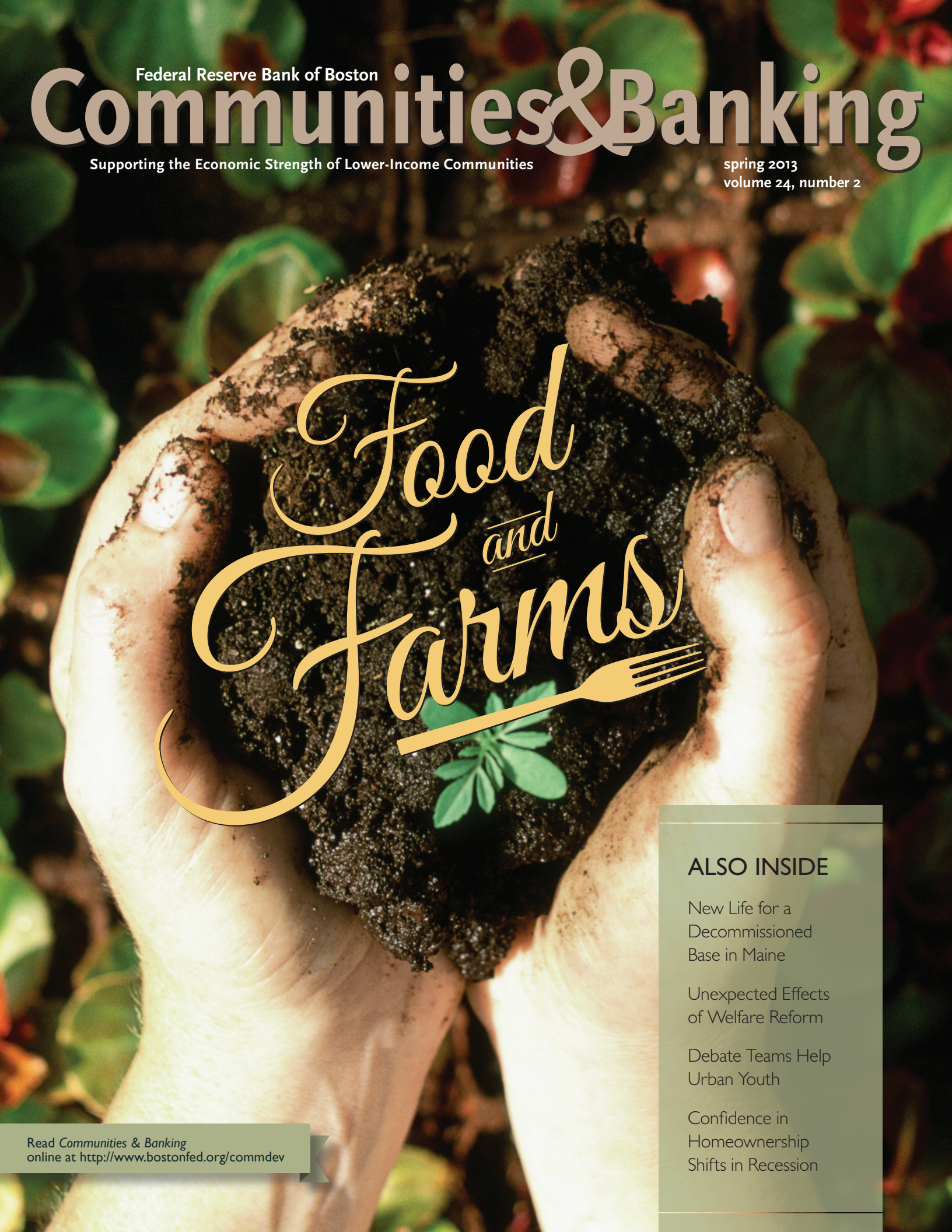


Federal Reserve Bank of Boston

Communities & Banking

Supporting the Economic Strength of Lower-Income Communities

spring 2013
volume 24, number 2



Food *and* Farms

ALSO INSIDE

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Decommissioned
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Communities & Banking magazine aims to be the central forum for the sharing of information about low- and moderate-income issues in New England.

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Photo Peter Davis

Letter from the Editor

With spring around the corner, this issue of *Communities & Banking* features several articles on farms, healthful food, and nature.

Latino dairy workers in Vermont are the research focus of University of Vermont's Daniel Baker. Sally Ward reports on the Carsey Institute studies concerning food access in rural parts of New Hampshire. Dawn Thilmany, Colorado State University, and Mary Ahearn, U.S. Department of Agriculture, write about young people who are going into farming. And Kathleen L. Wolf of the University of Washington covers the subtle benefits of creating a canopy of trees in downtown areas.

Bangor Savings Bank's John Moore strikes an upbeat economic-development note in his article about using New Markets Tax Credits for redeveloping a decommissioned naval base in Maine. Ashley Belanger and Steve Stein also have encouraging data. They show how high school debate is helping underprivileged youth close the academic divide.

Boston Fed economists Anat Bracha and Julian Jamison share their research on how the Great Recession affected different age groups' confidence in home-ownership. And Lucie Schmidt, a Fed visiting scholar from Williams College, demonstrates that the recession, combined with welfare reform, increased poor families' reliance on Supplemental Security Income. Kaili Mauricio finds the recession tied to food stamp use, too, in "Mapping New England."

On the back page, we have some fun with the irony of one of our team receiving a scam letter at home after fiercely combating scams herself. After you read the comic, please go online to watch the short David DeSouza video of our skit starring Ana Patricia Muñoz and Jermaine Hamilton and featuring a score by economist Jeff Fuhrer.

Be in touch,

Caroline Ellis
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Managing Editor

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Confidence in homeownership depends on age and whether the individual was close to someone with a real estate loss during the Great Recession.


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A true story in the form of a comic and online video.

Correction

“The Story of a Sausage Business” in the winter 2013 issue incorrectly described Vermont Smoke and Cure’s products as organic. They are not certified organic, and many, but not all, ingredients are local. The dairy company that is also in the building is in a separate space, not part of Vermont Smoke and Cure’s 37,000 sq ft. The author regrets the errors.





Food *and* Farms

Latino Dairy Workers
in Vermont

Access to Affordable
Food in New Hampshire

Beginning Farmers
and Local Food Systems

Latino Dairy Workers in Vermont

Vermont has been proactive in adapting to the influx of Latino migrant farmworkers who are helping to preserve that state's iconic dairy farms.

DANIEL BAKER
UNIVERSITY OF VERMONT

Dairy farming dominates Vermont agriculture, providing 74 percent of all income from agricultural sales and 62 percent of New England's milk as of 2010.¹ The image most closely associated with Vermont is a farm with grazing cows, but a difficult economy has led to a loss of farms.

Although some blame volatile milk prices and high costs, the shortage of farm labor is also an issue. As dairy farmers turn to Latino labor, Vermont has adapted, proactively addressing challenges such as safety and differences in language and culture. And it has done so in a way that strengthens its brand of just, sustainable agriculture.

The Data

Beset by milk prices periodically lower than production costs, Vermont's dairy farms declined from 1,012 in 2010 to 961 in 2012.² The average farm size grew, and farmers began to experience labor shortages. A 2005 Vermont Farm Bureau survey of 239 farmers found 47 percent believed there was a labor shortage; 28 percent wanted information on how they could hire Latinos.³

A 2010 survey of 61 farmers found that 75 percent perceived a shortage of domestic farm labor; 37 percent thought that the Latino labor supply was sufficient to fill the need.⁴ Erin Shea, director of the University of Vermont Extension's Migrant Education Program (VMEP), estimates that Vermont currently has 1,200-1,500 Latino farmworker families.⁵



Most of the workers are believed to lack documentation.⁶ They stayed out of the public eye until 2006, when Vermont Public Radio did a series on migrant labor.⁷ Since then, state agencies, nonprofits, and the general public have stepped up to address such challenges as culture and language.

Prior to the Latino farmworkers' arrival, the state had few native Spanish speakers. A 2009 survey of Latino workers highlighted language problems: only 23.5 percent of farms had a Spanish-speaking manager; barely 2 percent of Latino workers could speak English well.⁸

Despite language barriers, 97 percent of farmers hiring Latinos have said their experience was good or very good. After all, foreign-born Latinos work 69 hours per week and report wanting to work 72 hours, whereas U.S.-born farm employees work 56 hours per week on average and would rather work 52 hours. (See "Actual vs. Ideal Work Hours per Week.") Additionally, the 2010–2011 starting wage for Latino workers was \$7.63 per hour—83.3 percent of the starting wage for other workers. The gap in 2012 wages is even larger, possibly reflecting the fact that the native born have worked in local agriculture, on average, 18 years more and that Latino workers receive benefits such as housing and paid utilities.

Actual vs. Ideal Work Hours per Week

	Number of hours per week (respondents)	
	U.S.-born	Foreign-born Latino respondents
Average hours worked	55.5 (21)	68.7 (83)
Ideal hours	52.4 (17)	71.8 (83)
Minimum hours	45.0 (15)	62.2 (78)

Source: Author's research.

The majority of Latino dairy workers are Mexican males; the median age is 26. Seventy percent arrived here less than three years ago, and the average worker expects to return home in two years. About half are married, but only 18 percent live with their spouse in the United States. Shea notes that Latino workers in Vermont generally do not bring their families. Thus in 2010, when 81 workers were asked about remittances, 99 percent said they sent money to family once a month. Nearly 60 percent said they sent at least half of their earnings home.⁹

Latino Migrant Health

Twenty-five percent of Vermont's Latino farmworkers report having to use hand signals to communicate on the job, and the potential for miscommunication heightens the risk of injury. Working often as milkers, farmworkers are exposed to slipping, getting stepped on, or suffering repetitive-motion injuries.

UVM Extension's Migrant Health Coordinator Naomi Wolcott-MacCausland says that "more than a third of Latino farmworkers seen during outreach health visits identified some kind of musculoskeletal pain that they had not sought care for."¹⁰ In fact, few Latino workers use health care here: 76 percent said the last time they went to a clinic was in Mexico; 24 percent said they would return home if they had a major health issue.

Vermont Adapts

University of Vermont graduate student Marta Ascherio and a panel found that of 37 Vermont organizations serving Latino migrants, most began seeing such clients only after 2001, with the greatest growth occurring in the past six years.

Agricultural Extension

As a land-grant institution, UVM offers extension services to the agriculture sector. As one of the first groups to note the arrival of Latino farmworkers, VMEP hired bilingual staff and provided on-farm education to migrant youth. Observing also that the challenges facing workers and farmers were often interconnected, it designed training programs focusing on the whole system. For example, its "Farming across Cultures" assisted farmers and workers with linguistic and cultural communication. It also partnered with regional health association Bi-State Primary Care and local clinics to develop *Puentes a la Salud* (Bridges to Health), which focuses on removing barriers to health care for Latino workers.

Such efforts are important. As Latino labor specialist David Chappelle puts it, working successfully with this population "requires farm managers to use proactive techniques that increase their cultural awareness and occupational Spanish skills, and to adapt their hiring, training, and work protocols to provide stability for an inherently mobile labor supply."

State and Local Government

The Vermont Agency of Agriculture Food and Markets has also developed programs, including an intensive occupational-language program for dairy farmers.¹¹ It has collaborated with the Vermont Farm Bureau and others to bring the Mexican consulate to the state to issue Mexican citizens an identification card, the *matricula consular*.

The card has facilitated local and statewide efforts to improve public safety through the adoption of bias-free policing policies.¹² The police chief of Middlebury, which adopted a bias-free policy, indicates why. "There's a potential for a subculture to develop where people don't report things here. They are easily subject to predation from others [who] know they won't report anything. I'm worried about somebody seeing a fire, or somebody that needs help, not picking up the phone and calling us."¹³

Public Opinion

Vermont has seen less controversy about migrant workers than many other states. Residents know that dairy farms use such labor. In the 2010 statewide Vermonter poll, 72 percent had heard about migrant farmworker issues. Perhaps more telling, in a 2012 state-



Photo Corbis Images

wide poll, 65 percent of respondents said they had personally spoken with a farmer or a member of a farm family, and 86 percent said they agreed or strongly agreed that having the new workers helps Vermont farms stay in business. Seventy-two percent said they favored the adoption of bias-free policies, and 83 percent favored development of a three-year guest-worker program.

When Vermont's congressional delegation failed to get an expansion of the federal government's temporary visa program to include dairy-farm workers, state legislators took up the issue. Although an effort to develop a state-level guest-worker program did not make it out of the Vermont House, the general assembly found that migrant workers' inability to access medical care, obtain basic services, and fulfill employment responsibilities without identification was a significant challenge, and a committee was set up to study the feasibility of issuing state driving licenses.

Surprising as it may seem, Vermont is turning out to be a leader in pragmatic models for integrating a foreign population into a classic pastoral landscape.

Daniel Baker, PhD, is an assistant professor in the Department of Community Development and Applied Economics at the University of Vermont in Burlington. Contact him at dbaker@uvm.edu.

Endnotes

1 See "Vermont Farm to Plate Strategic Plan," <http://www.vsjf.org/project-details/5/farm-to-plate-initiative>.

2 Daniel L. Scruton (dairy programs section chief, Vermont Department of Agriculture Food and Markets) in discussion with the author, November 2, 2012.

3 T. Buskey, "Vermont Farm Bureau Dairy Industry Labor Survey: Final Results" (report, Vermont Farm Bureau, Richmond, Vermont). Contact the author at tbuskey@gmavt.net.

4 D. Baker, "Public Policy Research: Implications for Foreign Labor Policy in Vermont" (testimony before the Vermont Senate Agricultural Committee, February 22, 2012).

5 Erin Shea (Director of UVM Extension's Vermont Migrant Education Program) in discussion with the author. Contact her at erin.shea@uvm.edu.

6 C. Radel, B. Schmook, S. McCandless, "Environment, Transnational Labor Migration, and Gender: Case Studies from Southern Yucatán, Mexico, and Vermont, USA," *Population Environment* (2010): <http://www.springerlink.com/content/46005211ngp23154/>.

7 J. Dillon, "Mexican Labor on the Farm," Vermont Public Radio, http://www.vpr.net/news_detail/74329/mexican-labor-on-farm-part-1---increasing-numbers.

8 D. Baker and D. Chappelle, "Health Status and Needs of Migrant Farm Workers in Vermont," *Journal of Agromedicine* (2012).

9 Author's research.

10 Naomi Wolcott-MacCausland (migrant health coordinator, Bridges to Health/*Puentes a la Salud*) in discussion with the author. Contact her at nwolcott@uvm.edu.

11 D. Baker and D. Chappelle, "In Vermont, *Se Habla Español*: Using Occupational Spanish to Help Dairy Farmers Manage a Changing Workforce," *Journal of Extension* (2012): <http://www.joe.org/joe/2012june/a7.php>.

12 Those policies are seen in a 2011 directive from Governor Peter Shumlin and the Department of Public Safety that says Vermont State Police "troopers should not try to identify people whose only suspected violation is that they are present in the United States without proper documentation, but also makes it clear that officers should continue to investigate suspected criminal activity," <http://governor.vermont.gov/newsroom-gov-shumlin-public-safety-announce-revised-bias-free-policing-policy>.

13 "VT Town Launches New Immigration Policy," *USA Today*, http://usatoday30.usatoday.com/news/nation/2007-10-31-2253429885_x.htm.

Access to Affordable Food in New Hampshire

Carsey Institute research shows which New Hampshire communities lack access to affordable food and suggests ways that policymakers and nonprofits could combat food insecurity.

SALLY K. WARD

THE CARSEY INSTITUTE, UNIVERSITY OF NEW HAMPSHIRE

Lack of access to affordable, healthful food in inner cities and rural areas has emerged as a pressing policy issue in recent decades. The recession has made it even more difficult for families to afford the food they need. A clear public health issue, the situation presents communities with both challenges and opportunities for change.

The Geography

Researchers at the Carsey Institute have been studying access to food in New Hampshire for the past several years.¹ Although New Hampshire is a relatively prosperous state—ranking 8th in the nation in per capita income in 2011—it is also relatively rural, with a public transportation system that limits a family's ability to reach distant grocery stores. Moreover, there are pockets of lower-income people throughout the state, so the high ranking on per capita income can be misleading.

The first major Carsey Institute study of food access in New Hampshire, conducted in late 2009 with a grant from the Endowment for Health, focused on (a) the geographic distribution of grocery stores and other food outlets, (b) a household survey asking about the availability of food, and (c) dietary-related health conditions.

An uneven distribution of full-service grocery stores was found. Full-service stores are concentrated in areas of high population density and along major transportation corridors. They are lacking in the north and in the more rural areas of central and western New Hampshire. That unevenness, coupled with limited public transportation in remote areas, presents a challenge for families.

We also looked at food outlets such as convenience stores and food banks, which largely follow the grocery-store distribution pattern. Some areas are served exclusively by convenience stores, which do not stock fruit and vegetables to the extent that grocery stores do. Although there are relatively few areas of New Hampshire with such limited food access that they are labeled “food deserts,” for some families, the only store within five miles is a convenience store. Examples include towns east of the White Mountain National Forest,

southwest of Route 89, and the area between Routes 89 and 93. In much of Coös County, the western portions of the state north of Hanover, and areas west of Manchester, there are no food establishments at all.

Plumbing the Data

We found that areas with low access to healthful foods had higher rates of dietary-related illness—obesity, diabetes, coronary heart disease, high blood pressure, high cholesterol, myocardial infarction, and stroke. At the aggregate geographic level, we can't conclude that food access is causally related to those illnesses, but the patterns we observed are suggestive of a relationship. The most striking pattern was the high prevalence of illness in the northern portion of the state, the same area with the least access to full-service food outlets.

Our survey, designed to replicate the U.S. Department of Agriculture (USDA) measurement of food insecurity, defined insecurity as the lack of “consistent, dependable access to enough food for active, healthy living.”² A household was considered food insecure if it reported three or more conditions on the USDA's 18-item scale of food insecurity, which includes worrying that food will run out before the household has money to buy more, not being able to afford to eat balanced meals, skipping or cutting the size of meals because of lack of money, and not eating for a whole day.

We found that 13 percent of New Hampshire households were food insecure at the time of the survey. (See “Percent of Households Reporting Three or More Food-Insecure Conditions.”) That rate was substantially higher than the 2008 USDA rate and likely reflects the impact of the recession.

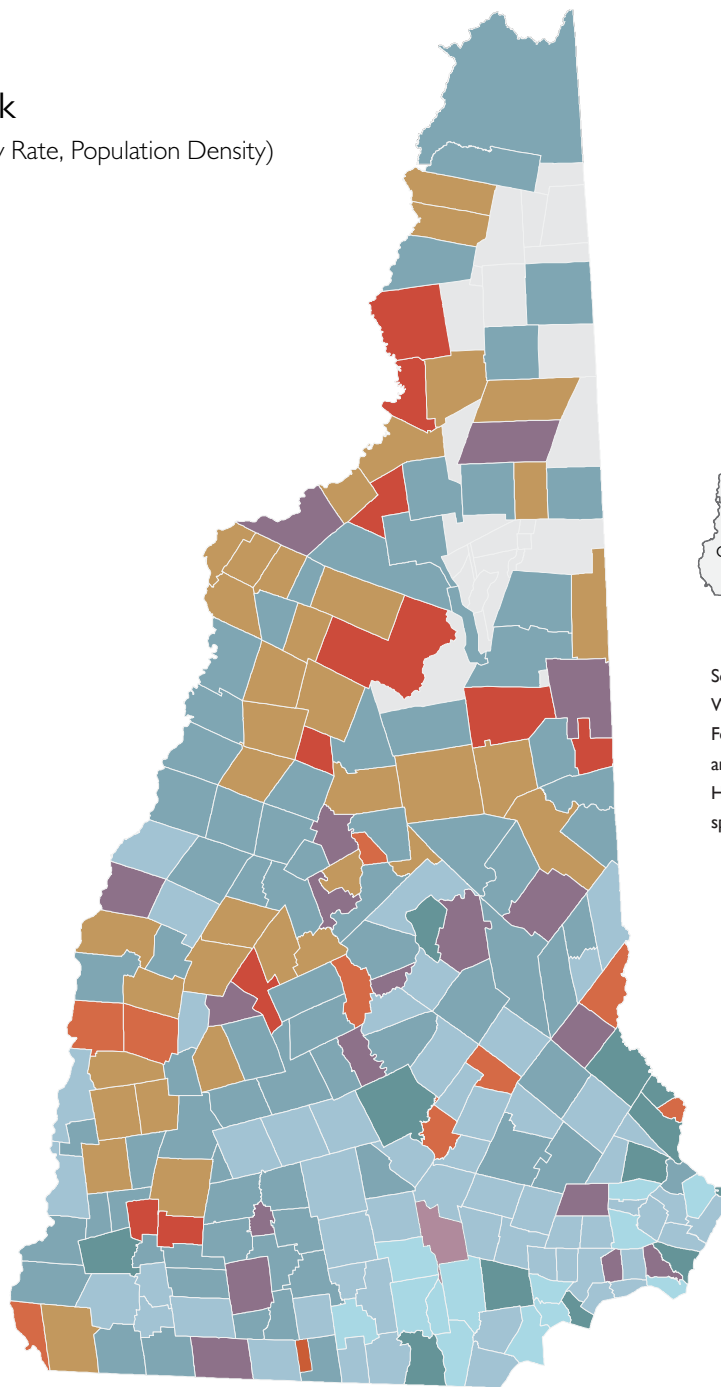
We were able to calculate county-specific rates as well. As with the distribution of food outlets, there was considerable variation in food insecurity across the 10 counties, ranging from about 5 percent of households to roughly 20 percent of households. Coös, the most rural county, had a high percentage of food insecurity, but not just because it is rural. Additional factors are important in food insecurity,

Variation in Risk for Food Insecurity in NH Cities and Towns, 2010

Food Insecurity Risk

(Families Below the Poverty Rate, Population Density)

- Highest risk
(10% and greater, 2–99)
- High risk
(10% and greater, 100–499)
- High risk
(5%–10%, 2–99)
- Moderate risk
(5%–10%, 100–499)
- Moderate risk
(10% or greater, 500–3292)
- Low risk
(5%–10%, 500–3292)
- Lowest risk
(Less than 5%, 2–99)
- Lowest risk
(Less than 5%, 100–499)
- Lowest risk
(Less than 5%, 500–3292)



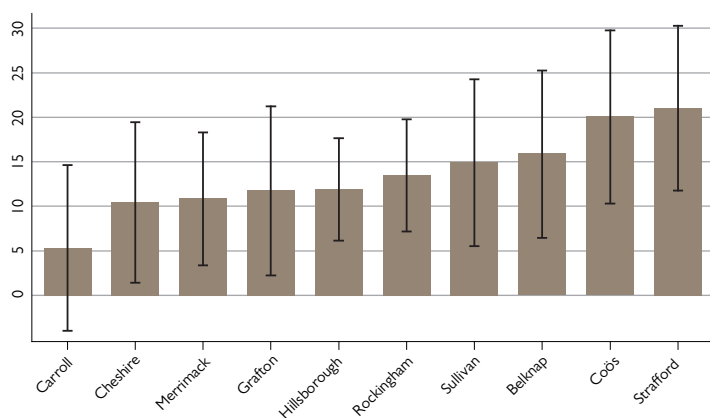
Source: Barbara Wauchope and Sally Ward, "Mapping Food Insecurity and Food Sources in New Hampshire Cities and Towns" (Children's Alliance of New Hampshire and Carsey Institute Brief, spring 2012, Durham, New Hampshire).

as indicated by Strafford County, which is less rural but has some lower-income areas and a dearth of retail food outlets in its western and northern reaches.

To look more closely at food insecurity at the household level, we also asked questions about demographic and socioeconomic

characteristics, the proximity to grocery stores, and transportation availability. Two findings from a regression analysis predicting food insecurity were that lower-income families and those living a greater distance from a grocery store were more likely to experience problems obtaining adequate food. The results establish a link between

Percent of Households Reporting Three or More Food Insecure Conditions, by County



Margins of Error indicated in black, 95% confidence level.

Source: Nena Stracuzzi and Sally Ward, "What's for Dinner? Finding and Affording Healthy Foods in New Hampshire Communities" (Carsey Institute Issue Brief no. 21, spring 2010, Durham, New Hampshire).

food access and food insecurity, confirming what was possible only as speculation from the mapping of food establishments.

The second Carsey Institute study was an attempt to dig deeper into the community-level experience of food access and food insecurity. Although we were able to document variations across the 10 counties in the first study, we wanted to get a picture at the community level, since families are likely to rely on resources in the community where they live if they are experiencing problems with food and hunger. This second study was designed to provide information for the Children's Alliance of New Hampshire, which is focusing on initiatives to improve children's nutrition and to end childhood hunger in the state. We used the findings of the first study to estimate the likelihood of families experiencing food insecurity in New Hampshire's 234 towns and cities.

We decided to use 2010 data on poverty and population density for each community because the first study showed that two important correlates of food insecurity were household income and distance from a grocery store. Poverty and population density are indirect but close proxies for these measures. As with the first study, we found considerable variation in the likelihood of food insecurity across the state's communities. There are many low-density towns and pockets of serious poverty. (See "Variation in Risk for Food Insecurity.") When both those factors are taken into account, 57 of the 234 towns and cities were found to be at high risk or the highest risk for food insecurity. It is important to note that we estimated risk for food insecurity rather than the actual experience of food insecurity, in part to identify areas where efforts to address child hunger might be most needed.

Additionally, the study provided information about extra resources available to families. Public food programs (such as school lunch programs, the federal Women, Infants and Children [WIC] program, and food pantries) were found in most towns across the state, but their concentration mirrors that of retail food outlets.

In sum, New Hampshire does not have food deserts by conventional standards, but there are regions in which families are challenged to get access to affordable, adequate food. Although pub-

lic programs try to fill the void, the rural character of some New Hampshire areas and the lack of public transportation make it hard.

Looking ahead, opportunities lie in economic development efforts and special incentives that might encourage retail food outlets to locate where there is currently a deficit. The "eat local" movement also provides strategies for enhancing access—for example, by finding ways to increase and publicize farm food outlets, farmers markets, and community gardens.³

Although New Hampshire as a whole has relatively low food insecurity, it has many families in want. In a struggling economy, the safety net provided by public programs such as Supplemental Nutrition Assistance Program and WIC is vital. And combining a variety of approaches—increasing the number of food outlets, using economic incentives, continuing to develop and expand public food programs in areas of demonstrated need—can ensure that more people are helped.

Sally K. Ward is a professor of sociology and a faculty fellow at the University of New Hampshire's Carsey Institute in Durham. Contact her at sally.ward@unh.edu.

Endnotes

- 1 Nena Stracuzzi and Sally Ward, "What's for Dinner? Finding and Affording Healthy Foods in New Hampshire Communities" (Carsey Institute Issue Brief no. 21, spring 2010, Durham, New Hampshire); Barbara Wauchope and Sally Ward, "Mapping Food Insecurity and Food Sources in New Hampshire Cities and Towns" (Children's Alliance of New Hampshire and Carsey Institute Brief, spring 2012, Durham, New Hampshire).
- 2 Mark Nord, Margaret Andrews, and Steven Carlson, *Household Food Security in the United States, 2008* (Washington, DC: Economic Research Service, USDA, 2009), <http://www.ers.usda.gov/publications/err-economic-research-report/err83.aspx>.
- 3 See <http://www.foodsolutionsne.org/> and <http://www.locavorenetwork.com/>.

Beginning Farmers and Local Food Systems

Growing support for community-driven economic development, local food, and sustainability is one reason a diverse group of young people are going into farming.

DAWN THILMANY
COLORADO STATE UNIVERSITY

MARY AHEARN
U.S. DEPARTMENT OF AGRICULTURE

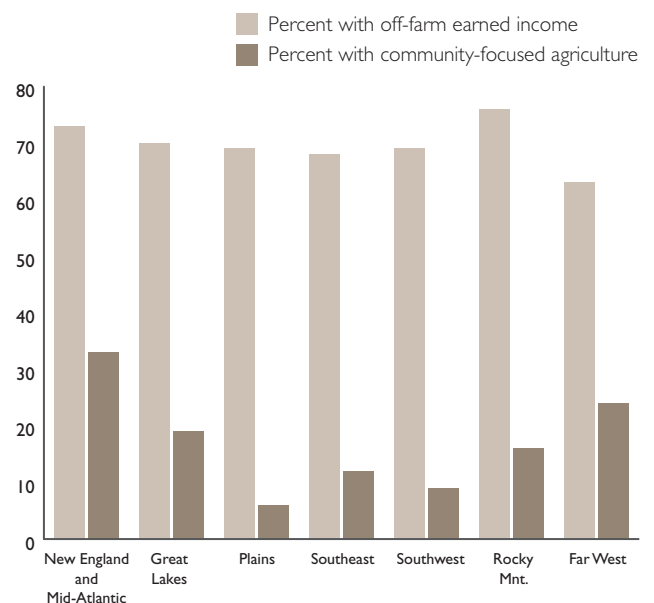
Increased demand for new agricultural goods and services—such as local produce, value-added farm products, and agritourism—has deepened farmers’ relationships with communities and buyers in a *community-focused-agriculture* dynamic. Interestingly, the emergence of the new business models is coinciding with a second dynamic—the quest for young farmers and ranchers resulting from the aging of the farmer demographic.

Important initiatives to address the changes are emerging. The Northeast Beginning Farmers Project, for example, and small-farm teams nationwide are working with a new cohort of farmers—and with consumers interested in buying local.¹

The reframing of agricultural production into local economic development could be important for rural New England, given the potential to create new jobs, boost income for farm-related businesses, and improve access to healthful foods for the rural poor. Frequently, an economic development focus also involves earning some off-farm income, which in turn makes community-focused agriculture more feasible. (See “Farms Engaged in Community-Focused Agriculture and Off-Farm Work.”)

Interestingly, although only 7 percent of U.S. farms are in the Northeast and Mid-Atlantic region, nearly 20 percent of farms that sell directly to individuals are there. This disproportionately large share of farms engaged in direct sales is likely due to the region’s high urban concentrations, which can facilitate marketing into lo-

Farms Engaged in Community-Focused Agriculture and Off-Farm Work, 2009–2010



Source: U.S. Department of Agriculture, Agricultural Resource Management Survey, 2009–2010.

Resources Invested in Beginning Farmers and Ranchers

Fiscal Year 2011 USDA Farm Service Agency loans

- 13,384 direct loans (\$1 billion)
- 2,659 loan guarantees (\$639 million)

Calendar Year 2011 Farm Credit System (FCS) loans

- 61,995 loans (\$9.6 billion)
- 14 percent of all FCS loan funds

Other programs

- Conservation Reserve Program, Transition Incentive Program: 1,719 contracts covering 275,608 acres in 26 states, including Vermont and Maine (\$25 million under the 2008 Farm Act, Socially Disadvantaged Farmers also eligible)
- Beginning Farmers and Ranchers development programs: 145 awards (\$70 million)
- Crop insurance: Beginning Farmers and Ranchers account for 7 percent of acres enrolled*

*The fact that they control 10 percent of farmland suggests they may be underinsured or growing products for which there is less coverage available.

Source: Mary Ahearn, "Beginning Farmers and Ranchers at a Glance," U.S. Department of Agriculture, Economic Research Service, EB-22, January 2013.

cal food systems. (See "Share of U.S. Farms Selling Directly to Individuals for Human Consumption.")

In responding to perceived demand from local consumers, some farmers in New England and the Mid-Atlantic also are selling more value-added products. Thus an orchard might sell apple butter, peach jam, pies, fruit salsa, and cider instead of fruit alone. It might add hayrides and mazes in the fall and offer tours to school groups. Income from such efforts is currently tracked as coming from recreational activities, or agritourism. Such income streams rely on the farmer or rancher having a deep association with the buying and visiting public.

The Industry Today

Beginning farms are defined by the U.S. Department of Agriculture (USDA) as being operated by individuals with 10 years or fewer running farms. They comprise 22 percent of the 2.1 million U.S.

farms and produce 10 percent of all U.S. agricultural commodities.

Demographically, beginning farmers and ranchers (BFR) are both male and female and come from every racial, ethnic, and age group.² Although they include people who take up farming after retiring from other jobs, 14 percent of the principal operators of beginning farms as of 2011 were under 35. In contrast, only 1 percent of established farms had under-35 farmers. In fact, 38 percent of established farms' principal operators are 65 and up.

Fourteen percent of the principal operators of beginning farms as of 2011 were under 35.

Beginning farms are more likely than established farms to be general livestock farms and less likely to specialize in grains and row crops or dairy. The most common specialty for both established and new farms is beef cattle.

In annual meetings of BFR project directors who receive USDA funding, certain challenges are voiced repeatedly: 1) having the opportunity to buy or rent suitable land, 2) learning the necessary production and business skills, and 3) having enough capital to compete on a scale large enough to be profitable.

As for any small business start-up, capital is key. That's why many BFR producers transition gradually to agriculture from other professions, using off-farm income as a bridge. (See "Resources Invested in Beginning Farmers and Ranchers.")

Tackling the Challenges

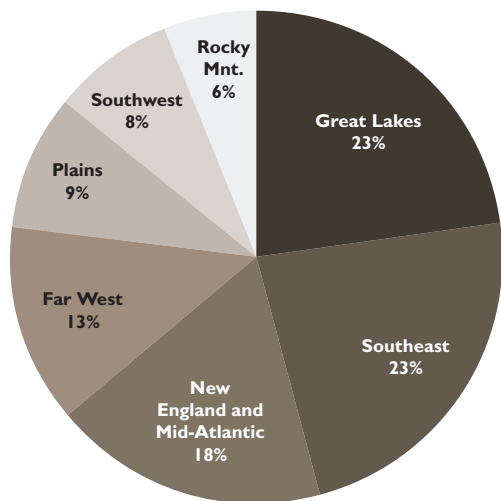
Concerned about the high percentage of over-65 farmers, the USDA has prioritized the recruitment of new and young farmers. Many policymakers, believing that younger, larger farm families could help maintain rural communities, schools—and other local institutions—also are on board. In fact, some are counting on beginning farmers to foster rural development. Others contend that increasing the farming population could improve long-term food security, the production of local and specialized foods, and the development of regional food hubs.

With the 1992 Farm Act, lawmakers offered beginning farmers special terms on loan programs. The 2002 Farm Act provided

additional loan support and preferential conservation payments. In 2008, both initiatives were expanded, and the law established grants for training programs directed at beginning farmers and ranchers. The Beginning Farmer and Rancher Development Program has distributed grants to projects that benefit beginners in 45 states, including all the New England states. At the same time, the network of technical assistance providers—academic, agricultural extension, nonprofit—is being strengthened at the annual meetings of BFR project directors.³

How much the BFR program and similar initiatives can strengthen local economies remains to be seen. Differences in the nature, market orientation, and local linkages within the agriculture and food sector cause variations in local impact. Some research does exist. For example, bulk commodities have been shown to have a smaller proportional effect on the local nonfarm economy than processed, or high-value, commodities.⁴ But although a number of studies have found some positive economic impact on the local community from increased purchasing of locally produced foods, more research is needed.⁵ The extent to which investment in beginning farmers will boost such positive effects may depend on a high share of beginning farmers and ranchers choosing to participate in marketing channels and business models designed to support community economic development.

Share of U.S. Farms Selling Directly to Individuals for Human Consumption



Source: U.S. Department of Agriculture, Agricultural Resource Management Survey, 2009-2010.

They may well choose such models. Potentially excluded by high capital requirements from agricultural models such as grain crops and large livestock-feeding operations, some beginning farmers may find consumer-driven models that manage fewer assets more intensively—and use innovative marketing and services—to

be the only viable entry niche for them. The higher participation in value-added agriculture and direct sales reported by New England's farmers suggest that they are already on board.

In the case of older beginners, off-farm employment and the equity accrued in lifelong residences may allow investment of past earnings or part of retirement savings in the pursuit of farming and a quality of life more to their liking.

For both younger and older beginners, USDA's "Know Your Farmer, Know Your Food," established in 2009, offers help by coordinating the varied programs of USDA agencies that focus on local and regional food systems.⁶

Today, public goals such as preserving farmland and rural agricultural heritage seem more achievable as efforts to support beginning farmers and ranchers are starting to draw more young people into food production. Time will tell if those efforts translate into broad food-system changes or measurably improve the economies and health of rural communities. New farmers will be working to make that happen.

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Mapping New England

Use of Food Stamps, by County

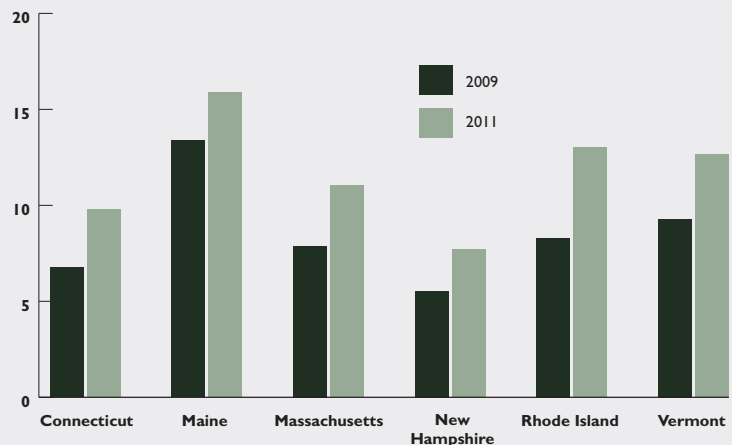
KAILI MAURICIO

FEDERAL RESERVE BANK OF BOSTON

The Supplemental Nutrition Assistance Program (SNAP) helps feed struggling families throughout the United States. Since the recession, the number of households in New England receiving SNAP benefits, instead of declining as the economy recovers, has increased dramatically. Nationwide, the number of households receiving SNAP benefits increased 34 percent from 2009 to 2011, while over the same period, New England saw a 41 percent increase. Bristol County, Rhode Island, led New England growth, more than doubling (146 percent increase) the number of households. The only county in New England to see a decline was Franklin County, Maine (-9 percent).

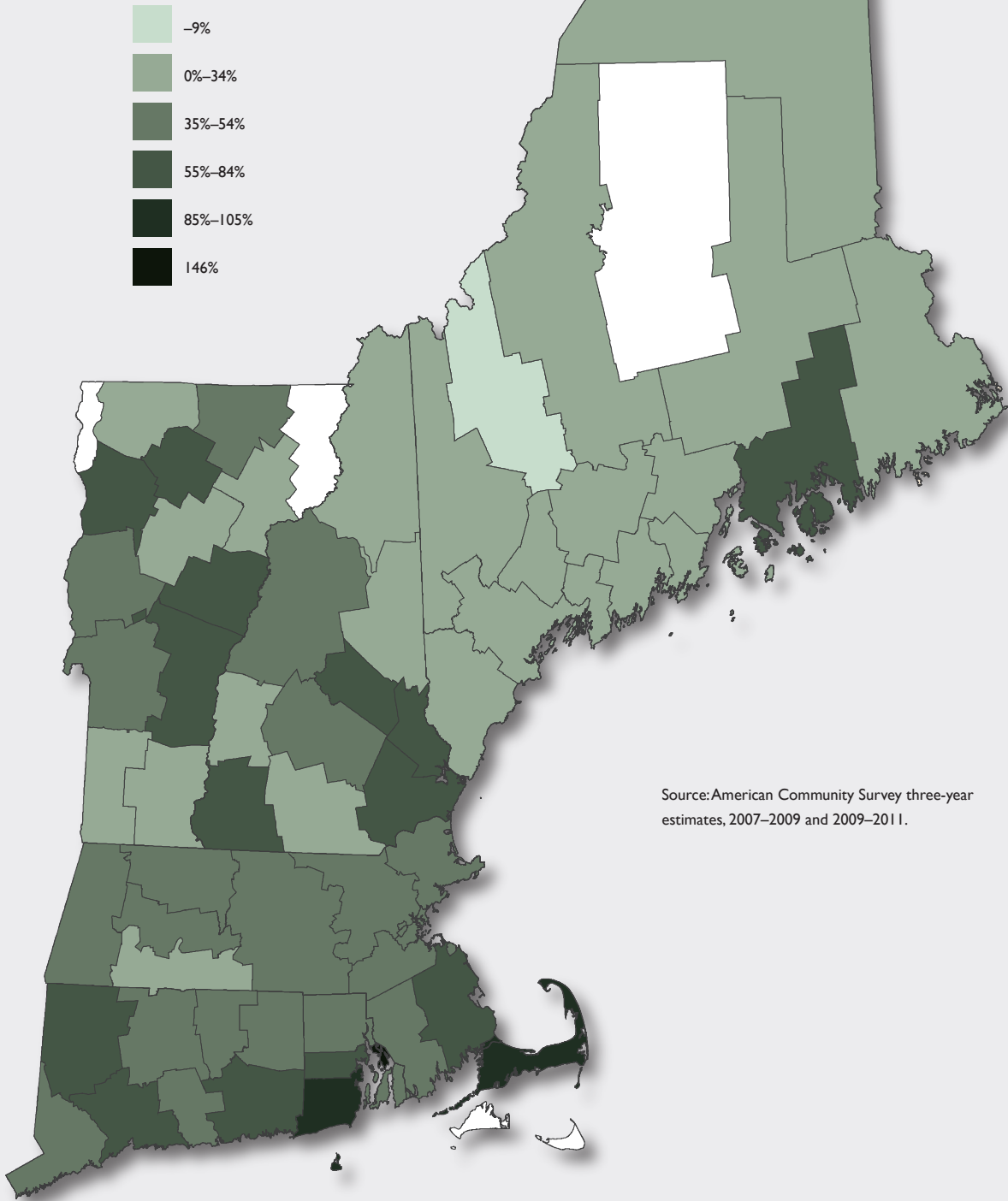
In terms of absolute percentages, New England is in line with the national figures, at 11 percent of all households receiving SNAP benefits. Eight of the 10 counties with the highest household SNAP usage (percent) are in Maine. The state's Aroostook, Somerset, and Washington counties have the three highest household SNAP rates in New England at 22.7 percent, 23.0 percent and 23.8 percent respectively. The pattern of growth in households receiving SNAP benefits has shown that while the recovery has affected some parts of the economy, households in New England continue to struggle.

Percentage of Households Using Food Stamps, by State



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Percent change in number of households participating in Supplemental Nutrition Assistance Program (SNAP) 2009–2011. Some counties lack sufficient data.



Closing the Academic Divide

THROUGH DEBATE

The competitive, student-centered nature of debate gives learners a reason and opportunity to struggle with complicated text in a manner that speaks to their interests.



ASHLEY BELANGER

RHODE ISLAND URBAN DEBATE LEAGUE

STEVE STEIN

BOSTON DEBATE LEAGUE

Urban youth with great potential often go unrecognized in public schools. When they cease to feel engaged in the classroom, students may drop out, give up, or resort to self-destructive behaviors. Underserved urban youth in particular often grow up without the skills they need to succeed in college and to compete in today's economy.

In Rhode Island's urban core and in Boston, however, many young people are being empowered by debate leagues and related enrichment activities that reverse the negative trends.

Understanding Debate

For more than 100 years, competitive academic debate has been an effective training ground for many policymakers, business executives, legal professionals, and change makers. Yet until the late 1990s, debate training was accessible only to students attending elite institutions and wealthy public schools.

Meanwhile, the achievement gap in the country has been growing. One response has been Urban Debate Leagues (UDLs), which received Open Society seed funding in 1997 and today are supported by public-private partnerships in 19 city school districts nationwide. The UDLs bring life-changing academic debate to students who stand to benefit most—those dropping out of high school for lack of interest, those failing college for lack of preparation, and those who most need to find their voices.

New data from UDLs in Chicago, Milwaukee, and Baltimore speak to the transformative potential of academic debate. The data are encouraging:

- **Debate boosts graduation rates.** Students who joined a debate team were 42 percent more likely to graduate from high school.¹ Among African American males—statistically the most at-risk and lowest-performing population on traditional indicators—debaters were 70 percent more likely to graduate and three times less likely to drop out than nondebating peers.²
- **Debate increases college readiness.** Debaters scored higher than

nondebaters on all sections of the ACT College Readiness Benchmarks. Debaters overall were 50 percent more likely to reach the English benchmark than nondebating students. African American male debaters were 70 percent more likely to reach the reading benchmark and twice as likely to reach the English benchmark as peers.

- **Debate improves academic outcomes.** After one year of debate, 11th graders' ability to read for accuracy increased more than three grade levels, and their ability to read for fluency and comprehension increased more than two grade levels.³ Students who debated 25 or more rounds during high school had 12th grade GPAs (grade point averages) that were .20 points higher than students who debated fewer than five rounds. African American males who debated in 25 or more rounds had 12th grade GPAs that were .49 points higher than those debating in fewer than five rounds.

The Common Core State Standards challenge students to think like debaters.

The skill sets developed through academic debate—critical thinking, argument synthesis, critical reading, writing, and analysis—are at the forefront of national education reform. As of this writing, 45 states (including all of New England) and three U.S. territories have adopted the Common Core State Standards to address the inadequacies of what is essentially a 19th century education model.

The guiding principle holds that for students to be successful in and beyond high school, the school experience must progress from



Photos Desi Washington and Rhode Island Urban Debate League

one where teachers stand in front of the room conveying information to one where students actively engage in critical reading, writing, speaking, and thinking across content areas. In short, the Common Core State Standards challenge students to think like debaters.

The Math, English Language Arts, and College and Career Readiness Anchor Standards all underscore the importance of critical-argument skills in learning. The portrait of “students who are college and career ready” laid out at the start of the English Language Arts Standards highlights a vision of high school graduates capable of informed discussion. College and career-ready students can “construct effective arguments ... discern a speaker’s key points ... and ask relevant questions.” They can “read purposefully and listen attentively,” can “adapt their communication in relation to audience,” and can “use relevant evidence when supporting their own points ... making their reasoning clear.”⁴ Likewise, the Standards for Mathematical Practice describe students who can “justify their conclusions [and] communicate them to others,” who can absorb “the arguments of others, decide whether they make sense, and ... clarify or improve the arguments.”⁵

As schools recognize that they cannot do it alone, plans for transformation through leveraging resources and the expertise of teachers, parents, community members, nonprofits, businesses, and the students themselves are taking shape.

Innovations

In New England, two innovative approaches are expanding the urban debate model.

In Boston

The Evidence-Based Argumentation (EBA) initiative developed in Boston helps schools make the fundamental changes in teaching and learning that 21st century success requires. The Boston Debate League trains teachers as catalysts for schoolwide and districtwide transformation. Although still a pilot in 13 high schools, teachers and principals agree that EBA gives educators the tools to create student-centered classrooms where learners can improve their reading, writing, speaking, and listening while covering essential course con-



tent. Significantly, participants report that EBA is fun—a motivating factor for all concerned.

EBA brings the thriving national movement, mostly an after-school debate program, into the classroom. Many struggling students who have not found their current education relevant, are unmotivated, or are on the verge of dropping out are becoming interested in the debate challenge. And challenges make a difference, as suggested by a Gates Foundation study of high school dropouts in which more than 60 percent pointed to a lack of challenge in their classes.⁶

The competitive, student-centered nature of debate gives learners a reason to struggle with complicated text in a manner that speaks to their interests and invites their opinions. In tandem with its robust after-school debate league, EBA in Boston has the potential to transform a teacher's practice and a school's culture.

In Rhode Island

The Expanded Learning Opportunities (ELO) model adopted by the Rhode Island Urban Debate League (RIUDL) and growing nationwide similarly addresses the need for a fundamental shift in pedagogical framework. The ELO model recognizes that learning is not limited to the classroom or traditional modes of content delivery. ELO students can earn high school credit for after-school and summer learning activities, internships, independent studies in alternative settings, classes on college campuses, and more.⁷

Thanks to a partnership with the Providence After School Alliance (PASA), Providence Public Schools, Central Falls School District, and Woonsocket Public Schools, students at participating schools can use academic debate to earn high school credit for Common Core State Standards. But to do so, they are held to specific benchmarks and participation standards. Through their demonstrated commitment to the debate program, ELO students serve as leaders on their teams and in the RIUDL overall.

.....

The future is full of exciting possibility for student debate. Imagine a classroom with several students earning credit on the after-school debate team, combined with a teacher committed to challenging all students to manipulate texts and produce creative arguments every day. Further imagine the impact on an entire school if every classroom had such engaged students—and on the district itself if every school had such classrooms. The question for the Boston Debate League and the Rhode Island Urban Debate League is not whether urban debate can make a difference. We know it can. The question is how to get more students involved.

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SUPPLEMENTAL SECURITY INCOME, WELFARE REFORM, AND THE RECESSION

With Temporary Assistance for Needy Families providing less support during recessions than its predecessor safety net, Supplemental Security Income has become important for low-income families with children.

LUCIE SCHMIDT
WILLIAMS COLLEGE

For years, the Aid to Families with Dependent Children (AFDC) program provided an important safety net for families with children in the United States. The nature of this safety net changed dramatically in 1996, when major welfare reform was passed. As Bill Clinton said when he signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the new Temporary Assistance for Needy Families (TANF) program would “end welfare as we know it.” And it did.

The early days of welfare reform coincided with substantial increases in employment and earnings for many former welfare recipients. Unprecedented decreases in the number of benefit recipients also were seen. But the early days of welfare reform coincided with an economic boom. It was unclear at the time how much of the employment gains would withstand an economic downturn.

The Great Recession, characterized by high and sustained unemployment and decreases in earnings, has provided a clear answer. Even highly skilled and experienced workers have been unemployed for long periods. The data show that the gains in employment experienced by single-parent families immediately following welfare reform have eroded. Cash benefits through TANF are providing less recessionary protection to families at a time when availability of jobs is low.¹

Over the same time period, the Supplemental Security Income (SSI) program, which provides federally funded income support for

disabled individuals, has become one of the country’s most important means tested, cash-aid programs. And evidence suggests that some of the increase in SSI caseloads might be directly related to welfare reform. That is why understanding the growth in SSI participation could be important for understanding the safety net in the post-welfare-reform era.

In my research, I ask the following questions:

- What factors affect SSI participation?
- Has welfare reform played a role in rising participation rates?
- Has welfare reform affected the relationship between economic conditions and SSI participation?²

Looking at Caseloads

Although the SSI program is targeted at the disabled, and the TANF program, like AFDC before it, is targeted at single-parent families, there are similarities in the characteristics of recipients using the two programs. Both programs serve disadvantaged populations that tend to have low levels of education and minimal work history. In addition, high rates of both physical and mental disabilities have long been identified among AFDC and TANF recipients.³

A Striking Increase

It therefore may not be surprising that, despite the complicated five-step process that determines whether applicants qualify, there has

been rapid growth in SSI caseloads. Between 1990 and 2010, the program saw the number of disabled adult SSI recipients increase by 89 percent and the number of child SSI cases quadruple.

Can some of the increase in SSI caseloads be attributed to efforts to reform welfare? Previous research suggests that it can.⁴ Indeed, some localities appear to have actively moved to SSI those TANF recipients deemed unlikely to find jobs before reaching their time limit.⁵ SSI benefits have become an alternative safety net for former welfare recipients who also experience a disability, and as such, are helping to reduce poverty for many economically disadvantaged families.⁶

Factors Affecting Caseloads

Using a panel of data from all 50 states and the District of Columbia for the years 1990 to 2010, I exploited variation both across states and over time to determine what factors affect SSI caseloads. I examined the relative contribution of factors such as economic conditions, demographic variables, health conditions, and relative program generosity.

I then tested in two ways whether welfare reform directly affected SSI participation. I looked directly at the implementation of the 1996 federal welfare reform and also examined the effects of waivers granted to states to reform their welfare programs in the early 1990s (often considered the precursors to federal welfare reform). I also examined whether specific state-level welfare policies such as time limits and sanctions for noncompliance with welfare rules affect SSI participation.

The results suggest that higher levels of per capita income reduce the SSI caseload share for both adults and children (studied separately), and that higher percentages of nonmarital births are associated with greater SSI participation. In addition, the welfare waivers implemented in the early 1990s significantly increased SSI participation among adult women, and implementation of TANF had effects of a similar size. TANF policies that cut recipients from the rolls for noncompliance with welfare rules significantly increased the share of both adults and children on SSI. This is consistent with evidence that families in which one or more people had a disability were more likely to be cut from TANF than other families.⁷

I also examined whether the relationship between economic conditions and SSI participation has changed since welfare reform was enacted in 1996. Results suggest that SSI participation among disabled women and children became significantly more cyclical after welfare reform. In other words, after 1996, SSI participation was more likely to rise in response to unemployment-rate increases than was previously the case.

Implications

The research suggests a direct relationship between elements of welfare reform and SSI participation among women and children. Furthermore, the increased cyclicity of the SSI program is consistent with previous evidence suggesting that cash benefits through TANF provide less recessionary protection than AFDC benefits did before welfare reform. The finding is also consistent with evidence that

other programs, such as the Supplemental Nutrition Assistance Program (formerly the food stamps program), have become more cyclical since welfare reform.

Taken together, the findings suggest that SSI is, to some extent, playing the role of an alternative safety net in the post-welfare-reform era. Going forward, SSI is likely to continue to be important for the well-being of low-income families, particularly during times of sustained high-unemployment rates.

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Giving a Decommissioned Military Base New Life

Financing economic development using New Markets Tax Credits can be complicated, but a Maine collaboration shows that it can provide jobs and benefit an entire region.

JOHN A. MOORE
BANGOR SAVINGS BANK

In 2005, the Federal Base Realignment and Closing Commission voted to close Naval Air Station Brunswick (NASB) in Brunswick, Maine. With that decision, Maine and several Midcoast communities began preparing for losing roughly 5,000 military and civilian jobs and \$330 million in annual regional income.¹

The Maine legislature responded first by establishing the Midcoast Regional Redevelopment Authority (MRRA) to acquire and manage the former base, recover from economic losses, and ensure the maximum potential redevelopment of the property.² The state also tapped federal transitional funding for developing and implementing a comprehensive plan to redeploy the base's assets, including its fully operational airfield, approximately 1.5 million square feet of commercial and industrial space, and nearly 1,100 housing units on more than 3,300 acres.

Under the closure process, federal incentives were available to attract new businesses and private-sector investment. The property was eligible for the New Markets Tax Credit (NMTC) program and was approved as a foreign-trade zone.³ The state added more business incentives by incorporating the commercial area into both its Pine Tree Development Zone—a tax rebate and reimbursement program—and the Maine Apprenticeship Program.⁴ The base was then renamed Brunswick Landing and marketed to aviation, aerospace, advanced-materials, renewable-energy, biotechnology, and information-technology sectors.

Steve Levesque, MRRA executive director, praises all those factors and notes in particular, “The utilization of the NMTC program proved to be a very valuable financing tool that enabled this project to happen.”

New Markets Tax Credits

In late 2010, a year before base closure, the MRRA issued a request for proposals (RFP) to financial institutions to provide \$14 million for the construction and permanent financing of a new 80,000-square-foot manufacturing facility. The RFP called for a senior leverage loan and a NMTC equity investment that together would provide for a state-of-the-art, sterile-environment manufacturing facility on leased land. MRRA had a prospective tenant in mind: a subsidiary of a Swedish multinational medical- and surgical-supplies manufacturer, Mölnlycke Health Care US LLC.

According to Mölnlycke Health Care site manager James W. Detert, “The strong team effort putting together the New Markets-based financing was instrumental in our decision to locate this critical factory in Maine, at Brunswick Landing.”

The NMTC program was established by Congress in 2000 to spur new private-sector capital investments into operating businesses and real estate projects in low-income communities. Eligible census tracts are those experiencing high rates of poverty, low median incomes, or other economic hardship. Certain “targeted areas” may be eligible if they have inadequate access to investment capital. For example, disaster zones such as the post-Katrina Gulf region and decommissioned military bases are eligible. (See “Economic Conditions near Naval Air Station Brunswick.”)

The program attracts low-cost capital by permitting investors to receive a credit against their federal income tax: 39 percent of the original investment, taken over seven years. The NMTC program provides for both flexible project financing and significant equity-like capital that remains with the project at the end of the NMTC compliance period. The program essentially provides tax-credit-advantaged financing for seven years for start-ups or expansions.

NMTC arrangements typically combine loan and tax-credit equity investments through a pooling entity. The money is then lent to the project using a special-purpose intermediary lender. Most often the loan is structured on a nonamortizing, interest-only basis until the compliance period ends. At that point, the borrower must seek conventional financing, but only to refinance the senior debt. The NMTC equity investors will have fully recouped their funding through tax credits.

The NMTC program is available only through a certified community development entity (CDE), a corporation or partnership that provides loans or investments to low-income communities and that has received a competitively awarded NMTC allocation from the U.S. Department of Treasury's Community Development Financial Institution (CDFI) Fund.⁵

The CDE syndicates the tax credits to private-sector investors and establishes a single-purpose intermediary lender for the project (a sub-CDE) to deploy the pooled loan and equity investment funds as a secured loan to a qualified business borrower in an eligible census tract. The CDE that receives the allocation acts as managing member of the intermediary lender group, enforcing the loan agreements with

**ECONOMIC CONDITIONS
NEAR NAVAL AIR STATION
BRUNSWICK (NASB)***

DID THEY TAKE OFF?



POVERTY RATE**

NASB

6.2%

2000

3.9%

2007-2011



12.4% **14.3%**
2000 2007-2011

Cumberland County, ME

7.9% **10.7%**
2000 2007-2011



10.9% **12.8%**
2000 2007-2011

Portland-South Portland-
Biddeford Metro Area, ME

*** **9.9%**
2000 2007-2011

The poverty rate in the NASB went down but worsened in the county, state, and nation.

MEDIAN FAMILY INCOME**

\$40,652

2000

\$50,915

2007-2011



\$50,046 **\$64,293**
2000 2007-2011

Cumberland County, ME

\$54,485 **\$73,913**
2000 2007-2011



\$45,179 **\$60,021**
2000 2007-2011

Portland-South Portland-
Biddeford Metro Area, ME

*** **\$70,682**
2000 2007-2011

The median income for families in the NASB area rose but remained below national, state, county, and metro levels.



*Naval Air Station Brunswick (NASB) is in U.S. Census Tract 23005011100, part of Cumberland County, Maine.

**To qualify for New Markets Tax Credits (NMTC), the poverty rate in a U.S. Census tract must be at least 20 percent. Otherwise, the median family income in a tract that is not within a metropolitan area must be less than 80 percent of the statewide median or the median family income for a tract within a metropolitan area cannot exceed 80 percent of the greater of statewide or metropolitan area median family income.

*** Because of changes in geographic definitions used for determining NMTC eligibility, 2000 data for NASB are compared with data for Portland's metro area (Cumberland County), and 2007-2011 data for NASB are compared with data for the Portland-South Portland-Biddeford metro area.

Source: 2000 Census, 2007-2011 American Community Survey, and Community Development Financial Institutions Fund.

Information graphic Tom DeCoff/iStockphoto

the borrower until the end of the compliance period. CEI Capital Management LLC, a subsidiary of Coastal Enterprises Inc., of Wiscasset, Maine, was the CDE for Brunswick Landing.⁶

“New Markets transactions provide significant benefit to project financings and therefore the low-income communities in which they are located. But they are never easy,” admits Charlie Spies, the CEO of CEI Capital Management. “We harnessed expert resources and incredible cooperation to make this deal happen.”

Hard-Won Benefits

The Mölnlycke project at Brunswick Landing presented challeng-

es but promised winning returns for multiple constituencies. The project would be a win for Mölnlycke Health Care, the international investor that wanted to create skilled manufacturing jobs and expand its reach. It would be a win for MRRRA's strategy to attract new business and develop new employment opportunities (while gaining experience leveraging federal and state financial incentives).

For CEI, it's a win whenever a project supports its mission to foster economic and community development. For financial institutions, acquiring institutional capacity to work on a major commercial venture while receiving consideration under the Community Reinvestment Act is a win, too. Most important, the \$14 million

Celebrating the start of construction at Brunswick Landing.



Photo Midcoast Regional Redevelopment Authority

construction project should make winners of local construction workers, contractors, suppliers, and the 50 new skilled-manufacturing workers and 70 employees at nearby company facilities.

Of the two financial institutions that ultimately provided financing, Bangor Savings Bank, Maine's largest mutual community bank, provided the senior-debt component that would extend through the full 20-year lease. It also acted as construction lender. Wells Fargo Community Investment Holdings, a division of California-based Wells Fargo Bank, provided funding for the NMTC equity investment. Coastal Enterprises Inc. provided gap financing.

It helped that both Bangor Savings and Wells Fargo had experience with NMTC-structured transactions and a fundamental understanding of how to get to closing. However, before closing could occur, both institutions had to engage in the comprehensive underwriting and due diligence necessary to determine that the project was financially viable and that their respective commitments conformed to their respective credit standards, documentation requirements, and risk-adjusted rate-of-return expectations. Moreover, the underwriting process had to align with the decommissioning of the base and the transfer of the property to MRRA, while also meshing with the design, bidding, construction-planning, and occupancy schedule of Mölnlycke Health Care and conforming to the financial modeling, structuring, documentation, and tax and legal opinions required by CEI Capital Management.

It was a steep and winding road to the final days before closing in late 2011, one that included numerous conference calls with the principals and their attorneys across nine time zones. Despite the inevitable obstacles, the public, private, and nonprofit stakeholders who took part remained focused on the goal of making a properly structured and productive investment, creating new and sustainable employment opportunities, and building a more prosperous future for the community.⁷

Beyond Mölnlycke Health Care, Brunswick Landing is now home to other advanced-technology companies, including the

American Bureau of Shipping and Integrated Marine Systems, which provides engineering and design services, and Oxford Networks, providing information-technology and data-security solutions. And according to the MRRA, the effects are likely to multiply as the "Maine Technology Institute (MTI), also located at Brunswick Landing, works with entrepreneurs, innovators, established businesses, and institutions conducting research and development to help them fund and grow their big ideas."⁸

Brunswick Landing is now the newest campus of Southern Maine Community College (SMCC), providing easy access for continuing education, degrees, and customized training for employers, employees, and area residents. And in a partnership with the University of Maine's College of Engineering, SMCC now hosts the Maine Advanced Technology and Engineering Center, which collaborates with industries to achieve an educated workforce for the businesses at Brunswick Landing as well as throughout the Midcoast region and the state.

John A. Moore, *Bangor Savings Bank senior vice president and Community Reinvestment Act officer, is the primary institutional liaison for outreach and delivery of community development lending, investment, and service to nonprofit organizations and governmental agencies in Maine. Contact him at John.Moore@bangor.com.*

Endnotes

- 1 The Midcoast region includes cities and towns west of the Penobscot River Bay, including Belfast, Boothbay Harbor, Brunswick, Camden, and Rockland.
- 2 See <http://www.mrra.us>.
- 3 Foreign-trade zones enjoy reduced trade barriers, relief from customs duties, and other advantages to attract international investment. See ia.ita.doc.gov/ftzpage/info/ftzstart.html.
- 4 See <http://www.mainecareercenter.com/services-programs/training/apprenticeship/index.shtml>.
- 5 See <http://www.cdfifund.gov>.
- 6 See <http://www.ceimaine.org>. For another of CEI's successful New Markets Tax Credit initiatives see David Vail, Keith Bisson, Kate Williams, et al., "Collaborating to Save Northern Forest Tourism," *Communities & Banking* 23, no. 1 (winter 2012): 28.
- 7 For data on how the industries in which the local labor force is employed have shifted since 2000, see <http://www.bostonfed.org/commdev/c&b/index.htm>.
- 8 See http://www.mrra.us/images/Regional_Profile_2012.pdf.

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THE URBAN FOREST

Although the usual justification for urban forestry investment is the benefit to the environment, we now know that trees serve other functions, particularly for local economies and public health.

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UNIVERSITY OF WASHINGTON

Most people, whether they live in affluent or low-income neighborhoods, respond well to trees in cities, to what environmental scientists call the *urban forest*. There is considerable evidence of the health benefits of tree-lined sidewalks and shady parks, especially for low-income people without time or money for exercise clubs.¹ Perhaps less understood is the ability of trees and landscaping to energize downtowns and the small businesses that city dwellers often rely on for jobs.

Illustration iStockphoto



City trees create vibrancy by improving the overall shopping experience, making commercial areas more interesting, and offering a pleasant alternative to Internet shopping and big-box stores and malls set in the middle of hot, windy parking lots.

The role that trees play in making the shopping experience positive is subtle, but trees and the urban forest can ultimately boost the economic strength of downtowns by providing pleasant walks, cleaner air, improved storm-water management, and reduced heat-

Visual Quality

Across all three studies, visual preference scores were lower for places without trees and much higher for places with trees. (See “Sample Survey Images.”) Images of business districts having tidy sidewalks and quality buildings—but no trees—were at the low end of the scores. Images of districts with well-tended, large trees received the highest preference ratings, particularly when large trees formed a leafy canopy over the sidewalk and street.



Photos Kathleen L. Wolf

island effects. Recent research has identified some specific benefits that support local businesses.²

Psychological Aspects of Streetscapes

Although marketing research has shown that people’s shopping behaviors are affected by environmental cues such as light, sound, and color, studies about such atmospherics have been focused primarily on shop interiors.³ Generally overlooked is the fact that streetscape impressions are shoppers’ first encounters with the atmospherics and can affect buying behavior.

New studies have assessed how trees influence shoppers’ perceptions. Separate surveys focused on (a) central business districts of large cities (populations greater than 250,000), (b) one downtown in a midsize city (Athens, Georgia), and (c) Main Street shopping districts in smaller cities (with populations of up to 20,000).⁴

Each survey started off asking respondents to rate sets of images of streetscapes having varying forest characteristics. Each survey included a scenario about a shopping place and asked respondents to project their shopping behavior using rating scales and related methods.⁵ Scenarios differed as to whether the shopping area was “with trees” or having “no trees.” Places with trees showed a high-quality, well-managed urban forest throughout a shopping district.⁶

Place Perceptions

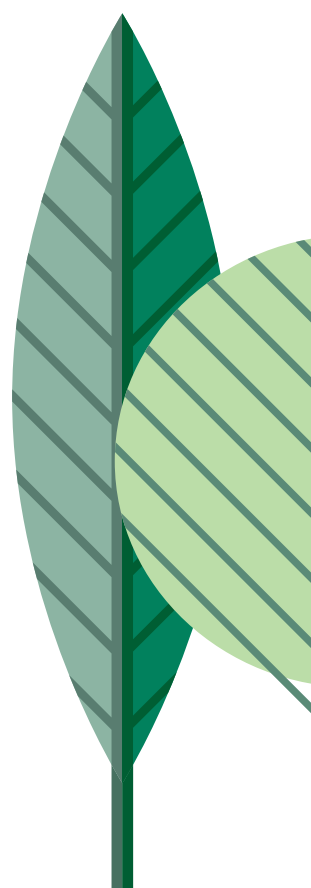
Trees were associated with positive inferences in retail settings. Even when images showed the same level of building care and street tidiness, participants gave more positive scores for maintenance to districts with trees than to those without. Most interesting, judgments of product value, product quality, and merchant responsiveness were more positive in forested places.

Patronage Behavior

Study participants weighed the streetscape scenarios and indicated their probable patronage behavior. They claimed they were willing to travel more often, for more time, and over greater distance to a retail district having trees, and once arrived, would spend more time.⁷

Demographic Differences

Despite demographic differences among participants, the consistency of responses



across all studies was remarkable. Whether the studies compared the size of the city where people lived or their household income, research subjects consistently preferred green shopping districts.

Harvesting the Benefits of Urban Forests

The researchers used a method called *contingent valuation* to quantify the impact of streetscape trees on local economies.⁸ Trees were consistently associated with higher price points for products in shopping areas. Consumers in small cities claimed they were willing to pay 9 percent more—in large cities, 12 percent more—for equivalent goods and services in business districts having trees. They also indicated willingness to pay more for parking on streets with trees.

Interestingly, some businesspeople do not understand this. They rate tree benefits lower than shoppers do, suggesting they are unaware of how trees affect consumer behavior. Results suggest that investing in trees across a central business district, including areas undergoing revitalization, can bring more people to shop and that they may spend more during their visits.

Since the recession, many consumers continue to struggle, but they still shop. And what shopping means to them is more complex than simply bringing home a pair of shoes. When people bring along friends and family, for example, their search for the right goods and services also can be an important socializing time. The physical qualities of a shopping setting can support such outings. That's why merchants who want to create shopping places that welcome customers and provide pleasurable experiences would be well advised to consider trees.⁹

A comprehensive plan should not be overlooked, however. Good planning is more likely to lead to landscaping that can create positive experiences—in part because a plan helps garner support from community members, boosts fundraising, and ensures that details are thought through. Following planning and planting, ongoing maintenance will ensure maximum benefit and cost control. Community-spirited businesspeople, such as local bankers, could be champions for trees. As leaders in their communities, banks can help organize merchants to plant trees and can act as role models with their own landscape efforts.

Although the usual justification for urban forestry investment is the benefit to the environment, we now know that trees serve other functions, particularly for local economies and public health. The new studies, whether they looked at business-district revitalization in large cities or tested perceptions in smaller communities, show remarkably consistent results. Trees positively affect judgments of visual quality, but more significantly, they appear to influence responses such as purchasing behavior. At the same time, the spaces trees define have health benefits for urban residents.

Trees tap the deep appreciation that many people feel for nature and provide un-

expected benefits even for those who may not notice the trees over their head.

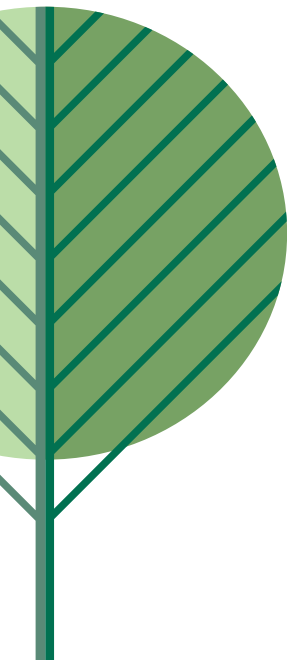
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Acknowledgments

The U.S. Department of Agriculture Forest Service has been a major sponsor of the research.

Endnotes

- 1 See, for example, Kathleen L. Wolf, "City Trees, Nature and Physical Activity: A Research Review," *Arborist News* 17, no. 1 (2008): 22-24.
- 2 Kathleen L. Wolf, "Trees in the Small City Retail Business District: Comparing Resident and Visitor Perceptions," *Journal of Forestry* 103, no. 8 (2005): 390-395; Kathleen L. Wolf, "Business District Streetscapes, Trees, and Consumer Response," *Journal of Forestry* 103, no. 8 (2005): 396-400.
- 3 L.W. Turley and Ronald E. Milliman, "Atmospheric Effects on Shopping Behavior: A Review of the Experimental Evidence," *Journal of Business Research* 49 (2000): 193-211.
- 4 Large cities studied were neighborhood districts of Los Angeles, Washington, Chicago, Portland, Pittsburgh, Austin, and Seattle. Athens was the only midsize city. There were also 14 small cities, distributed among seven states. For additional research, see www.naturewithin.info.
- 5 Participants were asked to respond to perceptual verbal items using rating scales and to indicate likely patronage behavior within categorical indicators of time and distance.
- 6 In each study, a sample frame of potential shoppers was identified within close geographic range of study sites, which included cities of the northern and central United States. Surveys were distributed by random sampling using commercial mailing lists or sidewalk intercepts. Response rates ranged from 10 percent to 80 percent across studies.
- 7 Paco Underhill, *Why We Buy: The Science of Shopping* (New York: Simon & Schuster, 1999).
- 8 The urban forest is a public good. As such, it rarely generates tangible products that can be bought and sold. Economists utilize several strategies, including contingent valuation methods (CVM), to value nonmarket goods and services provided by nature and ecosystems. CVM surveys have been used to assess public "willingness to pay" for use, conservation, or restoration of natural resources.
- 9 B.J. Pine and J.H. Gilmore, *The Experience Economy: Work Is Theatre and Every Business a Stage* (Boston: Harvard Business School Press, 1999).



The Great Recession and Confidence in Homeownership

Confidence in homeownership shifts for those who personally experienced real estate loss during the Great Recession. Older Americans are confident in the value of homeownership. Younger Americans are less confident.

ANAT BRACHA AND JULIAN JAMISON
FEDERAL RESERVE BANK OF BOSTON



Illustration iStockphoto

Whether you still are confident of the desirability of homeownership after the Great Recession may depend on your age and your closeness to those who experienced foreclosure. Such is the conclusion of a recent Boston Fed study.¹

Past studies have demonstrated that macroeconomic events can affect investment decisions, attitudes toward government redistribution, and confidence in public institutions. Other studies have found the effect strongest for people between the ages of 18 and 25.² Given the Boston Fed's ongoing interest in the Great Recession and consumer attitudes, we decided to investigate whether the recent recession, the worst U.S. economic crisis since the Great Depression, negatively impacted attitudes toward homeownership.

The Survey

To investigate, we added questions to a University of Michigan survey of consumers during July and August 2011. We asked respondents about their attitudes toward homeownership, their geographical location, and about their personal experience with the recent recession. To capture attitudes toward homeownership, we asked whether and how strongly respondents believe that owning a home

is better financially than renting a home. To get the geographical location, we asked respondents for their current and 2008 ZIP codes. And to measure their level of personal experience with the crisis, we asked whether they or someone close to them experienced a foreclosure or large financial loss in the real estate market during the recession.

We found that the majority of respondents believe either that “owning a home is without a doubt better financially than renting a home” or that “owning a home is probably better financially.” Only about 20 percent of our sample report that owning and renting are about the same, or that renting is better financially. Nevertheless, the two main responses—owning is *without a doubt* better financially than renting and owning is *probably* better financially—are different on an important dimension. They reflect a marked difference in *confidence* that homeownership is better financially than renting.

Specifically, we took current and 2008 ZIP codes and matched survey responses of confidence in homeownership with the actual real estate market conditions at the respondents' location.³ We then asked ourselves, “Can differences in actual changes in real estate prices across different geographical locations explain systematic dif-

ferences in attitudes towards homeownership?” We controlled for personal experience with the crisis and allowed the decline in real estate prices to have a different effect for those with and without personal experience.

We found that those who lived in places that were hit the hardest by the crash in the real estate market—as compared with those who resided in areas that were affected least—are significantly more likely to be confident about owning a home if they are older (more than 58 years old in our sample) but significantly less likely to be confident about owning a home if they are younger. The results control for demographics, current absolute house-price levels, and other factors but are concentrated in the approximately one-third of our sample who report that either they or someone close to them actually lost a large amount of money in real estate during the crisis and thus had firsthand or secondhand experience of the housing crash.⁴

This result supports the view that the Great Recession had an effect on confidence in homeownership. Importantly, the data suggest that the confidence in homeownership of younger Americans who had personal experience in the real estate crash has declined.

One might argue that the differing levels of housing-price declines in different locales reflect fundamentally different communities and that homeownership attitudes may capture differences in community characteristics and not price movements.

We cannot completely rule that possibility out, yet comparing observable characteristics such as average age, wealth, risk attitude, and homeownership rates of different communities with and without large drops in housing prices suggests that there are no systematic differences across communities with different real estate experiences. Moreover, the striking difference in the effect of the crisis on different age groups cannot be easily explained by such an argument. Given the fact that we do not see differences across communities and that different age groups within similarly affected locations responded so differently, we are comfortable about concluding that the variation in attitudes toward homeownership is indeed related to the crash itself.

Age and Experience

The different effect of the crisis across different age groups is striking. One possibility, consistent with previous research indicating that the formative years are important in shaping one’s model of the world, is that younger respondents’ attitudes toward homeownership are less ingrained. They might therefore have viewed the sharp drop in home prices as evidence that homes had become a more risky investment.

One also might argue that older individuals have already formed their models of the world. For us, this implies that the older respondents are seeing a change in house price as a temporary aberration, actually making the current downturn a good time to purchase. Another possible explanation for the difference across age groups is that many older respondents purchased their homes long before the crisis and their house value is greater than when they purchased it. Having investment withstand the worst economic crisis

since the Great Depression can make one more confident in the value of that investment.

Another important implication of our study is that direct personal experience with a financial shock plays a central role in determining whether individual attitudes change. Even an extremely negative experience such as the Great Recession was not enough to shift the attitudes of those who lived through the crisis but did not have strong firsthand or secondhand experience of the adverse effects.

Given that the Great Recession was an extreme situation, our analysis may point to a more general rule: information alone may not be sufficient to change attitudes; actual experience may be necessary. Such a rule is consistent with research in psychology showing that firsthand experience of an adverse event is more likely to lead to changes in behavior than simply being aware that the event occurred.⁵

In summary, our main findings are that younger Americans are less confident in the value of homeownership following personal experience of real estate loss during the Great Recession, but older Americans are more confident.

Anat Bracha is an economist at the Federal Reserve Bank of Boston. Julian Jamison, a senior economist at the Boston Fed at the time of this study, is currently a senior economist at the Consumer Financial Protection Bureau in Washington, DC. Contact the authors at anat.bracha@bos.frb.org and julian.jamison@cfpb.org.

Endnotes

- 1 Anat Bracha and Julian C. Jamison, “Shifting Confidence in Homeownership: The Great Recession” (Federal Reserve Bank of Boston public policy discussion paper 12-4, 2012), <http://www.bostonfed.org/economic/ppdp/2012/ppdp1204.htm>.
- 2 Ulrike Malmendier and Stefan Nagel, “Depression Babies: Do Macroeconomic Experiences Affect Risk Taking?” *Quarterly Journal of Economics* 126, no. 1 (2011): 373–416; Paola Giuliano and Antonio Spilimbergo, “Growing Up in a Recession: Beliefs and the Macroeconomy” (discussion paper no. 4365, Institute for the Study of Labor, Bonn, Germany, 2009).
- 3 Collecting both current and 2008 ZIP codes enabled us to distinguish the effect of more-recent real estate market conditions from the effect of the conditions at the peak of the financial crisis.
- 4 One-third of the entire sample had personal experience (or were close to someone who did). Looking only at that third of the sample, living in an area hit harder by the crash is associated with *higher* confidence for respondents over 58. For respondents 58 and under, living in area hit harder by the crash is associated with *lower* confidence.
- 5 Neil Weinstein, “Effects of Personal Experience on Self-Protective Behavior,” *Psychological Bulletin* 105, no. 1 (1989): 31–50.

Ana Patricia Gets a Scam Letter

No one is immune to being a scam target, even people who devote time and effort to preventing deceptive practices and helping victims recover from them.

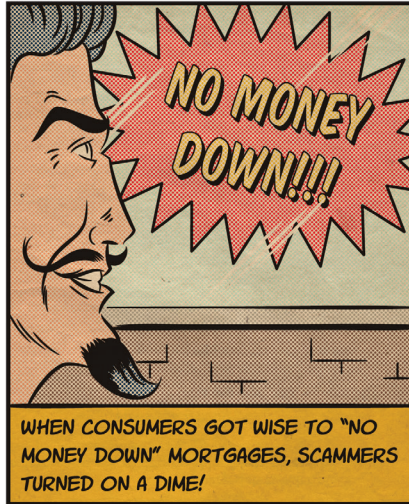


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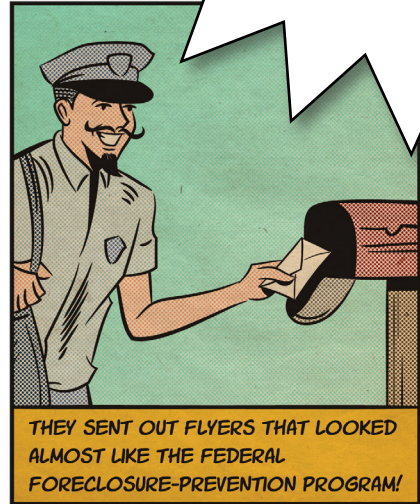
More info
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AND LINKED TO A WEBSITE THAT LOOKED ALMOST LIKE A GOVERNMENT SITE!



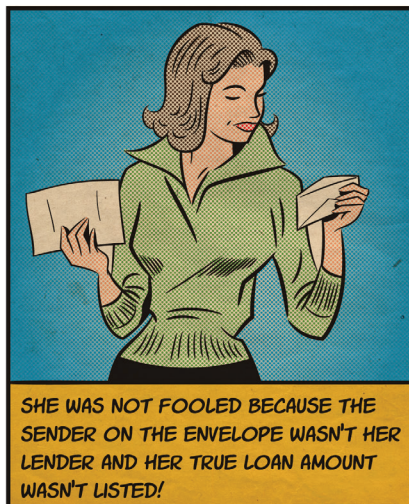
THEY TALKED EARNESTLY TO PEOPLE IN CHURCHES AND BODEGAS ABOUT WANTING TO HELP THEM!



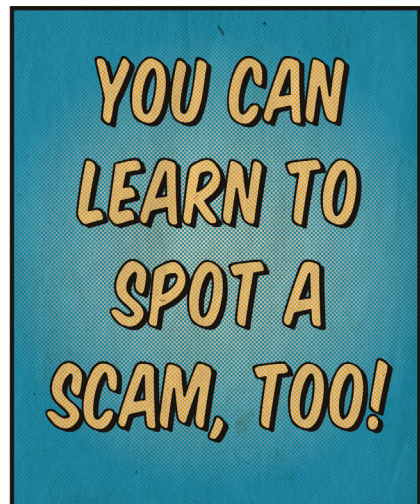
YOU HAD TO BE AN ANTI-SCAM CRUSADER LIKE ANA PATRICIA NOT TO BE FOOLED!



ANA PATRICIA RECEIVED THIS IN THE MAIL!



SHE WAS NOT FOOLED BECAUSE THE SENDER ON THE ENVELOPE WASN'T HER LENDER AND HER TRUE LOAN AMOUNT WASN'T LISTED!





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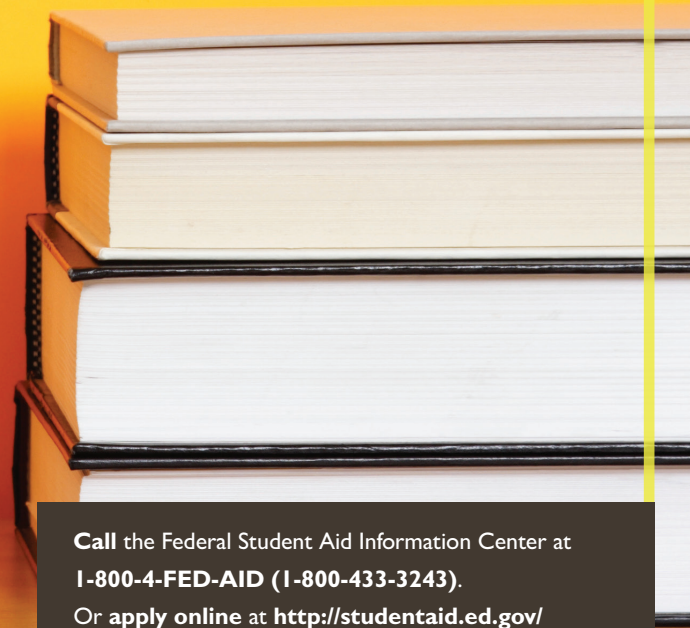
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