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Memphis: A City on the Move

By Daniel P. Davis

What do a farm, a deserted fish market and a laundromat have in common? Believe it or not, they are all strategies employed by the community development industry in Memphis, Tenn., to take on the challenges of the community's low- and moderate-income neighborhoods.

In 2011, the U.S. Census Bureau reported that Memphis had the highest poverty rate in the United States among cities with more than one million people. In 2012, the city ranked second. Not willing to let these stark numbers define their community, practitioners and organizations have rallied around new approaches to ensure that needs within the community are being addressed. To ensure that high-quality fresh food is available, the Binghamton

Development Corporation has taken undeveloped property and fashioned it into a working farm. At the same time, The Works, a community development corporation serving South Memphis, has transformed a deserted fish market into a bustling neighborhood farmers market. A few streets over, the South Memphis Alliance has built the nation's first laundromat resource center—a space where locals can access community services while waiting for their laundry to wash and dry.

As the city's only local community development intermediary, Community LIFT (Leveraging Investments for Transformation) launched just over two years ago to bring public and private investments into three of the city's most distressed neighborhoods. Taken together, these initiatives show that local residents are taking their future into their own

hands and that Memphis truly is a city on the move.

Interested in learning more about the innovative work taking place in Memphis? In April, the St. Louis Fed's Community Development Advisory Council (CDAC) took a bus tour of several of the city's neighborhoods. Visit www.stlouisfed.org/Memphis_tour to watch a video of that bus tour and to view a photo gallery of the tour's highlights.

Daniel P. Davis is managing editor of Bridges and manager of community development at the Federal Reserve Bank of St. Louis.

ONLINE ONLY



www.stlouisfed.org/Memphis_tour

Watch a video of the CDAC bus tour of Memphis and view the photo gallery online.



TOP: Senior Community Development Specialist Kathy Moore Cowan guides CDAC members through Memphis.

BOTTOM: Memphis' SMA Laundromat and Resource Center was just one of the places visited during the CDAC bus tour; watch the video online at www.stlouisfed.org/Memphis_tour

alt.Consulting: Helping Small Businesses Grow in the Arkansas-Mississippi Delta

By Ines Polonius

While everyone was talking about job creation in 2012, alt.Consulting created 202 new jobs in the Delta. (See Figure 1.) While everyone was hoping for an improvement in the economy in 2012, alt.Consulting created 21 new businesses and its clients added \$32 million in new economic activity to the Midsouth region. In 2013, alt.Consulting celebrates 15 years of creating, growing and rebuilding small businesses, strengthening rural communities and low-wealth neighborhoods in Arkansas, west Tennessee and northern Mississippi.

History

As a not-for-profit economic development organization, alt.Consulting has provided intensive managerial assistance to more than 4,000 rural and minority businesses since 1998. In 2007, as the financial crisis was looming and clients were struggling to obtain capital, the company made the decision to become a lending organization. In 2010, alt.Consulting set out to create new, competitive entrepreneurial opportunities in rural communities by building wealth creation value chains around renewable energy and local foods. In 2011, the organi-

zation was certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI). By utilizing managerial assistance to mitigate risk, alt.Consulting has been able to offer loans to small businesses that do not qualify for traditional financing, making \$500,000 available in the form of 31 microloans with a loss rate of less than one percent. (See Table 1.) In 2012, the organization's average client engagement took 54 hours, with many entrepreneurs receiving in excess of 100 hours of on-site assistance. Today, alt.Consulting's team of 12 full-time professionals works with more than 300 businesses each year across five offices in the Arkansas-Mississippi Delta.

Changes on the Ground

During the past 15 years, alt.Consulting has observed continued outmigration from the Delta, increased poverty with average per capita income dropping to \$17,000 and an average unemployment rate of 10.25 percent. (See Figures 2 and 3.) The majority of those living in the Delta have no net worth and few assets, and already low real estate values have plummeted. In all of this, alt.Consulting sees opportunity.

Every year, more mayors and community leaders embrace the fact that they need to create

FIGURE 1

alt.Consulting Impact 2012



Graphic courtesy alt.Consulting | altconsulting.org

jobs locally by growing their entrepreneurial base. The Delta is rich in entrepreneurial spirit and individuals eager to create jobs for themselves. Organizations and communities are beginning to work together regionally to support economic development.

Communities of Innovation

In this context, alt.Consulting set out to pursue a parallel strategy of working with rural communities in the Delta to implement entrepreneurship

strategies, while continuing to provide direct services to entrepreneurs throughout the region. In communities with both elected and nonelected progressive leadership, the organization conducts an assessment of assets, resources, existing entrepreneurs and business opportunities. Local leaders working with alt.Consulting then develop an Entrepreneurship Plan for their communities. Depending on the needs and opportunities presented by the Community of Innovation, the

TABLE 1

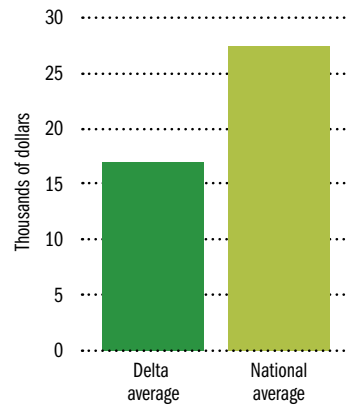
Summary of Loan Portfolio	
Loans to African-American-owned businesses	58%
Loans to women-owned businesses	32%
Loans to rural-based businesses	74%
Loans to urban-based businesses	26%
Average loan size	\$16,093

company provides a combination of the following services and initiatives:

- **Renewable Energy:** A farm-to-fuel value chain offers numerous new entrepreneurial opportunities while creating income opportunities to farmers through a winter-based energy crop.
- **Local Foods:** In partnership with Heifer International, a farm-to-table value chain provides new business opportunities from composting to mobile farmers markets. By growing produce, farmers and community residents also have the opportunity to create their own value-added food products.
- **Delta Made:** These value-added products as well as crafts originating in the region are promoted under this joint brand, originally developed by the Rural Heritage Development Initiative (RHDI). When the pilot for RHDI ended in 2012, alt.Consulting was asked to take over the brand and continue to grow it. The organization provides both

FIGURE 2

Per Capita Income Comparison

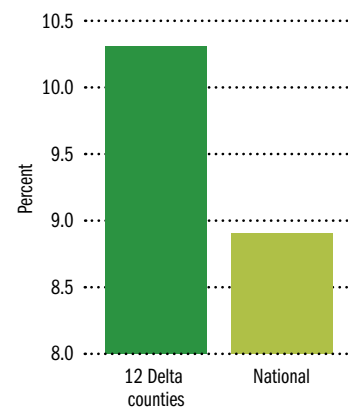


branding and marketing services for products and entrepreneurs who initially want to focus on producing their product, later growing into the management of a full-fledged business.

- **Adult-Family Homes:** In 2011, in partnership with the Arkansas Department of Human Services, alt.Consulting developed a detailed manual for starting adult-family homes that provide care for the elderly and for disabled adults in a home setting. This creates a business opportunity for anyone who owns their home, while allowing the elderly and disabled to stay close to family and friends.
- **Keep It Local:** In 2012, alt.Consulting launched this initiative to save viable businesses by matching young entrepreneurs with business owners seeking to retire. The new entrepreneurs receive assistance with the

FIGURE 3

24-Month Average Unemployment Rate



issues necessary to operate and grow the ventures profitably – securing funds, tools and managerial assistance.

- **PopUp Shops:** This year, alt.Consulting is working with the Mayor's Innovation Delivery Team in Memphis to bring new business to empty storefronts. PopUp Shops give new retail entrepreneurs the opportunity to test their business ideas from one day to six months, while giving landlords new interest in their buildings. The concept has been a success from New Haven, Conn., to Oakland, Calif., but has not yet been tested in rural communities.
- **Angel Impact Investor Networks:** A successful Community of Innovation requires a network of financiers willing to invest in their local entrepreneurs. alt.Consulting provides due diligence services for investors while

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CDAC MEMBER SPOTLIGHT



Ines Polonius is a founding member and executive director of alt.Consulting. She has personally worked with

more than 200 small businesses in manufacturing, distribution, service and retail. Polonius and her team are working on small-business financing models for businesses in low-wealth communities that utilize managerial assistance as a means to reduce risk. She has developed and taught numerous seminars on financial management and strategic planning. Prior to pursuing an MBA and MA in economics from Boston University, Polonius worked for three years with rural microenterprise development projects in Chile and the Dominican Republic. She is also a member of the Community Development Advisory Council (CDAC) for the Federal Reserve Bank of St. Louis.

CDAC members are experts in community and economic development and financial education. They complement the information developed through outreach by the District's Community Development staff and suggest ways that the Bank might support local efforts. A list of current members is available at www.stlouisfed.org/community_development.

Big Plans for Little Rock's Choice Neighborhoods Planning Grant



By Latonya Wilson

In 2012, the Metropolitan Housing Alliance (MHA), formerly known as the Little Rock Housing Authority, was one of only 13 communities across the country awarded a \$300,000 Housing and Urban Development (HUD) Choice Neighborhoods Planning Grant. An approach that supports people first, the Choice Neighborhoods Initiative serves to transform distressed communities into viable, sustainable, mixed-income

and mixed-use neighborhoods, by linking housing development to appropriate services that increase residents' health, safety, education and economic development. Uniquely, the grant's design naturally couples grassroots efforts with local initiatives to support a shared community vision.

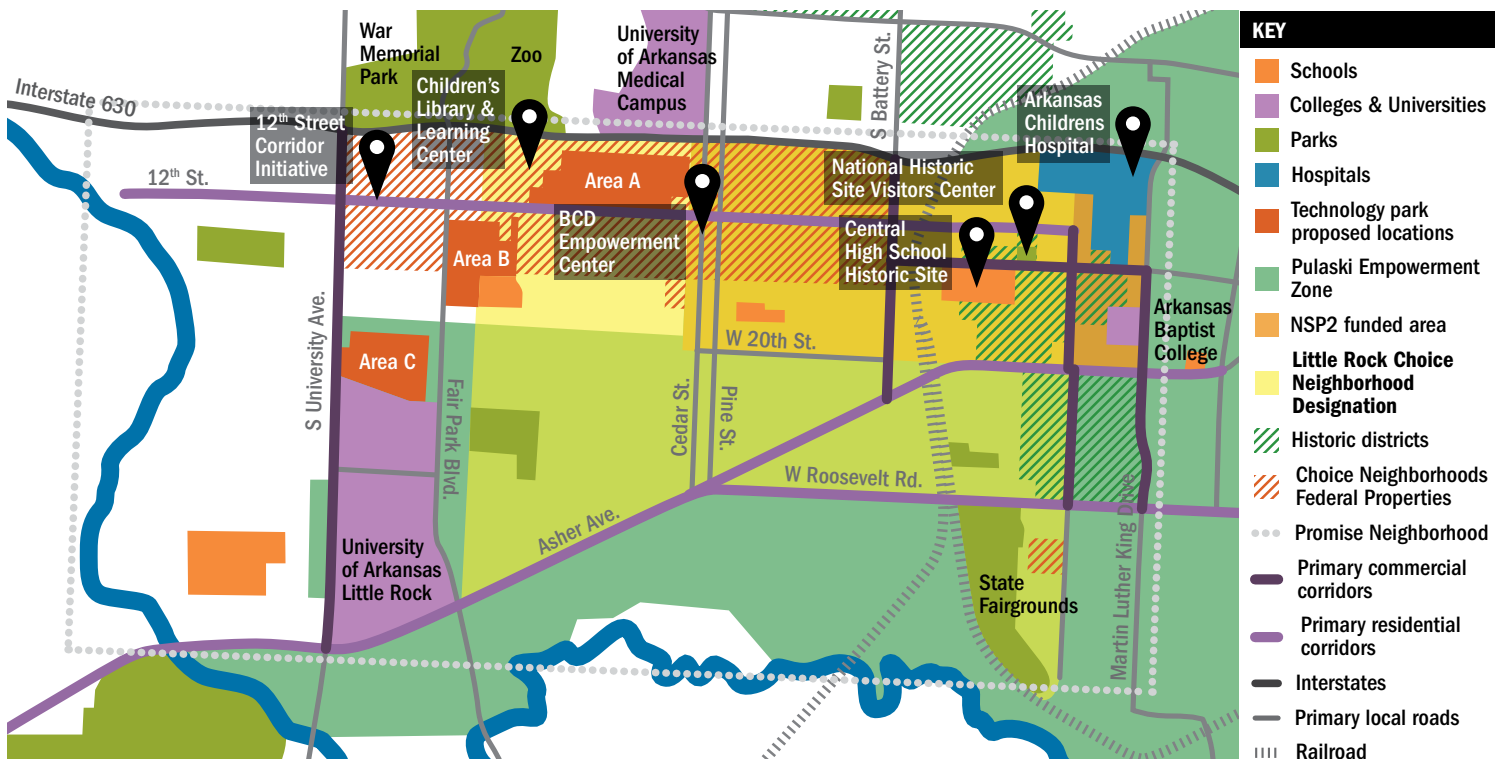
The comprehensive approach of the Choice Neighborhoods Initiative encourages creative and out-of-the-box strategies, such as economically developing a community by connecting two of its most valuable

resources: its people and its anchor institutions. Flanked by establishments like the Arkansas Children's Hospital and the University of Arkansas at Little Rock, the Little Rock Choice Neighborhood (LRCN) allocation lends itself to a more localized economy. There are more than 10 anchor institutions within a three-mile radius of the LRCN, making it an ideal location to bolster the local economy. This corporate/community partnership also reduces social proximity between the two entities

through an acknowledgement of interdependence and a common goal of holistic development. This creation of shared value demystifies the grandeur that sometimes surrounds anchor institutions, lessens the fear of the unknown, encourages buy-in, and fosters the integration of possibility, opportunity and access.

The Brookings Institution has reported several advantages of linking "eds and meds" (educational and medical institutions) to economic development, including job creation, improve-

FIGURE 1 | Little Rock Choice Neighborhood Anchor Institutions and Assets



ment of residents' skills and setting a trend for the remainder of the local labor market. In efforts to apply this best practice most aptly, the residential and commercial communities of the LRCN were surveyed to ascertain the needs of the community. Residents reported "No Job Opportunities" as the No. 1 factor in making work difficult to find. They identified computer-skill development and vocational training as the community's

The Choice Neighborhoods Initiative serves to transform distressed communities into viable, sustainable, mixed-income and mixed-use neighborhoods.

most-needed instruction. This information will serve to inform the MHA's approach to engage anchor institutions, and to identify gaps in the neighborhood as well as methods that will allow the community to meet its own needs. For example, in the LRCN there is a large group of disconnected youth (who are under age 25, have not completed high school, and are unable to obtain a college degree or the skills necessary to obtain gainful employment) as well as a disproportionate number of distressed homes. Training these youths in home repair yields a population of skilled and employable residents, stimulates the economy, improves the housing market and strengthens the neighborhood. The MHA also plans to create economic

viability through establishing high school internships with anchor institutions and apprenticeships with local industries; linking summer jobs for youth to professional development courses at local colleges; and creating a workforce to fill jobs identified by anchor institutions as "high-turnover positions."

The tenants of the LRCN will bolster this economic development strategy with plans to increase bus-route hours, as

well as stops and locations that connect neighborhood residents to anchor institutions. Future plans to develop other necessary services, such as a work-subsidized childcare/after-school program, will also reinforce LRCN's strategies. These and other plans will be developed via the input of the community, the city of Little Rock and local partners for the improvement of the LRCN. Follow our transformation at www.metrochoice.org.

Latonya Wilson is the Choice Neighborhood Program Coordinator for the Metropolitan Housing Alliance in Little Rock, Ark.

alt.Consulting

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also developing creative exit strategies, which are often challenging in rural settings.

- **alt.Capital:** Availability of working capital up to \$50,000 to both new and existing entrepreneurs helps to fuel all of these opportunities. alt.Capital also helps business owners leverage larger amounts of capital through local banks and other CDFIs. The organization recently became a trustee of Kiva, a crowdfunding initiative. Startup entrepreneurs with viable business concepts who do not qualify for a microloan can be posted on the site to secure investments from individuals around the world.

The backbone of each of these programs is alt.Consulting's intensive managerial assistance, which provides new and existing entrepreneurs with the tools and training they need to ensure their success.

alt.Consulting has been implementing each of these programs with individual entrepreneurs around the Delta for many years. Now the organization seeks to go deeper in communities that are prepared to provide the necessary connectiveness and support to entrepreneurs. "Communities of Innovation" is not a certification program but rather a branding initiative for those towns and cities ready to embrace a new

economic development strategy and "grow their own."

The first such community is DeWitt, Ark., in the heart of Arkansas County and the Delta. With a population base of 3,200, DeWitt has seen its share of business closures. The city's progressive mayor is working with the community college and alt.Consulting to implement the farm-to-fuel value chain as its starting point on the journey to a more vibrant entrepreneurial base. alt.Consulting is meeting with graduates of the community college about operating a microrefinery, starting a waste oil collection business, launching an agronomic services business focused on the new energy crop, and looking into the business of crushing the seed to create a highly nutritious feed and the oil needed by the refinery. Others in the community have approached alt.Consulting about trying the PopUp Shops initiative as a means to revitalize their beautiful town square.

In this community, residents are focused on the opportunities and not the otherwise depressing statistics that mark so many towns in the Delta. alt.Consulting is right there to support both the community leadership and the entrepreneurs who are ready to shape their future.

For more information about alt.Consulting and all of the initiatives described above, please visit our new website at www.altconsulting.org.

Financial Education: The Time Is Now

Moving from Financially Illiterate to Financially Literate

By Burt Hicks

Over the course of the past several decades, the financial environment of the United States has changed considerably. Families and individuals must deal with stagnant wages and escalating expenses, predict future financial needs and manage risk in a complicated financial marketplace both before and after retirement. Simultaneously, financial products, including mortgages, banking products and investment options, have become increasingly more complex and numerous, forcing families and individuals to select from a vast assortment of choices.

Within this environment, the impact of not possessing the skills and knowledge necessary to make prudent financial decisions has the potential to be even more damaging than before. This is particularly the case during times of economic distress, as was evidenced by the Great Recession, when resources became more limited and negative financial contingencies, such as unemployment and unexpected expenses, became more commonplace.

According to the U.S. Department of the Treasury

(Treasury), financial literacy is “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.” Financial literacy is closely related to financial capability, which Treasury defines as “the capacity, based on knowledge, skills and access, to manage financial resources effectively.” Financial literacy has been shown to improve financial decision-making in a number of areas, including budgeting, managing credit, discretionary spending, saving, investing and planning for retirement. For instance, a recent study conducted by the TIAA-CREF Institute reveals that people with lower levels of financial literacy are more likely to engage in high-cost borrowing, more likely to pay only the minimum amount due on credit cards, less likely to invest in the stock market and less likely to actively plan for retirement.

Yet, the current state of financial literacy and capability among our country’s population is less than ideal, as demonstrated by a number of surveys. For example, one study conducted by Lusardi and Tufano in 2009 showed that more than half of older adults did not understand the

concepts of inflation, simple compounding or investment diversification, and just one-third of participants understood how credit cards work or what factors determine their credit score.

Unfortunately, the first national survey of financial capability, commissioned in 2009 by the Financial Industry Regulatory Authority (FINRA) in partnership with Treasury and the President’s Advisory Council on Financial Literacy, revealed similar results. A considerable proportion of U.S. households have low financial capability and find it difficult to meet their financial obligations, plan ahead and manage

financial products. On average, measures of financial capability were found to be lower among vulnerable and marginalized populations, including the less educated, low-income earners, seniors, African-Americans and Hispanics. Perhaps unsurprisingly, the same study found that America’s youth are less likely to be financially capable than older Americans. The results of this and other surveys underscore the need for better financial education in and outside of our nation’s schools.

So, what can we as a country do to address this problem and improve the financial literacy and capability of our nation?



Parents must make a commitment to improve the financial literacy of their children.

It is often said that children learn what they live. Parents should make a conscious effort to engage in frequent, substantive conversations about financial issues with their children. These discussions are opportunities to provide children with tools that will pay dividends long after college.

Financial education must become an embedded part of K-12 education. Similar to math, science and reading, financial education must start early. However, even though financial decision-making is more complicated now than ever before, only 24 states require this type of instruction. And only four of those states require students to take a course devoted to personal finance in

One study ... showed that more than half of older adults did not understand the concepts of inflation, simple compounding or investment diversification.

order to graduate. High school graduates represent a significant population of future financial decision-makers, and although their market presence is currently insignificant, it will inevitably grow in the coming years. Thus, the need to educate our youth on the importance of budgeting, investing, saving, choosing financial products, establishing good credit and dealing with negative financial events, such as the loss of a job or a sudden decrease in income, so that they can make prudent financial decisions as their wealth increases.

Teachers need proper training to teach financial concepts. The National Endowment for Financial Education recently conducted a survey that showed that almost 90 percent of the participating K-12 teachers believe that students should be required to take a personal finance course, or at least pass a competency test. However, only a fraction of those teachers felt that they were qualified to teach such a course. In the 24 states that require personal finance education, almost two-thirds of the teachers surveyed believed that they were not well prepared to teach the required personal finance curriculum.

Government agencies and financial institutions should collaborate more in financial education programs. Money Smart is a financial education

curriculum of the FDIC that is designed to help low- and moderate-income individuals improve their financial skills and develop positive banking relationships. Since its launch in 2001, Money Smart has reached more than 2.75 million consumers. Research shows that the curriculum has a long-term positive influence on how participants manage their finances. Financial institutions and other organizations interested in sponsoring financial education workshops may use the Money Smart program, and banks can even fulfill part of their Community Reinvestment Act obligations through participation. More collaborative programs like Money Smart are needed.

Financial literacy and financial capability are issues that are extremely important to our nation's economic future. To maintain a globally competitive economy in the years to come, the U.S. needs a population that is capable of planning for and managing its financial well-being. For that to occur, financial literacy and capability among Americans must improve, and parents, schools, financial institutions and government must all take an active role in improving our citizens' level of financial literacy.



Burt Hicks is a concurrent degree student at the University of Arkansas Clinton School of Public Service and the

University of Arkansas at Little Rock Bowen School of Law. He was selected as one of only four McLarty Global Engagement Graduate Fellows, working with women entrepreneurs in Accra, Ghana. Hicks completed his Clinton School International Public Service Project in Ghana with the USAID-funded West Africa Trade Hub and his Clinton School Capstone Project in Mongolia with the USAID-funded Business Plus Initiative. During the 2011-2012 academic year, he was named one of only 12 Graduate Regional Social Impact Fellows with RSF Social Finance, a nonprofit financial services organization that works with social entrepreneurs. Prior to pursuing his graduate and law studies, Hicks worked as an investment banking analyst with Merrill Lynch in New York and as a corporate analyst with Simmons First National Corporation in Little Rock. He has served as a finance and economic literacy volunteer for Arkansas Jump\$tart, a coalition of organizations dedicated to improving the financial literacy of America's youth, and as a volunteer income tax assistance preparer for the Southern Good Faith Fund.

Innovate Mississippi

By Teresa Cheeks Wilson

Innovate Mississippi is a nonprofit organization that drives innovation and technology-based economic development for the state of Mississippi. Over the last 10 years, the organization has helped many companies translate their dreams or innovation into real business, creating more than 6,000 jobs in the state. The team focuses on assisting innovation-based startup companies, inventors and entrepreneurs, and strengthening Mississippi's manufacturing and renewable energy innovation economies.

The mission of Innovate Mississippi is to champion innovation and technology-based economic development for the state. One of the ways they advance that mission is by delivering support and services to promote investment and business development for innovative, technology-focused companies and organizations. For example, they operate the Mississippi Angel Network (the Network), one of the services provided to contribute to the business and investment climate of the state. The Network allows investors to make their decisions on an individual basis with their own capital. Companies seeking funding through the Network must be headquartered in Mississippi

or have a substantial operation within the state, although they do have investors from out of state who are interested in reviewing opportunities within Mississippi.

Innovate Mississippi also assists entrepreneurs/innovators with services such as



2013 Startup Weekend—73 participants pitched 37 ideas.

finding the resources they need to grow their enterprise and create jobs. They provide opportunities for entrepreneurs to collaborate, network and compete through high-powered, high-energy events like Startup Weekend and New Venture Challenge.

Startup Weekend

Innovate Mississippi organizes events for the state's

Startup Weekend, an intense 54-hour experience powered by the Kauffman Foundation that operates worldwide and brings together like-minded entrepreneurs for a weekend of company creation. Startup Weekend's mission is to provide a dynamic, collabora-

graphic artists and business-minded people are able to build and develop ideas. Companies that are not based on software or Internet-related products are also encouraged to participate, as the weekend is an incredible opportunity to collaborate on a market-

ative environment that facilitates experiential education and meaningful connections. Participants also build long-lasting relationships and may even walk away with a job or an investment.

During Startup Weekend, entrepreneurs pitch software as well as Internet-based or other rapidly launched business concepts. Serial entrepreneurs, programmers, developers,

ing plan or general business development.

"This event draws together the statewide innovation community to one location and ensures that teams can create the critical mass they need to succeed," said Tony Jeff, president and CEO of Innovate Mississippi. "It also brings together great ideas with the people needed to make them happen. This means that the

teams formed for the weekend may become the core of a real company moving forward once the event is over.”

The aspiring entrepreneurs pitch their proposals to the entire group, who then break into small teams to develop 10 to 15 of the most promising ideas. The teams’ focus for the rest of the weekend is on developing their business idea and a proof of concept, demo or finished product. Mentors remain on hand to help fine-tune the idea into a “working company” with potential profits. A panel of seasoned professionals evaluates each team’s prototype company and their chances of real-world success. The weekend concludes with an awards ceremony where the top three teams receive in-kind prizes from local service providers.

“More than 36 percent of weekend startups are still up and running after three months,” added Tasha Bibb, entrepreneurial development manager for Innovate Mississippi. “Whether you’d like to contribute your knowledge and expertise to helping build a startup or get help building your own, there’s room for everyone!”

At the inaugural weekend in Jackson, Miss., in February 2013, 73 participants pitched 37 ideas. From those, 12 ideas were chosen as potential businesses, teams were formed and prototype companies were created. Two of the winning teams were Gotcha Universe, an automated web and text

messaging-based game that assists campus-based organizations with fundraising, and AutVantage, an IT staffing agency focused on employment opportunities for individuals with autism.

Sixth Annual New Venture Challenge

In spring 2013, the New Venture Challenge was held in Jackson at the Jackson Convention Complex. Mississippi innovators and technology entrepreneurs compete in a rapid-fire contest to promote their pioneering business plans. The competition features presenting companies in three categories: student, pre-revenue and commercial. Companies represent startups or existing companies with innovation-based new venture opportunities. First-, second- and third-place winners are recognized within each category, and each winning company receives cash and in-kind prizes. Many of the competitors are actual companies in the process of pitching to angel investors, providing a glimpse into the process of entrepreneurial development.

The competitors are screened prior to the event and, once chosen, each team is placed with a mentor who assists in preparation for the competition. Mentors are matched with companies based on their areas of expertise and experience and include angel investors, Venture Coaching Academy fellows and industry experts.

The mission of Innovate Mississippi is to champion innovation and technology-based economic development for the state.

Winners of the Fifth Annual New Venture Challenge included Texting Leader LLC, a technology company based in Ridgeland, Miss., that focuses on mobile marketing and app development for companies worldwide; Pearl River Glass Studio in Jackson, which aims to leverage the experience of their current glass artists and expand their existing company by integrating innovative technology to create kiln-formed architectural glass art; and Techsterminators, an online consumer electronics repair platform affiliated with Mississippi State University.

For additional information about Startup Weekend or the New Venture Challenge, contact Tasha Bibb at tbibb@innovate.ms or by calling 601-960-3610. You may also learn more about Innovate Mississippi at <http://www.innovate.ms>.

Teresa Cheeks Wilson is a community development specialist at the Memphis Branch of the Federal Reserve Bank of St. Louis.

Have YOU HEARD

2013 U.S. Microenterprise Census – Take the Survey Now!

The U.S. Microenterprise Census is an annual online survey to obtain updated information on the scope and scale of the U.S. microenterprise industry. Providers of microbusiness services, from business development to financing, may participate. The online survey is intelligent; you will only be asked questions that apply to your program. Your answers to the quantitative questions will enable your organization to more clearly distinguish itself to funders and media, build a stronger database for your own benchmarking and other data needs, and provide important information for advocacy efforts for this field. To add your data and take advantage of this opportunity for your organization, visit www.microTracker.org/census.

Invest STL Accepting Grant Applications

Invest STL, a charitable fund supporting the vitality of St. Louis neighborhoods into the future, has announced that they have reached their first fundraising goal – 149 investors have raised \$10,357. An initial \$2,500 will be granted out to community organizations with project ideas that will make their communities stronger, with \$7,500 in reserve for future allocations. The organization is now officially accepting grant applications, which can be found at www.investstl.org. All applications must be submitted by August 1 at 5 p.m. to be considered for the first grant.



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.

St. Louis Fed Announces Center for Household Financial Stability

The Federal Reserve Bank of St. Louis is pleased to announce the creation of the Center for Household Financial Stability. Headed by the St. Louis Fed's Ray Boshara, the Center will focus on rebuilding the household balance sheets of struggling American families. The HFS team will conduct and publish research on key balance-sheet issues, organize research conferences and symposia, establish a web-based research clearinghouse, develop a Household Balance Sheet Index, and organize forums to better understand the balance-sheet issues affecting struggling families and communities. For more information on the Center, please visit <http://www.stlouisfed.org/household-financial-stability/>

Three Eighth District Cities Named in "Top 30 Best Cities for Young Entrepreneurs"

Under30CEO, a web site for young entrepreneurs with the goal of "inspiring the world's next generation of business leaders," has ranked three cities in the Fed's Eighth District in its 2013 list of the "Top 30 Best Cities for Young Entrepreneurs."

Thirty U.S. cities were selected for the list, then readers voted on the best location for opening a new company based on resources, culture, atmosphere and overall appeal to young entrepreneurs.

In the "Large" cities category (population = 500,000+), Louisville, Ky., was ranked third. The city is home to five colleges, which support a huge college sports scene. Also noted was the city's leading role in the shipping and cargo industry – it is within one day's road travel to 60 percent of the cities in the continental U.S. In 2011, Louisville outperformed the nation in being home to fast-growth companies, and was among the top states in the nation in terms of new start-up companies formed, according to the Kauffman Foundation.

In the "Medium" category (population = 250,000 – 500,000), St. Louis came in fifth. The city has been ranked sixth in the nation by the Kauffman Foundation for the rate at which residents launch businesses, and is home to nine Fortune 500 companies.

Finally, in the "Small" cities list (population = 100,000 – 250,000), Columbia, Mo., ranked second. The city "is a great place to live," with a high quality of life for all, a low cost of living, an excellent education system (including three universities/colleges), great health care and local resources for entrepreneurs.

To see the full list of rankings, go to <http://under30ceo.com/top-30-best-cities-for-young-entrepreneurs-2013/>

RESOURCES

St. Louis Fed's 2012 Annual Report Available

The St. Louis Fed's 2012 annual report includes an essay from the Bank's new Center for Household Financial Stability. Authored by the Center's director, Ray Boshara, and chief economist, William Emmons, the essay provides data on the damage to household wealth during the Great Recession, explores the circumstances that led to large declines in household wealth, makes the case that such wealth has not fully recovered and shows why all of that matters for U.S. economic recovery. The analysis highlights the focus of the new Center—rebuilding the household balance sheets of struggling American families. To read the annual report, watch a video about the essay topic and learn more about the Center and its research, go to www.stlouisfed.org/hfs

New Informational Podcasts

Experts from industry and academia provide their thoughts on workforce development, entrepreneurship and employee training in these Economic Development podcasts.

- **Revitalizing Downtown through Entrepreneurship**
Many cities support entrepreneurs as a way to create jobs, increase investment and restore vitality, especially in the urban core. Ray Leach from JumpStart and Joe Marinucci of the Downtown Cleveland Alliance discuss how communities can create a thriving entrepreneur base through innovative approaches to support services and by reimagining partnerships among local organizations.

- **Employer and Lower-Wage Employee Perspectives on Training and Advancement**

There is value and a role for both the employee and employer in developing and enhancing the skill sets of lower-wage workers. Mark Popovich of the Hitachi Foundation and Jenny Benz of the Associated Press-NORC Center for Public Affairs Research discuss the findings of a recent study on this topic and its implications for policy and practice.

- **Strictly Business: A Case for Greater Company Participation in Workforce Development**

How can employers be effective partners in improving the local workforce ecosystem? Peter Cappelli, professor and director of the Wharton School's Center for Human Resources, discusses how firms can provide on-the-job training for skills needed within their organizations.

To view transcripts or play the audio MP3 files, visit www.frbatlanta.org/podcasts/economicdevelopment/

IHCDA Launches Two New Web Sites

The IHCDA (Indiana Housing Community Development Authority) has created two fresh and user-friendly web sites: one for consumers, one for its partners. The **consumer site** (www.ihcda.in.gov) is the primary page; it is designed for the general public to access and learn about what IHCDA does, populations served, etc. The **partner site** (www.in.gov/myihcda) is intended for IHCDA's current, active partners, as well as potential partners. It houses more detailed, programmatic information and is driven by what would be sought out by a recipient and/or program administrator.

New St. Louis Fed CDAC Board Members Announced

The St. Louis Fed announced the members of the 2013 Community Development Advisory Council (CDAC). These members are experts in community and economic development and financial education, and they complement the information developed through outreach by the District's community development staff. Current appointees are:

- **Joe W. Barker**
Executive Director
Southwest Tennessee Development District
Jackson, Tenn.
- **Whitney Bishop**
Executive Director
Southern Indiana Asset Building Coalition
Jeffersonville, Ind.
- **Tamika Edwards**
Director of Public Policy
Southern Bancorp Community Partners
Little Rock, Ark.
- **Brian Fogle**
President and CEO
Community Foundation of the Ozarks
Springfield, Mo.
- **George Hartsfield**
Community Volunteer
Jefferson City, Mo.
- **David C. Howard, Jr.**
Vice President of Equity
Federation of Appalachian Housing Enterprises Inc. (FAHE)
Berea, Ky.
- **Edgardo Mansilla**
Executive Director
Americana Community Center
Louisville, Ky.
- **Paulette Meikle**
Assistant Professor, Sociology and Community Development
Delta State University
Cleveland, Miss.
- **Joe Neri**
President
IFF
Chicago, Ill.
- **Ines Polonius**
Executive Director
alt.Consulting Inc.
Pine Bluff, Ark.
- **Eric Robertson**
President
Community LIFT
Memphis, Tenn.
- **Royce A. Sutton**
Vice President and Community Development Manager
Fifth Third Bank
St. Louis, Mo.
- **Elizabeth Trotter**
Senior Vice President/CRA Director
IBERIABANK
Lafayette, La.
- **Cary Tyson**
Deputy Director
Arkansas Historic Preservation Program
Little Rock, Ark.
- **Keith Turbett**
First Vice President and Community Development Manager, Memphis and Nashville Regions
SunTrust
Memphis, Tenn.
- **Johanna Wharton**
Executive Vice President
Grace Hill Settlement House
St. Louis, Mo.
- **Deborah Williams**
Chief Executive Officer
HANDS Inc.
Bowling Green, Ky.

Seven members of the CDAC board have completed their terms and are stepping down this year: Rev. Adrian Brooks, Brian Dabson, Trinita Logue, Sara Oliver, Kevin Smith, Emily Trenholm and She-rece West. We extend our sincere gratitude to these members, and are honored to have worked with this wonderful group of leaders.

BRIDGES

Bridges is a publication of the Community Development Office 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.

Yvonne Sparks

Community Development Officer and Executive Editor
314-444-8650

Daniel Davis

Community Development Manager and Managing Editor
314-444-8308

Maureen Slaten

Senior Editor
314-444-8732

Community Development Staff

St. Louis: Matthew Ashby
314-444-8891

Jeanne Marra
314-444-6146
Brandon Farber
314-444-7439
Johanna Gruenewald
314-444-8743

Memphis: Kathy Moore Cowan
901-579-4103
Teresa Cheeks Wilson
901-579-4101

Little Rock: Drew Pack
501-324-8268

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

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CALENDAR

JUNE

12-14

Business Alliance for Local Living Economies (BALLE)—Buffalo, N.Y.

Sponsors: Multiple
<http://bealocalist.org/2013-balle-conference>

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Immigrant Entrepreneurship: An Emerging Economic Development Tool—Louisville, Ky.

Sponsor: Federal Reserve Bank of St. Louis
www.stlouisfed.org/community_development/events/?id=468

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Jefferson County Housing Market Update—St. Louis, Mo.

Sponsors: Federal Reserve Bank of St. Louis, Jefferson County Housing Task Force
Contact: Matt Ashby at Matthew.W.Ashby@stls.frb.org

JULY

17

Great Expectations: The Rise, Fall and Future of Family Balance Sheets—Louisville, Ky.

Sponsor: Federal Reserve Bank of St. Louis—Louisville Branch
Contact: Lisa Locke at Lisa.Locke@stls.frb.org

18

Exploring Innovation in Community Development Audioconference: Developing the Entrepreneurial Community—Audioconference

Sponsor: Federal Reserve Bank of St. Louis
Contact: Drew Pack at Andrew.A.Pack@stls.frb.org

22-24

National Conference on Ending Homelessness—Washington, D.C.

Sponsor: National Alliance to End Homelessness
www.endhomelessness.org/news/calendar/national-conference-on-ending-homelessness1

29-AUG 2

2013 Community Development Institute—Conway, Ark.

Host: University of Central Arkansas Center for Community and Economic Development
uca.edu/cdi

AUGUST

5

2013 Midwest Community Development Institute—Moline, Ill.

Sponsor: Midwest Community Development Institute
<http://www.midwestcdi.org/>

19-23

NeighborWorks Training Institute—Philadelphia, Penn.

Sponsor: NeighborWorks America
<http://nw.org/network/training/training.asp>

29

Exploring Innovation in Community Development Audioconference—Community Reinvestment: Culture and Credit—Audioconference

Sponsor: Federal Reserve Bank of St. Louis
Contact: Jeanne Marra at Jeanne.C.Marra@stls.frb.org

ONLINE ONLY

www.stlouisfed.org/publications/br

In addition to the print version, each issue of *Bridges* offers information that is exclusively online. Online content for the spring issue of *Bridges* is:

► **Small Is Beautiful: Eight Things To Know in 2013**
By *Matthew W. Ashby*



Small Is Beautiful: Eight Things To Know in 2013

Community development is about developing the ability of people to deal with whatever problems or situations they have. But the here-and-now problems that face us are as troublesome as the longer-term outlook. What are we to do about political gridlock and expanding economic problems in our own backyards? As communities work to rebuild from the Great Recession, taking the bull by the horns seems to be a popular response. A direct approach means dealing with what is in front of us right now, thinking about what we own and control, and how to smartly bring them together.

The following eight items follow a common theme that could be characterized by "small is beautiful," a phrase attributed to Austrian political scientist Leopold Kohr.

1. Focus on Place

Over the past 30 years or so, communities experienced massive consolidation of their local commerce from banking, health care, agriculture and manufacturing to most types of retail businesses. The focus on place recognizes that "local" matters after all. Doing economic development in small ways may prove equally important. Every community has significance and a unique identity. The history, culture, assets, strengths, weaknesses and skills of the people who live in an area provide the foundation for development. Thought leaders on place include Business Alliance for Local Living Economies (BALLE) for the "local" movement, and Project for Public Spaces for placemaking.

2. Focus on Data

It's still true that better data helps to make better decisions. What's changing is the sheer amount of data (big data) and what technology is making possible (smart data). The new frontier is in data visualization and interpretation. McKinsey & Company predicts that gaps are in the talent necessary to analyze and interpret data. Other explorers in the local data frontier include PolicyMap, Urban Institute, National Neighborhood Indicators Partnership, AmericanFactFinder, USDA Economic Research Service and projects across the nation that collect data from local governments and businesses.

3. Focus on the Household

Traditionally, housing occupancy was of economic interest because of the demand created for a supply of housing units. The focus of work in affordable housing was on construction and mortgage finance. Statistics collected and used by market analysts included, among others, permits, starts, construction jobs, absorption rates and mortgage finance. Today, there is growing interest in the financial condition of the housing occupants as indicators of economic and social stability, capability and mobility.

The St. Louis Fed's Center for Household Financial Stability finds that while the status of American household balance sheets has improved somewhat, the financial health of those households remains weak. Close to half of all households surveyed in the 2009 Survey of Consumer Finances had less than \$3,000 in liquid

savings. In addition, close to half of all Americans consider themselves financially fragile, reporting that they are "certainly" or "probably" unable to come up with \$2,000 from any source in 30 days. Financially stable families contribute to local economic development because they spend, save and invest more.

4. Focus on the Firm

In his book, *Better Capitalism*, Robert Litan uses the phrase "entrepreneurial capitalism" to describe the huge importance of entrepreneurship to overall economic growth. "Changes in seemingly unrelated policy arenas—immigration, education, finance, and federal support of university research—can accelerate America's recovery from recession and spur the nation's rate of growth in output while raising living standards." Entrepreneurial capitalism is at the core of local community development because the focus is on Main Street businesses, local ownership and a DIY approach to jobs. Existing very small businesses have job creation capacity. According to the Association for Enterprise Opportunity (AEO), microbusinesses (companies with five or fewer employees) make up almost 90 percent of all businesses nationwide. In fact, if one in three microbusinesses hired an additional employee, the U.S. would reach full employment. The "One in Three Alliance" is a national movement to increase awareness of microbusinesses and their contribution to the nation's economy. Other approaches that focus on the firm include entrepreneurial development systems and exporting.

5. Focus on Money

How money circulates through a local town or neighborhood is a big issue. Circulation of money involves flow and the speed of the exchanges between people, households and firms. There is also interest in creating more options for the local storage of money. The idea is to store locally, grow local circulation and slow down the rapid exchange of money outside the neighborhood or town. Tools and techniques to do this include community-based banking; microbanking branches; mutual, cooperative and credit union structures; community foundation affiliate pools; loan funds; and crowdsourcing.

In conjunction with its "One in Three" campaign, AEO and its campaign partners are piloting a new technology platform to bring working-capital loans and much-needed services to underserved entrepreneurs and communities. TILT Forward is an innovative underwriting technology platform powered by On Deck Capital that allows microbusinesses to apply for working-capital loans of up to \$150,000. In addition to accessing capital through the platform, microbusinesses and the organizations that serve them can also request technical assistance and capacity building from campaign partner Bankers without Borders® and its reserve corps of more than 8,500 skilled volunteers.

More examples include Buy and Shop Local Campaigns, Cause Momentum, Kickstarter, Calvert Notes, Kiva, BrickstarterSLT, CapNexus, MicroPlace and Invest STL.

6. Focus on Food

There is a new realization that improved local access to fresher, more organic and healthier food influences the capability of people to become shapers of their neighborhoods. Food deserts are places that have low access to these choices. Although there is growing demand, growers and producers are confronted by access-to-market issues. Regional food hubs are emerging as a solid approach. The growth in the focus on food has been explosive and some of the primary thought leaders include the National Good Food Network and USDA.

7. Focus on Success

Common measures of success are the decline of the national unemployment rate, groundbreaking for a new building, election results, investment and lending statistics, and awards. Communities are coming up with

more unique measures for what success means locally. These measures focus on a balance and connection between development (what are we *learning*) and growth (what are we *counting*). Success in many places means learning how to become more equitable, viable, sustainable, livable, walkable and green.

8. Focus on Leadership

Andrew Hargadon thinks the two most difficult types of capital are intellectual (know *how*) and social (know *who*) capital. Building relationships that extend beyond your known field or network is how to grow innovation and the economy. Tri-sector leadership calls for greater balance in leadership experiences in the business, government and nonprofit sectors. Leadership means bringing a unique ability to navigate, align and draw on strengths of a wide range of actors to address big issues. Successful economic development may not depend solely on writing a winning grant, participation in a program, tax credits, etc., but also on learning to improve the capacity in a local place across sectors.

Small and local are beautiful because that is where the detail and nuance may be seen. These eight items are some of the prominent themes in community and economic development this year. What would you add to the list of things to know for 2013? Please email your comments to me at matthew.w.ashby@stls.frb.org.