

**MICROGRANTS
EVALUATION OF EFFECTIVENESS
OF 2011 GRANTS**

BY

**Madelaine Taft-Ferguson
MicroGrants Yale University Evaluation Intern**

**Ron Lattin
MicroGrants Evaluation Coordinator**

**Steve LeBeau
Editor**

August 2012

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“Without the MicroGrant, I wouldn't have a full-time job. I wouldn't be dependable or reliable. My commute time was 1.5 hours on bus and now it's a 10-minute drive. And we're not even gonna talk about winter. I used to literally cry at the bus stop.”

–MicroGrants recipient **Shadoe Wilkes**
Administrative assistant for a nonprofit

INTRODUCTION

Since it was founded in 2006, MicroGrants has awarded over 2,200 grants to individuals, totaling more than \$2 million. Recipients of the \$1,000 grants are nominated by MicroGrants' trusted nonprofit partner agencies from throughout the Twin Cities. MicroGrants' partners choose “people of potential,” based on their working relationship with individuals with needs, who they deem likely to spend the grant money effectively and responsibly toward an opportunity to advance in their lives. Grant recipients specify their goals and explain how they will spend the money and typically use the MicroGrant to maintain or improve their productivity as small business owners, students or employees. After the grant is awarded, partner agencies continue to coach and mentor the recipients. The success of MicroGrants depends on this unique three-way relationship of funder, partner agency and recipient.

Most grants fall into three categories: business grants, transportation grants and education grants. Small business owners and entrepreneurs often use business grants to make improvements, buy equipment, or pay for other expenditures to benefit their operation. Transportation grants are used to help recipients travel efficiently from home to workplace or school by using the money to purchase a car, pay for car repairs or pay fines and fees to reinstate a driver's license. Education grants fund tuition for certification classes, or pay for specific class costs that financial aid does not cover.

Each summer a thorough evaluation of MicroGrants is undertaken and the resulting recommendations are used to improve the program. This year, evaluators compiled data on the effectiveness of MicroGrants by interviewing 105 of the Twin Cities people who received \$1,000 grants in 2011.ⁱ The criteria for defining “effectiveness” are embedded in the interview questions of the evaluation, which ask about how the MicroGrant affected a recipient's productivity, helped to attain a goal, or otherwise provided satisfaction. By this standard, MicroGrants are highly effective.

Some earmarks of success approach 100% satisfaction:

- 97% of MicroGrants recipients had achieved some or all of their short-term goals.
- 98% used the grant as they had planned.
- 96% of education-grant recipients completed their education or were on track to complete it.
- 97% reported that the grant had helped their business.
- 100% of the businesses contacted still remain in business.

MicroGrants and their partners are obviously doing something right in the selection of motivated and reliable people to receive the grants.

MicroGrants has areas to improve. Moderate and lower numbers point out these areas of concern:

- 70% of people who received a transportation grant still had a reliable vehicle.
- 51% of entrepreneur recipients were making a profit; 37% were losing money.

EVALUATION SUMMARY

BUSINESS GRANTS

Overall, MicroGrants to small businesses are effective. Of the 35 business grant recipients we interviewed, almost all (97%) reported that the grant had helped their business. Ten business owners (29%) hired a total of 22 new employees. All of the business owners who were contacted reported that their businesses had remained in operation.

A slight majority (51%) of businesses were making a profit, yet about a third (37%) were not profitable. Some recipients (11%) were unsure whether their businesses were profitable, because they hadn't kept track.

Recipients of business grants frequently spoke of the grants with terms like 'support' and 'opportunity'. They often said that the grant allowed them to take a small but significant next step for their businesses, such as purchasing a new machine or investing in advertising. MicroGrants do not tend to cause large improvements, but rather small steps that help a business to sustain itself or grow a little.

TRANSPORTATION GRANTS

"This is about survival!" said one recipient of a transportation grant, concisely summarizing the remarks of many grantees. They either had a job that was off a bus route, or the bus would take too much time -- many didn't dare to leave their children home alone for hours in the morning and evening while they took buses, and they couldn't afford child care. Driving a car is the answer for these recipients. The absence of these grants would have put extremely hardworking and productive people out of work.

The largest portion of transportation grants (65%) were used to repair cars. Most of these individuals (71%) still had reliable transportation, whereas about a third (29%) did not. Either the car broke down again (57%) or it was never fixed right in the first place (29%). One person's car been running well, but it was towed away and not retrieved.

Some individuals (19%) used their grants to reinstate their driver's licenses. Most (86%) were successful. One man paid off his ticket fines and reinstatement fees, but the government immediately re-suspended his license because he was also behind in his child support payments.

Others (16%) used the grant to buy a car. Their results depended on whether they simply bought a \$1,000 car, or if they contributed some of their own money to buy a higher priced car. All of the higher priced cars are still operating, but the \$1,000 cars broke down and couldn't be fixed. This outcome suggests that MicroGrants and its partner agencies should consider awarding grants for car purchases only to recipients that can share in the investment.

EDUCATION GRANTS

Of the three types of grants, MicroGrants intended for education were the most consistently successful. Most of the recipients (63%) had completed their education, and the rest (33%) were on track to completing their education. A vast majority (79%) of recipients reported that their degree or certificate would help their employment prospects. Education grants were applied toward Associate Degrees, Bachelor Degrees or certificates such as Certified Nursing Assistance.

Recipients of education grants were very optimistic, often reporting that even if they were not working in directly relevant jobs, their education had nevertheless been useful. For example, one woman said that although she did not have a job in tech support, she was nevertheless valued at her current job as a receptionist (where she has been promoted to full-time). She has become the go-to person for help with any of the computer programs used at her workplace.

EMPLOYMENT OUTCOMES

Most recipients (73%) were employed when they applied for their grant and by the time of the evaluations 90% were still at work. Of those who were unemployed when they were awarded a grant (25%), A good number of them (42%) were able to find employment after they received a grant, even though some had not received grants for employment-related purposes. About a third (31%) of those who had been unemployed remained unemployed. Some unemployed recipients (27%) remained full-time students after being awarded a grant.

PUBLIC ASSISTANCE

Data collected show that receiving a MicroGrant is not enough to ensure that a person will cease to need public assistance from the state. In most cases, the status of recipients did not change (either they continued to receive benefits or they never received benefits). Some recipients (11%) left public assistance, while others (10%) began receiving assistance after being awarded a grant.

SUCCESS

Nearly all of the responders (98%) used the grant as they had planned to use it and almost all (97%) achieved their short-term goals (e.g. repairing their car or purchasing business equipment). In addition, a good number of responders (33%) achieved their longer-term goals (e.g. better employment or a viable business).

We believe that these statistics show that the MicroGrants model is a successful one, and that MicroGrants allow people of potential to move toward more personal income, more stability and more long-term success.

Recipients were generally pleased with the grant process and often remarked on how straightforward and simple the application was, and how quickly grants were awarded after the application was sent in. Many people also appreciated that the application asked them to elaborate on their plans for the grant, because it served as an opportunity to sit down and really think about and lay out their goals, which they then kept in mind when they received the grant.

Many interviewees reported that, in addition to the financial support, MicroGrants represented an important source of moral support in their efforts to better their lives. For many, MicroGrants stepped in at a critical time – whether because their business had an opportunity they wanted to take advantage of, or because they were facing a broken-down car or a tuition deadline – when they did not have any other resources. Other people remarked that, in a world with very few sources of support, knowing that MicroGrants donors trusted and believed in them and in their goals gave them a boost of confidence and hope.

FINAL THOUGHTS

In terms of effectiveness, MicroGrants are undoubtedly beneficial for the recipients and their families, employers/employees, and communities. While it is the stated purpose of MicroGrants' to positively change the lives of its grantees, often times the money is used to sustain a person in a time of need and prevent a setback. Car repair grants, for example, almost always help someone avoid losing their job or interrupting their education and succeed by preventing negative change. Transportation grants are straightforward, effective uses of \$1,000 that almost always allow already hardworking and dedicated recipients to continue using their own talents to better their lives.

Transportation grants are more effective for repairs and license reinstatement than they are for buying cars. MicroGrants should consider recommending that partner agencies not nominate people for grants to buy cars unless the applicants have funds of their own to invest.

MicroGrants recipients generally felt quite positive toward the partner agency that had referred them to MicroGrants. Several recipients were curious about MicroGrants as an organization – what else did it do, who ran it, where was it located? Several wanted to know who to thank. Others remarked that it would be more helpful to have follow-ups at three or six months rather than a year or year and half after receiving the grant. Overall, recipients were pleased with the MicroGrants model and expressed a desire for more direct communication with MicroGrants itself.

Ideally, MicroGrants should hire or contract with someone on a full-year basis to follow up with grant recipients at a standard time, such as six months or a year after receiving the grant. Also, a permanent evaluator would be better able to carry out more and better interviews with grant recipients who are immigrants and do not speak English fluently. This could be achieved by developing working relationships with translators and organizations that work with immigrants, such as the African Development Center. This would prevent under-representing the experiences of this group.

STATISTICS

GOALS

98% (103/105) of responders used the grant as they had planned

One person declined to answer the interview questions (but had achieved her long-term goal of being employed). The remaining person had received a grant to reinstate her driver's license, but put the money toward rent instead because she was facing an emergency situation.

97% (102/105) of responders have achieved their short-term goals

Obstacles: One person (discussed above) spent the grant differently than intended. One person attempted to have her car repaired, but the mechanics did not fix the problem. One person paid the fines to reinstate his driver's license, but it was immediately re-suspended because he owed child support.

33% (35/105) of responders have achieved all of their longer-term goals

Because of the variety of goals and the individual timetable to reach aspirational goals, many recipients had not reached their aspirational/long-term goals at the time of follow up.

- Some longer-term goals are very concrete. For example, one recipient's goals were:
 - Pay back outstanding student loan debt
 - Continue education in January 2012
 - Be working as a Family and Marriage Counselor within two years

- Another recipient's goals were:
 - Fund wintertime marketing for the Mobile Food Truck
 - Hire a dedicated catering and event manager
 - Break even come January

- Some people have more aspirational goals. For example:
 - Pay expenses and tuition for a four-week CDL course
 - Find employment in trucking
 - Work full time for eight years and become self-sufficient

BUSINESS GRANTS

35 people who responded to interview requests had received a grant to help their small business.

51% (18/35) of businesses were making a profit

37% (13/35) of businesses were not making a profit

11% (4/35) of businesses could not say whether they made a profit

100% (35/35) of responders purchased what they planned to purchase for their business

97% (34/35) of responders said that the grant helped their business

29% (10/35) of businesses had hired new employees

Those 10 businesses hired more than 22 employees, although some jobs were seasonal

TRANSPORTATION GRANTS

35 people received transportation grants, which were applied in several key ways:

Licenses

7 people who responded to interview requests had received a grant to reinstate their driver's licenses. 6 were successful; one man (discussed above) was able to pay for ticket fines, but had his license re-suspended due to child support debts.

Repairs

24 people who responded to interview requests had received a grant to repair their vehicle.

71% (17/24) still had reliable transportation at the time of the interview.

29% (7/24) did not have reliable transportation. Of these people:

- ⤴ 4 had experienced another breakdown
- ⤴ 2 had used mechanics who never adequately repaired the car the first time
- ⤴ 1 had her car towed (but it was still running well)

Purchases

6 people who responded to interview requests had received a grant to purchase a vehicle.

67% (4/6) still had reliable transportation

33% (2/6) did not. Both had used only the MicroGrant money (\$1,000) to purchase a vehicle, whereas everyone who had a working car had also contributed their own money to the price of the vehicle.

EDUCATION GRANTS

24 people who responded to interview requests had received a grant for educational expenses.

63% (15/24) of responders had completed their education

33% (8/24) of responders were on track to completing their education

4% (1/24) of responders were not on track. Background issues had caused her to drop out.

79% (19/24) of responders reported that their degree or certificate would or had helped their employment prospects

EMPLOYMENT

Of people who had jobs when they applied for the MicroGrant

90% (69/77) kept their jobs

10% (8/77) lost their jobs

Of people who were unemployed when they applied for the MicroGrant

42% (11/26) found a job

27% (7/26) were full time students at the time that they applied for the grant, and remained full time students at the time of the interviews, and did not work in addition to attending school.

31% (8/26) remained unemployed

Two people are not included in the above statistics: One did not report her employment status during the interview, and one was on hiatus from her job.

PUBLIC ASSISTANCE

Data on state public assistance received by MicroGrants' recipients suggests most clearly the challenge MicroGrants faces in its effort to lift people out of poverty. Although **11%** (12/105) of MicroGrants recipients were able to leave public assistance after being awarded a grant, **10%** (11/105) of MicroGrants recipients were not receiving assistance when they were awarded a grant, but were receiving assistance at the time of the interviews. Several recipients specifically mentioned that their grants had helped them to get off of assistance. Nevertheless, some people needed to go on public assistance despite receiving a MicroGrant.

In addition:

40% (42/105) of responders remained off public assistance

21% (22/105) of responders remained on public assistance

15% (16/105) of responders did not report their assistance status

IN THEIR OWN WORDS

BUSINESS GRANTS

"The grant was a miracle, I was out of money. I didn't even have money to buy gas. If I didn't get some money, I had just one week. It's why I am here today."

-- **Teddy**, owner of a mobile food truck (NDC)

"It supported me to get my business more things that I needed and didn't have like computer access and advertising. When people start a small business you don't have a lot of income, but the grant kind of boosts you up more so I could advertise more and get the word out more. It was a small amount, but a boost."

-- **Marcia**, owner of small entertainment business (NDC)

"It's a nice way to get a bit of extra cash to push your business a little bit forward, and what I appreciate is that there wasn't a really arduous process and it wasn't competitive. A lot of times you feel "wow, is it even worth putting the effort in?" when the chance of money isn't great, because at some point as a self-employed person you have to consider how you use all of your resources. Having a fund like that, where someone from the outside is able to vouch for you, is great."

-- **Cindy**, owner of furniture design and construction (WV)

"This grant made a huge personal difference, and yes it did help with the business goals, but at that time I didn't realize that I was unclear on the business goals."

-- **Lydia** plans to open a consultant business (MCCD)

"The grant was paramount to everything going on right now. The whole cost of the LLC and the business-coaching program was several thousand, and at the time I really did not have money to put up."

-- **Shomri** is a carpenter who is forming a small company. (PPL)

"During a time when I couldn't turn to family or friends, it changed a lot for my business plan"

-- **Will** is a recent graduate in graphic design who wants to form a business (WV)

"I was able to do advertising I would not have been able to afford. I think the advertising helped boost things up for this year, so I'd say it helped quite a bit. Any ads are good ads and all."

-- **Lisa**, owner of a pet care business (WomensVenture)

TRANSPORTATION GRANTS

"[Without repairs,] I would have had to leave my house and three children at 5:30am, before they were even ready for school, and I wouldn't get home until 8:00 at night. Now I'm home at 6:30. That 90 minutes makes a lot of difference."

-- **Cecelia** is an administrative assistant (TCR!)

“This is about survival! I have to get to appointments, the grocery store, and I have a child. I was able to be more self-sufficient because I could drive myself places. I couldn't afford the fixes even at PRISM. I was pretty ecstatic to receive the grant.”

-- **Heather** aims to pursue a certificate for phlebotomy (PRISM)

“I needed the car to get back and forth to school, so I fixed my car with that money. I was able to concentrate on my studies, not worry where I'd come up with the money to pay the mortgage and take care of my family. Who would give a scholarship to a 37-year-old guy with four kids to go back to school? Most people would say you're crazy. Just keep doing what you're doing.”

-- **Frank** is a carpenter foreman taking classes to become a police officer (TCR!)

“I must have a car for my job; I'm also a student. It made all the difference in the world; I wouldn't have been able to continue. If you're in a situation where you're truly in need and have exhausted your means, it's a lifesaver.”

-- **Faith** is a housing advocate (Wilder Foundation)

“It was very important: I went a year and a half on the bus, two hours to work and two and a half home. The grant allowed me to get to job interviews, gave me more flexibility and control in commuting and taking care of my family.”

-- **Cedric** is a recovery agent (TCR!)

“A grant can buy gas or repair a car maybe. \$1000 can sure buy a moped!

-- **Alfred** has had to turn down job offers because of transportation difficulties

“I can pay my bills now. But I want to get back in school, because I used to be a warehouse worker, I wanted to do something different with TCR!”

-- **Chris** wants to get a commercial driver's license and become a truck driver (TCR!)

EDUCATION GRANTS

“The computer I bought with the grant money is speeding up my school time and I will finish in less than two years and reach financial independence. Now I can do my own research when the library is closed. The grant gave me hope and encouraged me because I was achieving a part of my goal.”

-- **Damarcus** is a student at a local university (ADC)

“The MicroGrant allowed me to be able to obtain a Certified Nursing Assistant certificate and get permanent employment. This allowed me to use my skills outside the home. (I'm currently caregiving for a relative). Had I not got the grant I wouldn't have been able to afford the class.”

-- **Ingrid** is a personal care assistant (Daily Work)

“I needed the certification in order to keep my job, since I was hired as a personal trainer. It's a grant that helped me to continue my employment and helped me to further my knowledge and experience, and achieve something that I've always wanted to do (be a PT and be certified).”

-- **Maria** is a personal trainer (NDC)

"I was totally unemployed, no prospects, didn't have much going on after the beginner PPL class. It was good for employers to see I was working to improve my skills, and it even helped me to get to the interview stage. When they hired me it was 32 hours, now it's full time."

-- **Deirdre** used an education grant to get certified as a computer support person (PPL)

"Being a single mom, MicroGrants helps people in my situation, who have financial things that get in the way that become a huge obstacle for your goals. I acquired great skills from my degree, and it's also a basic requirement for lots of jobs I want to apply for."

-- **Nijia** used here grant for school supplies and for new tires on her car (Jeremiah Program)

"When I go to interviews at different companies, I feel comfortable showing them my certification. It has made me more secure. My daughters are in school and I need to pay for that. Also, we're now making enough that we're paying taxes!"

-- **Israel** used his grant to become a certified Spanish translator (PPL)

QUOTES BY RECIPIENTS ABOUT MICROGRANTS

"It gave me hope and motivation. I would not have been able to pay [my court fees] otherwise, and it was coming up on a critical time. I was only making \$75 a week, so it was a huge weight off my shoulders." (PPL)

"It's good for businesses and for people; it's a good program." (ADC)

"The MicroGrant comes in handy when you've exhausted everything else and you need some type of support to get to the next step, because there wouldn't have been a next step without that." (MCCD)

"I was struggling at the time, so it was a big plus at the time. I would say it was great, uplifting to myself and to others, it helped me be able to do something for somebody else." (PPL)

"It's an opportunity for individuals who are in business to receive an amount of money for a specific goal in mind, and it's really helpful." (WomenVenture)

"It's not quite handholding, but is hope, which is sometimes all you need to help you think more. The follow up helps reassess at a different level too. Even just this phone call is good to let me say am I doing all that I can do to not disappoint and to grow." (MCCD)

¹ RESPONSE RATES

Evaluators were able to collect information for 105 of 326 recipients from 2011 and there was no significant difference in the population of recipients and the population of responders along demographic lines. However, it could be assumed that perhaps some do not respond because they were not successful grants. People who received transportation grants were somewhat less likely to respond to requests for interviews, and people who received grants for unique needs were somewhat more likely to respond, but the percentages of responders who received business and education grants matched the percentages of overall recipients of those grants. This data does not necessarily indicate that those who did not respond had the same success rates as those who did. Evaluators surveyed 91 grantees via phone and 14 via an online interview.

DEMOGRAPHIC BREAKDOWN

<p><i>Men</i> Overall recipients: 36.4% Responders: 34.3%</p>	<p><i>Women</i> Overall recipients: 63.6% Responders: 65.7%</p>
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<p><i>African</i> Overall recipients: 15.7% Responders: 8.6%</p>	<p><i>African American</i> Overall recipients: 47.8% Responders: 50.5%</p>	<p><i>Asian</i> Overall recipients: 3.1% Responders: 2.9%</p>
<p><i>Caucasian</i> Overall recipients: 22.8% Responders: 26.7%</p>	<p><i>Hispanic</i> Overall recipients: 2.2% Responders: 2.9%</p>	<p><i>Native American</i> Overall recipients: 1.2% Responders: 1.9%</p>
<p><i>Other</i> Overall recipients: 3.1% Responders: 1.9%</p>	<p><i>Multi-racial</i> Overall recipients: 4.01% Responders: 4.8%</p>	

<p><i>Business Grants</i> Overall Recipients: 29.5% Responders: 30.5%</p>	<p><i>Transportation Grants</i> Overall Recipients: 37.6% Responders: 28.6%</p>
<p><i>Education Grants</i> Overall Recipients: 27.2% Responders: 23.8%</p>	<p><i>Other Grants</i> Overall Recipients: 5.74% Responders: 11.4%</p>

MicroGrants' Nonprofit Partner Agencies (evaluation response compared to grants allocated)

<p><i>African Development Center</i> Overall Recipients: 13.3% Responders: 4.8%</p>	<p><i>Daily Work</i> Overall Recipients: 1.23% Responders: 2.9%</p>	<p><i>Jeremiah Program</i> Overall Recipients: 10.2% Responders: 8.6%</p>
<p><i>MCCD</i> Overall Recipients: 4.63% Responders: 5.7%</p>	<p><i>MEDA</i> Overall Recipients: 3.7% Responders: 3.8%</p>	<p><i>Midtown Global Market</i> Overall Recipients: 1.85% Responders: 0%</p>
<p><i>NDC</i> Overall Recipients: 4.63% Responders: 8.6%</p>	<p><i>PRISM</i> Overall Recipients: 5.56% Responders: 6.7%</p>	<p><i>Project for Pride in Living (PPL)</i> Overall Recipients: 12.7% Responders: 14.3%</p>
<p><i>Summit Academy OIC</i> Overall Recipients: 7.41% Responders: 3.8%</p>	<p><i>Twin Cities Rise!</i> Overall Recipients: 10.5% Responders: 13.3%</p>	<p><i>Wilder Foundation</i> Overall Recipients: 1.85% Responders: 0.95%</p>
<p><i>WomenVenture (WV)</i> Overall Recipients: 7.1% Responders: 11.4%</p>		<p><i>Other</i> Overall Recipients: 15.4% Responders: 10.5%</p>

GRANT RECIPIENT STORIES

CONNIE HANSON, Inventor and owner of EZKeepers

Some people just aren't fazed by adversity. They certainly never back down, and some of them don't even blink. That's Connie's story, which begins with a spider.

Nearly 20 years ago, Connie was a disabled single mother having an asthma attack. She looked frantically all over her house for the inhaler, but it wasn't anywhere. The cat had probably knocked it under the couch again. After all, it is a fun toy ... unless you're having an asthma attack! No matter. There's a spare one in the truck. Connie ran outside to the truck and swung open the door. In a single motion she grabbed the inhaler and hoisted it up to her face in perfect inhaling position. Before she could push the button she looked down and saw a large wolf spider crawling out of the mouth piece, staring her straight in the nose. A short scream later, Connie settled down and realized what had happened.

The spider may have knocked the wind out of Connie, but only for a second. As soon as her adrenalin receded she starting thinking, "They should put covers on these things so spiders can't get into them." She shopped around but nobody sold exactly what she needed, some kind of holder to keep her inhalers in to keep them within easy reach. The cover would also protect the inhalers from dust, and other foreign objects – like spiders! They just weren't available. "No matter, I'll make one myself," thought Connie. She could sew a little and cut fabric, so she sat down and designed exactly what she was looking for, a handy little cover for asthma inhalers that would keep them clean, but also be attractive enough so you wouldn't be embarrassed to carry it. In a little while Connie had created her first inhaler cover. She was pretty impressed with herself, and so was everyone else.

Her friends told her to get the cover patented and go into business. People who use inhalers would love these things. However, filing for a patent is an arduous and intricate task, which is why you get a patent attorney. But Connie couldn't afford a lawyer. "No matter," she thought, "we'll do it ourselves." So Connie sat with her friend at the kitchen table, holding her three-year-old daughter on her lap, and filled out all the paperwork. When the patent was approved, Connie had become an official inventor!

She called her new company EZKeepers. Connie prided herself in her ability to custom design different covers for the needs of different customers. She even made covers for adrenalin injectors – epipens – for people who carried them in case of allergic reactions. There was a certain obstacle that threatened her prospects for profitability: She wasn't allowed to keep any money! Any money she earned would count against her monthly benefits and food stamps. She was allowed to reinvest the money, but the only way to keep it was to sell so many EZKeepers she could afford to go off public assistance. Your average free enterprise capitalist would say that not being able to make any money was a good reason to quit, but Connie isn't in it just for the money. She is doing what everyone wants to do, using her individual creativity to make something that helps people.

As Connie continued with her business she realized she had a lot to learn, so she started taking classes at Neighborhood Community Development (NDC). She tried working with different fabrics and learned to use a sewing machine. Leather was the nicest, but it is also more expensive and it's too tough for her sewing machine to handle. As her machine got older, it began to miss stitches and jam, ruining covers in the process. With material costing up \$5 and covers selling for \$15, Connie cut her profit margin in half every time she had to throw away a cover, which started happening a lot. Connie needed a new sewing machine, or she couldn't continue her business. Her friends at NDC knew about her predicament, and they had a possible solution.

NDC is partners with MicroGrants, which is looking for people like Connie. Connie applied for a MicroGrant to buy a new industrial sewing machine that would keep her business alive. Who could refuse Connie? She received her \$1,000 grant in May 2011 and immediately ran out and bought a new machine. It never jams, and it's so powerful it will sew through leather. "It'll even sew through your finger no problem!" laughs Connie. Now that she is back in full production her orders are picking up. Last month it reached a record high. Her new challenges are to improve her advertising and figure out how to hire help if she starts getting more orders than she can handle herself. Connie is one woman who doesn't know how to give up.

We are proud to tell Connie's story and recognize her achievements, but we aren't the only ones. In April Connie won the prestigious "Creativity in Business Award" at NDC's annual awards banquet. They got that right.

HOLLY, barista and office assistant

Some people seem to imitate their pets, but Holly imitates her car. As she drove on her commute everyday it would shake, rattle and squeak. Her car was constantly in the process of breaking down, and Holly often felt like breaking down right along with it. "Every morning and all throughout the day I am constantly worrying about my power steering going out and not being able to get home from work or not being able to get to work the next day," said Holly. These same thoughts plagued her at work, too. We all have too much stress in this world, but that car brought Holly right to the edge. She couldn't stop thinking about it. Holly has always valued her integrity and her well-being at work, and she did not want to be consistently distracted from her work by car worries.

At the same time she hated her job as a bill collector, so she went to Twin Cities Rise! (TCR!) to improve her skills and her self-confidence. Empowered by TCR!, Holly got a job as an office manager at a hotel, but found that the constant stress of that position did not make up for the slightly higher income. She made the move to a busy coffee shop and became a barista. The shop lacked an official manager, so Holly stepped up to manage and supervise the other employees. She created schedules, organized operations, and generally served as a more experienced voice for her coworkers. She felt much better about the new job, but that added value only made the reliability of her car all the more important – and more stressful! Her serious worries about the safety and security of her transportation interfered with her ability to run the shop and improve its standards.

Holly's contacts at TCR! knew what she was going through and had a lot of confidence in her. They recommended she apply to MicroGrants for a \$1,000 grant to fix her car. After hefty repairs at the auto shop, the car was in better shape, and so was Holly. Her stress levels went down and she was able to fully concentrate on her role in the coffee shop. A regular customer was impressed by Holly's great attendance record and her commitment to her work. She was never distracted on the job and made it a point to never bring her home issues into the workplace. Her customer basically created a position for Holly as an assistant in his medical office upstairs in the building.

Although Holly now works extremely long hours -- in the coffee shop in the morning and the office in the afternoon and evening -- her dedication to her work has opened up new opportunities. The extra income allowed her to save up for a trip with her group of friends that had been in the works for years. Now both of her jobs are presenting opportunities for advancement. The coffee shop decided it does need an official manager, and she hopes to be considered. The medical office is always looking for technicians -- who they prefer to train from the ground up, plus there's the possibility of a transfer to the main administrative office.

Holly expects that her solid work ethic will continue to get her better and better jobs. It's amazing what you can do when you figure out a way to relieve the stress. She has a reputation for being upbeat and chipper, but, she confesses, "When you drink eight shots of espresso a day, you kind of have no excuse!"

MARY REED, owner of Cheveux Supplies & Salon

They say only your hair dresser knows for sure, so Mary followed her stylist's advice. One day years ago in Michigan, Mary was having her hair done when her hair stylist suggested that the two of them should go into business and open a salon. Mary had worked as both a community college coordinator and as an employment-training specialist, but this idea appealed to her entrepreneurial instincts. She became the manager of the operation because she didn't have a license to do hair. She was fascinated by the styling side of the business, so when her partner bailed Mary moved to New York and got a license for braiding hair.

The urge to move west brought her to Minnesota in 1998, and she set up one of the first hair braiding stations in the state. She soon realized that she needed further training to add to her repertoire and make her customers happy. She wasn't thinking of having her own salon again, so she just rented stations at different salons. The only problem was that she soon found herself in a game of musical chairs. "I didn't mind working for people," Mary said with a laugh, "The places just kept closing! So I thought maybe it was a sign that I should have my own."

So in 2008 Mary set up shop for herself, Cheveux Supplies & Salon in Bloomington. Mary became known for establishing a warm and lively atmosphere that made people feel comfortable. The problem was that her first location was a "pit." It was an old hearing aid clinic that still looked the part, faded green carpet and all. Still, she thought it was a good deal, because her lease allowed her the first option to buy or renew, so she eventually invested some money in fixing it up with sinks, slat walls, and updated décor.

What she didn't know was that the neighboring business had its eye on that space. Just when she had finished renovating it, the other business offered the owner much more money for the space than Mary could afford. She knew she had to move, but the cost was prohibitive because she had to take down and reset all of the walls and salon equipment, as well as redecorate her new location. Mary applied for a MicroGrant through MCCD. The \$1,000 grant paid for the moving costs that Mary could not cover by investing her own manual labor in the new space, plus it cost \$500 to remove the sign of the previous tenant. That didn't leave her with enough money to get a good sign of her own.

Nevertheless, Mary says her new location is getting increased foot traffic. That's because it has better parking, is across from a transit hub and next to a funeral parlor, and the place has been a hair salon for decades. Mary learned one major lesson, though. She will never again put money into someone else's property and her current lease stipulates that the rent cannot increase by more than 3% per year. It's still a learning experience.

Running her own salon isn't simple. She has space for three or four renters, but it is difficult to find people who are committed enough to work as many hours as possible. Many stylists just work until they make their monthly goal and then disappear. Mary has higher standards. "I don't do anything just for the money," Mary says. "My passion is healthy hair."

She's tried hiring people directly but has encountered similar issues with work ethic – "don't hire one person until you need three, I've discovered." She currently has one renter, a barber. She is constantly learning more about best business practices, another virtue that is apparently not shared by all business owners.

One feature of the salon's cheerful, vibrant atmosphere is that you never know what sort of music will be playing. "If [our clients] have never been exposed to other cultures," Mary says, "They get it here." The top three languages for her clients are English, Spanish, and American Sign Language (ASL), so Mary is learning some ASL herself and has plans to make an informational video for other salons to better serve their deaf customers.

She also teaches braiding classes at the salon in the evenings. "All this means something," she says, "So I'm hanging in, plugging away." She is always conscious of priorities for her business and how they align with her long-term plans. Of the MicroGrant, she says, "It's an opportunity to take the next step, and since sometimes you run out of options, backup is great. It's also good to know that at least somebody out there is helping small businesses.

Over the course of our one-hour conversation, Mary worked patiently with her customer, while the barber said goodbye to one man just in time for two brothers to arrive with a granddaughter, who had been wanting to see the salon. Everybody chatted and joked in the bright, warmly lit salon with the upbeat music. The barber remarked, "She has more energy than all of us put together."

RHEA

Rhea was a talented dancer in high school, and planned to go to college in order to study dance. But she had to change those plans when she found herself pregnant in her senior year. By the time her son Elijah was a year-and-a-half old, she realized that she had to start her life over, and dancing wasn't in the equation.

Though she had a job, Rhea entered the Jeremiah Program and with the support and assistance offered there, she earned her teaching degree. But she wasn't allowed to teach school unless she procured a teaching license, and licensure tests are expensive and often it takes more than one attempt to pass the test.

Especially with her departure from the Jeremiah Program upcoming, Rhea did not have the funds to cover the costs of the multiple tests and subtests required to get her certification. That's when the Jeremiah Program considered her as a candidate for a MicroGrant. Her application was accepted, and the \$1,000 grant enabled her to take and pass all the tests needed to become a certified teacher of elementary- and middle-school aged children. When she was first hired in March of last year, she taught 6th graders, but transitioned to 2nd graders this academic year. Each age group, she says, is rewarding in its own way.

Rhea is now working as a second grade-reading teacher in a low-income district in St. Paul. Although working with kids from such backgrounds has been difficult, Rhea finds it very rewarding and hopes to stay in her current school for the foreseeable future. Thanks to the MicroGrant, she was able to complete her education and start on a career and independent life. And because of her dedication, the impact of that grant will benefit all of her students.

RUSHON

Rushon knows the meaning of a Catch 22. He came to Minnesota 20 years ago at the urging of a college friend. Laughing, he says that when his friends in New York heard of his plans to move to Minneapolis, their response was, "Oh cool, like the race!" "No," Rushon said, "That's *Indianapolis*. The *Indianapolis 500*. I'm going to *Minneapolis*!" "What? You're moving *where*?"

Rushon bought a one-way ticket and stayed. He made his living with a succession of different jobs over the years. "One day," Rushon says, "I woke up and asked 'what am I going to do now?'" He decided it was time to change things. He had a full-time job but it gave no benefits, so he came to TCR! in in 2010 in order to improve on that. TCR! has a lot of different things for different people, but Rushon especially appreciated their classes on interpersonal skills and self-responsibility.

Despite these improvements, Rushon was doing what he calls "glorified couch surfing." That meant that he had no place of his own, so he had to move from one friend's couch to the next. The advantage is that the overhead is very low, but there are plenty of disadvantages. "It is difficult to keep work clothes clean and neat when you're staying in a friend's living room," said Rushon. One time his buddy's son came home and declared in frustration "this looks like a refugee camp!"

Embarrassment is one thing, but the biggest problem was the Catch 22 when it came to finding a new job. "It's kind of like the chicken or the egg," he said. "You can't get a job without a place to live, but you can't get a place to live without a job!" It's easy to get discouraged in that type of situation, and it becomes tempting to lapse into "destructive" behavior. But he did not; he kept trying to find a job and a more stable situation despite the catch-22 that is set in place if someone doesn't have a fixed address.

The people at TCR! Recognized Rushon's dilemma, and recommended him for a MicroGrant. The \$1,000 grant enable him to break out of his Catch 22 by provided a deposit so Rushon could move into into a good apartment, with reasonable rent and a good location. Without the MicroGrant, he says, there was "just no way I could have moved in." He would still be couch surfing.

Because he now has a stable situation at home, he is able to use his time and resources much more effectively and be successful at *both* of the jobs he now holds. His primary job demands a strict punctuality – one of his co-workers was fired for being just six minutes late. His second job, as a caterer, adds to his income.

All of this has helped Rushon to connect more with his sons. Last January, when one of his sons was living in North Carolina, Rushon was able to take a weekend and fly out to see him, something he would absolutely not have been able to do from a couch. "Things were structured," he says, "So I could put time together. That weekend with my son was from the MicroGrant."

MICROGRANTS – 2011 NONPROFIT PARTNER AGENCIES

- **African Development Center of Minnesota (ADC)** works within the African communities of Minnesota to start and sustain successful businesses build assets and promote community reinvestment.
 - **Daily Work** strengthens families and communities by assisting job seekers in preparing for, finding, and maintaining living wage jobs.
 - **Jeremiah Program**, assists single mothers and children to break the cycle of poverty by providing a campus community where they can prosper through programming that actively supports women in completing postsecondary education by providing safe affordable housing, life skills education, empowerment training, and early childhood education.
 - **Metropolitan Consortium of Community Developers (MCCD)** is an association of community development organizations committed to expanding the wealth and resources of neighborhoods through housing and economic development initiatives.
 - **Metropolitan Economic Development Association (MEDA)** offers one-on-one business consulting, training, leadership development, government contracting assistance, access to financing, networking, assistance with minority certifications and strategic planning.
 - **Midtown Global Market** is a partnership among four non profits (African Development Center, Latino Economic Development Center, Neighborhood Development Center and Powderhorn Phillips Cultural Wellness Center) and is home to more than 40 small businesses featuring fresh fruits and vegetables, specialty groceries, prepared food and gifts from around the world.
 - **Neighborhood Development Center (NDC)** works in the low-income communities of St. Paul, Minneapolis, surrounding suburbs, and Greater Minnesota to help emerging entrepreneurs develop successful businesses that serve their community, and to help community groups build a stronger neighborhood economy.
 - **PRISM (People Responding in Social Ministry)** is a community-funded social service agency that provides families in need with food, financial assistance, transportation and other services in times of financial hardships.
 - **Project for Pride in Living (PPL)** works with lower-income individuals and families throughout the Twin Cities metro area to achieve greater self-sufficiency through housing, employment training, education, and support services.
 - **Summit Academy OIC (SAOIC)** is an educational and vocational training center that empowers adults and prepares youth residing in the most economically depressed neighborhoods in the Twin Cities to become educated, employed, contributing members of their community.
 - **Twin Cities RISE!** provides employers with skilled workers – primarily men from communities of color in the Twin Cities area – by training under- and unemployed adults for skilled jobs that pay a living wage of at least \$20,000 annually.
 - **The Amherst H. Wilder Foundation** promotes the social welfare of persons resident or located in the greater Saint Paul metropolitan area by all appropriate means.
 - **WomenVenture** is dedicated to helping women gain economic prosperity and are national leaders in guiding, training and networking women to achieve their true potential.
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