

Introduction

The Northern Tier of the Federal Reserve Bank of Boston's District includes Maine, New Hampshire, and Vermont. The Northern Tier is rich in history, natural resources, and an independent, engaged citizenry providing governance and local control of resources. While still true, current economic pressures perpetuated by the withdrawal of major manufacturing firms, high rates of unemployment in some rural areas, lack of diversified economies, increasing costs associated with secondary education and energy, and the absence of infrastructure have for some communities inhibited the Northern Tier from achieving its economic growth potential.

In an effort to better understand the Northern Tier's community development challenges, the Federal Reserve Bank of Boston's Community Development Unit organized the Northern Tier Listening Tour in five communities including Berlin, Manchester, Bangor, Portland, and Montpelier, Vermont. These meetings began in November 2010 and concluded in February 2011. With more than 70 million people within a day's drive of the region, the health of New England's Northern Tier is of consequence to all of us who call this region our home as well as to many who do not.

This discussion paper is intended to bring forward the information garnered from the recent Listening Tour, provide a template for a regional Northern Tier Development Agenda responsive to Northern Tier stakeholders and the capacity of the Federal Reserve Bank of Boston and its Community Development Advisory Council.

Overview of Listening Tours

The explicit goals of the Listening Tour were two-fold. The first consisted of the Bank beginning a dialogue between the Northern Tier's towns, cities, nonprofits and for-profits. The second was to begin engaging leaders and key stakeholders in the three Northern Tier states to assess the potential for state and regional collaborations. The objectives for the Listening Tour were specific and measurable. They included:

- **Objective 1** - Identifying barriers to developing sustainable communities in the northern regions of the New England District.
- **Objective 2** – Identifying how Community Development might use its convening & research capabilities to help stakeholders overcome those barriers.

With a dual mandate of better understanding the community development challenges in the Northern Tier and an interest in serving the District's more rural areas, the Northern Tier [Listening Tour](#) was organized by the Boston Fed's Community Development Unit, its Community Development Advisory Council, and various nonprofit organizations throughout Maine, Vermont, and New Hampshire. The series of five meetings brought together more than 120 community economic development practitioners and policymakers representing multiple nonprofit, for-profit, and governmental organizations. The meetings consisted of large and small working groups utilizing a series of discussion questions developed by the local partnering organization. These discussion questions were designed to prompt dialogue identifying barriers and potential solutions to the Northern Tier's community development challenges. At

the conclusion of each event, a Narrative Report was drafted and shared with all participants throughout the Northern Tier. The implicit goal of sharing the Narrative Reports with all participants is to create a “Community of Northern Tier Practitioners” who through their individual experiences may begin the process of “self-actualization.” Self-actualization as an organizing tool is powerful in that it encourages *individuals and communities to fully develop and become everything that they are capable of becoming.*

Summarized Description of Northern Tier Community Development Challenges

A summarized list of challenges faced by residents of the northern tier follows below. These challenges are in common, and not exclusive to Maine, Vermont, or New Hampshire.

- The region’s aging “baby boomer” population, influx of retirees and the exodus of younger adults are causing the Northern Tier to become increasingly “grey.”
- Demographic shifts and the exodus of younger adults from the region are negatively impacting the region’s labor pool.
- The influx of newly arrived immigrants and refugees within the Northern Tier creates the potential for much more diverse communities. Individual communities are beginning to identify “clusters of color” located in lower-income neighborhoods. Such concentrations inhibit acculturation and serve to further isolate the newly arrived immigrant.
- The arrival of immigrants has placed additional burdens on municipal and education budgets. Communities have seen their ESL programs double in one year. The Mayor of Westbrook, Maine, reports 60 different languages are spoken in high school. It has been reported that 57 languages are spoken in Manchester (NH) Central High School, and most recently, the Burlington (VT) School District reports 47 different languages are spoken within the system.
- Access and affordability are barriers to secondary and workforce development educational opportunities within the Northern Tier.
- Community Colleges represent the greatest singular educational/training opportunity for many within the Northern Tier.
- Lack of population density inhibits community development opportunities.
- Traditional place-based approaches to development have been successful; however projects lack scale, thereby diminishing regional impact.
- The economic recession and reductions in federal, state, and municipal budgets have prompted many community-based organizations to compete over a pool of diminishing financial resources.
- Lack of scale, diminishing financial resources, and a more competitive community development landscape necessitate the need for increased public and private partnerships.
- The lack of broadband infrastructure within many parts of the Northern Tier inhibits educational opportunities and the ability to attract business and industry to the region.
- The region’s high energy costs inhibit the ability to attract business and industry.
- Aging housing stock, exacerbated by high energy costs, negatively impacts low- and moderate-income families disproportionately within the region.
- Aging housing costs and high energy costs negatively impact the ability of business and industry to attract a dynamic workforce, thus impacting the region’s labor pool.

- Local and regional economies must diversify their economic opportunities beyond fishing, farming, and forestry to include sustainable tourism, alternative energy production, and small business opportunities that leverage technology and its various applications.

Summarized Description of Northern Tier Data/Research Needs

What data or research questions do community development practitioners in the region have?

1. Desire for an unbiased critical study that doesn't look at community development from one lens (e.g., housing, workforce development, energy) but connects multiple community development challenges/policy issues quantitatively demonstrating the interrelatedness of these issues and how they impact the low-income communities we serve in Vermont, New Hampshire, and Maine. For example, if there is no affordable housing, what does that mean for employment? If there are higher utility costs, what does that mean for business development?
2. Research on the relationship between the loss of housing equity during the most recent recession and how such occurrences have changed families' assets/savings for children's education, business financing, and/or retirement.
3. Research related to the current cost of capital and how it has led many to refinance their homes.

Research Question: What has been the economic impact on families at the micro level who have chosen to refinance? Has this translated into improved financial conditions of working families in terms of asset creation?

4. Given the recent regulatory changes brought forward by Dodd-Frank, many banks report pressure for increased capital earnings and reserves. Profit margins are lower for providing services to low- and moderate-income customers; so banks are moving toward working with people who offer higher balances and less risk; people who are least able to pay fees are becoming unbanked or paying higher fees.

Research Question: Have some elements of Dodd-Frank created the unintended consequence of serving to create a class that is financially excluded and/or unable to access ANY financial institution. Has it inadvertently caused them not to have savings or retirement accounts? Has it forced them to use check-cashing services, high-rate credit cards, etc? How does this impact the financial literacy of individuals and communities?

The Federal Reserve Bank of Boston's Community Development promotes economic growth in lower income communities by:

- **Convening Stakeholders** - Bring together financial institutions, nonprofits, public officials, researchers, and practitioners to collaborate on community and economic development initiatives.
- **Conducting Research** - Provide policymakers and practitioners with objective, high-quality analysis to tackle economic challenges facing lower-income communities.
- **Identifying Approaches That Work** - Stimulate new ideas by sharing the community development insights of practitioners and researchers through convenings and print and electronic media.

Topics for Discussion

In the view of the community development unit, several topics merit our deeper investigation.

- **Collaborative Regional Development** - Local or place-based development is necessary but sustainable long-term change within the Northern Tier will be defined by regional collaborative approaches. While such examples of multi-state regional collaborations in this region are almost non-existent, current approaches must extend beyond local municipalities and even state borders. This allows community development assets to be leveraged and shared within the Northern Tier region, creating the scale necessary to effect long-term, sustainable change. Such an approach will encourage public/private partnerships, collaborations within the Northern Tier's community development "community", and information and resource sharing.
- **Strengthen and Support the Northern Tier's Community Colleges** - Community Colleges and their related systems are vital to the long-term growth and stability of the region. Community Colleges are increasingly becoming the principal workforce-development training organizations for young adults and displaced workers within the region. Additionally, as the cost of a traditional four-year degree is increasingly out of reach for many low- and moderate-income families, community colleges represent a lower cost point of entry, or "portals," to a four-year degree. Additionally, ensuring access to distance learning opportunities that meet the needs of rural constituents--and ensuring collaboration between academic degree or certificate programs with business and industry during the development of curricula and course/program offerings--will help ensure that our region's labor pools (supply) meet present and future industry needs (demand).
- **Identify Opportunities Supportive of Expanding the Northern Tier's Broadband Infrastructure** - The lack of broadband technology in many areas of Maine, New Hampshire, and Vermont exponentially inhibits the region's ability to attract business and industry. If a business or organization cannot utilize the Web to connect with consumers of its products and/or its individual suppliers of raw materials, producers, etc., the likelihood of a company relocating within the region is miniscule. Additionally, many of our community colleges in the Northern Tier do not have access to broadband technology, thereby negatively impacting their ability to train or retool current labor pools. The absence of broadband technologies also inhibits the student in utilizing online educational platforms typical of many colleges and universities. It must be noted that certain issues specific to geographic landscape, cost, etc., will require public/private partnerships to build the necessary Northern Tier broadband infrastructure.