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CED PROJECT

FINAL REPORT

***NEW ENGLAND***

***FUNDING REFERENCE GUIDE***

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## I SUMMARY

This project will produce a reference book (the "Guide") that catalogues all available financing programs offered by various New England based public and quasi-public benefit corporations for small business people, women and people of color (the "Project Focus Group"). The Guide will present the information in a format deemed accessible and convenient by members of the Project Focus Group.

Over the course of the last 25 years, various governmental entities and corporations have created numerous financing programs for small business people, women and people of color. In most instances, the programs disburse a significantly lower level of funds than are "allocated" to the program. In other words, the programs are under used.

Members of the Project Focus Group could benefit from these programs; however, individuals often find it difficult to obtain sufficient information about particular programs' applicability to their specific financing needs.

If no means is found within the next three years to increase awareness among the Project Focus Group of various financing programs offered by various New England based public and quasi-public benefit corporations, these financing programs will remain under used by the Project Focus Group, increasing the risk that the "allocated" funds might be diverted to other uses further shrinking the pool of capital available to the Project Focus Group.

The Guide will increase awareness among members of the Project Focus Group of the various financing program available to members of the Project Focus Group. (see Appendix I)

The Guide will be printed and available by April 15, 1994.

## **II DEFINITION OF THE PROBLEM**

The central problem that motivates this project is this low level of awareness these various financing programs. After the urban unrest that punctuated the 1960's, various states and cities created numerous financing programs to assist small business people, women and people of color. Most of these programs are administered by public and quasi-public benefit corporations (the "Programs"). While many of the Programs spawned in the 1960's have ceased to exist, a number of these original Programs or their successors still operate.

In most instances, the Programs have been "allocated" capital to lend and/or invest by a state legislature, a municipality or a consortium of corporations. In many instances, the Programs disburse a significantly lower level of funds than are "allocated" by the municipality or legislature in question. In other words, the programs are under used.

In part, we learned that some Programs are under used because of a lack of awareness of the Program by the many of individuals and enterprises that would be eligible to access financing through the Program.

Given the severe budget pressure that characterize the economic reality of most cities and states, unused 'allocated' monies are a rarity. Programs that have unused 'allocated' monies are an easy target for savvy legislators in search of monies for their pet projects.

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The Guide will increase awareness among members of the Project Focus Group of the Programs offered throughout New England for members of the Project Focus Group.

The Massachusetts Thrift Fund ("Fund") is a good example of the type of situation that concerns us. The Fund was created by the Massachusetts Legislature in 1985 primarily to provide loans to small businesses and businesses located in inner city areas.

The state's thrift industry "committed" to invest up to \$100 million in the Fund in exchange for the passage of a package of tax legislation that was favorable to the state's thrifts (savings bank, savings and loans associations, etc.).

Although the Fund has existed since 1985, outstanding loans have never exceeded \$65 million. Given the record number of failures among thrift institutions and the Fund's significant level of unused committed capital, some of the thrifts have lobbied the Massachusetts Legislature for a reduction of their commitment to the Fund. One of the arguments for reducing the commitment is that the Fund has not 'needed' the additional monies.

### **III PROJECT GOALS**

Our principal goal is to increase awareness among members of the Project Focus Group of the Programs offered throughout New England for members of the Project Focus Group. We see the production and distribution of the Guide as the principal vehicle for accomplishing this goal.

Related to this principal goals, we had two ancillary goals: develop a format that will prove most accessible to the Project Focus Group; and, identify methods of distribution that will insure easy availability of the Guide to the Project Focus Group.

### **IV METHODS**

To develop our project, we had to do four things: collect information on Programs throughout New England; determine the level of awareness of the Programs by the Project Focus Group; develop and evaluate various program description formats for the Guide; and, identify appropriate distribution channels.

We gathered information on all available financing programs offered by various New England based public and quasi-public benefit corporations for members of the Project Focus Group. We employed expanding networks to collect the data. We began collecting information through our own network of borrowers, co-lenders and investors. Our organization, LEAF, assist small business people, women and people of color in starting and financing businesses. In our twelve years of operations, we have developed a extensive network of contacts.

Beyond our own network, we contacted all of the economic development agencies in each state and major city throughout New England. Finally, we asked the representatives of each of these economic development agencies that we reached to supply us with a list of programs in the region. Through this method we located 79 Programs in the six New England states.

To assess the level of awareness of the Programs, develop and evaluate formats and identify appropriate channels of distribution, we assemble several panels of members of the Project Focus Group.

First, we asked panel members to identify Programs for members of the Project Focus Group. The level of awareness of various Programs among members of the Project Focus Group was low. While most states offer in excess of ten Programs for members of the Project Focus Group, most panel members were not aware of more than three Programs.

Next, we developed of various version of program descriptions employing differing formats. The panels reviewed and evaluated the various elements of the data describing each Program to be included in the book. They reviewed and evaluated various formatting approaches. (see Appendix II)

Finally, we sought the panels' input on methods of distribution. The panels suggested that we secure the help CDC's throughout New England in distributing the Guide.

## **V RESULTS**

Through this process, we had to do four things: collect information on Programs throughout New England; determine the level of awareness of the Programs by the Project Focus Group; develop and evaluate various program description formats for the Guide; and, identify appropriate distribution channels.

We identified and collected data on 79 Programs in six states. Based on surveys of panel members, we learned that members of the Project Focus Group generally were only aware of 30% or less of the Programs available to them. Panel members preferred formats that emphasized simplicity and brevity vs. exciting graphics and detailed explanations. Finally, panel members saw CDC's as a viable channel of distribution.

## **VI CONCLUSIONS/RECOMMENDATIONS**

Input from the panels significantly altered the format of the Guide

For example, we initially had consider producing the Guide on diskette. However, our panels indicated that a large portion of the Project Focus Group does not own personal computers.

At the beginning of this project, we were sure that there was a need for a Guide of this sort. Given that our organization, LEAF, has been involved with financing members of the Project Focus Group for more than a decade, we thought that knew the most effective format for the Guide. Clearly, sensing the need, we had no intentions to get further input from members of the Project Focus Group.

During discussions in NHC/CED project group session, it was suggested that we seek

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this input.

Looking back, we see that our product would have been significantly less useful if we had not obtained input from the Project Focus Group.

Finally, we learned that the process always took longer than we anticipated!

## **IMPLEMENTATION PLAN**

1. Identify all available financing programs in New England  
1/1/93 - 3/1/93: Intern
2. Obtain descriptive information for each available financing program.  
2/1/93 - 4/1/93: Intern
3. Review the material and prepare synopsis of all relevant data  
2/1/93 - 5/1/93: Intern & TDR
4. Assemble Project Focus Group panels  
1/1/93 - 4/1/93: TDR
5. Obtain the panel determination of the desired data elements  
4/1/93 - 6/1/93: Interns & TDR
6. Analyze panel responses  
5/1/93 - 7/1/93
7. Develop several "trial" formats/layouts of the desired data elements  
6/1/93 - 8/1/93: Intern
8. Obtain the panel determinations of the desired format features  
8/1/93 - 9/1/93: Intern
9. Prepare draft manuscript of the book  
9/1/93 - 10/1/93: Intern & TDR
10. Obtain the panels critique of the draft manuscript  
10/1/93 - 11/1/93: Intern
11. Prepare Final Manuscript  
11/1/93 - 12/1/93: Intern & TDR
12. Identify organizations that can effectively distribute the book to members  
of the Project Focus Group  
9/1/93 - 2/1/94: TDR
13. Begin the process of preparing the next edition of the reference guide  
3/1/94: TDR
14. Go to step one