



Frequently Asked Questions: **Social Entrepreneurs for Economic Development (SEED) 4.0 Initiative**

What is the SEED Initiative?

The SEED Initiative is a first-of-its-kind program that was launched in 2020 to provide access to entrepreneurship training, technical assistance, and microgrants to SEED target populations to support them in starting and/or maintaining a small business in California aimed at addressing a social problem or meeting a community need. SEED target populations include immigrants and individuals with limited English proficiency (LEP) who experience significant employment barriers. Since the program was created in 2020, California has invested a combined total of \$37.5 million to support successful immigrant entrepreneurship through SEED.

Who administers the SEED program?

In June 2020, the California Legislature approved AB 82 to establish the SEED initiative under the Employment Training Panel (ETP) which is housed within the Labor and Workforce Development Agency (LWDA). SEED funding is administered in partnership with nonprofit Community-Based Organizations (CBO) helping underserved communities in culturally and linguistically effective ways. These CBOs provide training, micro-grants, and technical assistance to community members through one of two pathways: the SEED Entrepreneurship Program, or the SEED Worker Cooperative and Employee Ownership Program.

Who is eligible for the program?

To be eligible to apply for a SEED grant, an organization must be a 501(c)(3) CBO or a fiscally sponsored program of a 501(c)(3) CBO. Organizations may apply on their own, or jointly with other eligible organizations.

How does an organization apply for the SEED funding?

To apply for SEED funding, an organization must fill out an online application through the Employment Training Panel. Proposals will go through a two-part review process: (1) technical review; and (2) scoring. Organizations with the highest scores will be funded based on funding availability.

What types of projects has SEED supported?

The SEED Initiative has simultaneously started new, and expanded existing, immigrant-owned businesses across the state in diverse industries and immigrant communities, including but not limited to food and restaurants ([La Guerrera's Kitchen](#)), professional services ([Petal Effect](#)), health care ([Courage Homecare](#)), child care ([Cooperacion Santa Ana](#)), car wash ([CLEAN Wash Mobile LLC](#)), and transportation ([Ride United](#)) among Latinx, Pilipino, Somali, and Nigerian communities. These diverse initiatives showcase the success of individual-led businesses and worker-owned cooperatives as pathways to economic mobility for immigrants who experience some of the biggest barriers to economic mobility.

What economic impact does the SEED Initiative have?

[Research](#) conducted by the University of California, San Diego Center for Community Health evaluated 150 refugee and immigrant community members, predominantly women, who participated in SEED trainings. The findings revealed that 98% of participants believed SEED

had a positive impact on their communities, while 97% reported that the SEED entrepreneurial training and microgrants motivated them to either start or expand their businesses.

Additional research conducted by Columbia Business School found that 60% of SEED grantees were able to secure additional capital, 60% increased their marketing efforts, 36% obtained permits and licenses, and 16% opened new business bank accounts.

Finally, [research](#) on SEED worker-owned cooperatives shows that they not only help immigrant workers secure stable jobs, but also promote equitable wage distribution, offer workforce development training, and empower workers to take on leadership roles within the businesses.

How do immigrants strengthen California's state and local economies?

California is home to 880,900 immigrant entrepreneurs who generate \$28.4 billion in total business income. These entrepreneurs sustain vital services that Californians rely on, including construction, agriculture, hospitality, and food service. Additionally, immigrants help strengthen the state's workforce, supporting everything from large industries to local microbusinesses.

How does the SEED Initiative uphold a pathway towards good jobs and high-road businesses?

Immigrant entrepreneurs play a crucial role in supporting California's economy by fostering community development, driving job creation and supporting innovation. SEED upholds a pathway towards good jobs and high road businesses who prioritize both economic success and social impact. SEED helps businesses grow in ways that not only promote long-term economic growth but also ensure fair wages, sustainable practices, and a positive impact on the community. This commitment helps create a workforce that is empowered, resilient, and equipped for success in the evolving economy.

How does the SEED Initiative reduce barriers for immigrants and individuals with limited English proficiency (LEP)?

The SEED Initiative places a heavy focus on providing not just funding, but also training for future entrepreneurs. These trainings prepare SEED entrepreneurs and worker-owned cooperatives to address some of the biggest barriers that preclude immigrants and individuals with LEP experience when trying to start a business, including but not limited to limited access to capital, financial literacy (e.g., tax policies and business law), and growing their businesses. This ensures that they are being positioned to not just create but ultimately grow their business over time. SEED lays the groundwork for additional policies that support immigrant entrepreneurs by creating a framework that highlights the importance of equitable access to capital and business development resources.

What is the administrative process for organizations that receive funding to provide training and microgrants? What requirements do individuals have to satisfy?

SEED grants provided resources primarily for training and microgrants to entrepreneurs, including those starting worker-owned cooperative businesses. Grantee organizations track the administration of services to SEED recipients through a comprehensive tracking system that includes instances of technical assistance, training courses, and microgrant types and amounts. The microgrant provision requires an initial vetting process to ensure that applicants meet the criteria, including the state-mandated completion of a basic entrepreneurship training to be eligible for the grants. Each organization was required to allocate 75% of the funding they received toward grants, with the remaining 25% designated for administrative costs.

Entrepreneurs who completed the required training were invited to submit a grant application that included information about both their business and personal background. Each application was evaluated using a rubric that assessed eligibility, the applicant's personal story, as well as the business's viability. Immigrants Rising offered two types of grants: \$5,000 for businesses in the ideation phase or generating less than \$100,000 in revenue, and \$10,000 for businesses earning over \$100,000 annually (with tax documentation required to verify revenue). Selected recipients signed a grant agreement and attended a mandatory briefing to review the grant terms and allowable use of funds. All grantees were required to submit a report detailing how the funds were used.

For worker cooperative businesses, once the worker-owners meet the criteria for a specific type of microgrant, they sign an agreement, list the number of owners, and once the funds have been disbursed, they sign a receipt confirming they have received the funds. The cooperative microgrants include ownership share, training, data participation, and member administrator, each includes distinct requirements for disbursement.

What can people do with this money?

Examples of how individuals who have received micro-grants for entrepreneurship have used the funds include one \$5,000 seed grantee purchasing a food truck at a police auction to grow their food business. Another example is an older couple using their funds to create a women's-only cooperative in the Philippines. There was also a SEED grantee who used her funds to purchase uniforms, drums, and other musical equipment to put on an Afro-Peruvian play in East Los Angeles. In addition, there was a \$10,000 mature business Seed grantee who operates a stall inside a swapmeet who used the funds to pay rent during a low season for their business.

Examples of how individuals who have micro-grants for co-ops have used the funds include purchasing a van to start a [worker-owned car wash cooperative](#), stipends to participate in business trainings, and capital contributions toward starting a cooperative.

If the SEED funding is not secured, how does that impact the small business community and providers?

If SEED 4.0 is not secured, hundreds of small businesses and entrepreneurs will be severely impacted due to the direct cut to financial support they could have received through the SEED Initiative. More specifically, the intended audience for this financial support directly serves the immigrant community and individuals with limited English proficiency (LEP) who experience significant employment barriers which will severely impact their potential trajectory into financial success through entrepreneurship.

If SEED 4.0 is not secured, hundreds of small businesses and entrepreneurs will be significantly affected by the loss of critical financial support provided through the SEED Initiative. The program's intended beneficiaries, immigrant entrepreneurs and individuals with limited English proficiency (LEP), face substantial employment and economic barriers. Without SEED funding, these entrepreneurs would lose access to resources essential for launching and sustaining their businesses, limiting their ability to achieve financial stability and long-term economic success. This funding gap would also strain community-based service providers that support these populations, reducing their capacity to foster inclusive entrepreneurship and local economic growth.

Why is \$45 million being requested for SEED?

\$45 million is being requested over the next two years for SEED to meet the growing need for pathways to employment for immigrant communities. SEED is responding to an urgent moment and is uniquely positioned to respond to overlapping immigrant and small business challenges.

Immigrants are under direct attack, facing heightened enforcement, ICE raids, and a climate of fear that disrupts work, commerce, and community stability. Last year, Trump stripped 1.5 million immigrants of their temporary legal status, including their work authorizations. In addition, more than 600,000 individuals were deported, leaving low-income families without their primary income earner. The loss of work permits will lead to a substantive increase in prices for goods, mass unemployment, and lifelong debt for families.

Small businesses are under severe economic strain, grappling with inflation, rising rents, supply chain instability, and limited access to affordable capital. For immigrant entrepreneurs in particular, these pressures are compounded by language barriers, lack of traditional banking access, and exclusion from federal relief programs.

As a result, there is an acute need for individuals losing work permits to have a viable pathway to generate income to support their households, including entrepreneurship, which all individuals can engage in, regardless of immigration status. However, support for entrepreneurship, especially for immigrants, remains extremely limited. To date, SEED remains the only program of its kind in the state that is uniquely positioned to support communities in navigating employment transitions, while meeting their immigration and linguistic needs.

The funding request for SEED serves several purposes:

- **Ensures that there are sufficient funds to meet high demand**
Historically, SEED funding has ranged from \$7.5M to \$10M annually, allowing the program to reach only a limited share of eligible businesses. However, in each funding round, more than roughly 50 organizations have applied, yet only a fraction have received support. For example, in SEED 1.0 (2020), the program received 51 proposals total, yet only 9 (17%) of these proposals were ultimately funded. Similarly, in SEED 2.5, the program received 49 proposals total but only 5 (10%) were funded. With the majority of qualified applicants turned away due to insufficient funding, thousands of viable businesses did not receive the capital they needed to stabilize or grow. With sustained funding across iterations of the SEED initiative, jobs could have been preserved and entire commercial corridors and neighborhood economies could have been reinvested in.
- **Directs critical funding to underserved regions**
Increased funding is essential for expanding access to funding for underserved regions and communities. While previous rounds of SEED have been successful in reaching diverse parts of California, more funding is needed to address historic underinvestment, particularly in areas such as the High Desert, Central Valley, North Coast, Inland Empire, and Imperial Valley.
- **Expands small business education to individuals, even if they do not receive a microgrant**
Individuals interested in securing a SEED micro-grant are required to participate in trainings where they learn about key business development concepts, including marketing, tax obligations, networking, and more. One organization delivered training to over 1,200 individuals under SEED 1.0, while funding around 740 of them. The program

offers critical benefits to community members, including those who are not selected to receive a SEED micro-grant.

- **Addresses equity concerns regarding implementation**

SEED is a powerful program, but one that also presents a learning curve, especially for organizations that have smaller staff capacity and are newer to entrepreneurship. Additional funding can ameliorate this concern by helping smaller organizations more smoothly meet the demands of the program, including marketing to their communities, hiring additional staff, and establishing partnerships with other organizations to deliver training, technical assistance, and micro-grants to individuals.

The SEED initiative is not only a statewide economic development driver, but it is also a vehicle for community stability and resilience. The request for \$45 million over the next two years meets the scale of the current economic and political crisis facing immigrant and small business communities, the overwhelming demand for SEED that has consistently outpaced available funding, and the program's proven ability to stabilize businesses, protect jobs, and strengthen local economies.