

Testimony of Michael Swack  
Community Economic Development Enhancement Act of 2002 (HR 3974)  
Subcommittee on Housing And Community Opportunity  
Financial Services Committee  
September 17, 2002  
2128 Rayburn Office Building

Honorable Committee Members, thank you for inviting me to testify in front of your committee on the Community Economic Development Enhancement Act of 2002. I am currently the Director of the School of Community Economic Development at Southern New Hampshire University, a position I have held for the past 20 years. The School of Community Economic Development is, as far as I know, the only School in the country that offers both masters and doctoral degrees specifically in the discipline of community economic development. I wish to share with you, briefly, the perspective I have gained as an educator and practitioner in the field of Community Economic Development and then respond to the questions you have posed with respect to the proposed legislation, HR 3974.

The School of Community Economic Development at Southern New Hampshire University serves adult practitioners working in the field of community economic development. Most of our students work for private, non-profit community development organizations. Students enrolled in our masters degree program attend classes 3 days per month over a period of 2 years. They commute from all over the country. The average age of our students is 37 years old, and they range in age from their mid- twenties to early sixties. We accept about 50 new students per year in our weekend masters program. Over the past 20 years we have graduated close to 1000 students. Over half of our students have been African American, Latino or Native American. An independent survey of our graduates conducted in the year 2000 revealed that over 90% of our graduates have remained working in the field of community economic development since graduating from our school.

The mission of the School of Community Economic Development is to provide education and training to a diverse group of community economic development practitioners, policy makers and community leaders and equip them with the knowledge, skills, tools and techniques to have the greatest impact in improving the economic and social well-being of their communities. We define community economic development as:

- A strategy for people to develop the economies of their communities while providing benefits for community residents.
- A systematic and planned intervention promoting economic self-reliance, focusing on issues of local ownership and the capacity of local people
- A program for helping consumers become producers, users become providers and employees become owners of economic enterprises.
- A method of building efficient, self-sustaining and locally controlled initiatives that support profitable ventures and effective social programs.

- A commitment to working within the context of a community's social and cultural values.

Our curriculum is unique. It is a “business school” type curriculum but the materials, cases and readings are specifically geared for people working in the community economic development sector. Students are required to take courses in accounting, financial management, business development, financing community economic development and organizational management. Over a third of the credits they earn in the program are through the design and implementation of a project, carried out in their home communities. Faculty and staff provide technical assistance to the projects and students are part of a project group of peers who are often working on similar projects in their own communities. A number of elective classes are offered in areas such as housing and real estate, marketing, negotiation strategies, and microenterprise development. Students are also required to submit work on-line and participate in on-line activities. Faculty members are not just academics – all have experience working in the field as well.

People apply to our program because they want to become more effective practitioners - this is what they tell us in the personal statements they write when they apply to our School. They also tell us they are committed to working in the field of community economic development because they want to improve the quality of life in their communities – urban, rural and tribal reservations.

What we have learned over the past 20 years is that education works. This is not surprising. As Americans, we have a strong belief that education can build skills and improve the quality of life for our people. Our model, which combines class room learning, peer support and practical application of skills in the students' home communities has enhanced practitioner effectiveness. People have developed practical skills, built leadership skills, developed contacts and networks and have used these skills and networks to build more effective organizations –organizations better able to develop projects, build housing, leverage financial resources, innovate and sustain themselves. Our model is not the only effective training model in the field today. There are other initiatives aimed a building the “human capital” in our field and many have also been effective.

So how will this legislation help build the field of Community Economic Development? The letter from Chairman Roukema, inviting me to testify, poses all the right questions and they are not easy questions to answer. I will try to briefly address these questions.

The questions posed: Why do we need a program like the one contemplated in HR 3974, since the Federal Government currently spends billions of dollars on community renewal and revitalization programs? What tangible results can we expect from such a program? How should groups be selected for funding? How have the challenges facing the CDC industry changed over the years? What approaches are required to help communities rebuild?

Most programs funded by the Federal Government fund “projects”. However, if local communities don’t have the **skills** to develop and manage projects they won’t have access to the funds. Building the capacity of local people and local organizations is key to the development process. Without proper skills and leadership, community organizations either don’t access funds, or if they do, the projects they develop either fail altogether or fail to serve community members in need. Funders have frequently resisted funding activities that build organizations. They don’t like to pay for salaries or education. They want “concrete” projects – literally. In fact we need funds for both concrete and human needs if we really want to build communities. Physical and human capital are both important. H.R. 3974 recognizes this need.

In order to access funds an organization should be able to present a clear business plan with goals and objectives. Funding should be tied to achieving goals and objectives. The CDFI Fund at the Department of Treasury, among others, has developed a good process for the type of evaluation. Funds should also be used to provide education and training to younger, less experienced groups so that they can develop these plans. Smaller amounts of funds should be made available to younger, “emerging” community organizations, particularly ones serving communities not served by other organizations. The legislation should also fund educational and training initiatives that are substantial, rigorous and well-designed. Educational and training funds should allow for a range of different providers and initiatives that can serve different constituencies and different regions.

The CDC industry has changed over the past 20 years. Although still asked to blend economic and social goals, CDCs now need to be much more sophisticated organizationally and financially in order to succeed. Deals for housing and business development are often very complex. Over the past two years, the School of CED has sponsored the Financial Innovations Roundtable ([www.finir.org](http://www.finir.org)). The purpose of this Roundtable is to develop concrete ideas that link conventional and non-conventional lenders, investors and markets in order to provide increased access to capital and financial services in low-income communities. Members of the Roundtable include representatives from banks, investment firms, CDCs, CDFIs, foundations and government agencies. A number of innovations have come from the activities of the Roundtable. One thing the Roundtable has made clear. If we are to move community development to the broader capital markets, we need community development practitioners to develop the skills, knowledge and tools appropriate to the task. CDCs need a stronger skill base now than they did 20 years ago. Investment in education, training and technical assistance will enhance and protect the financial investments that need to be made. Using funds to build indigenous CED leadership in low-income communities is vital.

I believe that the proposed legislation, HR 3974, or some variant of it, can make an important contribution to building the capacity of CED practitioners. It will help build stronger, more stable community organizations, better able to develop viable projects, get them financed and improve the quality of life in poor communities. Thank you.