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# Can Economic Opportunity Flourish When Communities Do Not?

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Federal Reserve Bank of Boston  
58<sup>th</sup> Economic Conference  
Inequality of Economic Opportunity  
Boston, Massachusetts

[bostonfed.org](http://bostonfed.org)



## Inequality of Opportunity

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- ▶ This conference represents a long tradition at the Boston Fed of concern for the outcomes of low- and moderate-income individuals
    - ▶ Previous conferences
    - ▶ Research and actions on preventing unnecessary foreclosures
    - ▶ Research and actions on Working Cities
  - ▶ Consistent with an emphasis on the importance of maximum sustainable employment as well as stable prices
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## Opportunity, in the Context of Local Communities

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- ▶ Focus of several conference papers is on individuals – opportunities, barriers, and limits of mobility for individuals
  - ▶ My focus – the difficulty of entire communities to escape their disadvantaged pasts
  - ▶ Many communities with loss of textile, lumber, and manufacturing jobs are not flourishing
  - ▶ Social surroundings are important for individual success
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## Many Services that Reduce Economic Barriers are Provided Locally

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- ▶ Provision of local services is critical to equal opportunities
  - ▶ *Communities* that are economically disadvantaged may have difficulty helping *individuals* that are economically disadvantaged
    - ▶ Education – from preschool through high school – delivered locally
    - ▶ ESOL – Language classes delivered locally
    - ▶ Support for teen mothers delivered locally
    - ▶ Support for ex-offenders delivered locally
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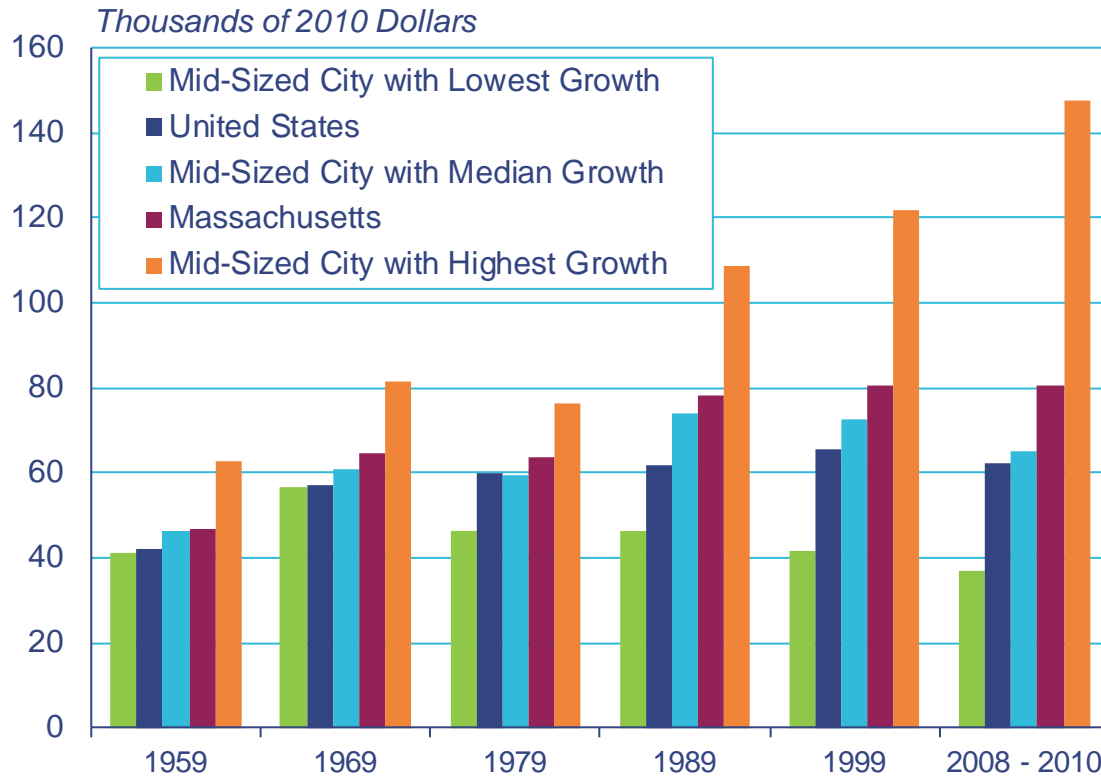


## Importance of “Community Context”

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- ▶ Issue of economic opportunity requires communities capable of delivering high quality services
  - ▶ Have we invested enough in encouraging communities to flourish?
  - ▶ Is local civic and social infrastructure sufficient to provide opportunities for individuals to overcome economic barriers?
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Figure 1: Real Median Family Income for Massachusetts Mid-Sized Cities with the Lowest, Highest, and Median Income Growth over 50-Year Period



Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates), BLS

## Figure 2: Massachusetts Mid-Sized Cities with the Lowest Median Family Income

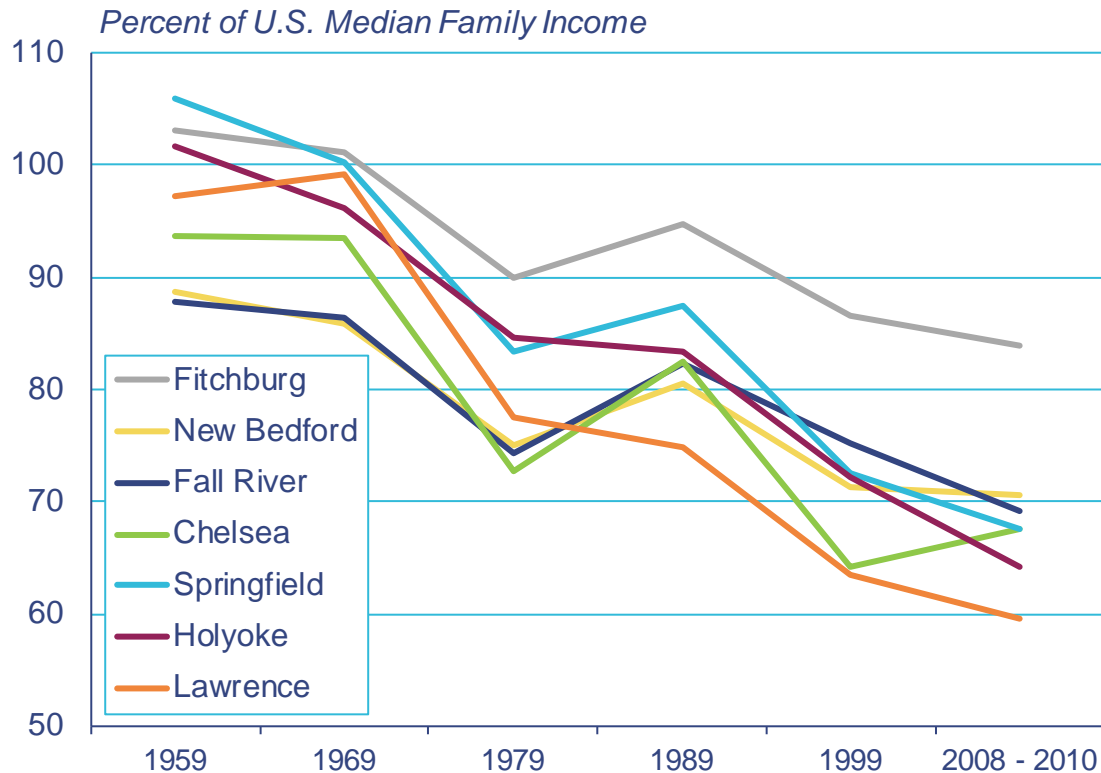
(Cities are ranked with the city with the lowest median family income appearing at the top of the list)

Rank	1959	1969	1979	1989	1999	2008 - 2010
1	Fall River	New Bedford	Chelsea	Lawrence	Lawrence	Lawrence
2	New Bedford	Fall River	Fall River	New Bedford	Chelsea	Holyoke
3	Chelsea	Chelsea	New Bedford	Fall River	New Bedford	Springfield
4	Lawrence	Holyoke	Lawrence	Chelsea	Holyoke	Chelsea
5	Taunton	Lowell	Springfield	Holyoke	Springfield	Fall River
6	Lowell	Lawrence	Holyoke	Springfield	Fall River	New Bedford
7	Holyoke	Somerville	Cambridge	Fitchburg	Worcester	Lynn
8	Worcester	Springfield	Fitchburg	Lowell	Fitchburg	Fitchburg
9	Fitchburg	Fitchburg	Lowell	Chicopee	Chicopee	Pittsfield
10	Brockton	Chicopee	Worcester	Lynn	Lynn	Brockton

Note: Cities appearing in five or six periods are color coded.

Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates)

Figure 3: Median Family Income for Massachusetts Mid-Sized Cities Relative to U.S. Median Family Income for Cities with the Lowest Median Family Income

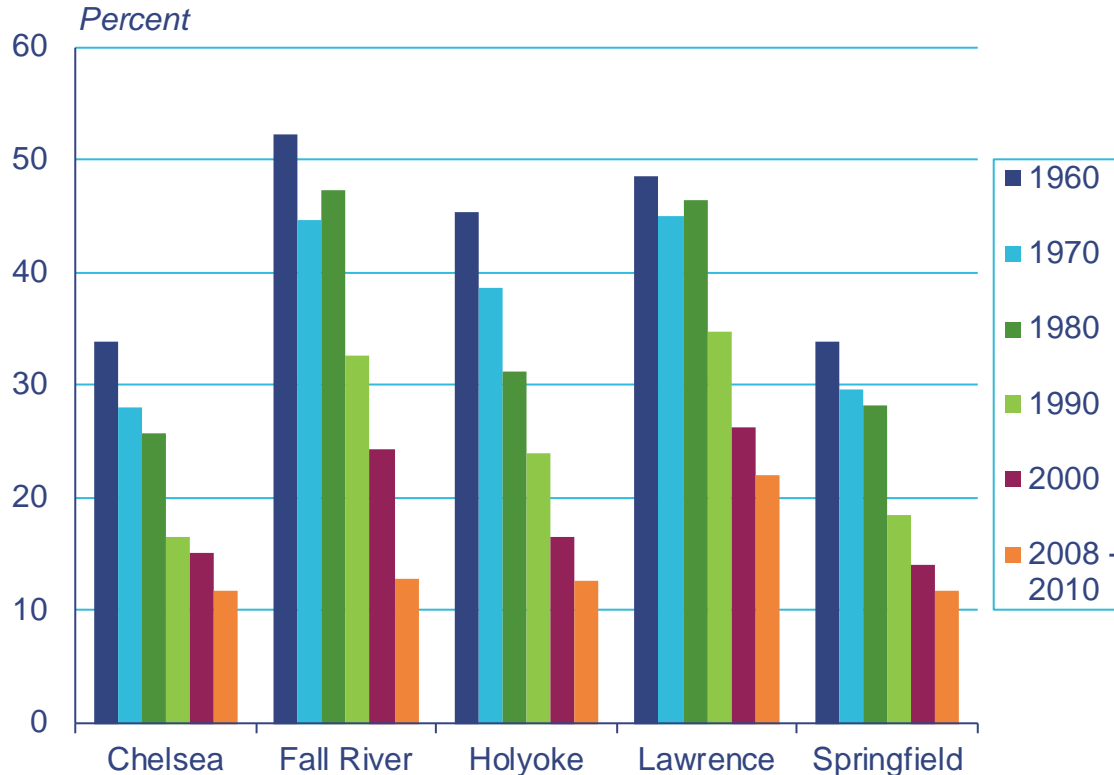


Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates)





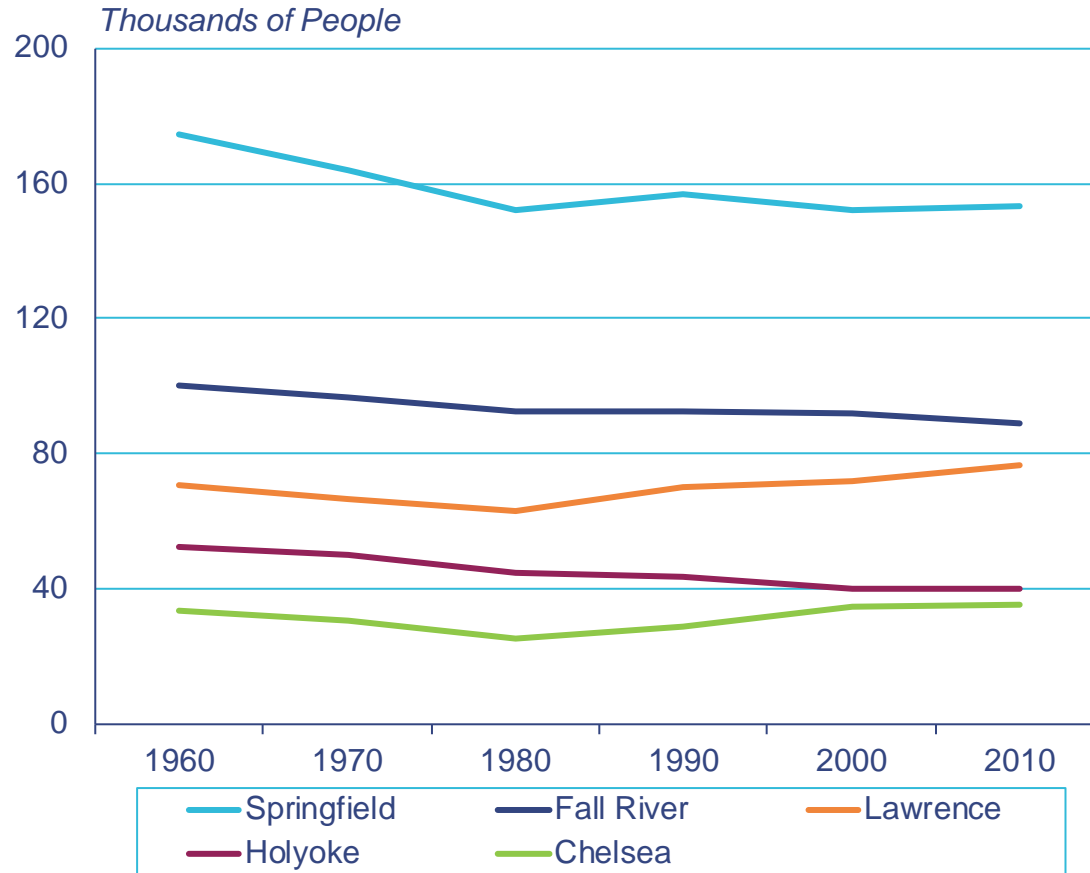
Figure 4: Share of Employed Residents Working in Manufacturing Industries in Massachusetts Mid-Sized Cities with the Lowest Median Family Income



Note: Based on the civilian employed population 16 years and over in all years except 1960 which is based on the civilian employed population 14 years and over.

Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates)

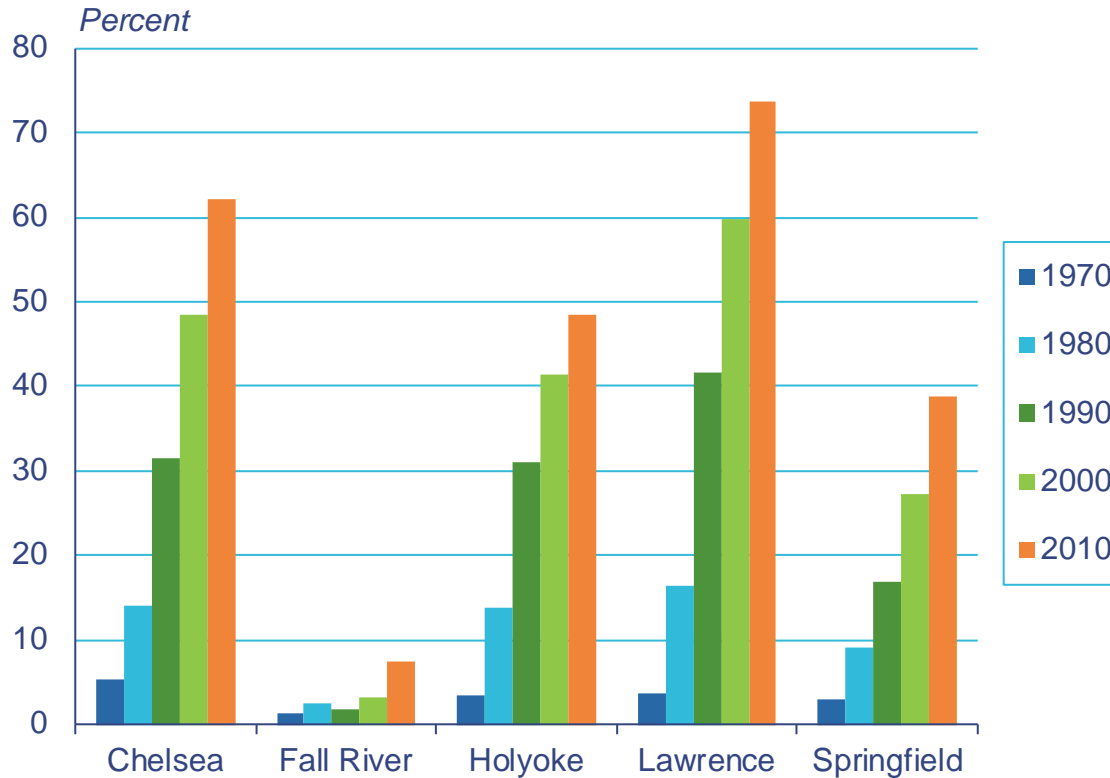
Figure 5: Population in Massachusetts Mid-Sized Cities with the Lowest Median Family Income  
1960 - 2010





## Figure 6: Share of Population of Hispanic or Latino Origin in Massachusetts Mid-Sized Cities with the Lowest Median Family Income

1970 - 2010



## Figure 7: Need for and Provision of Education-Related Services in Lawrence

<b>Support for Teen Mothers</b>	
Teen pregnancy rate (births per 1,000 teens, 2012)	51.3
Number of nonprofit organizations providing support to young parents pursuing their education	11
<b>Early Childhood Education</b>	
Percentage of children 3 and 4 years old enrolled in school	32.0
Percentage of children 3 and 4 years old enrolled in school attending public schools	81.3
Number of public school preschool programs	3
Number of licensed nonprofit center-based programs	14
Number of licensed family child care providers	479
Number of programs that are Mass. Universal Pre-Kindergarten (UPK) Classroom Quality Grantees	16
<b>Ability to Speak English</b>	
Percentage of population 5 years and over who speak English less than "very well"	38.5
Percentage of students in English Language Learner programs in public schools	28.2
Number of nonprofit organizations providing ESOL classes	10
Number of nonprofit organizations providing youth academic enrichment programs	7

*Note: The Universal Pre-Kindergarten Program's goal is to ensure that all children in the state have access to quality preschool. All types of providers are included under the "umbrella" of the state's universal pre-kindergarten program, including child care centers, Head Start centers, public and private school programs and family child care.*

*Source: Massachusetts Department of Public Health, U.S. Bureau of the Census, American Community Survey (2008 - 2012, Five-Year Estimates), Massachusetts Department of Education, Organizations' Websites*

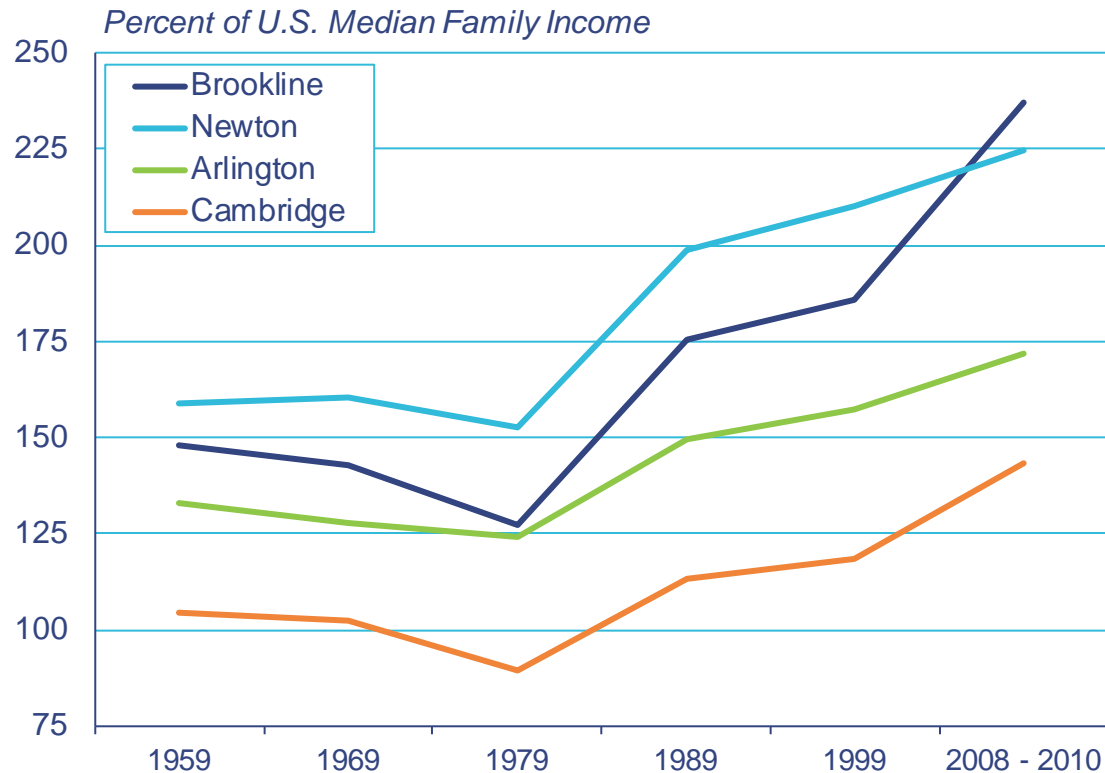


## Reinventing Cities

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- ▶ Research by the Federal Reserve Bank of Boston's Yolanda Kodrzycki and Ana Patricia Muñoz
    - ▶ Effective civic leadership
    - ▶ Cross-sector collaboration – business, non-profit, government
    - ▶ Common community vision
  - ▶ Some cities have had success in reinventing themselves
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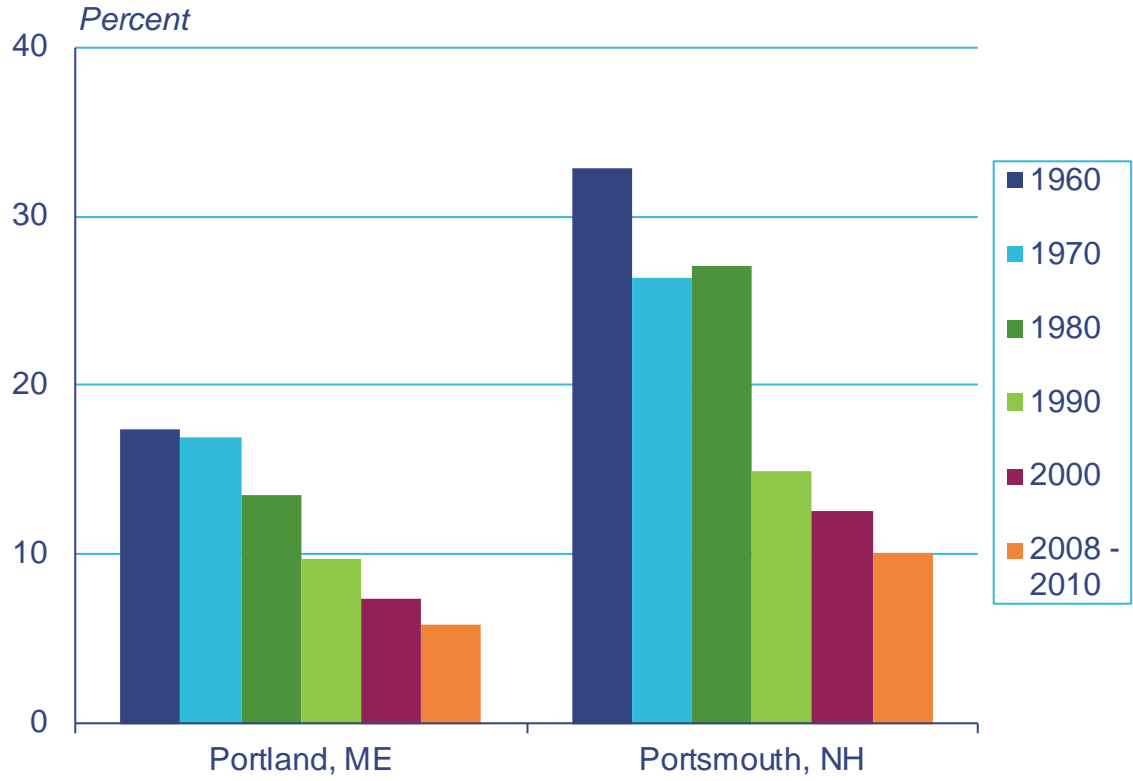
Figure 8: Median Family Income for Massachusetts Mid-Sized Cities Relative to U.S. Median Family Income for Cities and Towns with the Largest Increases



Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates)



# Figure 9: Share of Employed Residents Working in Manufacturing Industries in Portland, Maine and Portsmouth, New Hampshire

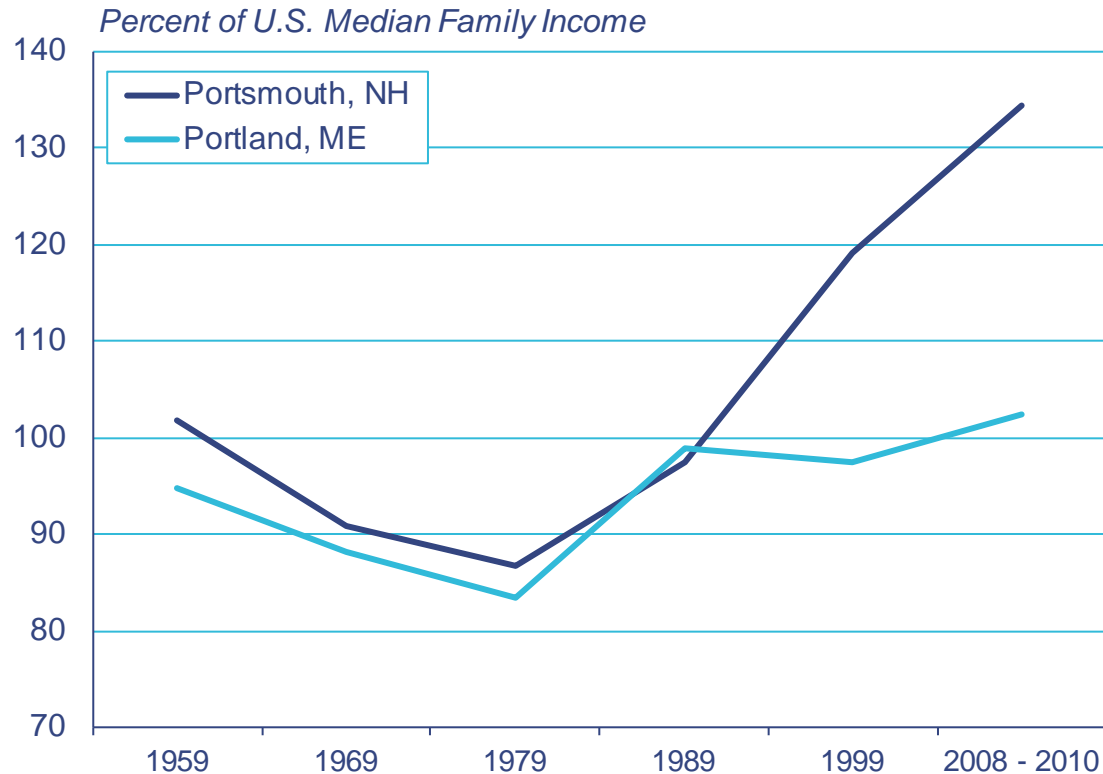


*Note: Based on the civilian employed population 16 years and over in all years except 1960 which is based on the civilian employed population 14 years and over.*

*Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates)*



## Figure 10: Median Family Income for Portland, Maine and Portsmouth, New Hampshire Relative to U.S. Median Family Income



Source: U.S. Bureau of the Census, Decennial Census (1960, 1970, 1980, 1990, and 2000), American Community Survey (2008 - 2010, Three-Year Estimates)





## What is the Working Cities Challenge?

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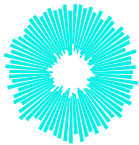
“..the Federal Reserve Bank of Boston has been the catalyst for the Working Cities Challenge, **inspired by its own research** on cities that managed to diversify away from a declining, manufacturing-based economy. The research found that one key to success is "**collaborative leadership**," when governments, businesses, and nonprofits unite behind one focused approach. The Working Cities Challenge promotes that principle by **inviting smaller Massachusetts cities** to consider how they would use collaborative leadership to unite their communities to address a major challenge for lower-income residents. **Twenty cities competed for \$1.8 million in funding from the state and other sources.** Six cities were awarded funds this past January, but many more will benefit from the spread of a new approach to capacity building that Fed research shows helps communities thrive.”

**Federal Reserve Chair Janet L. Yellen, March 31, 2014**

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# The WCC Collaborative: Being the Change

The WCC is a multi-stakeholder table of leaders with the ability to support local initiatives by influencing state policy and large scale investment in smaller cities. Prize Funds are not provided by the Fed, but by:



**LIVING CITIES**  
INNOVATE ▶ INVEST ▶ LEAD



*Commonwealth of  
MA/MassDevelopment*

- The Boston Foundation
- Surdna Foundation
- Ford Foundation

- Hyams Foundation
- Move the World Foundation
- Boston Private Bank and Trust

## Other Partners/Steering Committee

- Boston Community Capital (*fiscal agent*)
- MassINC
- The Life Initiative
- Alliance for Business Leadership
- Clark University (*Research Partner*)



## Key Features

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- ▶ One proposal per city – must create a unified vision
  - ▶ Required full cross-sector participation – public, private and nonprofit sectors
  - ▶ Merit based – selection by panel of experts not from the Federal Reserve
  - ▶ Focused on improving the lives of low- and moderate-income people in the cities
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## Winning Proposals

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- ▶ Lawrence – Provide families with access to resources and opportunities through the schools – \$700,000
  - ▶ Fitchburg – Transform North of Main neighborhood with a focus on developing in-depth data to prioritize investments – \$400,000
  - ▶ Holyoke – Coordinate services to increase Latino-owned businesses – \$250,000
  - ▶ Chelsea – Improve the Shurtleff-Bellingham neighborhood utilizing new data from a variety of local sources – \$225,000
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## Early Evaluation

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- ▶ Mt Auburn/Abt Associates are providing an external evaluation of the program
  - ▶ Requiring one application per city provided focus that was useful in all cities
  - ▶ Randomized trial in one city
  - ▶ 89 percent of the cities believe the collaboration started by the process will continue after three years
  - ▶ Massachusetts has already allocated money for a second competition. FRB Boston is looking at other New England states for possible replication
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## Conclusion

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- ▶ Many interventions discussed at this conference are provided locally
  - ▶ Delivery of services can be impacted by the economic well-being and collaboration within a city
  - ▶ Success may require ability of institutions and groups in these cities to mobilize around, support, and pull toward a collaborative vision for change
  - ▶ More focus on cities and their resurgence is important – and helped motivate actions by Boston Fed
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