

The Manhattan Institute SOCIAL ENTREPRENEURSHIP AWARDS 2001



SEPTEMBER 20, 2001
NEW YORK CITY

The Manhattan Institute Social Entrepreneurship Awards recognize those who have taken the responsibility to help individuals and neighborhoods in their struggle for self-improvement.

The winners of the awards can be called entrepreneurs because they have successfully brought to life new ideas and approaches of their own imagining. They have taken the risks implicit in starting a new venture with an uncertain future. And they have produced benefits for those whom they have, in a spirit of altruism and idealism, sought to assist.

The awards focus, though not exclusively, on those who direct their efforts toward people and places of modest means—the poor, the new immigrant, the community struggling to be a good place to live. It emphasizes, though not exclusively, the importance of what the 19th century New York children's advocate Charles Loring Brace called the "formative rather than the reformatory." That is, it is meant to affirm the importance of helping those who seek to help themselves, those who have stayed out of trouble, those who have, in the words of former President Bill Clinton, chosen to "work hard and play by the rules." At the same time, the awards may also recognize new approaches to helping those who have previously made poor choices and now seek a fresh start.

A commitment to free markets and limited government, such as that associated with the Manhattan Institute, brings with it a responsibility to help prepare all Americans to realize their full potential as citizens and as productive members of society. The Social Entrepreneurship awards recognize those who have personally assumed that social responsibility. Programs which receive public funds are not excluded from the award competition. However, the original ideas for award-winning initiatives should be those of the entrepreneur.

Each award carries with it a cash prize of \$10,000. Winners should be the founders and leaders of non-profit organizations less than 10 years old. In addition to awarding the cash prize, the Manhattan Institute will seek to bring winners to the attention of philanthropic donors nationwide. The Institute also anticipates that, over time, it will study the long-term impact of winning organizations and the motivations and approaches of leaders of both winning and nominated programs.

The Manhattan Institute welcomes nominations from donors who have supported organizations believed to qualify, from organizations themselves, and from interested individuals. Award applications are available from the Institute (212-599-7000) or at its web site (www.manhattan-institute.org).

The Social Entrepreneurship Initiative award program is supported by funds from the JM Kaplan Foundation, the Bradley Foundation, and the Olin Foundation. Howard Husock, Director of Case Studies in Public Policy and Management, JFK School of Government, Harvard University and contributing editor, *City Journal*, is the director of the program.

Award winners are chosen by a Selection Committee. The Committee currently consists of Kimberly Dennis, Executive Director, D & D Foundation, Indianapolis, IN; Charles Hamilton, Executive Director, Clark Foundation, New York, NY; Howard Husock; Cheryl Keller, Foundation Consultant, Rye, NY; Leslie Lenkowsky, (Nominated) CEO, Corporation for National Service; and Lawrence Mone, President, Manhattan Institute.

JUMP: JUNIOR UNIFORMED MENTORING PROGRAM



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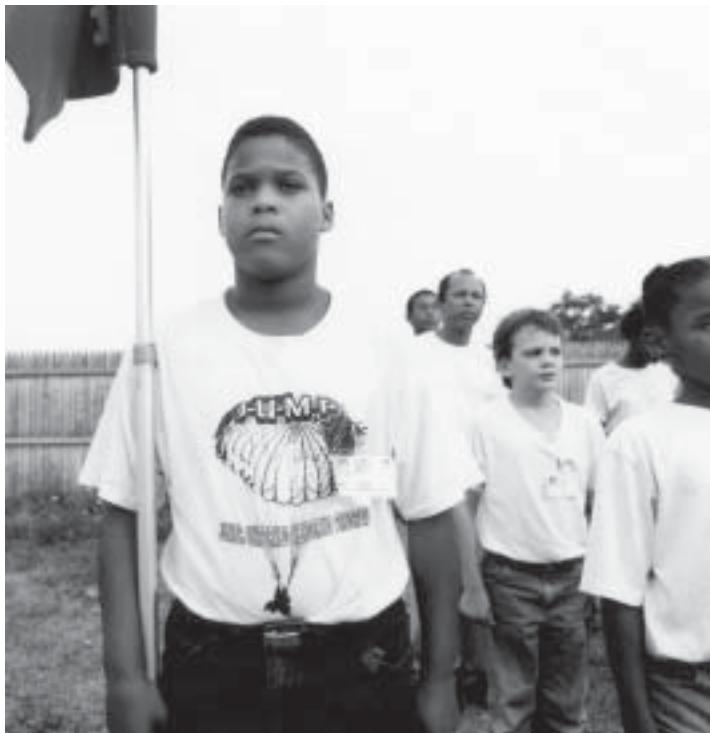
John Dixon can recall the moment he got the idea to start the program he calls JUMP. The owner of several small buildings on Buffalo's troubled East Side, Dixon was dismayed when he went to collect the rent one day to find that kids in one building had once again damaged and vandalized his property. "I just decided that somebody had to do something for these kids." With no financial support other than the savings which he and his wife Catherine, a nurse, had accumulated, Dixon decided that he should be that somebody.

Dixon, a one-time Army sergeant, had the idea that the legions of fatherless and undisciplined kids in his neighborhood could benefit from a structured, military-style program, run by former military officers. He anticipated, when he posted the first notices for the Junior Uniformed Mentoring Program, that a "handful" of kids and parents might come to the site at a local community center. Within weeks, however, dozens were attending; within months, hundreds. JUMP is staffed by a corps of volunteer officers who lead military drills—followed by homework help (provided by suburban and retired public school teachers on their own time), classes on sexual abstinence (called "wait training") and controlling anger. Neighborhood residents come to talk about what work, and their own jobs, are like.



JUMP does not hesitate to admonish in strong terms those who have made mistakes. The boy who has insulted his teacher is told to write a letter of apology—both to her and to each of his classmates—and to say, “Yes, Sir,” when addressed on the subject. Parents, mostly mothers grateful for the help, come along with their children and join the Parents Association, whose work helps buy the program uniforms.

John and Catherine Dixon clearly run JUMP as a labor of love, a mom-and-pop business that charges only small fees—which they are not always able to collect. They get their reward in the form of the improvement they see in the behavior of individual children—such as 11-year-old Dwayne Walker, expelled from school at ten when he told teachers he looked forward to life as a gang member, back in school at 11 and proud to say, “I behave great in school now.” The Dixons’ task is daunting: in May 2001 alone, Buffalo, a city of fewer than 300,000 residents, endured 19 murders, many in John Dixon’s neighborhood. Still, the impact of JUMP has been such that the *Buffalo News*, in describing the city’s troubles, was moved to call it one of the “good programs, the ones making a difference.”



NEIGHBORHOOD TRUST FEDERAL CREDIT UNION/CREDIT WHERE CREDIT IS DUE



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“Bank accounts,” *The Wall Street Journal* has written, “are the passports required for admission to the mainstream economy.” Which is why the federal government in recent years has tried a range of incentives and regulations to push banks to do more to sign up the poor, especially immigrants, for their own bank accounts. The efforts, writes the *Journal*, have made “only a modest dent” in combating the problem of the “unbanked.”

Mark Levine has been concerned for more than five years about those on the outside of the formal financial system. He hasn’t relied on a government program to do something about the problem, however. Levine, a former New York City public school teacher, set about to solve it through his own efforts, one family at a time. After researching the “unbanked” for the New York office of the Federal Reserve Bank (as part of his graduate studies at Harvard’s Kennedy School of Government), Levine targeted the Washington Heights section of Manhattan for his on-the-ground effort. Starting with \$85,000 in seed money from the Echoing Green Foundation, Levine established Credit Where Credit Is Due, a non-profit organization designed to educate poor immigrants, in particular, as to the basics of the banking system—what he calls a course in basic financial literacy. Says Levine, who conducts classes in Spanish in an office in the Port Authority bus



terminal in the shadow of the George Washington Bridge, “We even explain what interest is and why it has to be charged.”

But Levine has gone beyond classes. He has established the Neighborhood Federal Credit Union, in effect a tiny bank designed to attract small savers and to make small loans to depositors. In four years the credit union has enrolled 3600 members, 60 percent of whom previously had no bank account, 75 percent of whom had never had a credit card, and two-thirds of whom had only borrowed before from neighborhood loan sharks. The credit union has begun to work with school children, whom it allows to open savings accounts even with very small deposits—as little as 50 cents. It has made hundreds of small business loans—many as small as \$500—while making clear that timely repayment—at market interest rates—is a must. Delinquencies run just 2.5 percent—in contrast to some government-backed loan funds for those of low-income where loss rates run 25 to 30 percent. Family day care centers have borrowed \$1,500 to get started. Livery cab drivers have borrowed to buy the insurance they need to be licensed. Caterers, photographers, and travel agencies are part of the formal economic system—with the opportunity to grow and advance by establishing credit—thanks to the credit union. “We want to see people step up to larger banks,” says Levine, “as they prove themselves.”

This past year, the Neighborhood Federal Credit Union opened a second branch, this one in West Harlem. Mark Levine is under no illusion that his work, which has helped to ignite the self-help immigrant tradition in the new wave of Latino newcomers to New York, is close to finished. He estimates that Credit Where Credit Is Due and the Neighborhood Federal Credit Union have reached only one of every 300 residents in their target neighborhoods. They continue to compete with loan sharks and check-cashing outlets charging premium prices—and which fill the vacuum left by the fact that poor neighborhoods can be too expensive for mainline banks to serve. It is a situation made-to-order for social enterprise of the sort Mark Levine has undertaken.



SEED FOUNDATION



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about education. "I saw so many normal, healthy kids doing poorly in schools, and I felt that if they just had a school with the right structure, one that made sure they did their homework and even got to bed on time, they could do well." Education, believed Adler, is the "simplest, hardest job on earth." So deep was the concern of Adler and his friend and fellow management consultant Rajiv Vinnakota that they set out in early 1997 on an entirely new career. They undertook to build and manage a boarding school for kids in a poor, African-American section of the District of Columbia—in order to both improve their education and prove that the job could be done.

Only four years later, the SEED Charter School in Washington DC's Marshall Heights section opened its doors. Adler and Vinnakota have given up their consulting careers—they went 16 months without pay as they set out to build the school. They have, through the non-profit SEED Foundation, raised \$2 million and borrowed much more—and, in the process, opened a boarding school for kids who they believe will learn better in its safe, secure, and highly-structured environment. Teachers live in a newly-built dormitory along with the 120 students.

"We are," says Adler, "very comfortable imposing structure on children. We know that children without structure suffer."



The question of how best to educate so-called “at risk” children is among the most perplexing challenges facing American society today. Boarding schools for the poor may or may not prove to be an important and effective approach in the long run. But the role of the social entrepreneur is that of the experimenter willing to take risks which may point the way for many others who will follow. And early results for the SEED Foundation appear promising. In three years of operation—starting in cramped, rented space—student test scores have risen steadily among students who come, almost without exception, from single-parent households. The SEED staff, as well, has used some unusual but convincing measures to gauge its progress. Ninety-seven percent of students have pledged to delay sexual activity and to abstain from smoking cigarettes. Although not selected on the basis of academic aptitude, more than 90 percent say they hope to go on to college.

Between the time they conceived the idea for SEED and the time the ribbon was cut, Adler and Vinnakota acted in ways that would not be unfamiliar to a for-profit entrepreneur. They assembled a group of school trustees, signed for a \$12 million bank loan to get construction underway, recruited staff willing to live in a less-than-affluent neighborhood—even lobbied successfully to change the District of Columbia’s charter school law to allow boarding schools to qualify for public funds. They were not simply chasing public dollars, however. When San Diego sought to convince them to operate a new school there, they decided they would not have the latitude they believed necessary—and declined.

Adler and Vinnakota have been adept as entrepreneurs in many ways, even getting the Marriott Company to donate dormitory furniture. By choosing to push ahead quickly using private financing, they have gotten themselves into a pressure-cooker, with tight loan repayment deadlines. They have put together a board both willing to support their project financially and to contribute skills, such as familiarity with law and construction. They hope the school will grow to a population of 300 students. Adler and Vinnakota have mixed idealism with their business school and consulting firm backgrounds—surely qualifying them to be called social entrepreneurs.



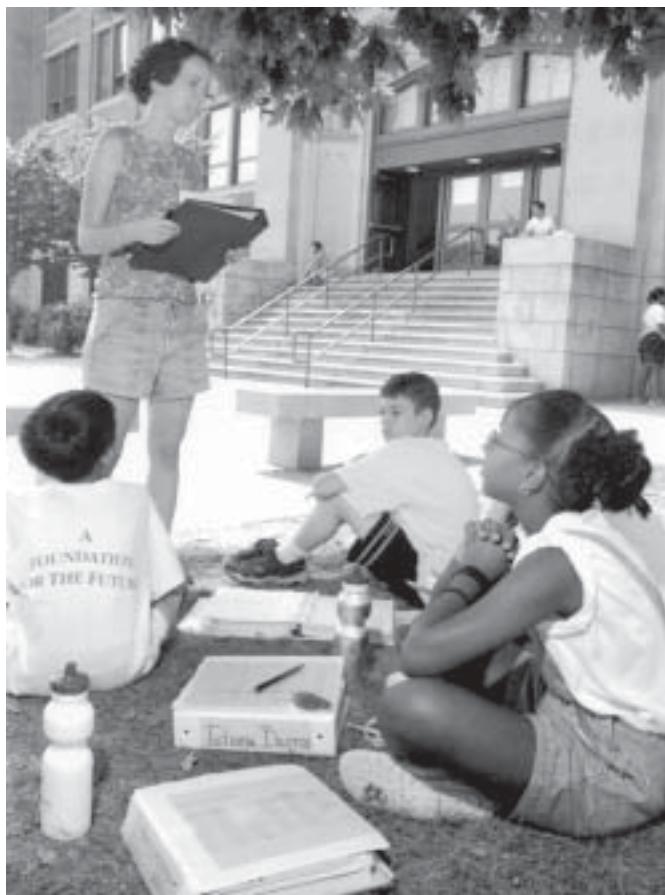
STEPPINGSTONE FOUNDATION



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As a student at the Harvard Graduate School of Education in the late 1980s, former teacher Michael Danziger asked himself a question. What would it take not just to improve the education of poor children, but to provide some with a “life-transforming experience” such that they would excel academically and go on to realize their life potential?

Danziger came to believe that the vehicle for such an experience would be an intensive tutoring program—both after-school and on Saturdays during the school year, and over the summer—such that fourth-graders selected could go on to qualify for top private schools or Boston’s academic high schools (Boston Latin and Boston Latin Academy) which also admit on the basis of an exam. “I thought I could raise a million dollars in a year,” laughs Danziger, who founded Steppingstone along with John Simon, a private entrepreneur (General Catalyst Inc.) He actually raised less than \$50,000, but started anyway. Today, the Steppingstone Foundation does raise more than a million dollars a year (its operating budget is \$1.4 million) and admits 130 new students each year (from more than 500 nominated by primary school teachers in the Boston public schools).



Steppingstone is a school in all ways—except for the fact that it does not have a building of its own (it uses space donated by the Boston public schools). It has a staff of 16—a fundraising arm, a curriculum director, an admissions staff, a guidance staff—exclusive of teachers. Classes generally have less than 12 students, and the curriculum is demanding. On a Saturday morning—a time when attendance itself is impressive—fifth-graders are learning the concept of *pi* in math class, sixth-graders reading Arthur Miller.

These telling signs of seriousness of purpose are indicators of larger achievement. Steppingstone has clearly succeeded, if not in transforming the lives of its students, at least in helping them gain admission to selective secondary schools and colleges, which is surely a start. Eighty-five percent of those admitted to Steppingstone complete the program. Of those who complete it, 90 percent are successfully placed; 95 percent of those placed complete the schools to which they are admitted, and 90

percent of those go on to college—including selective schools such as Harvard, Johns Hopkins, Columbia, Williams, and Georgetown. All this despite the fact that Steppingstone students are coming predominantly from the poorest school districts in Boston, where students have historically performed very poorly. For instance, many come from the so-called Cluster 7 area in the heart of the city's poor black neighborhoods. Prior to Steppingstone, fewer than one percent of those admitted to the Boston Latin School came from Cluster 7. Today, some 11 percent of those admitted come from that area, despite the fact that, in the interim, an affirmative action admission plan for the school has been struck down by the courts.

Like the best entrepreneurs, Mike Danziger no longer has to come to see his project in action every Saturday morning. On some, he's spending his time at one of his sons' hockey games. Steppingstone runs now with a committed staff, a fundraising base that is large and varied, and a board that includes important local business leaders, university academics, Boston public school administrators, and foundation leaders. The program relies on an extensive base of volunteers who work individually with Steppingstone students. A second Steppingstone Scholars program is in the early stages in Philadelphia.

Some may wonder whether these students are simply a talented group, and Steppingstone merely a program which admits students likely to succeed and then takes credit for their success. Danziger rightly rejects this idea. Success simply can't be considered inevitable, given the demographics of the student population in Steppingstone. Is it creaming students from the public schools which will deteriorate even further? One cannot ask students to sacrifice themselves for others in an environment where that sacrifice is likely to be in vain. Rather, it is to be hoped that the Steppingstone students—who wear their own insignia jackets around their neighborhoods—will be an example to others.





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