

ECONOMIC OPPORTUNITY INITIATIVE

Earning Income, Building Assets, Changing Lives

City of Portland, Oregon

2006 Report to City Council



Lashawn Porter, owner, Clean & Clear Auto Detail and participant in the Initiative-funded MEND program at the Black United Fund of Oregon. In collaboration with the Oregon Association of Minority Entrepreneurs, MEND provided him with intensive support including small business legal aid, assistance with marketing, and a grant to purchase shop equipment.



Randall Plasch, Prep Cook, graduate of the Initiative-funded Culinary Training Program at Cascadia Behavioral Health. Previously, he was homeless, unemployed and suffered from drug abuse and mental illness. He moved into his own apartment in January, 2007.



Jocelyn Vaughan, graduate of the Initiative-funded pre-apprenticeship training program at Oregon Tradeswomen. During her training, she renovated a former "meth house" for community use. She plans to begin apprenticing as an electrician this spring and wants to specialize in solar lighting.

Economic Opportunity Initiative Goal

To increase the incomes or business revenues of participating low-income Portland residents by at least 25% in three years

Overview of the Initiative

The Economic Opportunity Initiative is a citywide poverty reduction program. Currently, 29 projects serve 1,865 participants. Every participant receives 3 years of service and support. As places become available through transition or project expansion, projects enroll new participants. The City's Bureau of Housing and Community Development (BHCD) launched the Initiative in September 2004.

- Twenty-one (21) workforce development projects provide intensive education, training and job placement services for 1,476 low-income residents, working closely with local employers.
- Eight (8) microenterprise projects provide intensive business planning, training, personal support, and access to grants, loans, legal, and financial services for 389 very small businesses.
- Seventy-five percent of program participants had household incomes at or below 30% of the Median Family Income (MFI) at enrollment. The remainder had incomes below 50% MFI.

OPPORTUNITY



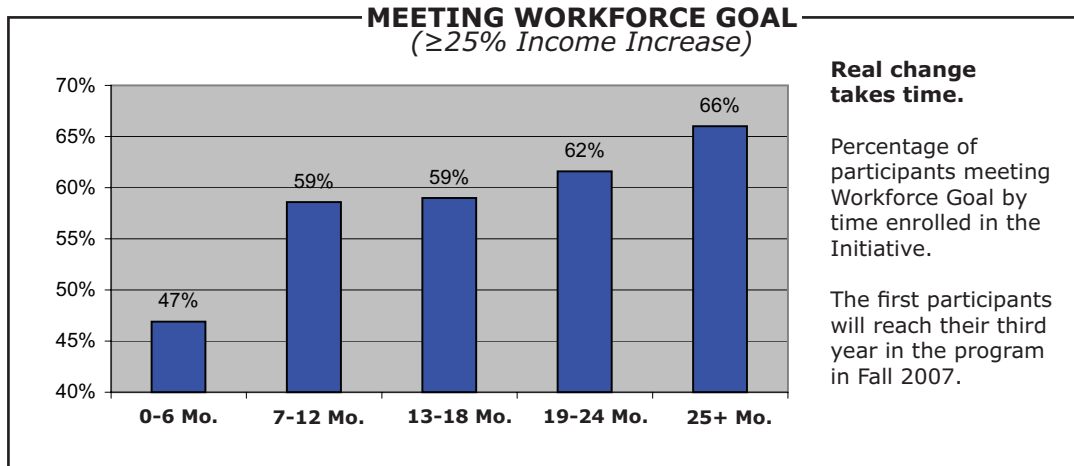
National Best Practices

BHCD has identified critical success factors from smaller projects throughout the country and is implementing them on citywide scale. All of our projects incorporate the following best practices:

- Projects serve groups of people united by a common characteristic such as a shared ethnicity or interest in a business sector. This allows for more customized services and specialized program strategies.
- Participants get the support they need to participate fully and effectively in the program, such as child care, tuition, and transportation.
- Projects provide intensive support from people who can make a critical difference, such as case managers and workplace mentors.
- Real change takes time. The Initiative works with each participant for three years to find a permanent way out of poverty.

**In 2006, 50% of Portland median family income (MFI) was \$33,950 for a family of four. 30% of MFI was \$20,350, approximately equal to the Federal Poverty Level.*

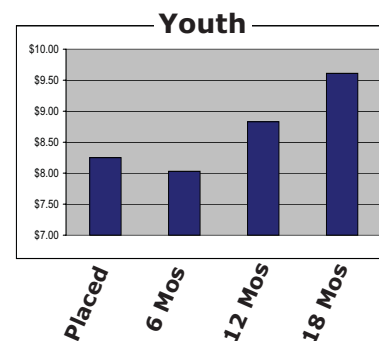
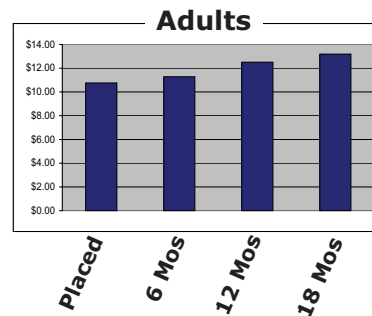
Workforce Goal: To increase participant incomes by at least 25% in three years.



WORKFORCE ACCOMPLISHMENTS

- **Health Insurance:** As a result of being placed in jobs through the Initiative, four times the number of workers now have employer paid health insurance.
- **Cost Effectiveness:** The average annualized income gain of workforce participants at six months after placement is \$15,059, far exceeding the cost of the program.

WAGE PROGRESSION



For employed participants, average wage is measured at job placement and six month intervals following placement.

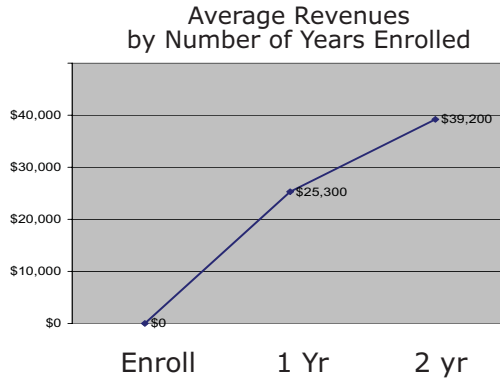
WORKFORCE

Performance

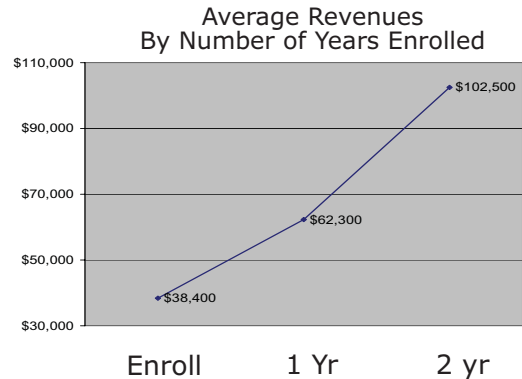
Microenterprise Goal: To increase business revenues by at least 25% in three years.

MICROENTERPRISE

STARTUP BUSINESSES



EXISTING BUSINESSES

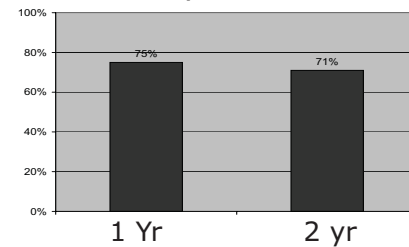


MICROENTERPRISE ACCOMPLISHMENTS

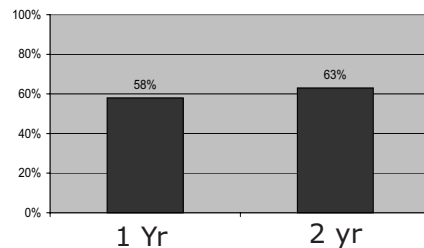
- Increased Revenues:** For existing businesses, revenues have increased an average of 267% over two years of participation.
- New Small Businesses:** 64 businesses have been launched by participants of the Initiative.
- Financial Success:** Start-up business revenue at two years is 30% above the national average of \$34,301* for comparable three-year businesses.

REVENUE INCREASED BY AT LEAST 25%

Startup Businesses



Existing Businesses



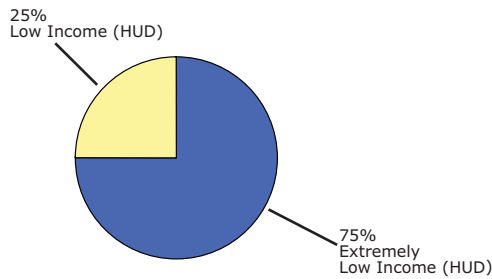
Percentage of businesses that have increased their revenues by at least 25%. Measured at 1st and 2nd year of participation.

*Aspen Institute & Mott Foundation, Microenterprise Best Practices Study, 2005

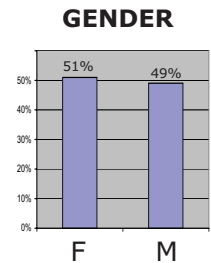
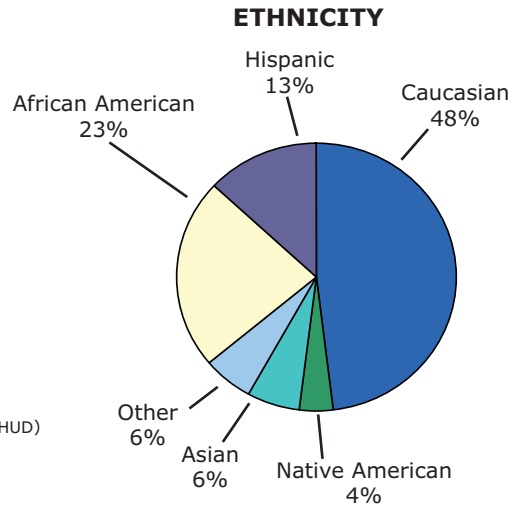
Demographics

ALL INITIATIVE PROJECTS

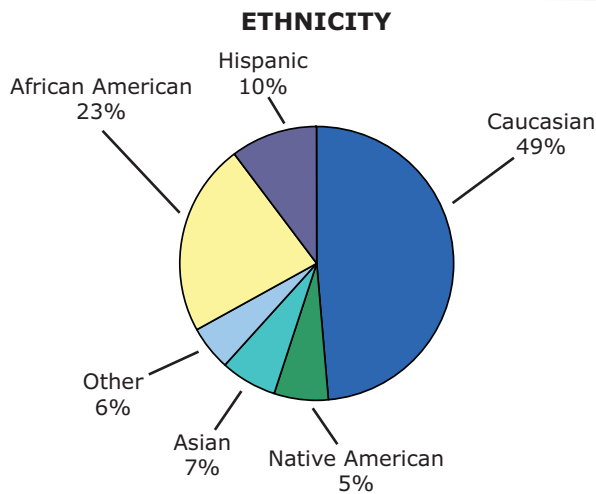
- 1,865 Enrolled
- 955 Female, 910 Male
- 100% Below 50% MFI
- 75% Below 30% MFI



INCOME AT ENROLLMENT



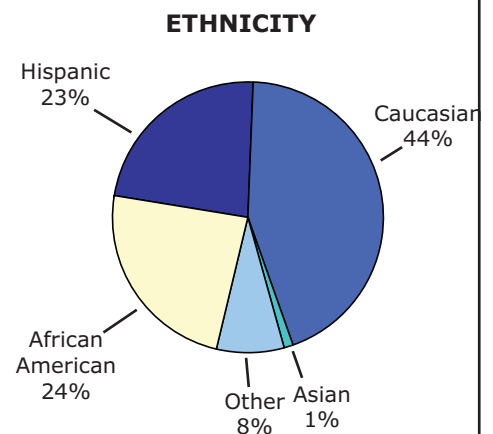
WORKFORCE PROJECTS



- 1,476 participants are enrolled in Workforce Development projects.
- Six projects serving 320 participants focus on people who are homeless or at risk of being homeless.
- Five projects serving 327 participants focus on people who are immigrants or refugees.
- Four projects serving 243 participants focus on training and placing people in construction trades.

MICROENTERPRISE PROJECTS

- 389 businesses are enrolled in micro-enterprise projects.
- Three projects serving 178 businesses focus on people who are immigrants or refugees.
- 170 microenterprise participants are starting businesses through the Initiative and 218 enrolled with existing businesses.



Leveraged Resources

The Economic Opportunity Initiative has developed a broad array of leveraged resources for participants.

- **Pro Bono Legal Aid:** Small business legal services including help selecting a type of business entity, incorporating, reviewing and drafting contracts, lease agreements, and copyrighting.
- **Health Care for the Homeless:** Formerly homeless participants receive free health care through a partnership with Kaiser Permanente.
- **Free Market Research:** Participating microenterprises can obtain free customized reports on business-to-business information, customers, and industry trends.
- **Matched Savings Accounts:** Matched savings toward education, homeownership, or a small business investment. Accounts are matched \$3 for every \$1 contributed by clients.
- **Low Interest Business Loans:** Access to micro-credit lenders that provide low interest loans for small business entrepreneurs.
- **Extended TANF Benefits:** Oregon has extended TANF benefits for recipients who are participating in Initiative projects.



INITIATIVE

On the Horizon

Economic Initiative staff are constantly working to expand the array of services available, including:

- **Free Health Insurance Coverage:** Negotiations are underway to secure free health insurance for uninsured participants and their families.
- **Credit Repair:** The Initiative is developing assistance in repairing poor credit that can be disadvantageous in job screening, housing, and securing mainstream financial services.
- **Clean Slate:** Participants will get help removing legal barriers to work and housing through a collaboration with Project Clean Slate of the African American Chamber of Commerce.
- **Initiative Expansion:** The Initiative will launch 3 to 6 new projects next year.

For more information about the Economic Opportunity Initiative please contact Lynn Knox:

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