Community Capital Podcast Transcript

Jenan Jondy: Hello and welcome to the Community and University MSU Center for Community and Economic Development podcast. Aimed at providing outreach to both community members and students throughout the state of Michigan. The mission of Regional Economic Innovation (REI) is to stimulate innovative economic development in the most distressed communities within Michigan. The REI University Center embraces a culture of regional collaboration and knowledge sharing between economic development professionals and committed scholars. The Centre's model provides responsive community engagement, strategic partnerships, and collaborative learning to support the creation and identification of innovative tools, models, practices and policies to increase the number of small businesses, create access to job skill development, improve public infrastructure, advance high growth entrepreneurship, and encourage global competitiveness. To strengthen underserved communities and historically excluded citizens. REI focuses on four key pillars of community and economic development that together will build up the resilience, sustainability, and equity within the communities in which it partners. The four pillars include resiliency planning, financial resilience, circular economies, and the 21st century communications. You can learn more about this by visiting REI at reicentre.org. I'm Jenan Jondy, Regional Economic Innovation Coordinator, one of the hosts for Community and University. And today I'm joined by 2021 REI Innovation Fellow, Chris Miller. Innovation Fellows provide support and coordination on the ground to turn concepts into actions and implement new economic development tools, models, policies and practices. Chris is also the Chair of the National Coalition for Community Capital. Listeners should also know that I am also a board member of NC 3. Good afternoon, Chris, and welcome. I'm excited to have you as a guest.

Chris Miller: Good afternoon. That is a powerful agenda that you guys have here at MSU REI.

Jenan Jondy: This is a mouthful.

Chris Miller: But it's all great stuff.

Jenan Jondy: So, let's start out with you telling me a little bit about yourself and your 2021 Innovation fellowship.

Chris Miller: I've been happy to do that, So I began really focusing on economic development as a member of my small city, Adrian, in southern Michigan in 2009. I had moved to Adrian. My wife and I had moved in with our 4 kids in in 1999 and we immediately got involved in the community and discovered that it was not quite the vibrant downtown, especially in community that we thought it was or two for your post-secondary institutions Adrian College and University within the city limits as well as Jackson College, a Community College out of Jackson that also had a campus there. So, we thought it was going to be this kind of vibrant smaller college town, 22,000 people, about 100,000 in the county. And that didn't turn out to be the case. And so, I got involved in the downtown initially, ended up being appointed to the Downtown Development Authority board and realized that if I wanted to do more and have a bigger impact that I needed to do something different. So, I was appointed to the City Commission and then elected to the City Commission and again came to the epiphany that I would have more luck doing economic development on the ground in the city than I would directing the city administrator as part of the City Commission. And so, in 2009, I resigned from the City Commission and went to work as the city's economic developer. That was, you may remember, 2009, the Great Recession. Not that great and perfect timing. Yeah. So, I had no economic development training, no business training, no finance training. All I was passionate about community and figured out I'll figure this out. And so the number one challenge right there for any at that point in time anybody doing economic development was access to capital because it wasn't available. had businesses in my community that had 20-year relationship with the bank, and they couldn't get $100,000 to add a new product. So, I started reading about communities that had found a typical way to put capital together and stumbled across 2 authors. Michael Schumann, who is the most prolific of the writers on community, capital and local investing and recirculation of capital, etcetera. And Amy Cortese who was writing at that point in time a lot for the New York Times. And she had written her own book called Local Vesting. And Amy's book was a series of gentle case studies about communities across the country that had found an interesting way to put capital together and get something important down in the community. And we, I got a few of the people in the community reading these books and we decided that what we really should do was invite Amy to town because you know people from New York come to Adrian, MI, all of them, and speak at a quarterly economic development luncheon that we had. So, we went to our local Chamber of Commerce executive director, who was a really forward-thinking woman named Anne Hughes. And we said, Anne, would you invite Amy Cortese to come to town and speak at an economic function? So, Anne did. And Amy came surprisingly, and she's a New York City person and so she didn't drive. So, we had to pick her up at the airport and drive her everywhere. And I got to do a lot of that, and she then presented. We had 50 or 60 people in the room, so it was a big deal. And she's about 5 foot tall. And she stood in front of this room behind the mic, which almost dwarfed her, and she told her stories. And she wasn't a public speaker. She's a great writer, but she wasn't a great public speaker. But the room was dead silent the whole time, and she got a rousing round of applause at the end of it. And it was inspirational because of the story she was telling. And there's actually a Michigan story in her book, and it's Cops and Donuts in Clare, Michigan. And in that story, there was a third-generation bakery that had been there since the early 1900s and it was going to close and there was nobody to take the business over. No more family, no staff wanted to take it over. So the nine members of the Police Department pooled their resources, bought it and renamed it in a moment of genius Cops and Donuts. And it's now the second largest employer, Ithink, in Downtown Clair, and they've actually franchised it out. So those were inspirational stories. And the two things that happened really directly from Amy's presentation was we had a group of folks who had been talking for a couple years about buying a building and fixing it up. We had quite a few really beautiful historic buildings downtown that were just having a hard time and were empty or being foreclosed. So they ended up pulling together about two dozen local investors, none of them big professional investors, mostly just regular folks that had been OK, done.

Jenan Jondy: So, can I ask you

Chris Miller: Yes, if you don't stop me, I'll keep going

Jenan Jondy: But it's very interesting because I feel like at that moment, you know when they heard these inspirational stories, this was in the time of you know, the recession and you know many businesses were you know, struggling if not, you know, shutting down. Did you sense the room at that moment that there was buy in around community capital and support or were there certain individuals were still hesitant about it? What was the environment?

Chris Miller: Yeah, it was certainly a mix. You know, we, we had some very traditional folks, including all the traditional bankers and everything that was in the room now. And so, the JOBS Act had passed, and you referenced the JOBS Act. And then and so we knew that there was legislation that it passed, but this was 2013.

Jenan Jondy: So, can you tell us what the JOBS Act is?

Chris Miller: So, the JOBS Act was legislation that passed in DC in 2012, in spring 2012, and signed by the president by President Obama. And actually, Amy Cortese and Michael Schumann, the two authors I met, were both in the Rose Garden for that, because they were a part of that kind of ecosystem realm. Michael probably deserves a significant amount of credit for the idea itself, although he was not in the one of the attorneys that made it happen. But in any event, so the JOBS Act empowered the about 90% of the population that are what what's called non accredited investors. This is, this is a vestige of the stock market crash and the Great Depression when the federal government created the Securities and Exchange Commission, the SEC And the role of the SEC, as bizarre as it sounds, is to protect US American investors from making bad investment decisions

Jenan Jondy: So, the SEC practically is protecting, quote on quote, protecting 90% of the population.

Chris Miller: That's exactly right

Jenan Jondy: So, doesn't that remove the 90% from being able to invest and to grow wealth?

Chris Miller: That's exactly what it does. And but it was, you know, you heard when you when you learned about the Great Depression, you heard horror stories about women or widows that lost all their life savings and all that sort of thing. So, it was a logical response in some sense. What evolved starting in 33 and in 1940 and then even some legislation that happened later and some rulemaking that happened later was this division into accredited investors which wound up being most of the time about 10% of the population and non-accredited investors. And that line of demarcation was purely an issue of wealth. They concluded if you had enough money, you must be smart enough to invest in it. If you didn't have enough money, you weren't smart enough to make a direct investment.

Jenan Jondy: So, what would that be? What is enough money to be an accredited investment?

Chris Miller: Yeah. So today it's $1,000,000 worth of net worth not including your home or a couple, $100,000 in income. I think it's 150,000 for an individual and 300,000 for a couple. Something along those lines. Don't quote me on that.

Jenan Jondy: if I'm an accredited investor, where would I be able to invest anywhere?

Chris Miller: Anywhere that anyone, any amount, whatever you want to do.

Jenan Jondy: And so, I'm let's say I'm 90% you know in the 90% of the non-accredited. How does this limit my investment?

Chris Miller: It would limit you by prohibiting you from doing any of that and it would require you to use an intermediary to make an investment decision for you. So, you would you have to go to an investment advisor or a banker or ACPA and have them make investment decisions for you.

Jenan Jondy: And so I wouldn't be able to make that on my own. I would have the advisor make it on my behalf on how they see fit.

Chris Miller: That's correct. Yeah. So, it really disenfranchised many of us, most of us for a long time. You know for over 70 years that's been the case. So, so the JOBS Act did that. So, it promised and there was lots of recognition at that point in time in 2013 after the bill had passed that communities needed to find way for capital. So, at the same time that's happening. Of course, part of what also happened in the Great Recession was bank consolidation because there were new rules. And so, we had this this you know kind of perfect storm. And then when you add in the growth of online shopping which has really started to take off in that same period of time. You have this trifecta of happenings that come together and say it's really going to be tough for communities to make decisions about what's built in their communities because they don't have very much control of the capital that's in their communities anymore. So, between not having a local banker who can make a decision, this is a good guy. We're going to give him a business loan to some guy, often in another state, who's looking at a spreadsheet and making that decision. And what's that spreadsheet better saying that we're getting more out of that community than we're putting into that community.

Jenan Jondy: And then I'd actually like to add to that, one of the issues when you're thinking about investors that are not part of a community, what happens is when that business shuts down, those buildings are boarded up or what have you that the responsibility now becomes in the local taxpayer. And this is a burden on the community that creates further disinvestment or can create further disinvestment. So can I want to have you like finish a little bit about that. But I also want to like the idea of what does community capital look like? You know, is it, you know, a group of people bringing money together, How does it, how does it actually work?

Chris Miller: So, at NC 3, we've spent a lot of time thinking about community capital and talking about what it means. And so, for us it means when a when a significant portion of the regular people in the community, you know a broad cross section of the community makes a meaningful for them, a meaningful investment in a project that happens in their community. And again, this the JOBS Act empowered all of those folks to make a decision. And then the rise of investment crowdfunding which was really created by the JOBS Act and similar legislation in a lot of states including Michigan where state-based exemptions happened. We now have had an experience of the JOBS Act wasn't empowered by the SEC until 2016. So, it actually took four years from when the legislation was written until it was actually enacted. And but since then, since from 2016 until 2024, there's been well over a billion dollars of money invested, most often a little less than about two million non-accredited investors have been investing in small businesses and tech and green businesses and a lot of other things. And starting recently real estate, we've seen a lot of investment. Regular folks have been making investments in that. I've been involved in a number of investment crowdfunding campaigns here in Michigan, in my own community and elsewhere, and I've watched time after time how that happens, how it brings people. So, when you get this project done, you're excited about it because you believe it. And it's a good thing because this is not going to be some big corporation from somewhere else coming in and occupying some space in your community. It is a local business, somebody that you might know or friends of yours are related to or go to school with your kids or whatever, whatever. So, you feel good about that project getting done, but now you have this added layer. We're also bound together financially. And you know, finances are intimate to our lives, right? And critical to our lives and to our communities, it is the lifeblood of our community. So now we have an opportunity to invest local and to make this thing happen that we're very proud of and that we do have our birthday parties and business meetings and book clubs at because we believe in it. But also does some other really interesting things. So, one of the real challenges in wealth building today is we do not have wealth builds when capital recirculates. So, people don't necessarily think about that happening. But so I live in community X, and I get a job and I pay taxes in X. And then when a paycheck comes in, I go to town, and I spend some money at a restaurant. And I go to a local supermarket, and I go to a local hardware store and a local clothing store and a local food store. All of those proprietors, when they get my money, invested in a bank, and they spend part of it also in the community, one of their suppliers and that sort of thing is that recirculation of capital that builds wealth. And in communities where we don't have recirculation of capital, it is virtually impossible to build wealth. One of my favorite examples of this in a sad way is in the city of Detroit, where NC 3 is doing a big project we're very excited about in southwest Detroit. But in Detroit, when a dollar comes into the city of Detroit via somebody's paycheck, it exits Detroit in less than 20 minutes. So, there is no way to build wealth with that dollar because it's no longer in the community and it's no longer in the community because there aren't community-based businesses. There aren't enough of them to get that dollar and reinvest it two or three or five or six or ten times.

Jenan Jondy: So, correct me if I'm wrong. So, what you're basically what I'm hearing you say that communities connected to the individual, individuals connected to the community. We need each other. And if we don't build and stabilize like our local economies, then the individual and those families living in those communities also pay a price from that. But when we actually circulate and recirculate that wealth within community, then I also benefit from that exactly right.

Chris Miller: It is. It really is the only way to build resilience in local economies is to find ways to circulate that capital. And everything that we've done, everything that the that our free market system has done has worked against that because it is, it is rewarded behavior which. Which sort of codifies the kinds of businesses, creates the same. The easiest thing is to create the same thing over and over again in a bunch of different communities and then sort of impose the will of these big corporations on those communities. And they are simply places to harvest capital for them. You know, are the numbers there. Then Good, let's put a store there and we're going to take as much out of that as we possibly can. It's good business and it is good business when you look at it from that lens.

Jenan Jondy: I always say good business for who. It’s good business for those who are getting a return on investment and they're the top you know percentages you know in the US and you think about ways that community capital, you know benefits local community, but is it anecdotal. So this sounds like a great idea. How do we know it works? Why should we start this?

Chris Miller: So, and it's a great question and that's really been one of the challenges when we started talking about this in 2012 and 2013, it was purely anecdotal. We had no real ideas. We all had this sort of gut feeling, you know, if it looks like a duck and it talks like a duck and it's a duck, you know, but so the, the completely transparent answer is that we are only sort of certain about some pieces of this. We have seen some really promising data. We've seen lots of really promising anecdotal stories where we can point to those kinds of things, and we can point to individual projects that happen in individual communities and we can demonstrate how much more they're paying in taxes and the people that are employed and where they live. And those things all look very good. We're just starting to see an aggregate of a lot of data on the investment crowdfunding world and its good stuff. One of my favorite places to point is a platform called Honeycomb Credit, and Honeycomb has made a real effort across the country. They work in about 30 different states, maybe more. They'll get mad at me if I got those 30 or more guys. But they have really made an effort to work in more challenged communities with women founders, with the founders of color and they have been overwhelmingly successful in getting those businesses started in those communities. And so, we can see some really direct things. So, for example, the venture capital world and you know when you hear about financing business, VCs are always talked about Angel investors, venture capitalists. Again, that's the top 10% that's doing that. Last year they gave less than 3% of their money to women founded businesses. It's hard to imagine how that could even happen.

Jenan Jondy: That's actually unbelievable.

Chris Miller: It is an unbelievable statistic versus Honeycomb credit that is now giving about 40% of its money to women founders and the similar percent to founders of color.

Jenan Jondy: So, does community capital speak more to more to equitable economic development?

Chris Miller: It speaks directly to equal economic development because it is it provides a measure of equity and opportunity that traditional capital hasn't done for a long time. And I want to say one of the things because it was key to some work we've done here in Michigan. So, in Canada they have a much easier job of putting tooled investment vehicles together. It's very difficult in the US to put in this. And part of what NC 3 is on is working on the policy side to get some new legislation federally and also some state-based legislation. In some circumstances we can move the needle on this. But in Michigan, we introduced some investment crowdfunding legislation that when we get it done, we'll be first in the nation, we think. And essentially, it's going to provide a State of Michigan income tax credit to any Michigan citizen who invests in a Michigan business as the IRS would define that business.

Jenan Jondy: So, you you're referring to House Bill 4691, Public House Bill 4691.

Chris Miller: Yeah, exactly. That's impressive that you knew that. Yeah, maybe you've helped with it. So anyway, House Bill 4691 provides a State of Michigan income tax credit equal to 50% of the amount of the investment. So, I'm going to be limited in terms of how much I can invest in the bill.

Jenan Jondy: Why? Why would you want to limit so?

Chris Miller: So, both the both federal legislation and state legislation all limits the amount of money a non-accredited investor can invest. In this bill, we were able to persuade the Michigan Department of Treasury to not oppose legislation which involves a tax credit, which they do as a matter of course. Understandably, a tax credit is an unknown on a future spreadsheet, and so you don't want it on loan liability in a future spreadsheet if you're ACPA like Governor Snyder was part of the reason he eliminated those because he didn't like that or if you are responsible for the Treasury Department. But fortunately, in Canada, they've got a much easier job putting pooled investment vehicles together. And so, in Nova Scotia in 1999, they set up a pooled investment vehicle that everyone in Nova Scotia, all the regular folks could invest in and then would turn right around. That pool would then be turned around and invest in local businesses to get them expanded or starting or whatever the case may be. And in 19 or in 2019, someone did some scholarly research on that for the first time, and I got a hold of that white paper in 2020-2021 about the time I was doing the fellowship here. And so that demonstrated the efficacy of this kind of investment. And ,I'm I'll just give you some high numbers that are mostly accurate, might have been a little bit. So in 2019, regular Nova Scotians invested $2,000,000 in that pooled investment vehicle that cost the province $700,000 in tax credits. They took that $2,000,000 and they invested in it about 115 small businesses or start-ups. And those businesses created 1200 full-time employees FTE.

Jenan Jondy: Wow, that's amazing.

Chris Miller: Yeah, and they were paid about $58,000,000 in wages and taxes and salaries, which generated for the province and an additional $25 million in new taxes for $700,000. So that's a cost per job of less than $600.00 per job. They've created jobs. So, if you talk to my friends at the MEDC about how many jobs they're creating for $600 a job, they will just laugh because they spend a lot more to do it. Now they're doing different things with it. But nonetheless, it's really, really effective. And so that was how we persuaded the Treasury Department to say, let's give this a go because this might actually result in more income for the Treasury Department, not less income because of the tax credits.

Jenan Jondy: So, I'm even thinking now we've got a greater benefit to community capital investing locally. It's generating you know more revenue that is taxable and then that benefits not just your local community but impacts your state in a positive way. So, you know this kind of investment has many, many levels. So, I'm kind of curious and it's all about your comfort level Chris. You know did you, do you have any personal experience in working in community capital and not on the you know development side, but you know have you pulled resources within your community to create a business. Can you speak to that?

Chris Miller: I can so first of all when Michigan, so ,we passed our own investment profiting law in 2013 and at that time I was made aware of some entrepreneurs in Tecumseh the neighboring community to our second largest city in Lenawee County that wanted to they wanted to create a micro-brewery. You know it was a big thing. It's still a big thing in Michigan but it was really a big thing. And then and this team came from a guy who came from California to go to the law to the Business School at the University of Michigan. That other school and his partner who was the son of entrepreneurs from Tecumseh, MI and they ended up working at an establishment in Ann Arbor where the guy from California ran the business and the other guy brewed the beer and they decided to form a partnership and build a business in Tecumseh. They did a friends and family raise and raised enough money to buy a building. So, they owned the building free and clear. This is 2013. And they couldn't get a loan to add on to that and to buy the equipment, to build out the kitchen, to build out the brewery, all that stuff. And I got introduced to them right about the time where Amy had put this idea in my head to do this investment crowdfunding exemption for the state. And I really naively told these guys we're going to get an investment crowdfunding law done in Michigan and you could be the first company in the in the state to do that. And that actually is exactly what happened. So, we introduced it in fall of 2013. I was in Governor Snyder's office when he signed the bill at the end of 2013, and they were the first business in Michigan, and they raised $175,000 from a couple dozen people in the community to create their business. And then more recently during COVID, my wife and her business partners decided that they wanted to open up a cafe in downtown Adrian.

Jenan Jondy: Sounds like a good time to open up a cafe.

Chris Miller: Yeah. But so, they started working on it before COVID and we secured a building. And because I me, they had to do an investment crowdfunding raise for it. But we raised $120,000 from 45 investors from 7 different states who all invested in the Buzz Cafe and Marketplace in downtown Adrian. And they opened up in during COVID when you couldn't have anybody in your restaurant. And so for the first six months it was partial capacity, no capacity and partial capacity until they got done. They just had their third anniversary and it's the kind of people where those investors come in and have book clubs and business meetings and birthday parties and breakfast every Friday or every Saturday kind of thing.

Jenan Jondy: So, if this bill actually passes and it goes into law, what does it look like for me as an investor man in my local community? What does it look like for a business in my local community?

Chris Miller: So, it means that that the business can go, you know we're going to and we expect because this is such a significant incentive, a 50% incentive on top of the return on investment that you hope to get from that investment. And so we expect businesses to be all over this and we're working with the MEDC and the Michigan Municipal League and a bunch of other organizations including Michigan State University to get the word out on this. But it's very broadly supported in the business community. So they recognize the value, but they will be able to then to go on a platform and put their offering up. And virtually 95% of the time is what a business wants to do. They use a platform to do it because they can manage all of that.

Jenan Jondy: So does that look like a crowdfunding platform?

Chris Miller: Exactly. And as a Michigan citizen, I can invest my money in it and I can invest up to $3000 in that. And that's what is eligible for that 50% tax credit. And then come tax time, then that that actually gets submitted to the Michigan Economic Development Corporation and they will approve that. Essentially what they're saying is this is a Michigan citizen. They're investing in a Michigan business.

Jenan Jondy: So, what does that look like If I'm thinking of distressed populations, right? I want to invest in my local community. I don't have thousands of dollars to invest. You know, I might be at the, you know, poverty level, my family and I. And if I decide I'm going to invest, I'm going to put, you know, $200 a year and invest in that. But I don't fit any. You know, I don't. I'm not in the bracket to be taxed, so I'm not going to get that tax credit. Is there a way for me to accrue that?

Chris Miller: Yeah. So the tax credit is designed, it was very thoughtful about that kind of investor because candidly those are the people we most want to have the, the expectation that we're going to invest in our own community. And so we're really very interested in fortunately in investment crowdfunding and in a lot of the platforms they recognize that and it's very common to be able to invest $100 in a project like that. So if you don't need a tax credit, we set the law so that you can carry forward that credit up to 10 years or until you exhaust the credit. So this year you don't need it or next year you don't or the year after, if in year four or year seven or year nine or year 10, you need it if still there for you.

Jenan Jondy: But how's the, I mean that's amazing that you can do that and I like that the legislative piece in there because it is looking at you know distressed communities and local communities and stabilization even like small businesses. It's all in very intricate. But how do I, how does the state know? I mean I can report that I, you know invested in a, in a local business, how is that going to be verified.

Chris Miller: Yeah, that's that MEDC part that's going to identify you and they'll they will issue, you know the MEDC I should say has not been assigned this yet. They know about it. We've worked with them on the bill and they know roughly what they're going to be responsible for. In fact, have they have a request in for funding as part of this bill. So they know they can do the management of the bill, but they will determine that and provide some sort of verification of your investment that you would then use at the time of your income tax or with your income tax advisor.

Jenan Jondy: So what if a local business wasn't Michigan owned or it was maybe 5050, are you allowed to, you know what are, what are the details on this bill that you would be able to receive that incentive or that tax.

Chris Miller: So we're using because again it's easiest and cleanest we're using how the IRS would define that business. And so there's a rule that's called the 80% rule and basically said that 80% of the assets and sales staff are within the state of Michigan that would qualify as a Michigan business. So we're using an external verification of the qualifications of being a Michigan business.

Jenan Jondy: So what would this look like for a family owned business if you have, you know, a large family and that family wanted to invest in your business, Are family members, would they also receive that tax credit or are they excluded from this?

Chris Miller: Not immediate family, but everybody else in the family could have us.

Jenan Jondy: OK, thank you for that. And then you know I've had, you know I've had discussions with people and you know around community capital and we know going back to the discussion that we had on accredited and non-accredited investors this you know quote on quote protection or protecting people from making you know bad investments if you will. And we could speak to that on the stock market, we could speak to that on, you know for accredited investors in in a very large way. So how do we know if I'm a local business or there's a local business and it might be set up as a scam and that they could, you know, is there any type of verification of these businesses? You know, should people be concerned.

Chris Miller: So in order to raise capital, there are actually a number of checks on that, both on the state level and the federal level. But like a business that's on one of these platforms, they have to fill out federal forms, which are then verified by them. So the this question of fraud is one that we confronted a lot at the very front end of this process. And what I can tell you is that transparency does a really good job of tamping down fraud. So in the billion, almost billion and a half dollars that we've had, there were, I believe, 3 instances of fraud of the thousands of deals that have happened since then. It's just very difficult to do if everything is open to everyone and it's not done. And actually, I think all three instances were with one particular company and they just made mistakes in that. But so the fact that there's those checks you get to go on and look on the platform, the platforms are all certified by the federal government and financial entity called FINRA that reviews all their documents and approves them or not. And then you can see what the business plan looks like. You can read about the buyout, the, the bio of the founders, who's involved in the projects. And you know, we encourage people to check it out and be

Jenan Jondy: You can actually physically walk over there if you're in the community.

Chris Miller: Well, that's the other piece you know, focus. And when I when I was acting as a city of Adrian's economic developer from 2009 until 2020, I was not intimately familiar with the finances of anybody in the community, with the exception of one or two businesses that I was very close with. And I knew really well what the health of those businesses were by looking at them, watching them operate, watching how they pay their staff and their bills, and they take care of their property etcetera. So there we, we have this ability when we can experience it ourselves to have this sort of internal judgement that these are good people. You know, I know them, I've watched their family. Now that doesn't guarantee you that they're not going to fail, but what we find is that those businesses that are funded by community are more successful. So that is some of the data that's coming out. They are more properly funded. So one of the classic problems of business startups were under capitalization, it's called, so not getting enough money to start at the front end and not being able to survive those first couple years where it's a real struggle to build the business, pay the bills etcetera.

Jenan Jondy: So can you speak to what kind of challenges? I know there are several community capital accelerators, you know, that are kind of like in the in the process. How can communities learn about these, you know, maybe be getting involved in these community capital accelerators being a part of it, engaging maybe with NC Three.

Chris Miller: Yeah, well, we encourage anybody who's interested in this to reach out to us. So, you know we're a fault, a small 501C3 but really active and actually here in Michigan, two of the founding board members of the organization were from Michigan. We still have board members from Michigan on the board. We have a really deep relationship here and we have had thousands of one-on-one conversations about this because we knew we would have to do that at the front end. We were asking people to do something brand new. They've never done, their parents never did, their grandparents never did and we still have those conversations. But now largely, NC 3 is really trying to work on a community level. So ,we still work on individual projects and help with them. But more often than that, we have a community organization that reach out to us, reaches out to us, a nonprofit or a business leader, sometimes the community itself. So the local unit in some cases reaches out to us. But we'll talk to anybody. I'll personally talk to anybody and so I encourage you to come to our website, nc3now.org, very simple National Coalition for Community, capitalnc39.org. And we would be thrilled to talk to you about your community and what you want to do and help you get it done. You reference accelerator projects and this is something that we're piloting right now across the country, not just in Michigan where we are coming in and helping get funds set up or projects set up and helping with the legal structures. We have partners, so we're not a law firm, so we can't offer legal advice and that's what this is all about, securities laws. But we have partners that work in securities laws and know how to do that kind of thing. So we kind of bring all the technical help to the table and training help to the table so you don't have to find it. Your community doesn't have to track that down. That was the thing that I learned on my fellowship. I didn't do a great job advancing community capital during my year of fellowship, but I learned why we weren't doing it. And so that became a very valuable lesson for us and we instituted this, this accelerator program as a result of the fellowship here at Michigan State University and what we learned in that process. And so, so yeah, we're really anxious to help folks and excited about that's what's going to happen. One of the pieces that's particularly exciting right now for Michigan is we've been involved in a process that the EDA which funds the REI center, right. So that's the Economic Development Administration that is the federal government's economic development arm. Relatively small agency and I'll overall, but nonetheless small but powerful. The EDA worked together with an organization called the International Economic Development Council, IEDC, and that's a well, it's international, it's largely in the US and in fact is headed currently by MSU alumni. Just may as well get that in there. And I said accidentally the University of Michigan earlier, so, so very excited about that. But they got some CARES Act money, and the CARES Act money was designed to address those communities and those populations that were particularly badly hurt by COVID and were struggling to recover. And so really very wisely, the EDA and the IDC recognize that what those challenged communities needed more than anything was capacity because a lot of times that gets missed. They throw money at it. They don't even know how to apply for the money, let alone administer it and get that done.

Jenan Jondy: So the number one need that we hear about at REI is capacity.

Chris Miller: Capacity exactly. So they created a new core. It's not AmeriCorps, it's not the Peace Corps. It is the Economic Recovery Core and the IDC is managing that. And in this first tranche of capital, they funded 65 fellows. We're going to work in communities all across the country for 2 1/2 years full time on economic and community development projects. And fortunately for us, NC 3 applied on behalf of the state of Michigan. Because we had to have a specific geography, they wouldn't let us apply for the whole country. So we applied on behalf of State of Michigan and we received a follow and that fellow will be working here in Michigan for 2 1/2 years full time to help us advance this community, investment, community empowerment work that we're doing. So give us a call because we've now got some capacity that we can have today.

Jenan Jondy: Congratulations on that. That's fantastic. I know you've been doing a lot of work. Chris Miller, REI Innovation Fellow and Chair of the National Coalition for Community Capital. Thank you for joining us today. I'm excited to see you know futuredevelopments around Community Capital. Listeners, if you have topics around equitable economic development in distressed communities that you would like to hear discussed, be sure to reach out to me at jondyjen@msu.edu and share your ideas. For more information about REI, please visit reicenter.org.