Mortgage and home improvement lending, although an integral part of maintaining healthy, stable neighborhoods, is only one component of successful community-building.

Business lending — whether for commercial construction or for the development of small businesses and small farms — are an additional and equally valuable component of an overall effort to maintain neighborhoods as viable places to live and as destinations for working, shopping, and recreation.

**Community-based Lending**

Financial institutions have discovered avenues beyond housing finance to provide credit to economically disadvantaged communities. In order to help rebuild deteriorating commercial bases and crumbling infrastructures, more institutions are purchasing community and economic development loans from other lenders, thus creating more capital for additional lending. They are also providing technical assistance and loan packaging help to non-profit groups and participating in a variety of federal, state, and local government financing programs designed to meet the development needs of urban and rural communities. And more and more financial institutions are establishing lending departments that focus specifically on the financing of community and economic development projects.

**Equity Investments**

Recognizing that the ability to lend is often limited by the availability of private investment capital, the Federal Reserve System has long authorized bank holding companies (through Regulation Y, which implements the Bank Holding Company Act) and more recently state member banks (through amendments to Regulation H, Federal Reserve Membership), to make many types of equity investments geared toward community development.
Development Corporations: An Effective Tool Creating Jobs and Investments

To address the need for capital within disinvested communities throughout Illinois, the State of Illinois has created the Illinois Development Corporation (IDC) Program.

The development corporations established through the IDC Program are regionally based and provide financing for economic development projects. The development corporations seek to fill gaps in project financing and provide credit to small businesses not otherwise readily available. The Program is designed to strengthen regional economic development efforts in both urban and rural communities.

The Program removes the State of Illinois as a direct lender and allows small and medium-sized firms greater access to local capital. Local financial institutions, in cooperation with the community in which the institutions are located, most often sponsor the development corporations. In addition, development corporations can be capitalized partially through grants from the Illinois Department of Commerce and Community Affairs (DCCA).

Since the inception of the Illinois Development Corporation Program, Illinois has seen the creation of 3,600 jobs and over $80 million in capital investments. Of the 44 development corporations that have been formed, 38 have been awarded DCCA assistance worth a total of approximately $3.3 million and matched by more than $9.2 million in private investments. These funds have been leveraged with over $675 million in private-sector loans.

Commitment continued from page 1

With some limitations, state member banks and bank holding companies can:

• Create de novo, wholly-owned community development corporation (CDC) subsidiaries, which invest in low- and moderate-income housing, commercial and industrial projects, and community services facilities.

• Help capitalize multi-investor or consortium CDCs in partnership with other financial institutions and public and private investors.

• Purchase interests in limited partnerships that develop, rehabilitate, own, and operate low- and moderate-income housing.

• Invest in local, state, or national equity pools or master limited partnerships that provide capital for low- and moderate-income housing.

• Provide venture capital investments for the start-up or expansion of small and minority-owned businesses in economically-disadvantaged communities.

• Organize and operate entities that provide technical and advisory services for housing, community, and economic development organizations and their projects.

Through these permissible activities, financial institutions can expand their role in community development activities. For example, institutions can now take the initiative to buy, renovate and sell properties rather than wait for others to initiate projects. Such actions can foster confidence on the part of community members and attract the interest of other private investors.

Financial institutions can also make investments through loan participations with non-profit community development corporations that may have insufficient working capital to support revitalization projects or to leverage additional financing. In general through community development investments, financial institutions can fill gaps where financing is not currently available, thus making community development projects possible — this is especially important when an institution is focusing on capital-poor areas.

Furthermore, financial institutions can also participate in public-private partnerships aimed at community revitalization and job creation when they invest in community development corporations or other ventures. These investments can help leverage other public and private funds, strengthen the capacity of community-based organizations to undertake key projects, and provide the capital and expertise to support other, more traditional forms of bank financing.

Communications

Advisor: Alicia Williams
Editor: Harry Pestine

Economic Development News & Views welcomes story ideas, suggestions, and letters from subscribers, lenders, community organizations, and economic development professionals. If you wish to subscribe or to submit comments, call 312/322-8232 or write to:

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Federal Reserve Bank of Chicago
Consumer & Community Affairs Division
230 S. LaSalle Street
Chicago, Illinois 60604-1413.

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Community Development Financial Institutions

$35 million in community development funds awarded

Thirty-one community development organizations have been picked to receive $35.5 million in financial and technical assistance from the U.S. Treasury’s Community Development Financial Institutions (CDFI) Fund.

Recipients include four community development banks, six credit unions, 12 loan funds, three venture capital funds, two micro-loan funds, two multi-faceted CDFIs, a national community development intermediary, and a Native-American regional housing association.

CDFIs are specialized private institutions that provide a wide range of financial products and services to underserved communities. CDFIs fill market niches that financial institutions are not well positioned to serve and include such diverse institutions as community development banks, credit union loan funds, venture capital funds and micro-enterprise funds.

The CDFI Fund represents a new approach to community development that leverages significant private sector and local resources and promotes self-sustaining CDFIs. It’s hoped that this initiative will prompt creation of a national network of financial institutions dedicated to community development. Working together, the CDFIs could act as a catalyst for new community lending and investment activity by conventional financial institutions.

Serving the Seventh Federal Reserve District

Four recipients of CDFI Fund awards will serve the Seventh Federal Reserve District, which includes portions of Illinois, Indiana, Michigan, Wisconsin, and all of Iowa. The four are:

- Detroit Development Bancorporation (Detroit, MI)
- The Illinois Facilities Fund (Chicago, IL)
- Local Initiatives Support Corporation (New York, NY)
- Non-profit Facilities Fund (New York, NY)

Detroit Development Bancorporation

The largest award of $3 million went to the Detroit Development Bancorporation (DDB) to help finance the revitalization of an area on Detroit’s east side.

The $3 million equity investment will boost a fund-raising effort that might generate up to $20 million in capital for the newly formed, for-profit, community development bank holding company. The Detroit Development Bancorporation will feature:

- a full service bank in the development area that will provide small business and housing loans;
- a for-profit real estate development company that will initially focus on development of 500 new homes in a 30-square-block area; and
- a non-profit development affiliate that will provide small business assistance for manufacturers in the area, a labor force development strategy to link potential workers with the skill needs of employers, and training and pre-purchase services for first-time home buyers.

DDB will be a subsidiary of Shorebank Corporation. For additional information, call Ellen Burzynski at 312-753-3684.

Illinois Facilities Fund

The Illinois Facilities Fund (IFF) finances non-profit human services agencies that serve low-income residents in Chicago and other areas of Illinois. These agencies include day-care centers, health-care clinics and other critical facilities that often lack access to conventional financing. IFF has made over 60 loans worth $9.5 million to borrowers who are often among the largest employers in low-income neighborhoods.

The CDFI Fund will provide IFF with a $900,000 grant. IFF’s emphasis will be to finance development of family resource centers in neighborhoods within Chicago’s Empowerment Zone.

For additional information, contact Trinita Logue at 312/629-0060.

Local Initiatives Support Corporation

Hoping to tap new markets, the Local Initiatives Support Corporation (LISC) is bringing its financing products and technical assistance services to CDCs in non-metropolitan areas. For the past 15 years, LISC’s efforts have been concentrated largely in urban centers where it has helped Community Development Corporations (CDCs) serving low-income communities by providing financing for operations and real estate development opportunities.

Through its new rural activities, LISC is now working with 52 selected CDCs in 36 states and Puerto Rico. A CDFI Fund investment of $1 million will help LISC leverage additional financial support for its new rural market.

For additional information, contact Ms. Bethany Chaney, 202/785-2908.

Non-Profit Facilities Fund

This fund was established in 1980 for organizations serving low-income communities with physical facility development needs, a unique lending niche.

Initially serving the New York City area, NFF has expanded to Boston, Chicago, Philadelphia and San Francisco. Its varied groups of borrowers include arts and cultural facilities, and religious congregations’ community service centers, health facilities, and child care centers.

NFF’s capital comes from numerous banks, foundations, insurance companies and public entities. The CDFI Fund’s $1 million loan will help NFF’s branch offices lend to a broader base of borrowers.

For additional information, contact Jane Preston, 312/431-8350.

Rural LISC CDCs Eligible for CDFI Financing in the States served by Federal Reserve Bank of Chicago

The Carver Community Action Agency, Galesburg, IL
Pathfinder Services, Inc., Huntington, IN
Muscatine’s Center for Strategic Action, Muscatine, IA
CAP Services, Inc., Stevens Point, WI
Impact Seven, Inc., Almena, WI
Red Cliff Bank of Lake Superior Chippewas, Bayfield, WI
Networking works

Pharmacy owner Helen Randolph is quite savvy when it comes to building her business. With the help of a local bank and a non-profit group that helps women and minorities start and expand their businesses, Randolph was recently able to buy a second pharmacy.

As owner of a successful wholesale drug distributorship and a community pharmacy on Chicago’s near west side for six years, Randolph was looking to expand. Her 280-square-foot clinic pharmacy is situated in a medical clinic in a low-income neighborhood, and nearly 95 percent of her customers depend on Medicaid to handle medical and pharmacy expenses. She feared pending changes in Medicaid funding could hurt the pharmacy’s bottom line, and she began thinking about expansion.

“Eventually, we’ll put in a postal service, lottery agency, diabetes and blood pressure screening, and other services that help the community ...”

— Helen Randolph

Randolph was able to find a second pharmacy with a higher volume and fewer customers on Medicaid. She then contacted The Northern Trust Company for financing.

Deborah Kasemeyer, second vice president at The Northern, suggested Randolph visit the Chicago-based Women’s Business Development Center (WBDC). The center is a non-profit organization that helps women and minorities start and expand their businesses. Northern Trust actively works with the WBDC to provide financing for minority and women-owned businesses.

WBDC’s associate director Linda Darragh says she was impressed with Randolph. “She had done her homework. She was really prepared and understood her business, and she had great resource people on her team — an accountant, a lawyer, and pharmacist consultants.”

Perhaps it was all for the best because the pharmacy she ultimately bought — a 3,500-square-foot establishment, in a thriving residential neighborhood — is now Helen Randolph’s dream come true.

“The pharmacy has been in the area for almost 40 years and has a steady customer base,” she says. “There’s plenty of foot traffic and a strong neighborhood shopping district. In addition, a medical center is adjacent to the pharmacy. The pharmacy averages 100 prescriptions a day.”

Randolph has big plans for her second store because, unlike the clinic pharmacy where she could dispense only prescription drugs, the new one can sell all drugstore products, including profitable over-the-counter medicines.

“Eventually, we’ll put in a postal service, lottery agency, diabetes and blood pressure screening, and other services that help the community and my bottom line,” Randolph says.

“The WBDC was on board to assist in both deals,” Linda Darragh says. “With the second loan request, it was imperative to show that under a new management structure, Randolph could operate the pharmacy profitably. Northern Trust and the SBA approved the loan after Randolph showed the profit potential through her business plan.”

In addition to her retail establishments, she also owns Randolph Drugs, a successful wholesale drug distributor. As a Certified Women’s Business Owner — a designation the WBDC offers to women whose businesses pass stringent tests of ownership and management — Randolph is qualified to sell her pharmaceuticals to county and city facilities.
Micro-micro Loans

Banker takes leadership role in rural area’s “Work Pays” program

The president of a community bank in Cumberland County, Illinois is leading an effort to help local public aid recipients make a smooth transition into the work force.

Carol Jo Fritts’ First National Bank in Toledo is offering loans to these soon-to-be workers through the Department of Public Aid’s “Work Pays” program.

“The loans will be made to qualified applicants who already have jobs lined up, but have financial needs that are not being met,” said Fritts. “We feel that a community bank should be involved in this effort to help people return to work. We are very committed to assisting in any way that we can.” For example, a person joining the workforce might be without car insurance or current license plates. The Bank’s loan program offers immediate access to funds to cover these types of expenses. Other programs, such as the Department of Public Aid’s Project Chance, offer similar types of loans, but in some cases their 30-day waiting period is too lengthy.

Ms. Fritts also is spearheading an educational effort aimed at rural Cumberland County residents hoping to re-enter the workforce. Others involved in the effort include the Cooperative Extension Service, the American Bankers Association, Illinois and Cumberland County’s Department of Public Aid and Project Chance.

For information contact Carol Jo Fritts, president, First Neighborhood Bancshares, Inc. and the First National Bank in Toledo, IL, 217/849-2701.

Work Pays Initiative — Works

In October 1993, 14,000 parents, who received Aid to Families with dependent Children (AFDC) assistance, reported income from jobs. The Work Pays Program began in November 1993.

In July 1996, over 36,000 AFCD parents reported income from jobs. During the same period, from November 1993 to July 1996, more than 70,000 AFDC families have left AFDC because parents found jobs to support families.

Source: Illinois Department of Public Aid

Women in Business continued

Customers include Cook County Hospital, Oak Forest Hospital, Provident Hospital, and Cermak Hospital.

The Women’s Business Development Center in Chicago is a one-stop resource center for people thinking about starting their own business and for those already in business who want additional information and training. The WBDC also helps established business owners who want to attract major corporations and government agencies as customers.

For additional information, contact Linda Darragh at 312/853-3477 Extension 22.

Women’s pilot loan program available

The Women’s Pre-Qualification Pilot Loan Program allows a woman business owner to qualify for a loan guarantee from the U.S. Small Business Administration (SBA) before going to a bank. The SBA can guarantee from 75 to 80 percent of a loan. The program, which streamlines the application process and provides a quick response to loan requests of $250,000 or less, focuses on the character, credit, experience, and reliability of the applicants. For additional information, contact the Small Business Administration, 312/353-5429, or Linda Darragh, associate director, the Women’s Business Development Center, 312/853-3477 Extension 22.
Finance

Novel small business/economic development lending program

A successful new program designed to spur economic development in various California communities recently celebrated its first anniversary.

Called CEDLI, the California Economic Development Lending Initiative, it is a privately funded program that is already having a significant impact on many Californians. CEDLI was created through the combined efforts of the Federal Reserve Bank of San Francisco and California’s banking and corporate community to provide needed capital to job-creating small businesses and for various other community needs.

CEDLI was established with the active support of community groups and began lending in October, 1995 using a $50 million statewide loan fund financed by 37 banks and corporations. In its first year of operation, it has made over $7 million in loans to 25 companies and organizations.

The creation of CEDLI was sponsored by The Development Fund, a non-profit organization known nationally for creating innovative financing programs for public purposes. CEDLI is unique because it enables participating institutions to address a comprehensive range of community development needs. Like many community development corporations (CDCs), it makes loans to capital-starved small businesses. But unlike most, CEDLI also enables its members to serve a range of other community needs, including the special needs of non-profit community development organizations, public lending programs, local CDCs, and real estate-based community economic development projects statewide.

Creating this innovative model wasn’t easy. CEDLI is the result of an intensive planning process involving more than 50 bank and corporate representatives and 35 community development practitioners.

The CEDLI Structure

CEDLI is organized as a statewide for-profit community development corporation (CDC). Its corporate charter, by-laws and other organizational documents were developed to balance the needs of the community participants with the needs of large, medium-sized, and small banks. The organizational structure also ensures the financial soundness of both equity investors and loan participants.

CEDLI consists of three statewide lending programs that help to meet a range of credit needs. In each case, CEDLI delivers capital through existing provider networks, including bank branches, non-profit lenders, sponsors of community-based projects and public agencies. The three programs are:

- Co-Lending Program to finance less-established small businesses that cannot currently obtain loans, but have a high potential to create jobs and to pay back loans. These loans are made primarily through banks. Under this program, CEDLI funds up to 50 percent of the total loan amount while a bank funds the other 50 percent. This allows the bank to start a relationship with the business while limiting its credit risk.
- Loans-to-Lenders Program to provide credit to non-profit, public sector, and other non-traditional community lenders who then use the funds to make loans in their local areas, especially in disadvantaged communities. This program takes advantage of existing resources to reach borrowers more efficiently.
- Direct Real Estate Lending for community real estate projects sponsored by non-profit organizations, including child-care centers, senior centers, economic development projects and other non-residential real estate projects with a community purpose.

CEDLI also works with a non-profit affiliate, California Resources and Training (CARAT), which expands the reach of the CEDLI lending programs by providing additional subsidy and capacity-building support to lenders, technical assistance providers, and other community economic development organizations, especially in underserved areas of the state.

One-Year Track Record

During its first year, CEDLI’s primary objectives have been to begin funding loan requests and to establish a network of banks to deliver loans to small businesses throughout the state. By creating a broad network of bank representatives who are prepared to identify and underwrite CEDLI loans, CEDLI can ensure that its credit will reach both urban and rural areas.

As of July, the CEDLI program had provided $7.3 million in new financing to 25 borrowers through its three lending programs. This amount includes $3.6 million in direct financing and $3.7 million from banks through CEDLI’s Co-Lending Program. Results so far show that both large and small community banks have worked with CEDLI, and that loans have reached both urban and rural areas in all regions of the state.

CEDLI’s initial loans to small businesses under its Co-Lending Program will assist in the retention of 786 jobs and in creating 191 jobs. Most of the new jobs are in minority or low-income areas. Eleven of the 20 small business borrowers are minority or women-owned and represent a variety of industries, including manufacturing, repair, service, and health care.

Through its Loan-to-Lenders Program, CEDLI has made loans worth $700,000 to three non-profit and public-sector organizations operating revolving loan funds in different regions of the state. The funds will be lent locally to small businesses in loan amounts of $5,000 and larger. Through its Direct Real Estate Lending Program, CEDLI has made two loans worth $525,000 to an organization operating a business incubator and to an at-risk youth employment program.

Potential for other states

CEDLI has been successful, replicating or adapting the model in other areas of the country. The experience in California, often a “laboratory” for new programs, is extremely valuable. Additionally, other groups can draw upon CEDLI’s experiences to increase the availability of private-sector financing in their parts of the country.

Over the past nine years, The Development Fund has created community reinvestment programs in eight states throughout the country. Given the growing success of CEDLI, The Development Fund plans to continue its work in this area.

For additional information on CEDLI, or The Development Fund, contact Sid Johnston or Susan Phinney-Silver at 415/981-1070.
Lending contributes to a healthy economy

The U.S. Small Business Administration’s (SBA) primary commercial lending programs provided a record-setting $12 billion in loan guarantees, bonds and financing to small businesses and in the fiscal year that ended September 30, 1996 according to SBA Administrator Philip Lader.

“The results for fiscal 1996 reflect the SBA’s continued role in providing greater access to capital for the nation’s entrepreneurs, who in turn are creating jobs, paying taxes, and supporting a healthy economy,” Lader said.

And the rate of loan volume growth in the Midwest has exceeded the nation’s as the manufacturing sector continues to rebound from the late 1980s and early 1990s, according to Peter W. Barca, SBA Midwest Regional Administrator.

“We have been redoubling our efforts at the SBA in key industrial communities,” he said.

In addition, the SBA program that provides investment capital for business expansion is growing rapidly as the economy continues to grow. The 504 development company program in fiscal 1996 grew from $1.6 billion to nearly $2.5 billion. The program has grown 274 percent since January 1993.

“The SBA’s 504 program is one of the nation’s premier fixed-asset financing programs. It offers fixed rate for terms of up to 20 years,” Barca said. “The longer term provides for lower payments, and the fixed rate offers the assurance to entrepreneurs that their costs would not increase with a general increase in interest rates.”

Barca reported 57 percent growth in 504 financing. The amount of money loaned to Midwestern businesses during the fiscal year, increased from $317.9 million to $499.8 million. Over the past four years, the number of loans provided through the program has grown 153 percent from 558 to 1,409.

In Illinois, the amount of money loaned through the 504 program jumped from $47.7 million in fiscal 1995 to $83.1 million in fiscal 1996, according to SBA Chicago District Director John L. Smith. The total number of loans for business expansion increased from 111 to 197.

“These dramatic increases show that the SBA is a major player in financing entrepreneurs in Illinois,” Smith said. “Our Chicago District Office and Springfield Branch office are to be commended.”

In the Midwest, Barca said 1996’s $946 million in 7(a) financing was third highest behind 1995 and 1994. Over the past four years, the number of loans has grown by 120 percent, from 2,930 to 6,458, Barca added.

In Illinois the SBA approved 1,642 7(a) loans worth $218.5 million, said Smith. “If you total the 7(a) and 504 programs for 1996, the SBA was responsible for $301 million in loans in Illinois,” Smith explained. “That’s an incredible shot in the arm for entrepreneurs in this state. The SBA continues to play a vital role in supporting small business, the engine that makes the American economy run.”

Small businesses, economic development professionals, and financial institutions are encouraged to contact their nearest SBA field office for more information about small business assistance programs. To identify the nearest office, consult the government office listings in your local telephone directory or call:

<table>
<thead>
<tr>
<th>State</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td>Illinois</td>
<td>312/353-4528 217/492-4416</td>
</tr>
<tr>
<td>Indiana</td>
<td>317/226-7272</td>
</tr>
<tr>
<td>Iowa</td>
<td>319/362-6405 515/284-4422</td>
</tr>
<tr>
<td>Michigan</td>
<td>313/226-6075</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>608/264-5261</td>
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</table>

Small businesses account for 50 percent of America’s gross domestic product and employ 54 percent of the nation’s private workforce, Lader added.

“To best serve America’s entrepreneurs and to contribute to our nation’s growing economy, today’s SBA must ensure that government works more effectively and more efficiently for America’s small business community,” he explained. “We recognize the enormous contribution small businesses make to building and maintaining a strong economy, and today’s SBA is fully committed to championing the best interests of America’s entrepreneurs.”
Seventh District Labor Markets

Unemployment conditions for August 1996

August Unemployment Rates 1996
Seventh District (MSAs), seasonally adjusted

- over 5.5%
- 4.5 to 5.5
- 3.5 to 4.5
- under 3.5

NOTE: All rates are subject to revision.
Labor market conditions in the seventh District

The Seventh District makes up a large part of Middle America, which is experiencing a vigorous economic turnaround in comparison with the early 1980s. In contrast to that period, a more favorable position of the dollar on foreign exchange markets has enhanced the region’s exports of agricultural products, consumer goods, machinery, and equipment. The machinery and equipment sectors, along with the regionally important automotive sector, also have gathered momentum due to the generally buoyant national economy. In addition, defense cutbacks and base closings have bypassed most of the region, or the effects are not so severe in comparison with California, New England, and other coastal areas. Similarly, other regions continue to work down a backlog of overbuilt real estate from the middle 1980s—a market boom in which many parts of the Seventh District region did not participate as heavily. As a result of the District’s strength, many local areas are reporting difficulties in hiring skilled workers as well as unskilled or entry-level workers.

Labor Market Highlights

After remaining virtually unchanged for five straight months, the seasonally adjusted unemployment rate for the Seventh District fell slightly in August, from 4.5 percent to 4.4 percent. This compared with a rate of 5.1 percent for the United States in August, which was down from 5.3 percent in July. Employment growth remained healthy in most areas and labor shortages—especially in technical, skilled clerical, and construction occupations—continued to be the major concern. Despite these conditions, there have been no reports of any recent acceleration in wage pressures.

District highlights:

• Remarkably, nearly 45 percent of the District’s MSAs had a seasonally adjusted unemployment rate below 3.5 percent in August. The Madison, Wisconsin area had the lowest rate in the nation at 1.8 percent.

Unemployment rates for Seventh District MSAs are provided by the United States Department of Labor (USDL). Using definitions and guidelines established by the USDL to ensure consistency across state lines, state agencies calculate MSA unemployment rates on the basis of a monthly payroll survey and unemployment insurance records. The rates used here have been adjusted to account for normal seasonal variations.

Currently, labor market conditions are very good in most although not all areas of the Seventh District.

Richard E. Kaglic
Associate Economist

From Our Research Department

Midwest Unemployment Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Seventh District</th>
<th>U.S.</th>
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<tr>
<td>1990</td>
<td>8.5%</td>
<td>9.2%</td>
</tr>
<tr>
<td>1991</td>
<td>8.2%</td>
<td>9.0%</td>
</tr>
<tr>
<td>1992</td>
<td>8.0%</td>
<td>8.8%</td>
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<tr>
<td>1993</td>
<td>7.8%</td>
<td>8.6%</td>
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<tr>
<td>1994</td>
<td>7.6%</td>
<td>8.4%</td>
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<tr>
<td>1995</td>
<td>7.4%</td>
<td>8.2%</td>
</tr>
<tr>
<td>1996</td>
<td>7.2%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Percent thru August 1996

Richard E. Kaglic
Associate Economist
Looking Back For The Future: The Midwest Economy

The Midwestern economy’s dramatic comeback and the region’s outlook for the future are the focus of an ongoing study at the Federal Reserve Bank of Chicago. The goal of Assessing the Midwest Economy: Looking Back for the Future is to better understand the Midwest’s future prospects by examining the turnaround in its economic performance since the early 1980s. That’s key to forecasting future performance and to developing policy that will enhance the region’s prospects for continued economic improvement.

Chicago Fed economists have worked with experts from the public and private sectors to produce more than two dozen papers on subjects ranging from the agricultural and urban sectors and global markets to taxes and regulation, the labor force, and education and technology. Providing guidance to the project is an advisory board representing a cross-section of Midwest leaders, including the governors of Illinois, Indiana, Iowa, Michigan, and Wisconsin.

As part of the study, the Bank organized a series of workshops for researchers to present and discuss their works in progress. Each focused on one aspect of the regional economy. The project will conclude with a December meeting of the advisory board, publication of the final results of the study, and a series of public forums to communicate project findings and policy implications.

Booklets are currently available summarizing the following workshops

<table>
<thead>
<tr>
<th>Midwest Metropolitan Areas: Performance and Policy</th>
<th>Designing State/Local Fiscal Policy for Growth and Development</th>
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<tr>
<td>November 28, 1995</td>
<td>July 17, 1996</td>
</tr>
<tr>
<td>An assessment of the performance of metropolitan areas against the backdrop of technological changes affecting the productivity and growth of urban areas.</td>
<td>An assessment of how the local tax structure, public spending, and regulatory policies affect Midwest growth and investment.</td>
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<tr>
<th>The Midwest Economy: Structure and Performance</th>
<th>Global Linkages to the Midwest Economy</th>
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<tr>
<td>February 12, 1996</td>
<td>September 18, 1996</td>
</tr>
<tr>
<td>An analysis of regional development with a focus on the issues raised by ongoing changes in the manufacturing sector.</td>
<td>An evaluation of the influence of factors such as foreign direct investment, import competition, and regional exports on the Midwest economy.</td>
</tr>
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<tr>
<th>The Changing Rural Economy</th>
<th>Work Force Developments: Issues for the Midwest Economy</th>
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</thead>
<tbody>
<tr>
<td>March 8, 1996</td>
<td>May 15, 1996</td>
</tr>
<tr>
<td>An examination of the performance of and prospects for rural areas in the Midwest.</td>
<td>A discussion of new roles for the public and private sector in enhancing worker productivity.</td>
</tr>
</tbody>
</table>

For copies of the individual reports, contact the Public Information Center, Federal Reserve Bank of Chicago, P.O. Box 834, Chicago, Illinois, 60690-0834, telephone 312/322-5111.
1996 Calendar

November 9-12
Hilton Head, SC

November 12-13
Kiawah Island Inn Resort, SC
“NADCO’s Fall Board Meeting.” Sponsor: National Council for Urban Economic Development. Contact: 703/812-9000

November 13-14
Chicago, IL
“Stay on the Cutting Edge of Community Development Lending.” Sponsor: National Association of Affordable Housing Lenders. Contact: 202/861-5770

November 14-16
Los Angeles, CA

November 21
San Antonio, TX

November 22
Highland Park, IL

November 26
Sugar Grove, IL

December 4-5
Omaha, NE

March 4-6, 1997
Springfield, IL

Chicago Fed Facts

The Federal Reserve Bank of Chicago is one of 12 regional Reserve Banks that, together with the Board of Governors in Washington, D.C., serve as the nation’s central bank, the Federal Reserve System.

The role of the Federal Reserve System is to foster a strong economy and a stable financial system.

The Chicago Reserve Bank:
- participates in formulating national monetary policy,
- supervises and regulates banks and bank holding companies, and
- provides financial services to banks and the U.S. government.

Employees: 2,300
Assets: $47.4 billion (as of 12/31/95)
Depository Institutions in Seventh District: 2,900
Banks and bank holding companies supervised: 1,540
Financial services volumes (1995):
  Checks processed — $1.2 trillion
  Automated Clearinghouse transfers — $2.5 trillion
  Wire transfers — $31.5 trillion
  Currency received and counted — $32.7 billion
  Unfit currency destroyed — $7.7 billion

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