



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

EXHIBIT A

Small Business Support Hubs Program Guidelines

Program Overview

The Small Business Support Hubs Program (“Small Business Support Hubs” or “Program”) will deploy funding, administered by the Michigan Economic Development Corporation (“MEDC”) on behalf of the Michigan Strategic Fund (“MSF”) to support small businesses, with the goal of increasing local economic development and community development across the state of Michigan.

This initiative will bring more comprehensive resources to assist in the establishment, expansion, and operation of small business support hubs or community incubators that promote innovation and entrepreneurship, foster local growth, increase access to economic resources, or provide mentorship, training, integrated supports, technical assistance, or networking opportunities.

Further, the Small Business Support Hubs will raise awareness of local, state, and federal resources and will help foster a collaborative culture among service providers which supports entrepreneurs in navigating to and through these resources.

Program Goals

Through the Small Business Support Hubs initiative, the MSF will partner with entrepreneurial hubs to support small businesses, with a preference to hubs located in geographically diverse areas that promote innovation and entrepreneurship in the state.

The program will:

- Increase local/community economic development
- Provide direct support for the establishment, expansion, operation, and scaling of small businesses across Michigan
- Advance technology adoption and optimization by connecting small businesses to digital tools, technical expertise, and innovation resources
- Drive connectivity by leveraging models that coordinate regional assets to deliver high-quality, accessible services to small businesses statewide.
- Strengthen regional entrepreneurial ecosystems

- Ensure statewide access to services across all Michigan Prosperity Regions
- Cultivate a more inclusive, accessible and integrated small business and tech-based entrepreneurial ecosystem
- Improve the quality, consistency, and effectiveness of small business support services statewide
- Increase successful navigation to capital, technical assistance, and growth resources
- 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, and access to business assistance for entrepreneurs in underserved, rural, and underrepresented areas
- Support measurable business outcomes, including sustainability, growth, and job creation
- Raise the national profile of Michigan's small business ecosystem

Eligible Applicants

Eligible applicants are entities that identify as an entrepreneurial hub. 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** (i.e., on-site through staff, contractors, or strategic partnerships), **remote service** (i.e., off-site through field staff, contractors, or strategic partnerships), **and referral relationships** (i.e. organizations, entities or individuals with distinct or complementary technical or culturally competent expertise) to support the launch, sustainability and/or growth of entrepreneurs. The types of training and resources provided to entrepreneurs through Hubs include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

Eligible applicants must be:

- A non-profit organization
- Headquartered in Michigan
- In good standing with the State of Michigan
- Have sufficient staffing resources to implement the Program
- Demonstrate a successful history of serving as an entrepreneurial hub
- Able to demonstrate a diversified portfolio of funding sources for Program sustainability

Examples of eligible applicants include, but are not limited to:

- Business Service Organizations (“BSO”) / Entrepreneurial Service Organizations (“ESO”)
- Entrepreneurial hubs, business accelerators, or business incubators
- Tribal entities
- Other entities serving small business owners in diverse, rural and other underrepresented communities

Eligible applicants may also contract with third parties to plan, execute, and manage the deployment of small business support services.

Eligible Small Businesses Served

Small businesses served by the Program must meet certain eligibility requirements:

- Be an operator of a business within the state of Michigan
- Business must be headquartered within the State of Michigan
- Business must be in good standing with the State of Michigan
- Business must not be organized for profit

Exception: To the extent it does not negatively impact the Program goals or detract from its core purpose, Program funds may be used to counsel non-profit organizations that devote a significant portion of their activities to assisting entrepreneurs).

LARA registration is not required for initial intake with a hub, but will be required to receive service under this Program.

*Small businesses **ineligible** to participate in this program are:*

- Businesses based in a foreign country;
- Businesses engaged in any activity that is illegal under federal or state law;
- Franchise businesses;
- Businesses that derive more than one-third of their gross annual revenue from legal gambling activities;
- Businesses that present live performances of a prurient sexual nature or derives more than a de minimis amount of revenue from the sale of products or services of a prurient sexual nature;

Eligible Costs and Activities

“Eligible Costs” for the Program may be used to support activities that advance the effective administration, coordination, and delivery of services within the Program. Allowable uses of funds include the following categories:

- Administrative Expenses
- Programming & Services
- Direct Business Assistance Awards

Administrative Expenses (Not To Exceed 15% of Total Grant Award)

“Eligible Costs” for Administrative Expenses are at least one, or any combination of, the following activities:

- Personnel and staffing;
- Purchase of fixtures, furniture & equipment;
- Purchase of supplies, hardware & software;
- Professional Development and Training, including certifications, memberships, subscriptions, licenses, and continuing education;
- Other costs associated with administrative expenses requested to better support Eligible Small Businesses will be considered on a case-by-case basis and subject to approval by the Grant Manager.

Programming & Services

“Eligible Costs” for Programming & Services are at least one, or any combination of, the following activities:

Small Business Support Hub Programming

- Purchase of upgrades to systems and technology;
- Marketing Expenses;
- Licensing of programs, curriculum, online learning platforms and other educational tools for the purposes of providing training to Eligible Small Businesses served through this Program;
- One-on-one business coaching and advising;
- Workshops, seminars, and cohort-based learning;
- Capital readiness and financial preparedness support;
- Technology adoption and digital capacity building;
- Referral and navigation to local, regional, and statewide resources;
- Data collection, performance tracking, and continuous improvement;
- Highly specialized consulting services;
- Networking and mentorship delivered by full time or part time employees, or subject matter expert contractors;

- Deployment of support services that may be delivered directly by the Hub or through third-party contracts to meet the launch, sustainability, or growth needs of the business;
- Other costs associated with hub operations and / or the delivery of programming and services will be considered on a case-by-case basis, and should be reflective of distinct local or regional needs, and are subject to approval by the Grant Manager.

Ecosystem Coordination & Partnership Development

- Sub-awards, contracts, and partnerships with regional partners pursuant to building a hub and spoke model within assigned Michigan Prosperity Region

Ecosystem Coordination & Partnership Development activities should be pursuant to:

- The establishment, administration, and oversight of subawards to regional “Spokes”
- Ensuring County-based coverage and service alignment within the assigned Michigan Prosperity region
- Performing resource alignment and partner connectivity among regional stakeholders
- Performing regional convenings and collaborative engagement with sub-awardees and other Business Support Organizations (BSOs) and Entrepreneurial Support Organizations (ESO’s) within the assigned Michigan Prosperity Region

Eligible small businesses may receive multiple support services. Hubs are responsible for exercising appropriate discretion in the amount of support services any individual eligible small business may receive.

Hubs may charge small businesses modest, reasonable, cost-based fees for eligible services provided under the Program, consistent with cost recovery and sustainability objectives.

Hubs must ensure that rates paid to sub-awardees, vendors, contractors, or service providers under the Program are necessary to accomplish the Grant Activities and the amount paid for such services, supplies, and/or materials will not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered, or the supplies or materials are furnished, unless explicitly negotiated as in-kind or pro bono.

Direct Business Assistance Awards (Not To Exceed 30% of Total Grant Award)

Direct Business Assistance awards are intentionally limited and are meant to serve as a reserve for business needs which cannot be directly met through programs or services provided by the Hub, as described above. The distribution of grants must align with the following requirements:

- Direct Business Assistance awards to an individual business may not exceed \$10,000 (any amount higher than \$10,000 may be pre-approved on a case-by-case basis with approval from the Grant Manager)
- Direct Business Assistance awards must relate to eligible programs or services provided by the Hub. Eligible grant recipients must have completed an eligible program or service within the previous six months in order to receive a grant.
- Direct Business Assistance awards must be used to support the establishment, expansion, operation, and scaling of small businesses. Eligible expenses include:

- Purchase of equipment, inventory, machinery, and supplies
- Technology and digital capacity investments, including software, hardware, data tools, and cybersecurity solutions
- Professional and technical services, such as legal, accounting, financial advisory, and compliance services
- Marketing, branding, and customer acquisition expenses
- Other costs as approved by the Grant Manager

Ineligible expenses include:

- Facility-related costs directly supporting business operations, including leasehold improvements, utilities, or workspace-related expenses
- Workforce-related costs, including hiring, staffing, training, upskilling, and onboarding expenses
- Construction-related costs, materials, or equipment

Funds requested for Direct Business Assistance Awards cannot be incurred prior to the start of the small business' engagement with the Hub.

An eligible small business may only receive a total of \$10,000 in Direct Business Assistance Awards through this Program.

Awards Structure

Awards will be issued to Small Business Support Hubs with a focus on regional collaboration through building a true “Hub & Spoke” model within each Michigan Prosperity Region, with a goal of having 1 Hub per Prosperity Region and allocating funds appropriately across all 10 Michigan prosperity regions. Notwithstanding, multiple awards may be selected within the same prosperity region; one or more statewide hubs may be selected.

Awards will be issued for an initial one-year term, with the option to extend yearly, for up to an additional two (2) years, subject to performance, available funding, and approval by the MSF.

1. Up to \$8 million in funding will be allocated to Hubs for Administrative Costs and Programming & Services. Applicants may apply for up to a combined \$2,000,000 in total funding for these categories.

2. Additionally, up to \$3.3 million in funding will be allocated to Hubs for direct assistance awards to eligible small businesses. This funding will be distributed proportionately to Hubs, based upon the total award amount allocated, Hubs may choose to opt out of direct grant deployment.

All Program agreements shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, these Guidelines, MSF approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirements, repayment provisions and periodic reporting to facilitate the MSF’s report to the Michigan legislature. The Program agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet certain requirements.

Application Process

- The MSF will select Small Business Support Hub grantees by conducting an open and competitive application process. The application will be open for at least 60 calendar days.
- Once application submissions have been reviewed and scored, the MSF, through MEDC Staff, may ask applicants to amend their proposals based upon the quality of other applications received to ensure Program goals are met.
- After the initial application window, the Program may open additional funding rounds based on available funding, lack of submissions, or lack of quality responses, to ensure Program goals are met.

Program Considerations

Applications will be evaluated by a numerical scoring process which includes, but is not limited to, the following criteria:

- Ability to increase local/community economic development
- Ability to support small businesses for the establishment, expansion, operation, and scaling of small businesses across Michigan
- Ability to coordinate regional assets to deliver high-quality, accessible services to small businesses within their assigned Michigan Prosperity Region
- Ability to effectively raise awareness of, and make relevant connections to local, state and federal small business support resources
- Cultural competence and highly localized geographic knowledge of small business needs
- Plan to use the Small Business Support Hubs to collaborate with local, regional, and statewide small business resource providers
- Ability to serve geographically diverse areas, including urban and rural communities and otherwise underserved small business owners
- and other factors as determined by the MSF

Program Outcomes

Hubs will be required to report on a quarterly basis both financial obligations and expenses as well as key performance indicators.

These key performance indicators may include:

- Total Number of businesses served
- New business starts
- Capital Formation
- Facilitated Revenue
- Number of existing jobs
- Actual Jobs retained
- Actual Jobs created
- Technology Adoption & Optimization
- And other factors as determined by the Grant Manager

These guidelines are effective for all new Small Business Support Hub activities approved by the MSF from and after March 1, 2026.

APPENDIX A - Definitions

Entrepreneurial Hub: 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** (i.e., on-site through staff, contractors, or strategic partnerships), **remote service** (i.e., off-site through field staff, contractors, or strategic partnerships), **and referral relationships** (i.e. organizations, entities or individuals with distinct or complementary technical or culturally competent expertise) to support the launch, sustainability and/or growth of entrepreneurs. The types of training and resources provided to entrepreneurs through Hubs include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

Businesses served: The number of small businesses and high-growth tech startups assisted by the MEDC or contracted partner resources.

New business starts: The number of small businesses and high-growth tech startups launched as a result of MEDC or contracted partner support.

Capital Formation: The additional funding acquired by small businesses and high-growth tech startups (e.g., debt and equity financing from angel investors, venture capitalists, traditional capital sources, follow on funding, etc.) as a result of the MEDC or contracted partner investment.

Facilitated Revenue: New revenue or contracts acquired by small businesses and high-growth tech startups as a result of the MEDC or contracted partner resources.

Existing jobs: The number of full-time and part-time jobs at the time they receive MEDC or contracted partner support.

Actual Jobs retained: The number of existing jobs that are maintained through receiving MEDC or contracted partner support.

Actual Jobs created: The number of new full-time and part-time jobs added as a result of MEDC or contracted partner support.