

FINAL REPORT

A GENERATION AHEAD YOUTH ENTERPRISES, INC .

Upper Albany and Northend Hartford

Community Economic Development Project

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Abstract

This paper argues that a youth micro enterprise development strategy can promote self-reliance and sustainable development. It proposes a community economic development approach designed to promote social change and youth development. It identifies the current economic ills in Connecticut and the target community—Hartford. Lastly, I discuss the obstacles, options and lessons learned in the development of this project to date and the need to create a new community-based financial institution to finance business ventures for indigenous entrepreneurs in order to improve their quality of life and to promote youth self-employment, which is vital to the Hartford's economic recovery.

Summary

Target Community

Although Connecticut's per capita income is among the highest in the United States, Hartford - the capitol city - is one of the poorest cities in the nation. It ranks among the top ten of cities with people living below the poverty level. Like most of our nation's cities, Hartford suffers many economic and social ills. Substance abuse and the crimes of delinquency and gang violence are major problems in Hartford. While our young people are at risk to the lure of these social ills, the majority of them do not succumb to this type of behavior. Although no one has determined one cause for these negative actions of our youth, but a combination of factors that lead to such behavior. The impact of these problems has been profound in the city's poorer communities.

Problem Statement

If there is no solution is found to youth unemployment in Hartford's north end, then sixty percent of our youth will seek crime and violence as an option.

Goal Statement

I would like to create and develop a community economic development project to encourage and train youth in the development of community based cooperative micro enterprises for themselves and their families.

Current Condition

The majority of the households in north end community are female headed one-parent families and they are tenants. Moreover, its housing stock is composed single family houses, apartment buildings, co-ops, three-family homes and public housing units. The city's two largest traffic corridors, Albany Avenue and North Main Street, run from the downtown business district directly into the suburbs through its the boundaries. Both streets are lined with a variety of blighted housing, public schools, churches, social service agencies, small businesses and local enterprises. The north end is also an area notorious for its crime and violence. Specifically drug violations, homicides and youth gang related crimes frequently occur in the north end.

In a stagnant job market the number of employment opportunities for our young people are limited and lack career growth potential. Federal, state and local funds for youth initiatives are dwindling. Local and national political climates do not favor actions to aid the poor, but insist that the impoverished find ways to help themselves. Lastly, the Casey Foundation reported that arrests for juvenile violent crime in 1994 in the state is above the national average (Please see Chart A on the next page). Thus, we recognize the need for community prevention and intervention actions.

Project Purpose

A Generation Youth Enterprises, Inc. was created to develop a solution to the problems of youth unemployment, gang crime and violence in Hartford. The project's purpose is two-fold: prevention and intervention. Moreover, the to implement a strategic neighborhood plan for enabling youth to become drug-free productive citizens and reducing the crimes of delinquency and gang violence in Hartford's north end. Lastly, to unleash the energy of an untapped economic resource - our youth - which are vital to the stability and growth of Hartford's economy.

To create and develop community-based micro enterprises owned and operated by Hartford youth. To create and develop a neighborhood peer lending fund for youth to start-up micro enterprises and to provide aid to existing small businesses and community-based services in the community.

Desired Conditions

The impact of this CED project should promote the development of not only a generation of Hartford youth but also existing micro enterprises within the community. Further, this project's benefits to the north end community include greater economic empowerment; increased community participation in activities related to economic development; the local retention capital and job creation for its residents.

Major Outputs

First, we must develop a curriculum. We must create a 501 (c) 3 nonprofit organization, which will enable us to apply to charitable foundations for funding, make any donations we receive deductible and grant us tax exempt status. We will need to train a Board of Directors, as well as staff, youth and mentors. We will also need to get the initial group of youth operating their micro enterprises or co-ops. Further, we will need to capitalize the neighborhood youth peer lending fund. Lastly, we must establish a marketplace for the products. Achieved and remaining tasks are listed as follows:

Achieved Tasks	Remaining Tasks
applied for 501(c)3 tax exempt status	have 501(c)3 tax exempt status
curriculum & after school entrepreneurial program	building new Board of Directors
launched three youth micro start-ups	develop marketing & promotional plan
organized Board of Directors & wrote By-laws	develop donor base & financial support
hired part-time staff to run after school program	capitalization of peer loan fund

Conclusion

The purpose and goals of my CED project remains the same. The poor participation by members of the Board of Directors is one factor that has been a problem throughout this process. The other factor that has hindered our success has been the lack of 501(c)3 tax exempt status, which has limited our youth program and operations. I believe that it will take a large amount of capital to fully develop all necessary phases of this project. In order to do this we have applied for 501 (c) 3 status with the Internal Revenue Service. We have also been recognized by the State of Connecticut's Department of Revenue Services as a charitable organization under the Neighborhood Assistance Act. We plan to develop a donor base from private and public foundations, local corporations, individual donations and fundraising events. The most unexpected thing that happened had to be using my own money (\$900) in fund raising event, which failed and left me in the hole. The two most important things that one would need to do a similar project would be a good Board of Directors and 501 (c) 3 status as a nonprofit organization with the Internal Revenue Service.

To make a difference working with people with whom others have not been successful, may require trying something new. While economic growth is the primary form of job creation, some promising community programs have been experimenting with ways to encourage business development that offers employment opportunities aimed at minorities and women. For example, Maryland's Minority Business Enterprise Assistance Loan Program lend s to minority businesses that have government procurement contracts. The program processes loan applications quickly, before the contract is awarded, so that the loan and the contract arrive at the same time. The lending program has flexible terms, which are usually tailored to the particular firm and procurement contract. Loans include lines of credit, temporary waivers, bank loan guarantees and direct loans. It also provides technical assistance for auditing and accounting. President Clinton's Administration has created new initiatives and legislation for micro enterprise development.

The Community Development Banking and Financial Institutions Act of 1994 also created a new agency, the CDFI Fund, that will provide support to community development financial institutions such as Peer Lending Fund Programs like Working Capital and A Generation Youth Enterprises. The CDFI'S are bridge institutions designed to link distressed communities to conventional financial markets and leverage new private sector capital into communities throughout the United States. These funds could be used in a micro enterprise development strategy to provide collateral free-loans for youth and families who are poor for income-generating self-employment.

Definition of the problem

Problem Statement

If there is no solution is found to youth unemployment in Hartford's north end, then sixty percent of our youth will seek crime and violence as an option.

Target Community

Although Connecticut's per capita income is among the highest in the United States, Hartford - the capitol city - is one of the poorest cities in the nation. It ranks among the top ten of cities with people living below the poverty level. Like most of our nation's cities, Hartford suffers many economic and social ills. Substance abuse and the crimes of delinquency and gang violence are major problems in Hartford. While our young people are at risk to the lure of these social ills, the majority of them do not succumb to this type of behavior. Although no one has determined one cause for these negative actions of our youth, but a combination of factors that lead to such behavior. The impact of these problems has been profound in the city's poorer communities.

Substance abuse and the crimes of delinquency and gang violence are major problems in Hartford. While our young people are at risk to the lure of these social ills, the majority of them do not succumb to this type of behavior. Although no one has determined one cause for these negative actions of our youth, but a combination of factors that lead to such behavior.

In 1990, 27.5 percent (38,390) of Hartford's population were younger than 18 years old. Forty-seven percent are Hispanic, 44% are black and 9% white/non Hispanic. By the year 2000 it is estimated that 44% (62,000) of all Hartford residents will be under 19 years old. In 1987, graduation rates for Hartford public high schools were: 48.2% of the Hispanics, 61.1% of the black, and 82.5 of the whites.¹

These statistics from the beginning of the decade point out two alarming trends about Hartford youth. First, the youth are the fastest growing segment of the population in the region. Second, the poor graduation rates of Hartford's public high schools indicate that our youth are ill prepared to cope with a our depressed economy and stagnant job market in 1990. Given these educational trends about the capital city an outsider would think Hartford reflects an image that the whole state is without the resources to make the necessary improvements to the public education system. However, that is not true.

According to the National Education Association, our state ranks fourth in the nation in spending per pupil and its teacher salaries are the highest in the country. In 1994, the state's share in education revenue increased for the first time in five years. The Connecticut Policy and Economic Council's study stated that education spending accounts for over half of the local budgets in Connecticut's municipalities. (Please see charts and tables in pg. 1A of the Appendix)

However, the Connecticut Department of Education reported that there is a tremendous disparity in Mastery Test scores between cities and suburbs in 1994. The average Scholastic Aptitude Test (SAT) scores in our state have dropped since the mid-eighties. Lastly, there is gaps in school spending between rich and poor districts. (Please see charts and tables in pg. 1B of the Appendix)

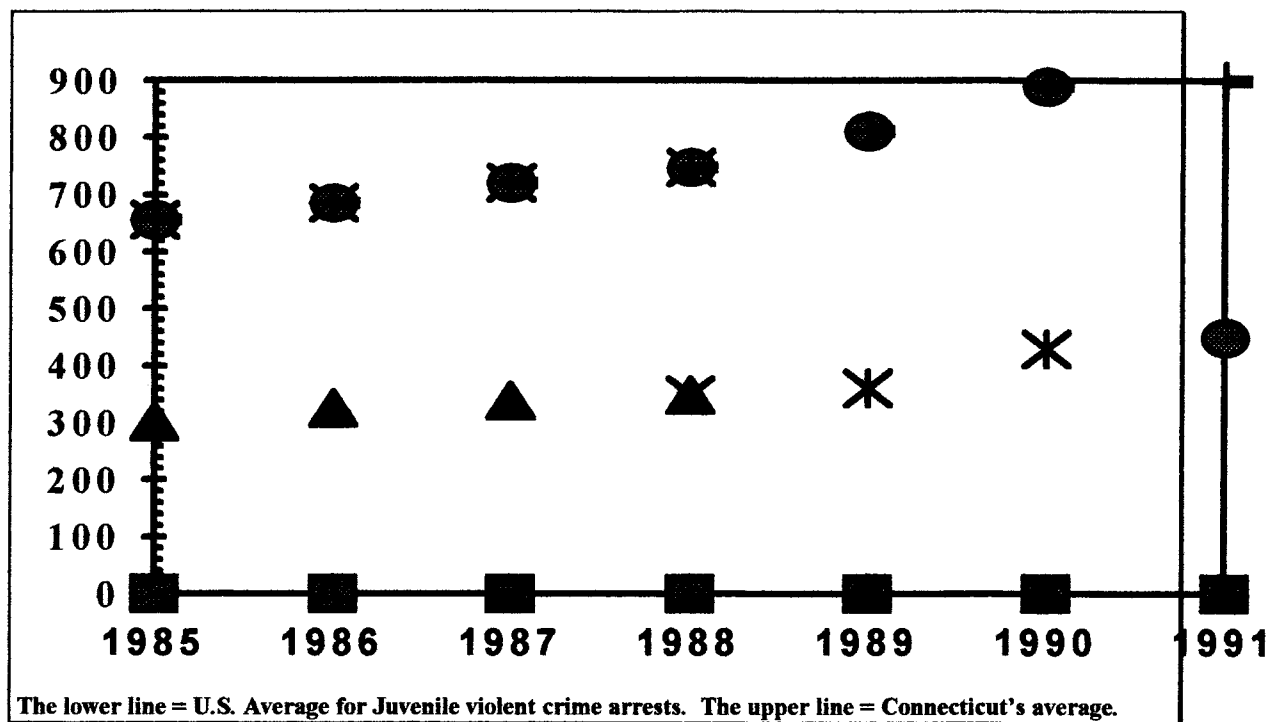
Sixty-nine percent of Hartford's school students read at or below the fourth grade remedial benchmark. When students lag behind in their reading achievement, they may find it difficult to benefit from other aspects of their curriculum. Further poor readers may find it difficult to participate in an economy requiring increasingly sophisticated job skills. Without prior job experience or specialized training, school leavers (graduates and dropouts) may find it difficult to win jobs, and they may be dissatisfied with those jobs that they do find.²

¹ Hartford Federation of Teachers, "HFT Union News." January 1992.

²Ogle, Alsalam and Thompson-Rogers, "The Condition of Education"; Statistical Report; Washington, D.C.; United States Department of Education, Office of Educational Statistics Research and Improvement Center, Vol. I: Elementary and Secondary Education. 1991.

Chart A: Arrests For Juvenile Violent Crime Have Skyrocketed In the U.S.; Connecticut's Rate is Above Average

**Juvenile Violent Crime
Arrests per 100,000 Youths**



Note: Each year represents 3 year average (1991=1990-92).

Source: The Annie E. Casey Foundation, Kids Data Count Book.

Project Goals

Goal Statement

To create and develop a community economic development project to encourage and train youth in the development of community based cooperative and micro enterprises for themselves and their families. It would also organize a community based mentor advisory board consisting of concerned individuals, parents, teachers, business professionals and children's service providers of diverse ethnic and cultural heritage to provide consultation, entrepreneurial skills training, mentor and leadership for the development of community based cooperative and micro enterprises owned and operated by our youth.

A long term goal of this important community economic development project would include the development of a neighborhood youth peer lending fund and resource center for economic development to work with existing micro enterprises and to create new cooperatives or other models of community economic development in Hartford's Upper Albany neighborhood.

Current Conditions of Target Community

The majority of the households in north end community are female headed one-parent families and they are tenants. Moreover, its housing stock is composed single family houses, apartment buildings, co-ops, three-family homes and public housing units. The city's two largest traffic corridors, Albany Avenue and North Main Street, run from the downtown business district directly into the suburbs through its boundaries. Both streets are lined with a variety of blighted housing, public schools, churches, social service agencies, small businesses and local enterprises. The north end is also an area notorious for its crime and violence. Specifically drug violations, homicides and youth gang related crimes frequently occur in the north end.

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Sixty-nine percent of Hartford's school students read at or below the fourth grade remedial benchmark. When students lag behind in their reading achievement, they may find it difficult to benefit from other aspects of their curriculum. Further poor readers may find it difficult to participate in an economy requiring increasingly sophisticated job skills. Without prior job experience or specialized training, school leavers (graduates and dropouts) may find it difficult to win jobs, and they may be dissatisfied with those jobs that they do find.²

Since 1989 Connecticut has loss more than 100,000 jobs. The state's heavy dependence on the defense and insurance industries has been costly. These changes in the relationship between productivity and jobs has given these corporations more power in the state.

According to a recent study, "Regional Economic Information System, 1969-1993," by the Bureau of Economic Analysis of the United States Department of Commerce, the total number of jobs have dropped by 17% in Connecticut from 1982 to 1993. In this period, manufacturing sector jobs dropped from 25 to

¹ Hartford Federation of Teachers, "HFT Union News." January 1992.

² Ogle, Alsalam and Thompson-Rogers, "The Condition of Education"; Statistical Report; Washington, D.C.; United States Department of Education, Office of Educational Statistics Research and Improvement Center, Vol. I: Elementary and Secondary Education. 1991.

16 percent. Jobs in service, retail and wholesale trade fell from 52 to 45 percent from 1982 to 1993. While the financial, insurance, real estate sector jobs experienced a one percent decline from 1982 to 1993.

Today, good paying manufacturing jobs are declining throughout Connecticut and the nation. While the report showed an increase in service sector jobs in the state, these jobs pay less, are usually non-union and tend to be part-time. Temporary employment has created a severe shortfall in living wage jobs in the state. On the national level, the current trend towards contingent jobs makes the economic forecast look grim for US workers.

"The Nation's largest employer is Manpower, Inc., with over 560,000 workers. Temp agencies supply companies with 1.5 million people each day; three times more than 10 years ago."³

According to Connecticut Department of Labor's monthly report on layoffs. Connecticut's larger employers—defense and insurance industry—had huge layoffs in 1995. In January, Allied Signal laid off 1,000 workers and Electric Boat laid off 109 workers. Sikorsky Aircraft laid off a total of 487 workers between March and May. In June, Electric Boat laid off another 234 workers. Pratt & Whitney Aircraft laid off 675 workers statewide in July. In the same month, the State of Connecticut laid off 130 workers statewide. In August, Aetna Life and Casualty laid off 250 workers, Nationwide Insurance had 184 and CIGNA had 100.

The most common reasons for these layoffs are restructuring, merger and anticipated defense cuts. In 1992, Aetna employed 3,000 workers and had 22 offices in the Hartford area. Today, Aetna has 700 employees and four business centers in the metropolitan area. Company reorganization, new computer technologies and outsourcing are the means Aetna used to cut its work force. While Connecticut Mutual Life announced "Reapplication" policy as part of its reorganization plan, for ever worker to reapply for their job, the firm merged with Massachusetts Mutual Life to form the nation's fifth largest insurance company. The result of this merger was 950 layoffs between Hartford and Springfield, MA.

Edward J. Deak, professor of economics at Fairfield University, commented on Connecticut's loss of 11% of its total jobs base in the last three and half years, said "It's amazing. I question how much more the state's economy can handle. If his had occurred on a national level, there would be social revolt."⁴

In a stagnant job market the number of employment opportunities for our young people are limited and lack career growth potential. Federal, state and local funds for youth initiatives are dwindling. Local and national political climates do not favor actions to aid the poor, but insist that the impoverished find ways to help themselves. Lastly, the Casey Foundation reported that arrests for juvenile violent crime in 1994 in the state is above the national average. Thus, we recognize the need for community prevention and intervention actions.

Desired Conditions of Target Community

The impact of this CED project should promote the development of not only a generation of Hartford youth but also existing micro enterprises within the community. Further, this project's benefits to the north end community include greater economic empowerment; increased community participation in activities related to economic development; the local retention capital and job creation for its residents.

Presently, we have launched three micro enterprise start-ups owned and operated by Hartford youth. We have also had a number of spin off products like calendars, tee shirts and sweats designed by youth, who participated in our after school entrepreneurial training program. In the next five years, this project will launch at least 10 youth micro start-ups; generate at least a dozen spin offs products and services created or designed by Hartford youth. The desired goal is create a safe and vibrant environment that nurtures our young people's minds and individual talents. By reaching this goal will stimulate the next generation of business leaders, who are equipped to build a sustainable economic future in their community.

³ Hinson, Sandra and Healy, Richard. Jobs, Corporate Power and Economic Security., Grass Roots Policy Project. (1995)

⁴ The Fairfield County Business Journal, October 5, 1992, p.1.

Project Purpose- Method

The purpose of A Generation Ahead Youth Enterprises, Inc. is a charitable group created to develop a solution to the problems of youth unemployment, gang crime and violence in Hartford. YEAH's mission consist of two parts: prevention and intervention. Moreover, the to implement a strategic neighborhood plan for enabling youth to become drug-free productive citizens and reducing the crimes of delinquency and gang violence in Hartford's north end. Lastly, to unleash the energy of an untapped economic resource - our youth - which are vital to the stability and growth of Hartford's economy.

Major Outputs

First, we must develop a curriculum. We must create a 501 (c) 3 nonprofit organization, which will enable us to apply to charitable foundations for funding, make any donations we receive deductible and grant us tax exempt status. We will need to train a Board of Directors, as well as staff , youth and mentors. We will also need to get the initial group of youth operating their micro enterprises or co-ops. Further, we will need to capitalize the neighborhood youth peer lending fund. Lastly, we must establish a marketplace for the products. Achieved and remaining tasks are listed as follows:

Achieved Tasks	Remaining Tasks
applied for 501(c)3 tax exempt status	have 501(c)3 tax exempt status
curriculum & after school entrepreneurial program	building new Board of Directors
launched three youth micro start-ups	develop marketing & promotional plan
organized Board of Directors & wrote By-laws	develop donor base & financial support
hired part-time staff to run after school program	capitalization of peer loan fund

Background

First of all, the idea of junior business clubs or job and leadership training programs for young people is old. In Hartford like most American cities there are Junior Achievement, Future Business Leaders Clubs in all three public high schools, and a number of smaller solo projects by community organizations such as High Noon. So why would anyone do another one of these projects?

Traditionally, most junior business clubs or programs have sought to target young people in Hartford's high schools and suburban middle class neighborhoods. More specifically, those who are old enough to be employed. But how do pre-teens gain access to employment opportunities? By developing a strategy to encourage and train youth in the development of community based cooperatives and micro enterprises for themselves and their families. I call my CED initiative, "payday."

Phase one is to design a community economic development organization to provide neighborhood youth with a vehicle for economic development in Hartford's north end. The organization would educate and train youth in entrepreneurial skills, cooperative and micro enterprise development. In October 1994, with the help of a few friends and CED classmates I began to implement the first part of my plan of strategy in the Upper Albany Neighborhood. We recruited 25 youth, ages 12-17, to participate in my CED project named "A Generation Ahead Youth Enterprises," Mondays and Fridays between 3:30 to 5 p.m. at the Albany Avenue Branch Library. The second phase is the creation and development of a youth enterprise peer lending fund made up of community residents to provide financial aid to youth business start-ups, existing small businesses, and for the creation cooperative ventures in the community.

Reason for selection of organization type

The main reasons for selecting a nonprofit organization type are tax exemption and the ability to receive deductible contributions. These advantages as well as others have lead me to believe that our idea of a nonprofit organization type would best meet our purpose. Some of the other advantages include:

eligibility for grants from charitable organizations; special mailing rates for certain Section 501© (3) organizations (this involves going through the Post Office); and exemption from telephone and transportation excise taxes for certain Section 501© (3) organizations. For example, if your organization operates a school as part of its activities, it may be possible to avoid paying excise taxes on telephone service related solely to the school. Also, federal surplus property can be donated to certain types of Section 501 © (3) organizations. Special pension arrangements are available to employees of Section 501© (3) organizations the purchase of annuities which meet the requirements of Section 403 (b) of the Internal Revenue Code. Some of the administrative and legal complexities involved in establishing regular qualified pension plans can be avoided by using a Section 403 (b) annuity purchase program. For example, a Section 403 (b) program can be set up for only one or two employees; coverage of all employees is not required. (Arrington 1992)

How this organization will be controlled

This is a community based organization, whose membership comes directly from the neighborhoods of the north end. Thus, 20 members in good standing were elected to the Board of Directors to govern the decision making process and business of the organization. The Board members will serve a term of two years. The next election of people to the Directorship will be conducted at the organization's second annual meeting. Members of the Board of Directors will serve for not more than three concurrent terms. However, they may serve any number of not consecutive terms if successfully elected. Further, at least five members of the Directorship must be youth, ages 12-17, who reside in the community.

The neighborhood peer lending fund will be administered by a Board subcommittee called the Executive Committee, which shall consist of at least seven Board members but not more than 10 and two at large members. The at large members will be appointed by the general membership at the annual meeting. Moreover, the Executive Committee must include at least four youth, ages 12-17, who reside in the community.

Original Barriers

In 1994, we applied for a grant of \$1,000 from the Hartford Youth Commission to start the peer lending fund specifically for the development of micro enterprises by the youth participating in my CED project, A Generation Ahead Youth Enterprises. We never recieved We also plan to seek other financial support from private and public foundations, local corporations, individual donations and fundraising events. The third part of the plan is the organization of a neighborhood economic resource center to provide research and technical assistance for community economic development within Hartford's north end. There were a number of barriers or impediments that we encountered in route to achieving our goals.

There is a lack of resources for nonprofit work. Second, the local and national political climates do not favor social services agencies or community organizations. Perhaps, one could say that our country's political and social system is the biggest obstacle. We need the revolution to happen. In Connecticut there is a real resistance to emphasizing the needs of everyday ordinary working folks rather than the needs of corporate interests.

Another potential barrier to achieving our goals is the different philosophies within the community. We have such a wide variety of different philosophies in our communities. For example, there are people who believe that young people have to be independent and take responsibility to get on there feet. While others believe in doing charitable works is the appropriate response that is necessary to resolve the problems of substance abuse and the crimes of delinquency and gang violence.

One of the initial problems I had to deal when I started working with the young people in A Generation Ahead Youth Enterprises is a struggle between the members who preferred manufacturing versus those that favored entertainment ventures or marketing. While some young people said that promoting theater, talent and fashion shows or other forms of entertainment should be the club's primary business, others believed that manufacturing handmade goods like stuffed animals, holiday ornaments, African kenta cloth hats, scarfs and pillows are important factors to the quest for self-reliance.

Results

There have been a number of results from this charitable group. Moreover, the to implement a strategic neighborhood plan for enabling youth to become drug-free productive citizens and reducing the crimes of delinquency and gang violence in Hartford's north end. Lastly, to unleash the energy of an untapped economic resource - our youth - which are vital to the stability and growth of Hartford's economy.

Major Outputs

First, we must develop a curriculum. We must create a 501 (c) 3 nonprofit organization, which will enable us to apply to charitable foundations for funding, make any donations we receive deductible and grant us tax exempt status. We will need to train a Board of Directors, as well as staff, youth and mentors. We will also need to get the initial group of youth operating their micro enterprises or co-ops. Further, we will need to capitalize the neighborhood youth peer lending fund. Lastly, we must establish a marketplace for the products. Achieved and remaining tasks are listed as follows:

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Phase two:

Currently, A Generation Youth Enterprises, Inc. is a nonprofit organization that operates an after school training program to promote youth entrepreneurship and business development for themselves and their families. An important step in the continued growth of this CED project is the creation and development of a community-based financial institution to provide credit delivery services for youth micro enterprises development in Hartford

Mission Statement

A Generation Ahead, Inc. mission is to create and develop community-based financial institution to provide credit delivery services for youth micro enterprises development in Hartford.

Operations, Administration and Supervision

A Generation Ahead, Inc. credit delivery operations differ from commercial banking practices. While A Generation, Inc.'s objective is to operate a prudent financial institution, the practices we will use have been proven to be effective to address the needs of our target market. Loans are short term initially for working capital only. Borrowers are receive short term loans and where repayment is timely, later they provided with successfully larger, long term loans in accordance with enterprise requirements. Working Capital loans are designed like similar to commercial lines of credit. Credit administration is performed quickly, with credit requests receiving an answer within 10 days from the first application. Repeat loans will be approved within five days turnaround. A Generation Ahead, Inc. includes the technical assistance services. A Generation Ahead, Inc. provides the following management assistance services:

- Orientation—the informal process of talking about the business while filing out request for project services and discussing how the could be used.
- Participation—facilitating communication between youth entrepreneurs, encouraging those who are slightly more advanced to help those who are only starting.
- Teaching—imparting information (on bookkeeping, for example) through after school courses, seminars and summer youth business camps geared to the level of the youth entrepreneur.

- One-on-One—providing individual assistance via mentoring for setting up a bookkeeping system, developing a market strategy, and so forth, through ongoing visits by mentors and the project staff to individual businesses.

A Generation Ahead, Inc.'s will adopt the principle of escalating credit, beginning with loan amounts from \$50-500 and loan terms from one to six months. If the borrower successfully fulfills loan obligations, the amounts increase progressively. The terms will also extend in accordance to each individual case corresponding to the borrower's need for working capital and fixed assets.

The program's administrative foundation is the Peer Lending Group model first developed by the Grameen Bank in Bangladesh. The Peer Lending Group's basic function is to select the member entrepreneurs through personal promotion, propose the amount and terms of the credit to be financed, supervise their payments and conduct meetings twice weekly for management assistance services. Like the Grameen Bank model loans are extended to members of the Peer Lending Group only if all loan payments are current.

A loan officer will be employed from the neighborhoods to be serviced and encouraged to maintain close contact with the borrowers of the Peer Lending Group. During the term of the loan officer meets with members of the Peer Lending Groups two times a week to evaluate their businesses, track development and record loan payments. The loan officer maintains control of payments with a computer system. This system of supervision will guarantee continuous contact with borrowers and create an environment for accumulating knowledge and experience which is of significance for the continuation of the program.

Appropriate Requirements

A Generation Ahead Inc.'s credit process is appropriate with the requirements of its market. The program tries to eliminate the following formal financial sector obstacles, like collateral or mortgage, to transact loan applications to promote youth micro enterprises in Hartford. Financial statements for the last three years, by-laws of the enterprise, letters of reference from banks and businesses are not necessary for working capital loan applications for existing micro enterprises in the community.

Sources of Funds

A Generation Ahead, Inc. will capitalize on the success of its two-year old after school entrepreneurship programs for Hartford youth to attract savings and donations from local residents. It will establish lines of credit at below market rates from the CT Economic Development Loan Fund and draw on commercial financial institutions as well. Another important source of funds is the development of spin-off micro enterprise projects. A Generation Ahead, Inc. has developed a business plan to purchase a coin laundry in the community, which closed abruptly last January. If this project is successful it will not only provide funds to support the loan fund, but could lead to the project's independence from outside sources of funds.

Savings are also an important to eventual independence from outside sources of funds. If savings can be plowed back into the loan fund, there is the possibility eventual independence. Programs like the BKK in Indonesia, the Pisces projects in Dominican Republic and Peru, and many cooperatives have used savings programs as a source of funds to capitalize the loan fund.

"Entrepreneurial programs have increased opportunities and introduce the idea of self-employment to people who have never thought of themselves as being "the boss." The strength of entrepreneurship is its emphasis on empowerment and its focus on assets, ownership, and connection to mainstream economy."³

³ Dewar, Tom and Scheie, David. Promoting Job Opportunities: Toward a Better Future for Low-Income Children and Families., The Annie Casey Foundation, Baltimore, MD. (1995) p.39.

Conclusion

While the Core Group has experienced a number of obstacles and impediments reaching for their individual and collective goals they have not lost their original enthusiasm. These range from financial obstacles to social impediments listed below. In the beginning we tried to develop conduit relationships with other local nonprofits: the Upper Albany Neighborhood Collaborative, ONE/CHANE, Inc. and the Institute for Community Research, all groups that had a similar mission. These cooperative experiences resulted in the three agencies started similar copies of our project. Sadly, we are competing with them for the same local sources of private and public foundation funds. We even tried to raise money for a youth loan fund.

In December 1994, we applied for a youth mini-grant of \$1,000 from the Hartford Department of Social Services' Youth Commission to start the peer lending fund specifically for the development of micro enterprises by the youth participating in A Generation Ahead Youth Enterprises. Although our grant application exceeded the guidelines set by the Hartford Youth Commission and was received before the deadline, we were not awarded a mini-grant this year.

Although having a 501 (C) 3 status as a nonprofit organization was not a requirement for the mini-grant, lack of one has been an obstacle to the pursuit of financial support in the form of government grants, private and public foundations. The Board of Directors has been developing a number of community organizations and social service agencies as potential partners for conduit relationship for A Generation Ahead Youth Enterprises during the initial stage of resource development. The Board of Directors has continued to plan and develop financial support from a few small foundations, local businesses, individual donations and fundraising events. Further, we applied for 501 (c) 3 status as a nonprofit organization with the Internal Revenue Service and the state.

Another impediment of the project has been the recruitment and retention of teens, volunteers and resource persons in the community to serve as Board of Directors for ongoing leadership and support. Our target group include concerned individuals, local entrepreneurs, parents and teachers who reside or work in the neighborhoods of Hartford. A Generation Ahead Youth Enterprises has twelve Directors, but three members of the Board are the most that we have had at board meetings. The members represent of local entrepreneurs, teachers, parents, students and local community organizations like O.P.M.A.D., the Albany Avenue Branch of the Hartford Public Library, the Upper Albany Merchants Association, the Permanent Commission on the Status of Women, High Noon and Hartford College for Women's Entrepreneurial Center. While we have received initial participation, greater ongoing involvement has been difficult because of time, scheduling and external conflicts.

The biggest obstacle to our success remains the crimes of delinquency and gang violence in Hartford. While our young people are at risk to the lure of these social ills, the majority of them do not succumb to this type of behavior. Although no one has determined one cause for these negative actions of our youth, but a combination of factors that lead to such behavior. The impact of these problems has been profound in the city's poorer communities. For example, the Core Group has spent the past two months planning a fund-raising event to provide the resources necessary for the youth entrepreneurial club's operation and endeavors. The recent shooting of three teenagers at a local dance hall, which was also the site of our upcoming fund-raiser, has forced the cancellation of our teen benefit dance by the club's new management. The purpose of the dance was to provide scholarships for the youth attending the National Youth Entrepreneur Symposium in Chicago, April 27-30.

Many projects have folded from the chaos that I described above, but this one. I once heard that "chaos creates opportunities too." As a result of these obstacles, the core group organized a car wash and got a story in the newspaper. Joyce Harris of Organized Parents Make A Difference, a parent advocacy group, saw the story and sent a check (\$1,500) to help us. OPMAD is a Hartford parents group that provides financial support for education and youth development programs.

We followed the article up with a direct mail fund raiser to 350 local manufacturers asking them for a contribution to help us to attend the Symposium in Chicago (copies of the appeal letter and the article are in the appendix). This mailing was followed-up with a phone bank, which raised a \$1,000 in one week. We did get to Chicago and accomplished a lot more than we imagined possible in our first year.

During our first year of operation, A Generation Ahead Youth Enterprises, Inc. was honored as a Success Story and Model Program by the National Coalition for Empowering Young Entrepreneurs, Inc. This outstanding youth entrepreneurial project not only garnered national recognition, but also received an Award of Excellence from the Upper Albany Merchants Association of Hartford, CT.

Lastly, I will discuss the need to create a new community-based financial institutions and to develop new business opportunities for indigenous entrepreneurs in order to improve the quality of life of youth and to promote a community economic development in Hartford's north end. To make a difference working with people with whom others have not been successful, may require trying something new. While economic growth is the primary form of job creation, some promising community programs have been experimenting with ways to encourage business development that offers employment opportunities aimed at minorities and women. For example, Maryland's Minority Business Enterprise Assistance Loan Program lends to minority businesses that have government procurement contracts. The program processes loan applications quickly, before the contract is awarded, so that the loan and the contract arrive at the same time. The lending program has flexible terms, which are usually tailored to the particular firm and procurement contract. Loans include lines of credit, temporary waivers, bank loan guarantees and direct loans. It also provides technical assistance for auditing and accounting. President Clinton's Administration has created new initiatives and legislation for micro enterprise development.

The Community Development Banking and Financial Institutions Act of 1994 also created a new agency, the CDFI Fund, that will provide support to community development financial institutions such as Peer Lending Fund Programs like Working Capital and A Generation Youth Enterprises. The CDFI's are bridge institutions designed to link distressed communities to conventional financial markets and leverage new private sector capital into communities throughout the United States. These funds could be used in a micro enterprise development strategy to provide collateral free-loans for youth and families who are poor for income-generating self-employment.

"Entrepreneurial programs have increased opportunities and introduce the idea of self-employment to people who have never thought of themselves as being "the boss." The strength of entrepreneurship is its emphasis on empowerment and its focus on assets, ownership, and connection to mainstream economy."¹

A Generation Ahead Youth Enterprises, Inc. includes the following youth micro start-ups and products:

- Laurie's Pillow Designs
- Digge Graphics and Illustrations
- The Peck Family - Comic Strip
- Calendars, Silk Screen Tee shirts and sweats.

The Board of Directors co-sponsored a lecture by Sister Souljah, a famous African American activist and / rapper, to address the ongoing problems of gangs, violence, sex and gender relations in the target community. This public service event is designed to provide neighborhood youth with a forum to express their views and opinions about the problem. Our partner in this venture and others to come is Hartford's Heads Held Head., a local youth scholarship fund. The Board of Directors is developing a business plan to acquire a small laundry business, which closed in the community in January 1994. The plan will not only provide an entrepreneurial experience for our youth, but it will also serve as job readiness training site for people who are or have homeless as part-time staff.

¹ Dewar, Tom and Scheie, David. Promoting Job Opportunities: Toward a Better Future for Low-Income Children and Families., The Annie Casey Foundation, Baltimore, MD. (1995) p.39.