Investing in Economic Inclusion:
Leveraging the New Orleans BioDistrict to Grow Employment and Human Capital

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Abstract

Economic development projects too often fail to benefit neighborhoods of concentrated poverty and improve economic prospects for those who face barriers to employment. This thesis considers tools and strategies that city governments can use to leverage investments in economic development to achieve economic inclusion.

The New Orleans BioDistrict has received more than $3 billion of investment and is expected to produce or retain 34,000 jobs over the next twenty years. An assessment of these jobs vis-à-vis adult education levels reveals that the skills required for these jobs exceed education levels of local residents. Other employment barriers include childcare and healthcare needs, transportation, and access to information. Equally significant barriers are employer hiring behaviors, which may exclude or bias hiring based on criminal record, place of residence, or the use of public assistance. All underscore the need for targeted efforts to connect local residents to the employment and educational opportunities created by the BioDistrict.

Recommendations for New Orleans draw from local and regional economic analyses, as well as case studies of the Baltimore Alliance for Careers in Healthcare and the Baltimore Integration Partnership. Baltimore's experience indicates that sustained efforts and institutional commitment to economic inclusion can leverage investments in economic development to overcome employment barriers and increase local employment.

To increase direct employment in the healthcare sector, the New Orleans workforce intermediary should provide additional supports to participants and employers to ensure training completion, and seek to leverage the current engagement of one firm to impact employment practices across the healthcare sector. To connect local residents to indirect employment, the BioDistrict and city government should use development incentives, requirements, and partnerships to drive commitments to local hiring; develop an external, neighborhood-based employment pipeline; and innovate and invest in adult education.

Thesis Supervisor: Karl Seidman, Senior Lecturer in Economic Development
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Thesis Reader: Paul Osterman, Professor of Human Resources and Management
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Table of Contents

Chapter One
Introduction

More than $3 billion[1] has been invested in the redevelopment of the hospitals and the creation of the BioDistrict[2] in New Orleans. The new district will include state-of-the-art facilities for medical, educational, and research institutions, including a federal Veterans Health Administration hospital and the University Medical Center. Additional public and private investments aim to catalyze technology commercialization and business development from the intermingling of researchers, investors, and entrepreneurs in the bioscience sector. Green infrastructure, housing, retail, education, and transportation round out the mixed-use vision for the 1,500-acre district. Estimated economic impacts include 34,000 direct and indirect jobs, 3,600 construction jobs, $2 billion in personal earnings, $1.4 billion in local tax revenue, $1.9 billion in state tax revenue, and 11.6 million square feet of new and renovated buildings over twenty years.[3]

Elected officials and BioDistrict stakeholders use anecdotes to give life to economic estimates and illustrate the tangible impacts of the project. The often-used anecdote describes a resident of Iberville, a public housing complex adjacent to the site, which is being redeveloped into a mixed income neighborhood as part of the federal Choice Neighborhoods Initiative. As the story goes, when it is completed, the resident will live in a new housing unit, just a short walk from a job at the hospital. There the resident works an entry-level job and earns a modest, but family-sustaining wage. In time, and aligning with her aspirations, she can receive additional training through a partnership between a workforce intermediary, the hospital, and Delgado Community College that will prepare her for a higher skilled, higher paying position within the hospital. The speaker traces the resident's career path: she will soon be on her way to becoming a phlebotomist (the technician who takes a patient's blood sample) and earning a higher wage.

To be sure, the investments in the BioDistrict are a significant opportunity for New Orleans. Efforts across the country have demonstrated that—with strategic planning, sufficient resources, and effective management—programs to connect workers to economic opportunity can be accessible to, and transformational for, low-skilled and incumbent workers. Realizing these opportunities for the oft-alluded resident described in the anecdote above, as well as other New Orleanians who face barriers to employment, will take intentional and coordinated efforts that are beyond the current practices of economic and workforce development. And, while there are

[1] According to an updated economic analysis, in the first five years, "almost $1.6 billion will be locally invested in buildings and structures in the BioDistrict New Orleans, not including major equipment purchases. This will lead to overall local economic activity of over $3.3 billion". Additional investments "will approach $640 million" with university construction in subsequent years. (James A. Richardson, "Updated Economic Analysis of BioDistrict New Orleans." November 11, 2011.)

[2] The Greater New Orleans Biosciences Economic Development District (the "BioDistrict") was created in 2005, though the presence of bioscience research investments and targeted efforts to grow this cluster can be traced to the mid-1980s. (Robert Habans, ""The Goose that Lays the Golden Egg"?: The "Bio-Med" Industries of New Orleans " University of New Orleans Theses and Dissertations. Paper 473, 2006)

[3] AECOM "BioDistrict New Orleans Action Plan," July 2012, 7.

opportunities, there are inherent challenges of scale and capacity that must be acknowledged and addressed.

The proximity of underserved neighborhoods that surround the BioDistrict, and the vision for investments and growth have been described as a "unique blend of poverty and opportunity" which presents a "tremendous opportunity to advance economic development and social equity."[4] Significant resources have gone into planning the physical site of the BioDistrict and investing in bioscience and innovation; far less has gone into planning for employment and investing in human capital that will be needed to connect residents of adjacent neighborhoods and other city residents to the positive economic impacts.

Regional economic and workforce data describe a skills gap—the "mismatch between the skills required by jobs in the New Orleans metro and the skills supplied" by the metro labor pool. More startling is the population of workers, disproportionately African-American, who lack basic education and literacy and must compete for a small number of low-skill jobs. This is acute for the five census tracks adjacent to the BioDistrict, where more than 45% of residents 25 or older have less than a high school education (that is, "less than ninth grade" and "ninth to twelfth grade, no diploma").[5]

Economic development is not synonymous with economic prosperity, particularly for communities of color and for individuals who face employment barriers. The promise of job creation and economic benefits for low-income communities has too often failed New Orleans. The BioDistrict and downtown medical district represent catalytic investments for New Orleans. Even greater impacts can be realized if these investments are harnessed to create good jobs and grow the human capital of local residents.

Research Question

This thesis seeks to examine how New Orleans can connect local residents to employment and career advancement through the BioDistrict and the redevelopment of the hospitals. In light of the needs of local residents, the focus is employment and advancement for residents with low-skills or who face employment barriers.

Two means of employment and career advancement are examined: direct employment in the healthcare sector and indirect employment driven by non-healthcare needs (medical support services) and the purchase of goods and services (procurement). Efforts to connect workers to career ladders in healthcare are considered best practice and are being initiated in New Orleans. This thesis will assess the potential of this initiative as it has been articulated in early 2013 and suggest opportunities for achieving greater impact. Initiatives to leverage procurement and medical support services have also emerged as best practices, and indirect employment is projected to be a significant source of jobs created by the BioDistrict. This thesis will consider the tools and strategies that may be available and appropriate for growing local employment opportunities.

.[4] GCR & Associates, "BioDistrict New Orleans: Current Conditions Assessment." Presentation. January 14, 2011. Accessed December 20, 2012. http://biodistrictneworleans.org/, 20.

[5] "Place Matters for Health in Orleans Parish: Ensuring Opportunities for Good Health for All." Washington, DC: Joint Center for Political and Economic Studies, 2012, 10.

Research Methodology

This thesis begins with an analysis of the potential economic impacts of the BioDistrict with a particular focus on opportunities for residents who have low skills and/or who face barriers to employment. This analysis draws from secondary research about economic and demographic characteristics of the New Orleans region; publicly available project documents; and semi-structured interviews. These data were used to consider the education and skill levels, and barriers to employment, among New Orleans residents, and elucidate the political, economic, and geographic structures that underpin economic development and local employment.

The City of Baltimore was selected as a case study to examine strategies for overcoming barriers to employment and increasing local employment through healthcare career ladders and institutional procurement. Baltimore was selected as a case study because New Orleans stakeholders had often referenced the efforts there as a potential model. Baltimore has also embarked on strategies to increase local employment in healthcare and to drive local employment through procurement and indirect employment. Secondary research, evaluation of publicly available project documents, and semi-structured interviews were used to understand the Baltimore Alliance for Careers in Healthcare (BACH) and the Baltimore Integration Partnership (BIP). BACH and the emerging workforce intermediary in New Orleans are both connected to the National Fund for Workforce Solutions, which implies a similar theory of change.

The experience of Baltimore is relevant for New Orleans in a number of ways. The redevelopment of the Johns Hopkins University Medical Center in East Baltimore required the relocation of hundreds of households, in a predominantly low-income African America community. The redevelopment project was, and remains, contentious. Community organizations sought to connect those who had been impacted by the redevelopment with associated benefits and established a partnership and an agenda for economic inclusion. Baltimore residents have similar skill and educational attainment levels to New Orleans. There are also notable differences between Baltimore and New Orleans; chiefly the respective political capacity, regional economic geography, and social contexts of each city. Still, the presence of significant public investments associated with large redevelopment initiatives—and entrenched unemployment, spatial segregation, and loss of low-skilled employment opportunities—provide a common frame. Relevant similarities and differences between the cities are expounded throughout this thesis.

Semi-structured interviews in both cities included public officials of the Offices of Workforce and Economic Development, representatives of the Workforce Investment Board, workforce intermediaries, social service and philanthropic organizations, and employers (in Baltimore, Johns Hopkins University, and in New Orleans, the federal Veterans Health Administration Hospital). Seven interviews were conducted in each city, for a total of fourteen interviews. With one exception, interviews were all conducted in person and on-site in New Orleans and Baltimore. With the exception of one half-hour interview, all lasted one hour.

Research Outline

Chapter Two introduces the key ideas and literature that underpin this thesis. It examines the linkages between systems and strategies to grow the economy (economic development) and efforts to increase human capital and connect individuals to job opportunities (workforce development). The review highlights efforts to align and improve various labor market programs and policies, particularly for low-skilled workers who face barriers to employment. The chapter then examines the emergence of anchor strategies, chiefly through hospitals, to achieve local

economic impacts. This chapter describes the emergence of workforce intermediaries and career ladders in the healthcare sector, as well as the job potential created by hospital purchases.

Connecting the economic impact of the BioDistrict to economic opportunity for New Orleanians requires an alignment of jobs and human capital. **Chapter Three** begins with an overview of the New Orleans economy and the healthcare and bioscience sectors, which drive estimated economic impacts of the BioDistrict and hospital redevelopments. A summary of the education and skills of New Orleans' workforce and barriers that impede residents from obtaining and sustaining employment underscores the need to link economic impacts of the BioDistrict to employment opportunities, particularly for low-skilled workers.

Chapter Four examines what partnerships, actions, and institutional changes can create and sustain career ladders and advance opportunities for low-skilled residents in the New Orleans healthcare sector. This chapter draws insights from the Baltimore Alliance for Careers in Healthcare (BACH), a workforce intermediary in Baltimore. BACH's experience is insightful for New Orleans, as city agencies, philanthropic and community organizations, and healthcare institutions work to establish a workforce intermediary and link residents to employment and training. This serves as a backdrop for assessing the strategies, opportunities, and challenges for creating and sustaining a high-performance intermediary in the healthcare sector in New Orleans.

Chapter Five begins with a description of anchor strategies and the use of procurement strategies to support minority-, women-, and locally owned business contracting. The chapter describes the challenges to increasing skills and wages in medical support services and targeting indirect employment through anchor strategies and workforce development. The chapter draws from the emerging efforts of the Baltimore Integration Partnership (BIP) to inform the consideration of strategies to leverage procurement from the BioDistrict for local employment.

Chapter Six concludes the study with reflections on the potential for linking anticipated economic development from the BioDistrict with local employment opportunities. The chapter includes recommendations for employment strategies that could be considered for the BioDistrict, drawing from the analyses of chapters four and five.

Chapter Two
Literature Review

This chapter introduces key ideas that underpin this thesis. It begins with a critical reflection on efforts to reduce concentrated poverty through economic development, and examines the often-disconnected systems and strategies used to grow the economy (economic development) and those that increase human capital and employment (workforce development). Barriers to employment—among workers and firms—are highlighted. The review then explores workforce intermediaries, career ladder strategies, and anchor-led development as tools for improving labor market outcomes and harnessing economic impacts for local communities.

Economic prosperity through economic development

Economic development is not synonymous with economic prosperity, particularly for communities of color and for individuals who face employment barriers. Efforts by cities to revitalize the inner city and catalyze economic development—while touted as opportunities for poverty reduction—have chiefly been physical and capital ambitions. Tax and real estate incentives have been used to retain and bolster key sectors and attract new industries. Downtown development, business incubation, and industrial clustering strategies have assumed spillover effects into poor neighborhoods from areas of high investment. Empowerment and Enterprise Zones and various pilot projects have sought to bridge "place-based" initiatives and "people" impacts. Yet these economic development efforts alone have not been able to transform neighborhoods of concentrated poverty, even in cities with strong economies or in times of economic prosperity. In short, "public officials cannot rely on regional growth to solve the problems of poor neighborhoods."[6]

Still, there is an obvious and inextricable link between economic development and poverty reduction. The cultivation of economic sectors and firms has the potential to grow the demand for labor— the jobs that can be employment and income for communities. As practitioners and researchers have reflected, this is complicated in practice. Economic development is hampered by the temptation of "silver bullet" projects that promise short-term economic impacts[7], but frequently overestimate job creation and revenue generation.[8] Others have noted that the "cadence" of economic development—chiefly real estate deals and financial transactions—does not match that of human capital development, which requires addressing the legacy of racial, social, and economic exclusion.[9]

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[6] John Blair and Michael Carroll. "Inner-City Neighborhoods and Metropolitan Development." Economic Development Quarterly, 2007.

[7] Beth Siegel and Karl Seidman. "The Economic Development and Workforce Development System: A Briefing Paper Prepared for the Surdna Foundation." Mt. Auburn Associates, December 2009, 9.

[8] Robert Giloth. Vice President, Center for Community & Economic Opportunity, Annie E. Casey Foundation, Baltimore. Interview by author. January 29, 2013.

[9] Diane Bell-McKoy. President and CEO, Associated Black Charities Maryland. Interview by author. January 29, 2013.

Barriers to employment

Disparate labor market and human capital outcomes by race, gender, and income have elucidated inherent shortcomings of broad policy efforts to grow employment. The term "barriers to employment" emerged among social service and workforce development practitioners to describe the impediments to finding and keeping a job. This includes skills-gaps and life-issues among job seekers, as well as practices and perceptions among employers.

The barriers to employment for workers are diverse, and are not mutually exclusive. Impediments may be due to a lack of technical skills or "work attitude"; physical or mental illness; the stigma associated with place of residence, use of social assistance, or former incarceration; the need to care for family and children; domestic violence; and the lack of access to transportation to reach jobs. On a broader level, barriers to employment also include the "spatial mismatch" between the geographies of low-wage jobs and low-wage workers, and the lack of information among social networks.[10]

Various social and educational programs and policies have sought to address these issues and overcome barriers to employment. Education and workforce training are means for addressing skills gaps, and programs range from basic literacy and remedial skill building to credentialing and degree granting. Job readiness programs that address work attitudes and social skills run by nonprofit organizations use mentoring, coaching, "tough love", and other models. Childcare and transportation may be provided or subsidized with public funding to community-based organizations and employers. Other programs and policies are directed at specific populations, including current and former welfare recipients, public housing residents, and formerly incarcerated individuals who are re-entering communities. Public healthcare and social services may support individuals who have physical or mental illness or who have experienced domestic violence.[11]

The gaps and overlaps among these programs have been well documented in the literature, drawing from the decades of analysis of social service organizations, who increasingly face pressures to do more with less. While best practices have been revealed and programs aligned, the literature highlights the need for investments in programs that address multiple barriers simultaneously. Practitioners and researchers have also stressed the need to engage employers in providing various supports and services, as the budgets of community-based organizations and public agencies decrease and as public support for social service spending dwindles.[12]

Although the shortcomings among workers is the focus of literature and policy debates, employer hiring behaviors, particularly in the low-wage labor market, present an equally significant—and perhaps more intractable—barrier to employment. Skills sought by employers for low-wage jobs—such as trustworthiness, dependability, honesty—are not "directly observable at the time of hiring". As a result, credentialing and criminal records are important to employers, although the correlation between these markers and performance on the jobs is unsubstantiated. "Recruiting and screening choices (as well as compensation, promotion, and retention decisions)

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[10] Evelyn Blumenberg. "On the Way to Work: Welfare Participants and Barriers to Employment." *Economic Development Quarterly* 16 (4), November 2002: 314–325.

[11] Ibid.

[12] Ibid.

are often made informally and can reflect employer prejudices, perceptions, and experiences."[13] Quantitative studies and interviews with employers have illustrated the continued presence of employment discrimination.[14] In some industries, employers have distinct biases in employing or advancing women or African-Americans, Latinos, or other minority groups.[15]

Economic and workforce development

The systems, tools, and practices of economic development and workforce development are separate and distinct. In some ways the distinction makes sense: each is governed by different sets of relationships, obligations, and goals.[16] Economic development is primarily concerned with growing economic sectors, largely through the private sector, and "operate on all geographic levels, from neighborhoods to multi-state regions."[17] Activities of economic development agencies include land use and site planning, expanding infrastructure, incentivizing location decisions, and easing regulatory barriers. Although having a skilled local workforce is central to business attraction, economic development agencies are generally removed from workforce development activities.

Economic development activities are largely at the forefront of city government action, for multiple reasons. Economic development activities have potential to grow city revenue in the short-term through property taxes and job creation. Diverse public and private funding mechanisms are used to fund economic development activities, and—compared to workforce development funding—cities have considerable authority.

Workforce development includes the efforts to develop human capital and connect individuals to employment. Workforce development has long been referred to as the "second chance" system, serving those who "have failed, or have been failed by" our public education and training system. The perception that workforce development systems serve the poor has increased with welfare reform and other efforts to encourage work among the poor and the fervent debates about public funding for various social programs. However, if funding for education and training for dislocated workers is included, significant investments are made across segments of the population. Further, many have noted that the U.S. faces a significant "skills gap" and that training and continued learning are imperative for workers of all skills and to economic competitiveness.[18]

Compared to economic development practices, cities have limited agency and resources to direct workforce development, beyond K-12 education. To start, there is not really a workforce "system"; instead, there is a "constellation" of high schools, community colleges, proprietary schools, unions, and community-based organizations that provide training and employment support services. As many researchers and practitioners have stressed, resources for workforce

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[13] Michael Stoll, "Workforce Development in Minority Communities." In *Jobs and Economic Development in Minority Communities*, edited by Paul Ong and Anastasia Loukaitou-Sideris. Philadelphia: Temple University Press, 2006, 93.

[14] Philip Moss and Chris Tilly. *Stories Employers Tell: Race, Skill, and Hiring in America*. New York, Russell Sage Foundation, 2001.

[15] Joan Fitzgerald, "The Potential and Limitations of Career Ladders." In *Moving Up in the New Economy: Career Ladders for U.S. Workers*. Joan Fitzgerald. Ithaca: Cornell University Press, 2006, 3.

[16] Siegel and Seidman, "The Economic Development and Workforce Development System."

[17] Ibid, 4.

[18] Harry Holzer and Robert Lerman. "America's Forgotten Middle Skill Jobs." Center For American Progress, November 2007.

development come from various federal funding sources and have incongruent directives. Community colleges and training programs receive public funding, and may have a public mission, but cities are largely removed from strategic planning.

Funding, level of agency, and politics shape local government's interest in linking economic and workforce development. Efforts to spur economic development are largely considered to have a broader impact on the economic well being of the city, in contrast to workforce development efforts, which are largely associated with individual social assistance. Where public entities do engage in workforce development, particularly among cities that see themselves as competing for businesses, it is in the form of training. "Training has a broad appeal because it relies on the notion that outcomes are determined by the attainments and skills of individuals and that labor markets will reward those who augment these capacities."[19] A slightly more interventionist approach to workforce development might be the use of hiring and retention subsidies that temporarily share the wages for someone considered a "riskier" hire for a firm. However working with firms directly to impact labor demand—perhaps hiring preferences, raising minimum wage, the requirement of employer-provided training—are largely considered disincentives for firms. Studies of practitioners have shown that, "in general, economic developers are loath to mix private sector job creation with social services and poor people; they fear sending the wrong signals about the local business climate."[20]

The practice of "job-centered economic development" has emerged as a way to link local economic development initiatives that aim to align with or further demand for labor, with workforce development practices and networks that support a skilled and growing labor supply. "Job-centered economic development asks what a workforce development system would look like if it were designed to move people out of poverty, as opposed to simply moving off welfare."[21] Job-centered economic development focuses on identifying sectors and occupations that provide good jobs and job mobility and that, with workforce investments, could promote innovation and advance labor outcomes across the local economy. A key underpinning of job-centered economic development is the strength of economic sectors (healthcare, manufacturing, technology), workforce intermediaries, and career ladder strategies.

Workforce intermediaries and career ladders

Workforce intermediaries are organizations "that make a match between an employer with a job opening and a person who wants that job."[22] Workforce intermediaries are diverse, but fundamental to their mission is a dual-directive: they serve firms, as well as workers by connecting to employment and, in some cases, providing training.

Earlier iterations of intermediaries served chiefly as "brokers" between available jobs and eligible workers,[23] however—particularly among low-skilled workers—it has become clear that the connection to a job alone is insufficient for economic mobility. Indeed, changes across industries and within firms (which have been attributed to globalization, technology change, management

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[19] Paul Osterman, *Securing Prosperity: The American Labor Market: How It Has Changed and What to Do About It.* Princeton: Princeton University Press, 1999, 132.
[20] Robert Giloth, ed. *Jobs and Economic Development: Strategies and Practice.* Sage, 1998, 8.
[21] Joan Fitzgerald and Nancy Green Leigh, eds. *Economic Revitalization: Cases and Strategies for City and Suburb.* Sage, 2002, 195.
[22] Osterman, *Securing Prosperity*, 133.
[23] Ibid.

practices, among other factors) have resulted in job insecurity and the lack of upward mobility among low-skilled workers. The more innovative and impactful workforce intermediaries are actively "changing the terms of trade in the labor market."[24] Among the efforts to restore upward mobility for workers are career-ladder strategies, which focus on particular economic sectors and "aim to devise explicit pathways of occupational advancement".[25] This is premised on the notion that "job responsibility and earning levels tend to correlate roughly with skills, enabling people to move up from entry-level jobs."[26] Because firms are often unable or unwilling to provide training and support to workers, and because workers are unable to afford the cost of training or lost wages, intermediaries create alternative mechanisms for skill attainment and career advancement.

The task of developing career ladders can "fairly be described as overcoming the resistance of employers, the barriers in the way of employees, and the inadequacies of existing workforce-training institutions."[27] Firms may prefer cost cutting through use of low-wage employees to investments in their workforce (in the form of wages and/or training). "Would-be ladder climbers" are often required to "hold jobs, manage home and family responsibilities, and go to school simultaneously."[28] The increasing pressures on community colleges amidst cuts to public funding for job training and workforce services are yet other challenges to creating and sustaining high-impact career ladder strategies.

The impact, and even the feasibility, of career ladder strategies is largely shaped by industry sector. "In many industries the middle rungs of what ought to be or used to be a career ladder are simply missing." The result is often managerial positions at the top, and "dead-end" jobs, with high-turn-over, at the bottom. To be effective in restoring job security and creating tracks for mobility, career ladder programs must work toward "encouraging employers to restructure the workplace" to help workers obtain skills and responsibility to advance to higher positions. For this reason, career ladder efforts must be aware of factors that shape labor in sectors and specific firms: "from the competitive environment in which an organization does its business to the labor shortages, skills mismatches, and geographic limitations."[29]

Research and practice have illustrated that intermediaries and career ladder strategies have significant potential in the healthcare sector. The sector has seen growth in recent decades, in large part the increased health services required for an aging population and the retirement of the current workforce. According to estimates from the Bureau of Labor Statistics, healthcare jobs with education and training requirements of less than four years are expected to grow from 20 to 40 percent, adding more than 1.5 million job openings.[30] Further, to contain costs—as mandated by reforms to Medicaid and Medicare—firms have reduced direct care staff and increased workload. The added stress and low pay among front-line healthcare workers has resulted in high turnover, which has resulted in higher costs for obtaining and retaining workers. There are also critical skills gaps: since 1995 more people have been leaving direct care occupations and fewer have been entering.[31] These factors present opportunities for engaging employers in building career ladders to retain and train workers. Also bolstering that effort is the fact that the sector has identifiable career

[24] Osterman, *Securing Prosperity*, 134.
[25] Fitzgerald, "The Potential and Limitations of Career Ladders," 1.
[26] Ibid,, 1.
[27] Ibid., 3.
[28] Ibid., 3.
[29] Ibid., 2.
[30] Holzer and Lerman, "America's Forgotten Middle Skill Jobs," 4.
[31] Joan Fitzgerald, "Health Care." In *Moving Up in the New Economy: Career Ladders for U.S. Workers*. Joan Fitzgerald. Ithaca: Cornell University Press, 2006, 25.

pathways and stackable credentials. The presence of labor unions and customers—families who rely on care giving services—are also important levers for change in the industry. Hospitals "have the capacity to increase job satisfaction, reduce stress, and provide advancement opportunities (or, from the hospital's point of view, fill staff vacancies) by offering and encouraging further education and training for their lower-tier workers."[32]

Still, career ladders—in healthcare and other sectors—are "far from a sure thing."[33] In the healthcare sector, "It is not accurate to conclude that hospitals will or will not rely on lower-skilled staff to cut costs. At various points in time, in response to different circumstances, hospitals change staffing patterns."[34] To be sure, the federal Patient Protection and Affordable Care Act of 2010 will transform the sector: millions will be afforded care through the extension of insurance; new cost accounting mechanisms seek to drive better coordination among firms within the sector; where, and from whom, care is provided is also likely to change. The need for healthcare workers to support this transformation is significant, though the particular occupational trajectories and the arrangement of workers within hospitals and other healthcare institutions are uncertain. To succeed, career ladder efforts "need to be supported by complementary regulatory and workforce development policies and income subsidies." The agendas of transformative healthcare intermediaries include "(1) increasing the pay and professionalism of existing direct care jobs; (2) creating tiers within presently undifferentiated occupations, this recognizing skill increasing and making pay increases possible; and (3) advancing people into progressively better-paying occupations that require more education."[35]

Hospitals as anchors for economic development and job creation

Anchor institutions, including universities, hospitals, and large public institutions, are often significant employment and economic investment in cities. As the Initiative for a Competitive Inner City (ICIC) noted in 2011, "In 66 of the 100 largest inner cities, an anchor is the largest employer. Some 925 colleges and universities, or roughly one in eight, are based in the inner city. About 350 hospitals, or roughly one in 15 of the nations' largest hospitals, call an inner city home."[36] Anchor institutions are "place-based enterprises," often "firmly rooted in their locales".[37] They have "at least in principle, an economic self-interest in helping ensure that the communities in which they are based are safe, vibrant, and healthy."[38]

As a recent report noted, "The overwhelming importance of these institutions to their communities has prompted a new body of scholarly work outlining the opportunities for anchors to leverage their resources to revitalize the local community to the mutual benefit of both entities."[39] The ICIC has categorized seven kinds of anchor engagement in communities: "as a provider of products or services; real estate developer; purchaser; employer; workforce developer;

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[32] Fltzgerald, "Health Care," 30.
[33] Fltzgerald, "The Potential and Limitations to Career Ladders," 2.
[34] Ibid., 15.
[35] Ibid., 2.
[36] Initiative for a Competitive Inner City. "Anchor Institutions and Urban Economic Development: From Community Benefit to Shared Value." Inner City Insights, Vol.1, Issue 2. June 2011.
[37] Steve Dubb and Ted Howard. "Leveraging Anchor Institutions for Local Job Creation and Wealth Building." Big Ideas for Jobs. The Democracy Collaborative at the University of Maryland, 2012.
[38] Ibid.
[39] David Zuckerman, "Hospitals Building Healthier Communities: Embracing the Anchor Mission." The Democracy Collaborative at the University of Maryland. March 2013, 9.

cluster anchor; and community infrastructure builder."[40] Each of these roles is important, and hospitals have increasingly realized the impacts of real estate, clustering, service provision, and infrastructure roles. Of particular interest from the perspective of job creation and workforce development are how hospitals impact communities as direct employers and as purchasers of goods and service.

Large hospitals spent $130 billion in 2008 on goods, services, and pay.[41] Beyond direct employment in healthcare careers in the hospital, hospitals generate and sustain jobs through purchases of goods and services. These services, known as medical support services, include food services, landscaping, security, and building operations and maintenance.

Recent literature has described the impact and strategies of hospitals to shift procurement to achieve local economic impacts. The University Hospitals Vision 2010 illustrates the potentially significant impacts of an anchor strategy. University Hospitals' commitment to multiplying its community-level economic impacts in Cleveland as part of its redevelopment and expansion resulted in 7 percent of contracts awarded to woman-owned enterprises, 17 percent contracts awarded to minority-owned enterprises, 92 percent of goods and services procured from local and regional firms, and 18 percent of construction workers who are city residents.[42] Beyond these impacts, University Hospital's commitment to economic inclusion and community wealth through Vision 2010 has transformed the way it does business. Vision 2010 is among an emerging group of projects that demonstrate the transformative potential of hospitals and anchor institutions for communities. Among the lessons learned from University Hospitals is the importance of bold, committed leadership, changes in corporate culture, clearly articulated and public commitments to goals, and long-term planning.[43]

Chapter Conclusion

Literature and empirical studies document the presence of employment barriers and point to the persistence of poverty and underdeveloped human capital in spite of broadly defined economic development. These serve as a caution for the expectation that the BioDistrict and associated economic impacts will result in poverty reduction and community development absent deliberate actions. Workforce intermediaries, career ladder strategies, and anchor development efforts present opportunities for aligning the intended economic impacts with community development outcomes. Drawing from the literature described in this chapter, as well as the practical insights from Baltimore, the following chapters consider how New Orleans can drive community economic development and overcome barriers to employment through career ladder and anchor strategies associated with the BioDistrict.

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[40] Initiative for a Competitive Inner City, "Anchor Institutions," 3.
[41] Ibid., 3.
[42] Farzana Serang, J. Phillip Thompson, and Ted Howard. "The Anchor Mission: Leveraging the Power of Anchor Institutions to Build Community Wealth: A Case Study of University Hospitals Vision 2012 Program, Cleveland Ohio." The Democracy Collaborative at the University of Maryland. 2013.
[43] Ibid., 38.

Chapter Three

Linking Economic Impacts of the BioDistrict to Employment Opportunities

Connecting the economic impact of the BioDistrict to economic opportunity for New Orleanians requires an alignment of jobs and human capital. This chapter begins with an overview of the New Orleans economy and the healthcare and bioscience sectors, which drive the estimated economic impacts of the BioDistrict and hospital redevelopments. Next is a summary of the education and skills of New Orleans' workforce, and a discussion of the barriers that impede residents from obtaining and sustaining employment. The chapter concludes by underscoring the need to link the economic impacts of the BioDistrict to employment opportunities, with a focus on low-skilled workers.

The New Orleans Economy and the BioDistrict

The Landscape of the Economy and Employment in the New Orleans Metro

The New Orleans metropolitan area[44] continues to recover in the aftermath of Hurricane Katrina and the failure of the levees in 2005. Many have noted, "one-time federal rebuilding investments have substantially buffered [the] region from the worst of the global recession."[45] There has been notable "brain gain" to the city and an associated growth in knowledge-based sectors such as higher education, legal services, and insurance agencies.[46] Overall employment in the metro "has recovered to 87% of the pre-Katrina level."[47]

Still, the New Orleans economy is "largely reliant on legacy industries. The three largest economic driver industries—tourism, oil and gas, and shipping and logistics—have shed tens of thousands of jobs over the last three decades, and the gains in knowledge industries have not made up for the losses in these top three drivers."[48] And although recovery investments have "substantially buffered" the region, and the unemployment rate had been lower than the national rate for much of the recession, the area unemployment rate has been moving closer to that of the U.S. over the first half of 2012.[49] The regional measure of economic and employment data, which include Jefferson Parish, largely masks the economy and employment of the City of New Orleans (Orleans Parish).

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[44] "The New Orleans metro refers to the seven-parish New Orleans-Metairie-Kenner Metropolitan Statistical Area (MSA)." (Greater New Orleans Community Data Center)

[45] Susan Sellers, Andre Perry, Patrice Sams-Abiodun, Allison Plyer, and Elaine Ortiz. "Building an Inclusive, High-Skilled Workforce for New Orleans' Next Economy." Greater New Orleans Community Data Center, March 2012, 2.

[46] Allison Plyer and Elaine Ortiz. "The New Orleans Index at Six: Measuring New Orleans Progress Towards Prosperity." Greater New Orleans Community Data Center, August 2011, 7.

[47] "Metropolitan Report: Economic Indicators for the New Orleans Area." The University of New Orleans, Division of Business and Economic Research. Volume 23, No. 1, August 2012.

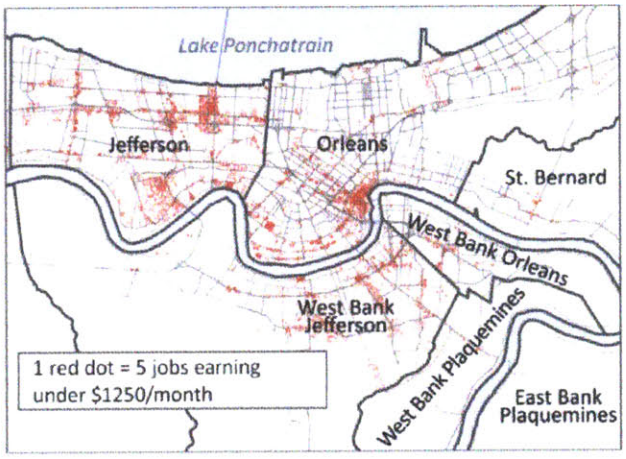
[48] Plyer and Ortiz, "The New Orleans Index at Six."

[49] "Metropolitan Report: Economic Indicators for New Orleans" 2012, 1.

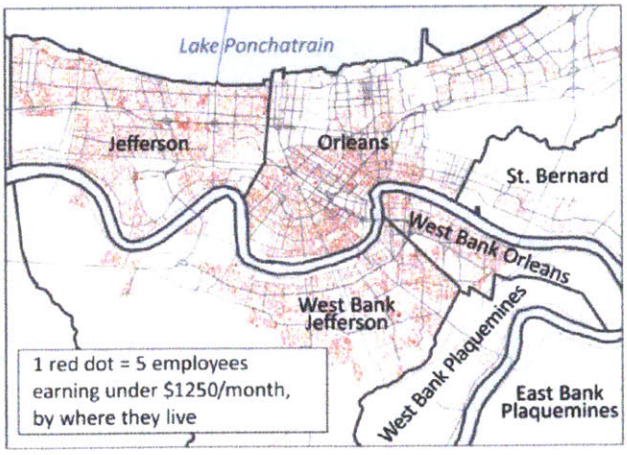
Beyond the dominant economic sectors and employment statistics, "job sprawl" has shifted the landscape of the New Orleans metropolitan economy. Jefferson Parish, adjacent to Orleans Parish and included in economic measures of the New Orleans metro, "now has the largest share of jobs [within the metro] at 39 percent".[50] "Jefferson Parish now has more jobs than Orleans Parish in all income categories".[51] This shift was likely exacerbated by Hurricane Katrina, but the trend predates the devastation wrought by the storm and the failure of the levees.

Figure 3.1: The Landscape of Low-Wage Jobs in Metro New Orleans[52]

Distribution of low-paying jobs in Metro New Orleans, 2008



Distribution of low-wage employees by their residences in Metro New Orleans, 2008



[50] Plyer and Ortiz, "The New Orleans Index at Six," 8.

[51] Allison Plyer and Richard Campanella. "Job Sprawl in Metro New Orleans Based on 2008 Local Employment Dynamics Data from the U.S. Census Bureau." Greater New Orleans Community Data Center. Revised July 13, 2010.

[52] Ibid., 3. Data source is "information filed by employers with the State of Louisiana for the purpose of administering unemployment insurance taxes. The state, in turn, supplies this data to the U.S. Census Bureau, where it is aggregated...and broken down by three wage levels."

The job mismatch has significant impacts for low-wage workers. The retail cluster along Veterans/I-10 corridor in Jefferson Parish has the largest number of low-wage jobs (6,672).[53] These are not well served by public transit, in part because firms are not densely located, which is a significant barrier for low-wage workers who have low rates of car ownership.[54] Among the top ten low-wage job clusters in Orleans and Jefferson Parishes, seven are located in Jefferson Parish—a total of 25,354 jobs—and three are in Orleans Parish—a total of 12,908 jobs. Moderate-wage jobs follow similar clustering patterns as low-wage jobs, with the exception of moderate-wage jobs in the New Orleans Central Business and Medical Districts.[55] The largest numbers of high-wage jobs are located in the New Orleans Central Business and Medical Districts, "the region's highest concentration of high-earning jobs per square mile".[56]

Although wage is not an absolute measure of skill or education level, wage serves as a proxy for linkages between skill/educational attainment and potential job opportunities. Though low-wage jobs are concentrated in key clusters, low-wage workers are broadly distributed across the region (Figure 3.1). Job sprawl and geographic limitations have made swaths of low-wage jobs largely inaccessible to low-skilled New Orleans residents, thus reducing the number of jobs available and creating a competitive and "hyper-local labor market".[57]

The vision for the BioDistrict has been described as an effort to grow the economy beyond the legacy industries and as a strategy to increase the diversity of employment opportunities in the City. Interest in, and efforts to grow, the biosciences can be traced to the mid-1980s.[58] "The allure of this sector is fairly simple to understand in that it is a clean industry that pays well above average wages and salaries...and offers great opportunity for economic diversification".[59] The diverse firms and employment opportunities in the BioDistrict include the bioscience and healthcare sectors. Although the healthcare sector is key to bioscience, these represent different economic sectors and employment opportunities. Habans, in an assessment of the development of the bioscience sector in New Orleans, notes the way the bioscience and healthcare sectors have been conflated by elected officials:

> *"Citing statistics that claim the existence of 7,000 unfilled medical-sector jobs in the city, Mayor Nagin's comments at the Wirth Building's demolition ceremony summarize this position: "What we are doing today is what I'm calling our Nissan plant. If we do what we are talking about today* [building a bioscience research space], *we can double those* [7,000] *openings" (Biz New Orleans, 11 April 2005).*

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[53] Plyer and Campanella, "Job Sprawl in Metro New Orleans," 6. *Low-wage jobs are defined as those that pay minimum wage, or $1,250 a month or less.*

[54] Ibid., 6.

[55] Ibid., 6. *Moderate-wage jobs are defined as those that pay between $1,251 and $3,333 per month, including "cooks, hotel housekeeping staff, healthcare support workers and administrative assistants".*

[56] Ibid., 7. *High-wage jobs are defined as those that pay more than $3,333 per month.*

[57] Nadiyah Coleman. Director, Mayor's Office of Workforce Development, New Orleans. Interview by author. January 15, 2013.

[58] Habans ""The Goose that Lays the Golden Egg"?: The "Bio-Med" Industries of New Orleans " (2006). University of New Orleans Theses and Dissertations. Paper 473.

[59] "Analysis of the Economic Impact of the Biosciences and Healthcare Sectors in the New Orleans Region." Prepared for The New Orleans Regional Planning Commission. The University of New Orleans Institute for Economic Development and Real Estate Research. June 30, 2009, 6.

Here, Nagin blurs the distinction between medical jobs and biotechnology jobs; but while these industries may rely on the same institutions, they exist at entirely different ends of the production chain."[60]

The following sections will describe the size, composition, and occupations of the bioscience and healthcare sectors in New Orleans.

Bioscience Sector in New Orleans

According to a 2009 economic study for the BioDistrict, bioscience comprises a "relatively small share of total wage and salary employment in the New Orleans region". With 2,752 jobs, the sector accounts for 0.65% of total employment for metro,[61] though there may be others who work "under the auspices of educational institutions, particularly in the research field".[62] Of these 2,752 jobs, 619 are in Orleans Parish; nearly half (1,355) are in Jefferson Parish.[63]

Bioscience, bio-medical ("bio-med"), and biotechnology ("biotech") have been used almost interchangeably, though each term describes slightly different economic activities. The term bioscience, and the sector composition described in recent BioDistrict reports, includes "agricultural feedstock and chemicals; drugs and pharmaceuticals, medical devices and equipment; research, testing and medical laboratories; and management, scientific, and technical consulting services."[64] Environmental consulting services, testing laboratories, and nitrogenous fertilizer manufacturing have been cited as sectors with notable growth for Orleans Parish. [65]

Bioscience is comprised of "primarily small, innovative, entrepreneurial firms involved in producing cutting edge technologies".[66] The average employment per firm, and the occupations performed, varies by the stage of production (research and testing, commercialization, manufacturing). Average firm size in the New Orleans metro region in 2007 was 6.1 workers.[67] While the number of firms in Orleans Parish fell from 111 to 102 between 2004 and 2007, average wages per worker increased to $63,588 and gross wages grew to $39.3 million.[68] This is 38% over the 2004 wages, and 59.5% over 2001.[69] Although data do not connect these wages to skills and occupational trajectories, it is likely that this wage growth is associated with higher or more specific education and skills.

Growth projections in the bioscience sector are impacted by the market share of the New Orleans bioscience firms vis-à-vis other bioscience clusters as well as the ability to turn research and development into commercial activity. Indicators include the scale of public and private funding for research and development, venture capital investments, number of bioscience degrees

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[60] Habans, "The Goose that Lays the Golden Egg?," 44.
[61] "Analysis of the Economic Impact" 2009, 45. *Note that this is estimated for the five parishes that comprise the Economic Development Agency's definition of the New Orleans metropolitan area.*
[62] Research Edge, "Health Care and Biotech Workforce in the Greater New Orleans Area Overview - 2009." Commissioned by the New Orleans BioInnovation Center on behalf of Greater New Orleans Biosciences Economic Development District. October 2009, 3.
[63] Ibid., 9.
[64] Ibid., 2.
[65] Ibid., 9-10.
[66] Ibid., 6.
[67] Ibid., 9.
[68] Ibid., 9.
[69] Ibid., 9.

granted, and the number of patents received. Additional projections have been developed to consider the indirect and induced economic impacts, which are largely driven by the higher wages in the bioscience sector. The sector continues to recover from the loss of public and private investments in bioscience post-Katrina. Public investments in research and number of degrees granted have grown, though the number of patents lags considerably and the amount of venture capital "can be characterized as paltry, at best."[70] This thesis will not consider the additional investments, programs, or strategies needed to sustain or grow this sector, though it is clear that the ability of the sector to achieve hoped-for economic impacts depends on cultivation of the synergies among institutions in the cluster and continued investments.

Healthcare Sector in New Orleans

According to a 2009 economic study for the BioDistrict, healthcare accounts for about one of every eleven jobs in the five-parish New Orleans metropolitan region.[71] The sector continues to recover post-Katrina, and represented 8.5% of the total metro employment, with 39,856 jobs in 2007. [72] "At 2007 employment levels, the sector's total output is estimated at $9.2 billion and supports or provides the economic underpinning for approximately 78,691 jobs through the region".[73] Assuming the redevelopment of the Veterans Health Administration and University Medical Center complexes, total output is "estimated at $371.6 million with enough economic stimulus to support another 3,130 jobs throughout the region."[74]

Healthcare includes "ambulatory healthcare services; hospitals; scientific research and development services; other professional services; and manufacturing: pharmaceutical, medicine, medical equipment, and related supplies."[75] Healthcare is largely a service sector, and patients shape its geography and specialization. The healthcare sector in the region saw growth pre-Katrina, however this growth masks a downward trend and a 5.3% job loss for the sector in Orleans Parish.[76] Although hospitals represent a significant capital investments in the sector in Orleans Parish, the average healthcare establishment employs an average of 23 employees, which reflects the considerable growth of firms in the "home healthcare subsector (up 259 jobs or 30.2%) and among community care facilities for the elderly which grew by 353 jobs or 53.2%."[77] This is also associated with why healthcare sector "as a whole produces jobs that on average pay less than the region wide typical wage level".[78] The average healthcare wage was $37,712 in 2007, which represents 83% of the regions overall average of $45,415.[79]

Data show that there are skills gaps and surpluses among certain occupations. A workforce study undertaken for the BioDistrict using labor data that included the impact of the two hospitals noted, "there appears to be a surplus for a number of occupations: biomedical engineers, epidemiologists, dieticians and nutritionists, pharmacists, MDs, physician assistants, speech-

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[70] "Analysis of the Economic Impact," 2009, 45.
[71] Ibid., vi. *Note that this is estimated for the five parishes that comprise the Economic Development Agency's definition of the New Orleans metropolitan area.*
[72] Ibid., v.
[73] Ibid., vi.
[74] Ibid., v.
[75] Ibid., 2.
[76] Ibid., 47.
[77] Ibid., 48.
[78] Ibid., v.
[79] Ibid., v.

language pathologists, veterinarians, radiologic technologists and technicians, EMTs and paramedics, public health workers, and massage therapists." The report also cites deficiencies: occupational therapists, physical therapists, medical and clinical laboratory technologists, medical and clinical technicians, cardiovascular technologists and technicians, and medical transcriptionists. "The production of registered nurses appears to be sufficient to meet projected demand, at both the state and local level."[80] Projections by firm were not undertaken for the commissioned study.

Local healthcare demand will be impacted by Louisiana's decisions on the federal Patient Protection and Affordable Care Act. Whether or not individuals have access to insurance and the innumerable details associated with the cost of medical services will impact the consumption of care. In terms of magnitude, the adoption of federal health care provisions would result in healthcare services for an additional 400,000 individuals in Louisiana, who are likely to be from, and/or receive services in, New Orleans.[81] In terms of method of delivery, care centers are likely to become more important to reducing hospital costs. Hospitals may improve their network of patient care in an effort to reduce the amount of services provided on site, which is likely to alter the kinds of services offered at hospitals. The adoption of accountability and cost-containment measures will ultimately impact the bottom line. In addition to these factors, the changing demography and healthcare needs are likely to change the kinds of care and populations served.

Summary of Economic Sectors and Employment from the BioDistrict

The sector analyses above provide a snapshot into job creation that is modest at best in the bioscience and healthcare sectors as they relate to the BioDistrict. Indeed, given the overlap in occupations in bioscience and healthcare, there may be double counting in the estimated jobs created. Bioscience employment is highly variable, depending on research and development and the market share of the sector vis-à-vis other clusters. Continued research and development activities are likely to be sustained by public funding and undertaken by educational institutions. However firm growth, a factor of spin-off, venture capital, and patenting, is far more uncertain and even advocates in the sector note the need for patience. Firm size and wage data indicate a trend towards fewer, higher paying jobs across firms. Suffice it to say direct employment in the bioscience sector is a very small portion of the impact of the BioDistrict, and what employment it will provide is very highly skilled, likely drawing from beyond the City.

Estimates of healthcare sector employment in the BioDistrict have varied, due to the plans for the hospitals and the potential relocation of incumbent workers in regional government hospitals to New Orleans. Furthermore, growth in the healthcare sector—even prior to the devastation wrought by Hurricane Katrina—has been driven by home healthcare and community care facilities. The potential impact of the Patient Protection and Affordable Care Act and the long-standing efforts to cut the cost of healthcare delivery may drive resources towards preventative and rehabilitative care settings. These establishments are small, and wages are below the regional average.

These analyses and the reported estimates of employment from the BioDistrict indicate that much of the economic impact from the hospital is indirect—driven by the procurement of goods and services by firms, and the non-medical services at hospitals—and induced—driven by the increased wages and consumption of individuals employed in the BioDistrict. The construction of

[80] Research Edge, "Health Care and Biotech Workforce," 5.
[81] Louisiana Budget Project. "The Facts about Medicaid Expansion in Louisiana." April 2013.

the hospitals and other buildings within the BioDistrict are also a significant source of jobs. Chapter five includes a fuller description of indirect employment through the BioDistrict. The expected impact of induced employment is not detailed in economic analyses of the BioDistrict. Multipliers and models are often used to estimate induced impacts from wages, but beyond state income tax, these have little empirical basis. It is unclear how these economic impacts would translate into employment. For example, whether income is spent on cultural activities, or high-cost goods, will have an implication on the number and kinds of jobs projected.

Workforce Skill Levels and Barriers to Employment in New Orleans

There are three overarching trends among the secondary data on the New Orleans workforce: there has been a "brain gain" since 2005; still, the City faces a skills gap, and there are middle-skilled jobs for which there are not enough skilled workers; and there is a growing population of workers, disproportionately African-American, who lack basic education and literacy and must compete for a small number of low-skill jobs.

Considerable attention has been given to the City's "brain gain", which is due, in part, to a surge of young professionals engaged in rebuilding and "the inability of many pre-Katrina residents with lower levels of education to return."[82] Still, analysis of labor demand by education and training level by the Greater New Orleans Community Data Center (GNOCDC) and the Brookings Institution shows a significant growth in the number of job openings that will require at least some education beyond high school (Figure 3.2).

Figure 3.2: Projections of demand for workers by education and training level required on jobs, 2010-2020, New Orleans region[83]

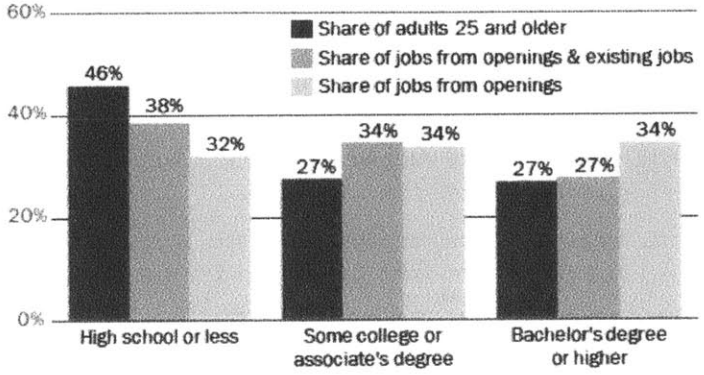
	Job Openings	Employment		Net Change	
		2010	2020	Number	Percent
Doctoral or professional degree	3,200	9,770	11,380	1,610	16%
Master's degree	3,200	8,980	10,230	1,250	14%
Bachelor's degree	24,500	62,570	72,220	9,650	15%
Associate's degree	12,300	38,150	43,830	5,680	15%
Postsecondary non-degree award	9,400	26,340	30,220	3,880	15%
Some college, no degree	1,700	3,190	4,060	870	27%
High school diploma or GED, plus at least 1 year of work experience or moderate- to long-term on-the-job training	49,600	150,550	166,59	16,040	11%
High school diploma or equivalent (no additional training or experience required)	25,800	77,630	83,340	5,710	7%
Less than high school	67,700	152,300	172,51	20,210	13%
Total	**197,400**	**529,480**	**594,38**	**64,900**	**12%**

[82] Susan Sellers, Elaine Ortiz, and Allison Plyer. "Strengthening Our Workforce from Within: Adult Education's Role in Furthering Economic Growth in Greater New Orleans." Greater New Orleans Community Data Center, January 2013, 4.

[83] Ibid., 17. Source: Sellers and Ortiz analysis of Louisiana Workforce Commission occupational projections.

GNOCDC projects an abundance of low-skilled workers and a dearth of low-skill jobs, as described in the earlier discussion of the employment landscape and illustrated by Figure 3.3. The New Orleans metro currently faces a skills gap, defined as the "mismatch between the skills required by jobs in the New Orleans metro and the skills supplied" by the metro labor pool.

Figure 3.3: Share of adults 25 and older, job openings, and existing jobs by level of education in the New Orleans metro[84]



Embedded in these measures of the skills gap in New Orleans is a disparity in educational and skill attainment across race and ethnicity. African Americans make up 51 percent of the working-age (18-64) population of New Orleans, and "83 percent of high school dropouts and 82 percent of high school completers".[85] Over the last decade the share of African Americans with a at least an associate's degree has increased to 20 percent; however this rate continues to be lower than the national average among African Americans. This is far lower than the percent of white residents who have attained at least an associate's degree, which mirrors the national average of about 40 percent.[86] These disparate educational outcomes are also reflected in income disparities. "African American and Hispanic households earn 48 percent and 24 percent less income, respectively, than white households." Further, "the disparity in median income between white and African American households locally is more severe than nationwide."[87]

While early education is essential for long-term human capital and economic prosperity, the growing calls for reform in K-12 education alone will not address current workforce challenges. Data from the GNOCDC indicate that "27 percent of New Orleans working-age population are low-skilled and likely low-literate."[88]

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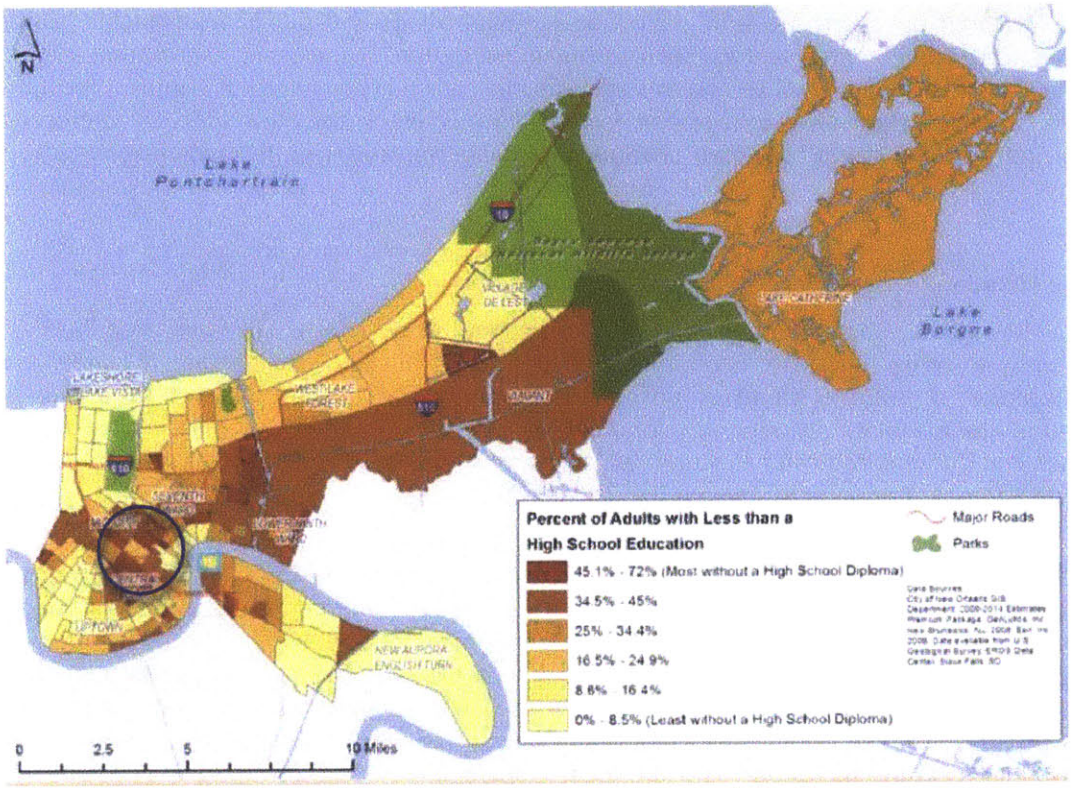
[84] Sellers et al. "Strengthening Our Workforce from Within," 5. *"Source: Rothwell, J. (2012) Education, Job Openings, and Underemployment in Metropolitan America. Brookings: Washington, D.C."*
[85] Ibid., 10.
[86] Sellers et al. "Building an Inclusive, High-Skilled Workforce for New Orleans' Next Economy," 6.
[87] Ibid., 6.
[88] Sellers et al. "Strengthening Our Workforce from Within," 1.

The particular skills and education levels of adjacent neighborhoods are striking. Figure 3.4 highlights the area of the BioDistrict, which includes or is adjacent to five census tracks in which more than 45% of residents 25 or older have less than a high school education (that is, "less than ninth grade" and "ninth to twelfth grade, no diploma").

Figure 3.4: New Orleans population 25 and older with less than a high school education, by census tract[89]



The impacts of former incarceration and connection to the criminal justice system are another significant barrier to employment. Louisiana holds the dubious distinction of having the highest rate of incarceration in the country, and a disproportionate amount of the formerly incarcerated return to New Orleans. In fact they return to a select set of neighborhoods within the city.[90] These individuals face both a basic education and a skills barrier. In contrast to some states and municipalities, which offer re-entry and training programs at detention sites, such programs are limited in Louisiana due to budget cuts and the fact that many detention sites are in rural areas. Likely the most significant barrier to employment, though, is the branding of the criminal record and the gap in work experience for the duration of incarceration.

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[89] "Place Matters for Health in Orleans Parish" 2012, 10.

[90] John Simerman, "Prison rips up families, tears apart entire communities." *Times-Picayune*, May 18, 2012, accessed April 9, 2013, blog.nola.com/crime_impact/print.html?entry=/2012/05/prison_rips_up_families_tears.htm.

Historical trends of economic sectors and firm investment in training and wages also shape the prospects for increasing skills and incomes. The perception and, to various degrees, the reality, of predominantly low-wage work and low-skilled labor in the region continues in spite of often-cited growth in knowledge-based economic sectors. Key sectors of the City's economy—tourism, food and retail services, and logistics and transportation—drive wage and skill stratification. The limited power of unions in the City, due to Louisiana's status as a right-to-work state, has reduced the prospect of growing wages or skills through collective bargaining, which has traditionally been used to grow wages in these sectors.

Research has cited the shift, following national trends and public investments, towards knowledge-based economic sectors, such as higher education, biomedical, and motion picture.[91] However, while knowledge-based sectors such as bioscience are reputed for higher wages, there remains an expectation of low-wages for low-skilled workers in the New Orleans metropolitan region. Indeed, low wages had been cited as a comparative advantage for attracting firms to the City.[92]

Linking Economic Development to Economic Opportunity

The decision to develop the BioDistrict in central New Orleans has been described as an opportunity to bring significant economic investment to a blighted and historically underserved neighborhood: a "unique blend of poverty and opportunity" which presents a "tremendous opportunity to advance economic development and social equity."[93] However it is clear from the analyses and the reported estimates of employment from the BioDistrict and the level of skill and education among residents that there is a mismatch.

The promise of job creation and economic benefits for low-income communities has too often failed New Orleans. Of these promises Phyllis Cassidy of the Good Work Network says, "[Residents] have no way out, and it becomes a hopelessness that permeates these communities because there has been, 'Go to this job training,' and there are no jobs."[94] There is a widely held perception—which is substantiated in various data—that local residents have not benefited from job opportunities that have resulted from investments in rebuilding post-Katrina. Most often cited is the suspension of wage ordinances in federal hiring in the immediate aftermath, which drew a workforce beyond the metro and—for the local workers hired—paid low wages, at a time when the cost of living was very high.[95]

Beyond hoped-for growth of the bioscience sector and uncertain employment among the hospitals, much of the economic impact from the hospital is indirect—driven by the procurement of goods and services by firms, and the non-medical services at hospitals—and the construction of the hospitals and other buildings within the BioDistrict. There is also growth in homecare and community care subsectors of healthcare that may be sources of employment for residents, though likely associated with training and skill development. Realizing employment from the economic

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[91] Sellers et al. "Strengthening Our Workforce from Within," 4.

[92] Eva Klein, Ronald C. Kysiak, Marcia B. Mellitz, and Ivan Miestchovich. "New Orleans Medical District Economic Development Strategy, Issue Paper: Innovation System Strategy." December 4, 2006, 21.

[93] GCR & Associates, "BioDistrict New Orleans: Current Conditions Assessment," 20.

[94] John Simerman, "Prison rips up families, tears apart entire communities." *Times-Picayune*, May 18, 2012.

[95] Harry Holzer and Robert Lerman "Employment Issues and Challenges in Post-Katrina New Orleans." In *After Katrina: Rebuilding Opportunity and Equity into the* New *New Orleans*, edited by Margery Austin Turner and Sheila R. Zedlewski. The Urban Institute, April 2006.

benefits of the BioDistrict and economic development more broadly necessitates improvements in basic education and literacy.

Additional efforts are necessary for achieving economic inclusion from economic investments in the BioDistrict. The following two chapters examine opportunities to leverage the economic investments and employment in the BioDistrict. Specifically, through direct employment in the healthcare sector and employment driven by the purchases of the hospital and other anchors in the BioDistrict.

Chapter Four
Creating Career Ladders in the New Orleans Healthcare Sector

This chapter examines what partnerships, actions, and institutional changes can create and sustain career ladders and advance opportunities for low-skilled residents in the New Orleans healthcare sector. This chapter draws insights from the Baltimore Alliance for Careers in Healthcare (BACH), a workforce intermediary in Baltimore. BACH's experience is insightful for New Orleans, as city agencies, philanthropic and community organizations, and healthcare institutions work to establish a workforce intermediary and link residents to employment and training. To elucidate the enabling environment and key strategies that contribute to outcomes in Baltimore, the following provides a narrative description of BACH and an analysis of its strategy and impacts based on best practice literature. This framework serves as a backdrop for assessing the strategies, opportunities, and challenges for creating and sustaining a high-performance intermediary in the healthcare sector in New Orleans.

Drawing Insights from the Baltimore Alliance for Careers in Healthcare

BACH has received national recognition as a workforce intermediary in the healthcare sector. Like the emerging workforce intermediary New Orleans Works (NOW), BACH is funded and supported by the National Fund for Workforce Solutions, a national organization that provides technical assistance to workforce organizations. BACH works with employers to improve the quality of healthcare jobs and create occupational tiers; with community colleges to provide training and career supports to workers; and with the City of Baltimore to shift broader workforce development practices. Its efforts have been important to increasing employment outcomes among formerly low-skilled individuals and altering hospital hiring and career advancement practices more broadly.

Overview of BACH and Baltimore's Healthcare Sector

The City of Baltimore partnered with foundations, the community college, and hospitals to establish BACH in 2005. BACH built on philanthropic investments and previous efforts of the Mayor's Office of Employment Development to engage the healthcare sector in workforce development. These efforts were fueled by the burgeoning human capital needs that had emerged in healthcare, which is Baltimore's largest employment sector. The idea for an external workforce intermediary emerged from a national American Assembly in 2003, which was led by Robert Giloth, the Director of Workforce Development programs at the Baltimore-based Annie E. Casey Foundation.[96]

BACH works with more than 80 partners in order to serve employers and workers in healthcare. This partnership builds on an established philanthropic ecosystem and close

[96] Jennifer Craft Morgan et al. 2008. BACH Formative Memo (Second). Unpublished evaluation of Jobs to Careers. June 2008. University of North Carolina, Institute on Aging, 11-13.

relationships among community organizations, training providers, and civic-minded hospitals in Baltimore. Among the partners are seven hospitals: The Johns Hopkins Hospital, Good Samaritan Hospital, Maryland General Hospital, Mercy Medical Center, Sinai Hospital of Baltimore, St. Agnes Hospital, Union Memorial Hospital, and University of Maryland Medical Center. Prior to the establishment of BACH, an emerging coalition of hospitals and civil society actors identified occupations facing critical shortages and "developed a long-term strategy for meeting the sector's most pressing workforce demands."[97]

The focus on occupations across the sector and hospitals underpinned BACH's structure and strategy. Working with managers and supervisors in hospitals, BACH mapped internal career ladders within and across hospitals. Gaps in occupational pathways across hospitals were determined, and additional, cohort-based occupational training programs were developed with the Community College of Baltimore County. Training initially focused on advancing incumbent workers within the hospital, using a career-coaching program that linked workers with non-supervisory mentors in management positions. Additional efforts have been made to engage and train entry-level workers, including intensive remedial skills programs that serve as a bridge for workers who lack fundamental literacy and math skills required for employment.

Potential participants are incumbents who can self-identify or are identified by hospitals, or potential workers who have engaged with the Mayor's Office of Employment Development, which has grown its conventional bank of job seekers to include participants in community-based social service and workforce development programs. This outreach strategy is broad in its reach and leverages key actors, including hospitals and community-based organizations, in the workforce pipeline.[98]

Analysis of BACH Strategy and Impacts

BACH has trained and placed over 600 individuals through direct services and has broadly distributed 3,000 of its career maps.[99] These actors have gone beyond parochial workforce roles and relationships by deepening engagement across firms, leveraging public resources, and developing mechanisms to identify (and even create) jobs.

The impact of the critical workforce shortage and the high costs of turnover among front-line workers in the 1990s and 2000s cannot be understated. As confirmed in its mission, BACH is "dedicated to eliminating the critical shortage of qualified healthcare workers in Baltimore by working with local agencies, healthcare institutions and other organizations to create opportunities for residents to pursue careers in health professions."[100] This illustrates BACH's emphasis on addressing the workforce needs of institutions, a focus that has been underscored by BACH's leadership and the Mayor's Office of Employment Development.[101] Hospitals sought BACH's services to address their bottom line. Though BACH has become an institutional partner to the sector, and hospitals continue to look to BACH's services, the equation has changed significantly in light of the economic downturn. Competition for jobs in the sector—even among jobs that

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[97] Craft Morgan, "BACH Formative Memo."
[98] Karen Sitnick. Director, Mayor's Office of Employment Development, Baltimore. Interview by author. February 1, 2013.
[99] Ronald Hearn. Former Executive Director, Baltimore Alliance for Careers in Healthcare (BACH). Interview by author. February 1, 2013.
[100] "Baltimore Alliance for Careers in Healthcare," http://www.baltimorealliance.org/.
[101] Sitnick, Interview by author. 2013.

typically see higher turnover—is fierce.[102] Workers may be less likely to move and some may be inclined to take on additional work responsibilities or even lower-paying roles.[103]

The role of Johns Hopkins University—as one of the largest employers in the state of Maryland—to "champion" career advancement and job quality efforts has also been critical to BACH's success.[104] Given its outsized economic impact for the state and the city, the commitment from Johns Hopkins bolstered the efforts of Baltimore City government and the public workforce system to increase local employment and use career ladders to grow access to good jobs. The commitment from Johns Hopkins also drove collaboration across the sector: it served as a moral compass to growing economic opportunity, and—perhaps as important—the adoption of more consistent labor practices (hiring, training, advancement) "leveled the playing field." Smaller hospitals were more willing to take on the initial costs and structural changes that would be required because they were confident that other hospitals would also incur costs. Although there had been a "business case" for reducing turnover and filling workforce gaps, the commitment from across the sector served as an impetus to overcome institutional inertia. As noted in Figure 4.1, the costs of BACH services and training have not been internalized by employers or significantly offset by employment contributions, as foundations and public agencies had hoped. However, given the systems changes required, these actions represent a significant commitment and have yielded significant returns on the public and philanthropic investments.

BACH encouraged significant investments in basic and remedial skills provision for workers beyond the K-12 system through its Pre-Allied Health Bridge Program, which includes project based learning and alternative educational models.[105] This emphasis, and the receptiveness of employers, has been important to broader job readiness initiatives. Rates of literacy and educational attainment in Baltimore are comparable to that of New Orleans, and like other public workforce systems, the Mayor's Office of Employment Development cannot fund attainment of a general equivalency diploma (GED) or traditional remediation programs. However, the alignment of organizations and investments (although limited) has resulted in new models and a stronger commitment to workforce preparedness.[106] To mark progress in basic literacy and job readiness, the Mayor's Office of Employment Development worked with regional public workforce agencies and employers (across economic sectors) to design and rollout a revised set of standards for job readiness to create benchmarks and consistency across various training programs. This provides a level of consistency that "evens the playing field" among training providers and assures employers a more consistent level of competence among workers. This has been a years-long effort, and has received significant funding from foundations and the federal Sustainable Communities collaborative.[107]

The issue of geographic targeting for employment opportunities remains a challenge, and a point of contention among stakeholders who had hoped for or expected employment outcomes associated with the redevelopment of the Johns Hopkins University campus in East Baltimore. The East Baltimore Development Initiative (EBDI), an effort to coordinate physical investments and drive economic inclusion to benefit local residents, worked to connect East Baltimore residents to

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[102] Two interviews reiterated remarks by the Director of Human Capital of The Johns Hopkins University Hospital, who noted that she now receives an average of a few thousand applicants for every job opening.
[103] Interview by author. 2013
[104] Giloth, Interview by author. 2013.
[105] Hearn, Interview by author. 2013.
[106] Sitnick, Interview by author. 2013.
[107] Ibid.

a BACH pre-allied health academy "to train individuals for specific skilled jobs in the administrative, technical, and patient care career pathways in healthcare in early 2006".[108] The collective outcome of this program, combined with pipeline programs in construction and biotech careers convened by other organizations, was the placement of 150 East Baltimore residents.[109] Job placement in general is difficult, given the potential employment barriers among residents and the quantity and geography of healthcare jobs in Baltimore. However, given the expectation for local employment through this development, the lack of local hiring has been cited as a disappointment to community residents.[110]

Table 4.1 presents a structured analysis of BACH's role in improving employment and educational outcomes and shifting labor demand based on *Intermediary Objectives* from best practice literature. Descriptions of the strategies, impacts, and challenges are drawn from project documents and interviews with stakeholders.

[108] East Baltimore Development Inc. "East Baltimore Workforce Development Initiatives." June 2010. Accessed February 8, 2013. http://thedailyrecord.com/wp-files/edbi/ebdieconomicinclusion_jan-june2009.pdf

[109] Annie E. Casey Foundation. "The East Baltimore Revitalization Initiative: A Case Study of Responsible Redevelopment." Baltimore, MD: Annie E. Casey Foundation, June 2011.

[110] Giloth, Interview by author. 2013. Bell-McKoy, Interview by author. 2013.

Table 4.1: Analysis of BACH Strategy and Impacts[111]

Intermediary Objective	BACH Strategy	Impacts	Challenges	Lead Actor
Increase the pay and professionalism of existing direct care jobs[112]	• Not specifically addressed			
Create occupational tiers to recognize skill increases and make pay increases possible[113]	• Build alliance across the sector to identify missing occupations in hospitals and critical skills among current / potential workers • Create "missing steps on pathway from entry-level jobs to jobs in patient care" (1st Span Program) • Map training and career paths across occupations	• Stronger association across the sector, which affords collaboration • 1st Span Program has included the position of Nursing Assistant, long-term care (high school/ GED, $11.51/hr) to the career ladder. *This bridges the training and pay for Environ. Services Asst. position (8th grade education, $9.55/hr.) and the Nurse Extender position (high school/ GED & AA, $12.74/hr)*	• Collaboration across employers has its limitations, especially given competitive pressures in healthcare. • Current financial climate has increased pressures to cut costs, including training and the maintenance of distinct career paths and missing steps.	• Intermediary working with sector-coalition and employers
Advance workers into progressively better-paying occupations that require more education[114]	• Create Pre-Allied Health Bridge Program to "provide an instructional bridge to credit or non-credit programs leading to college, industry, state, or employer recognized credentials" • Create Career Coaching Program to provide workers	• Efforts to align training pushed Community College of Baltimore County to address the needs of firms and improve counseling to workers/ students. • 74% training completions among participants in career coaching program	• Changing leadership and interests of community colleges has impeded or limited the success of some training efforts.	• Intermediary working with community colleges and managers

[111] Information included in Table 4.1 drawn from Hearn, Interview by author. 2013, and Baltimore Alliance for Careers in Healthcare "Environmental Scan." May 18, 2007. Accessed January 30, 2013. http://www.baltimorealliance.org/.
[112] Fltzgerald, "Health Care," 2.
[113] Ibid., 2.
[114] Ibid., 2.

Intermediary Objective	BACH Strategy	Impacts	Challenges	Lead Actor
	with on-the-job advising and supports	• Staff engagement in coaching contributes to management's efforts to advance workers		
Achieve financial sustainability and increase employer investment in training among entry-level and front-line workers	• Induce employers to invest in training by demonstrating returns from program success (replacing public/WIA and philanthropic funds)	• Employers have given large amounts of money to BACH upfront, rather than internalizing training costs (either through their own efforts or BACH programs)	• Program had proven successful, however firms remain unable or unwilling to fund full cost.	• Intermediary working with employer
Outreach to broadly connect with potential and current workers	• Use WIB (with improved links to community organizations) for citywide outreach • Work with all levels of management to identify incumbent workers	• WIB draws from a larger pool of individuals than the intermediary could connect with • Engaging management supports worker advancement and goes beyond self-selection (though there is a significant population who self-select)	• Lack of geographic targeting; considered a disappointment to those who had assumed direct employment potential from the expansion of hospitals in the city.	• One Stop operator, working with intermediary/ community organizations • Hospital Management

Developing Healthcare Intermediary in New Orleans

The redevelopment of the federal Veterans Health Administration hospital and University Medical Center in New Orleans are critical anchors for the BioDistrict and needed centers for medical care and training. The healthcare sector, which also includes private hospitals, health clinics, and long-term care facilities beyond the BioDistrict, potentially represents employment opportunities across a variety of healthcare occupations. Workforce needs continue to change post-Katrina, and the new healthcare facilities may underscore the need for workforce development and career advancement among workers in the sector.

The following describes the actors and strategies that have emerged to build a healthcare intermediary in New Orleans, and considers the strategies, opportunities, and challenges based on the experience of BACH and best practices among other intermediaries in the healthcare sector. As the development of an intermediary in New Orleans is currently underway[115], this is not a formal evaluation or analysis based on performance; rather, this is an assessment that seeks to examine shortcomings, leverage emerging efforts, and identify additional opportunities.

Overview of NOW and New Orleans Healthcare Sector

New Orleans Works (NOW) emerged as a public/private initiative of foundations and the public workforce system *"to generate employer-focused workforce development solutions that offer low-skilled adults (entry-level as well as incumbents) the opportunity for career advancement and enable key industry sectors to fulfill their workforce needs."*[116] These efforts grow out of an earlier effort, the New Orleans Workforce Collaborative, which similarly aimed to grow employment opportunities and improve job quality through employer engagement. The Greater New Orleans Foundation leads the charge for NOW, which includes resources from the Surdna, JPMorgan Chase, and W.K. Kellog Foundations. NOW also draws financial resources and engagement from civic organizations such as the United Way of Southeast Louisiana, the Baptist Community Ministries, Urban Strategies, and more recently, the BioDistrict.[117]

Hospitals and healthcare institutions were selected as the first sector for the intermediary after conversations among foundations, civic organizations, the Workforce Investment Board, and leaders from businesses and key industries. This choice leverages the plans that had formalized in the mid-2000s to establish the BioDistrict[118] and to redevelop the hospitals. This choice was also informed by the emerging practice among workforce development practitioners to build from the diverse occupations, opportunities for career advancement, and generally higher wages in the healthcare sector.[119]

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[115] This thesis analyzes the planning efforts through April 2013, drawing from planning documents and interviews with stakeholders. On May 8, 2013, a workforce partnership was announced, though detailed information is not yet available. Given the timing of this development, a preliminary reflection on this partnership is included in Chapter 6.

[116] New Orleans Works. "Request for Proposals: Hospitals and other Healthcare Institutions Workforce Partnership Grant." Issued September 7, 2012. Accessed December 30, 2012. http://www.gnof.org/new-orleans-works-now-application/.

[117] Jim McNamara. President, BioDistrict New Orleans. Interview by author. January 11, 2013.

[118] Hospitals had long been present in the downtown medical area, and there had previously been efforts to grow the biomedical sector; the formalization of a governing entity in 2005 was thought to give the planning effort new capacity. (McNamara, Interview by author. 2013)

[119] Bonita Robertson. Interim Site Director, New Orleans Works. Interview by author. January 18, 2013.

NOW has worked over the last year to convene firms across the healthcare sector and make the case for career ladder strategies. Healthcare firms and hospitals faced critical shortages and high turnover in key occupations before and after 2005, when Hurricane Katrina devastated healthcare and hospital facilities, displaced residents who are the consumers of most healthcare services, and dispersed much of the healthcare workforce.[120] Repopulation trends post-Katrina have also changed the landscape of healthcare firms. For example, there has been a reduction in Nursing and Residential Care, likely because many elderly residents did not return to the area.[121] Competing for workers at various skill levels has led to "poaching", which ultimately pushed up wages for certain occupations and skills. NOW has worked to convene firms to talk about this issue, endeavoring to build interest in developing a workforce intermediary and drive firms to consider building and sustaining career ladder strategies.[122]

On September 7, 2012, NOW issued a Request for Proposals (RFP) to solicit the development of a workforce partnership and career ladder strategy between a hospital or healthcare employer and a training agency. The program outlined in the RFP was one-year in duration, and would receive $250,000[123] from NOW *"to cover a range of activities, including the cost of licensure and/or certification training and coaching for entry-level and incumbent workers that lead to career lattice advancement."*[124] The expectation was that the hospital or healthcare firm would identify occupations with critical shortages[125], with a focus on occupations that require an associate's degree or less. The partnership would then prepare incumbent workers for advancement through training and credentialing programs, creating openings among entry-level positions. Workers would also be supported in advancement with wraparound services, *"such as career coaching, case management services, financial literacy and asset development services, computer literacy, and job search and placement assistance—to further ensure readiness for career advancement."*[126] The RFP noted associated performance measures for training enrollment, participation, and retention. Staff of the hospital or healthcare firm would be responsible for managing the grant and related reporting to NOW, and would also support outreach in coordination with the Office of Workforce Development.[127] Applications were to be submitted by October 5, 2012, and an information session was held on September 13, 2012, which included presentations from Boston-based hospitals that use employer-driven workforce development strategies.[128]

No proposal was selected in the 2012 solicitation, though hospitals, healthcare institutions, training organizations, and workforce agencies had worked to develop programs and prepare applications.[129] As of January 2013, NOW was working with funders of the collaborative, the

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[120] Cathy Lazarus. Workforce Development Service, Southeast Louisiana Veterans Healthcare System. Interview by author. January 17, 2013.
[121] Research Edge, "Health Care and Biotech Workforce."
[122] Interview by author, 2013.
[123] The RFP noted the availability of additional funds from the Louisiana Workforce Commission and the Office of Workforce Development.
[124] New Orleans Works, "Request for Proposals."
[125] Professions cited in the RFP include Patient Care, Surgical, Operating Room, Unit, and Central Supply technicians, Licensed Practical Nurses (LPNs), and Patient Access Representatives. (New Orleans Works, "Request for Proposals," 5.)
[126] New Orleans Works, "Request for Proposals," 6.
[127] Ibid., 5-6.
[128] Ibid., 9.
[129] Interview by author, 2013.

Office of Workforce Development, and applicants to develop a program from the conversations and programs that had emerged in the application process.

There are other workforce development efforts tied to the healthcare sector and the BioDistrict that are not formally associated with NOW, but similarly expect to connect and advance workers in the healthcare sector. The BioDistrict is working to locate the new Math and Science Charter High School in the BioDistrict that would provide credentials and on-the-job training for its students in association with the hospitals. The planning for such a school has been included in the physical planning documents prepared by the design firm AECOM, however plans for the school curriculum and connections to apprenticeships and applied learning have not yet been formalized. Leaders of the BioDistrict expect that the curriculum will be developed in partnership with hospitals and healthcare professional organizations.[130]

The BioDistrict has also entered a memorandum of understanding with the Health Information and Management Systems Society (HIMSS) to provide certification and career assistance to workers seeking to enter or advance in the information technology and management occupations. Workforce practitioners and reports cite this industry within the sector as having growing importance, given the emphasis on information systems across firms of the BioDistrict, as well as the emphasis on data and technology to manage and streamline operations within the healthcare sector. The occupations in information technology and management, like direct healthcare occupations, are diverse in skill level and certification. HIMSS hosted their annual international conference in New Orleans in March 2013, and more than 44,000 attendees and vendors participated. Various training and career resources were made available to New Orleans residents at no cost. From this effort, eight New Orleans residents were connected to jobs.[131]

Assessment of Current Activities

To be sure, the development of a workforce intermediary and efforts to skill the workforce, shift employer behaviors, and grow career advancement opportunities in New Orleans will require additional time and collaboration among NOW, the public workforce system, employers, training providers, and workers. The following is a reflection on the challenges and potential opportunities for shifting employment outcomes, beginning with broader issues in the healthcare sector and then drawing from the academic literature on career ladder strategies and the experience of BACH.

Inconsistent data on the New Orleans healthcare sector and workforce needs make it difficult to frame the need for, and impact of, a career ladder strategy. These uncertainties make it difficult to advocate that hospitals and healthcare organizations are currently facing the critical shortages among middle- or low-skill workers, as is often cited in the literature, or that healthcare firms and hospitals should support career advancement among low-skilled workers. Some data make a case about skills gaps, however these are not driven by the critical workforce shortages and churn that drove and sustained career ladder efforts in other cities in the 1990s and 2000s. A workforce study undertaken for the BioDistrict using labor data that included the impact of the two hospitals noted, "there appears to be a surplus for a number of occupations- biomedical engineers, epidemiologists, dieticians and nutritionists, pharmacists, MDs, physician assistants, speech-language pathologists, veterinarians, radiologic technologists and technicians, EMTs and

[130] McNamara, Interview by author. 2013.
[131] BioDistrict New Orleans. "News from BioDistrict New Orleans: 3.19.2013." Biweekly newsletter (email). March 19, 2013.

paramedics, public health workers, and massage therapists." The report also cites deficiencies: occupational therapists, physical therapists, medical and clinical laboratory technologists, medical and clinical technicians, cardiovascular technologists and technicians, and medical transcriptionists. "The production of registered nurses appears to be sufficient to meet projected demand, at both the state and local level."[132] Projections by firm were not undertaken with the commissioned study. However an employer-based career ladder strategy also necessitates that these gaps are present—and in a critical mass—in a single employer.

It is also critical to consider the diverse needs and constraints facing each of the healthcare firms and hospitals. Because the VA Hospital and the University Medical Center are rebuilding their workforce, given the length of time that has transpired in building these facilities, they will need to hire doctors and administrators who will lead the centers before they are able to consider human capital needs among other occupations.[133] Considerable effort and expense has gone to recruiting high-skilled workers, including a workforce outside of Louisiana, given the role of management in establishing and building the human capital of these hospitals. The VA hospital is also constrained in its ability to participate in external workforce efforts due to federal hiring processes. There is a robust training and human capital development infrastructure within the hospital, and employees work with managers to skill up and advance within the hospital.[134] This indicates opportunities among an incumbent population within the hospital. But the challenge to federal hiring potentially creates a high bar for hiring low-skilled healthcare workers.

The efforts of the BioDistrict to establish a charter high school and information technology career opportunities also present significant investments in connecting and advancing residents in healthcare, but these are presently disconnected from NOW and the emergence of a career ladder strategy. From information that is available about both the charter high school and the partnership with HIMSS, it is clear that there are different target populations (there is an obvious distinction in the case of the high school). However these programs and NOW seek to leverage investments in job training and connect local residents to job opportunities, and would likely benefit from alignment and strategic planning.

In light of these broader challenges, the use of an employer-driven model with limited support from an external intermediary, and absent broader sector collaboration, deserves further consideration. It is fair to say that the lack of response to the initial NOW RFP may be due to the short turn-around for applications, a change in NOW's leadership, and the general newness of such a program. However it is also worth reflecting on whether the model it prescribes is well suited to address the needs of the hospitals, which is a core expectation of an employer-driven model.

Table 4.2 presents a structured analysis of NOW's emerging role in improving employment and educational outcomes and shifting labor demand based on *Intermediary Objectives* from best practice literature. Descriptions of the proposed strategies, intended impacts, and potential challenges are based on the author's analysis, drawn from information in project documents and interviews with stakeholders.

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[132] Research Edge, "Health Care and Biotech Workforce."
[133] Interview by author. 2013.
[134] Ibid.

Table 4.2: Analysis of Proposed / Initial NOW Strategy and Intended Impacts[135]

Intermediary Objective	Proposed / Initial NOW Strategy	Intended Impacts	Potential Challenges	Intended Actor
Increase the pay and professionalism of existing direct care jobs[136]	• Not specifically addressed		• Prevailing low-wages among low-skilled workers across other sectors could reduce the prospects of family-sustaining wages in healthcare sector	
Create occupational tiers to recognize skill increases and make pay increases possible[137]	• Incentivize employers to identify skills gaps (can be one or more firms) and work with training providers to determine educational pipelines.	• Creation of pipelines among incumbent workers and, following advancement, openings for entry-level workers.	• Projections indicate an excess supply of high-skilled workers; unclear whether funds for training and assumed savings are sufficient to drive employers to create these ladders • New hospitals will have more beds, but many are closing across the region	• Employer, working with training provider
Advance workers into progressively better-paying occupations that require more education[138]	• Require that employers create career coaching and/or "other support for developing career plans for entry-level workers to move into acute care or allied health or related professions" • Stipulate that employers recruit and hire "formerly low-skilled individuals who have successfully completed necessary training	• "Approximately 35% of entry-level incumbent workers participating in this process will enroll into and complete training and/or certification" • "Retention of employees that participate in this program will increase by 15%, which will result in a substantial cost savings" to employers	• Significant expectations on the part of the employer • RFP notes that employers do not need to provide full "spectrum" of services; though essential services or alternatives are not described.	• Employer, working with community colleges and managers

[135] Information included in Table 4.2 drawn from Research Edge, "Health Care and Biotech Workforce", New Orleans Works, "Request for Proposals", Coleman, Interview by author. 2013, and Robertson, Interview by author. 2013.
[136] Fitzgerald, "Health Care," 2.
[137] Ibid.
[138] Ibid.

Intermediary Objective	Proposed / Initial NOW Strategy	Intended Impacts	Potential Challenges	Intended Actor
	requirements to fill entry-level positions vacated by incumbent workers" • Employer will contract with training provider • Employer will integrate "wraparound supports—such as career coaching, case management services, financial literacy and asset development services, computer literacy, and job search and placement assistance—to further ensure readiness for career advancement."	• Employers will "incorporate best practices for accelerating adult learning and attaining postsecondary credentials"		
Achieve financial sustainability and increase employer investment in training among entry-level and front-line workers	• Not specifically addressed			
Outreach to broadly connect with potential and current workers	• Employer will conduct internal marketing and recruiting, "including with the local Workforce Investment Board, to get participants enrolled"	• WIB draws from a larger pool of individuals than the intermediary could connect with		• Employer, potentially working with Workforce Investment Board

Advancing Career Ladders and Improving Jobs in the New Orleans Healthcare Sector

This section analyzes emerging efforts of NOW and key similarities and contrasts with BACH in order to consider improvements to NOW's career ladder strategy. Key considerations and recommendations are drawn for New Orleans.

Leverage the intersections between employer-driven and sector-based strategies

Both BACH and NOW have focused on shifting employer behaviors: BACH has sought to address this more broadly across the sector; NOW aims to focus on adoption of career ladder strategies by employers. These strategies are related, though by design have a fundamentally different impact on the ability of intermediary and career ladder efforts to shift employer behavior. NOW can and should better leverage these key intersections.

The presence of Johns Hopkins University has been cited as the key difference between the success of Baltimore's career ladder efforts and what New Orleans hopes to achieve. However, as was discussed in the analysis of BACH and the sector, this is not because Johns Hopkins has an outsized career ladder initiative or more significant programs. Rather, the fact that Johns Hopkins has adopted these efforts has "leveled the playing field" for smaller healthcare firms and hospitals. BACH improved collaboration across the sector through other efforts, though to be sure, there are still very competitive pressures among employers.[139] In fact it may be that the competitive factors, rather than the collaborative factors, have led to institutional commitment across the sector. The commitment of the largest employer—at any scale—changed the "lowest common denominator" attitude about human capital and career advancement.

NOW has designed an employer-driven career ladder strategy, due to the challenges to fostering collaboration more broadly across the healthcare sector.[140] NOW's associated performance goals are ambitious and prescriptive, in an effort to achieve impact and measure results. The hope is that, by modeling the impact of such an effort, NOW will be able to market and expand the program. However the fact that there were no successful applicants to the RFP hints that these performance requirements were seen as unachievable or not in the interest of the firms. One approach to addressing this might be to sweeten the deal: increase funding, provide institutional capacity, and reduce performance goals. However, it is widely held that it takes more than just subsidy to change employer behaviors.

NOW has not been able to institute collaboration across the healthcare sector, however there may be opportunities to impact employment in the sector through external pressures. Using a competitive application process with such high benchmarks means that the successful applicant will be most willing to establish a career ladder strategy. But this is not necessarily the most strategic choice of employer, which has the potential to drive change more broadly in the sector. NOW should consider assessing the ecosystem of healthcare institutions and hospitals in New Orleans to identify a "game changing" employer. Factors in the selection of such a firm include the employer's market share, perception among other employers in the sector and employers of low-skilled workers, political power, and future activities (ie. will they be expanding in the area). Rather than waiting until after a pilot project to prove the model of career ladders, NOW should work to cultivate a relationship and make the case for the career ladder strategy directly to that employer. Instead of setting high performance goals solely based on best practices that have been

[139] Hearn, Interview by author. 2013.

[140] The RFP notes the potential for a multi-party coalition of employers (New Orleans Works 2012).

used in other cities and by other National Fund for Workforce Solution sites, NOW should establish performance goals and elements of program design in concert with employer needs and capacity, but always endeavoring to drive broader change in labor demand.

Identify career pathways and provide training and support services

Fundamental to the design of career ladder strategies is the identification of occupational ladders, the identification of "missing steps", and training for advancement. Whether that is done internally—by the employer—or externally—by an intermediary or across a sector—has implications for program design, implementation, and impact.

The identification of pathways and the development of programs by BACH go beyond programs that may already be in place in firms and have incorporated best practices. This is a service to employers. More nuanced programs have also been developed over the years, but generally, these are broadly defined. This requires the adoption of consistency across firms and, to some degree, the growing pains associated with implementing new programs and cultivating new partnerships. Achieving this—and at such a scale—has required significant effort and resources from BACH and its foundation partners.

The provisions in the NOW RFP intend that an employer will identify their unique workforce development needs and develop appropriate training. However the level of effort required by the employer-driven strategy is a considerable shift for both the employer and the training provider. There is likely to be an interest in growing programs and partnerships already in place within the firm. Although it may be good to build from assets and existing institutions, the required inclusion of wraparound services and additional supports for workers requires new programs and/or partnerships. The NOW RFP references some of the commonly described career pathways within the sector including Patient Care, Surgical, Operating Room, Unit, and Central Supply technicians, Licensed Practical Nurses (LPNs), and Patient Access Representatives.[141] Even though career pipeline programs have been identified for these professions by other programs, and there are some very consistent technical requirements, employers will need support in applying these to address their specific needs and the needs of their incumbents.

It is difficult to make specific recommendations for which occupations should be targeted, but it is clear that NOW must go beyond identifying jobs and brokering training: NOW must determine what near-term actions and partnerships will contribute to—and possibly drive—change in the labor market.

> "Workforce intermediaries that are committed to an advancement strategy must promote and meet high standards in terms of wages, benefits, retention on the job, and career progression over time. If they let labor market trends alone dictate their efforts, they are likely to end up reinforcing negative outcomes and moving people into jobs and occupations with little mobility. For this reason, promoting advancement sometimes requires more than skill in developing trust. Sometimes it takes the will and the power to negotiate with individual employers, industry associations, service providers, and public agencies for performance standards—and changes in both policy and practice—to put career advancement first."[142]

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[141] New Orleans Works. "Request for Proposals," 5.

[142] Richard Kazis, "What Do Intermediaries Do?" In *Workforce Intermediaries In the Twenty-First Century*. Robert Giloth, ed. Philadelphia: Temple University Press, 2004, 91.

Given the lack of response to the RFP and the strongly held perceptions about low-skilled workers in New Orleans and very real supports needed for workers (described in chapter 3), NOW must be more active in changing the landscape of career advancement.

Overcome barriers to training completion

Fundamental to the career ladder model is the expectation that, with training, a worker will be able to advance, and the employer will realize increased benefits from the application of new skills. The performance goal identified by NOW for training completion (35%) is significantly lower than the outcomes of BACH (74%). This is surprisingly low, given the emphasis on innovative practices, such as career coaching and multi-dimensional supports for workers. To be sure, training completion among adults is unfortunately low. What is more, "would-be ladder climbers" are often required to "hold jobs, manage home and family responsibilities, and go to school simultaneously."[143] And it is possible that years of training may be required to advance to desired positions. Still, this low expectation signals that NOW must identify and address barriers in order to achieve and make the case for career ladder strategies.

The low performance goal was likely informed by low expectations for incumbents, but in fact, there are multiple factors that contribute to training completion, which can be mitigated by a diverse set of policy tools. Workers may require services such as childcare or transportation for classes, which are often cited in literature and discussed among practitioners. Perhaps equally important are the stresses of managing full-time employment, which might be mitigated by project-based learning, on-the-job training, intensive bridge programs, or flexible work and study arrangements. A BACH-supported program at Good Samaritan Hospital, for example, had identified a critical need for Certified Nurse Assistants (CNAs). Because 60 percent of those who participated in the training were incumbents, the hospital provided release time to workers who were participating in training.[144] This work arrangement achieved the training goals of the hospital, and also allowed workers to complete the program. The tediousness and duration of training programs have been also described as a challenge, which may be improved through intensives, bridge programs, or innovative teaching styles.

Career coaching, which is a fundamental component of the NOW strategy, has been used to support workers. BACH realized significant impact from such services. Fundamental to career coaching and similar programs is the need for behavioral change and motivation among workers. Helping workers to sustain motivation is very important given the likely long time needed to climb a career ladder; however there is much beyond career coaching that can advance training completion. Training providers and employers must assess their practices to consider how they can help workers overcome barriers to complete training and advance their careers.

Centralize recruitment to control for employer perception

Outreach and recruitment to potential participants is where rubber hits the road for realizing local employment and advancement through career ladder strategies. Recruitment efforts are informed by the design of the career ladder strategy, and likely have fairly specific occupational and skill requirements; it is not to the benefit of the employer or the broader

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[143] Fitzgerald, "The Potential and Limitations of Career Ladders," 3.

[144] Paul Osterman and Beth Shulman. *Good Jobs America: Making Work Better for Everyone.* New York: Russell Sage Foundation, 2011, 107.

workforce initiative to select a worker who is unlikely to complete training and advance. However, selection choices are not entirely impartial. The use of outreach and recruitment tools can improve broader workforce development systems, employer behaviors, and the engagement of workers in accessing employment and career advancement opportunities.

BACH leverages a broad array of outreach mechanisms to connect with incumbent and potential workers. These include the mechanisms of the Workforce Investment Board, which in recent years has sought to strengthen the pipeline of workers that are connected from community-based and neighborhood organizations, including churches and social service providers. In this way, the strategy does not target certain neighborhoods, but draws from Baltimore-based organizations.[145] This mechanism is largely considered a means for identifying potential workers, mostly at the entry level, however it can also be used to spread information to incumbent workers who may lack the networks or supportive supervisors that are often expected to be information conduits.[146] It may also mitigate the influence of employer biases about workers and whether they have the capacity or motivation to participate. The use of such tools leverages resources and stakeholder roles at different points in the process.

NOW is focused on outreach undertaken by the employer, with only a secondary role for the Workforce Investment Board. This has the potential to instill greater ownership for the initiative in the employer, strengthen employer engagement with workers, and enable institutional learning. However, leaving discretion to employers does not allow for overcoming perceptions that they may hold (even inadvertent) that present barriers to employment and advancement. It also does not break beyond existing information networks, which are a barrier to advancement (discussed in chapter 2). New Orleans recognized that employer outreach strategies presented a barrier to hiring local workers in the construction of the VA Hospital and established an external pool through the WIB in order to remove barriers (described in chapter 3). Using an external outreach and recruitment effort may help NOW overcome barriers and support connections to local workers.

Improve the "bottom-rung" of the healthcare ladder

Increasing the pay and professionalism of existing direct care jobs has been cited as a strategy for improving the quality of jobs in the healthcare sector and as a way to improve career advancement prospects.[147] However, neither BACH nor NOW address the pay and professionalism of existing direct care jobs.

In part, wage and "professionalism" strategies are often associated with unions and collective bargaining efforts. The case can be (and surely has been) made by these organizations for why low-skilled workers should earn family sustaining wages, particularly in healthcare: the critical role of direct care to our families, and the fact that hospitals and healthcare firms receive a significant—if not a majority—of their funding from public sources. These advocacy efforts are not often associated with workforce intermediaries and career ladder strategies absent unions because such efforts are not considered to be in the interest of employers, which is a key tenet of employer-driven and sectoral efforts.

However, the case can be made that increasing the pay and opportunities afforded to workers at the "bottom rung" are important for career ladder strategies and, ultimately, for

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[145] Sitnick, Interview by author. 2013.
[146] Ibid.
[147] Fitzgerald, "Health Care," 2.

employers. Among low-skilled workers, the presence of family-sustaining wages, paired with services such as financial empowerment and asset building, can reduce barriers to on-the-job performance and career advancement early on. Investing in wages among low-skilled workers may push public workforce actors to provide skill training and bridging from low-wage sectors *into* the healthcare sector. While it is often cited that any job in healthcare is a better wage for low-skilled workers than other low-skill jobs, data show that entry-level healthcare jobs in New Orleans do not pay family sustaining wages.[148] The confluence of low wages for low-skilled workers in healthcare, hospitality, and food and beverage services puts downward pressure on wages, and may contribute to "churn" among low-skilled workers. Efforts to improve wages and professionalism among the "bottom rung" in the healthcare sector may help to build career pathways that hold promise for the many low-wage workers in New Orleans.

Specific recommendations for how NOW can increase the pay and professionalism for direct care jobs cannot be made, as no employer has developed its career ladder strategy. However NOW should not shy away from pushing employers to consider the low wages at the "bottom rung" as part of its career ladder strategy. Such an effort is not only important for workers; it has implications for the broader efforts to grow career advancement opportunities and improve the quality of jobs in New Orleans.

[148] Klein et al, "New Orleans Medical District Economic Development Strategy, Issue Paper: Innovation System Strategy," 21.

Chapter Five

Targeting Opportunities in Medical Support Services and Procurement

Procurement and medical support services represent a significant portion of the ongoing economic impact and indirect employment projected for the BioDistrict and the hospital redevelopment in New Orleans. This chapter considers strategies for increasing local employment and economic opportunity through medical support services—the non-healthcare jobs in hospitals—and procurement—the goods and services purchased or contracted by the hospitals and other firms. Medical support services include facilities maintenance, grounds keeping, and security; hospitals or firms often directly employ these workers. Goods and services procured include food materials and food services, information technology systems, and construction.

These employment opportunities are not currently among the targeted economic or workforce development efforts. However the significant public investments in the BioDistrict and hospitals, and efforts to grow minority-, women-, and locally owned businesses through contracting, are potentially significant policy levers. Indirect employment may also present a broader and more diverse set of occupations to suit the skills and needs of local residents. This chapter examines what it would take, and what tools are available, to target these jobs to increase economic opportunity for local residents and to support the hospitals and the BioDistrict.

The chapter opens with a description of anchor strategies and the use of procurement strategies to support minority-, women-, and locally owned business contracting. The section underscores challenges to increasing skills and wages in medical support services and to targeting indirect employment through anchor strategies and workforce development. The chapter then draws from the emerging efforts of the Baltimore Integration Partnership (BIP). These insights, and an analysis of the actors and enabling environment in New Orleans, inform the consideration of strategies to leverage the procurement from the BioDistrict for local employment opportunities.

Employment Opportunities Associated with Procurement and Medical Support Services

Hospitals and universities are increasingly leveraging their role as economic anchors to contribute to community development in cities. In addition to impacting real estate development, these anchor institutions are looking to procurement as a way to direct investments into surrounding communities, and particularly to grow the number and capacity of minority-, women-, and locally owned firms throughout their supply chains.[149] Strategies to support local procurement have included efforts to increase capital availability

[149] Marlene De La O, "Anchor Institutions and Local Economic Development Through Procurement: An Analysis of Strategies to Stimulate the Growth of Local and Minority Enterprises through Supplier Linkages." Masters Thesis, Massachusetts Institute of Technology. June 2012.

to small businesses, access to information and business networks, and preferential sourcing agreements.[150] Research and experience have shown that small business development and engagement of minority-, women-, and locally owned firms results in greater rates of employment of minority, women, and local workers.[151]

However, there are few examples of strategies to target employment of local workers, either in connection with or apart from contracting with minority-, women- and locally owned firms. There are a number of reasons for this. First is the expectation that the local labor market and networks will fill them absent assistance. Second, while there are potentially multiple levers for pushing hospitals to improve jobs in healthcare—and even some levers to push contracting to minority-, women-, and locally owned firms—these levers are comparatively weaker in driving local employment across the supply chain. Firms that provide goods and services are "arms length" from hospitals, and are often contracted and even subcontracted. Third, small businesses generally lack the capacity and information to benefit from public workforce development systems. Because the workforce needs among small businesses are diverse, assisting them presents a challenge to practitioners, who can realize impact at scale by working with large employers or by aggregating employment needs across sectors.

Hospitals also play an anchor role through the salaries paid to employees, who are often city residents. Hospital jobs are readily considered "good" jobs because the mission-orientation of many hospitals and requirements of the public funding that covers much of patient care generally encourage higher wages. And, as described in chapter four, the internal labor market of a hospital provides potential for career advancement. Still, hospitals face increasing cost pressures, and low-skilled medical support services are an area for potential cutbacks. The wages and work quality (hours, responsibilities) for medical support services are also weighted by the low wages and expectations for similar low-skilled work in other sectors. For example, wages for security guards of comparable skill are not likely to be significantly higher at a hospital than at a hotel.

Drawing Insights from the Baltimore Integration Partnership

The Baltimore Integration Partnership (BIP) is working to leverage development projects and procurement to achieve employment among targeted neighborhoods in Baltimore. BIP is an emerging effort, and as such, this section is not a formal analysis of its initial efforts or potential. Similarly, BIP is not working to address the full breadth of objectives introduced for this chapter. It does offer insights on tools that may be available. This is a reflection on the factors that have shaped program design; the objectives, strategies, and intended impacts; and implementation, initial outcomes, and challenges.

Overview of the Baltimore Integration Partnership

The Baltimore Integration Partnership (BIP) is part of The Integration Initiative (TII), launched by national philanthropic organization Living Cities in 2010 to make high-impact investments and achieve economic benefits in low-income communities. TII activities include broad engagement among civic institutions; transformation across transportation,

[150] De La O, "Anchor Institutions and Local Economic Development."
[151] Bell-McKoy, Interview by author. 2013.

health, housing, and workforce efforts; targeted philanthropic investments to leverage private capital; and "disruptive innovations" that achieve economic and policy reforms.[152] TII includes five sites across the country, and each has drawn from the TII vision to identify goals and a theory of change, governance, and implementation strategies. BIP's goals are to *"reconnect low-income Baltimore City residents who are predominately African-American to the regional economy, maximize the linkage between physical and human capital development, and to reinvest in targeted inner-core neighborhoods so that they become regionally competitive, economically diverse, sustainable communities of choice."* [153]

Realizing that vision would have tremendous implications for residents of the identified target area. According to a baseline review, "low educational levels and skills gap of many target-area residents frequently translate into low-paying jobs for those who are employed."[154] Among target-area residents 25 years or older, 33 percent lacked a high school diploma or equivalent; for an additional 35 percent, a high school diploma was the highest educational certification attained. In 2009, the unemployment rate in the target-area was 17.6 percent. And these figures do not take into account that nearly 36 percent of target-area residents of working age (16-64) were not in the labor force. "Another measure of the skills gap among target-area residents is the fact that fewer than 500 of the 7,648 workers employed in the entire BIP target-area (6.5%) are residents of those neighborhoods."[155]

BIP is taking on disparities "borne out of structural/institutional racism that have privileged white/suburban residents and communities over largely black/urban ones" and addressing broad economic changes that have resulted in the loss of jobs that provide family-sustaining wages.[156] Seeking to overcome these challenges and leverage the financial, human capital, and institutional resources across partners, BIP's theory of change stresses *"workforce development system improvements, and enhanced business development supports; engagement of anchor institutions; leveraging of capital and infrastructure investments to harness the power of markets; and – cutting across all of the above areas – addressing racial inequalities."*[157]

BIP's theory of change, governance, and implementation also draw from existing partnerships and previous economic and community development efforts, including the East Baltimore Development Initiative (EBDI).[158] EBDI, the governing body for the East Baltimore Revitalization Project, oversaw a fifteen-year, $800 million redevelopment initiative "to transform a struggling area of the city near Johns Hopkins Hospital."[159] EBDI was a partnership of the Johns Hopkins University and Johns Hopkins Medical Institutions and the Annie E. Casey Foundation, which supported the City of Baltimore in carrying out physical and community development efforts.[160] To achieve the vision of "improving the lives of area residents as well as traditional "bricks and mortar" activity", the partnership developed a

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[152] "Baltimore Integration Partnership (BIP) Baseline and Year 1 Evaluation Report" 2012, 2.
[153] Ibid., iii.
[154] Ibid., 34.
[155] Ibid., 34.
[156] "What We're Doing and Why: Working Draft" 2012, 1.
[157] "Baltimore Integration Partnership (BIP) Baseline and Year 1 Evaluation Report" 2012, 34.
[158] Bell-McKoy, Interview by author. 2013
[159] Cromwell, Patrice, Robert Giloth, and Marcia Schachtel. "East Baltimore Revitalization Project: Opportunities and Challenges in Transforming an Urban Neighborhood." Journal of Higher Education and Outreach and Engagement, Volume 10, Number 2. 113 (2005), 1.
[160] Ibid., 1.

series of strategies that sought to "responsibly relocate" residents who lived in the footprint of the development site; provide housing, workforce, and family supports; and embed economic inclusion efforts in contracting to create jobs that are targeted for area residents and grow opportunities for minority- and women-owned businesses and disadvantaged workers. Elements of EBDI, such as "responsible relocation" and human capital development, are not directly connected to the BIP efforts; EBDI was also a much larger initiative. Still, economic inclusion efforts are of particular importance and emphasis for BIP, and the experience of EBDI has been foundational.

BIP has made significant effort to strengthen and formalize collaboration across the ecosystem of community-based, development, and philanthropic actors in Baltimore. BIP's Governance Board is comprised of 16 members, which include "key leaders and institutions across multiple levels of government and the philanthropic, private, and nonprofit sectors."[161] Subcommittees for key areas—Workforce Integration, Anchor Engagement, Capital Projects, and Data and Evaluation—include members of the BIP Governance Board as well as other stakeholders "who have a vital interest in the substantive area and can bring resources to further the BIP agenda in that area."[162]

Strategies and Goals for Leveraging Investments for Local Employment

BIP's efforts have focused on growing job opportunities through investments in real estate and business development and through the needs of anchors institutions, and on connecting local residents to the training and supports necessary for accessing and advancing in these jobs.

Early in EBDI's efforts to "anchor" employment through Johns Hopkins University and Johns Hopkins University Medical Center, planners realized that the mismatch between the skills of residents in the target area and the occupations associated with direct employment—even at entry-level or in administrative roles—could not be bridged with "career path" strategies.[163] "Economic inclusion" emerged as a frame for addressing the lack of economic development and job opportunities in direct employment. In practice, economic inclusion was used to describe indirect employment—jobs from contracts with construction firms and suppliers—and incorporate general or specific hiring targets. Efforts to target economic impacts predate EBDI, but the efforts of EBDI to study, plan, implement, and enforce economic inclusion have been key for operationalizing this at a significant scale.[164] The vision of economic inclusion that has since emerged includes tools for targeting jobs (through institutional commitment, formal requirements, and incentives) and efforts to cultivate skills and establish linkages among targeted workers.

Consultants and members of BIP's Anchor Engagement Subcommittee also worked to "drill down" to understand other employment opportunities through anchors. This elucidated that anchors "generally struggled to recruit and retain employees for certain lower-skilled job categories, especially: housekeeping/custodial; first-level security; parking attendants; entry-level clerk; and ground-keeping. This suggested opportunities for the anchors to collaborate

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[161] "Baltimore Integration Partnership (BIP) Baseline and Year 1 Evaluation Report" 2012, 27.
[162] Ibid, 27.
[163] Marsha Schachtel. Senior Fellow, Johns Hopkins University, Baltimore. Interview by author. January 31, 2013.
[164] Schactel, Interview by author. 2013.

with workforce development efforts to help meet common hiring needs."[165] The experience of another effort—the Greater Baltimore Committee's "Bridging the Gap" initiative—had already set the foundation for collaboration across the hospitals for local procurement. In anticipation of rebuilding work, hospitals had committed to continuing with this effort. "But despite an increased interest in local procurement, [the study] also revealed a mismatch between supply and demand for procurement services. Procurement directors and staff frequently complained that it was hard to find local contractors and suppliers that met professional quality and cost standards, and had sufficient scale to handle many larger requirements."[166]

These factored into the design of BIP's economic development and workforce strategy. The objectives, strategies, actions, and actors—as well as emerging opportunities and challenges—associated with each of BIP's efforts to achieve economic inclusion are presented in Table 5.1. Strategies to generate local economic and employment opportunities include (1) "mapping" the supply chains of anchor institutions (hospitals and universities) to determine where there might be opportunities for increasing minority-, women-, and local-business contracting and hiring; (2) leveraging public subsidies to direct employers to connect with public workforce systems and hire local workers (as part of a citywide Executive Order known as "Employ Baltimore"); and (3) offering attractive private and philanthropic financial investments to projects that plan and carry out economic inclusion efforts. Efforts to support residents in developing skills and connecting to these opportunities include (1) the development of neighborhood-based services and pipelines; and (2) the use of funding to improve employment outcomes and impact the public workforce system.

[165] "Baltimore Integration Partnership (BIP) Baseline and Year 1 Evaluation Report" 2012, 66.
[166] Ibid., 67.

Table 5.1: BIP Strategy for Leveraging Investments to Achieve Local Employment[167]

Economic Inclusion Objective	BIP Strategy / Actions	Performance Measures *(where available)*	Efforts / Impact to Date *(where available)*	Challenges	Lead
Drive economic inclusion through capital investments / financial incentives	• Financing through BIP (from Living Cities and deployed by The Reinvestment Fund) requires a Workforce Resources and Inclusion Plan. Assistance to developers includes connection to employment pipeline and training resources. • Employ Baltimore Executive Order (EO) requires recipients of at least $50,000 in public funding to contact the JOB1 to consider opportunities for JOB1 clients (Note: such an EO predates BIP, but Mayor has reinvigorated commitment and provided resources)	• Generate 2,028 construction jobs in development projects supported with Living Cities funds. 405 (20 percent) of jobs will be filled by neighborhood residents	• Economic inclusion goals set in 10 TRF financed projects • JOB1 client-management and outreach systems strengthened and aligned in preparation for EO efforts. • Mayor has publicly announced EO	• Financial incentives from BIP are a limited source of development finance. Obligations are present, but "good faith"; requires commitment from businesses. Those who seek this financing may already exhibit socially responsible behaviors; may not yet be advancing systems change. • Employ Baltimore EO does not require economic inclusion. It is assumed that this will drive business to the JOB1 pipeline, but has not yet been evaluated	• The Reinvestment Fund • Mayor's Office of Employment Development
Leverage anchor procurement and contracting to grow local and M/WBEs	• BIP contracts to M/WBEs • Identify procurement processes / employment opportunities of hospitals and universities • Identify and build	• Direct 27 percent of qualified project costs to African-American businesses unless projects have existing MBE goals. Track expenditures to local business enterprises	• Developed database of certified M/WBE firms for procuring entities and systems to track local hiring • Local procurement	• Limitations to the share of goods / services that can be purchased locally. JHU: less than half of procurement can come from local businesses- just the nature of demand.	• BIP Anchor Engagement Subcommittee, key support from consultant who formerly worked at Hopkins on

[167] Information in Table 5.1 is drawn from "Baltimore Integration Partnership: Now and Beyond" PowerPoint presentation to stakeholders 2012; Dana Johnson. The Reinvestment Fund, Baltimore. Interview by author. January 30, 2013; and Bell-McKoy, Interview by author. 2013.

Economic Inclusion Objective	BIP Strategy / Actions	Performance Measures *(where available)*	Efforts / Impact to Date *(where available)*	Challenges	Lead
	relationships with and among anchor institution "champions". • Capacity building among M/WBEs		project at two anchors • Outreach and communication about anchor strategies	• Still working to realize economic inclusion goals among workers. Takes an understanding of how to break down contracts, for example.	procurement
Connect low-income neighborhood residents to family supporting employment	• Establish neighborhood workforce pipelines / access points to connect employers and job seekers • Invest in Bridge and Occupational Training • Development (and soon, roll out) of a job readiness curriculum to create standards across training programs, benchmark progress, and demonstrate job-readiness to employers	• Place 1,200 residents into community-based pipelines over 3 years; • Employ 840 residents service by community based pipelines; • Deploy $600,000 in Living Cities training funds in conjunction with other resources to support skills training for neighborhood residents; • Use flexible workforce training fund to support 500 neighborhood residents; 70 percent will complete training, and 70 percent of completers will have wage gains of 20 – 60 percent	• BIP Community Hiring to Date: 274 • Connections to WIA system, through cross-staffing and MOU, and with employers • Neighborhood career pipeline program in Central Baltimore • Resources for training and supportive services for residents (includes expunging criminal records) • Development of three part bridge strategy is underway	• "Hyper employment needs but limited opportunities thus far (capital, anchors)- leads to frustration/ discouragement on the part of job seekers" • "Readiness of population goes beyond available services/job types/skills needed."	• BIP Workforce Integration Subcommittee, includes workforce partners • Central Baltimore Partnership (pipeline services)

Discussion of BIP Strategy, Key Factors, and Initial Outcomes and Challenges

Drawing from the information in Table 5.2, this section examines the insights that have emerged from the BIP efforts to date. As was noted earlier in this chapter, this is not a formal analysis, but rather a reflective assessment to better understand the opportunities and challenges to achieving economic inclusion goals in practice.

Economic inclusion through capital investments and financial incentives. BIP has endeavored to grow both the number of jobs available, and the number of those jobs that are targeted for area residents and disadvantaged workers. It has deployed tools to drive and support that: financing to incentivize the adoption of economic inclusion plans, and support in identifying eligible and work-ready employees. The availability of capital from community development financial institutions was expected to increase interest in economic inclusion and support organizations in the development and implementation of workforce plans. So far, this financing has most likely attracted developers who would have had community development goals absent this funding.[168] Among seemingly reluctant developers, the availability of this capital and additional services has not driven economic inclusion efforts.[169] Findings to date have noted that, absent mandates or punitive measures, economic inclusion requires significant engagement of firms.[170] Another practical challenge to this is that firms may already have workers, and replacing existing workers or taking on new workers might be infeasible: in spite of increased financial resources, the size of the job or contract—which determines the number and kinds of workers—remains the same.[171] Showcasing the success of economic inclusion efforts—for both employers and workers—has also been noted as a tool to grow awareness and interest in economic inclusion efforts.[172]

The broad mandate for local hiring through the Employ Baltimore Executive Order has not been measured, and because it stresses only the use of the JOB1, it is unclear what level of impact this will have for hiring target area residents. The shifts that have resulted—such as connecting employers and the workforce system and pressing for economic inclusion planning—may lead to deeper changes, though additional efforts will be required to ensure that these are realized. The use of Employ Baltimore as a mechanism for holding developers accountable for job impacts has the potential to be directed towards target areas. The Mayor's Office of Employment Development noted that proposed efforts to drive firms to hire Baltimore residents—such as a citywide local hiring requirement—was determined to be unconstitutional by counsel to the City of Baltimore.[173]

Anchor procurement and contracting to grow minority-, women-, and locally owned businesses. BIP has also endeavored to grow the number of jobs targeted for area residents through procurement. Anchors have made the commitment to local procurement efforts. Efforts at Johns Hopkins and other academic institutions have started, or are well underway, with mapping and evaluating supply chains. Johns Hopkins has noted that this may have its limitations: "In regards to its economic impact on the city and region, JHU representatives point out that the $1 billion annual procurement figure can be misleading. A

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[168] Interview by author. 2013.
[169] Ibid.
[170] "Baltimore Integration Partnership: Now and Beyond" PowerPoint presentation to stakeholders 2012, 10.
[171] Interview by author. 2013.
[172] Ibid.
[173] Sitnick, Interview by author. 2013.

substantial percentage of this procurement relates to such things as intra-university purchasing or pre-existing commitments to subcontractors on government grants, etc. It also includes procurement of specialized supplied and equipment which are purchased from national or international sources. Accordingly, less than half the $1 billion figure actually represents procurement that either does, or potentially could, occur through businesses in the region."[174] There are likely to be some goods and services that are unlikely or infeasible to be sourced locally (to wit, "specialized supplies and equipment which are purchased from national or international sources"); still it seems the explanations above could be pushed for further opportunities. For example, local businesses can be linked into "intra-university purchasing".[175] Also, planning long-term, for the end of contracts, might provide opportunities for shifting or even incorporating local sources.[176]

Still, it is clear that BIP has developed the institutional capacity and persistence to undertake long-term planning and drive economic inclusion through procurement. Through the Anchor Engagement Subcommittee, representatives from anchor institutions are mapping their supply chains. A database of certified minority and women owned businesses has been established to support anchors in identifying eligible businesses. It has also served as a tool for connecting BIP partners to these businesses. Efforts to better assess the capacity of these businesses are also emerging, which could support the anchors in shaping procurement policies that overcome barriers (ie allowing for subcontracting to address insurance issues). It is important to acknowledge that such efforts to overcome institutional barriers to contracting for minority- and women-owned business—"breaking the "old-boys" network"—may be met with resistance.[177] For that reason, the commitment made by each anchor to participate and the presence of representatives from across these anchor institutions—beyond just the commitment of University presidents and hospital leaders—has significant potential.[178]

It is unclear whether and how the Anchor Engagement group is working with anchors to recruit and retain employees for certain lower-skilled job categories.

Connecting low-income neighborhood residents to family supporting employment. Neighborhood-based pipelines have established linkages between community-based organizations and client services, public workforce development systems, training, and employers. As was described earlier, this model draws upon (and includes) the pipeline established by EBDI in East Baltimore, the Central Baltimore Workforce Partnership, and the expansion of the Office of Employment Development's "job hub" models.[179]

These linkages have enabled the development of a ready group of residents seeking employment. However a review of progress to date has noted "hyper employment needs but limited opportunities thus far (capital, anchors) [had led] to frustration / discouragement on the part of job seekers." The assessment also noted that the "readiness of population goes beyond available services / job types / skills needed" and as a result of this finding (which has been affirmed in other workforce development efforts), BIP is working to develop various bridge programs that will better connect basic skills and job readiness efforts to job-specific

[174] "Baltimore Integration Partnership (BIP) Baseline and Year 1 Evaluation Report" 2012, 64.
[175] De La O, "Anchor Institutions and Local Economic Development,"
[176] Ibid.
[177] Ibid.
[178] Schactel, Interview by author. 2013.
[179] Sitnick, Interview by author. 2013.

skills.[180] Addressing skills gaps and building capacity among workers is key for attaining jobs. However training, and especially intensive bridge programs, can take time—for a program that meets employer needs and for the potential workers to participate. Frustration is likely to continue without deeper connections between training and job opportunities.

Similarly, though BIP has stressed "family supporting employment," it is not clear if efforts aim to link residents directly to jobs that pay good wages, or if this will involve efforts to improve the quality of jobs through career ladder and other strategies. Worker commitment to a training program—given the rigor and likely opportunity costs—is likely tied to their expectations of a "good" job at the end of training. As described in the literature review and chapter four, the efforts to cultivate jobs opportunities must go beyond filling the needs of employers. There must also be ways to connect to the interests and skills of workers, a family-sustaining wage, and also opportunities for advancement.

Unrealized job promises and the history of inequitable development in Baltimore and New Orleans are challenges for linking workers to employment opportunities through such pipelines. The dual objectives of job creation and job placement, and the challenge to efforts to make connections across these objectives, have too often contributed to cynicism among historically underserved communities. The debate around the ability of EBDI to place and support workers in good jobs has spilled over into similar efforts since. There are clearly many factors to this: an historical lack of investment in human capital, skills barriers, the economic downturn, and competitive market pressures. Still, the need for community buy-in is equally important to this strategy and to the employment outcomes for firms.

Leveraging Jobs through Procurement and Medical Support Services in New Orleans

The emerging efforts of BIP demonstrate the potential opportunities, strategies, and challenges of driving economic inclusion through indirect employment. This section considers whether and how similar strategies could be used to leverage indirect employment opportunities through the BioDistrict and hospitals in New Orleans.

Procurement and medical support services represent a significant portion of the ongoing economic impact and indirect employment projected for the BioDistrict and the hospital redevelopment in New Orleans. At year 20 of the BioDistrict development, indirect employment is expected to create or retain nearly 13,000 jobs annually, which represents 38 percent of the total annual jobs in the BioDistrict (see Table 5.2).[181] After the first five years, indirect employment replaces and exceeds employment associated with construction.[182]

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[180] "Baltimore Integration Partnership (BIP) Baseline and Year 1 Evaluation Report" 2012.

[181] Richardson, "Updated Economic Analysis of BioDistrict New Orleans," November 11, 2011. *Indirect employment is defined as "jobs created due to the expansion of the hospitals [which] will be within the New Orleans area, but not necessarily in the BioDistrict itself. This net new employment includes the economic activities at the VA Hospital and the University Medical Center as well as other developments that are projected to locate to New Orleans in order to make use of the technological demands of the BioDistrict or to provide support to the medical-related industries."* Data on the procurement needs of each hospital or potential firms within the BioDistrict are not available. Given that data gap, the indirect employment data will be used for in this research.

[182] Construction is expected to create 7,000 jobs annually for the first five years and then between 2,100 and 2,800 annually through year 20. (Richardson, 3)

Indirect employment includes opportunities in security, landscaping, food service, off-site medical records and information, and facilities maintenance and engineering.

Table 5.2: Ongoing Economic Impact of BioDistrict Developments			
	Annual Impact		
	As of Year 5	**As of Year 10**	**As of Year 20**
Estimated Direct Employment	8,800	12,160	21,168
Estimated Indirect Employment	2,675	6,876	12,917
Estimated Total Employment	11,475	19,036	34,085
Indirect Employment as share of total employment	23%	36%	38%

The diverse employment opportunities associated with the purchasing portfolio of firms in the BioDistrict are potentially well suited to addressing the capabilities of workers who face employment barriers or who lack skills for, and/or interest in, healthcare employment. This is a particularly important opportunity for individuals with criminal records, who are largely excluded from direct employment in healthcare.[183] With the exception of construction contracting opportunities, the hospitals and other firms within the BioDistrict have not broadly shared intended purchasing plans.[184] For this reason it is difficult to assess and quantify the kinds of goods and services that will be required, and thus the nature and sectors of firms and occupations that may be targeted: procurement of external legal or financial services, for example, is quite different from security services. However these are sure to include job opportunities in on-site security, landscaping, retail, food service, off-site medical records and information, and facilities maintenance and engineering, including plumbing, energy management, and compliance monitors,[185] which present a diverse set of opportunities for local hiring. Indeed, given the physical size of the BioDistrict, these are likely to represent a considerable amount of the total indirect job opportunities. More important than measuring the exact occupational landscape is considering the tools that could be used to leverage them.

Drawing insights from BIP, as well as other potential tools, this section considers tools and strategies for leveraging procurement and medical support services for employing local residents.

[183] Efforts are being made—in New Orleans and other cities—to expunge individual criminal records as permitted by law, which may create opportunities for employment. This is done on an individual basis, and can often require extensive efforts. Still, the need to grow job opportunities for individuals who face this barrier remain.

[184] Coleman, Interview by author. 2013, online research through Office of Supplier Diversity and public information databases associated with the construction of the hospitals.

[185] Interview by author. 2013.

Table 5.3: Considering Strategies for Achieving Local Employment through Procurement and Medical Support Services in New Orleans

Economic Inclusion Objective	BIP Strategy / Actions	Other Potential Strategies	Considerations	Recommended Strategy	Lead
Drive economic inclusion	• **Financial incentives** BIP financing requires a Workforce Resources and Inclusion Plan. • **Connections to the public workforce system** Employ Baltimore Executive Order requires recipients of at least $50,000 in public funding to contact the JOB1 to consider opportunities for JOB1 clients	• **Development Incentives** Economic inclusion and workforce could be incentives as part of zoning and/or project approvals process. Could be used in competitive RFP processes. • **Requirements for development** "race to the top" effort that requires economic inclusion as baseline. • **Community benefits agreement(s)** (CBAs) between firms and community groups; city potentially serves in convening role. • **Local hire requirements** Have been promulgated by some city legislatures, though have debatable legal status	• **Resources:** New Orleans does not have a community-development financial institution at the scale of TRF, which also received money from Living Cities. • **Monitoring and accountability** must be built into incentive structures • **Market strength** BioDistrict lacks venture capital and base businesses, and is competing against financial incentives and established base of firms in Jefferson Parish. Likely little support for requirements that may discourage businesses • **Strength of community organizations** determines potential for CBA(s).	• Executive Order, similar to the EO for disadvantaged businesses and Employ Baltimore, to **connect firms that receive public funds or incentives to the JOB1.** • **Development/financial incentives** for small to medium size firms that are not likely to receive other sources of public funding, and for whom finance and development incentives are a more significant driver (in contrast to large firms that are likely to receive other incentives)	• BioDistrict • Mayor; Office of Workforce Development
Leverage anchor procurement and contracting to grow local and M/WBEs	• **BIP contracts** to M/WBEs • Identify **procurement processes** / employment opportunities of anchors (hospitals and universities)	• Facilitate **aggregation of demand and supply** among medium and small firms. • **Address barriers** among disadvantaged business (insurance, capacity,	• Public firms (chiefly the VA Hospital) is bound by **government contracting regulations**. • **Capacity** among city agencies to engage and support smaller firms.	• Develop **transparent and accessible database** of certified M/WBE firms and track local hiring • Engage business intermediaries; potentially aggregate need/provision	• Committee across anchor institutions • Business intermediaries

Economic Inclusion Objective	BIP Strategy / Actions	Other Potential Strategies	Considerations	Recommended Strategy	Lead
	• M/WBE capacity building	networks, workers)		of goods and services	
Connect low-income neighborhood residents to family supporting employment	• Establish **neighborhood workforce pipelines** / access points to connect employers and job seekers and identify additional services that may be needed • Invest in Bridge and Occupational Training • Development (and soon, roll out) of a **job readiness curriculum** to create standards across training programs, benchmark progress, and demonstrate job-readiness to employers	• **"First source" arrangements** that compel firms to first consider local candidates • Grow the capacity of a **community college** or nonprofit organization to serve in this role • Broad based adult education initiatives that encourage and support adult learners • Development impact fees used to create a **Neighborhood Jobs Trust**. Financial contributions through linkage fees are used to fund targeted training.	• **Employment aspirations** of workers in the "pipeline" are likely to exceed job opportunities, at least initially, which can undermine community buy-in. • Conversely, **a lack of qualified workers** can dissuade employers • **Resources** for training and supportive services for residents • **Scale** of addressing such widespread challenges at a case-by-case pace.	• Establish **neighborhood workforce pipelines**, though timed to address the worker aspiration / job imbalance • Focus on traditional and non-traditional methods for **adult basic education**. This could be through the development of replicable modules • Develop **Neighborhood Jobs Trust** through linkage fees to fund innovate and targeted training.	• Community organization • Office of Workforce Development

Drawing from the analysis presented in Table 5.3, this section examines the opportunities and associated considerations for local hiring strategies. Strategies are described according to the main objectives of local employment efforts: driving economic inclusion by firms; leveraging procurement to grow local and disadvantaged businesses; and connecting residents to training and employment.

Drive Commitments to Economic Inclusion

Stakeholders in New Orleans economic and workforce development continue to question whether commitments to employing a pre-determined percentage or number of local or disadvantaged workers to projects are a burden on business.[186] The outlook remains that weak market cities like New Orleans compete to attract firms, and government has traditionally provided significant incentives. Indeed, even to attract public institutions such as the Veterans Health Administration Hospital, the City of New Orleans provided millions for land assembly and preparation without economic inclusion requirements.

As a result of these expectations and practices, real estate and development finance incentives like those used in Baltimore are not likely to drive the BioDistrict anchors to incorporate economic inclusion. However ***development and finance incentives*** will likely grow in importance and impact as medium and small establishments populate the BioDistrict. The policy levers for this are diverse, and are likely to be impacted by the pace of development and the kinds of anchor firms in the BioDistrict. For example, firms that rely on other, larger firms within the BioDistrict are likely more willing to agree to terms that will increase their chances or reduce the cost of location in the BioDistrict. Depending on interest among firms, economic inclusion can be required by requests for proposals for sites, or used as a condition for exception from certain development restrictions. Monitoring and accountability mechanisms are key to such incentives. In Baltimore, capital is contingent upon performance goals, which is a fairly strong accountability mechanism. Development agreements generally lack such claw-back mechanisms.

Requests for Proposals and development agreements for sites within the BioDistrict could be tied to workforce and procurement issues. Such an effort might help to evade the politically unpopular aspects of mandates and enforcement related to economic inclusion. This could vary from a "race to the top" style requirement that sets a baseline for firms, or workforce and procurement issues could be an incentive for development bonuses. Terms that could be included in an RFP include participation in an Anchor Engagement Committee, such as the one developed by BIP, the adoption of economic inclusion targets (likely "good faith efforts" to achieve certain economic inclusion goals), and/or the commitment to engage the public workforce systems (or any neighborhood-based pipelines).

The promulgation of a ***broad, citywide executive order*** to push publicly funded businesses to connect with the workforce investment board and JOB1 is a seemingly straightforward strategy. There is a similar executive order to impel recipients of government funding to do business with local disadvantaged businesses. In large part, the success of such an executive order is underpinned by the marketing and outreach done by the Mayor, the capacity of the JOB1 to grow and maintain its client database, and soft or hard enforcement.

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[186] McNamara, Interview by author. 2013.

Leverage anchor procurement and contracting to grow disadvantaged businesses

As was noted in the discussion of the BIP efforts to map and cultivate supply chain linkages to small businesses, assessing—and even shaping—procurement and demand for medical support service takes time. Depending on the willingness of the firm, these actions can range from building trust and understanding sector operations to more actively endeavoring to break "old-boys networks".[187] At either end, there are institutional and structural barriers that must be overcome.

For the *firms*, there are many factors that can contribute to inertia: an interest to maintain current "rational" supply chains; preference for larger suppliers that can provide multiple services for ease of management (ie. prepared foods and restaurant may be the same company); requirements to use credentialing or references to show reliability and sustainable practices; and contract terms that align with the firm's accounting systems (ie payment periods and systems).[188] For *suppliers*, there are potentially myriad and significant barriers to scaling to the needs of anchors: the lack of capital available to them to grow their facility or operations; the lack of business insurance (or at the scale needed for a grown enterprise); the competitive disadvantages of their supply networks, which often result in higher-cost materials; and lack experience with large contracts and the use of procurement and supply systems (in bidding and in management of contract terms).[189]

With these challenges in mind, the efforts of BIP to engage anchors broadly to understand procurement, and to understand the barriers for small businesses, could be a promising first step for New Orleans. Johns Hopkins University's efforts emphasized the importance of ***commitment from leadership*** of the anchor, as well as staff at every level of the organization. Indeed, it is staff in purchasing offices that are making significant decisions.[190] Also, fully mapping the landscape of disadvantaged business and considering ways to help them scale and overcome barriers. Case studies in procurement have included efforts to require larger contractors to subcontract with minority-, women-, and locally owned firms to avoid common issues of insurance, scalability, and capacity.[191] Robust monitoring and accountability of procurement efforts are critical for charting the course and addressing challenges that may arise for either the firm or the small business.

The BioDistrict website currently includes a listing of certified disadvantaged businesses that had been promulgated by the Sewerage and Water Board of New Orleans, however a more ***robust and transparent listing of disadvantaged businesses*** should be made available to contracting firms. In addition, the opportunity to aggregate the demand and supply of goods and services may have significant potential, though no such intermediary is currently engaged in the BioDistrict.

Connect low-income neighborhood residents to family supporting employment

Expanding the use of ***external job pools*** holds promise for addressing barriers to employment. A strategy to connect local workers to construction jobs was developed by the

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[187] De La O, "Anchor Institutions and Local Economic Development"
[188] Ibid.
[189] Ibid.
[190] Schachtel, Interview by author. 2013.
[191] De La O, "Anchor Institutions and Local Economic Development"

Office of Workforce Development in partnership with administrators of the VA Hospital. Particular focus was placed on aligning programs to hire veterans and residents of public housing and recipients of public assistance (often referred to as participants in Section 3 hiring). The Office convened the contractors that were likely to be selected for the VA Hospital to understand their hiring processes and workforce needs. The Office ascertained that, because Louisiana is a right-to-work state, subcontractors would be using hiring agencies to solicit and manage workers. To incorporate local workers in this hiring process, the WIB connected with and referred workers to hiring agencies. A positive outcome beyond the connection for local jobs was that this process removed employment barriers such as the designation of Section 3, former incarceration, or use of public assistance and training.[192] Other efforts, such as skills training programs and expunging of criminal records, have been suggested as tools for addressing barriers to employment. Although data have yet to be collected about these efforts, community groups and government agencies have considered these promising practices.

However the initial challenge of having a supply of residents interested in working, without the job opportunities to match, is a challenge for building community trust in this effort. In the case of the external workforce effort cited above, pressures to begin construction of the hospitals drove a fairly quick hiring process. In part the nature of construction and the agreement ensured that contractors did not have to wait as any training or services were provided to workers. In contrast, workforce planning for the hospitals and other anchor firms continues at the management level and procurement agreements are yet to be developed, and workforce development entities are hesitant to provide training without assurance of employment opportunities.

If we are to address the needs of the current workforce, it is essential to address the basic education and skills gaps among an all-too-significant share of workers. A potential strategy for balancing the unknowns of labor supply and demand is to begin to map employment estimations and make them transparent to residents, community organizations, and city agencies. The irony of such an effort is that, with time, exorbitant employment estimations will deflate.[193] Yet such an effort would allow practitioners to go beyond the inadequate multipliers and actually consider the human capital needs of the city.

New ways to address basic training and skill development must be addressed. Although there may be jobs that do not require a diploma, the demand for these jobs is much lower than the supply of workers who lack a high school or general equivalent diploma (GED) and/or basic job skills. This mismatch also has implications for the wages that are paid to low-skilled workers. The creation of a ***Neighborhood Jobs Trust***, funded by a linkage fee, could provide the City and workforce partners an unrestricted source of funding for innovative and basic education programs, which are challenges to public workforce funding. This draws from the example of Boston, where such a program has been institutionalized. The "basic concept of a linkage fee program is that developers of large-scale commercial structures contribute fees (tallied per square foot of development) to other community needs such as housing stock, job training, public transportation, or child care."[194] The Neighborhood Jobs Trust in Boston supports job creation, job training, and other

[192] Coleman, Interview by author. 2013. Data have yet to substantiate or quantify these outcomes.
[193] Giloth, Interview by author. 2013.
[194] "Under One Roof: New Governance Structures for Local Economic and Workforce Development, Volume II," 2007.

services. The developer pays half of the assessment in advance of construction and then, depending on the development, the developer has the option to use a portion of the funds paid into the Trust to train its own workforce.[195] There is also a set-aside to target residents in neighborhoods where the project is located. The current fee structure is a per square foot assessment (at $1.57) and since 1998 has yielded more than $15 million. To be sure, this relies on the continued development of sites in the BioDistrict footprint, however, given the opportunities to create just-in-time programs and to serve particular needs, without the limitations of public workforce programs, this could be a valuable tool for growing the workforce needed in the BioDistrict.

[195] "Under One Roof: New Governance Structures for Local Economic and Workforce Development, Volume II," 2007.

Chapter Six
Investing in Economic Inclusion

This chapter reflects on the potential for linking anticipated economic development from the BioDistrict with local employment opportunities and considers the recommended employment strategies included in chapters four and five.

Evaluating Potential for Local Employment

Two methods were used to evaluate the potential for local employment through the BioDistrict: an analysis of the jobs created by and associated with the BioDistrict and the education levels of local residents; and case studies of efforts in Baltimore.

Analyses of labor demanded by the BioDistrict and the skills and education supplied by local workers reveals a definite mismatch. An evaluation of direct employment within the BioDistrict—the bioscience sector and hospitals—could feasibly conclude that there are very limited opportunities for economic inclusion for low-skilled workers and individuals who face barriers to employment. Even indirect employment in medical support and procurement related employment will require significant alignment of business development and skill development.

Still, opportunities to bridge this divide must be pursued. The idea that the mere proximity to areas of high investment will result in spillover into low-income communities is unreasonable; however the efforts to dismiss this investment as "mismatched" and detached from surrounding communities is unjust. Just as public agencies and intermediaries such as the BioDistrict have shaped development and various systems to attract and retain bioscience firms and high-income employees, these actors can shape systems that would allow for or enable surrounding neighborhoods to benefit from these investments.

Indeed, the broad lesson from the Baltimore case studies is that intermediary and public institutions charged with the mission of economic inclusion have shifted employment outcomes and overcome employment barriers. The Baltimore Alliance for Careers in Healthcare (BACH) and the East Baltimore Development Initiative experiences, which have informed the nascent Baltimore Integration Partnership, have spent decades and invested significant resources towards the goal of economic inclusion. No doubt these have yet to fully achieve hoped-for goals, and have faced contention about their models. Just as there is no silver bullet to economic development, there is no silver bullet to economic inclusion: the strategies and tools for aligning economic opportunity and economic inclusion are informed by the actors, points of leverage, and needs of particular communities. It is, in large part, a long-standing commitment to economic inclusion that has impelled Baltimore's civil society and public sector and empowered community residents to take on and shift economic systems to address the legacy of racial, social, and economic exclusion.

Baltimore's stated commitment to economic inclusion and problem-solving attitude has had practical implications. The strategic planning, consistent (and considerable) resources, and

almost singular focus have advanced the efforts to connect low-income and underserved residents to economic opportunity. These have also had concomitant benefits for economic development and employers. Efforts to grow the skills of incumbent workers and low-skilled workers have been significant when there are critical workforce shortages, as is often described in the literature as the impetus for employer engagement; it has also impelled the broader civic capacity of employers. Examples in Baltimore and in the growing literature on anchor institutions counter arguments that this is merely idealistic or misguided corporate interest.

Recommendations for New Orleans

Achieving economic inclusion requires intentional and coordinated efforts that are beyond the current practices of economic and workforce development actors in New Orleans. The recommendations that were made in chapters four and five are summarized below.

Building an Intermediary and Creating Career Ladders in Healthcare

Some of the recommendations for creating career ladders in the healthcare sector are reflected in the recently launched workforce partnership, led by NOW, that will provide training and career supports for 50 low-income job seekers to become medical assistants at Ochsner Health System. This partnership includes Ochsner, Delgado Community College, the New Orleans JOB1, and Providence Community Housing. As information about this partnership is limited, the following is not a formal analysis; instead, it draws from the recommendations of chapter four.

- Rather than soliciting proposals from healthcare firms for incumbent advancement programs, New Orleans Works (NOW) should take the reigns by assessing the healthcare ecosystem and **strategically engaging firms to develop programs** that will engender shifts across the sector (as opposed to changing one firm or developing a "model" for other firms).

  The announcement of a workforce partnership with Ochsner Health Care System in May 2013[196] appears to advance this goal, given Ochsner's size in the city and region. Achieving the full potential of a career ladder strategy and bringing this to scale will require that NOW go beyond the matching of job openings and applicants and consider what shifts can be made more broadly across the sector. This may include formalizing career pathways and/or aggregating employment needs across firms.

- NOW must address the underlying assumptions for the low **performance measures for training completion**. Participants are likely to face challenges in managing work, family, and training; but efforts must be made to overcome barriers to training completion.

  Performance measures for the new workforce partnership are not currently available. However, the announcement of the partnership notes "slightly over half of all participants in the program are currently in low-wage jobs within the healthcare field. They are housekeepers, janitors, valets, dieticians, and transport workers. *Once they complete the training program* and acquire new skills, they can move up the career ladder." (Emphasis added). A Times-Picayune article about the announcement quoted

[196] "New Orleans Works (NOW) launches partnership with Ochsner Health Care System, Delgado Community." May 8, 2013. Accessed May 12, 2013. http://new.nola.gov/mayor/press-releases/2013/20130508-new-orleans-works-(now)-launches-partners/.

the director of NOW as saying that jobs are guaranteed at the end of training, which further underscores the need for successful training completion.[197]

- **Externalize recruitment** to overcome perceptions and information networks that are likely barriers to employment and advancement.

  The announcement of the workforce partnership cites engagement of both the New Orleans JOB1 and Providence Community Housing, a large nonprofit located in the footprint of the BioDistrict, in recruiting potential participants. Although the strategies that will be used by these groups are not yet available, this partnership seems promising for identifying applicants, and particularly those in the vicinity of the BioDistrict.[198]

- **Address the "bottom-rung"** of the healthcare career ladder. Much of the emphasis placed on connecting low-skilled workers to employment in healthcare is the belief that these are "good" jobs that pay a family-sustaining wage. However in New Orleans, the average wage among low-skill jobs is insufficient. Advocating for career advancement and economic mobility is necessary, but insufficient for making these good jobs.

  This is not addressed in information available about the recently launched partnership. It is possible that training and placing medical assistants may reduce the supply of low-skilled workers available for the "bottom-rung" careers, thus driving up wages. However there are many variables to this assumption. To grow the impact of this partnership beyond the initial cohort, NOW should consider strategies for improving the quality of jobs across all rungs of the career ladder. As NOW increases its understanding of the sector and its relationship with Ochsner, new opportunities may be realized. For example, NOW might make the case that a modest increase in wages among low-skill jobs would reduce employee turnover and improve job performance. Even absent a career ladder strategy for this cohort, such an effort could have substantial impact for Ochsner and for broader practices in the healthcare sector.

Leveraging Jobs through Procurement and Medical Support Services

- Commitments to economic inclusion—whether firm and enforceable commitments or "good faith efforts"—must be achieved to increase targeted employment opportunities and to shift employer behaviors. Development and finance incentives have the potential to impel economic inclusion in a way that is likely to be politically palatable; a Mayoral executive order like Employ Baltimore is a slightly stronger push on developers to connect with the public workforce system and consider local employment impacts.
- Procurement of goods and services through anchors within the BioDistrict presents a significant opportunity to grow disadvantaged businesses and hire local and minority workers. A deeper understanding of capacity and barriers among these businesses is essential for driving purchasing agreements. Commitment from anchors, across all levels of the institution, is also fundamental. The creation of an anchor engagement committee

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[197] John Pope. "50 people will get free training for entry-level health-care jobs." *Times-Picayune*, May 7, 2013, accessed May 12, 2013, http://www.nola.com/health/index.ssf/2013/05/program_will_train_people_for.html.

[198] "New Orleans Works (NOW) launches partnership with Ochsner Health Care System, Delgado Community." May 8, 2013.

to convene anchors and businesses, and possibly to aggregate demand and supply across medium and small firms, should be facilitated.

- Connecting these employment opportunities to local workers requires the establishment of neighborhood pipelines that can assure job readiness and provide training and case management. As an external job pool, such a pipeline serves as a mechanism for potentially addressing the stigma associated with the use of public workforce systems, public assistance (including Section 3 hiring), as well as former incarceration (where records have been expunged and as allowed by law).
- To address the most significant challenge to aligning local employment and jobs—the exorbitant job estimates and the different cadences required for skill development and job development—New Orleans must begin to estimate reasonably expected employment impacts and increase transparency to the community. A fundamental premise to economic inclusion is honesty and respect in engagement with community residents. This cannot be built on overstated job estimates.
- New ways to provide basic training and skill development must be created. Although there may be jobs that do not require a diploma, the demand for these jobs is much lower than the supply of workers who lack a high school or general equivalent diploma (GED) and/or basic job skills. This mismatch also has implications for the wages that are paid to low-skilled workers. The creation of a Neighborhood Jobs Trust, funded by a linkage fee, could provide the City and workforce partners an unrestricted source of funding and the opportunity to offer innovative programs and even programs that are limited or restricted by public workforce funding.

Investing in Economic Inclusion

The factors that *exclude* residents in neighborhoods adjacent to the BioDistrict from realizing its impacts—high-poverty, disproportionate rates of incarceration, and low-skills—are the very reasons to pursue economic *inclusion*.

That elected officials and BioDistrict stakeholders have only used the anecdote about a resident of the former Iberville housing complex being trained to become a phlebotomist—the story that opens this thesis—is not problematic in its representation of the opportunities that might be afforded to historically underserved residents through this development and the capacity of individuals to achieve success when afforded opportunity. It is problematic because it speaks to a very singular instance, in which one woman would be able to overcome institutional barriers and achieve economic mobility, when in fact—with strategic actions and commitment—this development can be leveraged to realize economic inclusion for *communities* in New Orleans.

If planning for the BioDistrict can be reframed as achieving ***economic inclusion***, rather than just ***economic development***, investments can be leveraged to have far greater impact for the City of New Orleans. The drive to identify and solve problems through the lens of economic inclusion has the potential to push the envelope. Rather than asking, as economic development practice might, "how can we increase investment and employment share in this industry?" economic inclusion might impel us to ask "who will benefit from this initiative and how can that be expanded?" To be sure, these questions alone are insufficient to achieve economic inclusion goals, but these are fundamental if the BioDistrict is to achieve neighborhood-level impact through its investments.

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