
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: 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—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—and 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's 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.

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