State Expands Support Services Available for Startups, Entrepreneurs in Response to COVID-19

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The Michigan Strategic Fund has approved modifications to the **Business Accelerator Fund (BAF)** to provide greater support to business accelerators in Michigan's **statewide SmartZone network** that are serving startups and high-tech companies impacted by the COVID-19 outbreak, the Michigan Economic Development Corporation (MEDC) announced today.

"Around the world, Michigan is known for its innovation, work ethic and unwavering resilience. As we continue working to combat COVID-19 throughout the state, it is critical that we do everything in our power to provide greater support to our startup and entrepreneurial communities," said Fred Molnar, Vice President of Entrepreneurship and Innovation at MEDC. "By expanding the use of these funds, we are empowering some of our state's most creative minds to explore the types of ground-breaking innovations that will help us tackle this virus in communities across our state."

Funded by the MEDC and administered by the **Michigan Small Business Development Center** (SBDC), the Business Acceleration Fund (BAF) provides a series of small grants of up to $50,000 to business accelerators to help high-tech businesses access certain specialized services they need to grow. The BAF is available to all 19 of the participating business accelerators in Michigan's statewide SmartZone network, offering support to all regions of the state. These funds are generally used to deliver specific commercialization services that would not otherwise be available, such as the development of marketing plans or technology validation and product testing. In **December 2019**, the Michigan Strategic Fund Board approved $1.43 million to fund the BAF in 2020.

By expanding the BAF today, the state is working to ensure entrepreneurs and startups with the capabilities to offer support during the COVID-19 outbreak have the means to do so, while also providing the ecosystem greater economic support in response to the crisis. Altogether, the changes to the BAF program will:

- Increase the amount of discretionary funds available to business accelerators to more immediately provide services to startups, entrepreneurs and small businesses in need;
- Expand the permissible use of BAF to include utilities, rent or other services not typically supported through the BAF program. This expanded allowable use of discretionary funds may be used only for existing accelerator clients or past clients that have been previously vetted by the accelerator;
- Allow certain non-tech businesses to access services through BAF to support the manufacture or distribution of critical medical supplies and personal protective equipment such as masks, gowns and sanitizer; and
- Expand company size eligibility requirements and allowable use of funds for tech companies developing innovations that could support COVID-19 response efforts, such as diagnostics, therapeutics, or processes to support the health care system's response to the virus.

"Unfortunately, we are seeing too many companies that have made significant strides in recent months begin struggling to stay in business because of this public health crisis. Today's announcement will help provide additional services for those companies and startups whose innovations not only support Michigan's economy, but whose technologies can help us continue to fight this outbreak in Michigan," said Phil Tepley, Director of Technology Commercialization Services at the Michigan SBDC.

Tech companies that have benefitted from the BAF are already stepping up to support COVID-19 response efforts in the state. In March, Grand Rapids-based NxGen MDx announced its immediate launch and availability of a **COVID-19 test** in response to the rapid rise in cases throughout the country. NxGen MDx received support through the BAF in 2013 and today is a leading women's health company that delivers highly accurate and precise genetic testing. By adapting its technology, NxGen MDx is helping to meet a major demand nationally for increased diagnostic capabilities. Through the increased services now being provided through the BAF, the MEDC and SBDC are hoping more startups and companies will be able to follow suit.

Today's announcement builds on additional support available through the MEDC and SBDC for small businesses, startups, entrepreneurs and communities throughout the state. This week, MEDC's Pure Michigan Business Connect (PMBC) program launched the **PMBC COVID-19 Emergency Access and Retooling Grants program** to provide $1 million in grants to Michigan's small manufacturers looking to retool and produce critical health and human service supplies in response to the COVID-19 outbreak. To qualify, companies must submit an application at **https://pmbc.connect.space/covid19/forms**.

PMBC can assist grantees by connecting them with demand identified through the **COVID-19 Virtual Procurement and Donation Assistance portal**. The portal, an effort of PMBC in collaboration with the State Emergency Operation Center, is a free, virtual procurement and donation platform that provides health and human service providers direct access to businesses within the state providing and donating supplies including personal protection equipment, food, medical devices, paper products, cleaning equipment and more.

In addition, **michiganbusiness.org/covid19** also features other resources for businesses across Michigan to assist them in recovering from economic losses as a result of the COVID-19 virus. This includes the Michigan Small Business Relief Program, U.S. Small Business Administration emergency loans, support services offered through the SBDC and more. The MEDC has also developed a FAQ for Michigan businesses and communities at **michiganbusiness.org/covid19-faq**.

For those who have questions about the state's actions to mitigate the spread of coronavirus, please call the COVID-19 Hotline at 1-888-535-6136 between 8 a.m. to 5 p.m. daily.

Information around this outbreak is changing rapidly. The latest information is available at **Michigan.gov/Coronavirus** and **CDC.gov/Coronavirus**.

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