Federal Reserve Bank *of* Atlanta

PartnersUpdate

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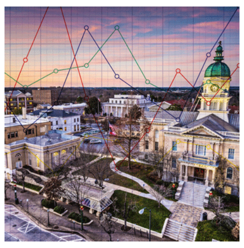
Fed Hosts Webinar on Racial Wealth Inequality in 21st Century

06/19/2015 -
A webinar addressing the widening racial wealth gap will be offered in July. *Partners Update* offers details and registration information.

How to Build a Strong Workforce Development Network: Lessons from Southeastern Workforce Networks

06/18/2015 -
Organizations that help foster regional coordination among workforce development service providers recently convened to discuss successful strategies. This article summarizes their discussions, which include key challenges and methods for surmounting them.



Economic Dynamism in Small Cities (Part 2): Migration, Commuting, New Firm Creation, and Population Density in Small Cities

06/05/2015 -
The factors that contribute to economic dynamism in a small city can be elusive to define and measure. This article looks at some elements of small city economic dynamism that may contribute to growth and development.

Fed Webinar to Discuss Post-Recession Household Behavior and Well-Being

05/28/2015 -
During a June 11 webinar, members of the Federal Reserve Board of Governors will present findings from the report on the *Survey of Household Economics and Decisionmaking of 2014*. This *Partners Update* article offers details.

Future Fortunes: Are City-Suburban Educational Attainment Trends in the Southeast United States Unique?

05/18/2015 -
The Southeast has historically lagged behind the rest of the nation in terms of education attainment. This article looks closely at census and other data to try to uncover some positive trends that may exist despite the lag.

Fed Webinar Will Explore Best Practices in Program Evaluation

05/11/2015 -
Community development practitioners, researchers, and policy experts will discuss the challenges of evaluating program impacts in a live webinar on May 28. This article offers details.

May/June 2015

Fed Hosts Webinar on Racial Wealth Inequality in 21st Century

Interested in exploring the implications of racial wealth inequality in the United States? As the racial wealth gap increases over time, it becomes more difficult for families nationwide to develop assets to offer better opportunities for future generations. Join us on July 16 for a stimulating one-hour webinar that will focus on racial wealth inequality and how it affects millions of families across the United States.

During the webinar, speakers will discuss findings from three different sources: results from the National Asset Scorecard for Communities of Color (NASCC) survey; a report from the Boston Fed, *The Color of Wealth*; and an essay on race, ethnicity, and wealth from the St. Louis Fed.

The webinar will feature speakers Bill Emmons, Bryan Noeth, and Ana Patricia Muñoz of the Federal Reserve as well as scholars William Darity and Darrick Hamilton of Duke University and The New School, respectively. During the webinar, you'll have an opportunity to ask questions of the presenters.

Register for this session at the Connecting Communities® website. Although participation is free, you must register in advance.

This webinar 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 development topics.

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How to Build a Strong Workforce Development Network: Lessons from Southeastern Workforce Networks

HUMAN CAPITAL AND WORKFORCE DEVELOPMENT

A **regional workforce development collaborative**, also referred to as a regional workforce development network, serves as a "backbone" organization that exists to provide greater regional coordination among workforce development service providers and programs with the business community.

For more information on these organizations and their role in workforce development, see the discussion paper "Fragmentation in Workforce Development and Efforts to Coordinate Regional Workforce Development Systems," by Stuart Andreason and Ann Carpenter.

Increasingly vital players in the workforce development field, regional workforce development collaboratives are working hard to fill the gap caused by a system that has experienced a rising number of localized, individual service providers and programs but has struggled with providing the necessary coordination to match. Although these types of organizations have existed as early as the 1980s, the Southeast has more recently embraced them as significant structural changes, fragmentation, funding instability, and other factors have made system coordination all the more difficult.

In June, workforce collaboratives from the Southeast convened virtually to share their experiences and progression as organizations as well as to discuss the obstacles they confront in their role as regional bases for workforce development. The meeting was organized and facilitated by Stuart Andreason, senior community and economic development adviser at the Federal Reserve Bank of Atlanta, and attended by key players in workforce collaborative efforts from Atlanta, Nashville, and Birmingham.

The three regional networks present at the virtual conference included the Metro Atlanta Exchange for Workforce Solutions (MAX), the Nashville Workforce Network (NWN), and the Central Six Workforce Development Council (which serves a six-county region in and around Birmingham), each created within the past decade to address the aforementioned needs. The discussion allowed the regional workforce development collaboratives and their key partners in attendance to find that they confronted similar problems in trying to advance their organizations. Some of the main issues discussed included:

- **Lack of funding.** Collaborative leaders found that philanthropic and grant funding for workforce development is rare, and the funders that do exist typically prefer to fund direct efforts, as opposed to the system-level change efforts of a regional workforce development network. Collaborative efforts are also concerned with ensuring that they are not "crowding the field" by creating inadvertent competition with direct job-training providers they serve if they pursue the same funding source.
- **Permanent, dedicated program leadership.** Closely tied to the issue of funding is the need for permanent, dedicated leadership to manage these growing regional workforce development networks. Although the attendees agreed that establishing a single person to lead the network is critical, tight funding streams have made it difficult to hire and staff these initiatives. Several of the collaboratives discussed the potential for using "loaned" staffing time as a potential model for staffing, but they noted that full-time staff would be preferable. Some of the groups have considered assigning full-time, loaned staff to their respective collaboratives. Andreason and Carpenter's paper describes several collaboratives that have been able to develop devoted budgets and staffing, often as an initiative or spinoff of another group.
- **Network quality control.** Though the regional workforce development networks would like to ensure a high quality of service providers included in the networks, they voiced several concerns regarding their selectivity of network members. One issue was how to determine and develop a standard indicator of service quality for the range of providers served by the network. Other issues with implementing quality control included straying from the mission of these organizations and potentially creating competition among service providers. Collaboratives have identified a few basic measures of provider capacity, including the number of people served and their placement rate into jobs as a foundation for measuring program capacity. All noted that when working with job-training providers ranging from very small nonprofits to larger technical colleges, making an apples-to-oranges comparison is very difficult.
- **Metrics for success.** Although networks can track certain internal metrics of effectiveness (such as the number of events they hold or the number of providers they serve), they have found it difficult to measure their progress toward the broad missions of systems change. The collaboratives also noted that it is even more difficult to ascribe responsibility for positive changes in the local workforce development system to their efforts. Most of the collaboratives continue to measure their effectiveness through feedback from members.
- **Perception and general understanding of role.** Operating as a neutral collaborative that serves workforce development service providers and not as a direct service provider or a broker has required extra clarity in developing these organizations. The collaboratives from different regions, as well as the ones profiled in the recent discussion paper, identified different local gaps that collaborative efforts could fill. These efforts ranged from developing better connections to the business community to providing professional development to organizations that may be allied to the workforce development system, but not directly engaged in job training.

Though these organizations have had to use their best judgment in navigating these new issues as they arise, this virtual convening allowed them to share solutions that have worked with one another, as well as lessons learned from things that did not work. As Andreason and Carpenter suggest, these groups have the potential to create more effective workforce development offerings for job seekers and businesses. As they continue to advance and work through these issues, the Atlanta Fed's Community and Economic Development department looks forward to facilitating further collaboration and sharing lessons among workforce development entities.

Are you working regionally on workforce development issues and would like to share your experiences? If so, email Stuart Andreason.

By community and economic development intern Mindy Kao

Economic Dynamism in Small Cities (Part 2): Migration, Commuting, New Firm Creation, and Population Density in Small Cities

COMMUNITY DEVELOPMENT FINANCE :: LOCAL ECONOMIC DEVELOPMENT

Given the number of small cities in the Southeast and the relative share of our region's population living in them, gaining a better understanding of a small city's economic dynamism and ability to attract capital is crucial. For the purpose of this inquiry, our team defines small cities as those with populations of at least 50,000 within metropolitan statistical areas (MSAs) with populations less than 500,000. The ultimate purpose of this work is to understand the conditions under which economic dynamism in small cities translates into investment into revitalization or redevelopment of economically distressed areas. We presume that, with some scale, dynamic local economies attract investment, which eventually translates into investment into revitalization or redevelopment of distressed areas. We aim to understand the conditions under which that presumption can be validated within a small city context.

Initially, we are focused on changes across four main dimensions: demographics, infrastructure, human capital, and economics. We are using economic dynamism as a rough proxy for demand within a local market—the idea being that, at a certain scale, more dynamic local economies have sufficient demand and tax base to attract private investment into infrastructure, community facilities, charter schools, housing, small business lending, and other public-private amenities that serve economically distressed populations. Then we will pivot to the question of capital attraction, focusing initially on subsidies that are most often associated with investment into economically distressed places, including new market tax credits, Community Reinvestment Act-motivated small business lending, and lending and investment from community development financial institutions (CDFIs).

The questions we seek to answer include:

- What inherent factors distinguish more economically dynamic small cities from those with lower levels of dynamism?
- Are the more economically dynamic small cities attracting capital for investment into revitalization or redevelopment of distress?
- If so, what are the factors that facilitate investment into distressed areas of dynamic local economies?
- If not, what are the barriers to attracting capital for revitalization into otherwise dynamic local economies?

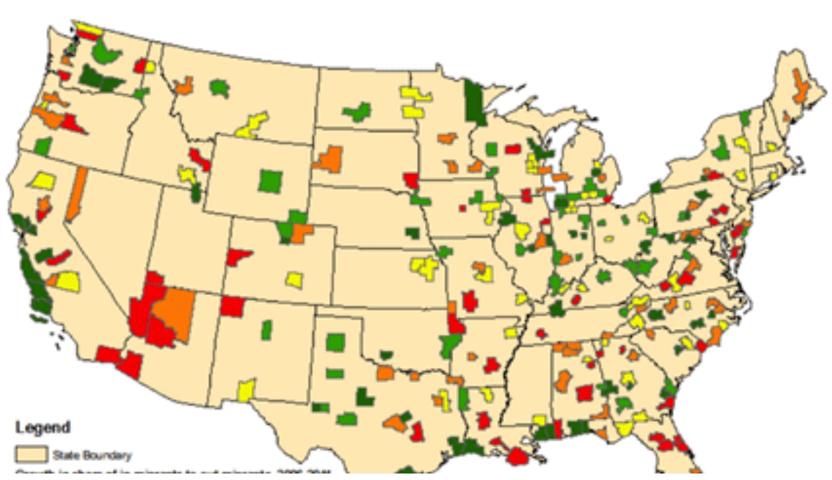
The answers to these questions will have implications for local and state policies focused on revitalization of distressed areas in small cities and rural areas, as well as shed some light on undercapitalized community development opportunities in small cities.

Part 1 of this series included an overview of data on where small cities are concentrated in the United States, how many people live in them, and where they are growing. As we begin to dig further into the data, one of our questions has been the degree to which some small cities are becoming "stickier"—that is, the extent to which they are pulling in new residents, workers, and businesses from surrounding rural areas and newcomers from more urban areas. Further, to what extent is stickiness at the small-city MSA level—a broader geography than the municipal boundaries of the city itself—translating into increasing density in the core or primary city of a given MSA?

Migration into small cities

To begin to understand changes in migration into and out of small cities, we use IRS tax return data on migration flows at the county level. Counties have been linked to the principal city within each small-city MSA. From 2006 to 2011, the share of in-migrants to out-migrants increased in 83 out of 244 small cities (34 percent). Said another way, in terms of migration data, 83 small cities became "stickier" during this period. The largest positive change in the share of in-migrants to out-migrants during this period came in Gulfport-Biloxi, Mississippi, followed by Salinas, California, and Beaumont-Port Author, Texas. Chart 1 illustrates these changes in small cities across the United States.

Chart 1
Growth in Share of In-Migrants to Out-Migrants, 2006–11

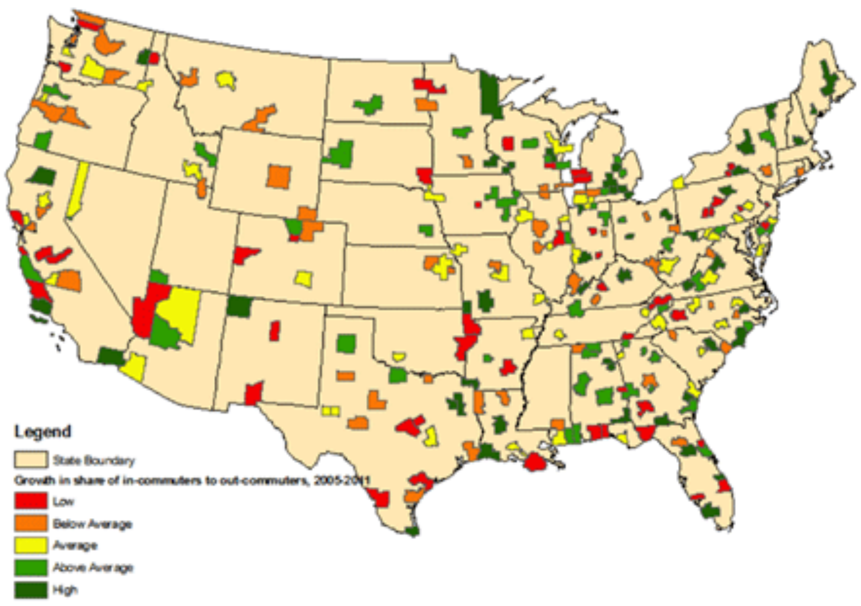


Source: Author's calculations of data from IRS Statistics of Income Division, County-to-County Migration Data Files, downloaded from Policy Map, The Reinvestment Fund

Commuting into small cities

We know from existing literature that small cities with anchor institutions such as hospitals, colleges, universities, and local or state government enterprises often serve as economic hubs for surrounding rural communities, pulling in commuters from as far away as dozens of miles (see, for example, *Small Town, Big Ideas*). To look at changes in commuting patterns into and out of small cities, we use the U.S. Census Bureau's "OnTheMap" application to assemble census data on commuting into each MSA's principal city. From 2005 to 2011, the share of in-commuters to out-commuters increased in 153 out of 244 small cities (63 percent). The largest positive change in the share of in-commuters to out-commuters over this period came in Anchorage, Alaska, followed by Farmington, New Mexico, and Morgantown, West Virginia. Chart 2 illustrates these changes in small cities across the United States.

Chart 2
Growth in Share of In-Commuters to Out-Commuters, 2006–11

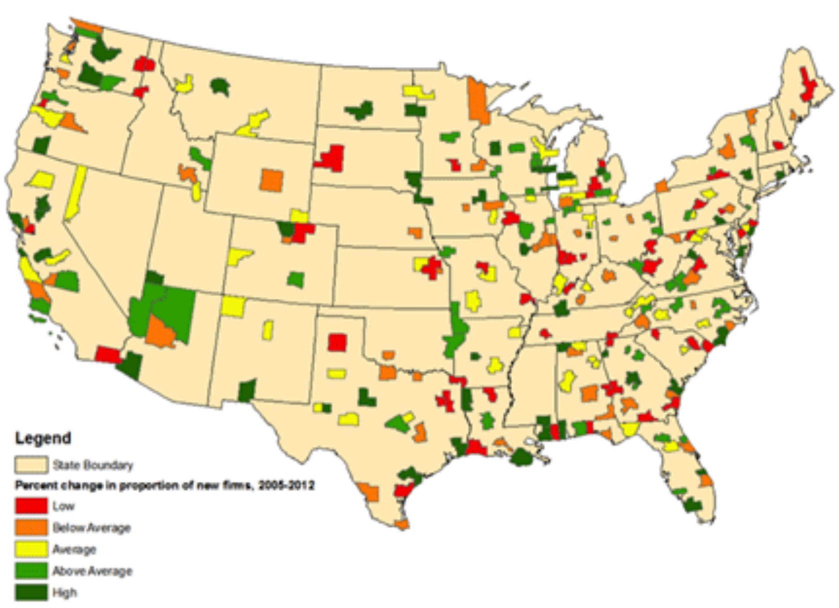


Source: Author's calculations of data from the U.S. Census Bureau, On the Map

New firm creation in small cities

The Kauffman Foundation and others suggest that dynamism in a local economy is defined in large measure by innovation-driven metrics such as business formation patterns, initial public offerings, relative share of jobs in gazelle (fast-growing) firms, patents, industrial makeup, and share of employment in knowledge-intensive firms. As a proxy, we assembled MSA-level data from the U.S. Census Bureau's Business Dynamics Statistics on new firms as a share of all firms. From 2005 to 2012, the share of new firms to all firms increased in only five out of 244 small cities (2 percent). In other words, this share tends to be very stable or decreasing in nearly all small cities. The largest positive change in the share of new firms to all firms over this seven-year time period came in Cheyenne, Wyoming; Odessa, Texas; and Bismarck, North Dakota. Chart 3 illustrates these changes in small cities across the United States.

Chart 3
Growth in Share of New Firms to All Firms, 2005–12

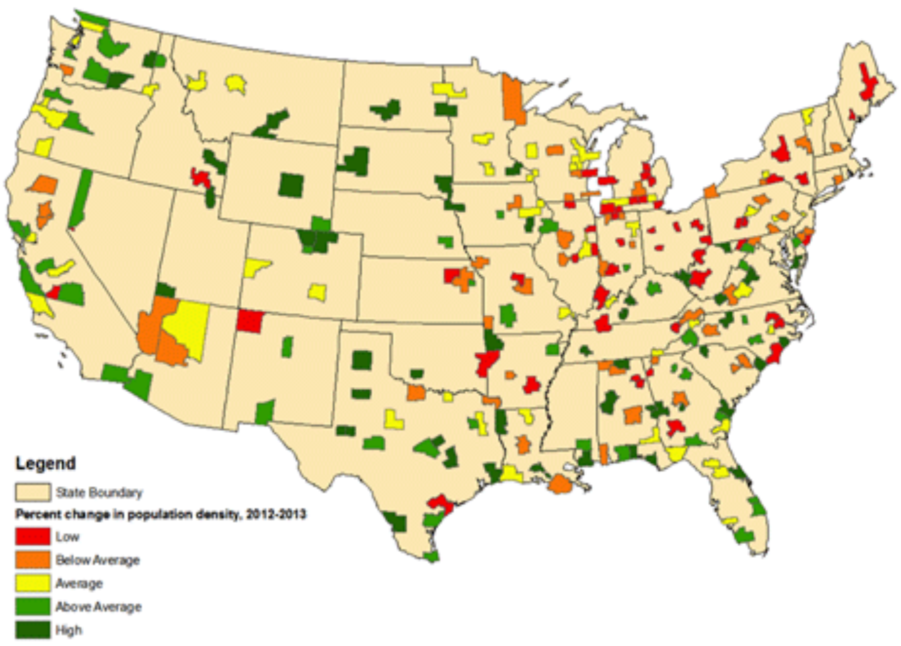


Source: Author's calculations of data from the U,S. Census Bureau, Business Dynamics Statistics

Population density in small cities
In a 2013 piece from the St. Louis Fed, "Increasing Density: A Small-Town Approach to New Urbanism," Drew Pack reviews the positive community and economic development effects that increasing density can have on a small community. These benefits can include greater productivity, a more competitive downtown core, as well as reduced infrastructure expense from more geographically focused investments. The article concludes with a list of policy considerations for leaders seeking to increase urban density in smaller communities.

To explore emerging trends in terms of population densification in small cities, we use the U.S. Census Bureau's American Community Survey data. From 2012 to 2013, population density in the principal city of each MSA increased in 180 out of 244 small cities (74 percent). The largest positive change in the population densification over this recent one-year time period came in Florence, Alabama, followed by Midland, Texas, and Warner Robins, Georgia. Chart 4 illustrates these changes in small cities across the United States.

Chart 4
Growth in Population Density, 2012–13



Source: Author's calculations of data from the U.S. Census Bureau, American Community Survey (3-year estimates)

Sticky small cities Finally, these factors were combined into a raw index score for small town stickiness. This measure indicates the degree to which trends can be observed across combined metrics of migration, commuting, new firm creation, and population densification in small cities. The top 20 cities on the small town stickiness index are:

1. Anchorage, AK
2. Gulfport-Biloxi, MS
3. Farmington, NM
4. Morgantown, WV
5. Lake Charles, LA
6. Odessa, TX
7. Bismarck, ND
8. Naples, FL
9. Saginaw, MI
10. Williamsport, PA
11. Salinas, CA
12. Greenville, NC
13. Cheyenne, WY
14. El Centro, CA
15. Hinesville-Fort Stewart, GA
16. Florence, SC
17. Appleton, WI
18. Tyler, TX
19. Valdosta, GA
20. Fairbanks, AK

The next article in this series will explore additional elements of economic dynamism in small cities, including employment and jobs, education levels, and local investment in infrastructure.

By community and economic development senior adviser Will Lambe; the author thanks Kyungsoon Wang and Joseph Rondone for research assistance

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Fed Webinar to Discuss Post-Recession Household Behavior and Well-Being

Interested in learning about current issues affecting consumers' financial well-being? Curious about changing trends in household financial behaviors and sentiments since the recovery began? Join us on June 11 for an exciting one-hour webinar that will focus on these and other questions relating to the financial well-being of U.S. households.

During the webinar, members of the Federal Reserve Board of Governors will present findings from a recently issued report detailing results from the *Survey of Household Economics and Decisionmaking of 2014*. The survey was designed to capture a snapshot of the financial and economic well-being of U.S. households as well as to monitor their recovery from the last recession and identify any risks to their financial stability.

The webinar will feature speakers David Buchholz, Arturo Gonzalez, and Jeff Larrimore of the Federal Reserve Board of Governors. During the webinar, you'll have an opportunity to ask questions of the presenters.

Register for this session at the **Connecting Communities®** website. Although participation is free, you must register in advance.

This webinar 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 development topics.

Mark your calendar now for our next webinar on racial wealth inequality, to take place on July 16.

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Future Fortunes: Are City-Suburban Educational Attainment Trends in the Southeast United States Unique?

HUMAN CAPITAL AND WORKFORCE DEVELOPMENT :: EDUCATION AND TRAINING

This article is the final article of a four-part series on educational attainment in the U.S. Other articles in the series analyze educational attainment trends in Atlanta, the most populous metro areas, and U.S. legacy regions.

Historically, educational attainment trends in the Southeast region of the United States have been some of the worst. The Census Atlas of the United States shows that while the Southeast made some of the biggest improvements in educational attainment from 1950 to 2000, the region is still behind most of the nation. Despite this overall lag, some possibly positive trends emerge, but it requires a closer look at the region's metropolitan cities and suburbs.

Using educational attainment data from the U.S. Census Bureau, we compare the aggregated data of 51 metropolitan statistical areas (MSA) in the Southeast to that of the 50 most populous MSAs.[1] The comparison of these trends suggests that the Southeast has greater educational attainment equity between its cities and suburbs, but the region continues to have lower overall levels of bachelor's degree or higher attainment than the rest of the country.

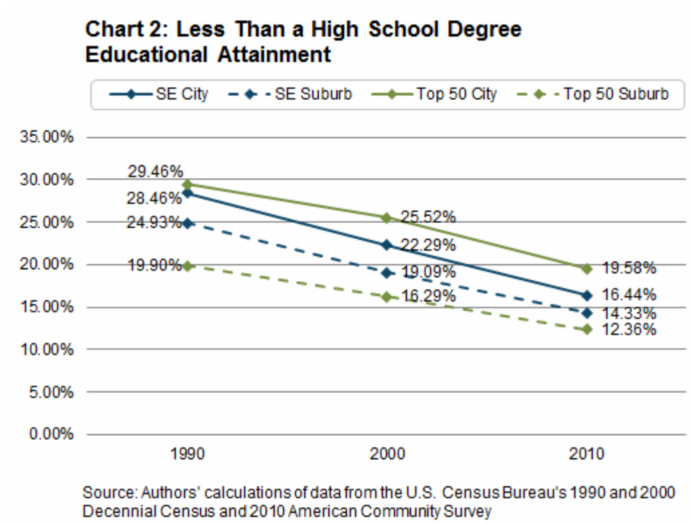
Less than a high school degree educational attainment: More even in the Southeast

Table 1 compares the ratio of cities' population proportion with less than a high school degree to that of their respective suburbs. In 2010, this city-to-suburb ratio for the Southeast was 1.15, while the ratio for the 50 most populous MSAs was 1.58. These ratios suggest that the levels of adults with less than a high school degree in southeastern cities and suburbs are much more similar than in the top 50 MSAs.[2] To make the point clearer, for every 100 residents in a southeastern suburb without a high school diploma, there are 115 residents in the respective central city with less than a high school diploma. While this ratio is still too high, the average in the 50 most populous metro areas is even higher: there are 158 central city residents for every 100 suburban residents.

	Table 1: City-to-Suburb "Less Than a High School Degree" Ratio		
	1990	**2000**	**2010**
Southeast	1.14	1.17	1.15
Top 50 MSAs	1.48	1.57	1.58

Source: Authors' calculations based on data from the U.S. Census Decennial Census and American Community Survey

In terms of reducing the lowest levels of educational attainment, Southeast cities are performing better than the cities in the 50 most populous MSAs. However, southeastern suburbs are performing worse than the suburbs in the 50 most populous MSAs. Chart 2 shows that southeastern cities have lower proportions of the population without a high school diploma than the largest metros in America and that southeastern suburbs tend to have higher proportions of the population than the suburbs of the most populous metro areas. This suggests that southeastern MSAs tend to have a more even distribution, between cities and suburbs, of residents with less than a high school degree.



Source: Authors' calculations based on data from the U.S. Census Decennial Census and American Community Survey

Bachelor's degree or higher educational attainment: Not such a contrast

The Southeast did not differ so markedly from the 50 MSAs with regard to those with bachelor's degrees. If we look only at the city-to-suburb ratio of population proportions with a bachelor's degree or higher, the two region types seem to be converging towards a ratio of one, or an even distribution of persons with higher degrees among cities and suburbs. As Table 2 shows, from 1990 to 2010, this ratio in the Southeast fell from 1.10 to 1.04 and grew from 0.90 to 0.95 in the 50 most populous MSAs.

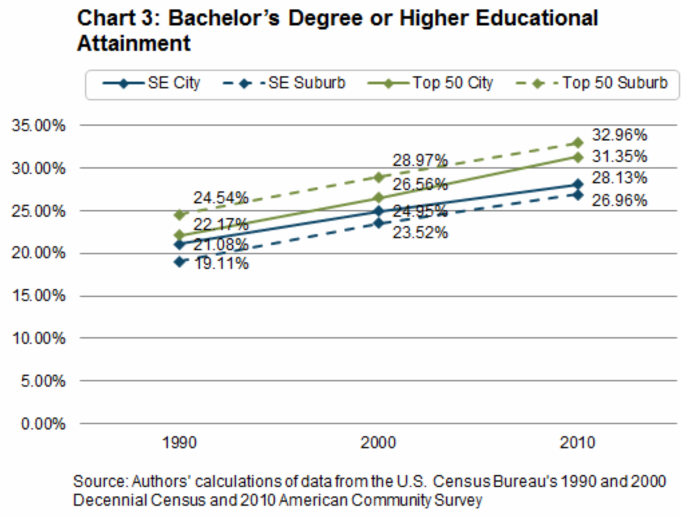
	Table 2: City-to-Suburb "Bachelor's Degree or Higher" Ratio		
	1990	**2000**	**2010**
Southeast	1.10	1.06	1.04
Top 50 MSAs	0.90	0.92	0.95

Source: Authors' calculations based on data from the U.S. Census Decennial Census and American Community Survey

So while the southeastern cities hold a slightly greater level of higher educational attainment relative to their suburbs, and the cities of the 50 most populous MSAs hold a slightly lower level of higher educational attainment relative to their suburbs, if these trends continue in the same direction, both regions will likely have a very similar ratio near 1.0.

However, metro areas in the Southeast have significantly lower proportions of their population with a bachelor's degree or higher than do the 50 most populous MSAs. As chart 3 shows, Southeast cities and suburbs fall below the 50 most populous MSA cities and suburbs. The ratios suggest only that relative to their regional suburban counterparts, Southeast cities have higher concentrations of residents with a bachelor's degree or higher than their suburbs.

These levels of attainment in southeastern metropolitan areas are several percentage points below those of the 50 most populous MSAs.



Source: Authors' calculations based on data from the U.S. Census Decennial Census and American Community Survey

What does this tell us about Southeast cities?

Thus, while you're more likely to see city-suburb educational attainment equity in the Southeast, the metro areas in the Southeast, on average, have less desirable mixes of attainment—high proportions of high school dropouts and low proportions of residents with a BA-plus—than the nation's 50 most populous MSAs.

One potential explanation for educational attainment similarities between cities and suburbs in the Southeast lies in the actual municipal structure and boundaries of cities in the region. In *Inside Game, Outside Game*, a book that compares city-suburban municipal demographic and finance conditions in different types of metro areas, David Rusk notes that cities in the Sunbelt (the Southeast, South, and southern West states) continue to have the ability to annex unincorporated parts of their suburbs. Annexation increases the population and span—potentially changing the mix, and tax base, of the city. Rusk suggests that annexation has advantaged cities in the Sunbelt because they are able to annex well-to-do suburbs—often places with highly educated residents. This ability to annex provides a potential explanation for stronger parity in both the high school dropout and BA-plus city-suburb ratios in the Southeast. Southeastern cities may include highly educated neighborhoods, such as Buckhead in Atlanta, that are often suburbs in other metro areas that cannot annex additional territory.

The proportions of educational attainment in the Southeast may also speak to other demographic and industrial qualities of the region. The lower levels of BA-plus attainment may speak to the more recent manufacturing industries in the Southeast. It might also be a byproduct of many southern cities, such as Miami, acting as gateway communities for immigrant populations. The relatively higher overall population and economic growth in the Southeast may have also attracted less-educated workers from other parts of the country. Additionally, the current labor market may not demand as many college-educated workers in the Southeast, and the workforce reflects that. Future analysis will look to parse out some of the drivers of these differences.

In sum, there are two distinct trends that make southeastern metro areas appear to be unique in terms of educational attainment. First, southeastern metros appear to have a less desirous mix of educational attainment. Second, proportions of educational attainment are much more even across cities and suburbs of the Southeast than in the 50 most populous metro areas. There are a number of reasons why these may be the case.

[1] In this analysis, we look at the educational trends in Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee. The Sixth District of the Federal Reserve System covers all of Alabama, Florida, and Georgia, and southern Louisiana, southern Mississippi, and eastern Tennessee.

[2] The 50 most populous metro areas in the country include eight in the Southeast. They are included in the comparison for analytical consistency and to provide a common benchmark to study regional variation. Excluding these metros from the 50 most populous list intensifies the findings from the analysis.

By senior community and economic adviser Stuart Andreason and intern Mindy Kao

Partners Update

May/June 2015

Fed Webinar Will Explore Best Practices in Program Evaluation

Policymakers, private and public sectors, and community organizations seek viable approaches to evaluate program impacts, both after the completion of a program and in real time in order to learn and adapt practices to local conditions. However, evaluation in the absence of randomized control trials poses unique challenges including possible selection bias. Feedback and support processes that require real-time data collection and organization confront additional challenges.

Join community development practitioners, researchers, and policy experts from across the country on Thursday, May 28 at 3 p.m. ET for a webinar session on these challenges and possible solutions. Speakers will also share the intuition behind the methods and the available models that can be applied in practice, especially in complex and even trying conditions.

Featured speakers include Wenhua Di, Federal Reserve Bank of Dallas; Daniel Millimet, Southern Methodist University; and Moira Inkelas, University of California, Los Angeles.

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

These events are 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 development topics.

Stay tuned for our next session, **Key Findings from the Fed's 2014 Survey of Household Economics and Decisionmaking**, to take place on June 11.

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