



## PRESS RELEASE

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Berlin, VT  
September 29, 2006

### **Community Capital Recommended by Job Start Advisory Board to Administer Statewide Microloan Program**

At its September 29, 2006 meeting, the Job Start Advisory Board officially recognized Community Capital of Vermont as the entity that they would support in the upcoming 2007 Legislative Session to take over the Job Start Microloan Program.

The Job Start Microloan Program is a state-funded loan fund that offers flexible and affordable financing of up to \$20,000 to new and growing businesses that are owned by Vermonters of low and moderate income. The program has been in operation for over 25 years and is currently housed at the Vermont Economic Development Authority (VEDA).

In December 2005, after embarking on an extensive process to review the Job Start Microloan Program's effectiveness, the Job Start Advisory Board and VEDA invited loan funds from around the State to submit a proposal to take on the administration of the Job Start Microloan Program. Two entities submitted responses – Community Capital and Opportunities Credit Union.

A staunch supporter of the Job Start mission and a participant in various program assessments and stakeholder forums on where to house the Job Start program, Community Capital expanded its loan services statewide in the Summer of 2005 with the express goal of making a bid to administer the Job Start Microloan Program. A three-year grant from the US Department of Health and Human Services received in partnership with Central Vermont Community Action Council in October 2005 and support from a wide variety of economic development groups made Community Capital's bid possible and successful.

After careful consideration, the Job Start Advisory Board decided in July to support Community Capital and its proposed program design for the Job Start Microloan Program. A final presentation was made by Community Capital to the Advisory Board on September 29<sup>th</sup> at which time the Board officially recognized Community Capital as their choice.

Community Capital's proposal to administer Job Start maintains the successful components of the Program while incorporating lessons learned from Community Capital's own experience, best practices shared by microbusiness lenders nationwide, the input and concerns of key program stakeholders, and the recommendations of various analyses conducted by consultants on Job Start. The key components of the model include a focus on centralizing administration while decentralizing service delivery. These key components include:

1. Increased responsiveness to loan applications as a result of Community Capital's team of three regionally roving loan officers.
2. A network of five regional loan committees composed of a microbusiness, banker, economic development professional and two business community leaders that make loan decisions on behalf of Community Capital; this model is similar to the way Job Start used to operate and recognizes the importance of local knowledge about the market and community when it comes to making decisions on microloans.
3. Improved portfolio performance through replication of Community Capital's successful loan servicing, monitoring and collections model which is reinforced and supported by its regionally roving loan officers and its unique post-loan technical assistance program (described in #4 below).
4. Provision of one-on-one industry-specific and sector-specific post-loan technical assistance to existing and new Job Start borrowers, a program which is unique to Community Capital and recognized statewide and nationally as an effective model for supporting successful businesses and borrowers.
5. Transparency and consistency in the underwriting process by utilizing Community Capital's unique credit evaluation tools and processes.
6. Strong and diverse portfolio comprised of micro and small business loans, thus balancing risk so as to meet the dual mission of serving loan and moderate income entrepreneurs and sustaining loan resources into the future.
7. Administrative efficiencies as a result of the fact that Community Capital has the organizational capacity to operate Job Start due to its likeness to Community Capital's own loan programs.
8. Participatory statewide governance structure which includes seats for former Job Start borrowers and other stakeholders on its board and a standing Statewide Expansion Sub-Committee, allowing stakeholders to provide input and share feedback, ultimately enhancing program accountability.
9. Ongoing monitoring and evaluation by the University of Vermont's Center for Rural Studies.
10. Ability to leverage limited Job Start Microloan Program funds by securing other private and public grants and investments of loan capital.
11. Track record of administering and managing State and Federal resources through multiple sub-grants and Program Income Assignments received through the Agency of Commerce and Community Development's Vermont Community Development Program.

A concerted effort is now underway by the Job Start Advisory Board, VEDA, Community Capital, the Vermont Community Action Agencies, and a core group of Vermont legislators to deliver a bill to the 2007 Legislature that transfers the Job Start Microloan program from VEDA to the Office of Economic Opportunity (OEO); OEO would then contract with a nonprofit community development financial institution like Community Capital to administer the program. A request for appropriations would also be made, recapitalizing the Job Start Microloan Program with \$150,000 and increasing annual appropriations for operations to \$100,000.

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