

## Small Business Support Hub Program

### FAQs

Updated: 8/24/23

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#### Program Eligibility

**Q: How does this initiative integrate with the standing work of Michigan's SmartZones? (7/12/23)**

A: The Small Business Support Hubs program will build upon the 20 years of MEDC SmartZone success by creating a statewide network of entrepreneurial hubs equipped to serve the needs of small businesses through direct support and network referral relationships.

Eligible applicants for the Small Business Support Hub Program are not, however, limited to SmartZones and can include organizations such as:

- Existing MEDC SmartZones
- Business service organizations
- Entrepreneurial hubs and business accelerators and incubators
- Tribal entities
- Entities serving small business owners in underrepresented communities
- Applicants contracting third parties to plan, execute and manage small business support services

**Q: Are regional economic development organizations, municipalities or local government entities eligible to apply? (7/12/23)**

A: Regional Economic Development Organizations, municipalities, local units of government and other non-profit organizations that meet the definition of an entrepreneurial hub are eligible to apply for this program.

For the purposes of this program, an entrepreneurial hub is defined as an entity that has a **physical space** that provides training and resources to **entrepreneurs** through a combination of **direct service**, **remote service**, and **referral relationships** to support the launch, sustainability and/or growth of entrepreneurs.

As required by the Program Guidelines, the MEDC will partner with entrepreneurial hubs to support small businesses disproportionately impacted by the COVID-19 pandemic. As required by the Michigan Strategic Fund, the program will:

- Support small businesses disproportionately impacted by COVID-19
- Cultivate a more inclusive, accessible and integrated (small business and tech) entrepreneurial ecosystem
- Increase the number of businesses served through new and scaled programming, technical assistance, and support services
- Increase awareness of Michigan's small business ecosystem; assist small businesses in navigating to and through local, regional and statewide business support resources
- Expand the geographic reach of network partners into underserved and rural areas
- Raise the national profile of Michigan's small business ecosystem

**Q: Can a new non-profit (3 years old) apply? (7/12/23)**

A: Yes. Existing non-profit organizations who meet all other eligibility criteria can apply for the Small Business Support Hubs Program. Organizational eligibility criteria include:

- Self-identified as an entrepreneurial hub
- Able to demonstrate a history of serving as an entrepreneurial hub
- A non-profit organization
- Headquartered in Michigan
- In good standing with the State of Michigan
- Registered or have the ability to register for a federal UIC number
- Eligible to do business with the federal government

**Q: Can for-profit businesses also apply? (7/12/23)**

A: No. A for-profit business cannot apply to serve as a Small Business Support Hub.

However, for-profit SME / business service entities may collaborate or partner with eligible applicants to deliver services funded through this program, as a Strategic Partner, or as a contractor to the applicant.

**Q: The Small Business Support Hubs Program Guide notes organizations must be able to demonstrate a history of serving as an entrepreneurial hub. Can a new organization, without an established history of serving as a hub, still apply for funding? (7/12/23)**

A: No. Instead, new organizations who cannot meet all eligibility criteria, including – but not limited to – the ability to demonstrate a history of serving as an entrepreneurial hub, should instead consider serving as a Strategic Partner or Contractor with an eligible local partner who can serve as the lead applicant on a collaborative submission.

**Q: To be considered for funding, does programming need to be in place? (7/12/23)**

A: Support Hubs can apply for funding to support new or existing programming.

**Q: Can a center for entrepreneurship of a university apply for this grant? (7/12/23)**

A: Yes.

**Q: Can a 501(c)6 apply for funding? (7/12/23)**

A: All nonprofit organizations are eligible to apply.

**Q: Does an applicant entity have to have a “physical space,” or can we lease/borrow space from a partner. (7/12/23)**

A: Applicant entities must have a physical space that is within their control – whether via lease or ownership.

**Q: When identifying strategic partnerships to include within our application, could a municipality be included? (7/12/23)**

A: Yes – a municipality is an example of a Strategic Partner that could be leveraged when creating a competitive application for the Small Business Support Hubs program.

**Q: Can a hub apply in partnership with another organization that would manage the direct grants to small businesses? (7/12/23)**

A: Yes.

**Q: Can an applicant submit more than one application? (7/12/23)**

A: No. Only one application may be submitted per entity. However, some entities, including but not limited to, those with multi-region or statewide service areas, specific technical expertise, and/or cultural competency may serve as Strategic Partners in more than one application.

**Q: Do businesses need to have been operating before March 2020 in order to receive a direct grant from the Support Hub? (7/12/23)**

A: No. For the purposes of this program, the MEDC is defining disproportionately impacted by COVID-19 a business that meets one or more of the following:

- A business located in CDFI Investment Areas, Qualified Census Tracts, or rural areas of Michigan ([Map](#))
- A business that meets the definition of SEDI-owned
- A business that can demonstrate a disproportionate negative economic impact as a result of COVID-19

**Q: Where can I find your definition of Non-Profit and BSO? (7/21/23)**

A: A non-profit is defined as an organization that has non-profit tax status such as (but not limited to) a government entity, a 501(C)3 or 501(C)6. Being a non-profit is an eligibility requirement of this program.

A Business Support Organization (BSO) is an entity that provides programming and services to support the launch or growth of Michigan small businesses. A BSO is an example of a type of applicant that may qualify as eligible.

**Q: Can one organization support several applications? (7/21/23)**

A: Yes, it is reasonable to expect that an organization that provides specialized technical assistance / programming or other support services may assist as a strategic partner in more than one application.

**Q: If a capital expense exceeds \$4,999 can we pay the difference out of pocket or does the item itself have to cost under that? (7/21/23)**

A: No. Individual capital expenses cannot exceed \$4,999. Hubs may not cover the difference.

**Q: Do you require applying organizations to have an independent financial audit or will 990s suffice? (7/21/23)**

A: Applicants are not required to provide independent financial audits or 990s to apply.

**Q: We are an Entrepreneurial Hub and have a Federal UEI number. We have filed for our 501 (c) 3 status but have not received our approval status yet. We are an LLC and have a fiduciary. Can we apply? (7/21/23)**

A: Eligible entities must have non-profit status at the time of application. You may consider partnering with another eligible entity to be the applicant and support their application as a strategic partner.

**Q: Will an application still be considered if you are not located in the MDARD Rural Counties map? (7/21/23)**

A: A Hub does not need to be located on the MDARD Rural Counties map. The map is used as one method to qualify businesses disproportionately impacted by COVID19 that may receive services.

**Q: Is there a way to identify regional hubs that may be applying and looking for support services/partners? Network opportunities? (7/21/23)**

A: Currently, MEDC is not match-making potential applicants and support programs or other contractors

**Q: Are expenses occurred prior to grant award eligible as part of a reimbursement? For example, if I hire a grant writer to support the application, can I seek reimbursement if awarded? (7/31/23)**

A: No. Expenses incurred prior to the grant agreement execution are not eligible.

**Q: Along with the SBSH program our organization is interested in applying to LEO for the MI Community Center Grant which is also funded with ARPA dollars. Could an applicant receive grant funding for the same project from two separate entities and programs if both are ARPA funded? (7/31/23)**

A. It is possible that an entity could receive funding from two programs that are funded through the American Rescue Plan. Funding must be used for different eligible activities under each program and must not show duplication of benefits. You are also encouraged to check the MI Community Center Grant guidelines for further clarification.

**Q: Can an entity submit their own application to serve as a Hub and support one or more applications as a strategic partner? (7/31/23)**

A. This is allowable.

**Q: Can an entity submit more than one application? (8/24/23)**

A: Generally no. However, MEDC acknowledges that some organizations have separate and distinct entrepreneurial hubs and that those entities may share the same Employer Identification Number/ Taxpayer Identification Number (EIN/TIN). In those circumstances, each Hub may submit their own application, representing distinct entrepreneurial programming.

**Q: We are intending on adding staff as “at will” employees to handle the small business priorities we are establishing under this program. Given the need to obligate the grant funds by Dec 31, 2024, can we enter into employment contracts with any staff serving this program to commit the funds through Dec 31, 2026? (8-24-23)**

A. The SBSH program guidelines allow expenditures related to hiring or retaining full time or part time staff to carry out the eligible programs and services as an eligible use of funds. Hubs may allocate staff or hire new staff to carry out this work. A Hub must consider payroll costs obligated through the term of the employment contract, as a matter of practice.

Federal guidance addresses financial obligations within the Final Rule FAQ Section 13.17.

*13.17. In the definition of “obligation” in the final rule, what does Treasury mean by “similar transactions that require payment?”*

*As stated in the final rule, obligation means “an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.” See 31 CFR 35.3. As contemplated by this definition, Treasury recognizes that recipients may obligate funds through means other than contracts or subawards, **for example in the case of payroll costs. In these circumstances, recipients must follow state or local law and their own established practices and policies regarding when they are considered to have incurred an obligation and how those obligations are documented. For example, a recipient may have incurred an obligation even though the recipient and its employee may not have entered into an employment contract.***

Hubs will need to substantiate their own established practices and policies regarding when they are considered to have incurred in obligation and how those obligations are documented. If not already in place, a Hub must establish a policy prior to the execution of a grant award. If a Hub does not have an established policy in place prior to execution of a grant award, payroll costs will not be considered an eligible cost.

**Q: What qualifies one as a "strategic partner" in terms of both eligibility and project/program activity within the application's scope of work? (8-24-23)**

A. Hubs will identify strategic partners within their application. Strategic partners may be for-profit or non-profit entities that will support the Hub in achieving their desired program goals. A strategic partner may include a sub-contractor that will deliver a distinct scope of work to the hub in order to implement programs and services that benefit businesses disproportionately impacted by COVID19. Examples include but are not limited to a contracted Entrepreneur in Residence, program management, event coordination, training facilitation, or the contractor may provide packaged services. Additionally, a strategic partner may include a county, municipality, DDA, Chamber, or other entity that works closely with the Hub to ensure new and different business have increased access to program in new geographies or to support a specific audience.

Hubs will identify a specific scope of work that sub-contractors will deliver. These deliverables must demonstrate they are needed to carry out programs and services that support businesses disproportionately impacted by COVID19. Funds can not be used for the purpose of general operating expenses.

**Eligible Beneficiaries (Small Business Served)**

**Q: Are businesses who received COVID-19 relief funding through PPP or other federal programs eligible to receive a direct grant through the Small Business Support Hubs funding? (7/12/23)**

A: Yes. Eligible businesses who have received other COVID-19 related small business relief funding can still receive additional grant support through the Small Business Support Hubs program.

**Q: Where can I find the minority-owned definition? (7/12/23)**

A: Definitions for Disproportionately Impacted by COVID-19, Minority-owned business, Socially and Economically Disadvantaged Individual (SEDI) can be found in the Small Business Support Hubs Program Guidelines, on the Small Business Support Hubs [website](#).

**Q: What types of businesses can be supported using Small Business Support Hubs funding? In other words, how is the MEDC defining disproportionately impacted by COVID-19? (7/12/23)**

A: Businesses supported through Small Business Support Hubs funding must be small businesses disproportionately impacted by COVID-19. A business qualifies as disproportionately impacted by COVID-19 if the business that meets one or more of the following:

- A business located in CDFI Investment Areas, Qualified Census Tracts, or rural areas of Michigan ([Map](#))
- A business that meets the definition of SEDI-owned
- A business that can demonstrate a disproportionate negative economic impact as a result of COVID19

**Q: Can a Small Business Support Hub use funding to support a small business that is in the tech industry? (7/12/23)**

A: Yes. Small businesses, regardless of industry, are eligible to receive support through the Hub as long as they meet the MEDC's definition of having been disproportionately impacted by COVID-19.

**Q: What are acceptable "proofs" of disproportionate COVID-19 impact? (7/21/23)**

A: Small Business Support Hub funding must benefit businesses disproportionately impacted by COVID-19. Hubs will have to qualify each business receiving service. Documentation could include, but is not limited to, verifying the business owners' home or business address to ensure it represented on the qualified areas map, providing a self-certification that a business identifies as SEDI-owned, or providing documentation and justification that a business demonstrated some other disproportionate negative economic impact as a result of COVID-19.

**Q: How is "First Time Served" defined? (7/21/23)**

A: Hubs will be asked to track businesses that have not previously utilized their (or their sub-contractors / strategic partners) programs, services, training, or have otherwise not previously engaged with the Hub.

**Q: Many of our businesses received previous Covid relief grants. Would those businesses be eligible for these direct business grants? (7/21/23)**

A: Yes, a business previously receiving support for other federal, state, or local COVID-19 programs has no impact on eligibility for this program. With that said, a Hub may identify their own eligibility requirements based on their local or regional priorities and program goals.

**Q: Is pre-revenue a deterrent or an acceptable cause of disproportionate impact to COVID as they weren't eligible for relief dollars in the past? (7/21/23)**

A: Hubs will qualify a business receiving services by ensuring the business meets the definition of disproportionately impacted by COVID-19. Businesses that do not qualify as being either 1) located on the map or 2) as SEDI-owned, may qualify if they can demonstrate a disproportionate negative economic impact as a result of COVID-19. Hubs have discretion to define a disproportionate negative economic impact as a result of COVID-19 and will document their justification. A business previously qualifying or receiving other federal, state, or local COVID relief support makes no impact on eligibility determinations for this program.

**Q: How will tribal entities confirm their eligibility? (8-10-23)**

A: All applicants will self-certify that they meet eligibility requirements.

**Q: Can the small business be in the process of starting their small business to receive direct grant support? (8-24-23)**

A: Small businesses receiving direct grants from Hubs are considered eligible beneficiaries are not required to have an EIN/TIN or be registered in SAM.gov in order to receive the grant.

*Note:* Direct grants dollars are taxable income. Hubs are required to provide any necessary financial documentation to the business for the purposed of tax filings (example – issuing a 1099).

**Q: How will direct grants to entrepreneurs be distributed to hubs and ultimately allocated to small businesses? (7/12/23)**

A: Entrepreneurial Hubs will be asked to “opt in” or “opt out” of delivering direct grants to small business owners. The entrepreneurial hubs awarded through this program who “opt in” to delivering direct grants to small business owners will receive a proportional up-front allocation of the up to \$10M funding allotment to then distribute to eligible small businesses.

To be eligible to receive direct grants from the Small Business Support Hub, a small business will have to have completed an eligible program or service provided by the Hub within the previous six months in order to receive a grant. Grants are limited to \$20,000 per business and must support small business operations or growth needs as identified by the Hub. Grants will be sub-granted by the Support Hub to the small business owner directly.

Finally – The Entrepreneurial Hub must adhere to the ARP imposed obligated and expenditure deadlines. Direct grant funds awarded to small businesses through must be identified and under contract by 12/31/2024.

**Q: Is there a match requirement for this program? (7/12/23)**

A: No

**Q: How do applicants determine how much to ask for? This is a large funding range. (7/12/23)**

A: The MEDC anticipates that the average grant award for the Small Business Support Hubs program will be between \$2M - \$3M. Per the program guidelines, awardees may apply for funding between \$500,000 and \$5,000,000 for Operations and Programming funding support. In addition, a Hub may also “opt in” to receiving a proportional allocation of funding to administer direct grants to small businesses. The maximum funding support any one Hub may receive, in total, will not exceed \$6,000,000.

**Q: The business hub can apply for funds for new furniture, tech, etc., but not for the construction cost to renovate a space? (7/12/23)**

A: That is correct.

**Q: Is this a reimbursable grant? (7/12/23)**

A: Grant awards will be distributed in three tranches, on an advanced (not reimbursement) basis.

**Q: Will there be a published indirect rate? (7/12/23)**

A: Indirect costs are not eligible. Applicants should instead identify and build administrative costs into their program budget within the identified categories of operations & programming.

**Q: Since this is funded by ARPA, what federal compliance requirements will be applicable? (7/12/23)**

A: Hubs will be required to submit quarterly reporting – including financial details on budget to actual and obligated funding. An annual progress report will also be required to track other program key performance indicators.

**Q: In the example of creating a kitchen incubator, would general overhead such as rent/leasing of space and/or utilities be an eligible expense? (7/21/23, updated 8/10/23)**

A: For eligible businesses, general overhead such as rent, lease payments, or utilities are not an eligible use of direct grants.

Hubs may utilize funding to rent or lease space for the purpose offer programs and services related to the Small Business Support Hubs Program.

**Q: Funds available for business grants are in addition to the \$2-\$3 million per hub, correct? (7/21/23)**

A: Yes, Hubs may apply for up to \$5 million to support operations and programming. It is anticipated that the average grant award may be between \$2-\$3 million per Hub. In addition, Hubs may also opt in to deploying grants which will be awarded on a proportional basis up to \$1 million per Hub.

**Q: It was underlined that the deadline for sub-grant funds to be granted by the hubs to businesses is December 31, 2024. I'm wondering – is this date when grants need to be finalized and contracts signed, or do all checks and money need to be executed and actually distributed by then? (7/21/23)**

A: The obligated deadline of December 31, 2024 means that all contracts (including with businesses for grants) must be signed – essentially obligating funds (generally, this means who are you paying, how much will pay, for what scope of service, and over what length of time). The expended deadline of December 31, 2026 means that the payments must be made and the services rendered by then. Once a Hub is under contract with third-party, they can set up the payment schedule and terms of service that extends through 12/31/26.

**Q: Are subsidies provided to companies for incubation space an eligible expense for Small businesses or startups within the Entrepreneurial hub? (7/21/23)**

A: No. Small businesses receiving direct grants may not use grants for general overhead such as rent, lease payments or utilities. As described here, using funding to subsidize a company's physical space within the Entrepreneurial Hub would be considered rent / lease expenses.

**Q: Is the capital expense limit of \$4,999 only for operational and programming support OR is it limited for direct grants to small businesses, as well? For example, can a small business who receives a \$20,000 direct grant from an eligible hub use it to purchase a \$20,000 piece of equipment? (7/21/23)**

A: The capital expense limit of \$4,999 applies to direct grants to small businesses as well as operational and programming expenses of the Hubs.

**Q: Do support contracts need to be USA, or is Canada allowed? (7/31/23)**

A: Hubs may identify contractors to carry out desired services as part of their overall program design. Contractors do not necessarily need to be headquartered in Michigan. Contractors must have the ability to register for a federal UEI, be eligible to do business with the federal government, and will be subject to all applicable federal requirements.

**Q: A strategic partner would like to utilize the grant to hire a program manager to support marijuana processing. Is this allowable. (8-10-23)**

A: Funding may not be utilized to support cannabis industries including marijuana processing.

**Q: As we work through program design, we're considering passing the direct grant dollars through to municipalities to sub-grant to businesses impacted by COVID-19. Is this eligible? (8-10-23, revised 8-23-23)**

A: While it is possible for a Hub to engage with multiple entities to deploy grant funding, the program requires that grants are utilized by businesses that have engaged with a Hub through programs or services, that funding drives stabilization of the business or increases revenue, and fills a need that cannot be met through an existing program or service of the Hub. It is of note that in this scenario, it is



expected that the communication and referral path between the Hub and the grant administrator(s) will be significant.

**Q: Can Hubs utilize funding to support rent? (8-10-23)**

A: In some instances, Hubs may utilize funding to support rent. Rent expenses are allowable so long as the space is being utilized to offer programs and services related to the Small Business Support Hubs Program. Additionally, expenses related to short-term room rental are allowable. In some instances, it may be necessary to prorate rent.

**Q: Program guidelines indicate that expenses related to events that support businesses disproportionately impacted by COVID19 are eligible. Are food costs covered? (8-24-23)**

A. Generally yes. Costs related to purchasing and providing food at an event that serves businesses impacted by COVID19 would be eligible. The Hub will need to substantiate how this expenses ties to serving businesses disproportionately impacted by COVID19.

Keep in mind that funds must be obligated by 12/31/24 so individual expenses like food costs at event may be more difficult to obligate. Hubs may consider contracting with an “event manager” whose scope may include end-to-end event planning and cover needed expenses such as room rental, food, training materials, and training facilitation.

**Q: Does the business have to be incorporated when Covid started? (8-24-23)**

A. No. To qualify for programs, services or direct grants, a business must qualify as disproportionately impacted by COVID19, this is defined in the program guidelines.

## Equity and Inclusion

**Q: How will MEDC address equity and ensure that these services reach under-represented / rural businesses? (7/12/23)**

A: Reaching rural and under-represented businesses is a core tenet of the Small Business Support Hubs program. Additionally, pursuant to P.A. 1 of 2023, Section 304(3) not less than 20% of businesses served by the Program must be minority-owned businesses.

Applications will be reviewed by a Joint Evaluation Committee (JEC) comprised of MEDC team members, entrepreneurs, professional serving entrepreneurs, as well as regional community and economic development professionals who represent the diversity of Michigan residents. Applications will be evaluated based upon the following criteria:

- Capacity and Capability
- Strategic Partnerships
- Regional Impact
- Cultural Competency
- Scope & Financial Feasibility
- Ability to Meet ARP Deadlines

Further, applicants must demonstrate that their program activities will directly support small businesses disproportionately impacted by COVID-19. For the purposes of this program, the MEDC is defining disproportionately impacted by COVID-19 as a business that meets one or more of the following:

- A business located in CDFI Investment Areas, Qualified Census Tracts, or rural areas of Michigan ([Map](#))
- A business that meets the definition of SEID-owned
- A business that can demonstrate a disproportionate negative economic impact as a result of COVID19

**Q: I represent a region of the state whose population may prohibit my hub from meeting the 20% threshold of minority businesses served. If awarded Small Business Support Hub funds, am I obligated to meet or exceed the threshold of 20% minority businesses served? (7/12/23)**

A: No. Federal eligibility requirements for the Small Business Support Hubs program require the entrepreneurial hub to serve small businesses disproportionately impacted by COVID-19. While minority owned businesses across the state have been impacted by COVID-19 at a higher rate than non-minority owned businesses, not all regions across the state have large enough populations to meet or exceed the threshold. In recognition of this, the 20% minority businesses served will be measured at a state-wide level vs. for each individual hub.

#### Application

**Q: Our organization is well funded. We have outside funding sources that will help us scale up and build upon the work that we're applying for funding for with the Small Business Support Hubs application. Where should we include this information in our application? (7/12/23)**

A: This information may be included within the Program Proposal section of the application.

**Q: If the application is a joint application, does each partner submit a budget for how they will support the programming? (7/12/23)**

A: No – one comprehensive budget summary will be provided by the applicant within the online application. Strategic Partners should not submit separate budgets.

**Q: Where can I find a PDF copy of the online application? (7/21/23)**

A: Applicants have requested a PDF document that lists the questions included in the online Small Business Support Hubs application. To accommodate this request, the MEDC has created an application reference document – which can be found on the Small Business Support Hubs [website](#). The PDF application includes the questions, a description of the formatting of the questions within the online application, and whether a question is required/optional.

Note: Only applications submitted via the online portal will be considered for review and award. Applicants are encouraged to reference the online portal throughout the open application period and to save their applications as “draft” until complete and ready for submission. The online application portal can be found [here](#).

#### Application Scoring & Review

**Q: Is there criterion or rubric for scoring applications? How are applications evaluated? (7/12/23)**

A: Applications will be reviewed by a Joint Evaluation Committee (JEC) comprised of MEDC team members, entrepreneurs, professional serving entrepreneurs, as well as regional community and economic development professionals who represent the diversity of Michigan residents. Applications will be evaluated based upon the following criteria:

- Capacity and Capability
- Strategic Partnerships
- Regional Impact
- Cultural Competency
- Scope & Financial Feasibility
- Ability to Meet ARP Deadlines

**Q: Do you anticipate individual submissions vs. collaborative submission being more competitive? (7/12/23)**

A: Although applications for the Small Business Support Hubs program will be submitted by one applicant, the MEDC will prioritize applications that demonstrate both a history of working with strategic partners and a desire to leverage strategic partnerships for the deployment of services being supported through this funding.

**Q: Does Having a certified grant administrator on staff enhance an application? (7/12/23)**

A: The MEDC will prioritize applications that demonstrate organizational capacity & capability to administer the scope of work identified within the application.

#### Timeline

**Q: Do small businesses that receive direct grants from support hubs need to spend the grants by 12/26? (7/12/23)**

A: Funds awarded to Hubs will need to be identified and under contract to contractors and small businesses by 12/31/2024. All program funds must be expended by 12/31/2026.

#### Compliance & Reporting

**Q: If a Hub is deploying direct grants to small businesses, what are the anticipated reporting requirements for each of those direct grants? (8-24-23)**

A. Hubs can expect to provide reporting data that includes, but is not limited to, documentation of how the grant drives revenue or stabilization efforts, how the business has been engaged with the TA provide currently or in the last six months, invoices / receipts that demonstrate the grant was used for eligible activities, how the business qualified as disproportionately impact by COVID19, and individual information about the business such as name of business, address, and other demographic data.