Potential Commerce Crime Bill Initiatives

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## Introduction

The Administration is considering a $300 million demonstration program in the Crime bill for preventative measures for at-risk youth in designated areas. The Department of Labor is seeking some of the funding for job training and job creation initiatives. The NEC and DPC seem interested in types of prevention action that the Administration could undertake to spur business activity in high crime areas.

## Discussion

One area where the Department of Commerce could assist in the crime initiative of the Administration is in crime prevention. Through the Economic Development Administration and the Minority Business Development Administration, Commerce could work in conjunction with the Justice Department to help strengthen and expand the business community in distressed, high crime areas. An expanded and strengthened business community would lead to more employment for at-risk youth in high crime areas. According to the Joint Center for Political and Economic Studies, many not-for-profit housing and social service organizations have concluded that affordable business and economic investment options must be made available in distressed communities in order to provide alternatives to crime and gang violence.

We would propose a two-pronged approach. First, the federal government would partner with local businesses to create a business climate in targeted high crime neighborhoods for business retention and development. Second, the federal government would work to enhance at-risk youths access to employment and business opportunities in high crime areas.

## Creating a Business Climate In Targeted Neighborhoods for Business Retention and Expansion

1. Expand the Crime Insurance Program

   The federal government operates a crime insurance program. According to the FY 1995 budget, the program is slated for extinction at the end of FY 1995. The program was slated for extinction repeatedly throughout the 1980's. It has significant support from Senators Moniyhan, D'Amato and Congressman Schumer in New York as well as Senator Simon, and the Chicago delegation. Key Congressional representatives are likely to continue to push for the operation of the program.

   Federal crime insurance began in 1971 to help in the retention of businesses in the inner cities after the urban riots of the 1960's. It reached its peak of insured applicants in 1980 at 86,000. It has since declined to 16,700. The reasons for the decline include:

-- active attempts by the Reagan/Bush Administrations to kill the program;

-- successful attempts to prevent expansion into new states and localities;

-- lack of adequate subsidization of premiums for participants

-- development of state programs in a few states;

-- limited appropriations that only covered program deficits, but did not allow for new policies to be written.

In the Crime bill we could seek funding of $50 million or so that would be used to:

-- build up the assets of the Insurance Fund which would restore solvency and allow for new policies to be underwritten;

-- expand the program to allow larger businesses located in high crime areas that are expanding business activity to participate in the program;

-- engage in risk sharing with states and localities that have crime insurance programs so that their programs can expand;

-- make rates more affordable for participating businesses;

-- market the program through cities and community based organizations as well as insurance agents; the program currently is marketed only through insurance agents and in many of the high crime areas there are no insurance agents operating.

2. <u>Provide Funding for Crime Prevention Activities undertaken by Business Owners</u>

As the bill provides for funding of 100,000 police officers to assist local jurisdictions in fighting crime, perhaps we should provide a pool of funds for local businesses to receive low interest loans or grants for security measures including alarm system upgrades, security guard employment and other crime preventative measures.

3. <u>Provide Revolving Loan Funds for Capital for Business Expansion</u>

Make capital available for businesses in high crime areas who seek to expand business activity in the area and increase employment opportunities for residents. Many businesses seeking to expand in high crime distressed areas have a difficult time obtaining bank assistance and are forced to relocate or expand elsewhere. The goal of this initiative is to provide funding to remedy the market failure.

**Expanding Youth Access to Employment**

1. Establishing micro-loan funds for new start-ups in distressed areas. Certification or participation of existing not-for-profit institutions in the affected areas is key. e.g. Eisenhower Foundation program and the Around the Corner to the World (ACW) community-based organization began a weatherization and home repair business in Adams Morgan, Washington that employs high-risk youths and ex-offenders.

2. Establishing as a condition for businesses receiving federal assistance under the crime initiative that they engage in community hiring of at-risk youth.