

Toward a More Prosperous Springfield

A Federal Reserve Bank of Boston Initiative

Mission: To bring economic improvements for city residents, especially those in impoverished neighborhoods, by supporting revitalization efforts.

I. Rationale – Why is the Boston Fed involved in Springfield?

- City of Springfield has lost ground economically relative to the U.S., MA, and many peer cities.
- Yet Springfield remains an important center for its region.
 - Net source of jobs.
 - Location of key services — medical, educational, legal, social, and arts-entertainment-culture.
- Springfield has the potential to improve its economic performance.
 - Other cities with similar disadvantages have done so.

II. Key Lessons – What can Springfield learn from other cities?

Boston Fed research has compared Springfield and 25 similar cities since 1960.

Of the 25, 10 “resurgent cities” have done considerably better than Springfield. Our research shows:

Resurgent cities demonstrate the benefits of sustained collaborative leadership that:

- Involves a **variety of sectors**: government, business, universities, and philanthropic organizations **working together to develop a common vision** that leverages the city’s assets, and positions it to take advantage of unique opportunities for economic growth;
- Is **inclusive** of all segments of the population;
- Becomes **institutionalized** in a non-profit umbrella organization;
- Focuses on aggressive promotion, investments, downtown redevelopment;
- Increasingly emphasizes human capital development.

Major non-governmental funders confirm that Springfield needs to demonstrate greater collaboration in order to attract economic and community development grants.

Our Research – Key findings

A. Employment: Springfield suffers from an extremely low resident employment rate.

- Problem is not “no jobs.”
- Barriers to employing Springfield’s lower-income residents are serious and multiple.
 - Residents and employers largely identify the same barriers: low educational attainment and degree of work readiness, lack of prior work experience and referral networks, and issues with drug use and criminal records.
 - Latino residents also perceive discrimination.

- Placement and training programs exist but tend to be small and uncoordinated. Residents are aware of them.
- **Transportation to entry-level jobs remains an under-addressed challenge.**

B. Small Businesses: Latino-owned enterprises could be a greater source of jobs, wealth, and services.

- Public safety efforts over the past several years have improved the climate for small businesses throughout the city.
- Latino entrepreneurs are a growing source of economic activity in Springfield.
- **However, Latino business owners remain isolated: do not take advantage of existing technical and financial assistance programs.**

C. Municipal Aid: Springfield does not get its fair share of non-school state aid.

- **Boston Fed has developed an aid formula based on gap between cost of providing municipal services and resources of the community. Implementation holds harmless existing aid.**
- **Key legislators and executive branch officials are taking action to implement framework.**

D. Housing: Existing housing programs do not help to build an economically vibrant population base in Springfield.

State and federal housing programs are an important source of investment funds for Springfield.

- **Existing programs focus heavily on affordability needs that address pressing issues in cities with strong housing markets. Cities with weaker housing markets could benefit from supplemental programs.**
- New Massachusetts Housing Development Incentive program aims to attract non-poor residents to Gateway Cities.

E. Higher Education: Springfield higher education institutions lack scale but contribute meaningfully to the economic development of the city and its communities.

- The four downtown colleges have much smaller enrollment and endowment sizes than higher education institutions cited nationally for best practices in community development.
- Springfield higher education institutions contribute meaningfully through real estate development, service-learning programs, housing subsidies, student volunteerism, and workforce development.
- Boston Fed is exploring **ways to deepen and coordinate the engagement of higher education institutions in and around Springfield.**