

News & Views

Published by the Federal Reserve Bank of Chicago Consumer and Community Affairs Division

CDFI Fund awards \$44.8 Million to Financial Institutions

Volume 6 Number 3
October 2000

Inside this Issue:

New Bank Boosts Neighborhood

Indiana Launches Website

CDC Invests \$100 Million

LISC/Chicago Announces Grants

LISC Aids in Mission

Chicago Organizations Honored

Lawndale and Little Village Family Resource Centers

ACCION Chicago's Microlending Network Growing

New Accounts with IRS Refunds

Women in Business Plastic Industry Pioneer an Inspiration

DEI Youth Entrepreneurship

Brownfield Redevelopment Breaks Ground

From Our Research Department

Your Views Partnerships to Expand Education & Assets

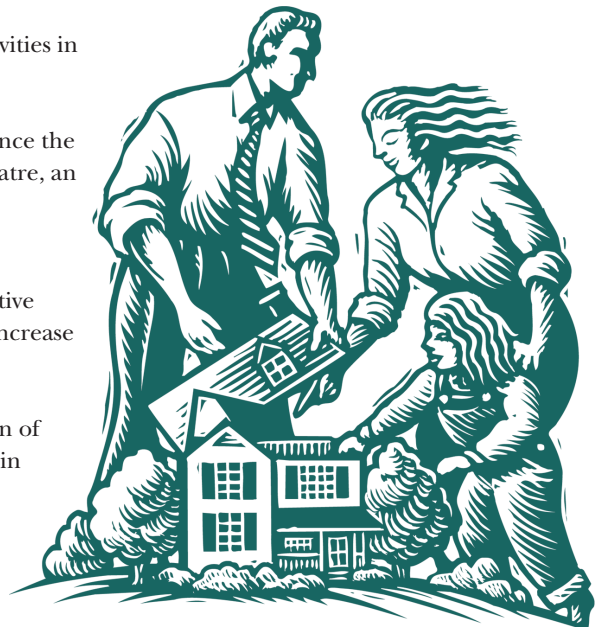
Calendar

The Community Development Financial Institutions (CDFI) Fund has distributed \$44.8 million under the 2000 Bank Enterprise Award (BEA) Program to 158 insured depository institutions. The average award was \$283,651.

Activities Supported

Awardees supported a variety of activities in distressed communities, including:

- A \$1,000,000 line of credit to finance the rehabilitation of the Uptown Theatre, an historic landmark in a distressed community in Chicago.
- Technical assistance to several Native American tribal governments to increase access to credit on tribal lands.
- Loans to finance the rehabilitation of multi-family residential buildings in distressed communities.
- A \$400,000 investment in a quasi-public corporation that supports businesses located in three Economic Development Zones.
- Mortgages to homeowners in distressed rural areas.



The CDFI Fund was created in 1994 to expand the availability of credit, investment capital, and financial services in distressed urban, rural and Native American communities. The Fund stimulates the creation and expansion of CDFIs and provides incentives to traditional banks and thrifts, through the Bank Enterprise Award (BEA) Program.

CDFI Fund continued from page 1

The Fund's investments work toward building private markets, creating healthy local tax revenues, and empowering residents. The Fund's activities leverage private-sector investments from banks, foundations, and other funding sources.

Support to CDFIs from BEA Awardees

One hundred forty-eight certified CDFIs received support from the 158 BEA Awardees. For example:

- The Oklahoma Metafund received almost \$9 million in equity-like loans from 19 banks and thrifts throughout the state of Oklahoma. The Metafund is a start-up non-profit multi-bank community development corporation whose mission is to provide business financing and related development services in distressed and underserved communities throughout Oklahoma.
- Louisville Community Development Bank received over \$2 million in deposits from 18 banks and thrifts throughout the country to support its efforts to stimulate economic growth in distressed neighborhoods within the city of Louisville, Kentucky.
- Self-Help Ventures Fund received \$45,000,000 in loans from five different banks and thrifts to support its efforts to provide home, small business, and community facilities financing to minorities, women, and rural residents throughout the state of North Carolina.

Activity Level

Of the 158 financial institutions receiving this year's awards:

- 55 provided \$1.1 billion in loans, investments and services in distressed communities.
- 98 provided \$201.2 million in loans, deposits, and technical assistance to CDFIs.
- 74 provided \$32.8 million in equity investments or grants to Community Development Financial Institutions (CDFIs).
- 26 institutions are in the Federal Reserve Bank of Chicago's District, and
- 21 of the FDIC-insured depository institutions are also certified CDFIs.

Activity Compared to Baseline Period

When comparing the assessment period of January 1 to June 30, 2000, to the baseline period (same months in the prior year), awardees:

- Increased their loans, investments, and services in distressed communities by a total of \$166.1 million;
- Increased their loans, deposits, and technical assistance to CDFIs by a total of \$77.9 million; and
- Increased their equity investments or grants to CDFIs by a total of \$31.9 million.

Institutional Diversity and Size

BEA awards went to a variety of institutional types:

- 73 state-chartered-banks;
- 58 national banks;
- 25 federal savings bank or savings associations; and
- 2 mutual savings banks.

These institutions varied in size:

- 69 have total assets of \$250 million or less;
- 25 have total assets of between \$250 million and \$1 billion;
- 64 have total assets over \$1 billion.

Awardees provided financial or other support to CDFIs located in 27 states and the District of Columbia. ■

For additional information on the Community Development Financial Institutions Fund and its programs, contact the fund at 202/622-8622 or the Federal Reserve Bank of Chicago, Consumer and Community Affairs Division, 312/322-8232.

The next issue of Economic Development News & Views will have expanded coverage on the Bank Enterprise Awards and programs of the Community Development Financial Institutions Fund.

Communications

Advisors: 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:

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

The material in *News & Views* does not necessarily represent the official policy or views of the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of Chicago.

Economic Development News & Views – ISSN: #1083-1657

New Bank Boosts Neighborhood's Commercial Revitalization



For the first time in nearly 30 years, residents of Chicago's Auburn Gresham community have a local bank. Mayor Richard M. Daley joined LaSalle Bank at a press conference and ribbon cutting to officially open the new, full-service bank branch at the intersection of 79th Street and Halsted.

"This branch opening culminates three years of hard work through a partnership of organizations committed to improving the Auburn Gresham community," says Norman R. Bobins, Chairman, President and Chief Executive Officer of LaSalle Bank. "There are visible signs of positive change, vitality and economic momentum in this neighborhood. Our bank will work to continue this momentum by giving local business owners and residents resources they can use to enhance their lives."

The new 5,000-square-foot, full-service branch is serving as a catalyst for other community revitalization efforts in the Auburn Gresham neighborhood. Across from the bank branch is a new Osco drugstore and the new Gresham district police station is just a block away. Further west on 79th Street an 80-unit senior housing facility is under construction, with additional development

plans calling for a new family restaurant, a day care center and a health facility.

"When groups work together, communities can accelerate their revitalization pace," explains Mayor Daley. "What would have taken the community a decade to accomplish on their own was completed in less than three years through a committed public/private partnership."

Joining LaSalle Bank and the Mayor at the press announcement were several other groups who have played instrumental roles in the community's revitalization. A few of the additional partners included past and current aldermen; a local church; Ted Wysocki, President of the Chicago Association of Neighborhood

Development Organizations (CANDO); and Patricia P. Bell, a director of the Demonstrating Enabling and Empowering Development (DEED) program, a project of CANDO.

"The Bank has worked with the community and its leadership during the past three years and heard their concerns. Our banking services will reflect the needs of the community and include a series of consumer education programs," says Betty J. McCann, a LaSalle vice president and manager of the new bank. "We will continue to serve as a catalyst for both residential and commercial economic development and participate in critical projects that will enhance the neighborhood."

The branch will be open six days a week. It will have drive-up banking facilities, a vestibule ATM, and a drive-up ATM. It will provide customers with retail banking, commercial banking, and lending and mortgage services. The branch will have a LaSalle Financial Services investment representative available for appointments with customers who are looking for personal financial advice and planning assistance.

The Auburn Gresham community is located on the city's south side, bounded on the west by Damen Ave., on the south by 89th Street, on the east by Vincennes and on the north by 75th Street.

Patricia Bell, of DEED is a former resident of the community. She says the community is "not poor", but "definitely underserved". "The median income is about \$32,000." She says, "but we don't have a viable commercial district. It looks run down and, until recently, that perception kept private investors away."

DEED was designated as a local community empowerment vehicle; the organization worked with the former Alderman Terry Peterson to establish a community redevelopment advisory council with local leadership representing the block clubs, clergy, law enforcement, educators and local business people, among others. CANDO initially approached LaSalle Bank to consider locating a branch in the Auburn Gresham community. ■

For additional information on the DEED, and other partnering and development programs, contact Patricia Bell at CANDO, 312/372-2636.

COMING SOON!
New... **RETAIL SHOPPING CENTER**
for the residents of the Auburn-Gresham Community
5,000 Square Feet of In-line and Freestanding Retail Space and On-site Parking

The City of Chicago, Richard M. Daley, Mayor
17th Ward Alderman Terry Peterson The Department of Planning
18th Ward Alderman Thomas W. Murphy Christopher Hill, Commissioner

DEVELOPED BY:
The Davis Group V, LLC
For Leasing Information Call: 312-755-9997



Indiana Launches Website for Economic Development

A new Internet site, operated by the Indiana Department of Commerce (IDOC), launched Indiana's high-tech effort to attract and retain businesses.

Launched on June 1, the site—www.indianaINsites.com— is a new interactive online tool that provides business site selection representatives with direct access to local IDOC development officials in all 92 counties in Indiana.

At the site, companies and consultants can specify individual requirements for their business needs and then search this Midwestern state for development locations that best match those needs. The site also enables companies to conduct basic online research regarding Indiana's

economic climate. With a few clicks, they can compare Indiana's location, tax rates, worker training, and utility costs to those around the nation.

"This new site will significantly reduce the amount of time companies spend researching possible sites for expansion or relocation," said Lt. Governor Joe Kernan, Director of the Indiana Department of Commerce. "The site will improve our ability to market Indiana's economic advantages to companies across the country and around the world."

The Indiana Department of Commerce is the lead economic development agency in the State of Indiana. The department helps businesses grow; helps workers

gain new skills and new opportunities, and helps communities improve their infrastructure, competitiveness and efficiency. Commerce also strengthens Indiana's business environment through promoting international trade, energy efficiency, and tourism.

In 1999, the Department of Commerce helped 210 companies locate or expand in Indiana. Those projects created approximately 18,000 jobs for Indiana workers, helped sharpen the skills of more than 51,000 current employees and leveraged more than \$5.4 billion in capital investments. ■

For more information, contact Kevin Waltman of the Indiana Department of Commerce, at 317/232-2464.



Finance

CDC Invests \$100 Million in Fort Wayne Area



The Community Development Corporation of Fort Wayne (CDC) has reached the milestone of supporting \$100 million

in investment in the Fort Wayne area.

Mayor Graham Richard joined CDC President Marcia Conley and local business and community leaders in making this announcement at a recent open house at CNC Industries' new Fort Wayne facility.

CNC Industries constructed its \$1.4 million state-of-the-art machining facility in the Edgewood II Industrial Park, in part, with a CDC loan through the U.S. Small Business Administration.

"I am pleased to join the CDC in making this milestone," Mayor Richard said. "The entrepreneurs assisted by the CDC are a core part of Fort Wayne's community. Locally owned businesses add stability to our employment base, and programs such as those of the CDC are an important aspect to our overall economic development efforts."

The CDC has made more than 400 loans totaling \$28.6 million to Allen County businesses since its inception in 1978. These loans have leveraged another \$71.8 million in private investments. Projects financed by the CDC have led to the creation of about 2,300 jobs.

"We are very proud of our accomplishments," Conley said. "It is our goal to continue to be a partner to help businesses in the community grow."

The CDC is a City of Fort Wayne supported non-profit business development organization serving

Fort Wayne and Allen County. Its primary purpose is to provide loans to small businesses that are unable to qualify for conventional commercial financing. ■

For more information, contact Karen Goldner, Community Development Corporation, at One Main Street, Fort Wayne, Indiana 46802.

LISC/Chicago Announces First Half Grants

Local Initiatives Support Corporation/Chicago (LISC/Chicago), the City's largest community development support organization, has announced its grants for the first half of 2000. More than \$1.75 million in grants and loans were awarded to local community organizations in the first six months of the year, with special emphasis on the creation of community facilities and affordable housing.

These grants represent an intensification of LISC/Chicago funding of community facilities, as the corporation recognizes the need to consolidate community redevelopment through the creation of public spaces and facilities.

One of the LISC grants was a \$98,000 loan to the Westside Health Authority (WHA) to cover the acquisition cost of a 45,000 square-foot facility in the Austin community. The facility, which will house a family health center, social services, and job training, is expected to bring at least 200 new jobs to the community.

For nearly a decade, the WHA has promoted health and wellness services to West Side residents from a broad perspective their interests have ranged from housing to crime to physical health. WHA has worked to develop or remove decaying properties. Their goal is to foster a sense of pride, responsibility and solidarity among community residents, who for years had languished in a community rife with neglect and disrepair.

Recognizing two pressing community needs—childcare and employment, LISC/Chicago has also awarded a \$25,000 grant to study the potential for creating

home-based family day care cooperatives. The study will consider factors such as market demand, potential scope of services for home-based day care providers, management and overhead structure, projected revenue, expense, growth potential, and profitability. The study will be conducted by the ICA Group, a nonprofit consulting firm that specializes in community-based enterprise development.

"People want to improve their communities," said Andrew Mooney, Senior Program Director of LISC/Chicago. "By working with community organizations to rehabilitate livable, affordable housing, create job training opportunities, and establish health care and social centers, LISC/Chicago has been able to participate in some highly inspirational success stories throughout the city."

"Make no mistake, we simply provide funding and other support mechanisms," Mooney added. "It is through the desire and dedication of local community residents that these successes have come about."

In addition to its funding of community facilities, LISC/Chicago has made housing grants. The single largest grant—\$405,000—was awarded to the Bickerdike Redevelopment Corporation for the extensive rehabilitation of an 18-family cooperative in the West Humboldt Park neighborhood. Bickerdike, which is one of Chicago's oldest community development organizations, has long been responsible for ensuring a place for working class families in the rapidly changing Humboldt Park,

West Town, and Logan Square areas. The National Neighborhood Coalition recently awarded Bickerdike with a Neighborhood Leadership award for its successful maintenance of mixed income neighborhoods.

In a grant designed to stimulate housing development, LISC also awarded \$70,000 to the Woodlawn Community Development Corporation (CDC) to jump start the development of Woodlawn Park, a 140-unit market rate for-sale housing development to be built on 63rd Street, between Kenwood and Ingleside.

Woodlawn Park is the centerpiece of the redevelopment of Woodlawn. Plans for the development, and related housing and commercial developments along the 63rd Street Corridor were announced in spring of 1999 following the removal of the elevated tracks that for more than half a century had dominated the area.

LISC is the single largest non-profit investor in the city. Since its creation in 1980, LISC/Chicago has invested some \$125 million in redevelopment initiatives undertaken by the more than 100 community development groups with which it partners in the greater Chicago area. In turn, these investments have been used to leverage other private sector and government funds to create more than \$2 billion of housing and commercial development throughout Chicago.

LISC/Chicago is part of the National LISC family created nationally by the Ford Foundation in 1979 and headquartered in New York City. LISC is the nation's largest community development

intermediary, raising funds from private corporations and investing them in the development work of non-profit community organizations. It supports nearly 40 program areas throughout the United States. In the 20 years since its inception, LISC has raised and invested more than \$2.5 billion for the development of over 60,000 affordable homes and apartments and approximately 10 million square feet of medical, retail, and industrial and commercial space. ■

For additional information contact Andrew Mooney, Senior Program Director of LISC/Chicago at 312/360-0400.

www.frbchi.org

CHICAGO FED
on the web



www.frbchi.org

The Federal Reserve Bank of Chicago's web site offers a wide variety of timely and unique information, including:

- Economic Data and Research
- Banking Data
- Educational Resources
- Publications
- Community and Economic Development Initiatives
- Economic Development News & Views
- Community Reinvestment Act Information
- Consumer & Community Information

LISC Aids in Mission to Facilitate Community Jobs

Local Initiatives Support Corporation/Chicago (LISC) has awarded a grant to Operation ABLE — one of Chicago's most successful employment training and advocacy groups. The grant will help to cover the cost of Urban Careers, a pilot program aimed at linking local residents with retail jobs.

The program was initiated by Urban Investment Trust, Incorporated, a

real estate firm committed to investing in commercial real estate projects that improve many of Chicago's traditionally underserved communities. The pilot program will focus on linking residents with jobs in Lawndale, Uptown and South Shore.

The Chicago Community Trust created Operation ABLE in 1977 as an advocacy group for older

employees. Since then, Operation ABLE has adapted its mission to advocate for employees of all ages. Currently, 73 staff members aid more than 7,500 Chicago-area residents annually through their central office, technical center, and five field offices.

The Urban Careers coordinator, Charles Woods, works with participating retailers and local

community groups to assess employer needs and build a pool of qualified candidates. Mr. Woods previously served as an Employer Services Representative at Operation ABLE's One-Stop Center in Pilsen. ■

For additional information on Operation ABLE and its programs, contact Charles Woods at 312/782-3335, ext. 767.

Chicago Community Organizations Honored by BP Amoco

Recognizing the importance of economic development to the City, its businesses, and most importantly, local residents, BP Amoco has chosen four Chicago community development organizations among the winners of the 2000 Leader Awards. Award recipients received \$250,000 to further their respective programs.

ACCION Chicago was chosen for its work in community redevelopment and the development of woman and minority businesses. By providing small business loans and technical assistance, as well as serving as a networking link, ACCION Chicago has been at the forefront of redevelopment through local business initiatives in Pilsen, Little Village and surrounding communities.

The Woodlawn Preservation and Investment Corporation was also honored for its extensive work in the Woodlawn Community on the South Side, especially along the 63rd Street Corridor. In the past, elevated train tracks hid what was a dingy strip of abandoned retail shops and empty lots. Block by block, however, affordable,

attractive new homes are rising, restoring the beauty and dignity that once defined this working-class community.

The New City YMCA Local Economic and Employment Development (LEED) Council's efforts to attract and retain businesses and to provide employment training and employment opportunities were honored by BP Amoco with a Beyond Performance Award. Through creative programs stressing pre-employment and workforce skills training, coupled with unique community-industry partnerships, the LEED Council has helped over 15,000 local residents of the Near North Side, West Town and North River Industrial Corridor find jobs.

The Woman's Business Development Center (WBDC) was the fourth group recognized with a BP Amoco Leadership Award. It was recognized for its nationally renowned programs that provide services and support aimed at accelerating women's business ownership and strengthening the impact women have on the economy. The WBDC offers prospective

and current female business owners assistance on many levels, including creating viable business plans, assessing needs and lia-

bilities, procuring start-up and expansion funds, and completing the processes for Women Business Enterprise status. ■

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

Lawndale and Little Village Family Resource Centers

High quality, affordable childcare is an asset which can have a major impact on a community. Without it, many parents would be unable to take advantage of the best job opportunities available to them.

In order to address this important need, two new Family Resource Centers will soon begin serving working families in the communities of Lawndale and Little Village. The centers will each provide affordable childcare with capacity for more than 200 children.

These centers are a result of a partnership between The Resurrection Project, Lawndale Christian Development Corporation and the Carole Robertson Center for Learning. Each of the 21,000 square-foot facilities will provide comprehensive day care services and educational and recreational opportunities. Children will be nurtured in a constructive environment conducive to learning, provide nutritious meals, and have the opportunity to interact with other children.

As an additional benefit, each Family Resource Center will provide approximately 50 jobs for local residents.

“By offering the convenience and peace of mind that comes with good, affordable childcare, the Family Resource Centers have the potential to make a major, positive impact on the communities they serve,” said Andrew Mooney, Senior Program Director for LISC/Chicago.

LISC/Chicago provided partial funding for the projects through the Illinois Facilities Fund, which serves as lender and project manager for the centers. Both Family Resource Centers are expected to be open by December 1, 2000. ■

For more information, contact LISC/Chicago at 312/360-0400.

ACCION Chicago's Microlending Network Growing

For the past six years, ACCION Chicago has demonstrated a successful approach to business lending to low- and moderate-income, self-employed women and men. The program emphasizes small business owners' character and commitment to the long-term growth of their enterprises.

With a solid foundation and years of proven experience, ACCION Chicago has continued to broaden its reach. They have made over 700 loans totaling over 3.5 million dollars. In the first six months of 2000, ACCION Chicago has loaned over \$700,000, as much as in the entire year of 1999.

From its start as a business lender to the largely Hispanic communities of Little Village and Pilsen, ACCION Chicago has broadened its reach to underserved, ethnically diverse neighborhoods of Woodlawn, Kenwood, Austin, Humboldt

Park, Oakland, and West Englewood. The program has continued to adapt its lending model to ensure accessible capital. In addition, ACCION Chicago has harnessed the private sector, which provides critical resources such as loan fund capital, operating support, and technical assistance.

The program has developed a satellite-lending model that has, as its core, solid partnerships

with local banks for referrals and office space and the use of technology to more efficiently reach larger numbers of microentrepreneurs. With satellite offices at First Bank of Americas on 47th Street and Bank One on 35th Street, ACCION Chicago is well on its way to providing loans to the entire city.

ACCION Chicago has also partnered with the Evanston

Business Investment Corporation and has access to their facilities to reach the north side of the city and Evanston. Their suburban partner National City Bank has given them a presence in western suburbs as well.

ACCION Chicago's efforts have not gone unnoticed. On April 12, 1999 the Woodstock Institute presented ACCION Chicago the 1999 Community Reinvestment Award for creative and energetic work to promote small business lending in Chicago. More recently, on September 15, 2000, BP Amoco presented ACCION Chicago the 2000 Leader Award, which includes a \$250,000 grant. This honor will allow ACCION Chicago to better reach its goals and fulfill its mission statement. ■

For additional information on ACCION Chicago's program contact F. Leroy Pacheco at 773/376-9004.



Low-Income Taxpayers to Open Accounts with IRS Refunds

Earlier this year, the Center for Law and Human Services, a Chicago-based non-profit organization, and the South Shore Bank launched a new initiative to help low-income families access banking services and to begin accumulating assets. The pilot program was conducted at the bank's branch in the Chatham neighborhood of Chicago.

Many low-income workers don't have relationships with banks, savings and loan associations or credit unions. They do not have checking or savings accounts and are at a disadvantage when seeking mortgages or short-term loans. If they have a little bit of extra money it is often hidden away, but it's not in an account earning interest.

In rent-free space in the bank's lobby, the Center's Tax Counseling Project (TCP) provided free tax-preparation services to families with annual incomes less than \$31,000 and to individuals who earn less than \$15,000. The primary focus of the free services was to help low-income workers claim the Earned Income Tax Credit (EITC), a federal tax break which can be worth up to \$3,816 to a worker with two or more children. It usually results in a federal income tax refund.

The project was designed to see how many low-income individuals who used the free tax-preparation services would be interested in opening savings accounts with their IRS refunds.

Here's how the project worked: When the Tax Counseling Project

volunteer completed a tax return for a client, a South Shore Bank personal banker invited the client to consider opening an Extra Credit Savings Account, a regular savings account with some additional benefits.

The taxpayer's refund can be automatically deposited in this no-fee savings account which requires no minimum balance and pays a standard interest rate of 2.5 percent. Taxpayers who signed up for new accounts were able to obtain South Shore Bank ATM cards. South Shore waived its ATM fees for these customers.

As an added incentive, the new customers became eligible to receive a one-time 10 percent bonus of up to \$100 at the end of the year. In addition, they were invited to attend free money-management classes.

The program seems to be working. This tax season TCP volunteers at the bank prepared more than 450 tax returns and 87 of those taxpayers established bank accounts.

"We are trying to reach the unbanked," said Jennifer Tescher, strategy manager for retail delivery at South Shore. "Often we must overcome people's past negative experiences with financial institutions. But now we are offering new services designed to make everyone feel welcome," she added.

"This is a great bargain for our low-income clients," said David Marzahl, executive director of the Center. "If a client cashes

an EITC refund at a currency exchange, the fee could be quite high. Instead their money is safely deposited in the bank where it earns interest."

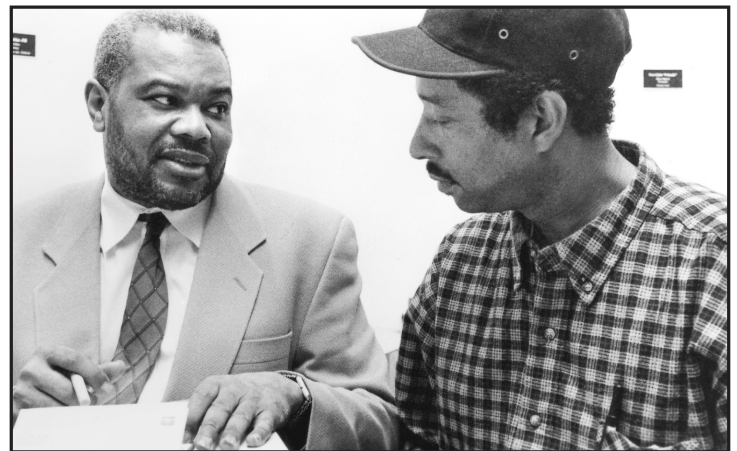
"In fact, low-income individuals typically pay about 1.85 percent of the check's value when they cash it at currency exchanges in Illinois," said Malcolm Bush, president of the Woodstock Institute. "At that rate, the fee for cashing the average EITC check of \$1,400 would be \$26."

Marzahl also noted that the South Shore Bank ATM card allows the Center's client to withdraw needed cash at any time. "Equally important, they are establishing a relationship with their local bank and hopefully they will be inclined to look to the bank when they need other financial services," he added.

The Center and the bank have also commissioned the Center for Social Development at Washington University, St. Louis, Missouri, to evaluate the program and to study the EITC recipients' attitudes and perceptions about financial institutions and services. The study will also examine variations in demographics, attendance at money management classes, planned EITC use, savings goals and perceptions of the costs and benefits of saving.

"We know the EITC is a great benefit to low-income families," Marzahl said. "We are now trying to find out if EITC recipients will use their refunds to begin long-term asset accumulation," he added. ■

For additional information on the Center for Law and Human Services programs call the Center at 312/341-1666.



Access to Banking Services—Andrew Davis (left), a South Shore Bank personal banker, helps a new client apply for an Extra Credit Savings Account into which he plans to deposit his anticipated income tax refund. The bank and the Center for Law and Human Services teamed up to help low income workers open the savings accounts when the Center's volunteers completed their tax returns. It is a pilot project designed to help low-income families get access to banking services and to begin accumulating assets.

Women in Business

Plastics Industry Pioneer an Inspiration



When Martha Williams struck out on her own, she dreamed of being the first African-American woman to own a plastic injection molding company. Through her hard work and unflinching determination, Williams is now the founder and CEO of one of the nation's leading manufacturers of plastic storage and organization products.

In the early 1970s, frustrated with the low and unsteady wages from her part-time job in retailing, Martha, fresh from the Chicago Housing Authority's Taylor Homes and armed with only a high school diploma, took the long bus ride from the inner city to the suburbs, with a hope of finding a better-paying, steady job in manufacturing. Despite being young, a woman and black she convinced the manager of a plastic injection molding plant that she could do the entry-level job that was available.

Within days, Martha was hooked. The sight of plastic pellets being melted and molded into useful products entranced her. Martha headed to the library where she spent countless hours reading everything she could find about plastics. She had come to the suburbs for the job and the wages, but what Martha found was a fascination with the plastic injection molding process itself. It was a discovery that would change her life—and the industry.

Against all odds, Martha's hard work paid off. Within eight years of landing the entry-level job, she

worked her way up to the position of plant manager. She endured mergers, acquisitions, and the skepticism of a series of new owners who sometimes doubted the abilities of a young black woman. Martha continued to rise in the business, helping each new owner create innovative products and processes. Yet she thought more was possible.

Deeply involved in the plastics industry while at the same time raising a family, Martha's keen eye recognized the need for a new category of plastic products. These would be larger, more durable containers, designed to accommodate a variety of purposes and cover a broad range of storage needs. In 1991, Williams made a bold decision to strike out on her own. In the process, she became the first African-American woman in the United States to own a plastic injection molding company.

While the company's sales grew rapidly, and her products were praised and widely accepted in the marketplace, ownership was no easy road. The start-up was difficult, she made strategic mistakes, and a protracted shareholder dispute hampered the business.

In August 1997, Michael DePaul, President of Regent Products and an occasional customer of StyleMaster introduced Martha to his partner in the Regent Group, William Bailes. The Regent Group is a multi-faceted company with businesses in distribution, importing, close-outs, retailing and packaging. At DePaul's urging, the two worked to forge a Regent Group/StyleMaster partnership.



Martha Williams, founder and CEO of StyleMaster, speaks at a recent event.

After several weeks, Bailes' early skepticism gave way as he began to see the value of StyleMaster products as well as Martha's unbridled enthusiasm.

With sales approaching \$50 million, StyleMaster's growth has been impressive. By providing superior service and innovative products, StyleMaster has been able to secure partnerships with retail giants such as Kmart and Target.

Under Martha's direction, the company is building a new \$50 million, 1.5 million square foot facility on Chicago's Southwest side. The facility will consolidate the company's operation under one roof. Williams' insistence that her company remain a Chicago business led her to collaborate with the Greater Southwest Development Corporation and the City of Chicago to develop the new facility. One of the few sites large enough to fill the need turned out to be an illegal dumpsite. She is transforming a blighted property into a

major employment center. Completion of Phase I is slated for the end of 2000. When construction is completed, the property will employ more than 400 people.

Committed to providing other inner-city residents with an opportunity for personal advancement, Martha has worked to inspire young people. During the process of acquiring the dumpsite, Williams worked with students from Maria High School who did an environmental analysis of the plastics industry. She is also implementing a student-mentoring program that brings young people to StyleMaster to learn about the company and its history.

When asked by Chicago youth how she started her company and what they can do to succeed, she simply tells them to take "failure" out of their vocabulary. An extraordinary woman, Martha Williams is changing the landscape for plastics, Chicago's southwest side, and far more. ■

DEI Youth Entrepreneurship Program Evolves

The Detroit Entrepreneurship Institute, Inc. (DEI), a private non-profit corporation, has spent the majority of its ten year history training adults in entrepreneurial skills. However, in recent years, DEI staff has recognized that entrepreneurship is an increasingly popular, and profitable career path for people in the very earliest stages of their working careers. In 1998, for the first time, DEI offered an entrepreneurship training class for a group of teenagers and pre-teens.

The goal of DEI's Youth Entrepreneurship Programs is to educate youth on financial and economic self-sufficiency through entrepreneurship. The programs provide youth the opportunity to consider entrepreneurship as a career option. The programs also promote early learning about important business topics, such as asset accumulation, budgeting, and investment strategies.

During the summer of 1998, twelve young people, ages 10 to 15, participated in two two-hour classes. They learned how to start a business and the responsibilities involved in running a business successfully. They were also exposed to practical ideas about businesses that they could start at their ages.

Last summer, the program evolved to a one-week entrepreneurship camp. Seventeen youngsters, ages 10 to 16, spent a week at DEI's facility, four hours each day. The participants were exposed to the rigors of starting a business in more detail. The training focused primarily on the fundamentals including account-

ing, marketing, finance, and management. DaimlerChrysler, First Federal of Michigan, the Empowerment Foundation and Bank One sponsored the entrepreneurship camp. After successfully completing the program, each participant received a savings account with an initial deposit from First Federal of Michigan, shares of stock funded by DEI, and a personal computer donated by the Empowerment Foundation. DaimlerChrysler and Bank One underwrote the training activities.

The participants learn all aspects about starting and successfully operating a business: marketing, finance, accounting, management, as well as business plan development. The participants are also exposed to business etiquette, business writing, graphic design, business math, presentation skills, and leadership.

DEI's business consultants, who have years of experience working with adult entrepreneurs, also train the younger aspiring entrepreneurs. The business consultants assist them with the development of individualized business plans. There is training in business plan development using DEI's Business Computer Center and DEI's Business Reference Library. The participants receive individual instruction in computer use and library research methods.

Each participant is exposed to DEI's Graphic Design Department and Print Shop. As a mini-internship, they learn about graphic design, copying, and printing services. They learn how to design, copy, and print marketing materials for a business: business cards, flyers, brochures, and stationery.

In addition to learning about starting and operating a business, the participants receive instruction on economic literacy. They learn about budgeting, credit, savings, and investments.

The DEI's Youth Entrepreneurship Program is a part of the City of Detroit's Youth Services Program. The Youth Services Program is a collaboration of the City of Detroit Employment & Training Department and the Family Independence Agency. This collaborative effort targets young clients of the Family Independence Agency.

The summer 2000 program was a seven-week entrepreneurial training program that began in July. Seventeen young people between the ages of 14 and 16 participated. They engaged in classroom instruction, assignments and activities for 30 hours each week. The participants received a stipend every two weeks that was based on attendance and successful completion of various phases of classroom instruction, research assignments, and activities.

In addition to the learning activities, the youths are taken on field trips designed to enhance the learning and socialization experience. The group visited small business owners and government officials. They also took golf

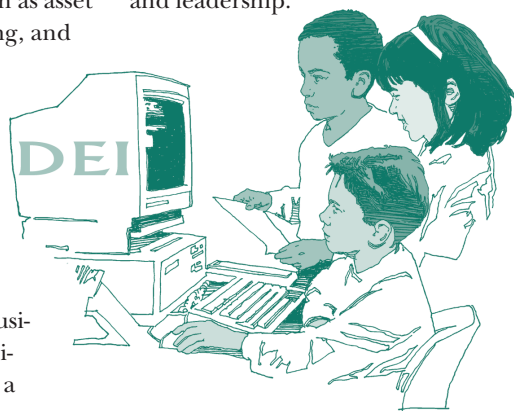
lessons and had lunch in a fine restaurant to expose them to activities and places where business deals are discussed and made. The majority of the participants had never been exposed to these activities and places.

The second of DEI's youth programs is part of the Youth Opportunity Movement, commonly known as YO! The program is funded under a grant from the U. S. Department of Labor. Participants in the program are between the ages of 14 and 18 and live in the City of Detroit's Empowerment Zone.

After successfully completing the eight-week training program, each participant received a savings account and a mutual fund investment account. The participants form investment clubs that meet monthly. Monetary incentives will be deposited directly into the mutual fund accounts. The amount of the deposit will be based on attendance at the meetings as well as achieving and maintaining good grade point averages in school.

Both of DEI's Youth Entrepreneurship Programs focus on learning economic and financial self sufficiency principles at an early age. Both programs are a means to break the generational cycle of poverty and dependence on the welfare system. DEI believes that by reaching, teaching and exposing youth to economic and financial opportunities, they will grow to become productive adults. ■

For additional information on the Detroit Entrepreneurialship Institute and its programs, contact the Institute at 313/961-8426.



Brownfield Redevelopment Breaks Ground



For nearly a decade a vast track of contaminated vacant land on Chicago's south side stood as a symbol of neglect and hard times.

Now the 63-acre site was officially reclaimed when ground was broken for Gateway Park, an industrial complex that is the result of the collaboration between the Greater Southwest Development Corporation, a non-profit organization, the City of Chicago, and the owners of Gateway Park, LLC. The project will bring hundreds of jobs to Chicago's southwest side.

Two tenants will anchor Gateway Park: StyleMaster, Inc., one of the nation's only manufacturing companies owned by an African-American woman, and the Regent Group, parent company of Dollar Junction.

"What we celebrate is more than the creation of new buildings or jobs," exclaimed Mayor Richard M. Daley at the groundbreaking ceremony attended by community residents, city officials, surrounding manufacturers, and StyleMaster customers such as Kmart and Target. "We celebrate the tenacity of a community, the vision of a great corporate leader, and the partnership of Chicago's community leaders, businesses and government," Daley continued.

Long vacant, the site was a location for the illegal dumping of tons of broken asphalt, concrete, roofing shingles and automobile parts.

When area residents learned the federal government had no cleanup plans, they were unwilling to let their community stand as a mon-

ument to neglect. In the mid 1990s, with the help of the Greater Southwest Development Corporation—a nonprofit community group—they forged a partnership with the City of Chicago to find a private-sector partner with whom they could transform the site.

In June 1998, their work paid off. Martha Williams, the founder and CEO of StyleMaster, was looking for a Chicago site for her new production facility. Raised in a Chicago Housing Authority development, Martha was determined to build her plant in a location that would allow inner city youth an opportunity to prosper. The Chicago Department of Planning and Development created the partnership, and used a variety of tools ranging from Tax Increment Financing (TIF) funds to environmental clean-up dollars.

"It is a thrill to stand here today with all of you who have worked hard to make this development possible," Williams said. "I want to thank my partners from the Regent Group for supporting my insistence on building in the city, Mayor Daley, Commissioners Christopher Hill (Department of Planning) and William Abolt (Department of Environment) for their invaluable partnership, and Jim Capraro and the Greater Southwest Development Corporation, not only for helping me, but for fighting for the jobs and resources their community needs."

"It is my hope," continued Williams, "that we will be a beacon to other companies who will build where the workforce needs exist and to be an inspiration to the young people of our city who need to know that if they make the effort, they will be rewarded."

"StyleMaster and Gateway Park will long stand as a testament of the triumph of community involvement, progressive business and good government," added Capraro. "I am confident this will be the cornerstone of the economic redevelopment in this community and a source of pride for many generations to come."

Chicago Alderman Ed Burke lauded the efforts of all involved. "One cannot help but feel an immeasurable sense of pride at the turnaround that has taken place here. It is proof that a strong and active neighborhood, partnered with a community-oriented corporation and a willing and cooperative city government can accomplish great things."

Because of the size of the property and the necessity to remove 380,000 cubic yards of debris, the 1.5 million square foot Gateway Park facility will be constructed in two phases. The first phase will encompass 660,000 square feet. It will also consist of leveling and cleaning long

vacant land along Columbus Avenue, from 75th to 77th Street. When the first phase is completed by January 2001, StyleMaster will occupy 460,000 square feet of corporate, manufacturing and distribution space with the Regent Group occupying the other 200,000.

During the second phase, StyleMaster will expand into an additional 400,000 square foot space. Existing buildings along 77th Street will be razed, and an additional 350,000 square feet will be made available to other manufacturing and distribution tenants. Assistance in hiring and training for the approximately 500 new jobs is being handled by the Mayor's Office of Workforce Development.

The cost of development is approximately \$50 million and the financing involves a \$13 million community development float loan and \$37 million in private financing. The city provided an incentive of \$14 million in Tax Increment Financing. ■

For additional information, contact James Capraro, executive director, Greater Southwest Development Corporation at 773/436-1000 extension 111.



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.

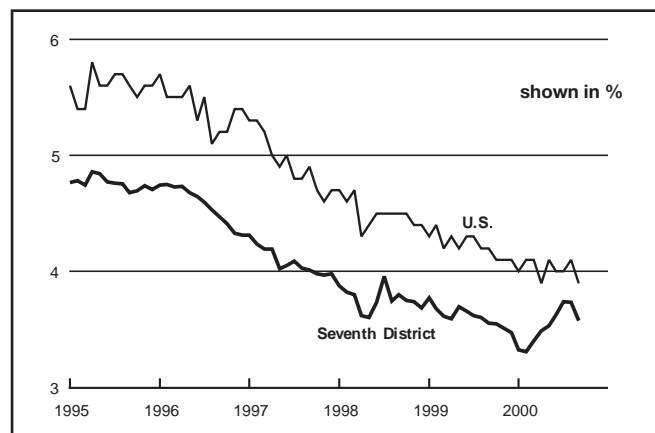
Unemployment rates for Seventh District MSAs are derived from data provided by the United States Department of Labor (USDL). Using definitions and guidelines established by the USDL to ensure consistency across state lines, state agencies calculate MSA unemployment rates on the basis of a monthly payroll 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.

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 region's. 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

After a relatively steady tightening since 1992, the Seventh District's labor markets have been showing some signs of slackening in 2000, at least in the numbers. The

average seasonally adjusted unemployment rate for the five District states was 3.6 percent in September. This rate is 0.3 percent higher than it was back in January, yet still below the national average of 3.9 percent in September.

With tighter labor markets, employment growth in the Midwest continued to trail the nation. Year-over-year payroll employment growth was running around 1.0 percent in the District in September, about half of the national rate of growth. This continues the pattern of very slow employment growth that began back in mid to late 1999. Most evidence suggests that the lack of available workers, not a general slowdown in overall economic activity, is the primary force behind relatively slower growth in the region.

Most anecdotal reports indicate that Seventh District employers are still plagued by worker short-

ages, higher turnover rates, and unfilled positions. Competition for workers remains so intense that arguments broke out at one metro area's local chamber of commerce meeting with members

accusing one another of "raiding" each other's payrolls.

Despite the very tight labor markets, employment costs in the Midwest remained relatively subdued, though increases are slightly higher than the national average. Improvements in productivity, however, have also been notable. Rising wages present no problem as long as they are accompanied by offsetting increases in productivity. This has largely been the case in recent years as evidenced by the very paltry, if not negative, growth in the unit cost of labor.

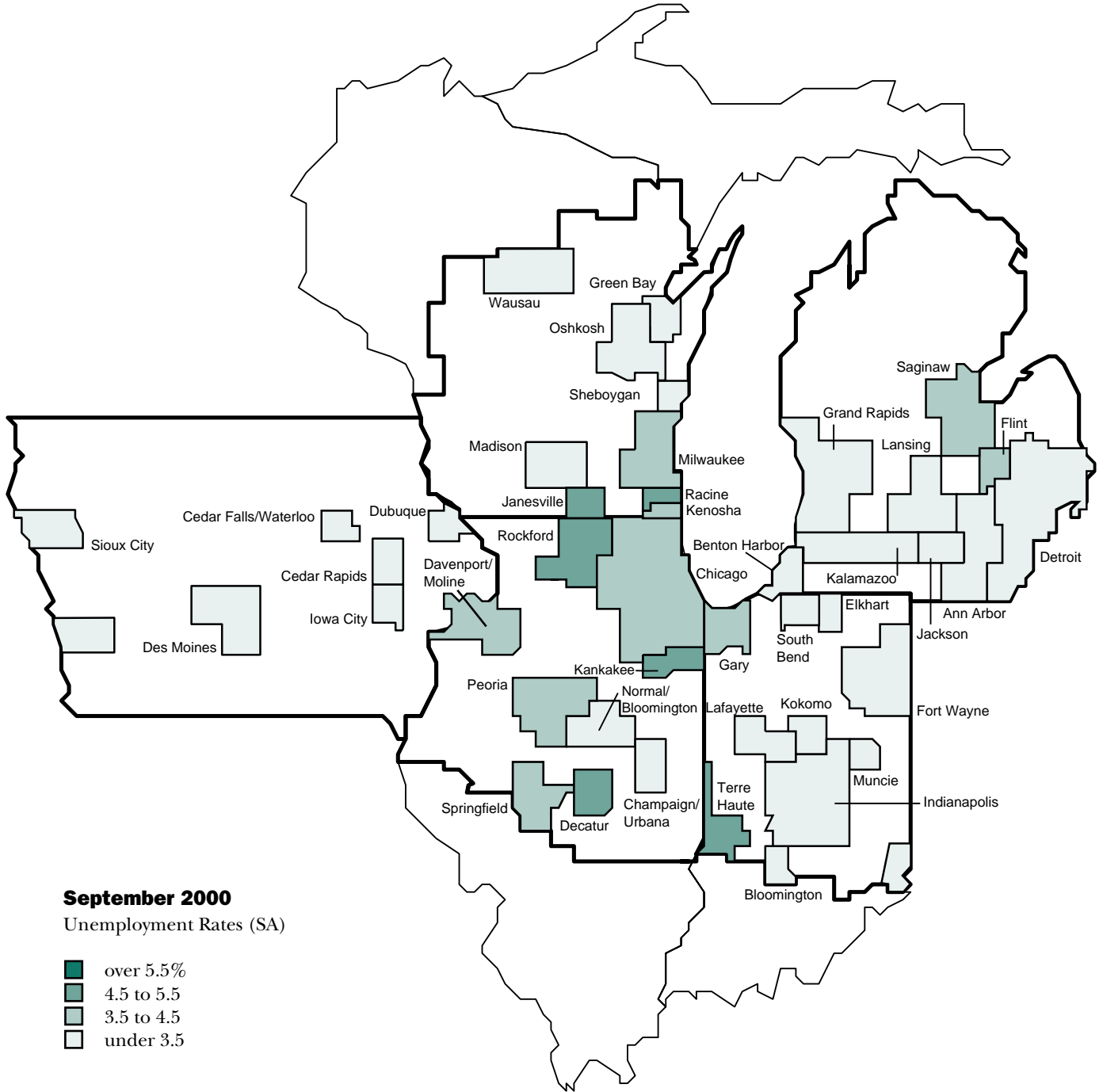
One area of concern expressed by District employers has been the rising costs of health insurance benefits. Increases generally range from the high single-digits to the low double-digits for most companies, though there have been limited reports of much more substantial jumps. This has been a particular concern for small businesses. Higher premiums are forcing some small businesses to drop health insurance from their compensation packages, but most suggested that intense competition for workers would not allow them to do so. Many employers feel that while increased productivity has offset increased wages, it may not be enough to keep up with increases in health insurance costs.

In the near term, it appears that finding and retaining qualified workers will remain difficult for employers in the Seventh District. Improvements in productivity will keep pressure off the unit costs of labor, although climbing health insurance costs may pose problems further down the line.

Richard E. Kaglic—Economist

Seventh District Labor Markets

Unemployment conditions for September 2000



NOTE: All rates are subject to revision.

Your Views

Illinois Partnership to Expand Financial Education and



By Dory Rand
Staff Attorney
National Center on Poverty Law

Dory Rand is a staff attorney with the Chicago-based National Center on Poverty Law and editor-in-chief of the Center's monthly newsletter. She is a member of the Chicago CRA Coalition steering committee and chair of its Financial Services Task Force. She helped to negotiate and implement recent CRA agreements with various financial institutions. She is the coordinator of the FFLIP Coalition.

A diverse coalition called Financial Links for Low-Income People (FLLIP) has developed a public/private partnership with the Illinois Department of Human Services (IDHS) to expand financial education and asset-building opportunities for welfare recipients and low-income workers in Illinois.

FLLIP includes banks, advocates, government agencies, bank regulators, Individual Development Account programs, job training providers, adult educators from the University of Illinois Extension, insurance industry representatives, and others.

Financial education

Participants in the Temporary Assistance for Needy Families (TANF) cash assistance program

administered by IDHS are required to complete 30 hours a week in approved work activities such as job training, education, or community service.

Soon TANF participants will have the option of fulfilling part of their work activity requirement by taking a financial education course.

The curriculum will include goal-setting and budgeting, credit and debt, consumer issues and protections, public assistance issues related to asset accumulation and protection, financial services and investments, tax issues such as the Earned Income Tax Credit, employee benefits and retirement savings. IDHS caseworkers will help to recruit participants and outside trainers will use interactive methods to teach the course.

Rollout of the course through IDHS local offices is scheduled to begin in early 2001. Eventually, the course will be available on a statewide basis.

How did the FLLIP/IDHS project come together?

The FLLIP coalition grew out of a meeting in September 1999, convened by the Governor's Commission on the Status of Women in Illinois, welfare to work committee. In its year-end report, the Commission endorsed FLLIP's November 1999 recommendation that IDHS incorporate financial education and asset building opportunities in its welfare to work programs.

FLLIP representatives met with IDHS Director of Transitional Services, William Holland and others to propose a public/private partnership to conduct a financial education and asset building pilot program at four sites and started

pursuing private foundation funding in the Spring of 2000.

By August 2000 two foundations had provided grants and IDHS allocated about \$500,000 in FY 2000 TANF funds for the project.

In addition, consulting firm William M. Mercer, Inc. will donate the services of research, investment and communication specialists to conduct audience research, develop curriculum with the University of Illinois Extension, and to develop a community awareness campaign strategy. "Mercer is excited about this unique opportunity to partner with FLLIP and leverage our expertise in an initiative that will have such an impact on so many people," said Karen Greenbaum, Midwest Unit Manager.

IDHS awarded a grant to the National Center on Poverty Law as general contractor and fiscal agent for the project for 2 years.

Individual Development Accounts

Welfare participants that complete the financial education course through IDHS and other low-income workers in selected sites throughout Illinois will have the opportunity to put their skills to work by opening an Individual Development Account (IDA).

IDA holders have their savings from earned income matched by state and private funds. For each dollar saved by a participant, the state matches one dollar and private funds match one dollar. For example, over two years a participant that saves \$1,000 would have a total of \$3,000 to use toward her goal.

Participants will be able to use their IDA savings for approved goals such as postsecondary education, start-up of a small business, or purchase of a home. Because many welfare recipients, job seekers and low-income workers face transportation barriers, participants also will have the option to use their savings for the purchase or repair of a car or in connection with a car loan.

Why is a financial education/asset-building program for low-income people needed?

A wealth of information on financial planning is available on the Internet and through other sources but most such information is targeted to higher-income, better-educated audiences that already are familiar with mainstream financial products and services. Meanwhile millions of low-income persons operate outside the financial mainstream. There are a number of reasons why financial education and asset-building opportunities targeted to this population are needed.

Most welfare recipients receive their monthly cash benefits through electronic benefit transfer to debit cards (called Illinois Link in Illinois). Although direct deposit of cash benefits into a bank account is available, few recipients take advantage of that option. Recipients that do not have a deposit account must pay a surcharge for withdrawing funds from an automated teller machine (ATM) when using their debit card. Welfare recipients and low-income workers that learn to open and manage a bank account could save hundreds of dollars a year compared to the high costs of transacting business at currency exchanges, check cashiers or ATMs.

Asset-Building Opportunities for Low-Income People

Parents need good financial skills to pass on to their children. People who do not have accounts with mainstream financial institutions are less likely to save for short-term emergencies and long-term financial goals. In situations where a middle-class person might use a credit card for an emergency, a person without a credit card may have to resort to a high-cost payday loan with multiple rollovers.

Employees' financial problems can lead to less productivity at work in the short run. Workers' lack of financial skills also hurt them in the long run as it keeps them from taking advantage of

employer-sponsored investment and retirement options.

Development of financial skills and habits can help lower-income people build assets that will not only improve individuals' standard of living but also contribute to a higher quality of life for their communities by helping them to buy or repair a home or start a business that provides jobs.

"Money management and consumer skills are critically important for all families. Savings improve household stability by cushioning economic setbacks that can leave families with no other option but to seek public assistance," Holland said.

How can financial institutions help?

Financial institutions can support this exciting new project by contributing towards the FLLIP/IDHS private matching fund that helps low-income workers meet their financial goals through the IDA program. Approximately \$175,000 in private matching funds is needed to launch the IDA part of the project.

In addition, financial institutions can provide volunteer trainers or work with other financial education trainers to make their free or low-cost basic savings and checking accounts available to program participants. Financial institutions also can provide grants to pro-

grams that are working to expand access for low-income people to mainstream financial services.

These activities would not only help the FLLIP/IDHS project, but also generate good will and customers for the financial institutions as well as favorable consideration under the Community Reinvestment Act's services and investments tests. ■

For more information contact Dory Rand, National Center on Poverty Law, at 312/263-3830 ext. 228 or doryrand@povertylaw.org.

Calendar



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

The Westin Michigan Avenue
Chicago, Illinois
October 30–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, Pennsylvania
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.

Demystifying the Digital Divide

Federal Reserve Bank of New York
New York, New York
November 9, 2000

For additional information, contact Sabrina Su, at 212/720-7841

Remaking Chicago

University of Illinois at Chicago
Chicago, Illinois
November 30–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 www.oceps.uic.edu/gcwforum8.

Real Estate Project Readiness Workshop

Chicago Community Loan Fund
Chicago, Illinois
November 9, 2000

For additional information, contact Cat Dean, at 312/345-1770 ext. 14

Housing Justice: Restore the Dream

Statewide Housing Action Committee
Springfield, Illinois
November 14–15, 2000

For additional information, contact Michael Burton, at 312/939-0674

National Small Stores Institute

Nashville, TN
October 29–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.

FEDERAL RESERVE BANK
OF CHICAGO

Economic Development

News & Views

**Volume 6 Number 3
October, 2000**

Economic Development

News & Views is published three times a year by the Federal Reserve Bank of Chicago, Consumer and Community Affairs Division.

Please address all correspondence to:

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



BULK RATE
U.S. POSTAGE PAID
CHICAGO, IL
PERMIT NO. 1942

RETURN SERVICE REQUESTED