

CONNECTED BY 25:



FINANCING
Entrepreneurship Programs
FOR YOUTH TRANSITIONING
OUT OF FOSTER CARE





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March 2007





FOREWORD

This publication is one of a series of briefs exploring strategies for financing supports and services that help youth in foster care make successful transitions to adulthood. The Finance Project produced this brief with support from the Foster Care Work Group. The Foster Care Work Group (FCWG) is one of three work groups of the Youth Transition Funders Group (YTFG), a collaboration of foundation leaders dedicated to improving the lives of the nation's most vulnerable young people. Foundation leaders participating in the YTFG are committed to achieving a common vision—ensuring that vulnerable youth are connected by age 25 to institutions and support systems that will enable them to succeed throughout adulthood. The FCWG brings together foundation leaders with a shared interest in preparing youth in foster care for their transition out of the child welfare system and providing them pathways to lifelong economic well-being.

In March 2004, the FCWG, with assistance from The Finance Project, created *Connected by 25: A Plan for Investing in Successful Futures for Foster Youth*. *Connected by 25* made the case for and outlined a bold agenda for foundation and government investment in helping youth in foster care become successful adults. An important premise of *Connected by 25* is that as public child welfare systems grapple with their mandate to provide *protection* for all children in their care, preparation for independence and adulthood is often given too little attention. FCWG members chose to focus specifically on *preparation* for economic success, recognizing that youth aging out of foster care are faced with the economic realities of self-support at a much younger age than other young adults and that economic success is associated with a number of positive life outcomes. *Connected by 25* outlined five strategies to connect foster youth to resources that would prepare them for economic success: advocating and supporting educational achievement, facilitating and creating access to workforce development opportunities, providing financial literacy education, encouraging savings and asset accumulation, and creating entrepreneurship opportunities. FCWG members recognize that an important foundation for success in all five strategy areas is connections to caring adults who can offer ongoing support and guidance to youth. Briefs in this series explore funding sources and financial strategies to support each of these critical resources.

Based on the recommendations presented in *Connected by 25*, FCWG members launched an ambitious demonstration initiative to build the capacity of communities to effectively support young people in transition from foster care. This collaborative effort includes sites in Indianapolis, Indiana; Tampa, Florida; and five counties in California—Stanislaus, San Francisco, Alameda, Fresno, and Santa Clara. In each of these sites, funders, child welfare administrators, and community leaders are coming together around the *Connected by 25* vision and crafting efforts to prepare youth in foster care for successful adulthood, based on the unique needs and resources in their community. This brief explores the range of partners and resources that community leaders and program developers can engage to support entrepreneurship opportunities for youth transitioning from foster care. It draws on the experiences of the field as well as the FCWG demonstration sites and aims to further inform those efforts.



INTRODUCTION

Youth entrepreneurship is a youth development strategy that has become increasingly popular in recent years. Changes in the U.S. economy and the advent of the Internet and e-commerce have increased awareness of the importance of enterprising skills and opportunities for entrepreneurship. Many youth see entrepreneurship as an attractive career path—a survey of young people found that 7 out of 10 teens want to be self-employed in the future.¹ Although the reality of small business start-up rarely lives up to the fast track to millions that many dream of, youth involvement in entrepreneurship programs offers several benefits regardless of whether youth end up starting profitable businesses. The skills associated with entrepreneurship include the ability to take initiative and creatively seek out and identify opportunities; develop budgets and project resource needs and potential income; understand options for developing needed capital and trade-offs associated with different options; and communicate effectively and market oneself and one's ideas. An evaluation of the National Foundation for Teaching Entrepreneurship's curriculum found that students who participate in the program increase their occupational aspirations, including their desire to go to college, take greater initiative and assume leadership roles.² Entrepreneurship also provides opportunities for youth to develop a sense of self, to feel connected to their community, as well as to develop partnerships with adults. All are critical life skills and competencies that serve youth well whether they pursue entrepreneurship over the long term or pursue other career paths.

There are three main approaches to teaching youth entrepreneurship skills:³

- **Entrepreneurship Education**—programs and seminars providing an introduction to the values and basics of creating and running businesses. These programs, typically offered in schools or community colleges, often guide youth through the development of a business plan. They may also include simulations of business start-up and operation.
- **Enterprise Development**—programs providing supports and services that incubate and help youth develop their own businesses. These programs go beyond entrepreneurship education by helping youth access small loans or grants that are needed to begin business operation and by providing more individualized attention to the development of viable business ideas.
- **Experiential Programs**—programs providing youth with placement and experience in the day to day operation of a business. In many cases, these programs involve the development of a youth-run business that young people participating in the program work in and manage. In other cases, these programs provide placement in apprentice or internship positions with adult entrepreneurs in the community.

¹ W.B. Walstad and Marilyn L. Kourilsky. The findings from a national survey of entrepreneurship and small business. *The Journal of Private Enterprise*, 11(2), 21–32, 1996.

² Michael Nakkula et al. *Initiating, Leading and Feeling in Control of One's Fate: Executive Summary of Findings from the 2002–2003 Study of NFTE in Six Boston Public High Schools* (Cambridge, MA: Harvard Graduate School of Education, June 2004).

³ Brian Dabson and Barbara Kauffman. *Enterprising Youth in America: A Review of Youth Enterprise Programs* (Washington, D.C.: Corporation for Enterprise Development, January 1998).

Several national and local initiatives provide entrepreneurship supports and services to youth, ranging from national associations and technical assistance organizations that offer training, education, and curriculum development to small grassroots efforts that engage youth in business development. (See Resources for Designing Entrepreneurship Programs.) Although interest in youth entrepreneurship appears to be growing, few initiatives integrate entrepreneurship as a component of programs focused on preparing youth in foster care for independent adulthood. Yet the practical and real-world emphasis of entrepreneurship programs may hold particular appeal for youth in care, who are often forced to face adult realities at a much younger age than other youth. Furthermore, entrepreneurship programs can be particularly effective at engaging youth who have not excelled

Resources for Designing Entrepreneurship Programs

Individuals interested in developing entrepreneurship opportunities for youth in foster care need not reinvent the wheel. Several national organizations already provide information, curriculum, and technical assistance on youth entrepreneurship. Although this brief focuses specifically on financial resources that can support entrepreneurship programs, these organizations can provide information on designing effective entrepreneurship programs.

- The Corporation for Enterprise Development expands economic opportunity for people of all ages and communities of all sizes. The council runs the REAL (Rural Entrepreneurship through Action Learning) Entrepreneurship Training Institutes, which provide curricula, training, and resources to help rural America grow through hands-on entrepreneurship education that prepares active, self-sufficient, and productive citizens to contribute to their communities' social and economic development. For more information, visit www.cfed.org.
- The Ewing Marion Kaufmann Foundation funds and provides resources on entrepreneurship opportunities for youth. The foundation cultivates entrepreneurship on college campuses across the nation through its Collegiate Entrepreneurship Resource Center and nurtures entrepreneurial interest among young people through its Youth Entrepreneurship Awareness program. For more information, visit www.kauffman.org.
- The National Foundation for Teaching Entrepreneurship teaches entrepreneurship to young people from low-income communities to enhance their economic productivity by improving their business, academic, and life skills. For more information, visit www.nfte.org.
- The Small Business Administration sponsors a Teen Business Link to provide business tips and resources for teens who want to start their own business, including financial and legal advice and networking opportunities. For more information, visit www.sba.gov/teens/index.html.
- Youth Venture invests in young people, ages 12 to 20, who create, launch, and lead sustainable, community-benefiting clubs, businesses, and organizations. The organization's website provides resources and information on creating an action plan, budgeting, and sustaining businesses, for youth interested in starting their own business. For more information, visit www.youthventure.org.

Linking Youth Entrepreneurship and Individual Development Account (IDA) Programs

One option to consider in developing support for entrepreneurship is the possibility of linking entrepreneurship programs and Individual Development Account (IDA) programs for youth in foster care. IDAs are matched savings accounts that provide incentives for saving. Youth IDA programs are one of the core strategies encouraged in *Connected by 25*. Because small business development is typically an allowable use of savings placed in IDAs, and many of the same players and resources can support entrepreneurship and IDA programs, program developers may want to consider cultivating support for these strategies as a package of programs. See The Finance Project's strategy brief, *Financing Asset-Building and Financial Education Programs for Youth Transitioning Out of Foster Care* for more information on developing and supporting IDA programs.

in traditional education environments because they offer an alternative means to pursue a successful career. Finally, entrepreneurship programs offer a vehicle for connecting youth with adult mentors who have experience in and ties to the business world.

Developing support for entrepreneurship programs offers opportunities for engaging new and nontraditional partners in supporting successful transitions for youth in care. This strategy brief aims to help policymakers, child welfare administrators, program developers, and community leaders understand the landscape of players, funding sources, and financing strategies that can support entrepreneurship opportunities for youth currently in or transitioning from foster care. It discusses seven strategies that program developers and community leaders can employ to support entrepreneurship opportunities for youth in care:

1. Accessing community and economic development resources;
2. Integrating entrepreneurship into existing education programs;
3. Accessing workforce development resources;
4. Accessing child welfare resources;
5. Accessing other private funding sources: philanthropy and angel investors;
6. Engaging in community fundraising; and
7. Reinvesting business income.

For each strategy, this brief includes key funding sources, players, examples of how youth entrepreneurship programs have used these resources, and considerations for implementation. Although some overlap exists among the seven strategies, each implies a different group of players, funding sources or financing strategies, and considerations for successfully implementing them. Developing a stable and lasting base of support for entrepreneurship programs for youth in foster care will require some combination of the seven strategies. Moreover, while the examples highlighted here represent promising approaches for financing entrepreneurship programs for youth transitioning out of foster care, in many cases, the number of youth served by these programs is relatively small. Efforts to replicate these approaches, as well as to take these types of programs to scale, will require a creative and strategic approach.

Considerations for Launching a Youth Entrepreneurship Program

Program developers seeking to create a youth entrepreneurship program should take into account the unique circumstances facing youth currently in or transitioning from foster care. In many cases, young entrepreneurs need parents, guardians, or other trusted adults to sign or co-sign contractual agreements, including documents to access lines of credit. Furthermore, youth may have insufficient credit history or, in some cases, credit problems. Leaders of youth entrepreneurship programs may need to engage adults who can co-sign contracts or credit agreements for participants as well as provide additional resources for financial education.



STRATEGIES FOR SUPPORTING ENTREPRENEURSHIP OPPORTUNITIES FOR YOUTH TRANSITIONING OUT OF FOSTER CARE

Strategy I: Accessing Community and Economic Development Resources

Various community and economic development resources can support entrepreneurship programs aimed at helping youth in foster care make successful transitions to adulthood, including public resources and resources from community and commercial financial institutions. These resources can include grants that can support entrepreneurship education and business start-up costs, loans that can provide the capital needed to start a business, and expertise, mentoring, and other types of in-kind support.

Many of the most relevant community and economic development resources are those targeted to microenterprise development (MED). A microenterprise is typically defined as a sole proprietorship or partnership with five or fewer employees. Youth entrepreneurship activities will generally fall within this category. Historically, MED programs have supported low- and moderate-income entrepreneurs with training, small loans, and/or technical assistance. The growth of these programs in the United States began in the mid-1980s, and MED gained popularity as a welfare-to-work strategy. While few sources of support for MED are targeted to youth specifically, most of them could potentially be accessed by program developers who serve youth transitioning from foster care, especially those serving youth who are eighteen years of age or older.

Public Programs

At the federal, state, and local levels, government agencies administer a variety of funding sources and

provide technical assistance focused on promoting business development specifically and economic development generally. At the federal level, the Small Business Administration (SBA) administers several loan and grant programs to encourage small business development (see Small Business Administration Resources). The SBA Microloan Program is perhaps the most relevant for youth entrepreneurship programs. Under this program, nonprofit, community-based lenders and technical assistance providers provide small loans and business-based technical assistance to start-up, newly established, or growing small businesses. Individuals applying for loans must be at least 18 years old. The maximum microloan available to a business is \$35,000. Individuals seeking microloans must apply directly to their local microlender. Program developers can reach out to intermediary organizations administering microloans in their locality to determine whether microloan products could be tailored to the needs of alumni and youth in care.

The SBA also funds small business development centers (SBDCs) in each state. SBDCs coordinate resources from federal, state, and local governments, the private sector, and the education community to create a system of education and technical assistance to support new and existing businesses. Each state has a primary SBDC office as well as local satellites. These entities typically offer workshops and technical assistance on business start-up and management. They represent a potential partner

Small Business Administration Resources

- The SBA Microloan program provides small loans and technical assistance to small businesses. For more information on the program, see www.sba.gov/financing/frmicro.html. For a list of microlenders, see www.sba.gov/idc/groups/public/documents/sba_homepage/serv_fa_microloan.pdf.
- SBA Small Business Development Centers (SBDC's) offer technical assistance and education on entrepreneurship in each of the fifty states. For a list of state contacts, see www.sba.gov/sbdc.
- The SCORE Association (Service Corps of Retired Executives) is a resource partner of the SBA dedicated to entrepreneur education and the formation, growth and success of small businesses nationwide. More than 10,500 SCORE volunteers in 389 chapter locations assist small businesses with business counseling and training. SCORE also operates an active online counseling initiative. SCORE mentors entrepreneurs through one-to-one business advising sessions on a full range of business topics. SCORE also provides resources and assistance specifically for young entrepreneurs. For more information, see www.score.org/young.html.

who could develop and tailor entrepreneurial education and technical assistance resources to the needs of youth in care.

In addition to resources for small business promotion, state and local governments leverage and administer various funding programs through economic development offices. One particularly important funding

source is the federal Community Development Block Grant (CDBG). CDBG provides grants to states and localities that can be used flexibly to support a wide range of community and economic development activities. Cities with a population of 50,000 or more receive CDBG funds directly, which are allocated according to local priorities. Each CDBG-funded activity must meet one of the following national objectives: benefit persons of low and moderate income; aid in the prevention or elimination of slums or blight; or meet other community development needs of particular urgency. To meet the first objective, at least 51 percent of participants served have to be of low or moderate income.

Up to 15 percent of CDBG funds can be used to support various public services, such as employment, crime prevention, or child care programs. Entrepreneurship programs, as well as the different supports and services provided to youth in foster care, can be supported with CDBG funds. Besides public services, microenterprise assistance is another allowable category of spending under the block grant. CDBG can be used to provide financial assistance to nearly any existing microenterprise or to help establish a microenterprise. The grant can also be used to fund technical assistance and support services to help individuals develop successful businesses.⁴ Under CDBG, businesses with five or fewer employees, including the owner, qualify as microenterprises. Seeking support for youth entrepreneurship under the microenterprise category within CDBG is an attractive option because these resources fall outside the 15 percent of CDBG funds earmarked for public services. Numerous social services providers compete intensely for these public services funds that are administered by local governments.

Some states have created systems of microenterprise that can provide critical infrastructure support

⁴ M. Flynn, with M. Parry, *Using the Community Development Block Grant to Support Out-of-School Time and Community School Initiatives* (Washington D.C.: The Finance Project, October 2001).

Tips on Accessing the Community Development Block Grant

- Depending on the location, the way in which CDBG is spent may be fairly entrenched and political. If program developers want to advocate for a shift in the way CDBG public services dollars are allocated in the community, working in partnership with residents, service providers, and community leaders will increase the chances of success.
- In many cases, CDBG dollars allocated for services for youth are administered through a city department of recreation or family and youth services, which then uses the funds to support community programs. Establishing relationships with officials from these departments may increase an entrepreneurship program's chances of accessing CDBG funds.
- Local decisionmakers are required to involve community members in decisions about all CDBG dollars. By becoming involved in CDBG consolidated and annual planning processes, program developers can help ensure that policymakers consider how youth can benefit from the various community development projects supported by CDBG.

for youth entrepreneurship programs. For example, the Nebraska Microenterprise Partnership Fund was founded in 1995 to create a statewide system for supporting new entrepreneurs and micro-businesses by funding and coordinating local small business programs that deliver small loans and entrepreneurial training.

Commercial and Community Financial Institutions

Traditional banks, as well as community development financial institutions (CDFIs), can be important partners in developing entrepreneurship programs for youth in foster care. CDFIs are specialized financial institutions with a mission to provide financial products and services to people and communities underserved by traditional banks. CDFIs provide affordable banking services to individuals and finance small businesses, low-cost housing, and community services that help stabilize neighborhoods and alleviate poverty. Many CDFIs operate microlending programs. Because these institutions are experienced in leveraging and packaging diverse community and economic development resources and have a mission of supporting low-income communities, they

are promising entities to approach about partnering to develop entrepreneurship programs for foster youth. Traditional banks, which are required to meet the credit needs of the local communities in which they are chartered, may also be willing to work in partnership to support entrepreneurship opportunities for youth in foster care. Banks may be willing to develop tailored loan products for programs and may also be willing to offer in-kind support, such as mentoring support or technical assistance on developing and implementing business ideas.

Community Reinvestment Act

The *Community Reinvestment Act* (CRA) was designed to encourage banks to meet the financial credit and service needs of low- and moderate-income neighborhoods. The CRA does not appropriate public funds. Instead, the law requires banks to use their private-sector resources to meet the financing needs of all communities in which lenders conduct business. Under the CRA, examiners from federal regulatory agencies assess and “grade” a lending institution’s activities in low- and moderate-income neighborhoods every two years for large banks and less frequently for smaller banks. These scores are

Tips on Creating Partnerships with Banks and Financial Institutions

- Establish a relationship with lenders in a bank's community development lending department (as opposed to a business banking unit). These professionals are more likely to understand the unique needs of start-up businesses, more knowledgeable about SBA and other products that meet the needs of small enterprises, and may be able to be more creative in structuring a loan.
- Investigate whether the bank offers any retail products (as opposed to commercial products) that are better suited to the needs of a start-up enterprise.
- Seek out banks that participate in the SBA's Certified and Preferred Lenders Program. They may be more responsive to the unique needs of entrepreneurial endeavors.

used to determine a bank's overall CRA rating. This rating is important to banks; a poor CRA rating can result in a regulatory agency delaying or denying a lender's application to merge, open branches, or expand services. Moreover, a positive or negative CRA rating can have a powerful effect on a lender's public image and, consequently, on its long-term business performance.

Youth entrepreneurship initiatives can partner with banks in their communities to support financial and economic development programs for youth, including entrepreneurship programs. Through these partnerships, initiatives can engage financial institutions to provide start-up loans and low-cost financing for small business development as well as to support entrepreneurship training programs through grants. In addition, lenders can receive CRA credit for in-

kind contributions, such as photocopiers and computer hardware and software. For more information, see The Finance Project's *Using the Community Reinvestment Act to Help Finance Initiatives for Children, Families and Communities* at www.financeproject.org/Publications/CRA.pdf.

Considerations

- Many community and economic development resources that can potentially support youth entrepreneurship are not targeted to youth or young adults. Program developers seeking to tap into these resources will need to make a compelling case of the importance of and need for youth entrepreneurship programs.
- Entrepreneurship programs have two financing needs: (1) the ongoing operating costs of the program itself and (2) start-up costs of new businesses. While some community and economic development funding sources can provide ongoing support, others may be limited to one-time investments or loans. In approaching community and economic development funders, program developers need to align their financing needs with the potential funding sources that can support these programs.
- Accessing federal block grant dollars, such as CDBG, depends on the ability of community leaders and program developers to form relationships with those controlling the allocation of funds. Although these funding sources can provide longer-term support for youth entrepreneurship, some up-front investment is needed to educate decisionmakers and potential partners about the needs of youth in foster care and the benefits of the proposed program.
- Those controlling community development resources likely approach their work from a business background. Program developers will need to be conversant in business language and prepared to answer "bottom-line" questions about the costs and benefits of their program.

Youth Entrepreneurship Program

The Youth Entrepreneurship Program (YEP) is a hands-on afterschool and summer program run throughout Philadelphia, Pennsylvania, by the Empowerment Group, a nonprofit organization dedicated to accelerating economic growth in distressed urban communities by cultivating local entrepreneurship. YEP began in May 2003, with a request from an afterschool organization to the Empowerment Group for entrepreneurship training for participating youth. Students in that first class operated snack stands as their business project at their afterschool and summer program.

YEP quickly grew in response to the high demand for youth entrepreneurship classes in the community. YEP instructors work with approximately 15 to 20 partner organizations—afterschool and summer programs as well as schools—each year to introduce youth to entrepreneurship by having them plan and implement their own business ideas. The programs and classes are tailored to and held at the facility of each community partner and generally occur one to two times per week. YEP also runs the E.L.I.T.E. group, a smaller program that recruits students who are interested in forming their own socially conscious business or community service project. E.L.I.T.E. affords students the opportunity to apply for start-up funds from Youth Venture, a national organization that invests in youth who create, launch, and lead sustainable, community-benefiting clubs, businesses, and organizations.

In the past three and one-half years of operation, more than 500 students in Philadelphia have participated in YEP classes and learned how to start their own businesses. YEP recently received a \$50,000 grant from the Pennsylvania Department of Community and Economic Development, and it also receives grants from private foundations. YEP charges a small fee to its partners, which covers a portion of its program costs, and it also receives individual private funds through its annual campaign and special events. For more information, contact Laura Gumpert, interim executive director, at 215.427.9245, ext. 3, or lgumpert@empowerment-group.org.

The *Grow Wisconsin* Initiative

Governor Jim Doyle of Wisconsin recently announced approximately \$1 million to help promote business development in the state. The *Grow Wisconsin* initiative calls for investing in communities by promoting entrepreneurship and business development. As part of that initiative, the State Department of Commerce is making available \$712,100 through its Community-Based Economic Development (CBED) program, which is designed to promote local business development in economically distressed areas, and the Community Development Block Grant (CDBG) program is funding local planning. CBED awards grants to local organizations for development and business assistance projects and to municipalities for economic development training. CBED also helps community-based organizations plan, build, and create business and technology-based incubators. One of the activities eligible for funding under this program is entrepreneurship training for at-risk youth. A grantee of these funds is the Center for Teaching Entrepreneurship in Milwaukee, which plans to use its \$24,000 grant to continue offering classes that introduce youth to economic principles and entrepreneurship. For more information, contact Doug Thurlow at 608.266.7942 or Douglas.Thurlow@Wisconsin.gov.



Strategy 2: Integrating Entrepreneurship into Existing Education Programs

A common way to support entrepreneurship programs is to integrate entrepreneurship education into existing secondary, postsecondary, and community-based education programs. Secondary and postsecondary institutions can offer a small business entrepreneurship course as an elective or as part of a required course of study for business majors. Community colleges are particularly promising partners in developing and supporting entrepreneurship programs for youth transitioning from care. Many community colleges have course offerings on entrepreneurship and some also host small business development centers (discussed under Strategy 1) or other entrepreneurship centers. Program developers interested in providing entrepreneurship education for youth currently in or transitioning from foster care should reach out to their local community college to determine whether there are existing entrepreneurship education opportunities to which youth could be referred or whether there are possibilities for tailoring education programs for alumni and/or youth in care. For older youth, a partnership with a community college may provide the added benefit of college credit for entrepreneurship education work.

Programs developers interested in offering entrepreneurship education opportunities to a group of high school-age youth—who may be attending several different secondary institutions—may consider integrating entrepreneurship education into existing Independent Living education programs. A review by the Corporation for Enterprise Development of the youth entrepreneurship field noted that to be effective, programs need to have the right mix of partners, including those with youth development

expertise and those with real-world business experience, and should be interactive and experiential.⁵ Simply adding a workshop to the existing range of Independent Living offerings will not be enough. However, program developers could consider using a workshop to introduce youth to the ideas and values of entrepreneurship and provide a vehicle for identifying, recruiting, and referring youth who would be interested in participating in more intensive entrepreneurship programs in the community.

Because many secondary and postsecondary institutions offer some type of entrepreneurship education, a useful place to begin in considering how to develop and support entrepreneurship programs is to map the offerings that already exist in the community. It is also useful to consider the national curriculum development and training organizations that are highlighted on page 6. A helpful resource for identifying college entrepreneurship offerings is the College Opportunities Online Locator (COOL), maintained by the National Center for Education Statistics. COOL enables users to search a particular state for all colleges that offer entrepreneurship programs and majors. For more information, see <http://nces.ed.gov/ipeds/cool>.

Considerations

- Integrating entrepreneurship into existing education programs can be a relatively low-cost way to offer new courses and content on entrepreneurship. Many education programs have existing capacity to draw on, including facilities, curricula, and teaching staff.

⁵ Dabson and Kauffman 1998.

Springfield Technical Community College Student Business Incubator

The Student Business Incubator (SBI), administered by the Springfield Technical Community College (STCC) Entrepreneurial Institute in Springfield, Massachusetts, helps bridge the gap between academics and real-world entrepreneurial experience with a supportive environment that includes individual advisors and mentors. Students who are pursuing a high school diploma, a General Educational Development certificate, or a college degree or certificate may apply to the Student Business Incubator. The application includes the submission of a preliminary business plan and three personal recommendations from teachers or other adults. Once accepted, students become “tenants” of the SBI, which entitles them to their own work space with a printer, copier, computer, facsimile machine, office and accounting software, and dedicated phone line. They also receive ongoing coaching, information resources, technical assistance, and access to capital. Students are required to participate in a set number of meetings and trainings; the trainings feature speakers who are experts in their business-related fields. SBI also makes available pre- and post- incubation programs to help prepare students as tenants and help them remain connected to SBI once their tenancy is completed.

The incubator was originally established with funding from the U.S. Economic Development Administration and a capital campaign held by STCC. Currently, the Entrepreneurial Institute is funded through STCC and also receives private funding from large national foundations; the National Collegiate Investors and Inventors Alliance; local and regional foundations, including the Community Foundation of Western Massachusetts; and individuals. Successful, local entrepreneurs have made donations to SBI and the annual Hall of Fame celebration, which honors and recognizes local entrepreneurs and raises funds to benefit the Entrepreneurial Institute. The Entrepreneurial Institute has also received Community Reinvestment Act funds from local banks, which have been supportive of the institute’s efforts to grow the local economy and create opportunities for community members. For more information, contact Diane Sabato, director, Entrepreneurial Institute, at 413.755.6107 or dsabato@stcc.edu.

- Although existing education programs offer critical resources to build on, program developers will need to ensure that these programs respond to the unique needs of and challenges facing youth in foster care.
- Entrepreneurship education opportunities need to be comprehensive and in-depth to be effective. Considering different partners and resources will help design a program that can achieve its desired results. The inclusion of individuals who have successfully started their own enterprises is particularly valuable.

Strategy 3: Accessing Workforce Development Resources

In addition to community development and education resources, workforce development funding sources also offer opportunities for community leaders seeking to develop entrepreneurship programs for youth in foster care. Several workforce development funding sources at the federal as well as state and local level can be used to support entrepreneurship programs for youth currently in or transitioning from foster care.

Federal Funding Sources: Workforce Investment Act

The *Workforce Investment Act (WIA)* of 1998 sought to improve coordination among federally funded workforce development programs and create a more market-driven workforce system. WIA formula grants to states are the largest single source of federal funds for workforce development and support services for youth, adults, and dislocated workers.⁶

WIA YOUTH PROGRAM

WIA consolidated year-round and summer youth programs into a single formula-funded program that supports services primarily for low-income youth who are between the ages of 14 and 21 and who face barriers to employment. The law requires 10 program elements to be made available to eligible youth: academic enhancement, alternative secondary school services, summer employment opportunities, work experience, occupational skills training, leadership development, supportive services, adult mentoring, guidance and counseling, and follow-up services. While states and localities have generally focused their WIA resources on more traditional job training, internship, and placement activities, entrepreneurship is clearly an allowable activity related to a number of the 10 program elements cited above.

The U.S. Department of Labor allocates WIA youth funds to state agencies, which are required to pass through 85 percent of these funds to local areas. In fiscal year 2006, Congress appropriated \$94 million for WIA youth grants. To foster a more comprehensive youth development system, WIA requires local workforce investment boards (WIBs) to establish local youth councils to coordinate and oversee WIA-funded youth activities. Youth council members include WIB members such as educators and employers with an interest or expertise in youth policy, representatives of youth service and human services agencies, and others. Young people may sit on local youth councils. Local workforce investment boards and their youth councils oversee the distribution of WIA youth funds to service providers, which can be community-based and nonprofit organizations, local public agencies, and other entities.⁷ These funds are made available to local youth program providers through a competitive contracting process. States are also required to convene statewide youth advisory boards comprised solely of youth targeted by WIA programs.

WIA ADULT PROGRAM

WIA provides funds to support various employment and training services for adults. As with WIA youth funds, states pass through 85 percent of adult funds to local areas. Congress appropriated \$86 million in fiscal 2006 for WIA adult formula grants to states. Activities funded under WIA include job search and placement, assessments and career planning, basic and occupational training, and supportive services for adults ages 18 and older. Youth ages 18 to 21 may be eligible for dual enrollment in the WIA Adult and Youth Programs.

⁶ For more information on WIA programs, visit the U.S. Department of Labor's website at doleta.gov/usworkforce/wia/.

⁷ Contact information for state and local workforce investment boards is available from the National Association of Workforce Boards at www.nawb.org/asp/wibdir.asp.

Tips on Accessing Workforce Investment Act Funds

- Youth entrepreneurship program providers should attend meetings and seek opportunities for young people to become members of state and local youth councils. These councils help shape the direction of future funding recommendations.
- In consultation with youth councils, local workforce investment boards must use a competitive process to distribute funds to service providers. Typically, local WIBs will issue an annual request for proposals, outlining their local priorities and establishing their reporting requirements. To learn more about the funding process in a particular community, contact the local WIB. Contact information is available at www.nawb.org/asp/wibdir.asp.
- Program developers and community leaders should make sure to frame their work in the context of WIA priorities. Youth entrepreneurship programs are most likely to provide four program elements which must be made available to youth under WIA: summer employment opportunities, work experience and internships, leadership development opportunities, and adult mentoring (if there is a mentoring component in the entrepreneurship program).

WIA also requires local areas to establish local one-stop career centers through which individuals access services provided by federally funded employment, training, and education programs that are mandatory one-stop system partners.

State and Local Funding

States invest their own resources in workforce development, particularly in skills development, to supplement federal programs and create their own state programs. Localities also play an important role in workforce development and use a combination of resources, such as general funds and revenue from special taxes, to support workforce programs and services. During the past several years, many localities have directed city general funds to summer job programs for youth. Workforce development funding tends to be administered by different agencies at the state and local levels, including departments of human services, economic development, community development, and social services. To access these resources, program developers must identify the state and local agencies administering workforce development programs and services in their community.

Considerations

- Program developers and community leaders should think broadly about workforce funding programs that could support job skills training, recognizing that programs targeted to adults could also serve older youth, depending on their age and circumstances.⁸
- Entrepreneurship programs are less established in the field of workforce development, compared with more traditional programs that focus on education and training. Community leaders and program developers will likely need to communicate to decisionmakers and potential partners the unique benefits offered through entrepreneurship programs.
- States have significant flexibility in allocating WIA block grant dollars. Program developers and community leaders must know their state's

⁸ For more information on federal programs that can support job skills training, see The Finance Project's *Finding Funding: A Guide to Federal Sources for Workforce Development Initiatives* at www.financeproject.org/Publications/workforcefunding.pdf.

Resources for Entrepreneurs with Disabilities

Many people with disabilities, especially those living in rural areas with limited employment options, have created economic opportunities for themselves through entrepreneurship. People with disabilities are nearly twice as likely to be self-employed as the general population—14.7 percent compared to 8 percent.⁹ Entrepreneurship offers several advantages for people with disabilities, including the ability to set their own pace and schedule and continued support from Social Security Disability Insurance or Supplemental Security Income, including health care, when income and assets are within these programs' requirements. Two federal programs administered through the Social Security Administration are particularly noteworthy for program developers serving youth with disabilities.

- **Plan to Achieve Self-Support (PASS):** PASS is a Supplemental Security Income (SSI) provision to help individuals with disabilities return to work by allowing them to set aside money and/or assets to pay for items for services needed to achieve a specific work goal—including entrepreneurship. Applicants with the goal of entrepreneurship must create a business plan. Individuals apply through their Social Security Administration office. For more information, see www.socialsecurity.gov/disabilityresearch/wi/pass.htm.
- **Ticket to Work Program:** This program, created in 2002, increases beneficiary choice in obtaining rehabilitation and vocational services to help them go to work and attain their employment goals; removes barriers that require people with disabilities to choose between health care coverage and work; and assures that more people with disabilities have the opportunity to participate in the workforce and lessen their dependence on public benefits. Qualified Social Security and SSI recipients receive a “ticket” in the mail. They may use their ticket to obtain vocational rehabilitation, employment or other support services—including support for self-employment—from an approved provider of their choice to help them go to work and achieve their employment goals. The Ticket to Work Program serves beneficiaries receiving SSI or SSDI who are age 18 or older and have not reached age 65. The program is completely voluntary. Eligible youth will automatically receive a Ticket in the mail upon reaching age 18. The beneficiary that receives the Ticket does not have to assign the Ticket immediately but can wait until they leave the school system at age 21. Services are provided through “employment networks,” schools, community agencies and others designated by SSA to provide services. For more information, see www.socialsecurity.gov/work/Ticket/ticket_info.html.

⁹ Office of Disability Employment Policy, U.S. Department of Labor Office of Disability Employment Policy. *Entrepreneurship: A Flexible Route to Economic Independence for People with Disabilities*, August 2005. Available at www.dol.gov/odep/pubs/misc/entrepre.htm.

and/or locality's process for allocating funds and the priorities these jurisdictions have identified in their program plan. Keep in mind that relationships matter when it comes to funding decisions.

Pivotal Point Youth Services, Inc.

Pivotal Point Youth Services, Inc., in Oakland, California, provides employment training and vocational skills development for at-risk youth between the ages of 16 and 24. As part of its services, Pivotal Point offers a 12-week entrepreneurship training class developed specifically for youth. Staff members also visit schools a few times each year to share the organization's services. For example, they recently helped students set up a student store at a local high school. The curriculum, designed by the National Foundation for Teaching Entrepreneurship, covers basic business concepts, including market research and business selection, tracking costs and revenues, marketing and advertising, negotiation and pricing, and business plan creation. Each youth receives an entrepreneurship BIZ bag filled with useful tools needed to complete the course, including a textbook; a workbook; an entrepreneurs' profile that highlights entrepreneurs such as Bill Gates, Russell Simmons, and Oprah Winfrey; a calculator; and a day planner. At the end of the training, youth completing the program have a business plan and are able to compete for start-up money for their business.

Pivotal Point received a \$75,000 grant in 2006 from the U.S. Department of Labor, Employment and Training Administration, under a program designed to provide funds to faith- and community-based organizations to help hard-to-serve populations prepare for and succeed in employment opportunities. Part of this grant is dedicated to the entrepreneurship training program. Pivotal Point also received approximately \$10,000 from the Oakland Community Action Partnership, which provided start-up funds for participating youth's businesses. In addition, Pivotal Point is opening a retail store that will feature the products of the young entrepreneurs participating in its programs. A percentage of the funds generated from the store will go back into the program. Pivotal Point receives a small portion of its funding from private sources, including foundations and individuals. For more information, contact LaTronda Lumpkins, executive director, at 510.536.6998 or latronda@ppys.org.



YouthBiz

YouthBiz is a nonprofit organization that serves middle- and high-school age youth in the Denver, Colorado, metropolitan area. The organization offers work-based learning opportunities while providing wages tied to work performance and academic achievement. YouthBiz focuses on teaching business, academic, and leadership skills to help youth invest in themselves and their community. It offers two basic programs, Tier 1 and Tier 2; each program runs for 12 to 14 weeks with sessions both afterschool and during the summer. Both programs offer peer-to-peer training from “crew leaders” who are selected by their peers and receive stipends for their work.

Tier 1 serves approximately 40 to 45 youth per session and introduces them to basic business skills, including computer hardware and software skills; skills related to applying for a job, such as drafting a resume and completing a job application; and interpersonal skills, such as appropriate interview behavior. The program stresses community service, and participants are awarded stipends for good academic performance.

Tier 2 also stresses academics and leadership, but it provides more advanced business training to approximately 18 to 20 youth per session. Youth learn about sales, marketing, production, inventory, and customer service, and they receive hands-on training through YouthBiz’s screen printing business, YouthInk.

YouthBiz receives federal funding—primarily TANF and WIA funds—through Denver’s Office of Economic Development, Division of Workforce Development. YouthBiz is also received significant support through foundation grants, which accounted for approximately 55 percent of its budget in calendar year 2005. The income generated from the screen printing business is invested back into the program and represents approximately 13 percent of its budget. YouthBiz is trying to further diversify its funding base by increasing individual and corporate support. For more information, contact Chris Wanifuchi, chief operating officer, at 303.297.0212.

Strategy 4: Accessing Child Welfare Funding

As the only federal funding specifically targeted to older youth in foster care and youth who age out of the system, child welfare resources represent another important category of funding sources for program developers to consider. Federal child welfare resources relevant for entrepreneurship program developers include the Chafee Foster Care Independence Program (CFCIP) and the Chafee Education and Training Vouchers Program (ETV).

The Chafee Foster Care Independence Program

The CFCIP program is a block grant administered by state agencies that funds services and activities that help older youth currently in care and youth who have aged out of the foster care system (up to age 21) access supports and services that help them transition to independent living. Created in 1999, it replaced and expanded the Title IV-E Independent Living program. Funds can be used to provide education and training (including training in entrepreneurship), employment assistance, life-skills training, counseling, mentoring, and other services that connect youth to adults. They can also be used to cover housing and health care costs for youth ages 18 to 21 who have aged out of foster care. To receive their CFCIP formula funds, states must submit a five-year plan that describes their plans for providing independent living services.

Chafee Education and Training Vouchers

In 2002, Congress added the ETV program to CFCIP, which provides payments to states for postsecondary education and training vouchers for youth who have aged out of care or are eligible under their state's CFCIP. The federal government allocates up to \$60 million annually in ETV funds, with awards to states based on the state's percentage of youth in

foster care nationally. Recipients can receive vouchers of up to \$5,000 per year to apply toward the cost of education and training activities in an institution of higher education. States decide the purposes for which ETVs can be used and the amount awarded to each student. Some allowable expenses might include tuition, application fees, books and supplies, room and board, transportation, or health insurance. Entrepreneurship program providers located at or partnering with an institution of higher education can help youth apply directly for these resources through partnerships with child welfare agencies and independent living coordinators.

Considerations:

- Entrepreneurship programs can serve as an important complement to the range of education and workforce supports offered to youth aging out of foster care. To access CFCIP funds for entrepreneurship programs, program developers will need to establish relationships with child welfare administrators and ILP coordinators.
- As the only funding source targeted exclusively for youth aging out of foster care, high demand for CFCIP funds exists relative to the size of these block grants. Child welfare administrators, ILP coordinators, and program developers need to think strategically about where gaps exist in providing a range of supports for transitioning youth, and how best to use CFCIP funds—in conjunction with other funding sources—to fill those gaps.
- ETVs help support the attendance of young people at institutions of higher education. Given the purposes of this funding source, it is likely to be used to support participation of youth in entrepreneurship programs and courses, rather than as a funding source directly for the program itself.

Our Piece of the Pie

Our Piece of the Pie® (OPP) promotes independence and economic success by helping young people in Hartford, ages 14 to 24, become successful adults. Formerly known as Southend Community Services, OPP grew from a small, neighborhood-based organization into a city-wide, and even regional, initiative that implements several programs for youth, including youth transitioning from foster care. One of these programs is OPP's award-winning youth business program, which engages youth 14 to 18 in businesses designed to give them hands-on work experience and the opportunity to learn new skills, while earning a modest stipend. The six current youth businesses include Junior Art Makers, a fine arts and fashion business; City Scan, a civic engagement program for community/neighborhood improvement; Echoes from the Street Youth Newspaper, a quarterly news magazine; RiverWrights Boat Builders, a program that includes creative wood-working activities, community improvement and environmental projects; Crunch Time, a music recording business; and Youth Chore, a job chore program that serves the elderly. All of these businesses provide occupational skill training, life skill training including basic personal finance, and opportunities for personal development and leadership.

OPP's youth businesses receive most of their support from public sources, specifically from Connecticut's Department of Children and Families. In fiscal 2005-06, OPP received \$600,000 from DCF for the youth businesses, including \$450,000 from the Chafee Foster Care Independence Program (CFCIP) and \$135,000 from the federal Juvenile Accountability Incentive Block Grant. The state Department of Labor also contributed \$15,000 to support the youth businesses. Youth businesses generate about \$15,000 to \$20,000 a year, which is invested back into the program.

In addition, several private sources provide funding across OPP's programs for youth. A significant portion of OPP's implementation of its business plan is being underwritten by a 36 month grant of up to \$2.5 million from the Edna McConnell Clark Foundation. OPP also receives support from the United Way of the Capital Area, the Hartford Foundation for Public Giving, Bank of America and other local foundations and corporations. OPP also receives funds from the Jim Casey Youth Opportunities Initiative, which supports services for youth transitioning from foster care, some of whom are involved in OPP's youth businesses. For more information, contact Grace Simpson, Director of Communications, at grace.simpson@opp.org.

Strategy 5: Accessing Other Private Funding Sources—Private Philanthropy and Angel Investors

A fifth strategy for program developers to consider is accessing other private funding sources. Philanthropic resources and resources provided through “angel investors” are two potential funding sources that may hold unique opportunities for program developers and community leaders seeking to create and sustain entrepreneurship programs for youth in foster care.

Philanthropic Resources

Many communities have local foundations that invest in community development and human service programs. Private foundations historically have sought to fill gaps where little public funding exists. Many of the programs highlighted in this brief access funding through local, regional, and even national foundations. Though not likely a source of ongoing operating support, these funders can serve as important partners in starting a new entrepreneurship program as well as in expansion and/or capacity building efforts. Several national foundations have made investments in entrepreneurship priorities in their grant making.

Angel Investors

“Angel investors” are high-net-worth individuals who provide money for start-up firms with growth potential. Angel investors tend to be former entrepreneurs and retired businesspersons who devote significant time to the companies they invest in as mentors, advisors, and members of boards of directors.

Angel investors provide an estimated 90 percent of the outside start-up capital (not obtained from

friends or relatives) in the country.¹⁰ Angel investors fill a critical gap left by venture capitalists, who invest less than 2 percent in start-up companies, and instead tend to focus on a much smaller number of more established companies. While data on angel investors is difficult to collect and verify, some experts estimate that their investments have been equal to or greater than the amounts of venture capital invested in the United States during most recent years.

Although angel investors have been investing tens of billions of dollars per year for decades, they are a relatively little known source of financing for entrepreneurs. Most investors are very private, relying on other like-minded investors for ideas of where to invest, and remaining under the radar for many entrepreneurs seeking funding. However, a recent trend in angel investing is the rapid growth of angel organizations. These groups are typically regional and help individual investors in a given area to network and collaborate. The number of such groups has quadrupled since 1999, to about 200.¹¹ The Angel Capital Education Foundation (www.angelcapitaleducation.org) provides lists of angel groups throughout the country.

Youth entrepreneurship programs may be particularly appealing to socially-minded angel investors. In addition to start-up capital, angel investors can also be a valuable resource as mentors and advisors to young people, as well to provide connections to other in the business community.

¹⁰ Payne, William H. *Why Angels Shine Brightly for Start-up Entrepreneurs*. Kansas City, MO: Ewing Marion Kauffman Foundation, downloaded January 2007 from www.kauffman.org/items.cfm?itemID=467.

¹¹ Ewing Marion Kaufmann Foundation. *Why Entrepreneurs Need Angels—And How Angels Are Improving*. Kansas City, MO: Ewing Marion Kaufmann Foundation, downloaded January 2007 from www.kauffman.org/items.cfm?itemID=466.

North Carolina Rural Entrepreneurship through Action Learning Enterprises

North Carolina Rural Entrepreneurship through Action Learning (NC REAL) Enterprises is a non-profit organization whose mission is to develop entrepreneurial talent through action learning in an effort to foster the creation of sustainable enterprises throughout the state, with special emphasis on low wealth rural communities. NC REAL has been championing hands-on entrepreneurial education since 1985. Working with participating NC REAL partners (community colleges, four-year colleges, K–12 schools and community-based organizations), NC REAL has trained facilitators in 3 middle schools, 40 high schools, 58 post-secondary sites, and 39 community-based and/or economic development organizations in 93 of the 100 North Carolina counties. The hands-on experiential nature of the course as well as assessment and curriculum planning has resulted in documented business creation, economic empowerment, and community awareness.

NC REAL offers many programs in which youth participate. The REAL Entrepreneurship course, offered in English and Spanish, aims to help participants develop skills, expand their knowledge, and create tangible products. K–8 REAL enables middle school students to develop a school “community,” which involves implementing school-based enterprises, financial literacy programs, and community service projects. The REAL Youth Entrepreneurship Camps introduce entrepreneurship as a viable career option to youth in their local communities. NC REAL also provides direct training, services, and staff support to local REAL instructors and facilitators. NC REAL has seen great success among its graduates; 87 percent of business ventures started by REAL graduates since the early 1990s are still in operation.

The organization is funded with both public and private dollars. Initially, NC REAL was funded under the North Carolina Worker Training Trust Fund, financed by the interest earned on the unemployment insurance system’s state reserve fund. However, the trust fund was essentially depleted because of rising unemployment costs during the last economic downturn. Currently, most of NC REAL’s administrative expenses are covered by a single line item in the general assembly’s annual budget, and private foundations provide much of the support for NC REAL’s programming. For more information, contact Anna Koltchagova, associate director, at 919.781.6833, ext. 125, or anna@ncreal.org.

Considerations

- In approaching private foundations for support, the first step is to fully understand their investment priorities. Be clear in what support you are seeking and consider how best to frame your request in light of the foundation’s goals and priorities.
- Seek out local groups of angel investors to identify investors potentially interested in youth entrepreneurship programs. Remember angel investors can provide a broad range of resources—from start-up capital, to expertise, to connections to other resources.
- Be prepared before you meet with an angel investor. Program developers will need a strong business plan that persuasively demonstrates the program’s value, capacity, and potential.

Strategy 6: Engaging in Community Fundraising

Community fundraising also affords an important opportunity for program developers seeking to create and support entrepreneurship programs. Funds generated through community fundraising are completely flexible, unlike many public funding sources that have stringent eligibility requirements or limits on the types of services that can be offered. Importantly, this strategy can help fill gaps in services that other types of funding cannot support. Entrepreneurship programs are relatively discrete and understandable, so they are well-suited for community fundraising efforts, particularly among local businesses and socially-minded entrepreneurs. Moreover, community fundraising efforts can generate much more than revenue. These efforts can also increase a program's visibility and cultivate new community partners.

Increasing a program's visibility to the community and the media can be very important in terms of increasing fundraising success. Yet another benefit of a community fundraising strategy is the potential to increase the number of volunteers and community partners who commit themselves to the program. Involving the community in the program's mission and activities can only benefit the initiative in terms of future in-kind and financial support.

Community fundraising strategies can include:¹²

- **annual giving campaigns**, which are typically comprehensive efforts to bring in funds throughout the year, usually from a large, varied group of donors, to support both general operating expenses and programming;
- **special events**, such as banquets, dinners, auctions, and sporting events;

- **capital campaigns**, to raise money for a specific capital project, such as buying or renovating a building; and
- **planned giving**, including gifts of stock and gifts made through estate planning.

Entrepreneurship programs provide a great opportunity for engaging the local business community in particular in supporting programs for youth in foster care. Local businesses and associations can provide expertise and mentoring as well as cash and in-kind donations. A local chamber of commerce or similar small business association is a good starting point for forming relationships and identifying avenues of support from the business community. Successful entrepreneurs are often more than happy to share their expertise on, for example, accounting and marketing, with youth interested in entrepreneurship.

Considerations

- Many organizations are not aware of the significant resources, both human and financial, that are necessary to engage in community fundraising. Program leaders need to think about how to best use their board members, staff, volunteers, administrative capacity, space, funds, and, perhaps most importantly, time, while maintaining programming to further the program's mission. Careful initial planning can help minimize the stress on organizational resources and maximize the return from fundraising efforts.
- Determining a specific fundraising goal can help guide program planning and evaluate program success. Many factors contribute to determining this goal, such as the program's budget, the amount of revenue gained from previous fund-

¹² For additional information on these and other strategies, see The Finance Project's *Beyond Bake Sales: A Guide to Community Fundraising* (forthcoming).

BUILD

BUILD motivates underserved students to succeed in school and attend college by helping them start their own businesses. Founded in 1999 in Menlo Park, California, BUILD provides four years of real-world entrepreneurial training and mentoring to high school students living in the underserved communities of Silicon Valley who are energized by the concept of entrepreneurship. There are no entry requirements for the program beyond student interest. Once students enter BUILD's Youth Business Incubator in the second year of the program, about 80 percent remain in the program through graduation. The first year of the program is structured as an elective class for high school freshman. Beyond attending class, students stay after school once a week for a mentor session, led by volunteer business professionals from the community, in which classroom concepts are reinforced in the context of business. The first semester of the class focuses on imparting basic business skills and the second focuses on generating ideas and formulating a business plan.

During the second year, BUILD provides seed funding for students to start their own businesses; students are allowed to keep all of the income. During the third year, students wind down their businesses and focus on preparing to apply for college, including preparing for the SAT and working on their resumes and interview skills. During the fourth and final year of the program, students close down their businesses completely to make time to work with college counselors on applying to schools and for scholarship programs. The most recent graduating class had a 100-percent college acceptance rate.

Currently, BUILD receives all of its funding from private sources, with most of the funding coming from foundations and corporations and the remainder (about 23 percent) from individuals. BUILD sponsors an annual individual giving campaign and also holds several special events every year. For more information, contact Marcie Kay, Vice President of Development, at 650.688.5840 or mkay@build.org.

raising initiatives, and the “break-even point” for the upcoming initiative. (The “break-even point” refers to how much income is needed to cover the costs of the proposed effort.)

- As revenue generated from community fundraising is completely flexible, program leaders can use these resources to fill gaps in services that other funding typically cannot support.

Strategy 7: Reinvesting Business Income

A final strategy for program developers and community leaders to consider is reinvesting the business income generated back into the entrepreneurship program. “Business income” is generated from activities related to the work of the program or organization. In the case of entrepreneurship programs, business income is really a product of entrepreneurship at work, resulting from the program developing and selling a product or service. Some programs allow young entrepreneurs to keep the income their business generates. However, for many entrepreneurship programs, including several profiled in this brief, reinvesting the revenue generated through their business efforts can be an important source of ongoing funding for the program as well as provide important learning opportunities for participants. Business income can also provide a source of “venture capital” to support the design and start-up of new youth enterprises.

Considerations

- Although very few programs are able to sustain their entire operation using business income, this revenue source has several advantages. First, it yields very flexible funding that can be used for activities or functions that are difficult to finance with other sources. Second, efforts to generate business income can provide real-world learning opportunities for participants in financial management and planning.
- Given the tax implications of undertaking strategies to generate business income, program leaders should consult with an experienced nonprofit accountant before embarking on any new effort.

Serving Up Success, Inc.

Serving Up Success, Inc., is a consulting business in Kennesaw, Georgia, that equips special education teachers with a “real-life” curriculum that enables their students to learn functional, transitional, and vocational skills via a school-based business. Serving Up Success was created by two special education teachers at Kennesaw Mountain High School who, along with their special education students, created the Mountain Top Café in December 2003. The Mountain Top Café is an in-school coffee shop where teachers and students can buy hot drinks; the café also offers a coffee delivery service within the school. The program affords students the opportunity to learn and practice transitional, financial, vocational, and social skills and translate these skills into employment post-graduation. It also provides other students at the school with the opportunity to develop entrepreneurial skills. For example, graphic arts students created a logo for the coffee shop, and business students manage the inventory, finances, and scheduling of the coffee shop.

The Mountain Top Café is supported by business income, private donations and grants. To acquire start-up funds for the café, the students’ teachers approached community members for donations. They received both financial and in-kind contributions; in-kind contributions included furniture, countertops and cabinets, and a cappuccino maker. A Lowe’s Home Improvement store initially granted the Mountain Top Café \$500

Conclusion

Youth entrepreneurship is an emerging strategy to help prepare youth making the transition from foster care to the increasingly complex world of work. These programs can help youth develop essential skills for the workplace and life, provide opportunities to connect them with mentors and other adults in their community, and may even set them on a path to becoming a successful business owner. By examining the broad range of resources and partnerships that can support youth entrepreneurship programs, program developers and community leaders can strengthen and sustain these programs as one component of a comprehensive set of supports and services that contribute to successful transitions to adulthood for youth aging out of foster care.



and then issued a \$10,000 grant the following year. Much of the income generated by the café is also reinvested in the business. In the 2005–06 school year, the café’s budget was approximately \$5,000 and the café generated about \$7,700 in revenue. The café donated some of its surplus to a Hurricane Katrina relief fund for families of high school students, to the school’s American Sign Language Club, and to the senior class. Some of the surplus was also used to purchase senior portraits for all of the seniors who participated in the café and to set up a college scholarship fund for a regular education student who assists in opening the cafe before school.

The Mountain Top Café is the model program for Serving Up Success, Inc., which distributes its curriculum to other schools interested in a similar enterprise. The curriculum includes a timeline with instructions, site requirements, job descriptions, menus and prices, a grading system for students that includes a paycheck reward system, and sample proposals, contacts, and letters for parents and potential donors. So far, 11 schools in Georgia and four other states have purchased the curriculum, which comes with six months of consultation from the teachers; ten of these schools also received \$1,000 of the Lowe’s grant money. For more information, contact Stephanie Barber or Kelly Bramblett at 770.424.9419 or servingupsuccess@bellsouth.net.

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www.angelcapitaleducation.org

Association of Collegiate Entrepreneurs
www.ohiou.edu/~ace

Corporation for Enterprise Development
www.cfed.org

Entrepreneurship.com
www.entrepreneurship.com

Ewing Marion Kaufmann Foundation
www.kauffman.org

Future Business Leaders of America
www.fbلا-pbl.org

Inc.com: The Young Entrepreneur's Survival Kit
www.inc.com/guides/growth/20808.html

Junior Achievement
www.ja.org

Mind Your Own Business
www.mindyourownbiz.org

The National Collegiate Inventors and Innovators Alliance
www.nciia.org

National Foundation for Teaching Entrepreneurship
www.nfte.com

SCORE
www.score.org

Small Business Administration Teen Business Link
www.sba.gov/teens/index.html

Students in Free Enterprise
www.sife.org

US Association for Small Business and Entrepreneurship
www.usasbe.org

YoungBiz
www.youngbiz.com

Young Entrepreneur.com
www.youngentrepreneur.com

Youth Venture
www.youthventure.org

Select Regional Business Incubator and Entrepreneurship Resources

Atlanta Business League
www.atlantabusinessleague.org

Center for Rural Entrepreneurship (Nebraska)
hwww.energizingentrepreneurs.org

Field Center for Entrepreneurship at Baruch College/CUNY
zicklin.baruch.cuny.edu/centers/field

Future Farmers of America Agri-Entrepreneurship Education Program
www.ffa.org/programs/ag_ent/index.htm

Global Entrepreneurship Center at Florida International University
www.entrepreneurship.fiu.edu

Kauffman E-Venturing/EntreWorld
www.eventuring.org

Polsky Center for Entrepreneurship at the University of Chicago
www.chicagogsb.edu/entrepreneurship/about/index.aspx

Renaissance Entrepreneurship Center, San Francisco, CA
www.rencenter.org/home.htm

Texas Entrepreneurship Center at the University of Austin
www.texen.org

Acknowledgements

The authors would like to extend their sincere thanks to the many people who contributed to this strategy brief. Brian Lyght of the Annie E. Casey Foundation, Eric Steiner of Casey Family Programs, and Fahd Vahidy and Alan MacKenzie of Street Smart Ventures provided valuable comments and suggestions on the content of the brief. Many thanks also to the program leaders who shared information on their efforts to support youth entrepreneurship programs and services. The Finance Project would like to thank members of the Foster Care Work Group, including the Annie E. Casey Foundation, Casey Family Programs, the Eckerd Family Foundation, the Jim Casey Youth Opportunities Initiative, the Lumina Foundation for Education, the Stuart Foundation, and the Walter S. Johnson Foundation for their generous support enabling the development and publication of this work.

About The Finance Project

Helping leaders finance and sustain initiatives that lead to better futures for children, families, and communities.

The Finance Project is an independent nonprofit research, consulting, technical assistance, and training firm for public- and private-sector leaders nationwide. It specializes in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families, and communities. Through a broad array of tools, products, and services, The Finance Project helps leaders make smart investment decisions, develop sound financing strategies, and build solid partnerships. To learn more, visit www.financeproject.org.

Financing and Sustaining Supports and Services for Youth Transitioning Out of Foster Care

This publication is part of a series of tools and technical assistance resources on financing and sustaining initiatives supporting youth transitioning from foster care developed by The Finance Project with support from the Foster Care Work Group. These tools and resources are intended to help policymakers, program developers, and community leaders develop innovative strategies for implementing, financing, and sustaining effective programs and policies. To access these resources and for more information on this project, visit www.financeproject.org/practice/risk.asp.

