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Competition to Incentivize Community Change: Working Cities Challenge

06/30/2014 -

The Working Cities Challenge seeks to spur collaborative leadership in Massachusetts's smaller cities and help improve low-income residents' quality of life. Prabal Chakrabarti, at the Boston Fed, and Jessica Andors, at Lawrence Community Works, discuss the initiative.

Take In-Depth Look at the Fed's Community Development Work

What are the latest trends in community development? This call-in session will introduce FedCommunities.org, which hosts digital resources from the 12 Federal Reserve Banks and the Board of Governors. *Partners Update* discusses the benefits to users.

Conference Will Share Innovative Practices in Community Development

Plan to attend the Shift Innovation Conference this September, hosted by the Kansas City Fed. Sessions will focus on using technology to connect with underserved communities, cultivating entrepreneurship and small business, and enhancing community leadership.

A Fresh Look at Small Business Conditions

Some 60 percent of small firms got most or all of the credit they applied for, a significant improvement over last year, according to the Atlanta Fed's first-quarter Small Business Survey. Here's a look at the survey results.

Measuring What Matters: Tracking Success in Economic Development

05/22/2014 -

How can economic development practitioners best measure and track their strategies' outcomes? Tim Chase, of the Greater Wichita Economic Development Coalition, and Swati Ghosh, of the International Economic Development Council, discuss their research findings on assessing success.

The Power of Collective Impact

The economic and social challenges that affect the geographically large, diverse Appalachia region are too complex for an individual organization to address. Over 200 local and regional funding entities have formed the Appalachia Funders Network to make a greater impact.

Limiting Property Tax Assessments to Slow Gentrification

Though some cities plan to reduce or freeze property tax assessments for long-time homeowners, a recent Atlanta Fed blog suggests that property taxes are not a significant driver of neighborhood change.

Best Practices in Workforce Development

Strong, well-functioning linkages between employers and a pipeline of local workers can be difficult to establish. The Southwest Alabama Workforce Development Council exemplifies how collaborative regional partnerships can facilitate career pathways for local workers and also address industry's workforce needs.

Competition to Incentivize Community Change: Working Cities Challenge

00:00 00:00

June 2014

JoAnn Crary: *Welcome to the Federal Reserve's* Economic Development *podcast series. I'm JoAnn Crary, president of Saginaw Future and vice chairman of the International Economic Development Council.*

Bringing various stakeholders together to address economic development challenges and achieve measureable results is certainly easier said than done. The Boston Fed has recently been leading an innovative community and economic development competition called the Working Cities Challenge. It has a twofold goal of advancing collaborative leadership in Massachusetts's smaller cities and supporting efforts to improve the quality of life for low-income residents. The challenge provides grants to communities that undertake demonstration projects based on cross-sector partnerships. While the project is currently focused on smaller cities in the state, the sponsoring entities seek to apply lessons from the competition to foster replication and scaling up of similar efforts in larger metropolitan areas.

Today we're speaking to Prabal Chakrabarti, vice president of community development at the Federal Reserve Bank of Boston, and Jessica Andors, executive director at Lawrence Community Works, an organization coleading an initiative in one of the winning cities. Welcome, Prabal and Jessica.

Prabal, let's start by learning a little more about the competition and the process for city selection. What was the impetus for the competition and the range of awards to these cities, and how were the winning communities selected?

Prabal Chakrabarti

Jessica Andors

Prabal Chakrabarti: The Working Cities Challenge grows out of the Boston Fed's commitment to lower-income communities and ensuring that economic growth happens everywhere. Boston Fed research found that looking at small cities across the country, the question was, "Are any cities that have faced deindustrialization doing well?"

And so our economic researchers posed that question, looked around the country, and actually found, to their surprise, that eight cities out of the peer group of 26 nationwide were doing well, and that they were able either to maintain and recover a lot of their economic stability. The researchers labeled these the "resurgent" cities, and several factors drove their rebound. Certainly, the role of anchor institutions was important, investment in infrastructure, the extension of benefits to the community as a whole, but the single key factor was something that the researchers termed "collaborative leadership," which is defined as the ability to work together, cross-sector, for a sustained period with a comprehensive vision. This sort of resurgence was led by an energetic mayor, or a private-sector CEO, or a visionary nonprofit leader, or a committed philanthropist. It didn't matter so much where the leadership came from, what really mattered was that they were able to bring together the other sectors with that vision and measurement and accountability for results.

What we decided to do based on the research and on other work that we were doing in cities is to put together a competition that tries to incentivize and rewards those communities that show that level of leadership and collaboration. A second criteria was that this needs to be something that benefits the residents of the city, particularly the low- and moderate-income residents of that place.

We had a combined $1.8 million in grants that were offered—this is money, important to note, that doesn't come from the Federal Reserve, but comes from our partners. But the money is actually in some ways not the most important factor. What's most important is the process through which the cities engage themselves.

The Fed actually didn't select the winners. We put together an expert panel made up of some of the funders and of city experts who read the site visit reports, read the applications, scored the cities, and actually interviewed the finalists.

Lawrence was the recipient of the top grant prize of $700,000, and the prizes ranged from $100,000 for a one-year award all the way up to a three-year award of $700,000. Probably the key thing in the whole design of the effort was that we only allowed one application per city and that application needed to have cross-sector representation—public, private, nonprofit—and it could be in any issue area.

Crary: *I'd like to ask Jessica a question, speaking as a representative of a distressed community myself with a high level of low- and moderate-income residents. Could you please share some of the challenges your community faces and what your project hopes to achieve as a result of this competition?*

Jessica Andors: Lawrence, Massachusetts, is actually the most Latino city in New England now, and it's home to a large population of first-, second-, third-generation immigrants. Many of these immigrant groups were recruited at first by some of the dying industries in the city. Lawrence was a very thriving mill town that was carved out in the mid-1800s by entrepreneurs and really conceived of as this little worker city.

Lawrence has a lot of the challenges that many smaller postindustrial cities and larger postindustrial cities have these days. It's an aging infrastructure that was built for a use that was prevalent more than a century ago. It has had a fractured civic environment that is the result of an outflow of both human and financial capital over the years, but it also has tremendous strength because primarily of the immigrant population here and also because of the folks who stay in Lawrence and who love it. We do struggle with high family poverty levels, low levels of educational attainment, unemployment rates that are consistently two or three times the state and national average.

One of the things that had happened recently in Lawrence was our school system was taken over by the state and put into state receivership. Normally, this might be seen as a negative, but I think that Lawrence really embraced the opportunity that receivership provided, and we happen to be blessed with a receiver who is incredibly open to cross-sector collaboration and to parent engagement and to really engaging with and interfacing with the community in a way that is different from how things had been done in the school system before. We felt this was an opportunity to open the schools and connect them to the community, for the schools to become a resource for the whole family and to contribute to better outcomes for families.

What we're trying to do through this initiative is to bring together some nonprofit players in the city who are both service providers, but also employers and then other private-sector employers across a range of industries from manufacturing to finance to health. And we are creating a collaboration based in the schools that has the goals of increasing household income for families in the Lawrence Public School system, improving the employment outcomes for both Lawrence Public School's parents and graduates, and then supporting the school transformation and helping improve student grades and student achievement and graduation rates through better family stability.

A key component of this initiative is a practice of coinvestments that we're trying to create where the families and the students and all of the community partners—the nonprofits, the employers, the city, the schools—are aligned around this central goal.

Crary: *Prabal, it's certainly a unique undertaking, especially for the Federal Reserve. How and why did the Federal Reserve Bank of Boston get involved, and who are the other partners involved and what kind of contributions did each of them bring to the process?*

Chakrabarti: Part of the reason that we got involved is this commitment and this need that we see in places like Lawrence and in other small cities like this around the country. Now the Boston Fed also believes that these small and medium-sized cities often don't receive the kind of investment that they need and are often overlooked. Our initial research in all of this came out of a Fed System study of concentrated poverty in 2006, and the observation there is just, even as the economy improves and goes through recession and then recovers, there are just places in this country that are still beset by concentrated poverty that is caused by a whole host of factors.

Boston Fed President Eric Rosengren is committed to this effort and the idea of what you can achieve through this kind of collaboration, not just in the cities, but even among ourselves [partner organizations]. So it would have been one thing for the Fed to have said, we'll just run the program in a particular way according to our own rules. But we said, if the research finds that collaboration and leadership is what's important, and this is borne out through the work of others, then this is something we should model and we should lead by example.

Living Cities, which is a national funder collaborative made up of 22 of the nation's largest foundations, was doing a lot of work in big cities, and they also found that without a robust civic infrastructure, without everyone working together across sectors in an effective way that they weren't seeing that their investments would bear fruit. So we approached Living Cities to put together an effort that tries to incent some of this in small cities. Living Cities provided some of the prize money. Other partners and funders include the private sector and a group here in Massachusetts of 16 of the largest employers called the Massachusetts Competitive Partnership, and then the state government was also involved through their economic development agency.

Crary: *Let's talk a little bit about intended outcomes. Prabal, could you give us some general success metrics that you looked for during the overall competition? And Jessica, what are some of the specific outcomes you're tracking?*

Chakrabarti: In terms of the outcomes, one of the things we asked in each of the city's proposals, we asked them to identify what's the measure, what's the long-term outcome, what's the newspaper headline that you want to see? And let's work backwards from that. What are the steps, what are the institutions or groups or organizations, what are the things you need to do to create momentum to be able to achieve that outcome?

We're going to be looking at what the cities achieve for what they've put forth in their proposals. And they range from outcomes around unemployment to outcomes around small business growth and entrepreneurship growth to outcomes around reducing poverty and mobility. These are important, but the goal itself is not as important as that underlying collaboration and leadership that I was speaking about.

We have a third-party evaluator that's going to be looking at the extent of collaboration by examining the network and looking to see how the level of collaboration in the city has improved, because what you want to know is, does the team that gets put together then work on the next issue?

A third thing is, do we see some kind of spillover benefits with these communities that won?

Andors: On a local level and very project-based level, the overall marker that we have chosen as our 10-year goal is an increase in household income for the families of children in the Lawrence Public School system. And to give you a basic idea of what the situation is, over 90 percent of families in the public school system qualify for free or reduced-price lunch, which means that most of them are below 180 percent of federal poverty levels.

We are looking at that household income measure as a major measure of success in this case, but underneath that I would say we are looking at improved employment outcomes, whether folks are getting jobs, better paying jobs, more satisfying jobs, career building jobs. We're looking at improved financial resilience by families, measures of improved educational progress, and we're also looking at some measures of improved social networks and civic engagement.

We haven't completely finalized our evaluation tool and process yet, so I want to highlight that as a challenge. I think one of the interesting things about this is thinking about how we all communicate with each other around the data and evaluation and information that we do have so that the results can build into a larger feedback loop for all the different players and partners in the community.

Crary: *Prabal, are there any initial lessons you can share that might have application for communities working toward large-scale change like your competition encourages?*

Chakrabarti: We've learned a lot from this effort already, in particular, getting the private sector engaged. Certainly, all of our cities that have small business and workforce goals, getting those local employers to the table and the anchor institutions—whether they be hospitals or cultural institutions or universities—they can play a research role, they can play a real estate role, they can play a supplier development role or workforce training role, even an educational role into schools in different ways.

I think an overall recommendation is to start with your assets and build on your assets. I think it is important to be telling a positive story about your community. I think it's important to emphasize places and statistics that are turning around for you, that are moving in the right direction, the assets you have, and don't be afraid to talk about your people as assets.

These kinds of efforts need a coordinator, they need some kind of financing whether through an umbrella nonprofit organization or a person whose job it is waking up every day to keep this coordination going. Whether that's a philanthropy or a city or business, just find someone whose full-time job it is to wake up every day thinking about how to move collaboration toward a specific outcome.

Crary: *I think we've all learned that economic development is a long-term process, but it takes common vision and collaborative efforts, and it sounds like Lawrence is headed in the right direction. So congratulations to both of you, and thank you for speaking with us today. This concludes our podcast. We've been speaking to Prabal Chakrabarti at the Boston Fed, and Jessica Andors, at Lawrence Community Works.*

The Federal Reserve's ninth biennial Community Development Research Conference will be held in Washington, D.C., in April 2015. The conference will address a diverse set of issues shaping community development policy and practice. More information on the agenda and registration details will be available on the St. Louis Fed's website.

For more podcasts on this topic and others, please visit the Atlanta Fed's website at frbatlanta.org. If you have comments or questions, please email podcast@frbatlanta.org. Thank you for listening.

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Take In-Depth Look at the Fed's Community Development Work

Interested in learning more about the latest trends in community development? Curious about the work the Federal Reserve does in this space, and why?

Join community development practitioners from across the country at 3:00 p.m. ET on Thursday, July 10 for a call-in session on the topic.

This session will also provide an introduction to the Fed's new website, FedCommunities.org, which hosts community development resources from each of the 12 Federal Reserve Banks and the Board of Governors. Community development practitioners will find the site useful when searching for research on a particular topic area in the field.

Featured speakers will include Joseph Firschein of the Fed Board of Governors, Alfreda Norman of the Dallas Fed, and Mark Pinsky from the Opportunity Finance Network. These experts will share their perspectives on the state of the community development industry and offer insights on promising practices, research, and policy issues for new and current practitioners.

Register for this interactive session at the **Connecting Communities™** website. Participation is free, but preregistration is required.

This event is part of the Federal Reserve's Connecting Communities series, a national initiative intended to provide community development practitioners, financial institution representatives, policymakers, and others with timely information on emerging and important community and economic development topics.

Conference Will Share Innovative Practices in Community Development

In a still uncertain economy, community development professionals seek practices that can assist their efforts in low- and moderate-income communities. But what is the innovative spark that leads to a promising practice?

The Shift Innovation conference will be an opportunity to explore how thinking creatively about community development can unlock new and innovative solutions to challenges in the field. Conference sessions will focus on a variety of topics, including using technology to connect with underserved communities, cultivating entrepreneurship and small business, and enhancing community leadership.

Keynote speakers slated for the conference include:

> *Kathie Thomas*, founder of Beyond Concepts and a nationally recognized trainer and consultant on innovation and creative organizational development
> *Clifton Taulbert*, founder of the Building Community Institute and coauthor of *Who Owns the Ice House: Eight Life Lessons from an Unlikely Entrepreneur*
> *Richard Boly*, former director of the U.S. State Department's Office of eDiplomacy, an applied technology think tank, and a consultant to the World Bank.

The conference will take place in Kansas City on September 22-23. Conference registration is $125. View the conference agenda, and register for the event.

A Fresh Look at Small Business Conditions

SMALL BUSINESS AND ENTREPRENEURSHIP

The Atlanta Fed's semiannual survey of small businesses was recently released, and it shows that firms are slightly more optimistic than they were last year. The expectations to hire staff or increase sales over the next 12 months increased, but plans for capital investment remained flat. Actual business performance was consistent with last October's findings with 21 percent of respondents reporting increased sales and 9 percent hiring new staff. The survey, conducted in the first and third quarters each year, looks at business and financing conditions of small businesses in the Southeast.

Financing opportunities appear to be improving. Thirty percent of respondents applied for credit, with about 60 percent of businesses having most or all of their requests filled. That's a significant increase over the first quarter of 2013 when only 40 percent reported having their requests mostly satisfied. Businesses had the greatest success with attaining financing by applying to regional or community banks.

Despite this improvement, many small businesses were discouraged from applying for credit. Sixteen percent were discouraged due to anticipation of bad credit terms or the fear of being turned down. This rate varied significantly based upon the age of the business. Young firms were nearly twice as likely to be discouraged from seeking financing as mature ones.

You can examine the full survey results and a related *macroblog* that offers another perspective on the results.

Measuring What Matters: Tracking Success in Economic Development

00:00 13:01

May 2014

Janet Miller: *Welcome to the Federal Reserve's* Economic Development *podcast series. I'm Janet Miller with the Nashville Area Chamber of Commerce and a board member for the International Economic Development Council, or IEDC.*

Measuring the impacts of an economic development strategy is of increasing importance in order to more accurately link strategies and tactics to outcomes, and assess and recalibrate programs as needed. But given all the data points that could be used, how are local economic development strategies best measured and tracked? IEDC's recent report, Making It Count: Metrics for High Performing Economic Development Organizations*, focuses on the varying approach to measuring impact, and provides a menu of current metrics and suggestions for new metrics that may have applicability.*

We're speaking today to Tim Chase, president of the Greater Wichita Economic Development Coalition, and Swati Ghosh, director of research and technical assistance at the International Economic Development Council and an author of the report. Tim served as the chair of the task force guiding this report.

Welcome, Tim and Swati. So Tim, let's begin by having you provide a little bit of background on the IEDC report. Can you summarize for us the importance of the report and a little bit about the methodology that you used?

Tim Chase

Swati Ghosh

Tim Chase: The origins of the report began back during the recession period where economic developers had for 50 years been able to impact job creation, capital investment, tax base, and personal earnings. And during that period of time our ability to impact those four things was severely impeded, depending on what part of the country you find yourself in. And so from that we began looking at what it is that economic development organizations do and how can we measure progress. We never will be able to operate without taking into consideration those four measures, but what we are looking at is what we might be able to do on top of that.

And so part of the project, there was an extensive literature review that was conducted in 2012. We also gathered and analyzed hundreds of metrics by EDOs [economic development organizations], what they were currently measuring, and we came up with close to 300 metrics. And those were used in a survey that was sent out to the contacts in the IEDC database. Over 500 people responded to the survey. In addition, we had individual interviews with practitioners across the country. And something that was new this time around was that we had a number of focus-group-style facilitated discussions during IEDC conferences over the last two years. We felt it was important to create ownership in the project by asking people to participate in the research process itself.

Miller: *After that experience that you had, Tim, tell me a little bit about what need or gap this report fills, and what are the challenges that economic developers face in measuring performance?*

Chase: I think that the challenge comes from making a conscious decision to add qualitative measures to the quantitative measures that the profession has used since it began. When you add those qualitative measures on to the quantitative, it becomes more difficult to find a standard set of metrics that we could point to as being a nationally recognized series of things that could be measured. And so while the metric menus that we're going to talk about here were created, the idea is that we would have a standard set that the profession could begin working with.

Miller: *So Swati, how would an economic development organization use that menu of metrics that has been laid out in the report? How do you see economic development organizations actually applying that menu?*

Swati Ghosh: The menu itself is very easy to use, which should enable organizations to adopt it easily. Just a little bit about the menu, it's divided into four segments, and it is about what types of metrics do EDOs use at different points in their overall program management. The four segments are internal metrics, ED program, relationship management, and then community.

So each of the segments itself is then divided into several sets of metrics, and these are more akin to the economic development programs that EDOs work on. So for EDOs that have limited resources and are working on only business attraction or business creation, they can focus on the core metrics in those two categories. And then as their resources, as their ability to measure performance is expanded, they can keep adding on more and more segments to it.

The menus are part of a larger report. The report itself is divided into four pieces. The first is a guidebook that takes the most relevant information and puts it in a quick-to-access, quick-to-read kind of format. We also have a set of case studies that looks at a number of different organizations from around the country and how they are measuring performance. The last portion is the metrics analysis and research, which is the whole analysis of the full set of metrics that we gathered data.

Miller: *You talked about an extensive survey of the economic development organizations that formed a portion of the, sort of, underpinnings of the report. Tell me a little bit about what were some of the most interesting findings from the survey?*

Ghosh: One of the first things we found from the survey, which was actually disturbing, is that at least one–third of the EDOs don't measure performance at all. They don't measure it regularly, which says a lot about the kinds of challenges some of them face. The challenges range from lack of resources, lack of understanding, to not knowing what kinds of metrics to use.

But we also found a very high correlation between the existence of a strategic plan and the likelihood of an EDO measuring its performance. Strategic plans in 80 percent of the cases provided the guidance for performance measurement.

And lastly, we heard throughout our research that jobs and investment were the two key measures that economic development just cannot go away from.

Miller: *So that gets us toward looking toward the future, and I'd like to visit how this report will relate to another report that IEDC is working on around the future of the industry. How do you think the metrics will be different in the future from the 290 that were identified in this report? What are the trends that we're seeing in the future?*

Ghosh: One of the things we saw was the increasing use of sustainability as a part of an economic development strategy.

Another area is relationship building and networking. So much of what EDOs do today is about relationships and networking, and we just see that increasing more and more as we go forward. But we don't do a good job of measuring our performance on whether we nurture relationships and on the strength of our networks.

Miller: *Tim, how do you see that smaller organizations that may not have as many resources as some of the larger ones, how do they improve the development and implementation of their performance metrics?*

Chase: That's always a challenge, and really regardless of what size of your organization you have to make a conscious allocation of resources. Smaller organizations are not going to have a staffed resource that might be geared exclusively to doing nothing but tracking a variety of metrics. And so in the menus there are breakouts of which ones seem the most logical for all sized EDOs to track, and they are fairly easy to obtain the information. And then if you drill down a little more deeply, the time and energy that it requires to pick up those additional levels of metrics and measure them consistently are going to be probably available to larger organizations, or smaller organizations who believe that this is a pivotal part of their program.

And the real value of the initiative is about getting leadership, volunteer, elected officials, government staffs of state and local, as well as the board members of economic development organizations all to be able to say, "Here are the things that we think are important, and these are not just things that we arbitrarily have landed upon, but they are things that throughout the research they are endorsed as the things that nationally should be tracked. And so together we will choose which of these metrics makes the most sense for our organization."

And interestingly enough, there are a variety of those that will be measured and each organization will choose a different number of metrics to track. And part of this then is not only deciding what you can do or should do, but also what does it not make sense to track moving forward.

Miller: *I would love to end with one question for both of you today, which is how can the takeaways from this report improve the impact of economic development?*

Ghosh: We talked about in our research, "That which is measured improves, that which is measured and reported improves exponentially." And if the one thing that people take away from this report is the importance of measuring performance and doing it on a regular basis will help improve their own understanding of what they're doing and their ability to communicate that better with their investors, with their stakeholders, and continue to invest in economic development.

Chase: I think if there was one aspect of this project that permeated, it was making sure that economic development organizations are relevant to begin with, remain relevant moving forward. The things that we do and the measures that we're looking at have to satisfy a need in what I refer to as our customers. Customers of economic development organizations are very broad. They involve the general citizens of an area or state, the political leadership, government leadership, the business leaders, all of those people have to believe that your organization is relevant and that the proof of the relevance is in using this standard set of metrics.

Miller: *Tim and Swati, thank you so much. This concludes our podcast. We've been speaking to Tim Chase and Swati Ghosh with the International Economic Development Council.*

The IEDC annual conference will be held October 19–22 in Fort Worth, Texas. So if you're interested, there is more information on the IEDC website. We hope everybody will join us there.

For more podcasts on this topic and others, please visit the Atlanta Fed's website at frbatlanta.org. If you have comments or questions, please e-mail podcast@frbatlanta.org.

Thank you all for listening today.

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The Power of Collective Impact

COMMUNITY DEVELOPMENT FINANCE :: FINANCIAL INNOVATION :: PHILANTHROPY

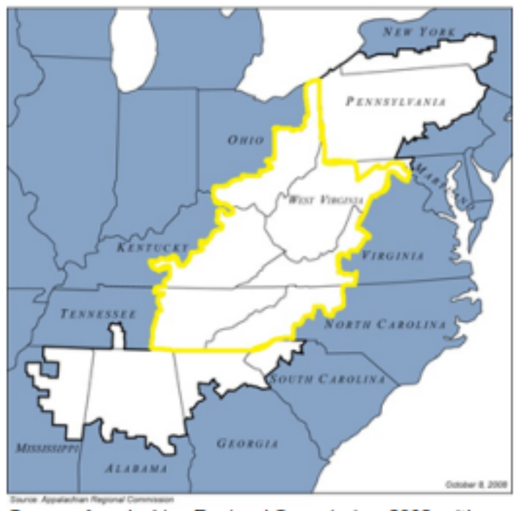
Background

The Appalachian region of the country is a geographically large and diverse area. At a federal level, the Appalachian region is defined in the authorizing legislation of the regional economic development agency, the Appalachian Regional Commission (ARC).[1] The region includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. The region's economy has historically been dependent on natural resource-based industries such as mining, forestry, and agriculture, as well as chemical and heavy industry, but it has become more diversified in the last few decades.[2]

This region has the highest concentration of poverty in the country, with a per capita income between 38 and 75 percent of the national average, and it also has the lowest high school graduation rates and the highest disability rates in the country.[3] In 1965, one in three Appalachians lived in poverty. Over the 2007–11 period, the region's poverty rate was 16.1 percent.[4]

While significant economic and social challenges exist in the region, ARC research points out that the local economies across the region are not homogeneous, and some communities in the Appalachia footprint have successfully diversified their economies.[5]

Appalachia Funders Network footprint, in relation to the Appalachian region in entirety



Source: Appalachian Regional Commission, 2008, with Appalachia Funders Network footprint modification by the network

The economic and social challenges that affect the geographically large and diverse Appalachia region are too complex for an individual organization to address comprehensively. Many communities need large-scale growth or transition to other industries in order to ensure residents have local economic opportunity and mobility. As organizations working in this region have learned, that transition requires collaboration among entities and across sectors that capitalizes on the region's assets, builds community capacity, and leverages resources that advance promising economic development initiatives in sustainable and lasting ways.

Recognizing that one grant maker or governmental program will not have as much impact as the collective, the Appalachia Funders Network (the network) has come together to address these issues in Central Appalachia, defined by the network as the Appalachian counties of Ohio, Kentucky, Tennessee, Virginia, West Virginia, and North Carolina (see the map).

About the network

The network was conceived at a March 2010 gathering of representatives from 25 philanthropic and governmental funders working in Appalachia. Participants discussed the importance of collaboration, both in strategic thinking and pooling and targeting resources through a regional funders' network, in what eventually was formalized as the Appalachia Funders Network.

During 2011, the organizational members formalized the role and direction of the network. They incorporated as a cornerstone the concept of collective impact, as described by the *Stanford Social Innovation Review*: "the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem."[6] Using this as a foundational element, the network developed a framework for advancing the economic transition of the Central Appalachian region based around a common analysis and set of shared strategies. In just three years, the network has grown to include over 200 national and regional funding organizations from the public, private, and governmental sectors that work in central Appalachia.

The network also hired Rural Support Partners, centrally based in Asheville, North Carolina, to operate as the support organization. Now a critical component of providing the network with structure, Rural Support Partners provides daily management of the network, facilitation and coordination of communications and gatherings, and evaluation of the network's programmatic impacts.

One notable program that has emerged from the network's convening power is the Appalachian Transition Fellowship (known as AppFellows). AppFellows is the region's first fellowship for regional leaders and was designed to connect and foster partnerships among nonprofits, businesses, government agencies, and educational and philanthropic organizations working in the region. Four foundations came together to cofund the research, planning, and launch of the program in 2012. The result is a yearlong, paid program that builds on existing regional efforts to bring together cohorts of 15 emerging community leaders and 45 organizations to advance Appalachia's economic transition.

AppFellows places these leaders within host communities to work on projects that foster cross-sector collaborations, and, in return, it provides training and mentoring for these emerging leaders. The program's design is rooted in the network's Appalachian transition framework and uses on-the-ground work experience and exposure to Central Appalachia's unique challenges and needs to develop leaders who will continue to work in the region following their fellowship.

Outcomes and lessons learned

In the three years since its inception, the network has tracked its impact across four goals: increased connections between Appalachian focused grant makers; development of a shared vision, analysis, and framework for targeting investments; increased cross-sector collaboration; and establishment of a formal structure. Highlights of the network's outcomes under the aforementioned goals include hosting four in-person gatherings at revolving locations around the region and the development of a common framework and related working groups under key areas of the framework. These working groups have engaged with local economic development practitioners to determine how the network can provide support to regional entrepreneurial activities in health, local food production, and clean energy. The network also counts as an outcome successful spin-off programs such as the Appalachian Transition Fellowship.

While the network's efforts target a specific region of the country with distinct conditions and needs, its efforts exemplify lessons for the development and execution of any regional community development collaboration, specifically those made up of diverse partners representing the public, private, and philanthropic sectors. The Federal Reserve System's community and economic development division is focused on the unique challenges in rural America, including those in Appalachia. The network demonstrates the following key applications for our Federal Reserve System stakeholders.

The development of strong trust and relationships is necessary to build partnerships, foster collaboration, and ensure a network's success. Trust and relationships are built over time as network members become more connected, identify similar priorities, engage in open dialogue, and coordinate efforts to meet organizations' and communities' interests.

Regional funding collaboratives should include diversity in type and geography of funding entities. Though not profound at its surface, the complexity of this lesson comes in its implementation. As in the case of the network, a core group of funding entities must establish and illustrate the diversity principles the network should epitomize, and then recruit members from the philanthropic, governmental, and private sectors based around those ideas. Also, this approach requires some creativity in determining the appropriate traditional and nontraditional funding entities that should be invited to participate. A related lesson is to incorporate leading practitioners in the network's learning and analysis. This allows for opportunities to break down silos, engage in open and honest dialogue, build authentic partnerships, and develop innovative approaches and strategic investments to advance shared strategies.

AFN Event Addresses Economic Development Initiatives in Appalachia

Since 2010, the Federal Reserve Banks of Atlanta, Cleveland, and Richmond have worked with AFN to introduce promising community and economic development practices, share research, and explore collaborative partnerships and programs to improve the economic prospects of rural communities. In 2013, the three Banks supported AFN's annual conference by convening experts in Asheville, North Carolina, to share their perspectives on access to capital and credit. This April, the Banks sponsored a half-day program, "The Power of Partnerships, in Athens, Ohio, to examine how rural communities can retain wealth. The event also focused on the social and economic impacts of natural resource extraction.

The program attracted over 150 participants, including grant makers, federal agency representatives, bankers, entrepreneurs, and local development practitioners. A proceedings paper summarizing this year's AFN event will be available in the coming months.

Networks require some structure and a sustainable source of funding to maintain momentum. The hire of Rural Support Partners as a non-funding entity was a critical component of operationalizing the network once the concept was solidified. Furthermore, it was important to the network that the support organization had no vested interest in pushing a particular strategic direction. Also, the network has maintained a low-cost membership due structure as the primary funding source for its activities. The network reports cite the growing number of members and its resources for network activities as proof positive that the funding source has been successful to date.[7]

A common framework, shared agenda, and road map among the funding entities ensures that individual organizations have a clear understanding of the common platform and are able to determine how their own work may complement or dovetail with the regional plan. Agreement on a common framework by network members can support a more coordinated, scalable, and impactful body of development work. The framework and road map for the network's efforts will continue to be evaluated annually during the network's in-person gathering to determine how it should evolve based on any lessons learned from the year's work.

By Emily Mitchell, Atlanta Fed regional community development manager, Nashville Branch

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[1] ARC represents a partnership of federal, state, and local government. Established by an act of Congress in 1965, ARC is composed of the governors of the 13 Appalachian states and a federal cochair, who is appointed by the president.

[2] The Appalachian Region, Appalachian Regional Commission.

[3] Rural Support Partners, 2014.

[4] The Appalachian Region, Appalachian Regional Commission.

[5] Ibid.

[6] "Collective Impact," *Stanford Social Innovation Review*, Winter 2011.

[7] "Harnessing the Power of the Network to Accelerate Appalachia's Transition," Appalachia Funders Network, March 2013.

Federal Reserve Resources

Aligning Regional Workforce Efforts: An Effective Industry-Informed Strategy, Atlanta Fed's *Economic Development* podcast series, Federal Reserve Bank of Atlanta, July 2013.

Entrepreneurship in Rural America: A Road to Prosperity, *Connecting Communities* session, Federal Reserve System, September 10, 2013.

Rural Poverty Research Symposium, agenda and presentations, Federal Reserve Bank of Atlanta, December 2–3, 2013.

Self-Employment as Economic Development Strategy: What Does It Mean for Metro and Nonmetro Counties in the Southeastern United States?, Federal Reserve Bank of Atlanta, *Partners Update*, May/June 2011.

Sweet Charity: Foundations as a Source for Community and Economic Development, Atlanta Fed's *Economic Development* podcast series, March 2010.

Federal Reserve Bank *of* Atlanta

Partners Update

Limiting Property Tax Assessments to Slow Gentrification

AFFORDABLE HOUSING AND NEIGHBORHOODS :: **HOUSING POLICY** ::
HOUSEHOLD FINANCIAL WELL-BEING

When a neighborhood is determined to be gentrifying, a potential byproduct is the displacement of long-time residents and businesses. Higher mortgages and rents may be cited as a reason for that displacement, but what role do property taxes play in a neighborhood transforming from low value to higher value? This issue is examined in a recent Atlanta Fed *Real Estate Research blog* by research economist and assistant policy adviser Chris Cunningham, in light of news that several major U.S. cities are planning to reduce or freeze property tax assessments for long-time homeowners in certain gentrifying neighborhoods. In doing so, the cities aim to protect low- and middle-income homeowners unable to afford an increase in property taxes, and thereby slow the churning of these neighborhoods.

In his evaluation, Cunningham looks at the neighborhood gentrification dynamic—defined for these purposes as the change in relative house prices—in states that have capped how quickly an individual property's assessed value could increase and also those that limit growth in the property tax rate. Interestingly, the data show that assessment caps seem to accelerate gentrification rather than slow it. The author also studied the change in residents' median household income as a proxy for the time duration that existing residents remain in their homes. That analysis revealed median incomes did rise in gentrifying neighborhoods and rose faster in tracts subject to an assessment cap, though the difference is not significant. Cunningham points out that further research using more granular data is needed, and he concludes that "looking only at aggregate data, property taxes do not appear to be a primary driver of neighborhood change, and concerns about gentrification do not appear to warrant interfering with the assessment process."

Articles

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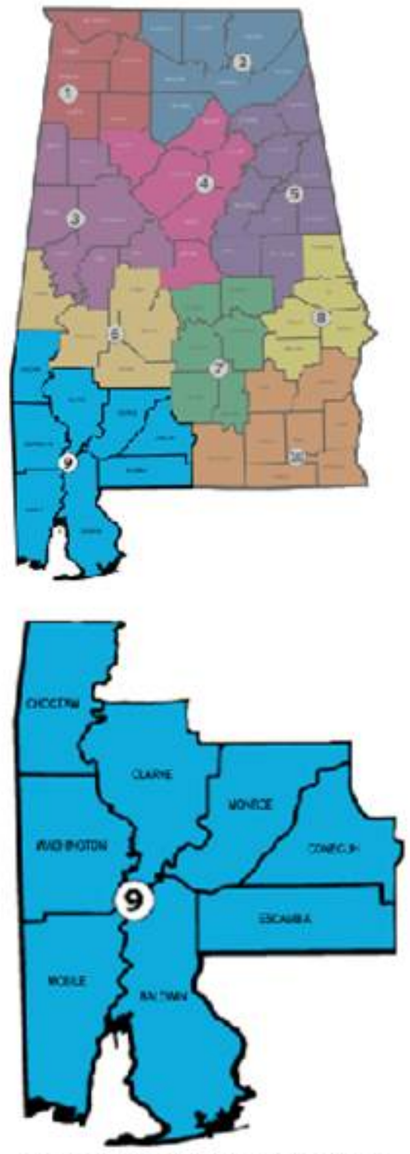
Best Practices in Workforce Development

Background

The Southwest Alabama Workforce Development Council (SAWDC) was established in 2008. Over time, SAWDC has evolved to "develop strategic partnerships which attract, educate and train students and workers to better meet employer needs and foster economic growth in a global marketplace."[1] This profile describes how SAWDC sets out to meet its mission and what the organization's leadership has learned along the way.

SAWDC Works in Region 9 of Alabama's Workforce Development Councils



Source: Alabama Office of Workforce Development

To understand SAWDC's work, local demographics must be considered. The council covers eight counties in southwest Alabama, designated Region 9 in the state's regional workforce development structure (see the maps). In 2012, the eight-county region was home to 741,341 residents, and population growth is projected to be around 3 percent by 2017.[2] The unemployment rate as of February 2014 in the eight-county region was nearly 8.2 percent (see the table).[3]

SAWDC's efforts are focused around two major groups: local employers and workers. On the employer side, SAWDC focuses primarily on four industry clusters, which were determined based on the demand and growth prospects of regional industries. Those industries are aerospace, maritime (focusing on shipbuilding and repair), industrial construction and manufacturing, and health care.

In order to support the industry clusters successfully, SAWDC's efforts must also be concentrated on local workers. SAWDC works with education and social service organizations in the region to address persistent challenges identified within the adult workforce, including low educational attainment, substance abuse, and a need for training in "soft" skills, such as timeliness, job attire, and interpersonal communications.

Alabama County Unemployment Rates as of February 2014, Not Seasonally Adjusted

County	Labor Force	Employment	Unemployment	Rate
Mobile County	182,034	167,231	14,803	8.1%
Baldwin County	82,905	77,186	5,719	6.9%
Escambia County	13,995	12,706	1,289	9.2%
Clarke County	9,215	8,191	1,024	11.1%
Monroe County	7,234	6,331	903	12.5%
Washington County	6,285	5,607	678	10.8%
Choctaw County	4,837	4,402	435	9%
Conecuh County	4,426	3,873	553	12.5%
Total	310,931	285,527	25,404	8.2%

Source: Alabama Department of Labor

About the council

SAWDC is one of Alabama's 10 regional workforce development councils, which were established by the Governor's Office of Workforce Development. The councils are focused on developing partnerships and programs to address the workforce needs of local industry. They are charged with developing and implementing a strategic workforce plan for their respective regions.

The work of the councils feeds into the state agency-led work, where two entities are responsible for melding the efforts of the 10 councils into a statewide strategy. The State Workforce Planning Council is composed of leaders within industry, education, and state agencies, and it establishes priorities and direction for the state's workforce development system. The Governor's Office of Workforce Development oversees workforce programs and resource allocation as established by the state council.

To ensure the regional workforce planning is comprehensive and considers the various workforce needs in the counties represented, the council has broad and deep representation, both geographically and across professional sectors with workforce interest. The council is comprised of 45 leaders of industry, government, education, economic development, and philanthropy; 13 of those members make up an executive council.

> The Southwest Alabama Workforce Development Council is one of 10 such councils in the state. It targets the workforce needs of local employers, offering training programs to workers for positions in four industries.
>
> Southwest Alabama Workforce Development Council
> 605 Bel Air Boulevard, Suite 32
> Mobile, AL 36606
>
> Executive Director: Laura Chandler
> ldchandler@sawdc.org
> (251) 445-2090
>
> Geography served: Eight counties in Southwest Alabama—Baldwin, Choctaw, Clarke, Conecuh, Escambia, Mobile, Monroe, and Washington

SAWDC is also one of 32 U.S. communities designated by the National Fund for Workforce Solutions (the National Fund) as a regional funding collaborative. The collaboratives are designed to be a local industry-driven approach to providing training and education to job seekers, and the communities selected receive support from the National Fund. By focusing on the four industry clusters that are critical to the local economy, Executive Director Laura Chandler says that it has allowed SAWDC and the local workforce development entities to build strong partnerships with industry and work with its leaders to identify needs related to workers.

But if SAWDC's efforts ended there, they would not be as successful as they have been to date. Instead, SAWDC has also worked to develop new skill-building and job etiquette programs or enhance and elevate existing ones. These programs help improve and increase the pool of qualified local workers. For example, the Worlds of Opportunity program is a career expo for eighth-grade students in southwest Alabama. The event uses interactive activities to expose students to careers available locally. The 2013 event featured 12 different industries for an audience of 10,600 students from 78 schools.

Outcomes and lessons learned
SAWDC emphasizes the importance of measuring the impact of its work to assess program design and direction and recalibrate as needed. The council's work produces a number of metrics that can be assessed, so the decision about exactly what the council measures is considered as important as the results of those measurements. Both the employer and client metrics are regularly evaluated to ensure the right data points are being captured and the programs are adequately serving both groups. Employers are asked to complete a year-end survey to identify the projected number of skilled workers needed in the upcoming year as well as challenges related to the existing workforce. In 2013, a key finding from this survey was that employers face recruitment challenges.[4] For its clients, SAWDC tracks information for job seekers as well as incumbent workers served. In 2013, the council served 658 job seekers; of those, 432 gained employment.[5] For incumbent workers, a critical metric is wage increase. In 2013, SAWDC served 145 incumbent employees; 129 reported wage increases.[6]

SAWDC provides a strong model for regional collaboration and industry outreach. Though it is a local initiative, the SAWDC example highlights lessons on strategic planning and how to facilitate collaboration across sectors that have national applicability and relevance for stakeholders of the Federal Reserve System's community and economic development efforts.

Establish clear and different plans for the concept and implementation phases, given that each requires a unique approach and funding streams. As part of that mind-set, Chandler emphasized the importance of selecting organizational leadership and staff with the appropriate skill sets for both phases. While there are differences in the action plan and expected outcomes for the concept and implementation phases, Chandler noted that there may be central tenets woven through both phases. SAWDC decided to focus on a small subgroup of industry clusters to avoid overstretching resources.

Plan for policy change as a long-term goal. An ambitious policy agenda that seeks to align state and federal resources will take time, so SAWDC has developed an action plan that includes short-, medium-, and long-term goals. That ensures employer needs are the driving force for decision making within other aspects of the local workforce development ecosystem, such as education and public policy.

Focus on building deep partnerships across industry clusters, a core component of SAWDC's approach. As Chandler says, "Relationships are of utmost importance and are the key to our success." These relationships drive SAWDC's ability to structure a council with broad representation across the region and industry sectors, which in turn brings a diversity of perspectives in considering the needs of employers and workers in southwest Alabama.

Recognize that each worker has a unique situation and needs that must be addressed, and in turn, work with local leaders in the education and social services sectors to develop programs that respond to an individual's barriers to employment.

By Emily Mitchell, Atlanta Fed regional community development manager, Nashville Branch

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[1]Southwest Alabama Workforce Development Council, January 2013..

[2]Population, Economic, and Workforce Report: Region 9, Economic Modeling Specialists Inc., August 2012.

[3]Alabama Counties Unemployment Data, Alabama Department of Labor, February 2014.

[4] Southwest Alabama Workforce Development Council presentation, Chandler, Laura.

[5]Ibid.

[6]Ibid.

Additional Federal Reserve Resources

Aligning Regional Workforce Efforts: An Effective Industry-Informed Strategy , *Economic Development* podcast series, Federal Reserve Bank of Atlanta, July 2013.

Federal Reserve Human Capital Compendium, Center for Human Capital Studies, Federal Reserve Bank of Atlanta, March 2014.

The Future of Workforce Development conference proceedings, Federal Reserve Bank of Kansas City, September 19–20, 2012.

Power in Partnerships: Addressing Workforce Development Challenges , *Economic Development* podcast series, Federal Reserve Bank of Atlanta, June 2012.

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