

Executive Summary

THE DESIGN OF THE WORKING CITIES CHALLENGE

In May 2013, the Federal Reserve Bank of Boston (Boston Fed) formally launched the Working Cities Challenge: An Initiative for Massachusetts Smaller Cities (WCC). The WCC is an effort to encourage and support leaders from the business, government, philanthropy, and nonprofit sectors within these smaller cities to work collaboratively on innovative strategies that have the potential to produce large-scale results for low-income residents in their communities. Ultimately, the Boston Fed expects that the cities’ cross-sector collaboration focused on a shared result will build the cities’ civic leadership and institutions leading to long-term improved prosperity and opportunity for residents in Working Cities.

To achieve this ambitious vision, the Boston Fed designed a competitive process in which small cities across Massachusetts would compete for grants to either seed or implement activities aligned with WCC goals. The 20 Working Cities eligible for grants included Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Revere, Salem, Somerville, Springfield, Taunton, and Worcester. The WCC invited all 20 Working Cities to apply for the grant funds. The selection of the six winning cities was made by a jury of external, unbiased experts.

The WCC has issued a total of \$1.8 million in grants to six Working Cities. The competitive grants include four implementation grants ranging in size from \$700,000 to \$225,000 over a three-year period, and two \$100,000 one-year seed grants. The jury selected the following cities to receive WCC grant funds: Chelsea, Fitchburg, Holyoke, Lawrence, Salem, and Somerville. The allocation of funds to the cities is shown in the chart.

Winning City	Grant Award	Timeframe
Chelsea	\$225,000	Three years
Fitchburg	\$400,000	Three years
Holyoke	\$250,000	Three years
Lawrence	\$700,000	Three years
Salem	\$100,000	One year
Somerville	\$100,000	One year

In addition to the funding, the Working Cities are receiving technical assistance and opportunities for shared learning and peer exchange. The Boston Fed provides management and staff support in-kind for the WCC. By statute, the Boston Fed is prohibited from using its funds for grantmaking purposes. Instead, it used its convening powers to assemble its own cross-sector partnership in support of the Working Cities Challenge. The following organizations have contributed to the grant pool made available to the Working Cities: Massachusetts Competitive Partnership, MassDevelopment, Commonwealth of Massachusetts, Living Cities, The Boston Foundation, Surdna Foundation, Move the World Foundation, Hyams Foundation, Ford Foundation, and Boston Private Bank & Trust Company.

WCC has already garnered significant attention across the state and nationally both for the influential new model and for the new role assumed by the Boston Fed. Press coverage has included more than 53 articles since its launch in 2013 including stories in the *New York Times*,

Time Magazine, Bloomberg News, and NPR. The ripple effects from the initiative have been significant as a variety of interest has surfaced to expand the initiative, incorporate key elements of the initiative design, or wholesale replicate the effort. Details of the WCC's growing influence are provided below:

- *Influence in Massachusetts and the New England region:* WCC partner, MassDevelopment, has incorporated elements of the WCC selection criteria, in particular the presence of collaborative leadership, into its own grant selection criteria. The Massachusetts Legislature added \$1.5 million in matched funding for future rounds of WCC into its recently passed economic development bill. In addition to potential expansion in Massachusetts, the Boston Fed has received inquiries from Connecticut, Maine, and New Hampshire about potentially rolling out similar challenges in those states, also with Boston Fed involvement.
- *Influence on the Federal Reserve Bank:* Two other Federal Reserve Banks are actively considering the WCC model as a new way of engaging in community development. In addition, the San Francisco Fed is currently exploring an adaptation of the model that would focus on the promotion of a broad “culture of health” in selected communities.
- *Influence on other initiatives nationally:* Multiple other initiatives have incorporated elements of the WCC design into their own model and more are in the planning stages.

The fact that there is widespread interest in replication or adaptation suggests that it is critical to use unbiased evaluation to share the initiative's progress, to document its effectiveness, and to disseminate emerging lessons to the field quickly. In doing so, not only will the Boston Fed learn from the successes and challenges of WCC's first round of implementation, but the larger audience of interested stakeholders can also benefit from those lessons and adapt quickly, hopefully amplifying WCC's impact over the long run.

Evaluation

The primary purpose of this report is to highlight where the six cities are at the start of the WCC implementation. The findings will be relevant as a point of comparison for the WCC and the evaluation team to track cities' progress over the three years. In addition, the findings should help to focus the WCC on areas where the cities are likely to need additional support and technical assistance in order to realize the visions set out in their proposals. Finally, the formative feedback on the interaction with the WCC to date can help to shape the form of future assistance. The findings in this report are drawn from a survey of partners in winning cities and non-winning cities, site visits and interviews with set of stakeholders in each of the six winning cities, interviews with select non-winning cities, review of background documents, and other secondary research on the cities.

OVERVIEW OF THE WCC INITIATIVES

The cities have selected varied approaches to their WCC initiative. Three cities took a citywide approach but have focused the work on a specific subset of the population—out-of-school youth (Somerville), families with children enrolled in the public schools (Lawrence), or Latino entrepreneurs (Holyoke). These cities have primarily focused on one or two systems in which they will intervene—workforce development or small business development. The other three cities have focused their efforts on specific neighborhoods in their community. Fitchburg, Chelsea, and Salem have all selected an approach focused on a particularly distressed neighborhood in their community, in essence, comprehensive community development approaches. In these cities, the initiatives often have a dual focus of improving outcomes for neighborhood residents and physical improvements for the targeted geography. The following table summarizes the approaches in development in the six cities.

	Chelsea	Fitchburg	Holyoke	Lawrence	Salem	Somerville
Problem	High rates of poverty among Shurtleff-Bellingham residents, overcrowded, substandard housing conditions, and high level of residential transience in this neighborhood create interconnected social, economic, and physical challenges.	North of Main neighborhood residents have low incomes, poor health outcomes, and low levels of education and skills. The neighborhood also has poor housing quality and issues related to public safety and overall quality of life. The problems are considered related in that poor physical conditions lower social cohesion and limit aspiration for personal or neighborhood improvement.	There is disparity in business ownership between white and Hispanic residents. The desire is to increase connection between economic opportunity for Holyoke residents to the city’s innovation-focused economic development strategy and downtown revitalization efforts.	Family economic insecurity impedes the academic success of Lawrence students who will compose the future workforce for the city.	Point neighborhood residents have weak connections to the economic and civic life of Salem.	A substantial portion of Somerville’s youth lacks the education, career-specific, or soft skills to connect with emerging employment opportunities in the area.
Result	Transform Shurtleff-Bellingham from a high-poverty and transient neighborhood to a place where the poverty and mobility rates both drop by 30%.	North of Main will be a place where people want to live, work, and invest.	Increase the share of Holyoke businesses that are Latino-owned from 9% to 25%.	Increase family income by 15%.	Improve key socioeconomic characteristics of Point residents, including income, poverty, and employment levels to mirror those for all Salem.	Reduce unemployment among low-income, out-of-school youth by 10%.

WCC STRENGTHS AND CHALLENGES AT BASELINE

While the winning Working Cities are at the start of implementation, much has been accomplished in the application and early implementation period. The rigorous application process nurtured new relationships as broad representation from the community came to the table. By requiring a single application from communities, the WCC forced stakeholders to come together, hash through competing priorities, and reach consensus a single community goal and approach to advancing their community. While much has been accomplished, there is still more to be done to achieve the ambitious goals set out by the WCC.

Strengths

➔ *The level of cross-sector collaboration is fairly strong in the Working Cities, though there is room for growth, particularly with the business community.*

Even if the formal collaborations assembled for the WCC are new, many of the key actors in these small cities have worked together previously and often see each other in other venues. The baseline survey suggests that there is room for communication and working relationships among stakeholders to deepen over the course of the WCC, but that the baseline level of familiarity and interaction is high. Collaboration is strongest within sectors as opposed to across sectors. Cross-sector collaboration at the scale envisioned in the WCC initiatives has generally been less common. The area that offers the greatest opportunity for growth is deepening the collaborative relationships with the business community. In a number of cases, business engagement is still evolving.

➔ *City stakeholders have confidence in the baseline capacity of the cross-sector partnerships to carry out their initiatives' ambitious goals.*

Given that the WCC cross-sector partnerships are relatively early in their formation, stakeholders are quite satisfied in how they are functioning. The baseline survey found that the majority of respondents in winning cities have positive views on the roles and processes of their cross-sector partnerships.

➔ *Strong government leadership is a positive in a number of cities.*

A number of the winning cities are noted for their strong municipal leadership. These high-capacity and highly visible figures in the community have no doubt contributed to the ability of these cities to compete successfully in the WCC.

➔ *Stakeholders are committed to the goals of achieving large-scale results for their community over the long-term regardless of the level of funding offered through the WCC.*

Despite the challenges of achieving their ambitious visions, the cities are confident that they will see this work through. This is true for both winning and non-winning cities. Survey results indicate a confidence in the lasting nature of the WCC partnership: 89 percent of winning and non-winning organizations believe that their WCC applicant team will still be working together on a collaborative project three years from now. That is, 95 percent of winning cities and 80 percent of non-winning cities strongly agree or agree with that statement.

Challenges

- ➔ *More thought is needed on whether a small leadership group driving the work, as is emerging in a number of cities, can achieve the broader WCC vision around collaboration.*

Much of the WCC theory of change is built on the changes likely to emerge from the collaboration built from the broad engagement of a diverse set of partnerships. However, there are signs at baseline that the broad stakeholder engagement envisioned may not be feasible for rapid implementation. In a number of cities, an inner circle of leaders is driving the work. In some cities, a core group appears responsible for implementation and appears to utilize the broader partnership at best in an advisory capacity. The emergence of core groups in many communities may reflect the reality that there is a limited number of organizations with the time, capacity, resources, and desire to move the initiative forward on a daily basis. However, it is incumbent on the local leaders and the WCC staff to think carefully about the relationship of the core group to the broader cross-sector partnership.

- ➔ *In some communities, work remains to engage key segments of the population.*

While overall the winning cities have assembled broad cross-sector partnerships, there are signs that more work is needed in some cities to fully engage two particular segments of the community, the immigrant or Latino community as well as the business community.

- ➔ *WCC partnerships will need to consider how to align the goals and interests of their initiatives with other community priorities.*

Site visits revealed that in a number of communities there is either a lot of interest in or alternative initiatives underway that could be seen as either complementing or competing with the WCC efforts. The WCC initiatives will need to consider how best to coordinate with these related streams of work. Without effective alignment, synergistic opportunities could be missed or, worse, community energy and resources could be diluted by the multiple initiatives.

- ➔ *Stakeholders in the winning cities generally agree on a broad vision of change, but there is work to be done to reach that level of consensus and shared ownership on the approaches to achieving that vision.*

Most cities have developed a collaborative vision of what improvement they want to see in their community and who would be the beneficiaries of that improvement. Ideally, this should help to build unity among the stakeholders and clarity of focus to help keep the partnerships on the critical path. Beneath the 10,000-foot-level, there is more work to build a unified vision and accompanying strategies in many of the cities.

- ➔ *Some of the cities have articulated dual goals for their initiatives, seeking benefits to not only a specific group of residents, but also to a specific physical neighborhood. These cities may need to grapple with the inherent tensions related to resident mobility and gentrification that make the dual goal difficult to achieve.*

Chelsea, Salem, and Fitchburg all offer compelling reasons why achieving change in a single neighborhood is beneficial to the city as a whole. The approaches, in essence comprehensive community development strategies, come with a unique set of challenges for the partnerships. First, it can be difficult to settle on a single large-scale result when trying to achieve outcomes

related to people and place. Second, mobility of residents can make it difficult to connect the people and place goals.

➔ *While cities all understand that data are a critical element of the WCC Initiative, they struggle with what measures are most important to their work, how to access the data of interest, and what systems they will use.*

The winning cities understand the premium that the collective impact model generally, and the Boston Fed specifically, places on data measurement, but most struggle with how best to implement this aspect of the WCC model. Even after substantial attention in the first months of the initiative, much work and thinking remain to be done in order for data to be a meaningful input in shaping the initiative. The Boston Fed recognizes that the cities need support to implement a data driven approach to testing their assumptions, measuring their progress, and refining their approach. As a result, data has been a major focus at the first two learning communities. Ultimately, the unique circumstances of each initiative may make additional individualized technical assistance and support necessary.

➔ *It may be difficult to see direct progress toward the cities' large-scale results in the timeframe set by the WCC grants. Available data are likely to offer more programmatic insights, but the link between program success and a larger population impact may be difficult to see in the three-year timeframe.*

Given the projects proposed and the length of the grant cycle, it is not entirely clear that outcomes data will be available in a timely enough fashion to shape learning and inform new approaches to changing policies, practices, or funding cycles likely necessary to achieve the scale of impact the cities have chosen in the large-scale results. Particularly for seed cities, data related to WCC implementation will, in all likelihood, be linked to the outputs of grant activity. It is unclear whether the cross-sector partnerships will have the information to grapple with whether those outputs translate to the broader population-level outcomes they seek.

➔ *Cities will likely need more support in shaping their deliberate strategies to achieve the desired large-scale result.*

As cities move to implement their work plans and measure their progress, they will likely need some WCC assistance, guidance, and even pushing to elevate the local work from narrow project implementation to something that can achieve their articulated large-scale result. To date, the primary WCC intervention has been the learning communities, which focused heavily on data measurement. While important, the cities will likely need additional help thinking about the *strategies* that will allow them to achieve the outcomes to be measured.

INITIAL SITE OUTCOMES

➔ *Cities have begun to leverage the WCC funds.*

In Chelsea, the city increased its financial commitment to the initiative by an additional \$225,000, supplementing the \$375,000 originally offered in the proposal. Salem, which received only one-seventh of the money for which it had applied has worked to identify alternative sources. The Salem team raised approximately \$50,000 in additional resources, including \$25,000 from Metropolitan Area Planning Council's Direct Local Technical Assistance

funds. The city of Salem is providing a local match of close to \$24,000 (CDBG funding) to supplement the WCC programmatic elements.

Three cities are working collaboratively to secure additional funds to support the WCC initiatives in their respective communities. The community development corporations in Fitchburg, Chelsea, and Lawrence jointly submitted a funding proposal to NeighborWorks, the national network of community development organizations of which they are all members.

➡ *Through the work of the city, Chelsea's initiative is the first to demonstrate initial outcomes.*

The city, which is taking the lead on the stream of work for the Shurtleff-Bellingham initiative focused on improving housing conditions, has been able to move quickly to implement policy changes to advance that work. For instance, after holding a convening of residents, businesses, and other stakeholders, it drafted a set of 15 standards of behavior aimed at improving the neighborhood and strengthening the community. The standards are to be adopted citywide.

The city has also been able to move quickly to increase housing inspections. The city passed an ordinance that changed the required frequency of housing inspections to every five years, rather than solely at the point of tenant turnover. The city also approved funding for additional housing inspectors to be added to city staff.

VALUE OF THE WCC INTERVENTION

The intensive and ambitious application and selection process was designed to achieve broader outcomes than the selection of a set of winning cities. The competition, combined with a hands-on application process and a rigorous application, was designed to spur both thinking and collaborative action intended to not only produce high-quality applications, but also hopefully to build capacity and collaborative leadership of the cities regardless of the outcome of their application. There were four notable elements of this process:

1. *Active WCC engagement during application process:* The WCC application process involved extensive work with the teams prior to submission. All application cities were required to send teams of stakeholders to attend pre-application workshops. WCC staff also conducted site visits to a subset of application cities following proposal submission.
2. *Requirement of single application per city:* While cities could submit more than one letter of intent, ultimately a city could only submit a single application for WCC.
3. *Requirement that applicant be a cross-sector team:* The applicant team needed to include representatives of the public sector, nonprofit sector, and business community.
4. *An independent, merit-based selection process:* The final selection of cities relied on an independent, nonpartisan jury selected for its broad and relevant expertise.

Strengths and Challenges to Date

- ➔ *Cities see the request that each city submit a single application for the WCC grant as the most influential component of the application process on the working relationships among partners.*

According to the survey, 54 percent of all respondents saw the requirement that each city submit a single application focused on a single idea as very influential on the working relationship with other WCC partners.

- ➔ *Many of the non-winning cities hope to continue the work the team planned during the application process.*

The vast majority of survey respondents from non-winning cities noted that their organizations intended to continue to work toward at least some of the goals their team identified during the WCC process, including 89 percent of respondents from high-scoring, non-winning cities and 67 percent from low-scoring cities.

- ➔ *Overall, the application process generated mixed reactions from applicants. Many felt there was room for improvement.*

While a number of stakeholders viewed the discussions in their community generated by the application process as useful and productive, and some called the application process well-organized overall, site visit interviews found that many had a negative view of the application process. Many regarded it as heavy on “process.”

- ➔ *The competition aspect of the application process appears to have generated some ill will.*

While many extol the virtues of competition, it is worth considering the downsides of that process as well. For some that did not win, there is a bitterness or sense of unfairness about the process.

Feedback on Early Implementation

The evaluation team spoke with a number of stakeholders in each city in early April as part of the baseline evaluation. At that time, stakeholders were in the process of, or had recently completed, the re-scope of their work plans and budgets, had attended one learning community, and many had also hosted site visits with the Boston Fed president. The combined pressure to showcase their community at site visits, attend two learning communities, all while re-scoping their work plans and revising their budgets, contributed to the overall stress of the first few months. The intensive demands of this period likely affected stakeholders’ perspectives at the time.

- ➔ *Many of the cities have been challenged to redesign their initiatives to fit the level of funding they actually received.*

Only one of the six winning cities, Lawrence, received the full amount of funding requested. Many of the cities have struggled to figure out what components of the larger initiative should continue to be funded. For the seed cities, the challenge was compounded by not only less money but also less time to implement since their seed funding lasts for only a year.

➡ *The learning communities appear to be a valuable tool to communicate the WCC's priorities and provide additional focus on areas where the cities need work. That said, feedback during site visits suggests the model may require some refinements.*

In the first few months of implementation, the WCC organized two one-day learning communities for the six winning cities. Based on surveys administered by the Boston Fed at the end of each learning community day, response from participants has been quite favorable, but during the evaluation site visits in April, stakeholders offered suggestions for improvement. Many indicated that the learning communities were an unexpected commitment of time and resources. Some also felt that the focus on team planning time would be more beneficial if held in their home cities where a more complete group of partners could participate in the conversations.