



NORTH CAROLINA INSTITUTE OF MINORITY ECONOMIC DEVELOPMENT

February 7, 2013

Response submitted to:

The Fiscal Research Division
North Carolina General Assembly



1. Mission and Programs

The North Carolina Institute of Minority Economic Development (the Institute) is a statewide economic development organization. The Institute's mission is to build the asset base of underdeveloped populations through economic development strategies that build businesses, create jobs, and sustain institutions vital to economically vibrant and socially responsible communities.

Our core programs are centered in business development services that include:

- **General Business Development (Markets, Money, and Management)**
 - Strategic Business Consulting
 - Assistance and Support in Financial Management and Access to Capital
 - Assistance and Advocacy in Access to Market/Procurement Opportunities
 - Construction Contractor Plan Rooms
- **Women's Business Center of North Carolina**
(A U.S. Small Business Administration Partnership)
 - Business Consultation
 - Education and Training
 - Financial Assistance/Support (Loan Packaging)
 - Market/Procurement Assistance
- **NC Minority Business Development Agency**
(A U.S. Dept. of Commerce Minority Business Development Agency Partnership)
 - Business Consultation
 - Education and Training
 - Financial Assistance/Support (Loan Packaging)
 - Market/Procurement Assistance
- **Executive Education**
 - Women's Executive Education & Leadership Series (WEELS)
 - Disadvantaged Business Enterprise Executive Education
 - Emerging Markets Executive Education
 - Non-Profit Executive Education
 - Family Business Executive Education
- **Emerging Markets Investment Fund**
 - Small Loan Fund used to meet contract financing gaps and help small firms address mobilization/contract needs in partnership with other financial institutions.
- **Public Allies of North Carolina**
 - A partnership with Public Allies nationally to place young people in non-profit organizations to build employment skills, exposure to the workplace, and leadership skills.
- **Jobs and Leadership Development**
 - A developing partnership with the corporate community to assist in addressing gaps in employment recruitment and small vendor identification.

2. Customer Target Population

The business community, particularly minority and women owned firms across the state of North Carolina, comprise our target customer population. In addition, aspiring and existing business owners/entrepreneurs across geographies, race, and gender and key participants in our workshops and trainings.

3. Organizational Inception

Our organization was founded in 1986 with key support from the leadership of the state of North Carolina. The Institute has provided business development services since 1988 working closely with major corporations, government, community colleges and the university system, as well as with resources such as the SBA, AGC, and other similar organizations.

4. Footprint

All of the Institute's services are statewide, with the main office headquartered in Durham. The organization has worked hard to establish numerous partnerships across the state with other nonprofit organizations, community colleges and other institutions of higher learning. As an example of the partnerships, the Institute operates four Plans Rooms in strategic locations that assist minority, women-owned and veteran-owned small construction firms with accessing public and private sector construction opportunities. These Plan Rooms are located at North Carolina A&T State University School of Technology and Engineering, at the Fayetteville State University Small Business Incubator and in the Raleigh Business & Technology Center. We also have a satellite office in Charlotte in partnership with the Carolinas Minority Supplier Development Council

5. Organizational Budget

	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
State Appropriations	2,847,602	2,565,405	2,570,985	2,429,296	2,139,793	2,046,080
Other Sources						
Federal Grants	373,131	328,763	493,591	369,191	542,451	511,370
Other State Funds - OMH	60,184	63,272	83,407	102,765	44,727	-
Private Grants	275,000	144,218	365,000	75,000	311,000	135,000
Contracts	208,577	35,057	51,980	67,222	169,160	65,000
Contributions	29,327	54,073	71,537	139,120	142,146	64,000
Rent	70,454	71,939	64,468	59,393	58,899	54,000
Sponsorships	197,750	160,061	163,305	150,164	186,402	156,000
Program Fees		19,449	129,040	89,040	45,643	211,000
Donated Property/Space	139,710	21,379				
Sale of Donated Building				162,712		
Interest	36,544	20,341	7,650	8,321	6,154	6,500
Misc. and Other	5,593	2,821	3,043	9,269	1,257	
Total Other Sources	1,396,270	921,373	1,433,021	1,232,197	1,507,839	1,202,870
Total Budget	4,243,872	3,486,778	4,004,006	3,661,493	3,647,632	3,248,950
Total Budget Change		(757,094)	517,228	(342,513)	(13,861)	(398,682)
		-17.84%	14.83%	-8.55%	-0.38%	-10.93%
State Budget Change		(282,197)	5,580	(141,689)	(289,503)	(93,713)
		-9.91%	0.22%	-5.51%	-11.92%	-4.38%

Our organization operates on a 12 month Fiscal Year ending June 30.

6. Salary Compliance

The Institute has no salaries at or above \$120,000.

Employee benefits include major medical at 80% of cost; family benefits are available but must be covered fully by the employee; dental, vision and life insurance are provided. Contributions are provided to a 403(b) at 5% of salary for employees who have been with the agency for at least one year as a full-time permanent employee. (Please note that up through 2000 the agency made no contributions to the employee 403(b) with only employee contributions provided.)

7. Lobby Services

Lobbyist Expenses in past 12 months: \$53,965.00

<u>Name</u>	<u>Amount</u>
Jason Deans & Associates	\$23,300
Lancaster, Craig & Associates	\$15,665
LA Harris & Associates	\$15,000

The Institute has only one (1) employee that is registered as a lobbyist.

The Sr. VP of Administration spends less than 4% of her time engaging in lobbying activities.

Total compensation (salary & benefits) is \$104,992.

8. Key Performance Indicators

The Institute measures its performance based on the amount of loans, bonds, and lines of credit (financial transactions); dollar value of contracts awarded; the number of training participants.

Table A: Performance Indicators

	2007/08	2008/09	2009/10	2010/11	2011/12
Contracts Awarded	12,064,860	15,930,597	60,154,996	23,160,686	54,929,741
Financial Transactions	12,552,876	16,464,670	34,618,231	35,375,455	33,308,140
Training Participants	4,578	2,229	2,869	4,747	5,997

Table B: Cost Per Indicator

Contracts	1,697,548.80	1,394,711.20	1,601,602.40	1,464,597.20	1,459,052.80
Financing	1,485,355.20	1,220,372.30	1,401,402.10	1,281,522.55	1,276,671.20
Training	636,580.80	523,016.70	600,600.90	549,223.95	547,144.80
Cost per contract \$	0.18	0.09	0.03	0.06	0.03
Cost per award \$	0.10	0.07	0.04	0.04	0.04
*Cost per participant	139.05	234.64	209.34	115.70	91.24

*Includes Executive Education Institute trainings.

9. Similar Organizations

The Institute is the only non-profit that has among its core work that of growing businesses with a particularly focus on providing access to market opportunities, addressing capital needs, and building the operational infrastructure of minority and women owned firms. Regularly, the Institute is requested to share information with individuals and organizations in other states who seek to replicate the model.

There are a growing number of entities in recent years that have added minority or women owned firms as a part of their target service population. Either these entities provide counseling, or financial products, or assist with procurement information. None do all three of access to market opportunities, access to affordable capital, and access to management support and assistance.

We do work collaboratively with the Small Business Centers throughout the community college system in our workshops and training as they have both space and the need to get information out to the businesses in their areas. We refer firms to the Small Business & Technology Development Centers for counseling, and to the Military Business Centers. We collaborate with the financial community, both traditional and non-traditional institutions, to help address the financing needs of our clients. The State of North Carolina has a Office of Historically Underutilized Businesses to share information on firms that are certified as HUBs, and to provide information on opportunities through the state's vendor link system. The Department of Transportation operates a Disadvantaged Business Enterprise Program and we partner closely with NCDOT in the operation of the DBE Executive Education Program and construction plan rooms. Major corporations are key to our work as are our partnerships with other non-profits.

10. Budget Impact

To mitigate reductions, we have drastically limited our research and policy work, reduced staff, and have staff working in more collaborative cross-program environments. We have also increased the number of small group counseling sessions, as well as the number of trainings/workshops across the state to reach a broader number of businesses in lieu of one-on-one sessions to share certain information.

We have been able to generate funds from other sources to help supplement our core work. However, we know that our work would be critically challenged if we had to become self-supporting within a certain time frame. First, it is been our working philosophy not to compete with the private sector for contractual opportunities, so many fee for service projects we would still recommend for client competition. Secondly, we have added some fees for our executive education series held at the universities. Funding specific programs would present some challenge as our effectiveness has been in our ability to be flexible in responding to client needs and the marketplace. It is the support of the state that has allowed us to be as effective and to build a culture that also values businesses owned and operated by women, minorities, veterans, and firms in low-wealth communities.