



May 18, 2023

As the Executive Director of Micro Enterprise Services of Oregon (MESO), one of the 37 nonprofits receiving a portion of the \$15 million available through the Economic Equity Investment Program (EEIP), I am honored to share how EEIP will provide the historically underserved entrepreneurs that my organization serves with opportunities to build wealth while creating a landscape of true economic equity in Oregon.

For the past 16 years, building economic equity has been a cornerstone of MESO's work to provide technical assistance, business education and access to capital to help historically underserved entrepreneurs in Oregon launch and grow home-based and storefront businesses to build wealth.

More than 90% of the entrepreneurs we serve are Black, Latinx or other people of color; 20% speak a primary language other than English; and 85% are low or extremely low income. Almost all of our clients are underbanked or unbanked, with little or no formal experience or relationships with banks and other traditional financial institutions. Many have faced systemic racism or discrimination, leaving them distrustful of banks or facing inequity in accessing services. They may face language barriers, preventing them from receiving the same services as persons whose first language is English. In addition, our clients often have little access to financial education, leading to a lack of financial literacy and competency that results in poor credit histories that place them in a category that traditional banks consider "high-risk," preventing them from equitable access to lending products.

While we have been able to achieve outstanding success helping more than 3,000 home-based and storefront small business owners build wealth and financial stability, we have often been limited by what we could do with most grant funding. EEIP funding, however, has provided MESO with an opportunity to implement two programs that will create short-term, medium-term and long-term paths to economic and income equity in Oregon by addressing two unique areas of need among those we serve.

In Jackson County in Southern Oregon, MESO will use EEIP funding to support a matched-savings account program to help as many as 25 entrepreneurs whose home-based and storefront businesses were devastated by the combined impacts of the pandemic and wildfires. These entrepreneurs need support to replace equipment, purchase new inventory and renovate spaces to recover and rebuild their businesses, many of which are the sole source of income for the owners and their families.

MESO's Individual Development Account (IDA) program helps entrepreneurs build strong financial habits as they work to save money to purchase equipment and similar assets for their businesses. For each dollar saved, participants in our basic IDA program receive a \$5 match up to a specific maximum amount. Participants learn long-term goal setting and how to identify and achieve the steps required to accomplish those goals. They begin building important relationships with banks that will be key to their ability to grow their businesses and to improve their personal lives through areas such as obtaining loans to purchase vehicles and even homes.

MESO has a well-established, thriving and highly successful IDA program that serves approximately 130 per year. This program is especially critical for entrepreneurs (mainly Latinx, indigenous and low-income) in rural communities in Jackson County who lost both their homes and their small businesses in the Alameda wildfire in late 2020. MESO has created a special IDA program for these beneficiaries that allows them to save up to \$2,400 over a shortened period of 13 months (compared with the usual 25 months), and then receive up to \$12,000 in matched funds for a total of \$16,000 to use to recover and rebuild their economic stability.

MESO has determined most participants are able to put approximately \$900 a month toward that \$2,400 amount over a 13-month period without causing extreme financial burden. MESO will use EEIP funding to provide IDA participants who meet our beneficiary criteria with grants of up to \$1,500 each to put toward the \$2,400 they are required to set aside in a savings account and cover a required enrollment fee. The grants will free up more than \$100 per month for recipients while enrolled in the program to help them cover basic living and business costs while also empowering them to build financial habits as they work toward goals to qualify for the matched funds. Entrepreneurs also will recover their businesses from the impacts of the wildfires and restore a steady income for themselves and their families. In addition, they will build resiliency in their businesses through increased financial stability to help them position for future success.

MESO will use the remainder of its EEIP funding to pay down interest rates for as many as 45 BIPOC and low-income borrowers with small business loans. Entrepreneurs use these loans for a range of business-related purposes such as purchasing work vehicles, paying for accounting services, or purchasing inventory. When MESO has had the rare opportunity to use grant funding for this purpose in the past, we have seen the positive impact it has on entrepreneurs and on their businesses. Having the interest rates on their loans reduced through EEIP funding will help ease the burden when they make their monthly payments, providing them with extra cash each month that they can re-invest in their small businesses, their families and their communities.

While the EEIP funding MESO will receive will not be enough to meet the need of all of the entrepreneurs we serve, it is an important step toward making a dramatic difference in the lives of Oregonians who have been excluded from economic equity for far too long. MESO is proud to be a part of the work to ensure no Oregonian is left behind in that effort.

Sincerely,



Cobi Lewis

Executive Director

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