a common source of funding for the city programs, sometimes supplemented with city appropriations. Annual state appropriations fund New York's Entrepreneurial Assistance Program. Some interesting aspects and practices for these programs are:

- Most programs target underserved businesses and entrepreneurs, including women, minorities, and immigrants, while Washington, D.C. targets businesses in priority neighborhood commercial corridors.
- Minneapolis awards its contracts for services targeted to specific business stages with compensation tied to achieving outcomes for new businesses created. The compensation is \$2,500 per home- or incubator-based start-up or \$5,000 per start-up in a storefront or office, and \$5,000 for each business expansion. Business feasibility work (pre-start-up) and business retention rates are \$50 per hour with 10-hour and 20-hour caps, respectively.
- Minneapolis contracts with private consultants and professional service firms to fill gaps in specialized technical assistance, such as legal, marketing, and real estate services, and pilots specialized training and initiatives to build provider capacity on targeted issues (e.g., city permitting, MWBE procurement) and sectors (e.g., formalizing arts business, cooperative businesses).
- Portland has organized and marketed its program as a network of organizations that provides complementary services and cultural competencies and tags organizations based on which of five types of services they provide. The network operates as a community of practice that meets monthly to address network issues, to learn about other businesses' resources and each other, and to advise the Portland Development Corporation on program priorities, policies, and systems.
- Portland's grant funding falls within five service areas that link to specific five-year program outcome goals. The annual RFP defines priority client populations along with required services, outputs, and outcomes for each service area.
- Portland, like MGCC, has a strong focus on client outcomes and reporting systems. It created a customized reporting tool using Outcome Tracker software that all grantees use with online quarterly and annual reporting. PDC pays for the software for each grantee and trains staff on its use. It also created a four-stage "badge" system to track business progress along multiple dimensions.
- The city of Boston created the Boston Main Streets Foundation to raise private sector funds to provide grants to nonprofit Main Street organizations. The foundation awards small grants in two annual rounds that total \$80,000 to \$100,000 per year. It recently piloted a match grant program linked to the use of crowd-funding.

**Exhibit 31. Summary of city and state technical assistance grant programs**

<b>Program Name</b>	<b>City/State</b>	<b>Brief Program Description</b>	<b>Eligible Grantee Organizations/ Target Businesses</b>	<b>Annual Funding and Source</b>	<b>Other Information</b>
Small Business Technical Assistance (SBTA)	Washington, DC	Awards grants to CBOs to provide assistance with business planning, entrepreneurial training, one-on-one technical assistance, legal, accounting, loan packaging, tax prep.	CBOs serving targeted neighborhood commercial corridors. Small businesses in those corridors.	\$3 million (2017) from CDBG funds.	Appears to fund ten organizations.
Minneapolis Business Technical Assistance Program (BTAP)	City of Minneapolis	Contracts with local nonprofits providing training to entrepreneurs and direct services to new and existing businesses.	Local nonprofits. Small businesses, women- and minority-owned businesses.	\$500,000 in city appropriations and CDBG funds (2018).	Quarterly payment based on completion of outcomes. Funds 21 organizations under two-year contracts
Inclusive Business Resource Network (IBRN)	City of Portland, Oregon	A network of 12 providers serving underrepresented businesses.	Mix of nonprofits, business associations, universities. Focus on serving immigrant, women, and minority entrepreneurs.	\$2.5 million from city general funds, CDBG and Enterprise Zone fees.	Network approach to supply defined services in five areas linked to goals: 1) traded sector start-ups; 2) one-on-one long-term counseling; 3) business growth model for minority-owned firms; 4) cultural intake and business liaison; and 5) business assistance on a targeted transit corridor.
Philadelphia Business Technical Assistance Program	City of Philadelphia	Grants to nonprofits to provide small business assistance.	Nonprofit 501(c)(3) with city resident involvement. Microenterprises especially immigrants, target areas, sectors (childcare, food, tech startups, retail) and young men of color.	Grants range from \$50,000 to \$125,000. Total funding and sources not found. Program may be inactive (not on city website).	Funds technical assistance services for business plans, operations, licenses and certifications, information dissemination, financial counseling, access to capital.
Boston Main Streets Foundation	City of Boston	Created by Mayor Menino and the Boston Main Streets program to raise private funds for grants to nonprofit organizations for varied projects and activities, including business assistance.	Nonprofit Main Street organizations that are part of Boston Main Streets Program.	Funded by private donations. \$80,000 to \$100,000 per year in two rounds.	20 eligible organizations. Crowdfunding matching program in 2018.
New York State Entrepreneurial Assistance Program	New York State	Funds 24 local centers to provide training and technical assistance to start-ups and prospective businesses.	Community colleges, nonprofits, and boards of cooperative educational services. Focus on serving women, minorities, dislocated workers, and disabled persons.	\$1.764 million in state budget appropriations. Annual contracts via RFP process. Equal match with 50/50 cash and in-kind.	Centers must be accessible to target groups and deliver required services: 60-hour course + 15 hours of counseling to create business plan, technical assistance on access to capital, marketing, management. MWBE certification.

Although this evaluation does not identify any comparable state programs, it did surface two interesting state programs with potential application to MGCC.

Maryland uses 1.5 percent of the proceeds from video lottery terminals (slot machines) to provide grants to “fund managers” to make loans to and investments in small, minority-, and women-owned businesses with half of the funds targeted to firms located near the state’s six casinos. Eight private, nonprofit, and quasigovernmental organizations are approved “fund managers” and make loans to women and minority small businesses. Since its inception in 2014 through June 2017, the Video Terminal Lottery funds have committed \$43.7 million in financing for 378 transactions projected to create 2,237 jobs and retain another 3,269 jobs.

New York State’s Entrepreneurial Assistance Program has created a network of 24 Entrepreneurial Assistance Centers operated by either a nonprofit, community college, or a Board of Cooperative Educational Services (BOCES) with an emphasis on minority- and women-owned businesses. State grant funding (averaging \$73,000 per center) covers staff and core operations with equal match half of which must be cash. The program requires centers to provide the following training and technical assistance services: a 60-hour entrepreneurial training course with follow-up counseling to create a business plan, completing MWBE certification, management principles and practices, product development and marketing, exporting, contract procurement, and access to capital.

# 7. Findings and Recommendations

## Key findings

The grant program is an important part of Massachusetts' small business development system that expands local capacity to serve small enterprises, particularly historically underserved populations and communities, and is a cost-effective state policy tool to generate businesses and to assist with job creation and retention. Key program impacts that emerge from this evaluation are:

- The grant program builds the core capacity of nonprofit organizations to help start and grow small businesses by increasing the number of entrepreneurs they can serve and their geographic coverage.
- The grant program is advancing its mission of serving disadvantaged entrepreneurs with barriers to business ownership and capital with 89 percent of its clients in these target populations.
- Grantees' technical assistance services generated over 4,300 positive business outcomes that have resulted in the creation and retention of over 7,000 jobs from FY 2014 through FY 2017.
- The client survey presents strong evidence that the reported business and job outcomes are the result of grantee technical assistance.
- The grant program is an efficient use of resources with the following average annual costs in the past four years comparing favorably to comparable programs: \$755 per client served, \$853 per target population client served, \$1,007 positive business outcome, and \$565 per job created or retained.
- Grantees view MGCC's administration of the grant program quite positively.
- Grantees also view MGCC program staff as very accessible and helpful in understanding and addressing program and contract requirements.
- Grantees value the convening, training, and referrals that MGCC provides, with numerous grantees citing tangible benefits from this assistance such as increased visibility for their program, access to new services and loan sources for their clients, improved staff underwriting skills, and improvement to services and processes.

Several additional findings are important for MGCC to consider as it looks to sustain and improve the program's impact:

- There is considerable variation across grantees in their effectiveness in serving different populations, program scale, impacts, and cost-effectiveness.
- Nonprofit programs focused on target populations achieved greater scale of impact at the lowest cost per client served, while the current set of sector-based nonprofit organizations generated the lowest number of business and employment outcomes at the highest per client cost to MGCC.

- Significant gaps exist within and across regions in the strength of their small business ecosystems and in the breadth of core ecosystem functions (as elaborated in Exhibit 30). MGCC can take this into account in how it awards grant program funds.
- Access to specialized technical assistance, both related to specific industries and business functions or disciplines (e.g., law, accounting, and technology), remains a key gap across regions.

## Recommendations

The grant program has a unique role in the Massachusetts small business development system, and its continuation with adequate funding is important to maintaining and strengthening the system and expanding access to services in rural areas, in Gateway Cities, and for disadvantaged populations. In addition to working to sustain the program, MGCC can implement the following actions and policies to enhance the program's impact and, working with other stakeholders, build a more effective and equitable small business development system across Massachusetts' regions:

### ✓ **Diversify and expand funding for the program.**

- Work with the Baker Administration and state legislature to identify a dedicated revenue source to fund the program and perhaps other related small business development programs. Options include a portion of casino tax revenues, state corporate licensing or other business fees, a small surcharge on financial institutions, or corporate taxes similar to the fee used for the Workforce Training Fund.
- Create an affiliate foundation to raise sustained private sector support through either a large endowment/gift or periodic ongoing contributions. Key sectors to target to fund the foundation include banks; insurance companies and other financial institutions; large law, accounting, and professional service firms; and technology-based companies. The Boston Main Streets Foundation provides an example of this approach.
- Explore national foundation funding to expand innovative approaches to inclusive small business development. MGCC's focus on expanding business ownership among low-income, minority, and immigrant groups aligns with the mission and strategies of several national foundations. Since these foundations focus on innovative and transformative initiatives that promise system change or demonstrate high-impact scalable programs, MGCC is most likely to gain their support for activities that align with these goals rather than funding the core grant program. New work to create regional ecosystems, establish sectoral initiatives, or form college/university partnerships that serve target entrepreneurs are opportunities for foundation funding. Potential foundations to consider include Ford, Heron, Kresge, Robert Wood Johnson, and Surdna foundations.

### ✓ **Use grants more intentionally to strengthen regional ecosystems and to ensure that the full breadth of functions and capacities exists in all major regions. In addition to how it deploys the existing grant program, MGCC can advance this approach by:**

- establishing a second pool of grant funds specifically to fill regional ecosystem gaps; and
- working with MOBD, MSBDC, MassDevelopment, grantees, and other stakeholders to organize ecosystem committees in each region. These committees would serve to strengthen regional small business development ecosystems through coordinating services and activities, expanding the network of technical assistance resources, and filling gaps within the regional system.

- ✓ **Establish a strategy for building sector-based and specialized technical assistance. The sector strategy should identify and target sectors that strongly align with MGCC and state economic development goals, which may lead to a different focus than the current emphasis on arts and food-related sectors.**

This strategy would select target sectors based on their importance as pathways for economic opportunity among target populations and low-income communities, their potential for job creation, and sectors that present emerging market opportunities and industries. As well as a sector strategy, MGCC can work with its grantees and other stakeholders to expand the supply of and access to specialized professional and technical services. In addition to how it deploys grant program funds, this strategy might include creating a fund (perhaps capitalized with private contributions) for scholarships for specialized training and/or reinstating the mini-grant program and working with professionals, including attorneys, to create pro bono service networks.

- ✓ **Play a leadership and convening role to strengthen the state’s small business development system and advance greater knowledge, coordination, and alignment of efforts.**

Options for this expanded leadership role include:

- continuing to convene grantees to share information, best practices, and other resources, and invite additional nonprofit providers and business financing CDFIs to participate;
  - advocating for a state-level collaborative around small business development that would include state economic and business development organizations, the SBA district office, financial institutions, business programs at colleges and universities, and the Boston Federal Reserve Bank. The collaborative would work to coordinate and expand statewide initiatives and resources and support regional ecosystem development; and
  - working with the state collaborative and other stakeholders to hold an annual or biannual summit on small business development with a focus on addressing needs and opportunities in Gateway Cities, in low-income neighborhoods, and for disadvantaged entrepreneurs.
- ✓ **Work with grantees and other stakeholders to create an agenda to better leverage college and university resources to support small business development for target populations, low-income communities, and Gateway Cities.**

Higher education institutions are present throughout the state and have business education programs, faculty, and students that they can deploy to better support regional small business development ecosystems.

- ✓ **Improve the current grant program system and grantee capacity for reporting on program outputs and outcomes:**

- simplify some of the metrics used and clarify some definitions;
- provide additional training and assistance to grantees to develop this capacity;
- establish a web-based online reporting system that can reduce paperwork and allow for automatic testing of reporting efforts and help analyze data. MGCC might explore adopting Portland’s Inclusive Business Network’s approach in which all network members/grantees use the same software with the city program underwriting this cost as well as staff training; and

- use a reporting system that includes individual clients to better understand how multiple organizations may serve a business and to minimize the potential for double counting impact when several grantees serve the same business and each includes it in outcome metrics.

✓ **Revisit with grantees the best timing for the RFP and grant award process.**

Given some of the difficulties organizations have with the current schedule of applying for grants before the available funding and likely grant sizes are known, it may be preferable to shift the process to later in the year after state program appropriations are finalized. Since this change may create other challenges for grantees, such as the need to bridge MGCC funding for several months, MGCC should work with grantees to assess the costs and benefits of a changed schedule and what administrative steps might limit any difficulties caused by moving the process later in the fiscal year.

# 8. Appendix

<b>Exhibit A-1. Small business technical assistance grantees and total funding by fiscal year</b>						
<b>Grantee Organization</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>All Five Years</b>
Accion East	1	1	1	1	1	5
Artmorpheus			1	1	1	3
Blackstone Valley Chamber of Commerce	1	1	1	1	1	5
Business Growth Center /STCC Assistance Corporation		1				1
Cape & Islands (Coastal Community Capital)	1	1	1	1	1	5
Carrot Project	1	1	1	1	1	5
Center for Women and Enterprise	1	1	1	1	1	5
CommonWealth Kitchen (Crop Circle Kitchen)			1	1	1	3
Community Development Partnership (CDP)	1	1	1	1	1	5
Community Economic Development Center of SE MA	1	1	1	1	1	5
Community Teamwork Inc.'s Merrimack Valley Small Business Center	1	1	1	1	1	5
Conservation Law Foundation (Discretionary Grant)			1			1
Cooperative Fund of New England		1	1	1	1	4
Dorchester Bay EDC		1	1	1	1	4
EforAll			1	1	1	3
Franklin County CDC	1	1	1	1	1	5
Greater Holyoke Chamber Centennial Foundation (SPARK)			1	1	1	3
Hispanic American Institute, Inc.				1	1	2
Interise	1	1	1	1	1	5
International Institute of New England	1	1	1			3
Jamaica Plain NDC	1	1	1	1	1	5
Lawrence Partnership				1		1
Main Street Partners	1	1	1			3
MASS MoCA		1	1	1	1	4
Mill Cities Community Investment		1	1	1	1	4
New Bedford Economic Development Council			1	1	1	3
North Central Mass Development Corp.		1	1	1	1	4
North Shore Community Development Coalition				1	1	2
Nuestra Comunidad Development Corporation/Epicenter Community/Local Initiatives Support Corp. (LISC)	1	1	1	1	1	5
Nuestra Raices			1	1	1	3
Pittsfield Economic Revitalization Corp.		1	1	1	1	4
Quaboag Valley CDC	1	1	1	1	1	5
Quincy 2000 Collaborative			1	1		2
Scibelli Enterprise Center	1					1
South Middlesex Opportunity Council/MLK Center	1	1	1	1	1	5
Southeast Asian Coalition of Massachusetts				1	1	2
The Enterprise Center (Salem State University Assistance Center)		1	1			2
Twin Cities CDC (NewVue Communities)	1	1	1	1	1	5
Number of grantees	18	25	32	32	30	137
Total Annual Grant Amount	\$700,000	\$1,528,000	\$1,711,500	\$915,000	\$735,000	\$5,589,500
Mean Grant	\$38,889	\$61,120	\$53,484	\$28,594	\$24,500	\$40,799
Minimum Grant	\$20,000	\$30,000	\$10,000	\$10,000	\$10,000	\$10,000
Maximum Grant	\$65,000	\$125,000	\$120,000	\$60,000	\$50,000	\$125,000

**Note:** This table includes all MGCC grantees. Total annual grant amounts, therefore, differ from text in the report that reflects only the 27 core grantees in the study.

**Exhibit A-2. MGCC average grants and share of annual program budgets**

<b>Grantee Name</b>	<b>Number of Grants FY2014-FY2017</b>	<b>Average MGCC Grant</b>	<b>Average Share of Total Program Budget</b>
Accion East	4	\$ 51,250	7%
Artmorpheus	2	\$ 22,500	12%
Blackstone Valley Chamber of Commerce	4	\$ 42,500	41%
Carrot Project	4	\$ 36,625	40%
Center for Women and Enterprise	4	\$ 55,250	48%
Coastal Community Capital	4	\$ 59,000	9%
CommonWealth Kitchen (Crop Circle Kitchen)	2	\$ 40,000	32%
Community Development Partnership-Cape CDP	4	\$ 70,000	25%
Community Economic Development Center of Southeastern Massachusetts	4	\$ 40,000	38%
Community Teamwork, Merrimack Valley Small Business Center	4	\$ 56,500	51%
Cooperative Fund of New England	3	\$ 45,000	54%
Dorchester Bay EDC	3	\$ 49,000	12%
EforAll	2	\$ 40,000	18%
Franklin County CDC	4	\$ 92,500	51%
Greater Holyoke Chamber Centennial Foundation (SPARK)	2	\$ 43,000	52%
Interise	4	\$ 46,250	14%
Jamaica Plain NDC	4	\$ 60,000	39%
MASS MoCA	3	\$ 40,667	48%
Mill Cities Community Investment	3	\$ 46,667	56%
New Bedford Economic Development Council	2	\$ 22,500	12%
NewVue (Former Twin Cities CDC)	4	\$ 67,500	41%
North Central Massachusetts Development Corporation	3	\$ 31,667	30%
Nuestra Comunidad Development Corporation/Epicenter Community/LISC	4	\$ 42,500	42%
Nuestra Raices	2	\$ 32,000	27%
Pittsfield Economic Revitalization Corp. (PERC)	3	\$ 33,333	36%
Quaboag Valley/ Southern Worcester County CDCs	4	\$ 54,375	36%
SMOC, Martin Luther King, Jr. Business Empowerment Center	4	\$ 40,000	24%

**NOTE:** This evaluation does not include FY 2013 data because of uncertainty about annual program budget figures.

Exhibit A-3. Grantees by region and organization type		
Grantee	Region	Organization Type
Accion East	Statewide	CDFI
Artmorphus	Boston	Nonprofit for specialized industry (agriculture, art, etc.)
Blackstone Valley Chamber of Commerce	Central MA	Chamber of commerce
Carrot Project	Statewide	Nonprofit for specialized industry (agriculture, art, etc.)
Center for Women and Enterprise	Statewide	Nonprofit for target population or business stage
Coastal Community Capital	Southeastern MA/Cape Cod	CDFI & CDC
CommonWealth Kitchen (Crop Circle Kitchen)	Statewide	Nonprofit for specialized industry (agriculture, art, etc.)
Community Development Partnership-Cape CDP	Southeastern MA/Cape Cod	CDC
Community Economic Development Center of Southeastern Massachusetts	Southeastern MA/Cape Cod	CDC
Community Teamwork, Merrimack Valley Small Business Center	Merrimack Valley/Northeastern MA	CDC
Cooperative Fund of New England	Statewide	CDFI
Dorchester Bay EDC	Boston	CDFI & CDC
EforAll	Merrimack Valley/Northeastern MA	Nonprofit for target population or business stage
Franklin County CDC	Western MA	CDC
Greater Holyoke Chamber Centennial Foundation (SPARK)	Western MA	Chamber of commerce
Interise	Boston	Nonprofit for target population or business stage
Jamaica Plain NDC	Boston	CDC
MASS MoCA	Statewide	Nonprofit for specialized industry (agriculture, art, etc.)
Mill Cities Community Investment	Merrimack Valley/Northeastern MA	CDFI & CDC
New Bedford Economic Development Council	Southeastern MA/Cape Cod	CDFI
NewVue (Former Twin Cities CDC)	Central MA	CDC
North Central Massachusetts Development Corporation	Central MA	CDFI
Nuestra Comunidad Development Corporation/Epicenter Community/LISC	Boston	CDC
Nuestra Raices	Western MA	CDC
Pittsfield Economic Revitalization Corp. (PERC)	Western MA	CDC
Quaboag Valley/Southern Worcester County CDCs	Central MA	CDFI & CDC
SMOC, Martin Luther King, Jr. Business Empowerment Center	Central MA	CDC

**Exhibit A-4. Grantee annual average clients served by stage and service type, FY 2014 to FY 2017**

	Clients Served	Prospective Firms	Pre-start-up and Start-up Firms	Existing Businesses	Counseling Clients	Training Clients
Accion East (4)	125	0	30	66	125	0
Artmorpheus (2)	28	1	28	6	7	22
Blackstone Valley Chamber of Commerce (4)	38	0	16	23	23	15
Carrot Project (4)	21	0	9	15	18	3
Center for Women and Enterprise (4)	102	0	83	29	14	88
Coastal Community Capital (4)	94	1	25	56	69	25
CommonWealth Kitchen (Crop Circle Kitchen) (2)	64	5	42	32	46	18
Community Development Partnership-Cape CDP (4)	56	0	19	33	27	29
Community Economic Development Center of Southeastern Massachusetts (4)	48	5	19	23	48	0
Community Teamwork, Merrimack Valley Small Business Center (4)	50	4	30	13	24	26
Cooperative Fund of New England (3)	14	0	6	14	14	0
Dorchester Bay EDC (3)	42	3	26	16	27	15
EforAll (2)	135	13	63	70	90	45
Franklin County CDC (4)	122	9	60	42	103	20
Greater Holyoke Chamber Centennial Foundation (SPARK) (2)	113	22	77	33	39	74
Interise (4)	43	0	0	42	20	23
Jamaica Plain NDC (4)	103	27	15	62	69	35
MASS MoCA (3)	61	0	20	37	19	41
Mill Cities Community Investment (3)	58	8	24	21	35	23
New Bedford Economic Development Council (2)	36	10	14	29	27	9
NewVue (Former Twin Cities CDC) (4)	113	0	66	39	113	0
North Central Massachusetts Development Corporation (3)	37	3	24	7	21	17
Nuestra Comunidad Development Corporation/Epicenter Community/LISC (4)	46	8	32	5	14	32
Nuestra Raices (2)	52	16	27	17	17	35
Pittsfield Economic Revitalization Corp. (PERC) (3)	20	0	9	20	13	7
Quaboag Valley/Southern Worcester County CDCs (4)	47	0	15	23	37	10
SMOC, Martin Luther King, Jr. Business Empowerment Center (4)	39	5	25	14	23	16
Average for All Grantees	63	5	30	29	40	23

**Note:** Number of years' grant program funding and data for each grantee in parentheses.

Exhibit A-5. Grantee annual average clients served by population group, FY 2014 to FY 2017					
Grantee Name	All Target Pop. Clients	Women Clients	Minority Clients	Immigrant Clients & Non-Native English Speakers	LMI Business Owner Clients
Accion East (4)	92	54	95	84	91
Artemorphus (2)	28	20	25	3	23
Blackstone Valley Chamber of Commerce (4)	22	21	7	6	8
Carrot Project (4)	17	9	4	3	14
Center for Women and Enterprise (4)	97	93	54	10	47
Coastal Community Capital (4)	75	26	9	12	22
CommonWealth Kitchen (Crop Circle Kitchen) (2)	48	29	22	10	30
Community Development Partnership-Cape CDP (4)	52	33	3	1	35
Community Economic Development Center of Southeastern Massachusetts (4)	48	16	22	24	32
Community Teamwork, Merrimack Valley Small Business Center (4)	44	29	27	14	26
Cooperative Fund of New England (3)	13	6	4	3	4
Dorchester Bay EDC (3)	38	26	29	9	23
EforAll (2)	135	91	84	70	103
Franklin County CDC (4)	104	70	16	9	80
Greater Holyoke Chamber Community Foundation (SPARK) (2)	87	64	63	42	33
Interise (4)	38	20	11	6	18
Jamaica Plain NDC (4)	103	61	87	75	101
MASS MoCA (3)	61	42	11	2	42
Mill Cities Community Investment (3)	58	28	53	46	55
New Bedford Economic Development Council (2)	36	6	6	2	22
NewVue (Former Twin Cities CDC) (4)	105	61	37	22	81
North Central Massachusetts Development Corporation (3)	34	13	8	1	5
Nuestra Comunidad Development Corporation/Epicenter Community/LISC (4)	41	36	43	10	26
Nuestra Raices (2)	52	26	33	11	41
Pittsfield Economic Revitalization Corp. (PERC) (3)	19	9	2	1	6
Quaboag Valley/ Southern Worcester County CDCs (4)	41	27	3	3	33
SMOC, Martin Luther King, Jr. Business Empowerment Center (4)	35	21	20	9	18
<b>Note:</b> Number of years' grant program funding and data for each grantee in parentheses					

**Exhibit A-6. Grantee multiyear total clients served and target population clients served, FY 2014 to FY 2017**

<b>Grantee Name</b>	<b>Total Clients Served</b>	<b>Total Target Pop. Clients Served</b>	<b>Percent Target Population</b>
Accion East (4)	499	367	74%
Artmorpheus (2)	56	56	100%
Blackstone Valley Chamber of Commerce (4)	153	89	58%
Carrot Project (4)	85	66	78%
Center for Women and Enterprise (4)	407	386	95%
Coastal Community Capital (4)	375	299	80%
CommonWealth Kitchen (Crop Circle Kitchen) (2)	128	95	74%
Community Development Partnership-Cape CDP (4)	225	209	93%
Community Economic Development Center of Southeastern Massachusetts (4)	192	190	99%
Community Teamwork, Merrimack Valley Small Business Center (4)	199	176	88%
Cooperative Fund of New England (3)	42	40	95%
Dorchester Bay EDC (3)	126	113	90%
EforAll (2)	269	269	100%
Franklin County CDC (4)	488	417	85%
Greater Holyoke Chamber Community Foundation (SPARK) (2)	226	174	77%
Interise (4)	172	150	87%
Jamaica Plain NDC (4)	413	413	100%
MASS MoCA (3)	182	182	100%
Mill Cities Community Investment (3)	175	175	100%
New Bedford Economic Development Council (2)	71	71	100%
NewVue (Former Twin Cities CDC) (4)	453	421	93%
North Central Massachusetts Development Corporation (3)	112	101	90%
Nuestra Comunidad Development Corporation/Epicenter Community/LISC (4)	184	163	89%
Nuestra Raices (2)	103	103	100%
Pittsfield Economic Revitalization Corp. (PERC) (3)	60	58	97%
Quaboag Valley/ Southern Worcester County CDCs (4)	187	162	87%
SMOC, Martin Luther King, Jr. Business Empowerment Center (4)	154	140	91%

**Note 1:** Number of years' grant program funding and data for each grantee in parentheses.

**Note 2:** The target population includes women, veterans, minorities, immigrant clients, non-native English speakers, and LMI individuals.

**Exhibit A-7. MGCC grantee cost per client served, FY 2014 through FY 2017**

<b>Grantee Name</b>	<b>Cost per Client Served</b>
Accion East (4)	\$411
Artmorpheus (2)	\$804
Blackstone Valley Chamber of Commerce (4)	\$1,111
Carrot Project (4)	\$1,724
Center for Women and Enterprise (4)	\$543
Coastal Community Capital (4)	\$629
CommonWealth Kitchen (Crop Circle Kitchen) (2)	\$625
Community Development Partnership-Cape CDP (4)	\$1,244
Community Economic Development Center of Southeastern Massachusetts (4)	\$833
Community Teamwork, Merrimack Valley Small Business Center (4)	\$1,136
Cooperative Fund of New England (3)	\$3,214
Dorchester Bay EDC (3)	\$1,167
EforAll (2)	\$297
Franklin County CDC (4)	\$758
Greater Holyoke Chamber Community Foundation (SPARK) (2)	\$381
Interise (4)	\$1,076
Jamaica Plain NDC (4)	\$581
MASS MoCA (3)	\$670
Mill Cities Community Investment (3)	\$800
New Bedford Economic Development Council (2)	\$634
NewVue (Former Twin Cities CDC) (4)	\$596
North Central Massachusetts Development Corporation (3)	\$848
Nuestra Comunidad Development Corporation/Epicenter Community/LISC (4)	\$924
Nuestra Raices (2)	\$621
Pittsfield Economic Revitalization Corp. (PERC) (3)	\$1,667
Quaboag Valley/Southern Worcester County CDCs (4)	\$1,163
SMOC, Martin Luther King, Jr. Business Empowerment Center (4)	\$1,039
All MGCC Grantees	\$766

**Exhibit A-8. Grantee annual average business status outcomes, FY 2014 to FY 2017**

<b>Grantee</b>	<b>Annual Average Number of Businesses Created</b>	<b>Annual Average Number of Businesses Stabilized</b>	<b>Annual Average Number of Business Expansions</b>	<b>Annual Average Number of Businesses with Positive Outcomes</b>
Accion East (4)	12	38	34	84
Artmorpheus (2)	11	1	2	13
Blackstone Valley Chamber of Commerce (4)	14	10	11	35
Carrot Project (4)	6	3	11	19
Center for Women and Enterprise (4)	32	20	27	79
Coastal Community Capital (4)	14	13	33	61
CommonWealth Kitchen (Crop Circle Kitchen) (2)	14	11	34	58
Community Development Partnership-Cape CDP (4)	10	10	29	49
Community Economic Development Center of Southeastern Massachusetts (4)	10	14	16	40
Community Teamwork, Merrimack Valley Small Business Center (4)	10	5	6	20
Cooperative Fund of New England (3)	1	7	4	11
Dorchester Bay EDC (3)	3	6	16	24
EforAll (2)	43	42	34	119
Franklin County CDC (4)	38	27	29	94
Greater Holyoke Chamber Community Foundation (SPARK) (2)	29	27	25	81
Interise (4)	0	12	28	40
Jamaica Plain NDC (4)	4	64	9	77
MASS MoCA (3)	11	8	32	51
Mill Cities Community Investment (3)	7	19	16	43
New Bedford Economic Development Council (2)	4	8	14	25
NewVue (Former Twin Cities CDC) (4)	43	24	24	91
North Central Massachusetts Development Corporation (3)	16	4	6	26
Nuestra Comunidad Development Corporation/Epicenter Community/LISC (4)	16	12	11	38
Nuestra Raices (2)	20	8	7	34
Pittsfield Economic Revitalization Corp. (PERC) (3)	2	9	6	17
Quaboag Valley/ Southern Worcester County CDCs (4)	10	11	17	37
SMOC, Martin Luther King, Jr. Business Empowerment Center (4)	7	9	10	26
Average for Grantees	14	15	18	48

**Note:** Number of years' grant program funding and data for each grantee in parentheses.

**Exhibit A-9. Grantee annual average financing and employment outcomes, FY 2014 to FY 2017**

<b>Grantee</b>	<b>Number of Businesses Receiving Financing</b>	<b>Ratio of Financing Clients to Total Clients</b>	<b>Total Value of Loans</b>	<b>Jobs Created</b>	<b>Job created &amp; retained</b>
Accion East (4)	125	1.00	\$ 1,001,524	50	201
Artemorphus (2)	0	0.00	\$ -	11	12
Blackstone Valley Chamber of Commerce (4)	7	0.18	\$ 861,250	43	121
Carrot Project (4)	7	0.34	\$ 115,371	14	26
Center for Women and Enterprise (4)	3	0.04	\$ 187,000	48	65
Coastal Community Capital (4)	37	0.40	\$ 16,770,700	77	173
CommonWealth Kitchen (Crop Circle Kitchen) (2)	6	0.09	\$ 100,000	23	71
Community Development Partnership-Cape CDP (4)	14	0.17	\$ 383,119	27	37
Community Economic Development Center of Southeastern Massachusetts (4)	0	0.00	\$ -	16	37
Community Teamwork, Merrimack Valley Small Business Center (4)	6	0.13	\$ 97,733	21	55
Cooperative Fund of New England (3)	6	0.59	\$ 474,177	8	40
Dorchester Bay EDC (3)	2	0.06	\$ 78,333	40	45
EforAll (2)	0	0.00	\$ -	41	149
Franklin County CDC (4)	25	0.20	\$ 2,280,593	49	183
Greater Holyoke Chamber Community Foundation (SPARK) (2)	0	0.00	\$ -	41	67
Interise (4)	10	0.24	\$ 687,625	58	348
Jamaica Plain NDC (4)	9	0.08	\$ 369,852	10	56
MASS MoCA (3)	0	0.01	\$ 3,000	22	27
Mill Cities Community Investment (3)	7	0.12	\$ 440,500	27	42
New Bedford Economic Development Council (2)	16	0.46	\$ 819,409	26	32
NewVue (Former Twin Cities CDC) (4)	17	0.15	\$ 1,347,284	89	194
North Central Massachusetts Development Corporation (3)	9	0.25	\$ 277,833	14	36
Nuestra Comunidad Development Corporation/Epicenter Community/LISC (4)	0	0.00	\$ -	4	8
Nuestra Raices (2)	4	0.07	\$ 60,000	13	24
Pittsfield Economic Revitalization Corp. (PERC) (3)	2	0.14	\$ 382,625	11	38
Quaboag Valley/ Southern Worcester County CDCs (4)	10	0.21	\$ 319,594	22	40
SMOC, Martin Luther King, Jr. Business Empowerment Center (4)	3	0.07	\$ 271,875	18	38
Average for Grantees	12	0.18	\$ 1,012,200	30	80

**Note:** Number of years' grant program funding and data for each grantee in parentheses.

**Exhibit A-10. Comparison of grantee data and business survey data for key outcomes**

<b>Business outcome from technical assistance</b>	<b>Percentage of survey respondents</b>	<b>Percentage for clients from grantee reports</b>
Prevent my business from closing	12%	25%
Increase employment	16%	NA
Secure a loan	25%	21%
Increase sales	30%	29%
Start my business	37%	23%
FTE jobs created and retained per respondent or client	1.37	1.35

Mt. Auburn Associates compared key business and employment outcomes from the survey to the outcomes grantees reported to test their consistency in terms of the scale of program impacts and the validity of outcomes reported by grantees. The results in Exhibit A-10 show consistency between the survey results and grantee reported data for most outcome measures. The percentage of clients/respondents that increased sales and secured a loan were similar for both data sources. While the incidence of loans was higher (25 percent versus 21 percent) among survey respondents, this would be the expectation given the higher share of existing businesses in the survey sample. Somewhat surprisingly, the surveyed firms reported a higher incidence of new business start-ups (37 percent) compared to 23 percent for grantee reports. This may be the result of clients that succeeded in starting a business responding to the survey at a higher rate than all clients. Another divergence is the lower level of closure preventions (12 percent) in the survey compared to 25 percent incidence of stabilized businesses reported by grantees. This difference is likely due to the broader definition of stabilization, which includes helping a business reverse or slow a decline in sales, as compared to preventing a full business closure. In terms of job impact, the survey results and grantee reported data are almost identical at 1.37 jobs created and retained per survey respondent compared to 1.35 per client served in the grantee reports.

## Survey methodology

The online survey of grantees' clients was in the field for just over two weeks, from February 5 until February 20, 2018. The evaluators created the survey, which consisted of 28 questions, in SurveyMonkey. The survey was available in English, Spanish, Portuguese, and Vietnamese and included a mix of question types including multiple choice, ranking, and open-ended questions. MGCC provided a survey link to the 27 grantees included as part of this evaluation. The grantees, in turn, distributed the survey link to the clients they had served through their MGCC-funded program between 2012 and 2017. MGCC asked grantees who received funding only for a subset of those years to send the survey only to clients served during those years through a MGCC grant-funded program. Only a portion of grantees reported the total number of clients to whom they fielded the survey. Across the board, the grantees sent the survey to fewer clients than served during the 2012 through 2017 time period as per MGCC self-reported grantee data. As a result, the total number of clients who received the survey is unknown, and a response rate was not possible to calculate. The survey generated over 350 responses, but only 280 were viable as a number were largely incomplete. Of the 280 responses, 255 were in English, 16 in Portuguese, and nine in Spanish. While the basis of the analysis is the 280 responses, not all respondents answered all questions, so in some instances, the total  $n$  is lower than 280.

Please contact MGCC to review the survey instrument.