



# ProfitWise

news and views

November 2013

## Community Colleges and Industry: How Partnerships Address the Skills Gap

NHS Community Banks Partnership  
Meeting Summary

Asset Development Summit for Persons  
with Disabilities

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# ProfitWise

news and views

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# November 2013

In this edition of *ProfitWise News and Views* we document two events held at the Chicago Fed this year: the annual Neighborhood Housing Services of Chicago community banks forum, and the National Disabilities Institute Asset Development Summit. Our feature article, by Senior Research Analyst Emily Engel, explores the roles of community colleges across the Seventh District in addressing worker skill gaps. Findings of the Fed's Industrial Cities Initiative (ICI), a variety of academic studies, and surveys of manufacturers and other industrial employers have all indicated a skills gap among workers, particularly those with less education than a bachelor's degree. An updated ICI report, further exploring this topic in 10 midwestern cities, will be released this quarter.

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## The Federal Reserve Bank of Chicago

The Federal Reserve Bank of Chicago and its branch in Detroit serve the Seventh Federal Reserve District, which encompasses southern Wisconsin, Iowa, northern Illinois, northern Indiana, and southern Michigan. As a part of the Federal Reserve System, the Bank participates in setting national monetary policy, supervising banks and bank holding companies, and providing check processing and other services to depository institutions.



# Community Colleges and Industry:

## *How Partnerships Address the Skills Gap*

by Emily Engel

### Introduction

A 1977 amendment to the Federal Reserve Act created what is now commonly referred to as the Fed's dual mandate to promote price stability (i.e., stable inflation) and maintain the "maximum level of employment." Much attention has focused more recently on the latter as the Fed has moved the topic of employment into its monetary policy discussions more than in the past. "Maximum employment" is explained in part in a press release from the Board of Governors on January 25, 2012: "The maximum level of employment is largely determined by nonmonetary factors that affect the structure and dynamics of the labor market. These factors may change over time and may not be directly measurable."

The vast majority of the nation's workers do not hold undergraduate degrees, and non-degreed workers with outdated or lower skills are currently experiencing higher rates of joblessness. Data from the National Center for Education Statistics for 2011 (most recent available) indicate that 28 percent of the nation's population 25 years of age and older hold at least a bachelor's degree. Further, their data show a 64 percent increase from 2002 to 2012 among sub-baccalaureate workers earning certification or licensure at a community or four-year college. U.S. Census data, which employs somewhat different measures and thresholds, indicate the percentage of the population with at least a high school degree has been increasing since 1970, as has the percentage of the population with post high school education (if not a four-year degree). During that time, the percentage of people with some college or a college

### Educational Attainment: 1970-2010

United States of America						
Education	1970	1980	1990	2000	2010	% change, 1970-2010
% Less than HS	48%	34%	25%	20%	15%	-68%
% HS grad	31%	35%	30%	29%	29%	-6%
% Some college & college grad	21%	32%	45%	52%	55%	160%

diploma increased 160 percent. While these trends are encouraging, demands in the labor marketplace for technically skilled workers reinforce the value of investment in skills training. Community colleges are working, often with active participation and input from major employers, to train workers in the skills they need.

## Exploring the role of community colleges in improving worker skills

Community development departments around the Federal Reserve System have long focused on workforce development measures to address poverty. Low- and moderate-income populations have less education, and lower wage and less secure jobs than those with more education. Public high schools around the country, facing budget shortfalls, have cut vocational training programs,<sup>1</sup> thereby diminishing employment prospects for young adults not planning to attend college. Community Development and Policy Studies (CDPS), a division of the Chicago Fed, launched in 2011 its Industrial Cities Initiative (ICI), to take a close look at ten former industrial/manufacturing hub cities and their economic evolution over the last 50 years. Much of the work has focused on the labor force in these cities, and in part, steps taken by community colleges to meet demand for vocational and technical training by major employers in their regions.

CDPS collected information through community development surveys (distinct from the ICI work) and interviews in conjunction with the ICI that suggests a skills/education shortage may play a significant role in employment rates across the Seventh District, a role that the recession likely intensified, but did not cause. Evidence predating the recession shows that firms noted shortages of skilled labor prior to the recession.<sup>2</sup> To further understand the lengths that community colleges are going to address the skills gap, this article summarizes state programs in Illinois, Indiana, Iowa, and Michigan.

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**According to Chairman Bernanke's speech on March 26, 2012, on "Recent Developments in the Labor Market"<sup>3</sup> and recent studies by the San Francisco Federal Reserve<sup>4</sup> and the Chicago Federal Reserve,<sup>5</sup> a skills mismatch – perhaps more accurately**

**a skill/education shortfall – while real, plays a smaller role in the labor market than cyclical factors like aggregate demand. Nonetheless, President Obama emphasized the need to address worker skills while speaking at the first-ever White House Summit on Community Colleges on October 5, 2010, stating: "We're investing in community colleges. We're making college more affordable. And we're bringing together businesses, nonprofits, and schools to train folks for the jobs of a new century."<sup>6</sup> Dr. Jill Biden echoed the president's sentiment that community colleges are important, especially when working hand in hand with employers to fill positions.<sup>7</sup>**

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Unemployment in the Chicago Fed's five-state region (Iowa, Illinois, Indiana, Michigan, and Wisconsin) is high in every state except Iowa.<sup>8</sup> During ICI interviews in ten regional Seventh District cities this year, employers, educators, and researchers all raised concerns that available workers lack necessary job skills.

A recent survey of Seventh District community development leaders revealed a general consensus that inadequate education and job training represent serious obstacles to employment. Some respondents also noted a geographical skill shortage in more rural areas, noting that workers lack essential skills for more complex jobs in certain fields. Most respondents noted that the generalized skills mismatch cuts across demographics to affect low- and moderate-income workers, non-college educated workers, older workers, and the long-term unemployed. Respondents also noted that few/poor child care and public transit options represent obstacles to participation in training classes.

The ICI research revealed that cities large and small have relatively current information about their workforce development needs and employ cooperative strategies with local colleges to address these demands. Community colleges and technical colleges are an important part of skills training at the local level. Leaders throughout the Midwest emphasize that these programs are flexible, responsive to business needs, and provide structured training and certification programs designed to address skills gaps. They also help build partnerships between governments, businesses, and local colleges.

## Chicago's College to Careers Program

On December 12, 2011, Chicago Mayor Rahm Emanuel announced a new program – “College to Careers.” This program is designed “to ensure Chicago residents are ready for jobs in high growth industries – jobs that are available today but remain unfilled because of a skills gap.”<sup>9</sup> The program initially focused on health care and transportation/distribution/logistics, but has already added four new fields, including: business, information technology, advanced manufacturing, and culinary/hospitality.<sup>10</sup> Over the coming years, the program will grow to include other industries. The program facilitates coordination between corporations and Chicago city colleges on curriculum design and certificate programs; curriculum delivery; and access to internships, interviews, and facilities.

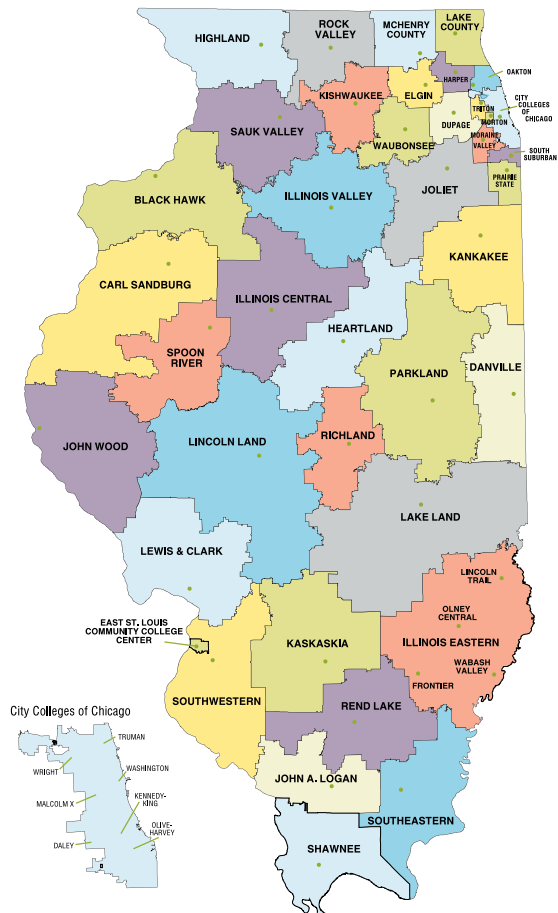
## Employer–community college partnerships across the District

While the College to Careers Program is new, partner companies have already visited classrooms to talk about opportunities in their sectors. Community colleges outside Chicago are also receptive to feedback from the business community to address the skills gaps. For instance, the Illinois Community College Training Resource and Information Network (weTRaIN) is the largest provider of customized workforce training services in Illinois.<sup>11</sup> The program exists at 48 community colleges throughout the state, as can be seen from the map of Illinois to the right (map 1);<sup>12</sup> and weTRaIN fills gaps in existing community college curricula by bringing schools and businesses together. A recent example is the collaboration between Selsius™ Corporate and Career Training at Southwestern Illinois College (SWIC) and Corporate and Community Learning (CCL) at Lewis and Clark Community College (Lewis and Clark). SWIC and Lewis and Clark, two neighboring colleges, combine their strengths to help a large manufacturer with historical roots in Illinois enhance the leadership skills of managers and first-line supervisors.

Waubonsee Community College (Waubonsee), located in Aurora, Plano, and Sugar Grove, Illinois,

actively participates in weTRaIN, and also offers other resources to the communities it serves. Gary Kecskés, assistant vice president of Workforce Solutions and Community Learning at Waubonsee, explained that despite many ongoing outreach and external engagement efforts at raising the visibility of the college, there is not yet wide awareness of the college’s workforce development programs. However, Waubonsee works closely with chambers of commerce, economic development corporations, professional/industrial organizations, and businesses through its Business Development Department to raise its profile. Kecskés further stated, “As business needs change, so do our programs – we must do so in order to be responsive to our constituents’

Map 1



Source: Illinois Community College Board ([www.iccb.state.il.us](http://www.iccb.state.il.us)) and weTRaIN ([wetrainil-linois.com/training-network](http://wetrainil-linois.com/training-network)).

challenges.” Dr. Christine Sobek, president of Waubonsee, observed that all local community colleges are essentially workforce development and training centers that collaborate with industry and government to create practical training programs.

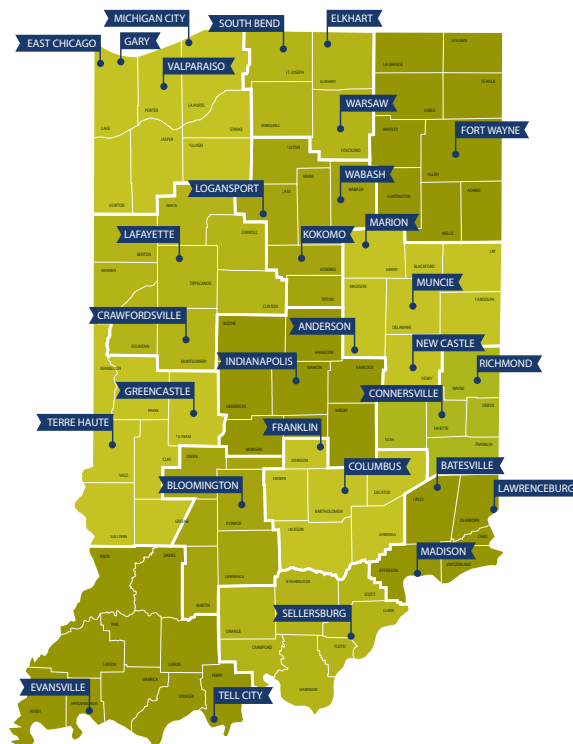
For example, Waubonsee offers trade certification courses,<sup>13</sup> and a \$500 Brighter Futures Scholarship<sup>14</sup> for non-credit courses to provide the unemployed with new skills. Among its employer partners are Caterpillar Inc. (CAT), Rush-Copley Medical Group, and the Valley Industrial Association (VIA).

Waubonsee’s workforce development team specializes in: 1) customized business training; 2) small business development; 3) professional development courses; and 4) driver safety training. Two recent partnerships between Waubonsee and CAT yielded a welding class and safety training. Waubonsee created a class specifically for CAT to train workers to weld to the company’s (exacting) specifications. Lesa Norris, dean of Workforce Development, also explained that CAT contacted the college with a request for training and Waubonsee, due to its relationships with practitioners in a variety of subjects and skills, delivered the training to CAT employees within a short turnaround time. For over a decade, Waubonsee has worked with VIA to create a supervisors’ class. The curriculum is written by Waubonsee, and the VIA partners with the college to market and deliver a supervisory program to VIA member companies. Class topics range from management skills to labor laws to safety in the workplace.

In Indiana, Ivy Tech Community College has 31 degree granting locations throughout the state (map 2). Ivy Tech “is the state’s largest public postsecondary institution and the nation’s largest singly accredited statewide community college system serving nearly 200,000 students annually.”<sup>15</sup>

Like all community colleges, Ivy Tech is focused on workforce development. Ivy Tech works with local high schools to close skill gaps and promote education through dual credit courses. These classes, which “saved Indiana families more than \$14 million in college tuition costs” last year, also present high school students with an opportunity to get hands-on experience.<sup>16</sup>

Map 2



Source: [www.ivytech.edu/shared/shared\\_cocomponentswgc/maps/campus-map-w-regions.pdf](http://www.ivytech.edu/shared/shared_cocomponentswgc/maps/campus-map-w-regions.pdf).

Ivy Tech works with companies to tailor their curriculum. For example, Subaru meets with Ivy Tech regularly to discuss the curriculum. “Auto manufacturing has grown in Indiana, and Ivy Tech has grown along with that. It’s a partnership, and that’s been great for us and it’s been great for them,” said Thomas Easterday, executive vice president and secretary and chief legal officer at Subaru of Indiana Automotive Inc.

Additionally, Ivy Tech is working with Vincennes University and the Indiana Automotive Council to create a more hands-on educational experience for students in fields like maintenance training and tool and die work. Both schools have routinely delivered parts of these degree programs at their respective sites, but the difference with this new program is the collaboration and the hands-on way the program will be delivered. This program would involve two to three days in the classroom and two to three days at a job, and is based on an existing and successful

Vincennes course/certification, the Toyota Advanced Manufacturing Technician Program.<sup>17</sup> Students, while earning an associate degree, can make money and learn valuable additional skills through this program. The goal is to have a pilot program up and running by 2014 and two more centers for this type of education by 2015. Sue Smith, corporate executive for Advanced Manufacturing and Technology at Ivy Tech Community College, summed up the program when she said that it is “not helping people find jobs, but helping them to find careers.”

In Iowa a network of 15 community colleges work in conjunction with Iowa’s manufacturing industry to provide specialized training solutions for the workforce.<sup>18</sup> As shown in map 3, all regions of the state have community colleges that participate in the Iowa-Advanced Manufacturing (I-AM): A Talent Success Strategy for the 21st Century Workforce. I-AM was granted almost \$13 million from the Department of Labor’s Trade Adjustment Assistance Community College and Career Training (TAACCCT) Program.

On September 26, 2013, DOL Secretary Hilda Solis and Education Department Under Secretary Martha Kanter announced nearly \$500 million in grants to community colleges around the country for targeted training and workforce development to help economically dislocated workers change careers. The grants support partnerships between community colleges and employers to develop programs that provide pathways to good jobs, including instructional programs that meet specific industry needs.<sup>19</sup>

The I-AM consortium builds training capacity by developing certification programs and awarding associate’s degrees in: welding, machining, industrial maintenance, industrial automation, manufacturing technology, robotics, transportation, and logistics. Additionally, curricula will be aligned with third-party certifications; for example, the National Career Readiness Certificate, American Welding Society, National Institute for Metalworking Skills, and Manufacturing Skills Standards Council – all

Map 3



Source: Iowa Department of Education and Iowa Economic Development Authority.



part of the National Association of Manufacturer's endorsed Skills Certification System.<sup>20</sup> As a result, over 3,000 individuals will be given the opportunity to earn a college credential and industry-recognized certifications, making them eligible for high wage employment opportunities in advanced manufacturing.<sup>21</sup>

Hawkeye Community College, in Waterloo (an I-AM participant) helps to fill the skills gap by offering programs in industrial technology, healthcare, trucking, renewable energies, and electrical work. It also partners with John Deere,<sup>22</sup> the area's largest employer, to offer specific programming for the company. John Deere offers three programs (targeted to specific position requirements) in conjunction with the school: industrial electrician; industrial mechanic; and product development specialist. John Deere selects the students to be part of one of three programs. The program provides access to a "forgivable loan program" and offers preferential hiring for full-time positions at John Deere. This program is an example of a partnership that benefits all parties involved.

Michigan's community colleges are also focused on filling the skills gap. Eighteen community colleges participate in the Michigan Technical Education Centers (M-TECs). Since the program started, a \$60 million investment has created 18 state-of-the-art facilities around the state to provide "outstanding statewide educational, training, and workforce development infrastructure for Michigan's businesses."<sup>23</sup> The map of Michigan above (map 4), shows the geographic areas covered by the program.

Kirtland Community College (Kirtland) and the local economy have benefited greatly from M-TEC. On May 11, 2002, Kirtland opened an M-TEC center to train workers in high-skill occupations tailored to meet the needs of local business and industry. The center's training was initially to provide

Map 4



Source: Michiganbusiness.org.

manufacturing and construction training primarily. However, during the recent recession (that impacted manufacturing and construction), Kirtland started a nursing program to address a nursing shortage in the community.<sup>24</sup> With manufacturing hiring up, Kirtland is conducting market research on new programs to meet employer demand. In addition, the college will hire a person to provide noncredit, short term, education to employees already working for companies that are expanding operations or retooling machines to manufacture new products. Dr. Thomas Quinn, president of Kirtland, explained that the needs of the plants have changed and the College is changing with them. Before the recession, many workers fit into their job descriptions, but getting back into the workforce is difficult since the machines are more advanced, technology has expanded, and companies have higher expectations regarding productivity, leadership, and soft skills.

Montcalm Community College also received a grant to build an M-TEC. In 1999 it was one of the first of eight community colleges to receive a \$2.4 million grant to build a facility.<sup>25</sup> M-TEC features training on demand and competency-based instruction in flexible delivery formats: 1) open-entry, open-exit training; 2) traditional classroom training; 3) video-based training; 4) Internet classes; 5) hands-on training at local employer sites; and 6) customized training in information technology, manufacturing skills and technology, business literacy, teamwork, and other areas.<sup>26</sup>

## Conclusion

This article outlines some of the local and regional community college partnerships with Seventh District employers to meet the growing demand for worker skill development and technical training. Department of Education data and an extensive array of interaction with local/regional Seventh District governments and employers suggest strong and ongoing demand for high-level technical training that community colleges are well positioned to meet. CDPS will continue to track this important movement. The updated (and forthcoming) Industrial Cities Initiative Report will provide a more detailed discussion of employment conditions in Aurora and Joliet, Illinois, Gary and Fort Wayne, Indiana, Waterloo and Cedar Rapids, Iowa, Green Bay and Racine, Wisconsin, and Grand Rapids and Pontiac, Michigan.

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## Biography

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# NHS Community Banks Partnership Meeting Summary

By Sarah Borgeson and Jason Keller

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Neighborhood Housing Services of Chicago (NHS) held its Annual Community Banks Partnership Meeting on Tuesday, April 30, 2013, at the Federal Reserve Bank of Chicago. The meeting brought together over 60 representatives from area community banks, regulators, and industry partners to discuss the evolving landscape of community banking. NHS is Chicago's largest nonprofit neighborhood revitalization organization and works in partnership with businesses, government, and neighborhood residents to revitalize low- and moderate-income neighborhoods throughout northeastern Illinois, specifically Chicago, south suburban Chicago, Elgin, and the Fox Valley.

Established in 2007, the Community Banks Partnership is an innovative collaborative that supports NHS' community reinvestment programs and services through financial support, lending capital, service, and counsel. The partners meet at least once annually to discuss issues important to the housing and lending industries and also host NHS' Annual Meeting each fall.

Michael Berry, director of Policy Studies for the Federal Reserve Bank of Chicago Community Development and Policy Studies Division (CDPS), welcomed the Community Banks Partnership to the Federal Reserve Bank and provided the opening address. He noted that NHS and the Fed

have a long history of partnering on community based initiatives, and the Federal Reserve was instrumental in establishing what is now known as NeighborWorks® America, which delivers its programs through the national NeighborWorks® network – 235 independent, community-based organizations – one of which is NHS of Chicago. Berry noted that NeighborWorks® pioneered the secondary market for mortgage loans to borrowers with limited down payment or credit history. This early subprime lending was based on sound underwriting – a hallmark of NHS lending to the present day – though the term subprime has taken the opposite meaning in the recent past. He went further to say that the Seventh District has more community banks than any other district. Although CDPS is not focused on bank supervision, the group has long been interested in community banks, current regulatory developments, and the ways that smaller banks adapt to environmental changes, such as the sharp downturn in property values, a traditionally common source of collateral. Additionally, CDPS is especially focused on institutions that have received certification as Community Development Financial Institutions (CDFIs). Berry went on to say that regardless of an institution's charter and whether or not it is a CDFI, "We know that community banks often serve as the economic engine of local communities."



Left to right: Ed Jacob, Adolfo Laurenti, Teresa Handley, Brian Bernardoni, Allen Rodriguez, Lorraine Buerger, and Jason Keller.

Following Berry to the podium were Ed Jacob, executive director of NHS of Chicago, and Teresa Handley, first vice president of Wintrust Financial Corporation and the 2013 chair of the Community Banks Partnership, who spoke about the essential role of community banks in NHS' work and their role in revitalizing local communities. Jacob thanked the partners for their dedication to neighborhood revitalization and noted that "What I like about the people in this room is that you get your hands dirty [working directly in the neighborhoods]." Handley then gave a recap of the Partnership's activities during the past year. She reported that at the previous Community Banks meeting, the group heard from a panel of experts on the future of residential real estate. She also urged the Community Bank partners to join NHS in volunteer activities, such as NeighborWorks® Day, held annually each June.

Handley mentioned another volunteer opportunity to the group that takes place each fall – the Annual Meeting Host Committee. In the fall of 2012, nine community bank partners formed the Host Committee that produced NHS' Annual Meeting, which is one of the signature events for the Community Banks Partnership. Held on October 16,

the Annual Meeting highlighted NHS' partnerships and neighborhood revitalization accomplishments throughout the year. The Committee chose the renowned Garfield Park Conservatory, located two blocks south of NHS' target neighborhood of West Humboldt Park, as a unique civic venue to highlight the role of NHS, the Community Banks Partnership, and other revitalization efforts. Over 275 individuals from NHS' corporate, foundation, government, and community partnerships attended, which marked the largest attendance in the event's history.

## Guest economist perspective

Following her report, Handley introduced Adolfo Laurenti, deputy chief economist from Mesirov Financial. Laurenti provided his economic forecast, briefly discussing the economic news of the day, including recent housing trends, uncertainty in the labor market, and the potential impact of sequestration in Washington, DC. He then submitted the general question: "What's wrong with the economy?" Laurenti highlighted several theories on current and future economic conditions. He noted that "There is a striking difference between

December forecasts and the current situation, a view shaped by optimism.”

Laurenti further noted that economic trends are cyclical and that United States has been facing the same “economic story” for the last few years, but “we are experiencing structural changes in the way we do business.” Laurenti described what he saw as a more than 20-year trend, including the influence of globalization, changes in the labor force, and the degree to which the advancement of technology has vastly altered industries. He also noted that, while many U.S. companies have adequate cash on hand, his belief is that they are reluctant to spend or invest currently in that the tax code and federal budget wrangling create a degree of uncertainty for corporations. He advised policymakers to create a stable tax environment focusing on long-term economic adjustments, rather than short-term fixes.

## Panel discussion

Following the forecast, Handley invited Allen Rodriguez, vice president of Resource Development, NHS Board of Directors, to the podium to moderate the panel discussion. Rodriguez noted that community banks are critical to this region’s economic vitality by stating that they “know [their] neighborhoods, block by block.” He introduced the panel, which included: Brian Bernardoni, senior director of Governmental Affairs and Public Policy, Chicago Association of Realtors®; Lorraine M. Buerger, partner at Schiff Hardin LLP; and Jason Keller, economic development director for Illinois, Community Development and Policy Studies Division of the Federal Reserve Bank of Chicago.

Bernardoni opened the discussion with an overview of the mortgage market. He stated that housing continues to represent a significant portion of the economy, and that home sales are up, both in Chicago and regionally. He noted we are experiencing a “gimmick-free, recovering market right now,” referring to past lending practices that led to many defaults. Bernardoni reported that housing inventory is down, leading to higher activity. What should give us pause, he said, is that access to the real estate market remains difficult for some given still high unemployment rates. In addition, regulatory uncertainty, especially around multi-unit sales,

could further negatively impact market conditions. Bernardoni also explained the reluctance of some to invest due to market uncertainty and mentioned construction companies that have exited the region. When the market fully recovers, it will be important to have these companies back, he felt.

Buerger commented on her experience working with community banks around mergers and acquisitions, bank sales, and other transactions. She stated that failed bank transactions have increased, and she wanted to demystify the impact these institutions have on the marketplace. The four major myths Buerger “debunked” are assuming institutions: 1) do not care about taking losses; 2) are so large that real estate owned (REO) losses do not matter; 3) list their REO properties at liquidation values; and 4) foreclose on properties hastily. In reality, Buerger noted, “Foreclosure is the last resort after modification efforts.” Buerger underscored the cost of maintaining bank-owned properties and of the lengthy foreclosure process, both of which are expensive and can overextend banks.

Keller recommended that community banks continue their diligence in evaluating market changes and understanding the impact of the recently released 2010 census data on their assessment areas. While the regulatory definition of an assessment area has not changed under the Community Reinvestment Act (CRA), he added that it is important for banks to continuously evaluate their business models, specifically their growth sectors, to not only understand changing demographics, but more importantly to ensure their assessment areas remain in compliance. Keller also addressed the continued heavy regulatory scrutiny around residential home foreclosures and ongoing loss mitigation strategies, and highlighted several regulations of which community banks should be aware concerning these matters. Finally, Keller spoke on the proposed changes to the CRA questions and answers. Although the first comment period has closed, community banks might consider reviewing this proposal (dated March 18, 2013<sup>1</sup>) to better understand the potential impact to their CRA programs, should it become finalized.

## Conclusion

The Seventh District, by recent count, has 839 community banks. While the Fed supervises only a fraction of these institutions directly, it does have direct supervisory responsibility for 788 holding companies with consolidated assets under the community bank threshold of \$10 billion, though the vast majority of these holding companies have assets well below that threshold. In short, supervision of and concern for the health of locally based and smaller banking institutions are central to the Chicago Fed's mission. The Chicago Fed and CDPS will continue to maintain their longstanding relationship with NHS, and supports the organization's efforts to connect with and engage community banks in its important work.

## Notes

1. See Board of Governors of the Federal Reserve System, Agencies Release Proposed Revisions to Interagency Questions and Answers Regarding Community Reinvestment. Available at <http://www.federalreserve.gov/newsevents/press/bcreg/20130318a.htm>.

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## Biographies

**Sarah Borgeson** is a senior associate, Foundation and Corporate Relations, of Neighborhood Housing Services of Chicago. She oversees NHS' corporate, foundation, and government funding partnerships, as well as the Community Banks Partnership.

**Jason Keller** is the economic development and Illinois state director in the Community Development and Policy Studies Division of Federal Reserve Bank of Chicago.

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# Asset Development Summit for Persons with Disabilities

By Mary Jo Cannistra

On February 27, 2013, the Fed's Community Development and Policy Studies (CDPS) Division hosted the National Disability Institute<sup>1</sup> (NDI) and the Institute for Economic Empowerment<sup>2</sup> for their Asset Development Summit for Persons with Disabilities. The Summit brought together Chicago-area disability and asset building partners to discuss how to work together to expand economic empowerment opportunities for persons with disabilities.

Chicago's City Treasurer Stephanie Neely described the Chicago Public Schools' financial literacy program; \$240,000 was funded for this program. She also expressed concern that people with disabilities can be targets of financial fraud, and the importance of financial education and training.

Karen Tamley, commissioner for the (Chicago) Mayor's Office for People with Disabilities<sup>3</sup> offered comments on direct independent living services, policies, compliance, job shadowing, boosting economic empowerment, and inclusion in the community.

Bill Coleman, the AbilityOne Program's<sup>4</sup> NISH Board chair, described his organization's initiative to help people who are blind or have other significant disabilities find employment. He discussed their employee research system, which includes Census data. Coleman stated that AbilityOne has 350 rehabilitation facilities around the country, and offers job matching support, as well as economic and tax advice.

Michael Roush, manager of Financial Empowerment and Innovation at NDI, described how his organization strives to build a better economic future for Americans with disabilities by advancing self-sufficiency through asset development opportunities, independent living, public benefits, free tax return assistance, financial education, managing money and credit, home buying programs, and available support.

The Summit included two panels. The first panel, Disability Community, was moderated by Aberra Zewdie, vice president of employment and community support services at Ada S. McKinley Community Services.<sup>5</sup>

## Disability Community panel

Mark Williams, executive director of Disabilityworks,<sup>6</sup> talked about the Disability Training Institute (DTI). At DTI, employers can obtain interactive training for their staff on disability employment. People with disabilities can access a list of job placement and occupational training providers. DTI has workforce developer network meetings, and helps promote workforce inclusion and asset development for people with disabilities.

Gideon Blustein, deputy director of Business Services at the Illinois Department of Employment Security<sup>7</sup> (IDES), discussed how IDES enables



Illinois business to hire more people with disabilities. Blustein described the recent state legislative changes in the Medicaid Reform Law and Unemployment Insurance Reform, and provided several no-cost job/employee search resources, including [www.IllinoisJobLink.com](http://www.IllinoisJobLink.com).<sup>8</sup> Blustein also talked about Illinois Hires Heroes, which is a consortium of Illinois employers who recognize how valuable veterans are in the workplace. He also discussed Work Opportunity Tax Credit, which is available to employers to hire individuals from specific target groups who have regularly encountered significant barriers to employment.

David Hanson, director of the Illinois Department of Human Services<sup>9</sup> (DHS), Division of Rehabilitation Services<sup>10</sup> (DRS), indicated his office, as is true of many areas of government, must innovate and do more with less revenue. DRS serves individuals with disabilities and works in partnership with them and their families to help them make informed decisions to achieve full community participation through employment, education, and independent living opportunities. Hanson said that people with disabilities can establish self-owned businesses. They are reaching out into the disability community with two goals in mind: 1) preparing for gainful employment, and 2) retaining employees. Hanson said that people with disabilities are often working in silos, and DHS is trying to get rid of those silos. They placed 1,400 people with disabilities in jobs last year.

Erick Lopez, disability specialist, Employment Services Unit of the Mayor's Office for People with Disabilities, discussed leveraging public benefits to maximize asset development. He concentrated on two main public benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). He stated that the following expenses may be deducted from the earnings of an individual with a disability who receives SSI benefits:

- **Impairment Related Work Expenses (IRWE)** – Out-of-pocket costs of these items can often be deducted from the amount of earnings used to figure your SSI benefit.
- **Blind Work Expenses (BWE)** – Available if you receive SSI based on blindness. Earned income used to meet expenses needed to earn that income when SSI eligibility is decided is not counted.

- **Property Essential for Self-support (PESS)** – Some resources are not considered if they are essential as a means to self-support.
- **Plan to Achieve Self-Support (PASS)** – An SSI provision which can help individuals with disabilities return to work. A PASS can also help establish or maintain SSI eligibility and may actually increase an SSI payment amount.
- **Individual Development Accounts (IDA)** – A bank account that often has a matching feature where a government or philanthropic entity contributes amounts equaling the account holder's contribution, provided the account is held open for a sustained period, and eventually used to pay for education, start a business, or buy a home.

## Asset Development Community panel

The second panel, Asset Development Community, was moderated by Estelle Berger, chief financial officer of TRI Industries<sup>11</sup>

Monica San Miguel, program manager at Center for Financial Services Innovation<sup>12</sup> (CFSI), indicated she was “looking at best practices to make financial behavior changes.” CFSI works to transform the U.S. financial services marketplace to help underserved consumers achieve financial prosperity. Miguel said the current financial profile of American consumers suggests the need for more and better resources aimed at improving financial capability. According to Miguel, financial capability means:

- Earning enough income to cover monthly expenses
- Tracking spending
- Planning ahead and saving for the future
- Selecting and using financial products effectively
- Applying financial knowledge

According to Miguel, CFSI discovered that effective financial capability programs, to impact consumers' financial behavior, must be relevant, timely, actionable, and ongoing.

The key elements of building financial capability are: linking access to financial products with guidance on how to use them; leveraging technology; and incorporating behavioral design. Miguel stated that “Planting the seed in financial behavior is not enough; they need a tool to assist them with a change.”

Cheryl Carter, vice president, senior operations manager, and chair of Bank of America’s (B of A) Disability Affinity Group, talked about how the B of A supports the disability community. This includes philanthropic opportunities, innovative products and services, Disability Advocacy Network employee engagement and volunteerism, and corporate philanthropy – key partnership for real community impact.

B of A products and services assisting people with disabilities include:

- ATMs equipped with voice-enabled technology
- Online services for the visually impaired
- Banking center accessibility
- Account statements available in Braille and large print
- Special text telephone
- Merrill Edge – Financial advice/guidance
- Affinity credit card supporting various disability organizations
- Global Wealth & Investment Management

According to Carter, the Disability Advocacy Network is a source of support and information for employees and their family, friends, and colleagues with disabilities by sponsoring programs and events that encourage partnerships, celebrate and embrace differences, promote creativity, and develop opportunities for disability awareness and education.

Donna Rockin, co-chair of Chicago Credit Building Coalition<sup>13</sup> (CCBC), talked about the importance of credit score and credit history. According to Rockin, credit score is determined by payment history, length of history, new credit, types of credit, and capacity.

She stated that “A great credit history is an asset!” Having a good credit score will allow you to:

- Access certain jobs
- Access better rental properties
- Reduce car insurance rates
- Reduce interest on credit cards and installment loans
- Realize tens of thousands of dollars in savings over a lifetime

Rockin suggested having at least three active lines of credit (e.g., revolving lines of credit or installment loans). She described the Banamex Secured Credit Card Program, which is easy to obtain from any of the Core CCBC members. Rockin also explained secured credit card impact on credit scores, and details on understanding FICO scores.

Mary Solomon, territory manager for the Internal Revenue Service – SPEC, stated that thousands of organizations nationwide are partnering with the IRS to make a difference in their community by offering free tax return preparation and tax counseling services.

Janet Raffel, vice president of Financial Capability at the Center for Economic Progress,<sup>14</sup> spoke about financial capability, noting that people find it difficult to keep up with the constantly changing financial services industry. Effective March 1, Social Security checks are required to be directly deposited. Raffel said those who cannot get bank accounts can use a prepaid card. She suggested that “Financial awareness is something you really need to stay on top of.”

According to Raffel, the Center for Economic Progress serves individuals who earn less than \$25,000 and families earning less than \$50,000 per year. They provide free tax preparation, free legal services for tax issues, financial workshops, and one-on-one coaching.

Small group discussions then convened to discuss the following:

- How to identify marketing/outreach strategies to increase participation and services to people with disabilities in asset development/Earned Income Tax Credit (EITC)/Volunteer Income Tax Assistance (VITA) opportunities.
- The types of asset development opportunities the disability community would be most interested in.
- Some of the major practical barriers to effective inclusion of people with disabilities in financial education and asset development programs.
- Opportunities for and benefits of overcoming these barriers.
- Next steps to be taken specifically to build partnerships between organizations that serve persons with disabilities and organizations that provide asset building support.
- Actions, tools, or resources that would be helpful in building those relationships.
- Missing participants from the discussions of the day.
- Thoughts on maintaining momentum after the summit.

## Conclusion

The Chicago Fed and CDPS have a long-standing mission of promoting access to competitively priced financial services and credit. People with disabilities face unique challenges and circumstances in many aspects of their lives, including financial and credit relationships. More information about the work of the organizations that participated in the Asset Development Summit, and that work on behalf of people with disabilities to help them access competitive financial services and products, can be found on their websites, listed in the end notes.

## Notes

1. National Disability Institute. Available at <http://www.realeconomicimpact.org>.
2. Institute for Economic Empowerment. Available at <http://www.instituteforempowerment.org>.
3. City of Chicago Mayor's Office for People with Disabilities. Available at <http://www.cityofchicago.org/city/en/depts/mopd.html>.
4. AbilityOne Program. Available at <http://www.abilityone.org>.
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6. Disabilityworks – Illinois WorkNet Center. Available at <http://www.disabilityworks.org>.
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14. Center for Economic Progress – Working Solutions for Working Families. Available at <http://www.economicprogress.org>.

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## Biography

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