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The Power of Entrepreneurship

Country Needs Policies that Promote Homegrown Businesses

By Andrea Levere
President, CFED

Enterprise development and entrepreneurship have been at the core of CFED's mission and operating strategy since it was founded in 1979. The organization believed from the start that self-employment could be a route out of poverty for many Americans. CFED's work in this area helped to create the domestic field of microenterprise development and launched most of the national and regional intermediaries that serve the field.

CFED's *Development Report Card for the States* has promoted entrepreneurship as a primary strategy for improving economic development at the state level for the past 18 years. In addition, CFED has focused on product development activities to expand access to capital for businesses,

ranging from initiatives that integrate savings and credit to one that seeks to lower the risk and operating costs of offering working capital lines of credit.

During the past two years, CFED's work in entrepreneurship has undergone a renaissance of sorts, with new program, product and policy ideas bubbling up through our research, consulting and technical assistance activities. We have identified many promising innovations in the field that offer new ways to deliver services to entrepreneurs. We understand the challenges of promoting affirmative policies to support entrepreneurship in a climate that favors expedient solutions, such as business incentives. We recognize the urgent need for more transparent data that measure the economic and financial impact of entrepreneur-

ial activity. Organizationally, we have recommitted ourselves to strengthening our position as a leader in this field through a range of activities that link community practice, private markets and public policy in new and effective ways.

Fundamentally, opening doors to entrepreneurship will result in greater opportunities for Americans to pursue their dreams of self-employment. According to a 2003 survey commissioned by FedEx, 67 percent of Americans would like to own their own business and 56 percent would leave their jobs to pursue it if the opportunity existed. Personal passion for an industry ranked as the No. 1 motivation, followed by the opportunity to be one's own boss and then the flexibility that comes from being self-employed. CFED believes that it is time to harness this

entrepreneurial spirit to expand economic opportunity for all.

Building an Environment for Entrepreneurship

There is growing understanding that economic development strategies founded primarily on business recruitment are not in America's best interests and that there needs to be a renewed emphasis on homegrown development, especially in rural and inner-city communities. Many observers see entrepreneurship as being a critical, if not major, piece of economic development, although not all are convinced that entrepreneurship is likely to be an engine of economic growth in rural and low-income areas. However, there is a compelling argument that creating an entrepreneurial climate where all kinds of entrepreneurs can succeed

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An Ongoing Dialogue

The Community Affairs staff of the Federal Reserve Bank of St. Louis spent the last year studying, writing about and sponsoring events related to small business and entrepreneurship. A highlight of this initiative was a conference in April in Memphis, Tenn., titled *Striking the Right Notes on Entrepreneurship*. The conference brought together many experts in the field who clearly have a passion for promoting entrepreneurship as a way for America to maintain its stature as an economic power.



Going forward, the Community Affairs Office will continue its efforts to keep a discussion going among the players on the importance of entrepreneurship in the United States.

Two articles in this issue of *Bridges* present the views of two speakers at the April conference: Andrea Levere, president of CFED, and Richard Florida, an economics professor and author. Levere's paper on the topic of entrepreneurship starts on Page 1. Florida's speech at the conference is summarized on Page 3.

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lays the groundwork for the five out of 100 small businesses that evolve into the fast-growing drivers of the national economy.

Entrepreneurship will only take hold and succeed as an effective economic development strategy if the right type of enabling environment is created. CFED envisions this environment as built on two core elements: a pipeline of entrepreneurs and access to high-quality and comprehensive business development services. The core components that contribute to creating a pipeline of entrepreneurs include exposure to entrepreneurship education from kindergarten through post-secondary levels and the development of entrepreneurial networks. Enhanced business services include entrepreneur-focused training and technical assistance and access to capital.

The pipeline notion is based on the assessment of former CFED President Brian Dabson that "there should be an infrastructure of lifelong learning from elementary school to the golden age, based on the simple principle that it is never too early or too late to be an entrepreneur... The aim is to create a large and diverse pool of people, across a spectrum of entrepreneurial motivations, out of which there will flow a steady stream of high achievers with an interest in creating jobs and wealth in their communities."¹

What distinguishes current thinking about entrepreneurial policy and practice from more

Mario Alvarado owns "La Perlita," a jewelry repair business that also sells handcrafted gold jewelry. He learned this trade from his father and grandfather in Mexico. He practiced the profession there for 15 years before coming to the United States in 1998 seeking a better life for himself and his family. Alvarado participated in the first Spanish-language REAL Entrepreneurship training at Randolph Community College in Asheboro, N.C. After his training, Alvarado received a loan that allowed him to open a jewelry sales and restoration kiosk at the local mall, where he is the first Latino tenant. He has hit all his benchmarks for projected sales and is repaying the \$10,000 loan punctually.

traditional strategies is the nature of the delivery system and the principles on which it is grounded. Leading practitioners are delivering services through a coherent and integrated system (known as an entrepreneurial development system) rather than as disconnected, bureaucratic programs.

The design of an entrepreneurial development system is formed by five principles:

1. *Community-driven:* Local communities have the tools and resources to identify and build on their assets; to make choices that appropriately balance economic, social and environmental imperatives; to learn from the experiences of others; and to be open to experimentation and innovation.

2. *Regionally oriented:* Only through regional cooperation across multiple jurisdictions and through regional institutions can there be sufficient scale, resources and expertise to enable individual communities to play their full role. There are issues and concerns common to both urban and rural areas that can best be addressed through regional solutions; regions represent the economic engines and

markets that enterprises have to serve.

3. *Entrepreneur-focused:* Systems thinking is required to align the plethora of training, technical assistance and financing programs to meet the variety of needs of entrepreneurs and their different levels of education, skills and maturity.

4. *Continuous learning:* Networks for peer support and learning are essential for entrepreneurs and for practitioners, community leaders and policymakers. Learning about entrepreneurship should be part of the K-12 school curriculum. The need for rigorous evaluation of the effectiveness of entrepreneurship strategies and returns on investment is pressing.

5. *Inclusive:* All entrepreneurs are welcome, which fosters a diverse pool of entrepreneurs with different motivations, whether for survival, lifestyle or wealth and increases the odds there will be some that become the fast-growth enterprises that bring improvement to economic conditions in rural and low-income communities and regions.

The success of entrepreneurial development systems also

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Harnessing Creativity

Profound Changes in Commerce Require a New Way of Thinking, Economist Says

By Matthew Ashby
Community Development Specialist

Yes, it's true. Entrepreneurship is ultimately about business development and growth. But the Fed's *Striking the Right Notes on Entrepreneurship* conference in Memphis this past April tried to mine thinking on the topic more deeply. If entrepreneurs are not born, but made, then it might follow that entrepreneurial communities can be created.

Could entrepreneurship also be about culture and creativity? It might be that culture plays an important role in the level of entrepreneurial activity across communities, states and nations. The conference planning team thought that economist and author Richard Florida could help advance thinking in this vein by presenting his theories on economic development and entrepreneurship.

While working as a professor of economic development at Harvard in the late 1990s, Florida was shaken by a situation in Pittsburgh that prompted him to start rethinking a field he had worked in for almost 20 years. Like many, he believed that if communities built high-tech industries, they could attract people. Good, high-paying jobs would be created and, as the theory goes, if you create good jobs, the people will come.

Pittsburgh had been working



Economist Richard Florida signs copies of his new book, *The Flight of the Creative Class*, during the St. Louis Fed's recent conference on entrepreneurship in Memphis, Tenn.

to create jobs in research, development, technology, engineering, marketing, management, leadership and business development. Then, one well-known telecommunications company decided to move from Pittsburgh to Boston to gain access to a readily available pool of knowledgeable, talented and creative people. Leaders in the Pittsburgh region had worked hard to assist in the creation of this pioneering firm and so were discouraged by the move. In this instance, instead of people coming to Pittsburgh where the jobs were, the jobs were moving to where the people were. This single incident caused Florida to reconsider not only everything he had written about and taught his students, but also

some of the basic precepts of his profession. He started thinking in a new way.

People Create Energy

Florida proposes that communities, states and nations that want to become more entrepreneurial will create worth and generate higher living standards and good jobs.

However, they must understand that it will not come as it once did from assembly lines, big factories or a great stock of raw materials.

Intuitively, people know that creative energy in a community comes from people. "The first and foremost asset you have is people," Florida says. "People are the core of economic competitiveness; and the places that develop, harness, mobilize the creativity of their people and attract new creative people are the places that will prosper." This is no easy task. Because every single human is creative, the real challenge according to Florida is to "harness the creativity—not of the 30 percent of people who are already in this class but of each and every human being, or as many as possible."

Florida wrote *The Rise of the Creative Class* and uses the term *creative economy*, making a point to steer clear of other terms, such as *knowledge economy*, *information economy* and *high-tech economy*. Those descriptions are

elitist, and they draw off a privileged few people with very high skills, he says. Florida intentionally uses *creative class* because, according to his definition, all people are creative. The term includes all people in all businesses and communities.

Place, the Entrepreneurial Ecosystem

Creativity is important because it is really the same thing as entrepreneurship. Creativity is the power force, and people are the necessary ingredient, Florida says. "You've got to produce them in great schools and get them great universities, but you've got to be a place that welcomes them," he says.

Place—a community, region, state or nation—is critical. What infrastructures do communities need to generate entrepreneurship and business development, to create jobs and increase living standards, and to sustain a vibrant entrepreneurial climate? Florida says that for places to prosper, they need a functioning ecosystem that not only develops creative people, but attracts them, retains them, and gives them a reason to stay and a reason to engage in developing and building new businesses.

He proposed four key points:

1. The community needs to support entrepreneurship or a "social structure of innovation."

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This means an entire social structure that promotes innovations, where people are not considered failures because they fail in business, where it's OK to fail once, twice or even three times because they are learning to grow and rebound.

2. The community needs to develop a "thick" labor market. This means one in which employment opportunities abound. People want a place that not only offers them one job but many jobs and that offers a lot of opportunity and challenge. Florida suggested that research indicates that people become entrepreneurs for the challenge and the intrinsic rewards rather than because of money.

3. The community ecosystem has to be open. This means communities have to create environments that not only challenge people at work but that also allow people to be themselves. "It has to be a place that values people regardless of race or gender, sexual orientation, lifestyle preference, or the kind of family you want to build," he says. "Creativity doesn't know anything about the social categories we have imposed on ourselves and comes equally to all." The places that win the economic battle are not simply the ones that attract the creative people from outside, but that give everyone an equal chance to come there and start and build a business and prosper. Florida's research suggests that integrated places create and grow more entrepreneurial businesses than

segregated places. His research also shows that places that are more open to immigrants grow and have a higher level of entrepreneurial activity.

4. The community must include social and economic diversity. Florida cautions against what he sees as a looming divide between those in the prosperous creative class and those who are left behind, wondering, "How do I fit in to a changing economy?"

"We are making our high-growth creative centers places where only rich people can live," he says, citing the lack of affordable housing in places such as San Francisco and Boston. The levels of income and equality and housing affordability exclude opportunities for the young college graduate or entrepreneur.

"In building entrepreneurship and an economic agenda, we've got to build an urban agenda," Florida says. "An urban agenda, not because it's to help the poor. We've got to help poor people. Not because it's to help build more affordable housing. We've got to have more affordable housing. Not because we want to make sure we don't have social problems. Yes, we want to eliminate crime. But because strong cities are actually the ecosystems that we need to generate wealth. That's one of the key things we need to understand."

Going Forward

Communities, regions and states grapple with identifying competitors and finding smart ways to compete. Florida says the challenge facing U.S. com-

munities is that the globalization wave that hit the auto, electronics and steel industries is what now confronts us.

For the first time, he says, two things are happening: regions and now other countries are competing with U.S. communities for the creative class.

"You see, you're not competing with the suburbs," he says. "You're not competing with Omaha, St. Louis, Memphis, Little Rock or Oxford. You're not competing against San Francisco and Austin. You're competing against Wellington and Sidney and Melbourne, Australia, and Toronto and Vancouver and Montreal and Waterloo, Canada. Dublin, Ireland, has the fastest growth of the creative class in the world."

In his most recent book, *The Flight of the Creative Class*, Florida says that the world's really great cities have awakened and that around the world, there are 150 million people whose jobs fall into the creative category. He theorizes that the same way Americans are looking for the best cities to live in, that offer the most entrepreneurial opportunity, that offer the most success, these members of the worldwide creative class are doing the same thing.

What can you do?

See how your city compares: www.creativeclass.org

Individual and family-based entrepreneurs in rural and distressed urban areas can find more information at: www.sohodojo.com/

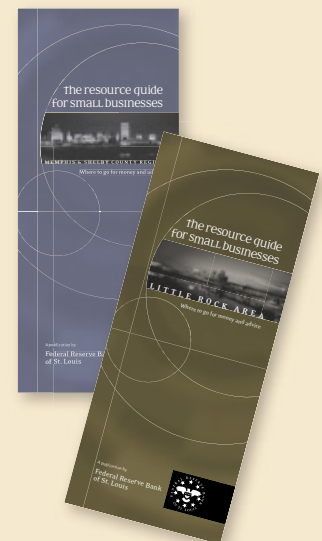
Have you HEARD

Catalog Lists Resources for Small, Micro Businesses

Small and micro businesses in the Little Rock, Ark., and Memphis, Tenn., areas will benefit from a new resource guide from the Federal Reserve Bank of St. Louis. *The Resource Guide for Small Businesses* is a catalog of valuable resources for startup businesses and existing businesses wishing to expand. The guide comes in two editions: one for businesses in the Little Rock area and one for businesses in the Memphis region. Readers will find information about nontraditional lending sources and where to obtain technical expertise.

Multiple copies of the guides are available free by contacting Amy Simpkins at (501) 324-8268 in Little Rock or Dena Owens at (901) 579-4103 in Memphis.

Guides are also available online at www.stlouisfed.org/community. Click on "Other Publications."



Entrepreneurship

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relies on support from four types of infrastructure: investment capital, policy advocacy, learning and training, and data collection and evaluation. Effective investment strategies create incentives and long-term investments that encourage urban/rural and regional collaborations and the development of effective and accountable systems of entrepreneurial support. Partners invest in capital access, innovations in networking, entrepreneurial education, and technical assistance and training that show promise for widespread replication.

Creative policy development and effective policy advocacy can unlock and channel resources into entrepreneurial programs and services. Demonstrating effectiveness and returns on investment is crucial for generating further support at federal and state levels. Leverage is key to effectiveness, as advocates must energize networks of organizations and institutions that can use the results of the investment and advocacy strategies to support wide entrepreneurship development.

Effective learning is essential to program development and involves rigorous evaluation of strategies, systematic case studies, training programs for elected officials and opportunities for peer exchanges. Advocates should encourage experiential education in schools, colleges, community centers and camps. Long-term support for entrepreneurship must be grounded in

evaluative and statistical tools that adequately describe and measure entrepreneurial activity and climates, including report cards and other benchmarking and assessment tools.

Educating for Entrepreneurship

Entrepreneurs are mostly made, not born. The new economy needs entrepreneurs to translate ideas and innovations into commercially viable propositions and to connect them to the marketplace. Experiential entrepreneurship education trains students to examine their communities to discover unmet commercial needs and then develop business plans to meet those needs. Incorporating entrepreneurship education into the traditional school system normalizes self-employment as a life goal, while exposing youths and young adults to entrepreneurship education outside of the school system allows them to think creatively about the economic challenges and opportunities in their area.

Entrepreneurship education provides a counterbalance to the economic rigidity bred by decades of dependence on farming, mining and textile production as unquestioned sources of income. It can also stem the tide of out-migration, a pressing issue in rural America. Young adults leave the areas they grew up in because they do not see potential for wealth creation. Entrepreneurship education allows youths in rural America to re-examine their hometowns from a new perspective, discovering bright

niches of opportunity in what before appeared bleak.

Ann Pope, federal co-chair of the Appalachian Regional Commission, captured the essence of this type of impact when she commended award-winning entrepreneurship education programs targeted at rural communities across the region: "The educators receiving this award are inspiring Appalachian youth to reach as far as their imagination and energy can take them... By giving our young people the confidence and know-how to initiate their own business ven-

analysis conducted on the scale and scope of these programs, recent research from the Kauffman Foundation found that 20 percent of the 1,300 community colleges have at least one course in entrepreneurship.³

Entrepreneurship education can be introduced even before college. Youth entrepreneurship education programs, such as CFED's REAL Entrepreneurship program, operate within as well as outside the mainstream educational system and introduce young people to entrepreneurship as an economic lifestyle.

Food From the 'Hood at Crenshaw High School in Los Angeles is an example of a school-based enterprise that blends good business with good citizenship. It was created as a positive response to the 1992 riots in South Central Los Angeles. Food From the 'Hood adapted the REAL Entrepreneurship curriculum to create a garden at Crenshaw High where students grow organic produce for sale to local residents. Students learn horticulture, nutrition and how to operate a successful business. Profits are used to provide scholarships for student owners.

tures, they are helping to prepare the region for the challenges of the 21st century."²

Colleges and universities often serve as training grounds for future entrepreneurs, with public community colleges serving as important anchor institutions in rural and low-income communities. Community colleges serve a greater percentage of minorities and women as compared with four-year institutions and tend to be employer-driven. Within the last decade, rural community colleges have increasingly diversified their programming to embrace entrepreneurship education as a local rural economic development strategy. Although there has been no formal

The REAL Entrepreneurship program was founded on the belief that entrepreneurship is a vital and realistic basis for economic development in rural America. Thus, while REAL Entrepreneurship offers a full range of entrepreneurship development products and teacher training services across the country, it is the only national program specifically developed for and targeted to a rural market.

Entrepreneurship education has wider aims than simply business creation. It can change students' perceptions about who can start businesses by showing them how they, too, can become entrepreneurs.

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Entrepreneurship education can provide a fresh start for individuals with disabilities, criminal delinquency, low academic achievement or other factors that keep them out of the mainstream economic track. In a very real and immediate way, it builds job-readiness skills, including teamwork, goal setting, self-esteem, time management and public speaking. At the family level, entrepreneurship education allows families to share intergenerational messages about entrepreneurial success with legitimate businesses; new perspectives on how to succeed in the mainstream economy; and alternatives to drugs, crime and violence. In all these ways, entrepreneurship education is more than an economic development strategy. It is a community development strategy.

Promoting Entrepreneurship as an Economic Development Policy

Among researchers, policy advocates and others engaged in community and economic development, there is growing agreement that relying on recruiting companies from other states or overseas should not and cannot be the answer to struggling economies. Yet, each year, state governments have been willing to commit—through tax incentives, tax breaks and direct investments—billions of dollars to attract a car assembly plant, a high-technology production unit or some other potentially high-return industrial activity. Increased public scrutiny has

shed light on some of the more egregious examples of “investments” that were poorly structured, had inadequate reporting or accountability requirements, or yielded disappointingly low returns in terms of jobs and local multiplier effects. And this, in turn, has led to a greater emphasis on transparency, clear expectations on returns on investment and consequences if expectations are not met. But concern remains that recruitment has to be balanced, if not replaced altogether, by policies that support homegrown development.

The Federal Reserve Bank of Kansas City observed: “Rural policy-makers, who once followed traditional strategies of recruiting manufacturers that export low-value products, have realized that entrepreneurs can generate new economic value for their communities. Entrepreneurs add jobs, raise incomes, create wealth, improve the quality of life of citizens, and help rural communities operate in the global economy...Rural policy-makers are responding to these challenges by making entrepreneurship the cornerstone of many economic development strategies.”⁴

In 1999, the National Governors Association (NGA) surveyed its members to gauge each state’s perspective on entrepreneurship and its importance as part of an overall state economic development strategy. While 34 of the 37 states that responded indicated that they did indeed consider entrepreneurship to be part of their economic development

strategy, only four had a clearly articulated statement within the strategy document. Jay Kayne observed a “distinction between states that try to meet the specific needs of aspiring and emerging entrepreneurs and states that view entrepreneurs as a segment of the state economy who can take advantage of state programs.”⁵ In other words, the survey emphasized the difference between active and passive support for entrepreneurship. The task ahead is to marshal the data and the stories that encourage policy-makers to develop an affirmative and comprehensive program in support of entrepreneurship.

Conclusion

Many of our financial, educational and policy systems to support entrepreneurship are in need of reinvention. This examination presents evidence of organizations, institutions and agencies pursuing all manner of programs and initiatives that are meant to encourage greater entrepreneurship. But there is much to do. No state yet offers a comprehensive set of policies to promote entrepreneurship, with most programs focusing on technology-based enterprise. State and federal budget deficits require that any new programs be funded by reallocating existing dollars, which makes the advocacy task much harder. But we believe the time is ripe to do more and to do it better as we document, evaluate, advocate and celebrate the spirit of innovation among our nation’s emerging and existing entrepreneurs.

ENDNOTES

- 1 Dabson, Brian with Marcoux, Kent (2003). *Entrepreneurial Arkansas: Connecting the Dots*. Little Rock, Ark.: Winthrop Rockefeller Foundation.
- 2 Appalachian Regional Commission (2003). Appalachian Youth Entrepreneurship Education Springboard Award: 2002 and 2003 Award Winners. Washington, D.C.
- 3 Seymour, N. (2001). *Entrepreneurship Education in American Community Colleges and Universities*. Kansas City, Mo.: Kauffman Center for Entrepreneurial Leadership, Clearinghouse on Entrepreneurship Education.
- 4 Henderson, Jason R. (August 2002). “Are High-Growth Entrepreneurs Building the Rural Economy?” *The Main Street Economist*. Federal Reserve Bank of Kansas City, Center for the Study of Rural America.
- 5 Kayne, Jay (1999). *State Entrepreneurship Policies and Programs*. Kansas City, Mo.: Kauffman Center for Entrepreneurial Leadership, Clearinghouse on Entrepreneurial Education.

This paper is a collaborative effort of CFED staff, including Emily Appel, Kim Pate, Jennifer Malkin, Bill Schweke and CFED’s former president, Brian Dabson.

Residents of 37 States Benefit from Mercy Housing's Work

By Mary Lovett
Director of Communications
Mercy Housing

Since 1981 when it was founded in Omaha, Neb., Mercy Housing has changed people's lives and revitalized distressed neighborhoods.

A national not-for-profit organization now headquartered in Denver, Mercy Housing is dedicated to creating healthy communities by providing affordable housing and support programs for residents. It also manages properties, makes loans to local community groups, and provides consulting services to governments and community organizations. Mercy Housing works in 37 states and Washington, D.C., and can expand housing development work into all markets across the country.

Affordable housing: Mercy Housing has developed more than 17,000 units of housing that serve more than 50,000 people. The majority are rental apartments for families, senior citizens and people with special needs. However, nearly one-third are single-family homes built through a "sweat equity" program. Under the program, prospective homeowners build their own home as well as the homes of their neighbors.

Support programs: Mercy Housing manages its own properties and develops supportive educational programs for residents on topics such as health,

income and education.

Recognizing the vital link between good health and housing, Mercy Housing formed the Strategic Healthcare Partnership, an alliance with seven Catholic health-care systems. The partnership provides health-related services to residents, donates land or abandoned facilities for housing, partners with Mercy Housing in federal housing

lion in affordable housing financing. Through the fund, more than 11,400 new units of affordable housing have been built, giving nearly 35,000 people an affordable place to call home. The loan fund accepts investors and loan applicants in every state and recently began working on Indian reservations in South Dakota.

The fund has provided housing for farm workers, refugees,

process to get a deal done at Mercy Housing begins with a series of Real Estate Investment Guidelines designed to analyze the viability of the project and identify potential risks that need to be mitigated before the deal is approved. In addition, a series of tests assesses the parameters of a proposed development and highlights potentially vulnerable areas in the plan. Once identified, a development team and an internal project review committee assess mitigations and develop solutions. All of Mercy Housing's real estate deals are ultimately approved by its national board of directors.

Asset management: As the owner and operator of its developments, the organization monitors the financial and physical status of the properties to ensure that they are operating effectively. Asset managers monitor and complete reporting requirements to keep Mercy Housing in good standing with its investors. These include compliance issues with government entities, such as the local housing authority and the Department of Housing and Urban Development.

Mercy Housing also provides its asset management services to other nonprofits.

Information on Mercy Housing programs is available at www.mercyhousing.org/default.asp or by calling (303) 830-3300.



Tiffany and Manuel Lopez of Buhl, Idaho, and their daughters, Silvial and EvaLuna, moved into a new home they built with the help of their neighbors last year. Their dream of owning a home was made possible through Mercy Housing's Mutual Self-Help Housing Program.

applications, helps build community support, and provides funding for development costs.

Loan fund: The Mercy Loan Fund is a division of Mercy Housing that provides loans to community-based affordable housing developers when conventional financing is not possible. Founded in 1985 on investments totaling \$200,000, the fund has loaned more than \$105 million that leveraged another \$910 mil-

lion in affordable housing financing. Through the fund, more than 11,400 new units of affordable housing have been built, giving nearly 35,000 people an affordable place to call home. The loan fund accepts investors and loan applicants in every state and recently began working on Indian reservations in South Dakota.

The fund has provided housing for farm workers, refugees, ex-offenders, senior citizens and single-parent families as well as people who are mentally ill, formerly homeless, developmentally or physically disabled, recovering from substance abuse or living with HIV/AIDS.

Singin' the Blues Is History for Phillips County, Ark.

*It took me a long time, to find out my mistakes
Took me a long time, to find out my mistakes
(it sho' did man)
But I bet you my bottom dollar, I'm not fattenin'
no more frogs for snakes*

Sonny Boy Williamson II
legendary Helena, Ark., blues musician

By Robert Hopkins

After nearly 50 years of failed attempts to merge their city governments, the citizens of Helena and West Helena in Phillips County, Ark., recently voted to do just that. On Jan. 1, 2006, the two cities will become one. And along with that vote came the hope that a more unified, prosperous future lies ahead.

Located 50 miles south of Memphis along the Mississippi River in eastern Arkansas, these two cities are focal points in the history of blues music. Author Ralph Ellison once wrote, "as a form, the blues is an autobiographical chronicle of personal catastrophe expressed lyrically... they at once express both the agony of life and the possibility of conquering it through sheer toughness of spirit." Over the past several decades, the folks of Phillips County have provided a wealth of agonizing, lyrical material.

There have been numerous efforts to revive this region of the Delta. A number of studies from

outside consultants, with their attendant recommendations, have been completed. Interested outside investors and foundations have willingly provided capital to fund improvement initiatives, even experimental efforts. And, certainly, many ideas have been advanced by local groups, all with the aim of curing or, at a minimum, improving the ailments of this impoverished area of the state of Arkansas. However, the jobs didn't come, the population dwindled steadily and the hopes of a more prosperous Helena and West Helena did not materialize.

With the recent merger vote, a new vision for these sister cities and a committed community leadership, the possibility of conquering historic problems has breathed new life into Phillips County.

The centerpiece for this hope is a multi-year strategic community plan. Developed with the direct input of 300 residents and reflecting the diversity of the community and its stakeholders, the strategic community plan

depicts the collective aspirations of its authors and is a road map for what is possible. More than anything else, it is a comprehensive call to action that includes more than 175 actionable items in support of 45 strategic goals. The goals were developed around five fundamental pillars of community life: economic development, housing, education, leadership development and health care.

Economic Development

At the heart of the strategic plan are, not surprisingly, initiatives to expand existing businesses and attract new ones. Building on the perceived strengths of the region, a multi-faceted vision rooted in Helena's and West Helena's historic past has been forged. Planners hope to leverage the cities' river, Civil War and blues past to foster a better future.

Redevelopment of the 2-mile corridor between the Mississippi River Bridge and downtown Helena is critical for making a positive impression with visitors entering Arkansas from Memphis and Mississippi. A newly constructed public pier and park green space, protected by renovated Civil War cannons, will feed tourists into a revitalized downtown business district. The corridor will replace a relatively unattractive conglomeration of abandoned buildings, substandard housing and business structures.

Plans also call for the rebuilding of Fort Curtis and restoring Civil War batteries that surround Helena. Fort Curtis served as one of the first facilities to train black soldiers for combat, and a museum is planned to highlight their important contributions to the nation's history.

The area boasts the annual international King Biscuit Blues Festival, attracting thousands of blues enthusiasts. An entertainment "blues light" district is envisioned to include music clubs and pubs that will attract tourists from nearby casinos.

Housing

Community leaders are attempting to address housing issues on a number of fronts. Starting with a needs assessment, they are looking at both demolition and construction that ultimately will spur citizen pride and involvement in the maintenance and continued improvement of their neighborhoods. Codes are finally being enforced to improve the image of neighborhoods surrounding the redevelopment of the downtown business core.

Local and federal funding has been secured to demolish at least 50 dilapidated structures a year within Helena and West Helena. A combination of redevelopment of significantly historic buildings and construction of new, affordable, multifamily houses is on the radar screen as well. Finally,

getting citizens involved through home ownership training and neighborhood safety and crime watch activities will complete this holistic effort to improve housing in the cities.

Education

Downtown Helena already boasts a new \$2.6 million KIPP Delta College Preparatory School. It is described by Ben Steinberg as "one of the best things that is happening in this community." Steinberg is president of Southern Financial Partners, a 501(c)3 affiliate of Southern Bancorp, a development bank holding company and a key catalyst of the strategic plan. A fifth-grade class has been added in each of the school's first three years of existence, with the school boasting fifth, sixth and seventh grades in the 2004-2005 school year. Plans are to ultimately populate the private institution with kindergartners through 12th-graders.

Additionally, the communities are determined to improve public school education through partnerships with the local community college and business leaders and through implementing comprehensive training for public school teachers, administrators and board members that promotes leadership development. Also, to better train and retain the young people in Helena and West Helena, leaders are introducing a Career Pathway Program to feed the labor demands of local businesses in the future. Coordinators of this initiative will work with the local

community college to develop curriculum that equips the future labor force to meet the needs of current and emerging employers.

Leadership Development

In concert with the educational initiatives, the communities are developing programs to develop the future leaders of the area. They will initiate the annual Delta Regional Leadership symposium designed to

citizens of these two communities and those in surrounding areas. Improved facilities, access and education will be the key tenets to improvement. A 29,000-square-foot, \$4.5 million health-care facility focused on wellness and nutrition is under construction in West Helena. There are plans to expand the operations of the Delta-Arkansas Health Education Center in Phillips. Chartering a health clinic



Scott Shirey, left, school director, and Ben Steinberg of Southern Financial Partners stand outside the new KIPP Delta College Preparatory School in Helena, Ark.

increase leadership capacity. Developing relevant training programs for emerging leaders aged 18 to 40 will be a key focus as well. And to ensure that the most at-risk children are not forgotten, there is a proposal to create a youth leadership academy.

Health Care

Finally, there is a real need and commitment to improve the health and welfare of the

and substance abuse prevention, research and treatment center is another bold initiative under consideration.

Community Support

A steering group of local stakeholders will use the strategic plan to facilitate the coordination of resources. It is hoped that the plan's modular design will foster the interest of various parties (including federal, state

and municipal organizations; philanthropic foundations; economic development agencies; key regional leaders; legislators; commercial businesses entities; and citizens) to assume a leadership role in turning the plan into reality.

Early signs are encouraging. In addition to several near-term successes evident on Cherry Street, one of the main arteries of downtown activity, another reason for continued hope for sustainable progress is the breadth of support for the strategic plan. The plan was endorsed by the diverse community, civic, business and government organizations in Phillips County and throughout the state of Arkansas, as well as Gov. Mike Huckabee, each member of Arkansas' congressional delegation, and U.S. Sen. Blanche Lincoln, a lifelong resident of Helena.

*It took me a long time, to find out my mistakes
Took me a long time, to find out my mistakes
(it sho' did man).*

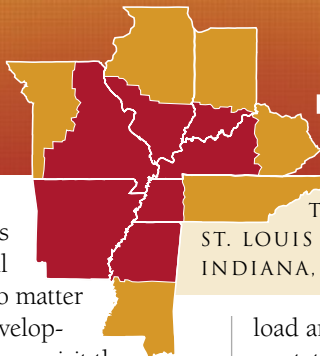
There is always hope in conquering those mistakes through sheer toughness of spirit...and a bold plan for improvement.



Robert Hopkins is the senior branch executive of the Little Rock

Branch of the Federal Reserve Bank of St. Louis.

SPANNING THE REGION



THE REGION SERVED BY THE FEDERAL RESERVE BANK OF ST. LOUIS ENCOMPASSES ALL OF ARKANSAS AND PARTS OF ILLINOIS, INDIANA, KENTUCKY, MISSISSIPPI, MISSOURI AND TENNESSEE.

Entrepreneurship Centers, Web Site Available in Illinois

The Illinois Entrepreneurship Network (IEN) and the Business Portal are new efforts from the Illinois Department of Commerce and Economic Opportunity to help entrepreneurs and existing businesses in the state.

The department has dedicated more than \$3 million to open 13 IEN centers statewide to coordinate all small business development activity. The centers partner with existing economic development centers, small business development centers, procurement technical assistance centers and other small business organizations in Illinois to provide services to budding entrepreneurs.

Along with the entrepreneurship centers, IEN set up a web site (www.ienconnect.com) to help Illinois entrepreneurs cut through red tape and to increase their access to business resources. The site offers numerous services, including free business needs assessments and a referral (within 24 hours) for personalized, face-to-face assistance. A toll-free number (1-800-252-2923) also is available to connect entrepreneurs to service representatives who will assess their business needs.

In February, the state department launched the Business Portal, www.business.Illinois.gov, a one-stop web site that provides easy access to information needed

to do business in Illinois. All businesses, no matter the size or developmental stage, can visit the site to obtain forms, permits, licenses and information on available programs, regulations and services, eliminating the need to visit numerous state agencies and web sites.

For more information, visit www.commerce.state.il.us/.

Arkansas Offers 'Passports' to Identity Theft Victims

The Arkansas attorney general's office is taking applications for an Identity Theft Passport from documented victims of financial identity fraud. A victim of financial identity fraud may present his or her identity theft passport to:

- law enforcement agencies to help prevent the victim's arrest or detention for offenses committed by someone who is using the victim's identity;
- creditors to aid in their investigation and establishment of whether fraudulent charges were made against accounts in the victim's name or whether accounts were opened using the victim's identity;
- to any other entities to aid in their investigation of whether the victim's identity was fraudulently obtained or used without the victim's consent.

Those who have had their identities stolen may down-

load an application from www.ag.state.ar.us/itp/idtheftpassport.pdf or contact the attorney general's office at (501) 682-2007 or toll free at 1-800-482-8982.

New Swedish Chamber Office Serves Five Southern States

The Swedish-American Chamber of Commerce in the United States recently made history when it opened its South Central office in Madison, Miss. The new office, one of 19 in the country, is the first to serve a region rather than a single state. The region includes Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

More than 100 Swedish companies interested in doing business in the area sent representatives to the April 19 grand opening. The regional chamber's main focus is to promote economic development between Scandinavian businesses and American businesses in the five states.

For more information, call (601) 853-2647 or visit www.sacc-scus.org.

Low-Income Credit Union in St. Louis Receives Charter

Choices Federal Credit Union recently received its charter from the National Credit Union Administration (NCUA). The new credit union will serve employees and volunteers of

eight social service organizations in the St. Louis metropolitan area as well as members of an association of their clients.

Qualified as a low-income credit union, Choices Federal is entitled to accept nonmember deposits, receive technical assistance from NCUA and receive low-interest loans through NCUA's Community Development Revolving Loan Fund. To be designated "low income," organizers had to show that a majority of the credit union's potential members have median household incomes less than 80 percent of the national household income or less than 80 percent of the average for all wage earners.

The social service organizations the credit union will serve are the Community Action Agency of St. Louis County; Better Family Life; Good Samaritan Service Center; Catholic Commission on Housing; Habitat for Humanity St. Louis; Beyond Housing/Neighborhood Housing Services of St. Louis; Justine Petersen Housing and Reinvestment Corp.; and the Urban League of Metropolitan St. Louis.

The credit union was scheduled to open July 1 as *Bridges* went to press.

For information, call Choices Federal Credit Union at (314) 664-5051, ext. 141.

Jobs Topic of Symposium at Federal Reserve Bank

The Federal Reserve Bank of St. Louis will host "Enterprising Communities: A Symposium on Wages, Labor and Jobs in St. Louis and other Metropolitan Areas" from 8:30 a.m. to noon July 19 in St. Louis.

Christopher Wheeler, a senior economist at the Bank, will present his study, *Employment Growth in America: Exploring Where Good Jobs Grow*. Wheeler examined the growth of high-paying and low-pay-

ing jobs in 206 metropolitan areas in the United States between the years 1980 and 2000. The study gives special attention to the four major cities in the Bank's Eighth District: St. Louis, Little Rock, Memphis and Louisville.

Wheeler will be joined by David Laslo of the Public Policy Research Center at the University of Missouri-St. Louis. Laslo will discuss the implications of an ongoing university study that shows there are an esti-

mated 28,000 job openings in the St. Louis metropolitan region.

To register for the seminar, visit www.stlouisfed.org.

To receive a free copy of Wheeler's study, call Cynthia Davis at (314) 444-8761.



CALENDAR

AUGUST

4-5

Governor's Local Issues Conference—Louisville, Ky.

Sponsor: Kentucky Governor's Office for Local Development
www.gold.ky.gov/conference.htm

8-12

ACHANGE Community Development Training Conference—Little Rock, Ark.

Sponsor: Arkansas Coalition of Housing and Neighborhood Growth for Empowerment
(501) 978-2234

10

Making a Change: Redefining the Affordable Housing Landscape—Little Rock, Ark.

Sponsor: Arkansas Coalition of Housing and Neighborhood Growth for Empowerment
A one-day symposium scheduled in conjunction with the ACHANGE training listed above.
(501) 978-2234

18

Memphis Community Development Roundtable—Memphis, Tenn.

Sponsors: Federal Reserve Bank of St. Louis, Federal Deposit Insurance Corp., Office of Thrift Supervision, Memphis Community Development Council, Memphis Community Development Partnership
www.stlouisfed.org/community

AUGUST

21-24

AED Annual Meeting—Little Rock, Ark.

Sponsor: Arkansas Economic Developers
www.aed.dina.org/default.html

29-31

4th Annual Mid South IDA Training Institute—Little Rock, Ark.

Sponsor: Foundation for the Mid South
www.fndmidsouth.org/news_events.htm

SEPTEMBER

11-13

NREDA 2005 Annual Conference: The Power of Partnering—Washington, D.C.

Sponsor: National Rural Economic Developers Association
www.nreda.org/

13-14

Indiana Affordable Housing Conference—Indianapolis

Sponsor: Indiana Housing Finance Authority
www.in.gov/ihfa

21-23

Pastoral and Faith-Based Leadership Conference: The Power of Entrepreneurial Faith—Little Rock, Ark.

Sponsor: Foundation for the Mid South
www.fndmidsouth.org/news_events.htm

OCTOBER

19-21

8th Annual Conference of Delta Community Development Corporations—Tunica, Miss.

Sponsor: Mid South Delta LISC
(662) 335-3318 or (318) 574-6077

25-26

MASW Annual Conference—Columbia, Mo.

Sponsor: Missouri Association of Social Welfare
www.masw.org/index.html

27-28

Kentucky Affordable Housing Conference—Lexington, Ky.

Host: Kentucky Housing Corporation
www.kyhousing.org

BRIDGES

Bridges is a publication of the Community Affairs department of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

Contributors:

Glenda Wilson

Community Affairs Officer, Assistant Vice President and Managing Editor
(314) 444-8317

Linda Fischer

Editor
(314) 444-8979

Community Affairs staff

St. Louis: Matthew Ashby
(314) 444-8891
Jean Morisseau-Kuni
(314) 444-8646

Memphis: Ellen Eubank
(901) 579-2421
Dena Owens
(901) 579-4103

Little Rock: Lyn Haralson
(501) 324-8240
Amy Simpkins
(501) 324-8268

Louisville: Faith Weekly
(502) 568-9216
Lisa Locke
(502) 568-9292

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If you have an interesting community development program or idea for an article, we would like to hear from you. Please contact the editor.

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Into the **Mainstream...**

As Hispanic immigrants flow into the region, how can banks and communities join forces to provide the right financial services?

**Join us September 23, 2005
in Louisville, Kentucky**

Why Should You Attend?

This daylong event will provide insight on how financial institutions and community organizations can work together to increase the number of Hispanic immigrants who use banking services. The forum also will be of interest to immigrant advocates.

Sponsors:

Federal Reserve Bank of St. Louis, Federal Reserve Bank of Cleveland, Federal Home Loan Bank of Cincinnati, Kentucky Housing Corporation

A networking reception is scheduled for the evening of September 22.

**For more information,
visit www.stlouisfed.org/community and www.clevelandfed.org.**



Post Office Box 442
St. Louis, MO 63166-0442