

Capital for Communities: Transforming the Community Investment System - Cascade: No. 94, Winter 2016

By Noelle St.Clair Baldini, Community Engagement Associate

Explore This Section

Capital for Communities: Transforming the Community Investment System*

The Reinventing Our Communities conference focused on people, place, and capital in the pursuit of inclusive economic growth. Speakers who discussed the role of capital explored how to create successful collaborations that bring together public and private sector stakeholders and help attract new forms of capital for community and economic development purposes.

Connecting Communities to Capital Through Collaboration

Panelists in a session on connecting communities to capital through collaboration challenged participants to think about raising capital as important yet secondary to setting strategic and collaborative priorities. Tamar Kotelchuck, director of the Working Cities Challenge at the Federal Reserve Bank of Boston, discussed the cross-sector collaboration that is underway in New England. The Working Cities Challenge addresses the issue of limited resources in smaller cities by using a collective impact-type approach¹ that is based on collaborative leadership in a community as a means to attract capital. Kotelchuck explained that the key goals of the Working Cities Challenge are to:

Support bold, promising approaches that have the potential to transform the lives of low-income people and the communities in which they live

Build resilient, cross-sector civic infrastructure that can tackle the complex challenges facing smaller industrial cities and achieve population-level results

Move beyond programs and projects to focus on transforming systems and promoting integration across multiple systems and issues


Drive private markets to work on behalf of low-income people by blending public, private, and philanthropic capital and deploying it in catalytic investments

Collaborate with partners at the state and regional levels to broaden support for collaboration and

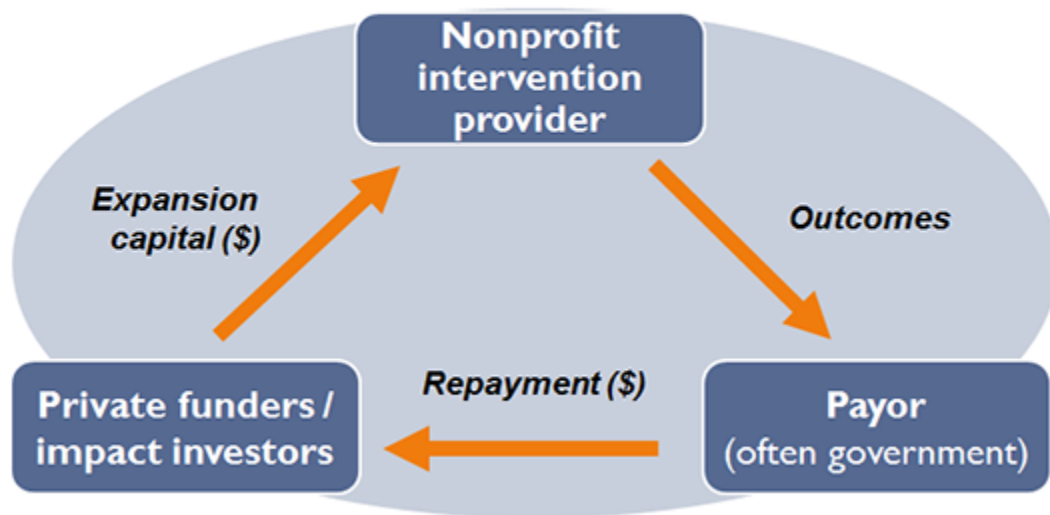
leadership, focused on low- and moderate-income communities²

In the Working Cities Challenge, participating cities compete for three-year grant awards of \$300,000 to \$500,000 provided by local philanthropic partners. Kotelchuck explained, however, that this challenge is about more than funding: It is intended to create a learning community and use research and evaluation to encourage replication of successful strategies in other small cities.

Jeff Shumway, vice president of advisory services at Social Finance, spoke about another way to use evaluation to encourage funding of effective strategies: social impact bonds and pay for success financing. Shumway discussed how these strategies have the potential to improve program delivery and rigor in performance measurement and increase accountability among service providers.³ He explained that, at its core, “pay for success is about measurably improving the lives of people most in need by driving government resources toward more effective programs.” Figure 1 illustrates how pay for success financing works.

Figure 1. From Jeff Shumway, “New Funding Tools for Government Challenges,” presented at Reinventing Our Communities, September 21, 2016; available [here](#).  Used with permission.


► WHAT IS PAY FOR SUCCESS?













David Wood, director of the Initiative for Responsible Investment at the Hauser Institute for Civil Society in the John F. Kennedy School of Government at Harvard University, explored how to strengthen community investment systems by bolstering their local capacity for capital absorption. He explained that many stakeholders find that attracting and deploying capital to advance a city’s priorities can often feel like a “heroic quest.” In order to simplify this difficult task, Wood, in partnership with Robin Hacke, senior fellow of the executive office of the Kresge Foundation,

developed a framework to help cities improve their “capital absorption capacity”⁴ by focusing on three key functions of the community investment system. First, Wood said, a community should develop strategic priorities that encompass the collective vision of the community. Next, a pipeline of deals should be generated that will contribute to achieving that vision. Finally, an enabling environment will promote the execution of that pipeline.

Wood encouraged participants to think about systems instead of transactions and about strategic priorities instead of financing opportunities. He said that common yet incorrect assumptions are that the key problem is a lack of capital and that a pipeline of investable deals is waiting to be funded if the capital is raised. Figure 2 shows how rethinking the community investment system can be accomplished.

Figure 2. From David Wood, “Strengthening Investment in Community Priorities: A Systems Approach,” presented at Reinventing Our Communities, September 21, 2016; available [here](#).  Used with permission.

Rethinking the community investment system			
FROM:		TO:	
	What can be financed ...		What we prioritize ...
	Transactional		Systems/ecosystem
	Single projects		Pipelines of projects
	Gap filling		Ambitious and scaled
	Reductionist, siloed		Integrative, adaptive

New Funding Sources for Community and Economic Development

Panelists who presented in the session on new funding sources for community and economic development challenged participants to think about how to transform the current community investment system. Antony Bugg-Levine, chief executive officer at Nonprofit Finance Fund, discussed strategies that can effectively support the expansion of successful nonprofits. Unlike for-profit companies, nonprofits cannot run deficits funded by equity markets. Bugg-Levine said that there is a need for “nonprofit equity,” that is, investments toward creating high-performing nonprofit

enterprises. These investments are needed so that nonprofits can expand operations, improve efficiency, and/or focus on strategic planning. This capital will allow organizations to build the capacity needed to deliver sustainable services.


Participants discussed the fact that philanthropic investments should strategically address the causes of social problems while charitable capital should be used to mitigate the symptoms. Bugg-Levine also stressed that government should assess the risk appetite of various types of investors and use its capital accordingly in order to strategically leverage additional capital toward solving social problems.

Bugg-Levine said that community development financial institutions (CDFIs) have proven that loans can be made successfully in low-income areas and be repaid. He challenged the audience to “not simply focus on moving more money, but rather, ask ourselves how can the money be used to transform communities and make our society more just.”

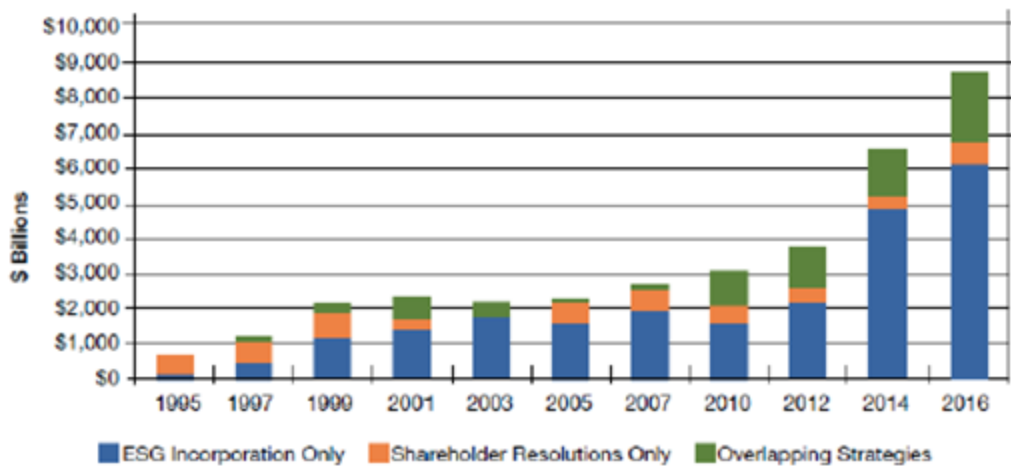
Bugg-Levine said that the CDFI industry is organized around meeting the needs of banks motivated by the Community Reinvestment Act. This can be somewhat problematic because these lenders tend to be risk-averse and are seeking to deploy short-term capital whereas the communities they serve are desperately in need of longer-term, patient capital. Panelists and participants agreed that the CDFI industry has not yet reached its potential due to some systemic and branding issues that prevent it from tapping into more traditional capital markets. By working with groups such as the Global Impact Investing Network,⁵ which Bugg-Levine founded, industry representatives are currently trying to tackle those pressing challenges.

Alya Kayal, director of policy and programs at US SIF: The Forum for Sustainable and Responsible Investment, explained that if those challenges are addressed, there is a large market of investors eager to channel their investment capital in a way that is consistent with their personal values. She discussed the demand for socially responsible investing (SRI), which considers environmental, social, and corporate governance (ESG) criteria in pursuit of long-term competitive financial returns and positive societal impact.

US SIF research found that, since 1995, there was a 14-fold increase in sustainable and responsible investing in the U.S., and that community investing specifically had grown from \$4 billion to more than \$121 billion in that same time period (Figure 3).⁶

Figure 3. From “2016 Report on US Sustainable, Responsible and Impact Investing Trends,” Washington, D.C.: US SIF Foundation, 2016; executive summary available [here](#).  Used with permission.

**Sustainable, Responsible and Impact Investing
in the United States 1995-2016**

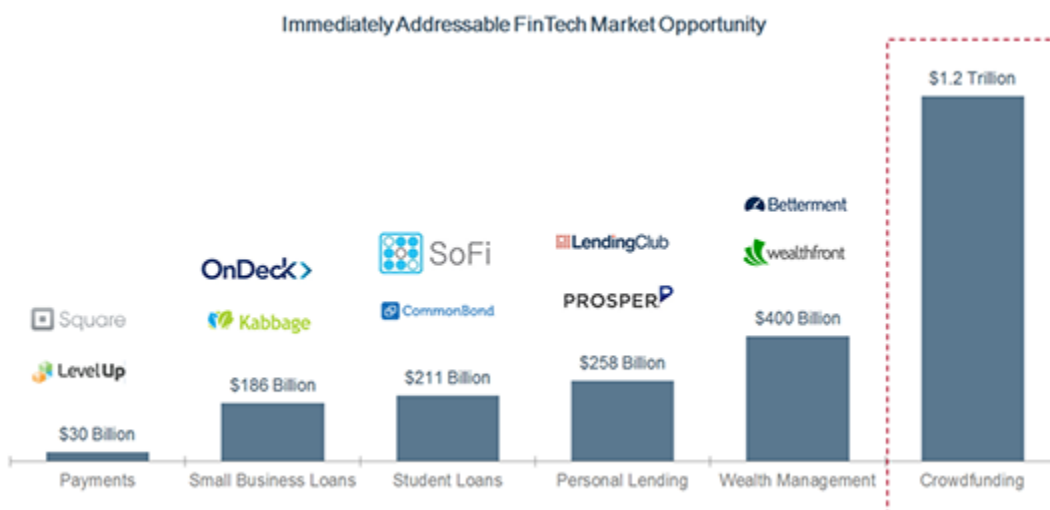


SOURCE: US SIF Foundation.

Kayal also discussed changes at the U.S. Securities and Exchange Commission that allow small businesses to engage in crowdfunding, a popular tool to fund start-up projects and small businesses by pooling small monetary contributions from many individuals, typically through online platforms and social media. The use of crowdfunding expanded greatly in 2008 when credit was limited during the recession.

Crowdfunding platforms have continued to gain popularity, raising \$16.2 billion in 2014, a 167 percent increase over the \$6.1 billion raised in 2013.⁷ Ryan Feit, chief executive officer and cofounder of the online crowdfunding platform SeedInvest, spoke about the importance of the Jumpstart Our Business Startups (JOBS) Act.⁸ “This piece of legislation now allows small and medium-size businesses to turn customers into investors, therefore allowing communities to invest in themselves,” said Feit.

Figure 4. From Ryan Feit, “SeedInvest,” presented at Reinventing Our Communities, September 21, 2016; available [here](#). Used with permission.




Feit shared that the long-term potential for crowdfunding far outweighs other financial technology (or fintech) market opportunities such as robo-advisors and online consumer and business lending platforms (Figure 4).


During the panel discussion, participants asked how they can educate our communities about these crowdfunding opportunities. Given the prevalence of smartphone ownership regardless of income level, panelists agreed that, although spreading awareness may be challenging, this capital innovation could bring opportunity to any community.


Conclusion

The Reinventing Our Communities conference fostered rich discussion regarding the role of capital in transforming our economies. Although opportunities exist to connect with new sources of funding for community and economic development, leaders in the field of community investing believe that collaboration and a cohesive community vision are essential to ensuring that capital is used in ways that effectively benefit the people and communities it is meant to serve.


Additional Resources

David Wood, Katie Grace, and Robin Hacke, “The Capital Absorption Capacity of Places: A Research Agenda and Framework,” Initiative for Responsible Investment and Living Cities, Working Paper, March 2012; available at <https://livingcities.s3.amazonaws.com/resource/137/download.pdf>. 

“Capital and Collaboration: An In-Depth Look at the Community Investment System in Massachusetts Working Cities,” Federal Reserve Bank of Boston, Initiative for Responsible Investment, and Kresge Foundation, August 2016; available at http://kresge.org/sites/default/files/library/eo_1016_-_capital_collaboration_report_final.pdf. 

“Expanding the Market for Community Investment in the United States,” US SIF: The Forum for Sustainable and Responsible Investment, Initiative for Responsible Investment, and Milken Institute, July 2013; available at www.ussif.org/files/publications/ussif_expanding_markets.pdf. 

“Nonprofit Finance 101,” available at www.nonprofitfinancefund.org/nonprofit-finance-101. 

Annie Dear, Alisa Helbitz, Rashmi Khare, et al., “Social Impact Bonds: The Early Years,” White paper, Social Finance, July 2016; available at www.socialfinance.org.uk/wp-content/uploads/2016/07/SIBs-Early-Years_Social-Finance_2016_Final3.pdf. 

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Resident Engagement: Effective Strategies for Community Building*

Sydney Diavua, Community Engagement Associate

Community-building initiatives bring together a number of stakeholders to set goals and implement activities to revitalize neighborhoods. As part of this process, organizations seek ways to incorporate resident input and increase resident engagement. Intermediaries and technical assistance organizations such as the Local Initiatives Support Corporation (LISC) provide strategies and best practices to solicit resident ideas and to encourage residents to participate in the process of building a community. According to the LISC Institute for Comprehensive Community Development, “The work of building a community begins with old-fashioned organizing, sophisticated relationship building and a diverse ‘big tent’ approach to achieve lasting personal commitments to neighborhood action.”¹

In recognition of this need for input from residents in community building, at the Reinventing Our Communities conference held in September, the Philadelphia Fed hosted a learning lab in partnership with LISC on strategies for resident engagement. Presenters shared case studies and best practices on how to connect with local residents and incorporate their ideas and encourage their participation in community-building activities. The participants also discussed opportunities to support leadership capacity building for residents.

The learning lab was held at the Dornsife Center for Neighborhood Partnerships, an urban extension center

of Drexel University in West Philadelphia. As an anchor institution, Drexel has invested resources into building better relationships with community members and integrating resident input into building a plan for the future of the neighborhoods surrounding the university. Lucy Kerman, senior vice provost for university and community partnerships at Drexel, leads this partnership process. In her remarks to participants, she noted the center’s role in transforming the relationship between Drexel and its neighbors. The Dornsife Center is a place in the neighborhood where university members and local residents can meet and gather for events such as civic meetings, afterschool programs, job training, and community conversations. The Dornsife Center also helps build trust between the university and local residents. Kerman emphasized the importance of identifying trust-building activities between large institutions and communities. One of the first steps of engagement, she said, is to “see what the community needs and how you can help them.”

The Four T’s of Resident Engagement: Time, Trust, Team, and Transparency

In another presentation, Drexel’s Loretta Sweet Jemmott, vice president for health and health equity, walked attendees through a community engagement plan — the “We’re Here Because We Care: Building Healthy Communities Together” initiative.² This initiative uses community partnership and input to create evidence-based

* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

¹ The LISC Institute for Comprehensive Community Development provides resources for practitioners and researchers in community development. See www.instituteccd.org/-How-To-Do-It-/Organizing.html.

² See <http://drexel.edu/cnhp/news/current/archive/2016/April/2016-04-18-were-here-because-we-care/>.



sustainable programs that address community health needs. Jemmott emphasized that anchor institutions and intermediaries interested in community engagement should incorporate a strategy of four T's: time, trust, team, and transparency.

According to Jemmott, it took time to identify leaders within the community who could provide insights and help build relationships with other residents; time was also critical to building trust between residents and the institution. The initiative also needed to create a team of community organizational partners to facilitate gathering residents for meetings, town halls, and interviews. She suggested that organizations should identify the

neighborhood in which they want to start and the civic, faith, or neighborhood partner with whom they want to work. Jemmott emphasized the importance of holding meetings after work hours and providing food and child care. Finally, transparency about the process and the goals of building a neighborhood health equity plan helped the initiative gain community buy-in.

Perspectives on Resident Engagement

Relationship and trust building are also central to several resident engagement strategies from Philadelphia, Minneapolis, and Somerville, MA, all of which were highlighted later in the session.



High school students work on their digital work portfolios at Drexel University's Dornsife Center for Neighborhood Partnerships. Photo credit: Drexel University.

*Community Connectors — People's Emergency Center, Philadelphia, PA*³

The Community Connectors program employs residents in West Philadelphia to act as liaisons between the People's Emergency Center (PEC) and neighborhood residents and businesses. These outreach engagement specialists go door to door to distribute information about community planning projects and meetings. The team also organizes town halls that act as a forum for new ideas and for providing feedback on existing planning processes. Interested participants must contribute 24 hours of volunteer service for PEC before they can apply to its Community Connectors program. Some community connectors have gone on to become full-time employees of PEC, thus integrating community members into the organization's fabric. Cassandra Green, manager of community outreach and partnerships for PEC, shared that "community connectors are an important part of our work because they are able to support building trust with communities. These connectors also allow groups that are usually outside of the process, such as youth, to become involved and to lead the change." Through the program, Green and PEC hope to "build a culture of community connecting."

*Community Planning — Somerville Community Corporation, Somerville, MA*⁴

The Somerville Community Corporation (SCC) has engaged residents in the development of a vision for the Somerville community by ensuring that everyone has buy-in. Meridith Levy, deputy director of SCC, shared SCC's "cycle of influence," which combines interactive participation, community planning and vision, organizing, decision-making and implementation, and evaluation into a collective process. One interactive activity in this process was a community mapping project. SCC asked residents to identify important areas and community markers in the neighborhood of East Somerville. Residents used cameras to photograph locations and audio recorders to capture their thoughts

on the significance of each place. With these tools, the community and SCC mapped the neighborhood's assets and identified resources and challenges from the residents' perspectives.⁵

Residents were also asked to list and prioritize community objectives. This exercise allowed SCC to identify objectives that already had engaged leaders or organizations as well as to identify situations in which leadership was needed to address critical priorities. The process resulted in an 11-point core community principles document — supported and vetted by community members — that outlined priorities for Somerville, including local jobs, economic and ethnic diversity, and safe and accessible community gathering spaces. By integrating community input and action into the process, SCC was able to concentrate its efforts on goals that align with community needs. This exercise helped build trusting relationships between SCC and residents that can be leveraged for future projects.

*Immigrant Integration — Asian Economic Development Association, Minneapolis/St. Paul, MN*⁶

The Asian Economic Development Association (AEDA) created a community engagement strategy around immigrant integration to address equitable development surrounding a new transit corridor. This strategy focused on inclusion for the newest and most vulnerable populations of immigrants. Effective activities included building partnerships with immigrant-led organizations for which AEDA provided capital and resources for events and projects.

AEDA also turned to partner organizations to lead the direct work with residents, since they had the established relationships and language skillsets needed. Allowing community-based organizations to lead resident engagement also helped to build trust between AEDA and residents, especially those groups of residents who may have had a negative experience with community-building efforts. Va-Megn Thoj, executive

³ See www.pec-cares.org/ for further information.

⁴ See <http://somervillecdc.org/>.

⁵ For more details about on the community mapping project, see <http://archive.somervillecdc.org/communitymap/makingOf.php>.

⁶ See <http://aeda-mn.org/>.

director of AEDA, shared that “this trust leads to increased participation and decisions that reflect the reality and needs of the community.”

Barriers to Authentic and Inclusive Resident Engagement

Participants in the learning lab also discussed the barriers to resident engagement. Many noted funding challenges and stated that they do not have the economic resources of large institutions to provide funding for community meetings, including food or child care during these sessions. Language and jargon can also be large roadblocks to trust building between organizations and residents. Jemmott shared how she learned to use the language of the residents rather than the jargon associated with community development and research. She commented, “I asked the residents what should I call a key informant interview so that people will come? They told me, call it ‘coffee time.’”

Finally, time is a significant barrier to this work. Authentic and inclusive resident engagement requires time to build relationships with community members and to eventually establish partnerships. Participants also shared their concerns that projects and grants tend to run in one- to two-year cycles, whereas building the trust with a community takes much longer.

Conclusion

Building trust between intermediary and outside organizations and neighborhood residents is integral to each resident engagement strategy discussed at the learning lab. The various sessions highlighted the role of intermediary and community development organizations and explored how intermediary organizations can find success in helping communities recognize and build upon their own assets. While the strategies presented were not exhaustive, they provide a framework for the key elements of trust and relationship building needed for resident engagement. 🏠



A local writer reads her work at an event for writers at Drexel University's Dornsife Center for Neighborhood Partnerships. Photo credit: Drexel University.

Resources

- Melody Barnes and Paul Schmitz, “Community Engagement Matters (Now More Than Ever),” *Stanford Social Innovation Review*, Spring 2016, https://ssir.org/articles/entry/community_engagement_matters_now_more_than_ever.
- Tamarack Institute, Community Engagement, www.tamarackcommunity.ca/communityengagement.
- Simone Peer, “Resident Centered Community-Building: What Makes it Different?,” The Aspen Institute, May 13, 2013, www.aspeninstitute.org/publications/resident-centered-community-building-what-makes-it-different/.

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Read the entire issue of *Cascade* at www.philadelphiafed.org/cascade.

Anchor Institutions: Addressing Community Needs - Cascade: No. 94, Winter 2016

By Peter M. Dolkart, Regional Community Development Manager, Federal Reserve Bank of Richmond

Explore This Section

Anchor Institutions: Addressing Community Needs*

How can anchor institutions catalyze change and positively impact the neighborhoods and communities that surround them? In her 20 years of research, Kathryn Edin, distinguished professor in the Department of Sociology at Johns Hopkins University, has chronicled the loss of the rich network of neighborhood institutions that knit communities together and create “social cohesion.”

During a plenary session at the 2016 Reinventing Our Communities conference, Edin framed the discussion of social cohesion by examining how anchor institutions should focus their investments and resources. The conference session also highlighted neighborhood outreach and adult education initiatives of academic campuses such as Drexel University in West Philadelphia and health-care initiatives of Kaiser Permanente that broaden the traditional missions of these institutions to foster positive change in the neighborhoods and communities that surround them.

In Edin’s most recent book, *Coming of Age in the Other America*,¹ she and her co-authors observed that the youth who connect to neighborhood institutions such as recreation centers and police athletic leagues in low- and moderate-income communities in Baltimore had both a greater sense of identity and a greater chance to succeed.

To further underscore the essential role of anchor institutions, Edin reflected on the challenges presented by the closing of community centers in Baltimore and the closing of 34 neighborhood Roman Catholic schools in Philadelphia. Residents felt abandoned as a result of the loss of community spaces and activities. In the void left by the departure of traditional community gathering spaces, strategies that build upon the staying power and scale of anchor institutions, specifically universities, hospitals, and other place-based powerhouses, are becoming more visible.

The basic reality that anchor institutions can’t easily relocate makes them unique in an otherwise mobile economy. Consequently, they are frequently the last employers remaining in urban centers that have been abandoned by other private employers and are thus a good place to start reinventing communities.

Edin also provided the context for the panel on what it means to live in poverty. She highlighted the

impact of income instability, as featured in her book (with H. Luke Shaefer), *\$2.00 a Day: Living on Almost Nothing in America*.² Work contracts in which the employer is not obliged to provide a minimum number of working hours, combined with rising monthly rents, have eroded the social safety net and a sense of community. In 1996, when the tighter restrictions from the Temporary Assistance for Needy Families (TANF) program were enacted, 87 percent of eligible families in Pennsylvania were accessing those benefits. In 2016, only 31 percent were receiving assistance from TANF in the state and just above 20 percent were receiving assistance nationally.

Drexel University

University City in West Philadelphia is situated directly across the Schuylkill River from the downtown business district of Center City. The eastern side of the area is bounded by campuses of the University of Pennsylvania and Drexel University, several medical and research institutions, and Amtrak's 30th Street Station. The commitment of John A. Fry to serve the neighborhoods of University City started long before his current role as president of Drexel University. During his earlier tenure as an executive vice president at the University of Pennsylvania, Fry earned national recognition for his role in revitalizing the neighborhood around Penn campus.³ Restaurants, coffee bars, a large new student bookstore, a luxury hotel, and a new elementary school began to transform the neighborhood, as did university initiatives with community groups.

Upon taking the helm of Drexel, Fry's goal was to make Drexel the most civically engaged university in the nation. He posed two questions to his faculty, staff, and students: What are the moral and practical obligations of an urban anchor institution like Drexel to its surrounding community? Is Drexel, in fact, a good neighbor? He confessed his concern at the time that the university was not viewed as such. Fry articulated that the guiding principles to Drexel's strategy had to be sustainable. Also, Drexel did not want to offer solutions in search of a problem or make hollow promises. Finally, Drexel needed to approach its neighbors with humility with the expectation that there will be skepticism and distrust.

The Dornsife Center for Neighborhood Partnerships became Drexel's first initiative to create a shared future with its neighborhood's stakeholders. The center is located in Powelton Village approximately one mile from the university's campus. Officially opened in June 2014 in a renovated 19th-century mansion, the center serves as a hub for community outreach activities developed and delivered by the university's faculty, staff, and students that include a free law clinic, a health and wellness center, community education programs, and even cooking classes. Initially described by Fry as an "old-fashioned extension center," he was quick to mention that the monthly community dinners that are hosted at the center can attract as many as 300 people on a given evening and help strengthen social cohesion.

In March 2016, Drexel announced plans to build Schuylkill Yards, a \$3.5 billion new district that will encompass over 14 acres and, when completed in 2036, will comprise five million square feet of office, lab, residential, hotel, retail, and open space. At the core of the project is Drexel Square, a 1.3-acre park at 30th and Market Streets that will be constructed on a current surface parking lot directly across from 30th Street Station. Construction of the first phase is scheduled to begin this year.

Fry envisions that Drexel, both as a physical space and a community, will serve as a bridge between the Schuylkill Yards development and the Promise Zone initiative established in the neighborhoods surrounding the West Philadelphia campus. The Obama administration initiative targets a small geographic area in selected urban, rural, and tribal communities, giving local partners the support and resources they need to work together toward revitalization. Drexel partnered with the City of Philadelphia, which was one of only three U.S. cities awarded a Promise Zone designation in 2014.

Kaiser Permanente

Tyler Norris, vice president of Total Health Partnerships at Kaiser Permanente, opened his remarks at the plenary session with a sobering statistic: “Many children born today will live five years less than their parents.” With as much as 18 percent of the United States GDP being spent on health care, Norris observed that “more health care doesn’t buy us more health.” He stated that 80 percent of health care spending goes to address chronic illness such as diabetes, obesity, and heart disease, and that much of this spending could instead be shifted to the economic, social, and environmental drivers of health.

Kaiser Permanente, the nation’s largest integrated health-care provider, uses its business practices and assets to strengthen the local communities that it serves. Kaiser Permanente promotes the model of “total health,” a holistic framework focused on leveraging all of its assets to maximize physical, mental, and social well-being for its members and the communities in which they reside and work. This concept reflects the recognition that an individual’s health is not determined primarily by the care and treatment received at a health-care facility. Rather, health is most affected by the conditions where people live and work, making factors such as financial security and stable housing critical components of community health.



Kaiser Permanente

applies its assets for health by engaging each region and each key functional area to leverage operations in driving economic, environmental, and social impacts upstream from health outcomes. Figure courtesy of Tyler Norris of Kaiser Permanente.

Because of its economic capacity, the health-care sector is well situated to address these social determinants. Kaiser Permanente, one of the largest private employers in California, purchases vast quantities of goods and services and has significant investment and philanthropic portfolios. These assets can be brought to bear to improve community health. Kaiser Permanente specifically has realigned its resources for sourcing and procurement, workforce pipeline development, training, investment capital, educational programs, research, community health initiatives, environmental stewardship, and clinical prevention to achieve a vision of “total health.”

Kaiser Permanente advances workforce wellness initiatives for its employees and customers by increasing access to healthy foods and physical activity in schools and neighborhoods, and it reduces the organization’s institutional carbon footprint by purchasing green energy. The health-care system

works with community-based organizations, local and state governments, businesses, and residents to achieve healthier neighborhoods. Norris believes that “community-based organizations and community development organizations are the producers of good health; Kaiser Permanente is the buyer.” He cites initiatives in East Oakland, CA, in which the company is partnering with churches and faith-based communities to change lifestyle patterns. Additionally, Kaiser Permanente prioritizes supplier diversity, spending more than \$1.5 billion on goods from women- and minority-owned firms in 2014 alone in order to spur and expand economic growth in minority communities.

Norris echoed Fry’s assertion that an anchor institution’s community development initiatives must be for the long term and sustainable. He believes that the previous model of making a three- to five-year grant to address social determinants of health is not sufficient. “Grants don’t work because they don’t change behavior,” he said.

Conclusion

The panel highlighted the leadership roles of anchor institutions as durable entities that are deeply rooted in their neighborhoods. These institutions have accepted the challenge of a growing movement to leverage their resources in order to address critical issues such as education, economic opportunity, and health. Drexel University is acting as an indispensable partner to revitalize a community in West Philadelphia. Kaiser Permanente, for its part, is catalyzing change in its large network of communities to achieve a holistic vision of total health. In an era of declining government and private investment, anchor institutions have become the agents of community and economic development.

Mt. Airy: A Legacy of Intentional Integration - Cascade: No. 94, Winter 2016

Explore This Section

Mt. Airy: A Legacy of Intentional Integration*

By Keith L. Rolland, Community Development Advisor, and Kyle DeMaria, Community Development Senior Research Assistant

Mt. Airy, a Philadelphia community nationally recognized for its community building and organizing efforts to create and maintain racial integration, was the subject of a tour offered as part of the Reinventing Our Communities conference in Philadelphia in September.¹ This article summarizes some key features of these intentional integration efforts in Mt. Airy and contains current perspectives from two residents.

Mt. Airy, founded in 1683 by Dutch Mennonites, is located in the northwest section of Philadelphia adjacent to Fairmount Park, situated between more affluent Chestnut Hill to the west and less affluent Germantown to the east. A community with a wide range of housing stock, Mt. Airy has a long history of tolerance and activism.



Photo credit: Lise

Funderburg.

In the 1950s and 1960s, African Americans faced widespread hostility and resistance from white residents, real estate agents, and city officials when they tried to buy homes in white neighborhoods in Northeastern and Midwestern cities. In contrast, in Mt. Airy as well as Shaker Heights, OH, and Oak Park, IL, middle-class white homeowners and some renters, motivated by the goals of racial justice following World War II, tried to intentionally integrate their communities, welcome African Americans, and allay the fears of white residents.



Photo credit:

Bradley Maule, Mt. Airy USA.

Abigail Perkiss, assistant professor of history at Kean University, describes these intentional integration efforts in *Making Good Neighbors: Civil Rights, Liberalism, and Integration in Postwar Philadelphia*,² which was published in 2014.³ Perkiss grew up in Mt. Airy, left with her family at an early age, and returned later.

The passages from Perkiss' book quoted here provide some understanding of the intentional integration efforts that began in the mid-1950s:

“Around the country, small groups of homeowners opted not to give in to the belief that racial transition necessarily brought about neighborhood decline. Instead of meeting would-be black buyers with antagonism or acquiescing to the efforts of blockbusting realtors, these residents, largely white and middle class, decided to welcome their new neighbors.” (page 2)

“Beginning with a coordinated pledge in the mid-1950s, homeowners in Mt. Airy waged a community-wide battle toward intentional integration. Through innovative real-estate efforts, creative marketing techniques, religious activism, and institutional partnerships, residents worked to preserve the viability of their community. By replacing residential segregation with residential integration, they sought to disrupt a system of separation and infuse their day-to-day lives with the experience of interracial living.” (pages 2–3)

Interfaith clergy, including a rabbi at the Germantown Jewish Center, addressed racial change in the

community and helped form the nonprofit West Mt. Airy Neighbors (WMAN) association in 1954. Later, other nonprofit organizations formed to bring residents together in the arts and to represent East Mt. Airy.

Perkiss' book also describes the difficulty of maintaining racial balance in Mt. Airy's public schools amid changes in public school funding and policies, including redistricting. Other issues described in the book include rising home values in the late 1980s and periodic problems related to crime, drugs, and policing.

Perkiss wrote that Mt. Airy continues to be one of Philadelphia's most economically stable and diverse neighborhoods and found that, by the late 1970s, the prevailing focus in Mt. Airy had shifted from racial integration toward a more generalized ethos of diversity.⁴ Integration, which had been a major part of the civil rights movement in the 1950s and 1960s, had also fallen in disfavor for failing to address continuing inequality in employment, housing, and education.

In the epilogue of her book, she concluded:

“The neighborhood was able to effect sustainable change because it developed a sense of institutional accountability through meaningful partnerships, both within the community and outside of it. The creation of West Mt. Airy Neighbors and the relationships between WMAN and governmental agencies throughout the city created a powerful structure for change-making within the neighborhood. ...

“Mt. Airy's efforts toward intentional integration were a part of a small movement around the country to create stable interracial communities. These neighborhoods are not utopias, nor are they blueprints for achieved racial justice. ... [T]hroughout the latter half of the twentieth century, community leaders in West Mt. Airy developed and honed a model of neighborhood organizing that, when deployed effectively, fostered both racial tolerance and economic viability. The innovation of grassroots liberalism, the recognition of the bilateral need for structural accountability and individual action and responsibility, allowed residents to sustain a stable, open community in the midst of vast political, economic, and cultural change.” (pages 172–173)

The Philadelphia Fed's Community Development Studies & Education Department asked several residents to respond to questions about the legacy of intentional integration in Mt. Airy and the current state of integration there. The responses of two Mt. Airy residents appear here.

Lise Funderburg is a writer and editor, the author of two books and a contributor to numerous anthologies, and a lecturer in creative writing at the University of Pennsylvania and in the Rutgers University–Camden master of fine arts program.

Tia Mathisen is the executive director of the Mt. Airy Business Improvement District, an

organization committed to supporting businesses along the Germantown Avenue commercial corridor through beautification and improvement projects.

What are the accomplishments of the intentional integration strategy that was initiated about 50 years ago to welcome African Americans to Mt. Airy?

Lise Funderburg: “Probably the best way to appreciate Mt. Airy’s integration accomplishments over the last half-century is by contrast. Head as little as a mile or two, in pretty much any direction, outside its borders, and you’re likely to find patterns of residential and relational segregation that continue to dominate our greater metropolitan region. Few communities in Philadelphia, or indeed, nationwide, have offered the enduring, stable opportunities that Mt. Airy has for people from different racial, ethnic, and socioeconomic groups to experience each other as equals and as equally invested neighbors. Here, *otherness* is more likely to be embraced (or ignored) than to be seen as a cause for fear or aversion. In the generations of kids I have watched grow up here, there’s an openness toward others and a privileging of humanity as a first point of connection that is tremendously encouraging to see.”

Tia Mathisen: “The accomplishments of the intentional integration strategy can be seen daily by simply walking around the Mt. Airy community. We have a community that is home to many African Americans and Caucasian Americans, who live, work, and play together daily. However, these accomplishments provide their own set of challenges. Oftentimes, Caucasian residents can assume because they live in such a “progressive” community that they are immune to symptoms of white privilege and they often speak on behalf of their African American neighbors without inviting said neighbor into the conversation. Leaving African Americans to feel as though they are not a part of the greater conversation being held concerning the community where they live.”

What are the current issues and challenges in maintaining Mt. Airy as an integrated community?

Lise Funderburg: “One of the ongoing challenges is that the more popular and successful a mixed neighborhood becomes — meaning that increasing numbers of people begin to seek it out specifically for its diversity — the higher housing values and property taxes rise. After a certain point, diversity is at risk of being priced out. In Mt. Airy, a key to stability has been the variety in housing stock, from small two-story rows to stately mansions and sprawling midcentury gems, all within blocks or feet from each other. This has helped us retain a degree of socioeconomic integration, which, due to historic patterns of racially based economic inequity in the U.S., also supports broader access to that housing stock across racial groups.

“On another front, there is the fact that even the most well-intended communities can’t shut out the larger realities of the country, entrenched biases, and historic inequities that reach far beyond real estate. These divides filter into Mt. Airy in everything from enrollment patterns at our two K–8 public

schools that don't resemble the neighborhood population to a majority of our businesses and restaurants being white-owned."

Tia Mathisen: "A current issue for Mt. Airy is deciding what type of social community we want to be today. If we want to be one, and what that means and how that looks. Mt. Airy has to decide if we continue to strive for diversity, how diverse do we become? Do we only remain diverse based on the color of our skin? Or do we fight for socioeconomic diversity in the community as well?"

"We also face the issue of pushing beyond the politely constructed neighborly conversation into that of actually knowing one's neighbor, so that relationships can build and grow in our community authentically."

Can you share your insights on how racial and ethnic integration can be encouraged and supported in other communities?

Lise Funderburg: "I wish I had some magical strategy. It takes a lot of effort and goodwill on the part of *all* community members to seek out individual and collective opportunities to bridge the entrenched divides. It also requires a willingness to be re-educated about assumptions of others, to step outside one's comfort zone at times. Programmatically, realtors, bankers, educators, restaurateurs, and service providers can all be mindful of serving the broad community, and honor that by reflecting that breadth in all forms of outreach, staffing, content, and advertising."

Tia Mathisen: "I feel it's vitally important for community change makers and leaders to be certain that everyone has a seat at the decision table. If the people sitting at your table all look or think the same, go out into your community and recruit people who represent your whole community and don't stop until you are surrounded by several voices, with varying needs and opinions, who all share the common goal of making their community a wonderful place to live. I do believe that is the goal here in Mt. Airy."


Recommended Resources

Kathy Boccella, "Racism in Delaware County: A Story of Hatred and Courage," NBC10 Philadelphia, NBCUniversal Media, October 21, 2013; available at www.nbcphiladelphia.com/news/local/Racism-Delaware-County-The-Hatred-and-The-Courage-229372081.html. 📄

Barbara Ferman, Theresa Singleton, Don DeMarco, "Chapter 3: West Mount Airy, Philadelphia," *Cityscape*, 4:2 (1998), pp. 29–59; available at www.huduser.gov/periodicals/cityscape/vol4num2/ch3.pdf. 📄

Lise Funderburg, "Our Town," *O, the Oprah Magazine*, April 2006; available at www.lisefunderburg.com/writ/Fourtown.html. 📄

Jayne M. Pardys, "The Encounters of Racial Integration in West Mount Airy, Philadelphia and the

Role of Germantown Jewish Centre” (documentary), 2016 National History Day State Competition; available at www.youtube.com/watch?v=odyhhXqb4nw. 

Abigail Perkiss, *Making Good Neighbors: Civil Rights, Liberalism, and Integration in Postwar Philadelphia*. Ithaca, NY: Cornell University Press, 2014.

MAPPING OUR COMMUNITY

THIRD FEDERAL RESERVE DISTRICT



Mapping Our Community: Residential Segregation in Mt. Airy and in Philadelphia*

By Kyle DeMaria, Community Development Senior Research Assistant

The West Mt. Airy neighborhood of Philadelphia has been nationally recognized for its efforts to intentionally promote racial integration and neighborhood stability since the 1950s.¹ In the more than 50 years since then, residents understand the challenges to integration through a new lens and remain passionate about creating a neighborhood of diversity and inclusion. A contemporary challenge to racial integration in Mt. Airy focuses on the concern that rising housing costs will lead to the displacement of current residents and will inhibit lower-income residents from moving into the neighborhood. A central concern of community leaders is that these market forces will exert a disproportionate impact across racial groups and will segregate a neighborhood whose residents value racial and class diversity. To what extent has the degree of racial integration in Mt. Airy changed since 1990, and how does that degree of neighborhood integration relate to that of the city as a whole?

To assess trends in neighborhood integration in Mt. Airy, a measure of residential segregation, known as

multi-group entropy, was calculated for all Census block groups in Philadelphia.² The entropy score is best characterized as a measure of the evenness with which racial groups are represented in a geographic area.³ Lower scores indicate low levels of racial integration and higher scores indicate the equal representation of all five racial groups: non-Hispanic white, non-Hispanic black, non-Hispanic Asian, Hispanic, and non-Hispanic other (including non-Hispanic reporting more than one race). Neighborhood and city entropy estimates are calculated as population-weighted averages of the individual block group entropy scores.

In 1990, the average entropy scores for both West (0.77) and East (0.44) Mt. Airy were greater than that for Philadelphia (0.40), indicating that block groups in the Mt. Airy neighborhood were in fact more racially integrated than those in Philadelphia as a whole (Table 1). Over the ensuing 20 years, however, as the city became more racially diverse, integration increased to a greater extent in Philadelphia than in Mt. Airy.⁴ Whereas the average entropy score for Philadelphia

* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

¹ Barbara Ferman, Theresa Singleton, and Don DeMarco, "Chapter 3: West Mount Airy, Philadelphia," *Cityscape* 4:2 (1998), pp. 29–59; available at www.huduser.gov/Periodicals/CITYSCPE/VOL4NUM2/ch3.pdf; and Abigail Perkiss, *Making Good Neighbors: Civil Rights, Liberalism, and Integration in Postwar Philadelphia*. Ithaca: Cornell University Press, 2014.

² For details on the entropy calculation, see www.dartmouth.edu/~segregation/indicesofsegregation.pdf. Map and Data Sources: 1990 and 2010 U.S. Decennial Census data and related map layers obtained from the Minnesota Population Center. National Historical Geographic Information System: Version 11.0 [Database]. Minneapolis: University of Minnesota, 2016, www.nhgis.org. Neighborhood boundaries created by Azavea Inc. and accessed at OpenDataPhilly, www.opendataphilly.org/dataset/philadelphia-neighborhoods.

³ Douglas Massey and Nancy Denton, "The Dimensions of Residential Segregation," *Social Forces* 67:2 (1988), pp. 281–315.

⁴ In this 20-year period, Philadelphia's population decreased by about 60,000 residents, but the city as a whole became more diverse. Whereas more than half (52 percent) of Philadelphians were white in 1990, only 37 percent were white in 2010. In addition, the Asian population grew by 128 percent, the Hispanic population grew by 110 percent, and the African-American population grew by 3 percent.

increased by 0.38, the score for Mt. Airy increased by only 0.19.

Yet, differences exist between East and West Mt. Airy. While West Mt. Airy became more racially diverse over this 20-year period and continues to be more integrated than the city overall, the eastern portion of

East Mt. Airy remained segregated as a predominantly African-American neighborhood (Figure 1). Residential segregation also persists in other sections of Philadelphia, such as in North and West Philadelphia, whereas segregation has diminished substantially in Northeast Philadelphia (Figure 2).

Table 1: Neighborhood and City Entropy Scores (Weighted Averages)

	1990	2010	Change
West Mt. Airy	0.77	0.93	+0.16
East Mt. Airy	0.44	0.66	+0.22
Mt. Airy	0.58	0.77	+0.19
Philadelphia	0.40	0.78	+0.38

Figure 1. Entropy Scores for West and East Mt. Airy in 1990 and 2010

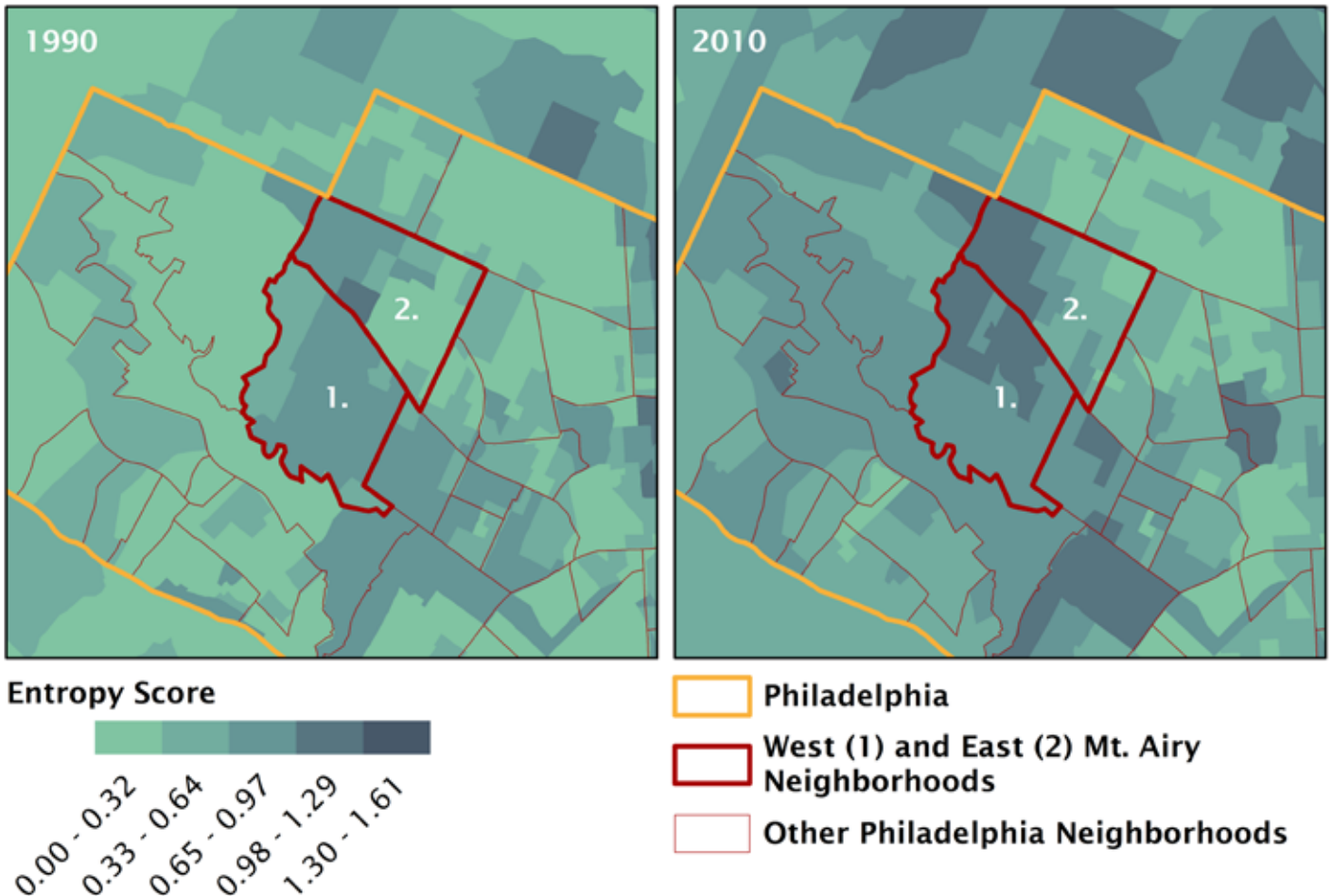
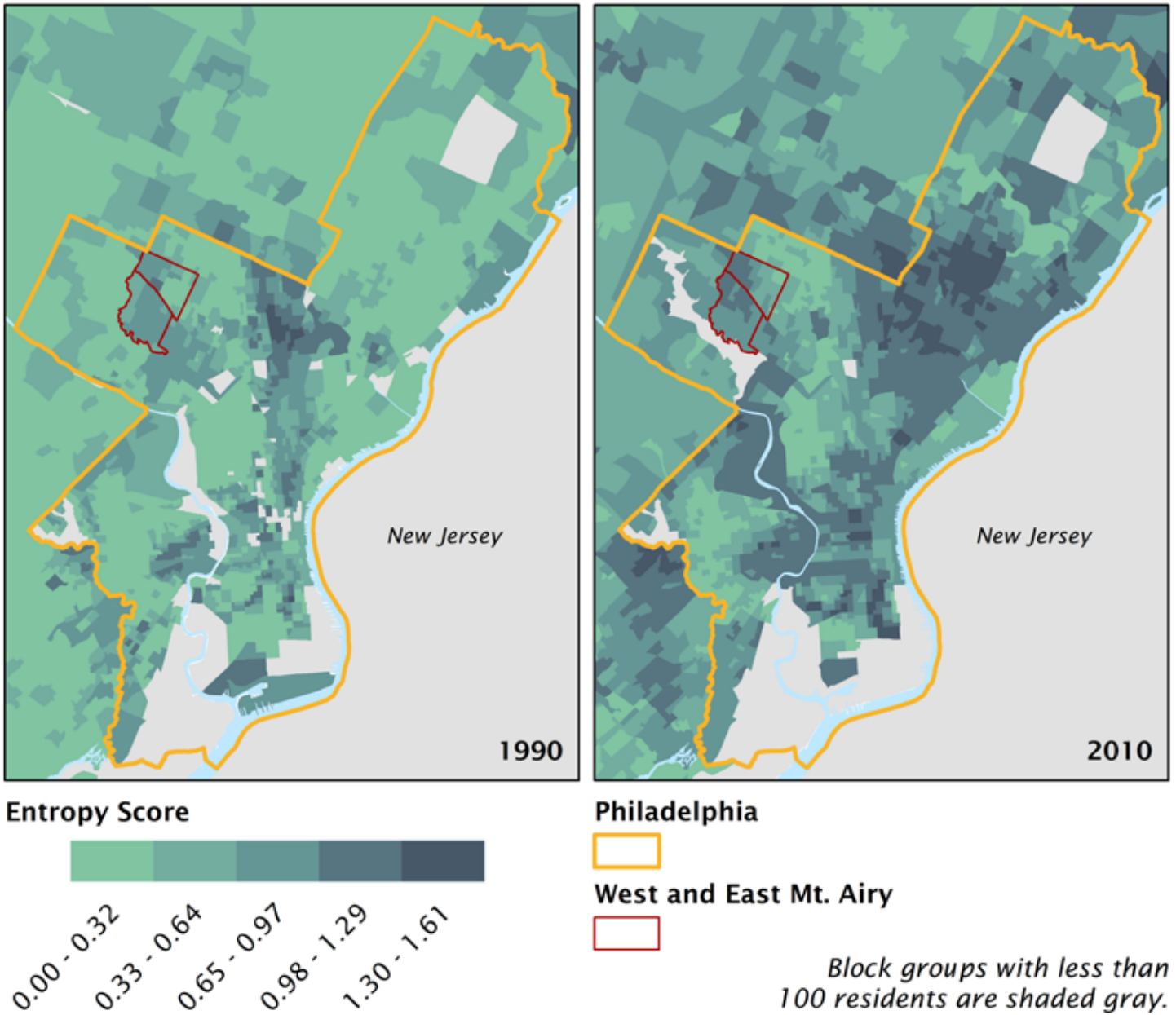


Figure 2. Entropy Scores for Philadelphia in 1990 and 2010





Read the entire issue of *Cascade* at
www.philadelphiafed.org/cascade.

Spotlight on Research: Innovative Ways to Build Savings and Wealth of Low-Income Families - Cascade: No. 94, Winter 2016

By Marvin M. Smith, Ph.D., Senior Community Development Economic Advisor

Explore This Section

Spotlight on Research: Innovative Ways to Build Savings and Wealth of Low-Income Families*



Marvin M. Smith, Ph.D.

The recent great recession took its financial toll on many families. Some who lost a portion of their wealth continue to struggle to find a foothold in the economy, while others have managed to regain their lost wealth. Some of the other sources of the financial instability that beset families have been attributed to the challenges associated with being a single-parent family, the volatility and fragility of income shocks, and the shredding of some safety nets. Ray Boshara, director of the Center for Household Financial Stability and assistant vice president at the Federal Reserve Bank of St. Louis, used the preceding observations to provide the economic context for a session at the 2016 Reinventing Our Communities conference, “Rebuilding Household Balance Sheets and Improving Financial Capability,” during which speakers discussed programs designed to assist with the savings, wealth, and financial stability of low-income families. Those programs are summarized here.

Reliance on Borrowing to Meet Financial Needs

Credit can be a lifeline in times of financial need. A person’s creditworthiness as represented by his or her credit score is crucial when navigating financial markets. Yet, more than 50 million people do not have credit scores. Moreover, nearly 20 million people do not have access to a bank account. When many people in these categories are in need of additional funds, they rely on alternative financial services such as check cashing services and payday lenders. Unfortunately, some payday loans have

an annual interest rate between 300 and 500 percent. Consequently, many borrowers find themselves rolling over their payday loans many times before they can pay them off. Fortunately, there is an alternative to payday loans, namely, lending circles. Lending circles, which exist worldwide, allow people to come together for the purpose of lending to and borrowing from each other when bank loans are not an option.

José Quiñonez, chief executive officer at Mission Asset Fund (MAF)¹ in San Francisco, has transformed this age-old practice by organizing MAF's Lending Circles program through the use of technology and credit reporting. Through this program, participants have access to affordable loans and, in the process, build credit, which can lead to a more financially stable future.

MAF provides an online financial training class for prospective participants in its Lending Circles program. After the training class, as many as six to 10 people form a lending circle and decide on the amount of the loan fund for the group (e.g., a group of 10 participants may agree on a loan fund of \$1,000). Every participant makes the same monthly payment, ranging from \$50 to \$200, which MAF reports to the credit bureaus. Each month, the participants take turns borrowing the \$1,000 until each participant has had a chance to obtain a loan. Upon completion of the program (i.e., after the zero-interest loan has been made to each member), participants are generally able to build a credit history and establish credit scores for the first time or repair damaged credit. Moreover, participants might be able to avoid predatory lenders and open bank accounts.



MAF has found that its Lending Circles program has had a beneficial impact on low-income borrowers. Realizing the positive influence of this program, MAF has embarked on a vision to create a fair financial marketplace for hard-working people. Thus, its goal is to expand the Lending Circles program throughout the United States by helping nonprofits establish similar programs in their communities.

In recognition of Quiñonez's innovative approach to connect low-income people to mainstream financial services, the John D. and Catherine T. MacArthur Foundation named him a 2016 MacArthur Fellow.

Financial Capability

The financial difficulties encountered by families not only have a profound impact on adults but also on younger family members. Thus, an increased understanding of financial matters among youth would not only help them to comprehend the financial predicament of their families but also equip them to better navigate the financial landscape as they grow older. Hallie Lienhardt, an outreach specialist for the Center for Financial Security (CFS) at the University of Wisconsin–Madison, discussed an innovative approach to financial education for youth. CFS's My Classroom Economy (MCE) is an experiential approach to financial education in contrast to more traditional programs that rely on lesson plans. Under MCE, teachers set up a classroom-based economy in which students are assigned jobs that provide classroom "dollars." Students are able to spend their money on various things, such as renting or purchasing their desks or buying items at classroom stores or auctions.² The role-playing involved in the classroom's simulated economy provides students with ample opportunities to improve their financial capability by practicing budgeting and saving through several core activities. Their learning might also continue at home, where they may receive real money for chores performed around the house.

CFS evaluated the effectiveness of MCE as a financial education tool with the assistance of 24 schools in the school district of Palm Beach County, FL. The schools that volunteered for the evaluation were randomly assigned to either a treatment or comparison group. MCE was implemented in the classrooms of students in the treatment group during the study period but not in the comparison group. Student surveys were administered to both groups before and after the study period. The pre- and post-study surveys measured financial knowledge, budgeting behavior, planning behavior, self-control, financial socialization outside of school, and financial experiences. Teachers and parents were also surveyed after the study period. Lienhardt reported that the evaluation found a statistically significant positive change in students' financial knowledge. This is particularly noteworthy since teachers did not use formal lesson plans on financial topics, but rather exposed students to financial situations. The parent surveys revealed that many of the children had bank accounts in their own names and made their own money decisions. Moreover, the teachers generally had a good or excellent experience with MCE, and 95 percent of them planned to continue using the program.

Financial Coaching

Mae Watson Grote, founder and executive director of the Financial Clinic in New York,³ was motivated to help the working poor become financially secure. She founded the Financial Clinic to

assist poor working families and individuals in addressing their immediate financial goals and setting long-term goals to achieve financial mobility. The clinic typically serves clients who have an average salary of \$17,000 a year, and it aids clients in building credit, choosing banking products and services at a lower cost, identifying ways to lower debt, and doing tax planning throughout the year in order to save some of their tax refunds. The organization has had a demonstrable impact on the clients it has served. As a result of the clinic's efforts, \$30 million has been put back in the pockets of 15,000 poor working people, almost \$1.5 million in debt has been eliminated, and savings of more than \$510,000 has been generated through financial planning.

Grote also reported on the Financial Clinic's participation with another organization⁴ in a study commissioned by the Consumer Financial Protection Bureau on the effectiveness of financial coaching in improving the financial capability, well-being, and security of poor working individuals. According to Grote, the study used a randomized controlled trial approach, in which participants were randomly assigned to either a treatment group or a control group. (The randomized approach mitigates the self-selection bias that might otherwise occur and undermine the true results.) The study enrolled 430 participants, of whom 222 were randomly assigned to the treatment group. The enrollees had an average salary of \$22,000 a year; 40 percent were on fixed incomes or unemployed, and 60 percent were working. The Financial Clinic provided financial coaching to 124 of those in the treatment group over a 13-month period.

The Financial Clinic views financial coaching as a collaborative approach in which the client works with the coach on achieving pre-determined financial goals over time, while taking into account financial indicators that signal a movement toward the client's goals. In addition to being judgment-free, the approach has some other distinct characteristics. The approach is based on *accountability*, in that the client and the coach hold each other accountable. It is also *strength-based*, in that the client comes to the process with assets — such as talent, networks, and resources — that can be leveraged to reach the agreed-upon goals.

Grote noted that the study demonstrated that financial coaching is not a boutique service but one that has some tangible results. The overriding takeaway from a practitioner's perspective is that behavior change is possible. The study showed an increase in well-being indicators represented by less stress. In addition, for those who received financial coaching, results included an average savings of about \$1,700, an increase in credit score, and a reduction in debt. A particularly noteworthy finding was that the results of financial coaching were the same regardless of gender, ethnicity, and educational level.

The ups and downs of economic activity create challenges for consumers in navigating the financial landscape. Fortunately, there are programs such as those discussed here that offer some assistance to consumers in their quest for financial stability.

Immigrant Integration: An Economic Development Strategy - Cascade: No. 94, Winter 2016

By Peter Gonzales, President and Chief Executive Officer, Welcoming Center for New Pennsylvanians

Explore This Section

Immigrant Integration: An Economic Development Strategy*

Immigrant integration — a dynamic, two-way process in which newcomers and the receiving communities work together to build a secure, vibrant, and cohesive society — was the focus of a well-attended panel session at the Reinventing Our Communities conference in September in Philadelphia. Receiving communities can be geographic areas such as neighborhoods, or economic, social, or civic institutions such as employers, schools, or government agencies. When cities and communities around the country are able to harness the skills, experience, and energy that immigrants bring with them, the newcomers and the entire community experience the benefits.

Immigrant integration is a process. The new arrivals actively adjust to their new homes by learning the language, culture, and customs of the native population. Also, the pre-established community actively incorporates the new arrivals into the economic, social, and civic life of the region. This exchange transforms both the new arrivals and the native population. Often, that change comes with significant challenges, tension, and even conflict. Successful immigrant integration mitigates those challenges through education and engagement. Over the past 20 years, our world has become both hyperlocalized and hyperglobalized. Regions now compete to attract talent from abroad to fill gaps in their labor markets while opening doors of opportunity to new global markets.

Immigration Trends

In an opening presentation, David Dyssegaard Kallick, senior research fellow at the Fiscal Policy Institute (FPI), shared his findings after analyzing trends of population change and regional economic impact in cities across the country with declining populations between 1960 and 1980. Population decline eroded the tax base that had supported housing and infrastructure expansion over the previous decades. Vacant properties and blight followed, fueling further decline. St. Louis, Cleveland, Buffalo, and Pittsburgh experienced population declines of as much as 40 percent. Of the 50 largest cities in the country, 29 saw similar declines in population. Of these 29 cities, 14 rebounded with an increase in population between 1980 and 2013. The growth was attributable to the arrival of immigrants (individuals born in countries other than the U.S.). Kallick said that the cities that

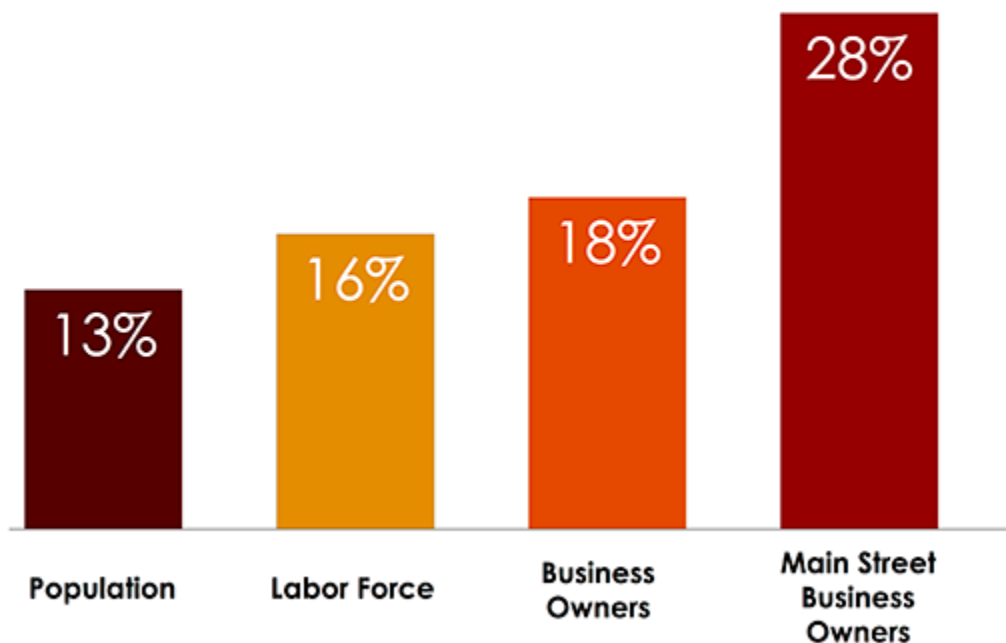
rebounded all had an increase in immigrant population. “This doesn’t prove that immigrants cause growth,” he said. “It may also be that immigrants are drawn to growth.”

Across the U.S., immigrants make up 13 percent of the population, 16 percent of the labor force, 18 percent of all business owners, and 28 percent of “Main Street” business owners, according to an FPI analysis (Figure 1).² Kallick’s analysis found that immigrants own 58 percent of dry cleaners, 53 percent of grocery stores, 38 percent of restaurants, and 32 percent of clothing stores. In 31 of the 50 largest metro areas in the U.S., *all* net growth in the number of Main Street business owners was due to immigrants, Kallick said.

Figure 1. Twenty-eight percent of Main Street business owners are immigrants.
Adapted from “Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow,” Fiscal Policy Institute, January 2015; available at www.as-coa.org/sites/default/files/ImmigrantBusinessReport.pdf. Used with permission.

In the United States


Immigrant Share of




The ability to communicate well and access to capital are two critical components of achieving economic success in America. Accelerating language skills and gaining access to economic opportunities drive successful integration for immigrants. And for most immigrants, having a good job is key.

Entrepreneurial Development







Another panelist, Eva Hassett, executive director of the International Institute of Buffalo, stated that immigrants start businesses at twice the rate of native-born Americans.³

One way to help with the launch of these new businesses is through incubators. For example, in Nashville, [Conexion Americas](#),  a nonprofit organization, started a 10-week entrepreneurship course for Latino immigrants and established a modern commercial kitchen incubator where 25 immigrants from different countries operate their businesses, leading to cross-cultural collaboration.

Panelist José González, cofounder of Conexion Americas and an instructor in entrepreneurship at Belmont University, said that the incubator is located in [Casa Azafrán](#),  a community center that brings together 10 agencies that offer services in education, legal assistance, health care, and the arts to immigrants, refugees, and the community as a whole.

Welcoming Economies

Regional economic development initiatives can play a role not just in attracting immigrants, but also in retaining them and in enhancing their part in the community's economic and social fabric, said Hassett. Over the last half-decade, a movement of local immigrant-welcoming and immigrant-focused economic development initiatives has been created and is beginning to define the national conversation around immigration. These initiatives are rooted in the fact that immigrant communities expand economic opportunities and revitalize regions. The Rust Belt region and other cities that have experienced a loss of a manufacturing base, for example, are well positioned to reinvigorate their communities by welcoming immigrants.

In the past three years, dozens of cities and states across the U.S. have launched efforts to attract and retain new residents, often focusing specifically on immigrants. These initiatives include [Welcome Dayton](#),  the [St. Louis Mosaic Project](#),  [Global Detroit](#),  the [Michigan Office for New Americans](#),  the [New York State Office for New Americans](#),  and [Philadelphia's Office of Immigrant Affairs](#),  to name just a few. The panelists agreed that mayors are very important in setting the tone about the positive contribution that immigrants can make in their cities.

These efforts vary in specifics, but the overall focus is the same: to address issues of depopulation, demographic aging, and economic decline by inviting immigrants, including younger residents who have skills and can contribute to a region's economic development, to become part of the local community and providing language and cultural support. While some initiatives are specifically focused on entrepreneurs or professional-class workers, others have explicitly invited a wider array of newcomers at every skill level.

Successful immigrant integration is a key element of the growth of the Philadelphia region and it helps build a more diverse, inclusive, and equitable society. Infusing new talent and ideas reinvigorates our workplaces, commercial centers, and communities. After nearly 60 years of

population decline, Philadelphia experienced a modest increase in foreign-born residents, prompting the Brookings Institution to call Philadelphia a “re-emerging gateway city for immigrants.”⁴ The City of Philadelphia, under former Mayor Michael Nutter and now under Mayor Jim Kenney, has been strategic and purposeful in its approach to immigrant integration. By investing in language access programs that help make government services more accessible to newcomers and promoting immigrant entrepreneurship and workforce development programs through community-based organizations, Philadelphia is now competing to become the most welcoming city in America.

Workforce Development: Engaging Employers - Cascade: No. 94, Winter 2016

By Keith L. Rolland, Community Development Advisor

Explore This Section

Workforce Development: Engaging Employers*


Leaders of a community college, the YouthBuild charter school, and a public career and technical institute speaking on a Reinventing Our Communities conference panel addressed the need to forge stronger connections between high school and postsecondary education or employment, especially for “opportunity youth” who are neither employed nor in school.[1](#)

Michelle Henry, vice president and senior philanthropy manager at JPMorgan Chase & Co.,[2](#) moderated the session and said that helping job seekers, including young adults, gain the skills they need to compete in the labor market is a powerful strategy for expanding access to opportunity and promoting economic mobility. Young people in low- and moderate-income communities can thrive if they have increased access to college and career readiness and to postsecondary education, training, and high-quality work experiences, she said. Equally important, businesses can benefit from a larger and more diverse talent pipeline.

Employment opportunities for teenagers have steadily declined for more than a decade, deteriorating more than for any other population group, Henry said. The majority of people under 18 will be persons of color by 2020³ and they will become our future workforce. This demographic trend encourages us to rethink how the growth and development of this population group can be supported and how employers identify and cultivate talent.

Two main themes of the session were the challenges of how to engage both employers and young people in career and technical education (CTE) initiatives.

Employer Engagement

Simran Sidhu, who until recently was executive director of [YouthBuild Philadelphia \(YBP\) Charter School](#),  said that YBP has increased its attention in recent years to working with employers on retention and advancement of its graduates. Each year at YBP Charter School, 220 students who have left high school prior to completion participate in a comprehensive, nurturing program that teaches academic competencies and provides on-the-job training. YBP’s program, which includes a

community service component that helps increase participants' sense of self-worth, has added a full year of follow-up support and mentoring provided by a nine-person staff.

How YB engages Partners

- Solve a real problem
- Respond to feedback nimbly
- Be a real partner
- Serve as the youth experts
- Allow them to build real relationships and care

How We Engage Youth

- Show them the full potential of a career with entry-level opportunities
- Guide them to the real opportunity
- Help them assess for fit
- Provide a meaningful credential
- Focus on competencies
- Allow them to build real relationship and care



From Simran Sidhu,

“Demand Driven Pathways at YouthBuild Philadelphia Charter School,” presented at Reinventing Our Communities, September 21, 2016; available [here](#). The photograph shows a YouthBuild Philadelphia student (left) and a Starbucks volunteer.

YBP has had a partnership with Starbucks since 2013, the year it received a youth leadership grant from the [Starbucks Foundation](#) to support its leadership development programming. After the district manager and regional director of Starbucks visited YPB and talked with its students, Starbucks began training YBP graduates for customer service positions. The relationship between YBP and Starbucks has deepened, and YBP mentors and Starbucks human resource officials have begun to share feedback about trainees, Sidhu said.

Employers have admitted they need to “listen and adapt” to work effectively with opportunity youth, Sidhu said. In the case of Starbucks, which had a goal of reducing turnover, Sidhu said that both sides have been “resilient” and stay in close communication.

In another perspective, Thomas J. Rushton IV, executive director of the [Lehigh Career and Technical Institute \(LCTI\)](#), said that LCTI has strong employer demand for its graduates. However, a challenge for LCTI is that it cannot keep up with the demand from some employers. For example, a local medical manufacturer recently told LCTI that, over the next five years, it will have 2,000 positions nationwide due to projected expansion and replacement of retiring workers. The manufacturer’s biggest need is for electromechanical technicians.

Founded in 1971, LCTI provides more than 45 skills-based programs of study as well as academic instruction for about 2,700 9th- to 12th-grade students from nine public school districts in the Lehigh

Valley (the Allentown, PA, district is the largest). The 47-acre, 450,000-square foot complex is one of the largest CTE campuses in the U.S. and includes industry training courses for adults.

Meanwhile, [Monroe County Community College \(MCCC\)](#) in Michigan is working with employers on one- and two-year applied science and engineering technology programs — such as nuclear engineering, welding, construction, computer-aided drafting, and manufacturing — that are delivered in MCCC’s Career Technology Center. An example of this college–employer partnership is MCCC’s work with DTE Energy’s Fermi 2 atomic power plant. MCCC is also one of the only community colleges in the U.S. that issues National Academy for Nuclear Training certificates. In addition, MCCC is expanding its welding program in anticipation of increased demand for welders to work on a new bridge planned between the U.S. and Canada.

Student Recruitment

It can sometimes be challenging to attract young people to CTE initiatives. Rushton said that it is a continuing struggle to convince parents, guidance counselors, and young people to consider alternatives that don’t require a four-year college education. Kojo A. Quartey, president of MCCC, agreed and said that he emphasizes to students and parents the value of “credentials of economic value” that lead to good-paying jobs and careers.

Quartey said that MCCC, which currently has 3,000 students enrolled in credit programs and an equal number enrolled in noncredit programs, acts as a “hub” for high school students and students who have dropped out to come together and be exposed for one week to the college’s various programs — such as the nuclear engineering and welding programs — to drum up student interest. In one sense, Quartey is competing with employers who go to high schools to interest students in apprenticeships and internships.

Also, this fall, MCCC opened a Center for Entrepreneurial Studies that provides students with an entrepreneurial bent with counseling, mentoring, workshops, and a business incubator. The center is a partnership with the area business and economic development corporations and chamber of commerce.

Rushton mentioned that LCTI is trying to reach young people earlier through high school cooperative education programs in which students earn some money at a worksite and are mentored. He said that LCTI is exploring a junior apprenticeship model. Many LCTI students earn both high school and college credits through “articulation” agreements.⁴

The speakers and moderator agreed that employers play a critical role in responding to employment needs of the unemployed and underemployed and highlighted the importance of community colleges and other training providers reaching out to and understanding the needs of employers. They generally favored trying to reach young people at an earlier stage — even in middle school — to

encourage early thinking about occupations and mentioned the need to involve parents in career awareness programs because of parents' influence on the career decisions of their sons and daughters. New approaches and increased collaboration with community partners seem increasingly common in efforts to bridge the divide between education and employment for many young people.

Message from the Community Affairs Officer - Cascade: No. 94, Winter 2016

By Theresa Y. Singleton, Ph.D., Vice President and Community Affairs Officer

Explore This Section

Message from the Community Affairs Officer



Theresa Y. Singleton, Ph.D., Vice President and Community Affairs Officer

This *Cascade* issue highlights key topics shared at the [Reinventing Our Communities: Transforming Our Economies](#) conference held September 21–23 in Philadelphia. Nearly 450 community developers, planners, government leaders, bankers, researchers, and foundation representatives attended the seventh biennial Reinventing conference. Practitioners and researchers explored how our economies can be transformed in equitable and inclusive ways that connect people, place, and capital.

Articles in this issue focus on

[transforming the community investment system](#),

[engaging residents in community building](#),

[the role of anchor institutions in addressing the needs of the surrounding community](#),

the [Mt. Airy neighborhood's legacy of intentional integration](#) and [residential segregation patterns in Mt. Airy and across the City of Philadelphia](#),

[innovative ways to help low-income families build savings and wealth](#),

[immigrant integration as an economic development strategy](#), and

[engaging employers in workforce development](#).

Recordings and presentations of the plenary and concurrent Reinventing sessions are available at [Reinventing Our Communities](#).

We are eager to continue the dialogue around transforming our economies in inclusive ways. Please contact our team if you see opportunities to partner on upcoming programming and initiatives as we look toward 2017.

Best wishes for the holiday season, and we look forward to working with you in the New Year.

A handwritten signature in black ink, appearing to read "Kevin G. ...". The signature is written in a cursive style with a large initial letter.