

USDA grant to MSU Center for Community and Economic Development will investigate small business credit issues in Northern Michigan

Contact: Rex LaMore, MSU Center for Community and Economic Development, (517) 353-9555, lamore@msu.edu; J.D. Snyder, MSU Center for Community and Economic Development: (517) 353-9555, jd.snyder2020@gmail.com or Carla Hills, University Outreach and Engagement: (517) 353-8977, hillsc@msu.edu

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For Immediate Release

LANSING, Mich. – The Michigan State University Center for Community and Economic Development (CCED) has received a grant of \$29,080 from the U. S. Department of Agriculture to investigate capital access conditions faced by entrepreneurs in Northern Michigan.



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The project will start immediately to identify entrepreneurial needs in the 21-county region through personal interviews, surveys, and focus groups, and to detail the gaps, barriers, and snags in capital access confronting the area's business climate and economy.

“The lack of credit and capital is often identified as limiting business expansion, start-ups, and job creation,” stated Center Director Rex LaMore. “We want to better understand the specific details so that we can make solid, research-based recommendations to improve current capital access conditions.”

The six month project will include a major report on the research findings and policy recommendations to improve capital access. Plans are also underway for a 2011 Great Lakes regional conference on rural capital access issues.

“Michigan faces a capital crisis like no other state in the nation. We have had some success helping lenders meet the community's needs through our Business and Industry Loan Guarantee Program, but more needs to be done. This study will help the USDA, the lending community, and the borrowing community to better understand, and resolve, the issues that affect access to capital,” said James J. Turner, state director of USDA Rural Development for Michigan.

The new CCED project will drill down from preliminary data generated by CCED in its recently-completed, nationally-recognized regional comprehensive innovative strategies

**Center for Community and
Economic Development**

1615 East Michigan Avenue
Lansing, MI 48912-2822

517-353-9555
Fax: 517-884-6489
ced.msu.edu

project. That data left no doubt that credit and investment capital was difficult for small businesses to come by.

These findings are included in CCED’s 71-page White Paper, *Capital Access and Investment Strategies in Northern Michigan and the Eastern Upper Peninsula*, available from knowledgeplanning.org. The project was funded by the U.S. Economic Development Administration and the Michigan State University Office of University Outreach and Engagement, Institute for Public Policy Research and Social Research, College of Agriculture and Natural Resources, Agricultural Experiment Station, and MSU Extension.

“The preliminary research we did to support regional innovative strategies underscored the need to go further, to drill down deeper because anecdotal information is simply not sufficient to deal effectively with this acute threat to a healthy economic recovery,” said J. D. Snyder, project director of both the new USDA grant project and the completed EDA project. “We need a more precise understanding of the exact details of problems faced by small businesses in getting credit and capital.”

With this research-based understanding, the project team believes that small businesses, private sector lenders, SBA, USDA, and economic development organizations can together identify strategies and make recommendations to break up the log jam in credit and investment that’s stalling the Northern Michigan economy.

Project work will be conducted by a multi-disciplinary team consisting of Steve Miller, MSU Center for Economic Analysis; Robert Griffore, MSU Department of Family and Child Ecology; Susan Cocciarelli, C.S. Mott Group for Sustainable Food Systems at MSU; and the CCED staff. A strategic advisory group of leaders and researchers from across the U.S. will also provide valuable knowledge and expertise to assure the sound design of robust research and analysis.

The 21 counties in northern Michigan included in the grant are: Alcona, Alpena, Antrim, Benzie, Charlevoix, Cheboygan, Chippewa, Crawford, Emmet, Grand Traverse, Iosco, Kalkaska, Leelanau, Manistee, Missaukee, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, Roscommon, and Wexford.

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