

---

Reports

Staff Papers and Presentations

---

1-1-1994

## An Anti-Poverty Proposal for Inner-City Residents of Kalamazoo

Timothy J. Bartik

*W.E. Upjohn Institute*, [bartik@upjohn.org](mailto:bartik@upjohn.org)

George A. Erickcek

*W.E. Upjohn Institute*, [erickcek@upjohn.org](mailto:erickcek@upjohn.org)

Follow this and additional works at: <https://research.upjohn.org/reports>

---

### Citation

Bartik, Timothy J., and George A. Erickcek. 1994. "An Anti-Poverty Proposal for Inner-City Residents of Kalamazoo." Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

This title is brought to you by the Upjohn Institute. For more information, please contact [repository@upjohn.org](mailto:repository@upjohn.org).

**An Anti-Poverty Proposal  
for  
Inner-City Residents of Kalamazoo**

Timothy J. Bartik  
George A. Erickcek

W.E. Upjohn Institute for Employment Research

April 7, 1994

# **An Anti-Poverty Proposal for Inner-City Residents of Kalamazoo**

Timothy J. Bartik  
George A. Erickcek

W.E. Upjohn Institute for Employment Research

April 7, 1994

## **I. EXECUTIVE SUMMARY**

To better help poor persons in Kalamazoo to obtain decent, permanent jobs, we propose a new anti-poverty effort that will provide longer-term, more personalized, and better coordinated assistance both to poor persons and their potential employers. Our suggested anti-poverty reform includes four components:

(1) A demonstration program to show the benefits of long-term, intensive case management to help poor persons get and retain decent jobs.

(2) A flexible grant and loan program which would provide grants and loans to help eliminate specific barriers blocking the employment of poor persons, but only in cases where there are gaps or a lack of timely capacity in existing programs.

(3) An aggressive outreach effort that will encourage employers to hire economically disadvantaged persons and will assist employers in retaining these individuals, once hired.

(4) An effort to facilitate the coordination of programs offered by the many anti-poverty agencies in Kalamazoo.

Our proposed reforms are designed to complement and enhance existing anti-poverty programs, and not to compete with or duplicate existing programs. Current programs do not have sufficient resources to provide intensive case management for poor persons or aggressive outreach to employers. These additional services, and the flexible funds to deal with specific employment barriers, will help the clients of existing training and service programs to become more successful in obtaining jobs. Furthermore, our proposed reforms will enhance the effectiveness of the county's overall anti-poverty delivery system by coordinating the policies of existing anti-poverty agencies.

Our reforms would cost an estimated \$2.9 million to operate during the next five years. Most of these proposed new activities would be located at existing agencies, to ensure better coordination with on-going programs. The proposed new services to poor persons would be located in community-based agencies, to make sure that poor persons have ready access to these new services.

These reforms are consistent with and should be accompanied by other important policy reforms to combat poverty in Kalamazoo. These other reforms include: the expansion of career-oriented education in the public schools; the development of a countywide economic development strategic plan that addresses the job accessibility problems facing low-income persons; and the establishment of a small-business program targeted at inner-city residents.

## II. BACKGROUND FOR THE PROPOSAL

This project began with a request to the Upjohn Institute to estimate the employment impact of a proposed Northside industrial park on the neighborhood's residents. We concluded that the employment impact of a Northside industrial park would be slight, because existing hiring patterns of Northside employers suggest that no more than 5 percent of the park's jobs would go to Northside residents. The barriers stopping the Northside poor from finding decent jobs cannot be eliminated by simply putting jobs on the Northside.

In reaction to these findings, the Upjohn Institute was asked to identify policies that would be effective in getting Kalamazoo's inner-city poor into decent, permanent jobs. We knew that there are already many job training, social service, education, and economic development programs that address the employment problems of Kalamazoo's poor. Therefore, we concentrated our research on uncovering the key gaps in what is currently being done to address the employment problems of Kalamazoo's inner-city poor.

In our investigation, we went beyond reviewing national research on poverty and held focus groups with various groups concerned with the employment problems of Kalamazoo's poor: Kalamazoo employers, inner-city residents, and social service, education, and training agencies. The two key questions we asked them to address were (1) what they saw as the key barriers to employment of inner-city residents in Kalamazoo, and (2) what needed to be done to overcome these barriers. We followed up the focus groups with more in-depth one-on-one conversations with various Kalamazoo anti-poverty agencies.

Based on our research and conversations with these groups, we believe there are five key areas that need greater attention if we are to help all of Kalamazoo's poor to get and keep decent, permanent jobs:

*1. More intensive and longer-term efforts to change attitudes among both the poor and Kalamazoo employers – to increase the "self-esteem and "work ethic" of the poor, and to enhance the ability of employers to deal with diversity.* Although a lack of basic job skills (e.g., how to read a ruler) is a problem for many of Kalamazoo's poor, we were struck by how consistently the whole issue of "attitude" was mentioned when discussing the employment problems of the poor. Employers complained that inner-city residents lacked a "work ethic" in that they didn't show up at work on time and had trouble getting along with supervisors and co-workers. Inner-city residents complained of hostile attitudes and racial discrimination by some employers. We heard of instances where new workers received insufficient instruction on how to operate the machinery and were not told about the unwritten rules of behavior on the job site. Social service agencies perceived that many of their clients lacked "self-esteem", which made it difficult for them to find work or to deal constructively with problems on the job site.

We must avoid playing the "blame game" where we attempt to find who "really" is most at fault in these situations. Rather, we need to consider what practical steps can be taken to change the attitudes of both employers and employees and to change the environment of the work place so that poor persons can succeed.

Existing agencies attempt to address these "attitude problems" to some extent. Most social service and training agencies try to work on the self-esteem and self-confidence of their clients, and try to respond to problems that employers are having in dealing with their clients. But burdened with large caseloads per caseworker, most social service agencies can devote only a very limited amount of personal attention to their clients and/or their client's employers. For some clients, this limited personal attention is enough to help them get a permanent, decent job. However, for others, there is a need for much more personal attention, over a long period of time, to help them overcome their self-esteem problems and break out of the cycle of poverty. Moreover, success at work would be more likely if Kalamazoo employers were more aware of how best to hire and retain employees in an increasingly diverse world.

*2. Providing the inner-city poor with greater assistance through the many difficult transitions that occur as one moves out of the culture of poverty and into a decent, permanent job.* A frequent theme of focus group discussions was that many poor individuals were at the greatest risk of "failure" -- with further damage to their self-esteem -- when they were in transition from one social setting to another, such as starting a new job, or a new education and training program. Beginning something that is very different from one's previous life brings to the surface underlying self-doubts. Individuals often find it easier to give up than deal with the inevitable start-up problems in a new job or education and training program and face the risk of failing. In addition, individuals moving from non-work to work may face pressures from their peer group and family members to return to their old habits.

Of course, many social service and training agencies are quite aware that transitions can be difficult. But with the enormous caseloads and with new clients constantly coming in, agencies often find it difficult to pay adequate attention to those clients who have already "succeeded" by being placed in a job or education program. In addition, too few employers are aware of how better personnel practices can help new employees from disadvantaged backgrounds be more likely to succeed.

Some poor individuals can succeed even without being provided special, personal help through these difficult transition periods. But other poor individuals need greater personal and social support to make it through these transitions. Without this support, these individuals end up dropping out of the educational or training program or losing their jobs. Their employers face additional costs in filling the resulting vacancy. Individuals may end up being recycled from one anti-poverty program to another, without ever really permanently solving their employment problems.

*3. More intensive efforts to make sure that job placements work, especially for employers hiring economically disadvantaged persons for the first time.* Anti-poverty agency officials commented that if a first placement does not work out with an employer, they never see that employer again. This reaction by employers emphasizes the need for anti-poverty agencies to help both the employer and client to make the placement work. This reaction by employers also emphasizes the need for stronger quality standards for clients coming out of training and education programs.

**4. Better coordination of existing services, so that all services necessary for someone to be employable are provided in a timely fashion.** Many of the social service and training providers commented that they welcomed the focus groups as a rare opportunity to get together and brainstorm new ideas on how to help the poor. Although service providers communicate on specific issues, the pressures of daily work apparently prevent any consistent effort to better coordinate their activities. As a result, agencies are not always reinforcing or even aware of what other agencies are doing. We heard several tales of clients being held back from being employed because additional services they required from another agency were unavailable.

**5. Availability of flexible grant and loan funds to fill in "gaps" in available services.** We heard many accounts of clients who lost employment opportunities only because they were unable to obtain some particular good or service. For example, we heard of an individual who needed to borrow \$300 so they could buy an old used car to get to work, but no program could make such a loan. It is perhaps inevitable that grant and loan programs administered by far-away federal and state agencies will have many arbitrary rules designed to limit abuses of the program. Unfortunately, these rules can stop individuals from getting a job.

We believe that each of these aforementioned problems can be addressed by adopting a set of inter-related reforms that will complement and encourage the coordination of existing services. These reforms can also serve as a catalyst for change in how anti-poverty services are delivered. We believe these changes in the delivery of anti-poverty services should also be complemented by reforms in education, economic development, and the promotion of inner-city small business. This particular document, however, focuses on how to reform anti-poverty services.

### **III. OUTLINE OF THE PROPOSED REFORMS IN ANTI-POVERTY EFFORTS**

We propose a set of inter-related reforms to encourage longer-term, more personalized, and better coordinated assistance to help poor persons secure decent jobs.

Our proposed reforms would have four components:

1. A demonstration program to show the benefits of long-term, intensive case management to help poor persons get and retain decent jobs;
2. A flexible grant and loan program which would provide money or resources to poor persons to eliminate specific barriers blocking their employment in instances where there are gaps or a lack of capacity in existing programs;
3. An intensive out-reach effort encouraging employers to hire economically disadvantaged applicants, and to adopt personnel practices that deal with a more diverse workforce;
4. An effort to facilitate coordination of the policies of the various anti-poverty agencies in Kalamazoo.

## ***1. Demonstration Case Management Program***

The demonstration case management program would provide:

1. Intensive casework services helping individuals get jobs, keep jobs, and recover from losing jobs. The focus on in-depth personal attention in helping poor individuals through difficult transitions – keeping a new job or recovering from losing a job – is what most distinguishes this program from services currently available. This casework assistance would include individual counseling. The casework assistance would also include creating small groups that provide social support, and an alternative to possibly negative influences from the client's peer group. Actual training/education, job search, and support services would be provided by the many existing agencies.

2. Long-term assistance. Cases would be expected to stay active for a minimum of two years. Caseworkers would continue to assist a person until his/her job stability is secure or until it becomes apparent that further assistance will be of little value.

3. Caseworkers with small caseloads. It is essential that each caseworker have a small number of clients in order to provide the personal attention needed. We would suggest no more than 20 families per caseworker.

4. Coordination of different services. When necessary, the caseworker would seek to convene groups of the direct service staff of different agencies to help design a comprehensive assistance program for a particular client.

Any case management system confronts two key issues: 1) how to select clients for the intensive approach, and 2) how to induce the various agencies to cooperate in implementing the case management plan. Our tentative suggestion for a selection criterion is to target low-income families with children in particular inner-city neighborhoods, with an emphasis on families in which the adult or adults have gone through other social service or training programs but have not succeeded. The rationale for focusing on families with children is that a parent's job success has long-run benefits for the kids' life prospects. The rationale for focusing on certain neighborhoods is that we wish to create a critical mass of adult "success stories" or "role models" in these economically depressed neighborhoods. The rationale for focusing on those who have been unsuccessful in other programs is to target this more expensive case management approach on those persons who have not benefitted from less intensive services.

We expect the program itself to develop its own criteria for further targeting its services to the clients who can most benefit from these services. No single initiative can meet the needs of all unemployed individuals. Some individuals may be able to succeed without these more intensive, long-term casework services. Other individuals face serious barriers such as drug dependence, emotional/mental disabilities or physical disabilities that cannot be removed without specialized and, in many instances, extremely expensive intervention. This program is meant to serve individuals who have the capacity to work, but lack the confidence or wherewithal to access existing programs, to keep on track, and to withstand the various problems they will be confronting during the successful transition to work.

To encourage acceptance of this program by other anti-poverty agencies and to increase its availability to non-working individuals, we suggest the program's caseworkers be stationed, in groups of three or more, at existing community-based, social/neighborhood agencies. This will emphasize that the program's caseworkers, by working with some of the host agency's clients, will help existing agencies achieve better performance records. Finally, because most existing anti-poverty agencies are located in the neighborhoods they serve, their offices provide accessibility to the potential users of the new program.

It is also important that these caseworkers be representative of the diversity of the Kalamazoo community, in terms of race and gender. A diverse group of caseworkers will be better able to relate to clients in the community, and will provide a better model for the kind of diversity we hope that other employers will accept.

## *2. Flexible Grant and Loan Fund*

Small problems -- a dead battery, or the lack of money to buy prescription medication or an alarm clock -- can block an individual's progress toward employment. In many cases, money for dealing with these problems is available from existing agencies, but is hindered by administrative delays. In other cases, funds may not be available for a particular purpose, or funds may be available, but the person may not meet another agency's eligibility criteria. The flexible grant and loan program would make funds available immediately to deal with these problems impeding employability, allowing the individual to stay on track. Where feasible funds would be made available as a loan, to be repaid later by existing programs or by the individual. Access to the fund would not be limited to individuals in the case management demonstration program but would be open to all individuals currently eligible for assistance in agencies cooperating with the case management system. This might be an additional carrot to induce other agencies to cooperate.

Some flexible grant funds might also be available in cases where the inter-agency coordinating group (see below) agrees that there is a significant capacity problem in some existing training or service program that is critical for getting poor individuals into better jobs. These funds would pay for additional training or service slots. The availability of these flexible funds would make the employment and training system in Kalamazoo much more quick to respond to changing service needs.

## *3. Employer Outreach Program to Encourage and Assist Employers in Hiring and Retaining a Diverse Workforce*

A new program should be set up to encourage employers to hire and retain economically disadvantaged persons. This employer outreach program would have three components:

1. Hiring Commitments. The new program would undertake a high visibility effort to encourage employers to make commitments to hire qualified workers with disadvantaged backgrounds, particularly those who are "graduates" of the various training and social service programs in Kalamazoo. This hiring commitment program should be promoted by various prominent civic and business leaders and organizations.



2. **Diversity Awareness Training.** The new employer outreach program would run regular diversity awareness training workshops. (Such workshops used to be presented in Kalamazoo, but have not regularly occurred for some years.) These workshops would be for supervisors and managers and would provide practical advice on how to deal with diversity in the work place, and how to resolve common problems that can arise with employees coming from disadvantaged backgrounds. To the extent possible, these workshops would use, as co-trainers, employers who have had success in hiring and retaining employees from disadvantaged backgrounds.

3. **On-going Customized Employee Retention Assistance.** The employer outreach program would be available to provide advice to employers on how to deal with problems that arise in trying to retain specific employees from disadvantaged backgrounds.

#### *4. Policy Coordination Group*

The policy coordination component would have a facilitator who would convene and set an agenda for a regular meeting of key decision makers/administrators of agencies concerned with poverty in Kalamazoo County. As budgeted, the facilitator would also be the director of the new case management demonstration program. The purpose of these meetings would be to reach consensus on how to bridge key gaps in anti-poverty efforts in Kalamazoo County. These gaps might be filled by changes in procedures of participating agencies, requests to state or federal officials for waivers from existing regulations of these programs, and grant proposals to foundations or government agencies to create new programs or enhance old programs. This "top-down" coordination of anti-poverty efforts would complement the "bottom-up" coordination of anti-poverty efforts by caseworkers working with specific clients. The facilitator, by maintaining constant communications with the demonstration program's caseworkers, would be able to cite concrete examples of where the current delivery system breaks down.

Among other things, this policy coordinating group might address the issues of child care and transportation for the poor. Our focus groups with Kalamazoo employers, inner-city residents, and social service agencies revealed some concerns about the availability of supportive services for employment that are affordable and flexible, such as child care at the right times and at affordable rates, transportation services that would match work place schedules, etc. There seemed to be some disagreement over the importance of these problems with supportive services, although there seemed to be general agreement that problems with supportive services are less important than problems with self-esteem or the work ethic. We believe that the policy coordinating group could play a useful role by outlining a detailed plan for how to improve these supportive services.

### *ORGANIZATIONAL ISSUES*

These various reform initiatives clearly could be organized in a variety of ways. These new programs could be located in a new agency or an existing agency. The new programs could be located in just one agency, or in a variety of agencies, or in one agency with sub-contracts with other agencies. These important organizational issues will have to be fleshed out in conversations with the various anti-poverty agencies in Kalamazoo.

In deciding on the appropriate organization structure for these new programs, we recommend that two principles should be kept in mind. First, there is a need for strong central management of this overall reform effort. This strong central management will help coordinate these anti-poverty efforts, ensure that the various programs are high quality and accountable, and make sure that the services that are actually delivered are in fact new, rather than just more of the same old services. Second, the caseworker services to clients must be located in the inner-city neighborhoods where the clients are, to make sure that the services are accessible to clients.

#### **IV. BUDGET OF THE PROPOSED REFORMS**

This new initiative will be expensive. As shown in Appendix A, we estimate that over the five-year demonstration period, the program would cost \$2.9 million to operate, assuming an inflation rate of 4 percent. In order to have a measurable impact, the case management program would have 12 caseworkers, and the employer outreach program should have two employer services workers. Furthermore, the various programs should be operated for at least five years to give them a fair chance to demonstrate a long-term impact.

What justifies the high cost of these programs is that these services are intended to significantly help people who are currently being constantly recycled through our existing anti-poverty system. The programs, if successful, will lift these people out of the anti-poverty system and into decent, permanent jobs.

If found to be effective, this intensive casework services model, coupled with outreach to employers, would be expected to change the service approaches followed by other anti-poverty agencies in Kalamazoo and across the country. To serve as a catalyst for change in service delivery and to see whether the extra costs of intensive casework services are worthwhile, the effectiveness of these new programs should be evaluated using rigorous procedures.

It is mandatory that these reforms be financed by new money and not compete with existing agencies for funding. Such competition would threaten the entire effort by blocking the development of cooperation with other agencies. These new programs should be financed by new money from local foundations, private groups, or federal or state government sources. Over the long-run, anti-poverty efforts in Kalamazoo need to receive regular funding from a tax source broader than the City of Kalamazoo. Some funding problems may be relieved by greater flexibility in using existing state and federal funds, but in addition, there should be some kind of anti-poverty funding provided at the county-wide level. A proposal for such a county funding package, with procedures for ensuring accountability in the usage of funds, could be on the agenda for the inter-agency policy group outlined above. A portion of the long-term funding for the new programs might be provided by demonstrated long-term savings in welfare spending that occur because of the new programs' more intensive services.

#### **V. OTHER ISSUES AFFECTING POVERTY: SCHOOLS AND ECONOMIC DEVELOPMENT**

We of course recognize that poverty is affected by many social forces and institutions. More intensive casework services, greater involvement of employers, and better coordination of social service programs are not the only reforms needed to address poverty in Kalamazoo.

In particular, we agree with the comments of many focus group participants that changes in our schools, and improved economic development, are of great importance in reducing poverty in Kalamazoo. In addition, we believe that expanding small business development and entrepreneurship in inner-city neighborhoods can also help reduce poverty in Kalamazoo. This particular document will not outline in detail what needs to be done in these policy areas. But we believe reforms are already occurring in these areas. What is needed is to continue these reforms, and carry them out in a high quality manner.

### School Reform

In our discussions of poverty with Kalamazoo employers, inner-city residents, and social service agencies, complaints regarding the public schools came up repeatedly. Public schools are accused of failing to adequately prepare the so-called "non-college bound" student -- or, for that matter, the "college-bound" student -- for the world of work. Employers perceive high school graduates as too often lacking basic skills in reading and math, and even more importantly, lacking good work habits. Moreover, inner-city residents complain about poor counseling of students on career opportunities. Problems with counseling are not surprising, given that counselors are supposed to somehow advise hundreds of students. Individuals in all focus groups expressed concern that vocational education programs are too often perceived by many parents, students, and teachers as having a second-class status.

As a follow-up to our focus groups, we did a more in-depth examination of what public schools in the Kalamazoo area are doing to prepare students for the world of work. Based on our examination, it is clear that the EFE (Education for Employment) program operated by the Kalamazoo Valley Intermediate School District (KVISD) is an outstanding program with a deservedly high national reputation. EFE has sponsored workplace-based programs for students at Bronson Hospital, the Radisson, and the Kalamazoo Probation Enhancement Program (KPEP). These programs have students attending classes at the work site for two hours a day, five days a week, learning many of their academic and work skills in a workplace setting. These programs also involve job shadowing and internships with area employers. In addition, EFE runs a number of high quality vocational programs in graphic arts, graphic design, and other areas that appear to use up-to-date technology and have close connections with area employers. Finally, it should be recognized that the Kalamazoo Area Math and Science Center is really a vocational program -- it seeks to develop skills relevant to students' future careers through both academic instruction and internships with employers, and has extensive involvement from area employers.

Thus, the problem is not that the public schools are failing to offer a quality vocational education for some students -- the problem is that too few students are involved in quality programs, with meaningful employer involvement, that will prepare them for some type of future career. We need to move to a school system in which all students will receive quality, in-depth, and caring counseling on their future careers, an education that helps prepare them for those future careers, and some type of work experiences or internships with area employers. This includes the many students who think that they will graduate from college; we know that many of these students will not graduate from college, and even those who do would benefit from a better sense of the expectations of the job market. A universal career education orientation of public schools would benefit all students but it would particularly benefit many students at risk of poverty. These students need to see that working hard in school can help them get good jobs even if they do not intend to go on to a four-year college.

Furthermore, if these at-risk students perceive their high school education as being more relevant to their future, perhaps they will end up deciding that continuing their education after high school does make sense.

In essence, we are advocating that the Education for Employment program be expanded to all students and made of uniformly high quality. The schools need to decide exactly how to accomplish this goal. The Kalamazoo community, including funders such as private foundations and employers, need to continually ask the schools what specific progress they are making at improving career counseling of students, getting them in meaningful workplace oriented programs, eliminating the stigma against vocational education programs, and involving employers. We should be collecting more in-depth baseline data now, from both students and ex-students, on how relevant they believe their school's counseling and education was to their future career. (There is some baseline data collected now for vocational programs, but not for the students who are not involved in these programs.) We should be asking the schools to improve their performance over time on various measures of the career relevance of the schools' education and counseling.

### Economic Development

National research on poverty strongly supports the notion that the overall job growth of a local area is of enormous importance in affecting the economic well-being of the poor and the disadvantaged. In a tighter labor market, employers are willing to hire and train individuals that they otherwise would not have considered.

Hence, Kalamazoo County's overall job growth is of great importance in improving job opportunities for Kalamazoo's poor and in getting Kalamazoo employers interested in training and special services for the disadvantaged. How to achieve this stronger local employment growth should be addressed in a comprehensive way by the upcoming area economic development strategy to be developed by the CEO Council using an EDA grant.

This new economic development strategy should address how the new jobs from economic development can be better linked to the poor. In particular, the new strategy should consider how these new jobs can be better linked to job training programs, and how the poor can have adequate transportation access to these new jobs. In addition to the issue of transportation access, there is the crucial issue of information access -- how do we make sure that the poor know about these new job openings.

We place less emphasis on exactly where in the county the new jobs should go. We think it is more important that the county have good employment growth than whether job growth occurs in a proposed Northside Industrial Park. This judgement is based in part on national research that suggests that the overall job growth of a metropolitan area is of more importance in determining the economic prospects of the poor than is the job growth of specific low-income neighborhoods. Neighborhoods are not even close to being distinct labor markets -- most individuals work outside the neighborhood they live in. Having jobs close by does have some advantages, particularly for young people who have the greatest difficulty getting good transportation or good job contacts. But there are often cheaper ways of improving job contacts and transportation access for the poor than putting the jobs in the neighborhoods of the poor.

Our focus on county employment growth rather than Northside employment growth is also based on conversations with Northside employers. Currently less than 5 percent of the workers employed by Northside businesses live in the neighborhood. This suggests that just locating jobs on the Northside will not magically lead to a solution to the poverty problem. In addition, given the small size of Kalamazoo, Northside residents do have some type of access to many jobs in Kalamazoo.

Finally, there are some reasons to be concerned that a Northside industrial park would be excessively expensive and have some technical problems that would restrict its attractiveness to business. Nevertheless, the park proposal should be given proper consideration as part of the EDA study mentioned above.

### Small Business Development and Entrepreneurship

There is a great deal of interest in the Kalamazoo community in increasing small business development and entrepreneurship in inner-city neighborhoods. A current grant proposal, the "Neighborhood Employability Investment Program", would create an entrepreneurship training program for inner-city Kalamazoo residents. Moreover, the city of Kalamazoo is interested in creating an effective small business loan fund for inner city Kalamazoo.

We believe such small business development efforts are worthwhile. The jobs created by such programs in inner-city neighborhoods would be welcome, but more importantly, the successful participants in this program could become role models and community leaders.

Having jobs available nearby seems to be of some importance for increasing the employment prospects of young people. It is reasonable to assume that small businesses owned by inner city residents would in fact be willing to hire young inner-city residents for at least some jobs. But it should be recognized that the number of jobs created by small business development and entrepreneurship in inner-city Kalamazoo is likely to be modest.

The more important effects of such small business development efforts is on community leadership. The inner-city entrepreneurs and small business owners who would be helped by such small business programs could provide role models to other inner-city residents, particularly young people. These inner city business owners could also help provide community leadership, helping these neighborhoods to more effectively address their problems.

**Appendix A.**

**AN ANTI-POVERTY PROPOSAL FOR INNER-CITY RESIDENTS OF KALAMAZOO**

**ESTIMATED BUDGET**

<b>Activities</b>	<u>1st Year</u>	<u>2nd Year*</u>	<u>3rd Year*</u>	<u>4th Year*</u>	<u>5th Year*</u>
<b>I. Central Office</b>					
A. Personnel Costs (including fringe)					
Director/Coordinator	\$48,000	\$49,920	\$51,917	\$53,993	\$56,153
Administrative Assistant	\$23,000	\$23,920	\$24,877	\$25,872	\$26,907
Outreach Coordinator	\$35,000	\$36,400	\$37,856	\$39,370	\$40,945
Outreach Coordinator Assistant	\$23,000	\$23,920	\$24,877	\$25,872	\$26,907
B. Office Costs					
Rent (1,000 sq. ft. \$9/sq ft)	\$9,000	\$9,360	\$9,734	\$10,124	\$10,529
Office Supplies	\$5,000	\$5,200	\$5,408	\$5,624	\$5,849
One-time Costs*	<u>\$15,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Cost</b>	<b>\$158,000</b>	<b>\$148,720</b>	<b>\$154,669</b>	<b>\$160,856</b>	<b>\$167,290</b>
<b>II. Caseworkers</b>					
A. Personnel Costs (including fringe)					
Caseworkers:					
9 Caseworkers (@ \$27,600 ea.)	\$248,400	\$258,336	\$268,669	\$279,416	\$290,593
3 Supervisor/Caseworkers (@ \$35,400 ea.)	\$106,200	\$110,448	\$114,866	\$119,461	\$124,239
B. Office Costs					
Rent to Host Agency:					
3 sites	\$9,000	\$9,360	\$9,734	\$10,124	\$10,529
Office supplies	\$15,000	\$15,600	\$16,224	\$16,873	\$17,548
One-time costs	<u>\$12,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Cost</b>	<b>\$390,600</b>	<b>\$393,744</b>	<b>\$409,494</b>	<b>\$425,874</b>	<b>\$442,908</b>
<b>III. Flexible Emergency Loan Fund</b>					
Initial Capitalization	\$50,000	\$0	\$0	\$0	\$0
Annual Supplement	<u>\$0</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>
<b>Total Cost</b>	<b><u>\$50,000</u></b>	<b><u>\$10,000</u></b>	<b><u>\$10,000</u></b>	<b><u>\$10,000</u></b>	<b><u>\$10,000</u></b>
<b>Annual Project Costs</b>	<b>\$598,600</b>	<b>\$552,464</b>	<b>\$574,163</b>	<b>\$596,729</b>	<b>\$620,198</b>
<b>Five-Year Total</b>	<b>\$2,942,154</b>				

\* Calculations include an annual 4% rate of inflation.