News & Views

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Inside this Issue:

Commitment – Key to Development and Reinvestment

In order for the Midwest and the nation to address the challenges of rebuilding our infrastructure, communities, and local economies, we all need to be involved in the process of community and economic development. For sustained economic development to take place, all segments of our business communities must enjoy full and fair access to credit. Underserved markets represent an untapped resource for strengthening our economy and stabilizing our communities. We, at the Federal Reserve Bank of Chicago, are committed to fostering open and unbiased credit markets throughout the Seventh District.

Community-based Lending

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 — is 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.

Financial institutions have discovered avenues beyond housing finance to provide credit to economically disadvantaged communities. To help build 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. Financial institutions are also providing technical assistance and loan packaging help to nonprofit 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. In addition, several 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.

FEDERAL RESERVE BANK OF CHICAGO

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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 service 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 minority-owned businesses in economically disadvantaged communities.

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

Through these permissible activities, financial institutions can now expand their role in community- development activities. For example, institutions can now take the initiative to buy, renovate, and sell properties as opposed to waiting 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 nonprofit community-development corporations that may have insufficient working capital to support revitalization projects or to leverage additional financing. Financial institutions generally can fill financial gaps through community-development investments when financing is not readily available. This makes community development projects possible and is especially important to organizations 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 financial institutions, community-development corporations or other ventures. These investments can help leverage other public and private funds, strengthen the ability of community-based organizations to undertake key projects, and provide the capital and expertise to support other, more traditional forms of bank financing. ■

For additional information contact the Consumer & Community Affairs Division of the Federal Reserve Bank of Chicago at 312/322-8232.

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.

Financial services volumes (1999)
- Checks processed — $1.6 trillion
- Automated Clearing-house transfers — $2.5 trillion
- Wire transfers — $53.8 trillion
- Currency received and counted — $41.9 billion
- Unfit currency destroyed — $5.4 billion

Employees
2,060

Assets
$73.3 billion
(as of 12/31/99)

Depository Institutions in 7G District
3,485

Banks and bank holding companies supervised
1,325

Communications

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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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Note: The next issue will feature mixed-use community and economic developement projects. Do you have a success story that you would like to share? Contact Harry Pestine at harry.pestine@chi.frb.org or call 312/322-5877.

Finance

CDFI Fund at Work: Bring it to Your Community

Ellen Lazar, director of the U.S. Treasury's Community Development Financial Institutions Fund (Fund), traveled to Milwaukee, Wisconsin recently to underscore the importance of Community Development Financial Institutions (CDFIs) to community development and the provision of development services.

The Fund's mission is to promote access to capital and local economic growth by investing in and supporting CDFIs, community-based nonprofit or for-profit financing institutions.

Lazar, the featured speaker at a June luncheon, highlighted the commitment and achievements of Legacy Bank and Legacy Bancorp to foster economic development and growth in economically distressed neighborhoods of Milwaukee. The Legacy Bank is committed to providing loans and investments, as well as facilitating economic rejuvenation of the city's lower income neighborhoods.

The Fund awarded Legacy Bank and Legacy Bancorp, both certified as CDFIs, a $21,500 technical assistance grant in 1998 and made a commitment to fund a $1.5 million equity investment last year. Lazar congratulated Legacy for its work in increasing the availability of funds for economic growth and opportunities for Milwaukee's residents. "We based our awards on business plans that really sold us on their ability to be able to penetrate in their market to provide not only good service but assistance to people in the community," she said.

Lazar illustrated the Fund's accomplishments with success stories from several CDFIs, including the Bethex Federal Credit Union in the South Bronx of New York. With the help of a $100,000 award from the Fund in 1996, Bethex offered low-cost financial services to South Bronx residents whose alternatives previously included paying high-service fees and interest charges to check-cashing operations, pawnshops and "loan sharks."

Ellen Lazar (center), director, Community Developement Financial Institutions Fund, congratulates officers of Legacy Bancorp.

In addition, Lazar said that money from the Fund has been instrumental in developing and rehabilitating more than 28,000 affordable housing units and developing hundreds of community facilities, including childcare centers, job training centers, health care centers and charter schools in economically disadvantaged areas nationwide. "Lots of lower-income people may never, in their wildest dreams, have conceived having access to credit so they could own a business," she said.

The Fund awards dollars to CDFIs through three components of the CDFI program: including the Technical Assistance Component, the Intermediary Component and the Core Component. The Fund makes awards through the CDFI program for the purpose of investing in and building the capacity of CDFIs. In addition to technical-assistance grants funding is available from grants, loans, equity investments and deposits.

The Bank Enterprise Award (BEA) program, Lazar said, provides incentives to banks and thrifts to invest in CDFIs and increase their lending, investments and provision of financial services in economically distressed communities. Financial institutions that received the awards in the first four rounds of the BEA program have provided nearly $2 billion in direct lending and $439 million in equity investment and financial support to CDFIs in impoverished areas.

Banks such as the Bank of Hawaii in Honolulu and the Caldwell Bank and Trust in Columbia, Louisiana used their BEA award money to fund economic-literacy training for low-income youths and to provide free service charges to students and senior citizens. An interesting aspect of the BEA program, Lazar said, is that banks can spend the award money however they choose, although many institutions have opted to reinvest the funds in the community.

An applicant for the BEA program award that is a traditional bank or thrift but is not certified as a CDFI is eligible to receive a grant. Successful applicants can receive grants equivalent to 15 percent of the dollar value of increased equity investments made to CDFIs; 11 percent of the dollar value of increased loans, deposits and technical assistance made to CDFIs serving distressed communities; and 5 percent of the weighted dollar value of increased services, lending and investment in distressed communities. Community development financial institutions interested in applying for a Core Component award for fiscal year 2001 must submit an application by December 15, 2000. The Notice of Funds Availability was published in the Federal Register on August 14, 2000. ■

For additional information about the CDFI Fund and its programs, visit the Fund's website at: www.treas.gov/cdfi. Also, the Consumer and Community Affairs Division of the Federal Reserve Bank of Chicago is available to discuss community development financial institutions and various programs and regulations. The division can be reached at 312/322-8232.

Iowa Ag Authority Celebrates 20 Years and Still Growing

The Iowa Agricultural Development Authority (IADA) recently celebrated its 20th anniversary by hosting an open house for Iowa's agricultural lenders, young farmers, attorneys, real estate firms, agricultural organizations and elected officials.

Helping Iowa's young farmers and youth to better operate in today's agricultural world is the major objective of the IADA. IADA is a division of the Iowa Department of Agriculture and Land Stewardship (IDALS); however, IADA does not receive an annual appropriation to operate. Instead, it generates revenue from its loan and youth programs. Following is a summary of those programs and other IADA activities:

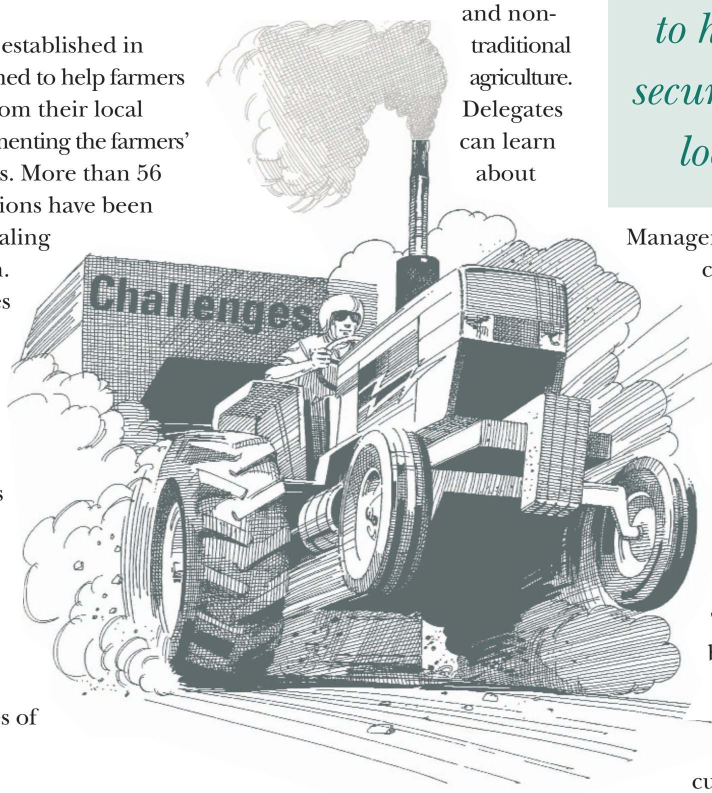
> *Loan Participation Program... was designed to help farmers secure loans from local banks.*

Beginning Farmer Loan Program (BFLP)

The BFLP, established in 1981, has assisted nearly 3,000 young Iowa farmers in obtaining more than $276 million in loans with reduced interest rates. Land purchases accounted for 76 percent of the group's projects, while 17 percent of the loans were used to make improvements to the farms. The remaining 7 percent of the borrowers used the proceeds to purchase machinery and livestock. To finance the young farmers, IADA sells tax-exempt bonds to banks or the contract sellers of the farms. This program receives excellent support from Iowa's agricultural lenders. More than 450 banks are actively participating in the program.

Loan Participation Program (LPP)

This program, established in 1996, was designed to help farmers secure loans from their local bank by supplementing the farmers' down payments. More than 56 loan participations have been completed, totaling over $2 million. Land purchases accounted for 94 percent of these participation loans, with 6 percent of the borrowers using the loan proceeds to purchase machinery or livestock. The following are unique features of the LPP:



■ Funds are to be used to supplement the down payment,

■ LPP can be used in conjunction with BFLP, and

■ IADA takes a last-in/last-out position on the collateral.

Iowa Agricultural Youth Institute (IAYI)

The Iowa Agricultural Youth Institute, established in 1980, is an investment in the future. IAYI is open to high-school students who are sophomores and juniors at the time of application. The program includes a 5-day camp held on the Iowa State University campus each July. At this camp, delegates participate in "The Challenge Course" and "High Tech Hide-n-Seek," as well as tour an agricultural processing facility and learn about careers in traditional and non-traditional agriculture. Delegates can learn about issues that impact agriculture, gain a perspective of changes occurring within the industry and develop leadership skills. The cost is $25, which covers all meals, registrations, tour transportation, a group picture and a camp shirt.

Beginning Farmer Development Group (BFDG)

The program recognizes and awards the top 20 Iowa Future Farmers of America Chapters (FFA) for National FFA Chapter contests and provides entrepreneurship matching grants to Iowa FFA chapters. In addition, BFDG awards FFA Farm Business Management honors and conducts a Post-secondary Agricultural Students (PAS) Leadership and Competitive Events Conference, as well as leadership training for PAS state officers.

Think Tank Session in Summer

The IADA board will be conducting a think tank session sometime this summer with several agricultural experts and specialists, including beginning and established farmers. Specific proposals will be discussed and recommendations of new programs will be encouraged. Anyone reading this article is encouraged to forward his or her recommendation(s) to the IADA. ■

For additional information contact the IADA office at 515/281-6444 or visit their Web page: www.state.ia.us/agriculture/index.html

Editors Note:
Economic Development News & Views wishes to thank Steve Ferguson, executive director, Iowa Agricultural Development Authority for his assistance in preparing this article.

HUD Grants Spur Brownfield Development

The Indianapolis Urban Enterprise Association (IUEA), the City of Indianapolis, and the Martindale-Brightwood Community Development Corporation are partnering to develop the Keystone Enterprise Park, an industrial park within the city's enterprise zone.

To get the project underway, the Department of Housing and Urban Development (HUD) has provided the city with $2 million in grants, of which about $1 million is being used for land acquisition. The remainder, a HUD Brownfield Development Initiative Grant of $1 million, will be used for environmental work. The IUEA and the city of Indianapolis will invest $13 million for the development of the park, which is expected to draw at least $50 million in investments from the private sector.

The area scheduled for park development, a 65-acre tract of land, is located at I-70 and Keystone Avenue in Marion County. Prior to the redevelopment of this area, the land's use was 68 percent vacant, 15 percent residential and 17 percent industrial. The enterprise zone has a total population of 6,504. Of this total, 31.6 percent live below the poverty level; 20.7 percent are unemployed; and 69.2 percent earn less than 80 percent of the area's median income.

The park, which is expected to begin construction in the third quarter of this year, is expected to generate 1,000 new jobs and boost tax revenue by $50 million within the next decade. ■

For additional information about the project, contact Pamela King, executive director of the Urban Enterprise Association, Inc., at 3913 N. Keystone Avenue, Indianapolis, IN 46205, or via telephone, 317/541-2740.

Financial institutions are encouraged to contact the Consumer and Community Affairs Division of the Federal Reserve Bank of Chicago at 312/322-8232 for information and discussions regarding regulatory treatment of lending and investments in environmental projects and enterprise zones.

Nonprofit Launches Community Development Consulting Group

Fueled by the success of ongoing work with the Community Development Financial Institutions Fund and other nationally recognized community development projects, the Metro Chicago Information Center (MCIC) officially launched the Community Development Consulting Group (CDCG) in April.

CDCG was created to provide enhanced consulting services and tools for information management, measurement, evaluation and impact analysis related to community development, urban and economic planning, and policy.

MCIC is a 10-year-old, independent, not-for-profit research and consulting organization dedicated to issues affecting public policy, quality of life, and community development.

Lolita Sereleas, director of the Community Development Consulting Group, is excited about the endeavor. "Community development has progressed from a grassroots movement to an industry with increasingly sophisticated needs," she said. "This group was created to respond to these needs by providing products and services that support community-development initiatives by helping practitioners make informed choices."

Core CDCG products and services include comprehensive community needs assessments, program evaluations and impact measures, market studies, strategic planning, government program application preparation, community condition and capacity assessments, fiscal impact analysis, regulatory compliance, and Web-based information systems.

> *"… a win-win opportunity."*
> *D. Garth Taylor*

CDCG will build upon MCIC's extensive experience in working with Community Development Corporations (CDCs), Community Development Financial Institutions (CDFIs), banks, governments and other entities involved in developing communities. The Group is currently developing a strategic plan for a bank CDFI in Chicago and is conducting a market study for a CDFI in New Mexico. The study is aimed at identifying new markets with potential for increased community-development impact. The group is also completing a survey on retail needs for a CDC on the south side of the city. The survey is required as part of the Main Street USA program.

D. Garth Taylor, Ph.D., executive director of MCIC, calls CDCG a "win-win opportunity." "MCIC has developed a strong portfolio of community-development work at the national level," he said. "This gives us a heightened level of expertise as we continue our work with community development organizations on a local level." ■

For more information on the Community Development Consulting Group contact, Lolita Sereleas at 312/580-2591 or e-mail to lsereleas@mcic.org.

Indianapolis' PIC: A Force Behind Workforce Developement

The City of Indianapolis has partnered with the Indianapolis Private Industry Council (IPIC), which serves as the Workforce Investment Board for Marion County, in an effort to increase the City's labor pool by reaching those residents who are not currently part of the workforce.

In March of 2000, IPIC was awarded a federal grant of $497,500 from the U.S. Department of Labor. The funds will be used to develop an 18-month Individual Training Account (ITA) Demonstration Project for central Indiana. IPIC, along with the Indiana Department of Workforce Investment Boards in central Indiana (Madison-Grant, North Central and Tecumseh), plans to create an easier and more effective way for eligible individuals to obtain needed job-training services.

The goal of the project is to identify and certify local job-service providers and provide individuals with solid choices when determining which training best meets their needs. These services will be available through the "One-Stop" service delivery system. In total, 13 states were selected to serve as national test sites for ITA implementations and to develop and share best practices across the workforce development system.

The City of Indianapolis, located in Marion County, has experienced lower unemployment rates than those of the U.S. and the state of Indiana. According to the Indiana Department of Workforce Development, as of December 1999, the unemployment rate for the City of Indianapolis was 2.7 percent. This is lower than both the national average of 3.7 percent and the state average of 2.9 percent for the same period. Though these figures appear impressive, the city's low unemployment rate is hitting area employers particularly hard. Employers eager to hire qualified employees are drawing from a shrinking pool of applicants.

In addition, further deterioration of the city's labor market is projected due to a variety of factors:

Without a strong, well-equipped labor force, area businesses will find it difficult to remain viable and competitive. As a result, in November of 1996, the city contracted with IPIC in an effort to partner companies needing good workers with individuals seeking job training.

IPIC was initially formed in the early 1980s as the recipient and distribution source for Job Training Partnership Act (JTPA) funds. In 1998, the Workforce Investment Act (WIA) was passed into law, replacing JTPA. This legislation mandated that all private industry councils shift away from being direct-service providers, assume the role of a policy and planning body for workforce development and be reorganized as Workforce Investment Boards (WIBs). Today, the Indianapolis Private Industry Council is a business-led organization serving as advisor, advocate and agenda setter for workforce development by integrating resources and leveraging funding based on the needs of employers and job seekers.

IPIC receives funding from state/local government, private foundations and local organizations to operate its many programs and initiatives. Over the past six years, IPIC has advocated a work-first approach to workforce development and welfare reform, bringing national placement firms to Indianapolis. IPIC now administers employment and training contracts with more than 30 separate organizations, many at the neighborhood level.

IPIC has made strides in linking area citizens with essential employment training services and career opportunities. Through its various service providers, IPIC has developed and implemented innovative programs that have enabled unemployed, underemployed and laid-off workers to overcome employment barriers, helping to increase labor availability in Marion County. During the period July 1, 1998, through June 30, 1999, IPIC's service provider network provided employment and training services to more than 4,000 individuals, through the following programs:

iNET One-Stop Centers

Indianapolis Network for Employment and Training (iNET) One-Stop Centers were established to promote continued coordination between multiple service providers working out of a common location. Through a core group of area service providers (Goodwill Industries of Central Indiana, Indiana Department of Workforce Development, Inter-local Association, Job Corps and Vocational Rehabilitation), IPIC operates four One-Stop Centers, which offer a variety of employment and training services to area citizens.

Welfare-to-Work

This initiative was created by Congress to provide additional assistance to welfare recipients who have been unsuccessful in transitioning to work through existing reform efforts. In addition to targeting "hard-to-serve" welfare recipients, these resources may also be used to assist certain non-custodial parents with similar barriers to employment. This "work-first" program emphasizes attachment to work as a pre-requisite for training and other services needed for long-term success on the job. IPIC has contracted with several providers already working with the Department of Family and Children to improve coordination of services for mutual clients.

Youth Employment Development Network

This specialized network serves disadvantaged, hard-to-employ youth and young adults at the neighborhood level. It helps them make the transition into mainstream, private-sector employment by providing neighborhood-based, culturally-specific recruitment, education, training and job-placement services.

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Your Views
Detroit Coalition on a Roll

By Brenda L. Schneider
Chair, Empowerment Zone Financial Institutions Consortium

Detroit is on a roll and its economic renaissance can be seen throughout the city as Mayor Dennis Archer continues to promote his administration's redevelopment strategy.

Part of this renaissance can be seen in the 18.3 square miles known as Detroit's Federal Empowerment Zone. Giving leadership to this broad-based renaissance strategy is a group of lenders and financial intermediaries known as the Empowerment Zone Financial Institutions Consortium (EZFIC).

On August 17, 1999, members of EZFIC were joined by Mayor Archer and Eugene Miller, Chairman of Detroit Renaissance and the Chairman, President and CEO of Comerica Bank, Detroit, to announce the achievement of the Consortium's 10-year lending goals of more than $ 1.1 billion. The 10-year action plan, which was developed by EZFIC to be the catalyst for economic development in the Empowerment Zone, was achieved after the first four years, between 1995 and 1998.

In recognition of this achievement and for establishing a national bench- marking program in urban reinvestment, the U.S. Department of Housing and Urban Development named the Detroit Empowerment Zone Financial Institutions Consortium the recipient of its highest recognition, the Best Practices Award for 1999.

At the end of 1999, which represented the mid-way point of the group's 10-year commitment, EZFIC continued to exceed its goals and remains active in supporting the continued growth and development in the Empowerment Zone and throughout Detroit.

Lending and investments by EZFIC member institutions in 1999 totaled nearly $155 million. Last year's totals bring the commutative lending and investments by EZFIC members over the first five years of the plan to $1.3 billion — representing 125 percent of the financial institutions' original $ 1.1 billion commitment.

The 10-year action plan... the catalyst for economic developement in the Empowerment Zone, was achieved after the first four years...

EZFIC 5-Year Mid-Point Report

Lending and investment totals for 1999 continued to decline from a peak of $354.1 million in loans and investments in 1997. Still, the 1999 total represents an increase of more than double the baseline lending totals from the period in 1993 prior to the designation of Detroit's Empowerment Zone.

The decline in lending reported by EZFIC can be attributed to two factors affecting the overall market. The first is the introduction of "competing tax incentives" associated with the creation of Renaissance Zones in six sub-zones in the city of Detroit. The Michigan Renaissance Zones allow for virtually tax-free zones for up to 12 years in Detroit and other distressed urban centers in the state. A number of development projects, high in job creation and investment dollars, have been directed to the Renaissance Zone in Detroit. In instances where the two zones overlap, other sources of financing (i.e., corporate) have been attracted to the tax-free zone, which has reduced the need for traditional bank financing. From an urban redevelopment standpoint, the competing nature of the Renaissance Zone and other financing it attracts does not represent a threat to the Empowerment Zone, but rather an enhancement to the urban- development marketplace and the overall revitalization of once severely distressed neighborhoods in the city.

The second factor affecting the apparent decline in the total amount of loans and investments by EZFIC members is the change in reporting systems by member institutions over the years. The specificity of the loan-tracking systems has changed since the Consortium first developed a data-collection system that all members could follow. As a result, not all lending in the Empowerment Zone is captured and reported.

Changes in ownership and management at various institutions have led to internal changes in the types of loan data that is available. For example, one banking institution stopped reporting to EZFIC any commercial lending (for both small-business and middle-market loans), since it no longer documents such loans by census tract. As a result, the aggregate totals for EZFIC have become "understated." Since the seven member institutions in EZFIC must report their lending activities to Federal regulatory agencies, EZFIC must deal with the changes that are permitted by the Federal agencies.

In addition to their lending commitments, the members of EZFIC removed significant barriers to lending in a number of areas in Detroit. The Mortgage Underwriting Work Group teamed up with leading housing advocates from Fannie Mae and the city of Detroit to pass changes in the Detroit ordinance relating to the sale of property to non-owner occupied purchasers and in state laws in Michigan streamlining the transfer of tax-reverted properties

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From Our Research Department

Labor Market Conditions in the Seventh District

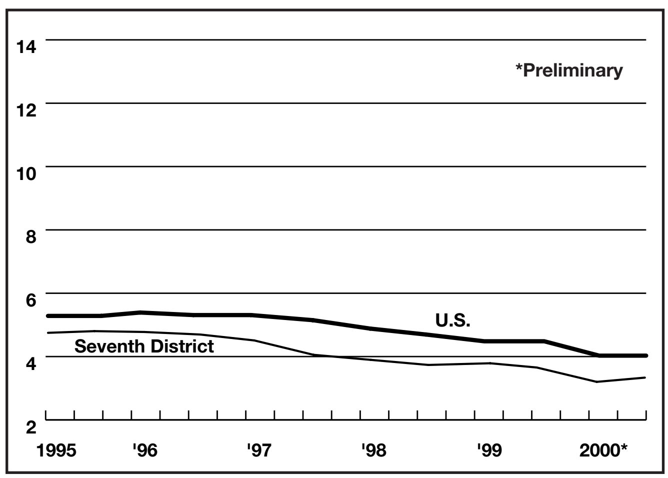
The Federal Reserve Bank of Chicago serves the Seventh Federal Reserve District, which includes the entire state of Iowa along with large portions of Illinois, Indiana, Michigan, and Wisconsin. At the present time, there are 43 Metropolitan Statistical Areas (MSAs) in the Seventh District. The U.S. Office of Management and Budget (OMB) defines the geographic boundaries of MSAs as economic areas encompassing communities that are tightly linked by a flow of commuters, migrants, goods and services, and payments.

Unemployment rates are useful indicators of the labor market conditions in local areas. The unemployment rate is defined as the percentage of adults in the work force who are not currently employed but are actively seeking employment. Importantly, the work force, and hence the unemployment rate, does not include workers who are not actively looking for work. This means that workers who have given up looking for work are not counted as unemployed.

Unemployment rates for Seventh District MSAs are derived from data 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 markets in the Seventh District are much tighter than the nation as a whole. In sharp contrast to the 1980s, the region's unemployment rate has been running below the national average since 1992. While good news for the region's workers, whose wages and salaries are growing faster, the very low levels of unemployment are making it difficult for employers to find quality help. Broad-based labor shortages, across both industry and occupational categories, have contributed greatly to the District's slowing employment growth in the last few years. Earlier in this expansion, a strong rebound in our manufacturing industries, as well as robustness in construction and services, led to employment growth in the region that outpaced that of the nation. As labor markets in the region tightened more dramatically in the mid-1990s, the national rate of employment growth caught up to, and has since surpassed, the regions. With few signs of any softening in the Seventh District economy, and relatively unfavorable migration trends, employers can expect little relief from tight labor markets in the near term.

Midwest Unemployment Rate



Labor Market Highlights

The Seventh Federal Reserve District's economic expansion continued to stress its supply of labor, even as unemployment rates for the 5 District states increased slightly in June. The region's seasonally adjusted unemployment rate ticked up to 3.6 percent, yet was 0.1 percent below last June's level and was still below the national average. Only once in the last seven plus years has the Midwest's monthly unemployment rate failed to show a decrease from the previous year.

Iowa had the lowest unemployment rate in the District, at 2.2 percent, and the second lowest rate of any state in the nation. Illinois had the highest rate in the region, at 4.2 percent, and was the only state above the national average.

Of metro areas, Cedar Rapids, Iowa took over the honors of having the lowest unemployment rate in the District in May (latest month available). The area's rate of 1.5 percent was slightly better than Madison, Wisconsin which had held that distinction for several months. Janesville, Wisconsin and Decatur, Illinois tied for highest rate, at 4.9 percent.

In the District, job increases were roughly half the national average in recent months, due in large part to persistent worker shortages. Labor force growth remained stagnant and this was forcing some Midwest organizations to rethink their economic development strategies.

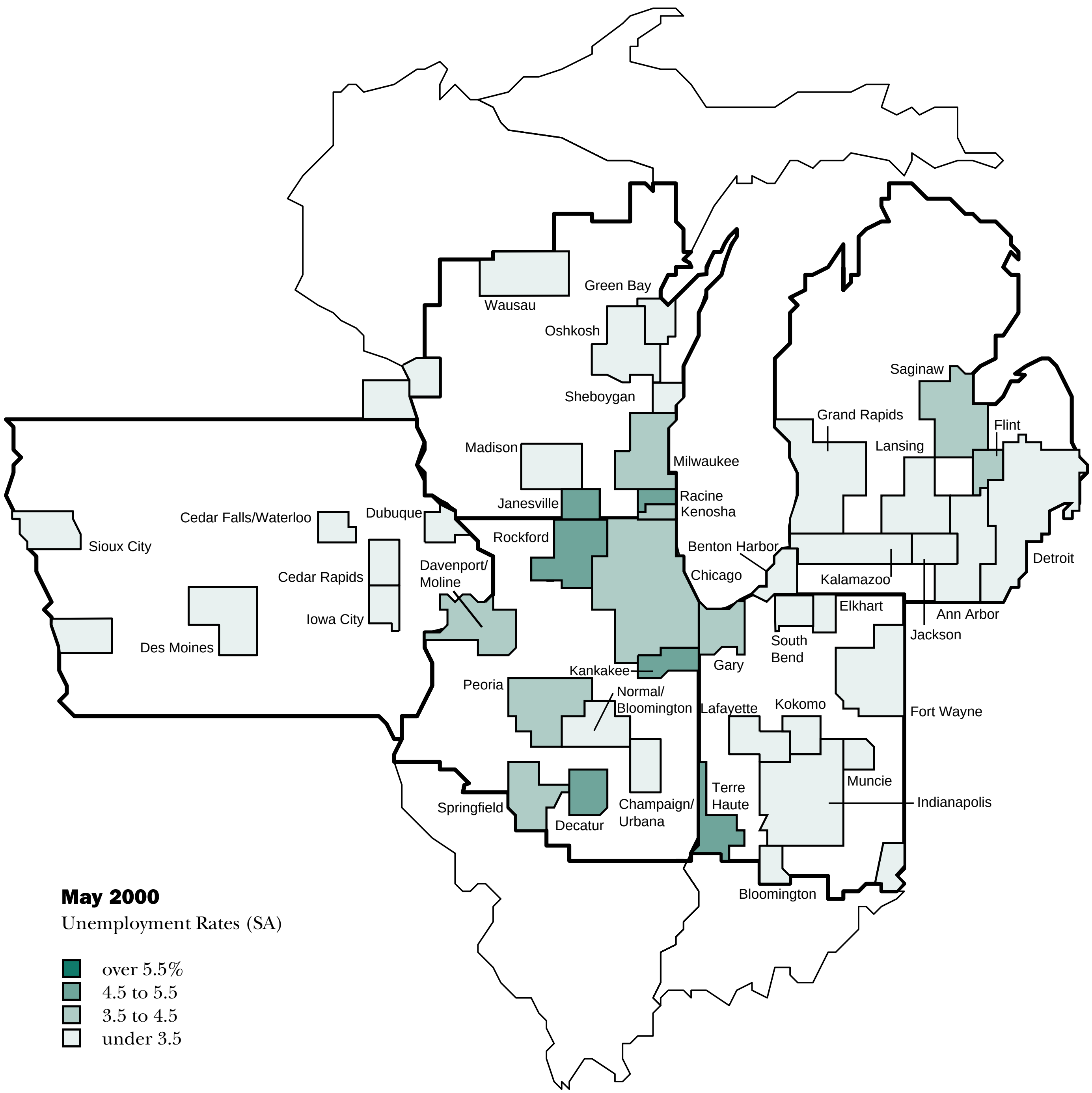
The Michigan Economic Development Corporation (MEDC) is devoting its whole 2000 advertising campaign to recruiting high-tech workers. This is the first time that any statewide entity in Michigan has devoted its entire advertising budget to recruiting workers, rather than businesses. Underscoring the difficulty the region faces in attracting workers from other parts of the country, MEDC's campaign is targeting workers in other parts of the Midwest, particularly in the Chicago, Columbus, and Indianapolis markets.

In southern Indiana, opponents of gambling enterprises are now using the same argument that proponents use—job creation. Opponents argue that allowing more gambling operations would further strain already tight labor markets by drawing down the available pool of workers. These are human resources that gambling opponents might argue would be better utilized in other pursuits. ■

Richard E. Kaglic—Economist

Seventh District Labor Markets

Unemployment conditions for May 2000



NOTE: All rates are subject to revision.

Workforce Developement *continued from page 6*

Operating under the umbrella of youth services are three distinct youth employment and training areas: Year-Round, In-School and Summer. Over 20 youth-serving organizations are participating in this network and have placed 205 youth and young adults in jobs at an average wage of $7.42 per hour.

Future Programs

IPIC's staff of workforce—development professionals is charged with advancing the mission and direction of the organization. Together, both the IPIC Board and staff work hand-in-hand to ensure that individuals receive needed employment and training services and that employers are matched with employees who will sustain develop and grow their businesses. Armed with new workforce strategies, partnerships and initiatives, IPIC is ready to lead the way in developing Marion County's workforce of the 21st century. ■

For more information, contact Tom Orr, director of programs and system development, at 317/684-2312,

Detroit Coalition *continued from page 7*

for redevelopment. Both achievements came after months of study and recommendations by representatives of the housing, community- development and financial sectors in the community.

EZFIC Current Status

The seven financial institutions and two intermediaries that formed the EZFIC five years ago continue to meet monthly to monitor progress against the stated goals and continued economic development in the Zone and throughout the city.

The Consortium remains the economic catalyst for the Detroit Federal Empowerment Zone and participates in a broad range of initiatives in addition to its lending efforts. These initiatives include seminars, community forums, outreach efforts to Detroit's religious community and workshops for business owners. EZFIC works closely with the Detroit Empowerment Zone Development Corporation and its other partners including Detroit Renaissance, Inc.; U.S. Department of Housing and Urban Development; Michigan State Housing Development Authority; the Detroit Fannie Mae Partnership Office; U. S. Small Business Administration; the City of Detroit Department of Planning and Development; Detroit Metropolitan Bar Association, and Detroit Neighborhood Partnership Academy.

The Consortium is represented on the board of directors of the One Stop Capital Shop by two senior bank executives, and the member institutions have assigned small-business lenders to work with entrepreneurs and small- business owners referred by One Stop.

The Detroit EZFIC members include: Comerica Bank, BankOne, First Federal of Michigan, First Independence Bank, Michigan National Bank, National City Bank and Standard Federal Bank; and the two intermediaries are Detroit Local Initiatives Support Corporation and Liberty BIDCO. ■

For additional information on Detroit's Empowerment Zone or EDFIC, contact 313/872-8050

Brenda L. Schneider is chair of the Empowerment Zone Financial Institutions Consortium and a first vice president and director of business and development services for Comerica Bank in Detroit Michigan.

A Call for Papers and Panels: Remaking Chicago Forum

The Great Cities Institute of the University of Illinois at Chicago (UIC) invites you to submit proposals for papers or panels for the Eighth Annual Great Cities Winter Forum and Urban Universities Collaborative Biannual Conference on Chicago Research and Policy to be held on November 30—December 1, 2000.

Great Cities Institute's (GCI) mission is one of "civic engagement." By creating, disseminating and applying interdisciplinary knowledge in community development, metropolitan sustainability, health and human development, and professional education, the Institute works to improve the quality of life in metropolitan Chicago and other national and international urban areas. GCI brings UIC's metropolitan commitment, known as the Great Cities initiative, to first class research in and for the "great cities" of the world – with a particular emphasis on Chicago. The Institute is the home to the UIC Neighborhoods Initiative, a university-community partnership with neighborhoods adjacent to the UIC campus. GCI's Affiliate Centers are the Center for Urban Economic Development, and the Nathalie P. Voorhees Neighborhood Center.

Lauri Alpern, Associate Director
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412 South Peoria Street, Suite 400
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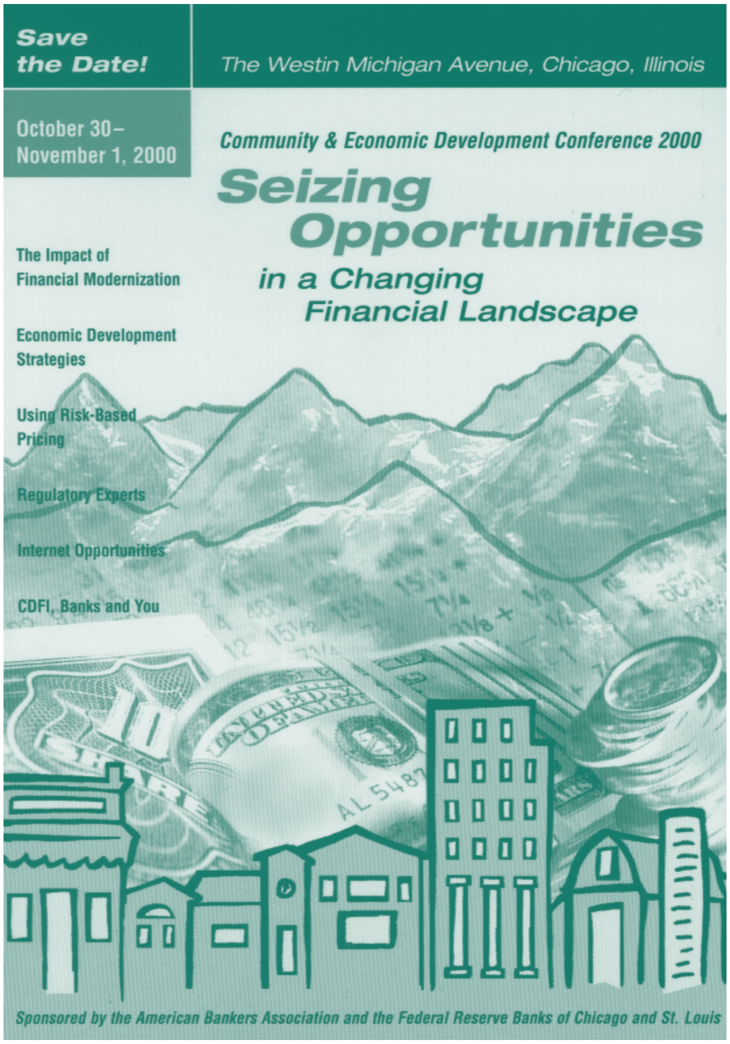

Community & Economic Development Conference 2000

A conference exploring community and economic development with an emphasis on seizing financial opportunities and growing your institutions and organizations.

Fax Back Form

To receive additional information, simply complete this form, and fax to 202/663-7543.

Name ______________________________

Company ______________________________

Address ______________________________

Phone ______________________________

Fax ______________________________

E-Mail ______________________________

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Calendar

Minority Entrepreneurs' Conference

Federal Reserve Bank of Philadelphia
Philadelphia, PA
September 27, 2000

The purpose of the conference is to inform existing or prospective entrepreneurs of the opportunities for businesses in the Philadelphia area. Presenters will include venture capital firms and banks as well as representatives from city, state, and nonprofit programs that offer special financing or technical assistance.

For additional information, contact Grace Theveny, Community and Consumer Affairs Department, Federal Reserve Bank of Philadelphia, at 215/574-6457 or grace.theveny@phil.frb.org

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Seizing Opportunities in a Changing Financial Landscape Community & Economic Development Conference 2000

The Westin Michigan Avenue
Chicago, IL
October 30 to
November 1, 2000

Topics include:
- The Impact of Financial Modernization
- Economic Development Strategies
- Using Risk-Based Pricing
- Regulatory Issues
- Internet Opportunities
- CDFIs, Banks and You

For more information, please contact the Federal Reserve Bank of Chicago, Consumer and Community Affairs Division at 312/322-8232

National Community Capital 2000 Conference

Philadelphia, PA
November 1-4, 2000

The conference features training sessions specifically developed for CDFI investors and funders.

For further information, please contact Adina Abramowitz, National Community Capital at 215/923-4754, ext. 205.

Remaking Chicago

University of Illinois at Chicago
Chicago, Illinois
November 30 to
December 1, 2000

The purpose of the Forum is to provide an opportunity to share information that is or could be instrumental in increasing local and regional capacity to address key policy issues.

For additional information, contact Lauri Alpern at the Great Cities Institute 312/996-8700 or look at the website at http://www.oceps.uic.edu/gcwforum8.

National Small Stores Institute

Nashville, TN
October 29 to
November 1, 2000

A must for main street coordinators, SBDC staff, extension specialists, chamber executives, and community professionals charged with helping small rural or urban retailers build their businesses.

For further information, contact, the National Retail Federation Foundation, 202/626-8130.

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