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Bridging Research and Practice to Achieve Community Prosperity

Kathleen Bolter
W.E. Upjohn Institute for Employment Research, Bolter@upjohn.org

Michelle Miller-Adams
W.E. Upjohn Institute for Employment Research, miller-adams@upjohn.org

Timothy J. Bartik
W.E. Upjohn Institute for Employment Research, bartik@upjohn.org

Brad J. Hershbein
W.E Upjohn Institute for Employment Research, hershbein@upjohn.org

Kyle Huisman
W.E. Upjohn Institute for Employment Research, Huisman@upjohn.org

See next page for additional authors

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Authors
Kathleen Bolter, Michelle Miller-Adams, Timothy J. Bartik, Brad J. Hershbein, Kyle Huisman, Bridget F. Timmeney, Brian J. Asquith, Gabrielle Pepin, Lee Adams, Jessica Brown, Gerrit Anderson, and Allison Colosky

2022 Annual Report

Bridging Research and Practice to Achieve Community Prosperity

PROMISE
INVESTING IN COMMUNITY
a project of the W.E Upjohn Institute

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Promise: Investing in Community
Contributing to This Report

Tim Bartik
Senior Economist & Co-Director

Brad Hershbein
Senior Economist, Deputy Director of Research & Co-Director

Michelle Miller-Adams
Senior Researcher & Co-Director

Kathleen Bolter
Program Manager for Promise: Investing in Community

Lee Adams
Director of Community Development

Gerrit Anderson
Regional Mapping and Data Visualization Specialist

Brian Asquith
Economist

Jessica Brown
Assistant Professor of Economics, University of South Carolina

Allison Colosky
Editor

Kyle Huisman
Research Assistant for Promise: Investing in Community

Gabrielle Pepin
Economist

Bridget Timmeney
Senior Project Consultant

Connect with us at: https://www.upjohn.org/major-initiatives/promise-investing-community
Twitter: @UpjohnInstitute

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A Letter from Our Directors

In 2018, the W.E. Upjohn Institute for Employment Research launched a major research initiative to explore how communities can create broadly shared prosperity by helping residents get and keep good jobs. This initiative—known as "Promise: Investing in Community"—has two primary goals: 1) to produce high-quality research on place-based issues, and 2) to take the results of this rigorous research and translate them into practical advice for policymakers. We want the knowledge generated by this initiative to be applied in the "real world" to strengthen communities.

How to better bridge research and practice has driven our work this year. It was a central theme of our annual convening—where we brought together our research affiliates, policy advisors, and practitioners—and discussed how to best achieve collaboration and coordination among different stakeholders. This theme permeated many of our presentations and op-eds this year, as we focused on evidence-backed ways to improve place-based scholarships, business incentives, pre-K, and workforce supports, among others, to more effectively and more broadly benefit residents in all communities. It was also echoed in Tim's congressional testimony and later in the passage of the pilot Recompete Act (part of the Chips and Science Act of 2022), which is based on his research and provides $1 billion to fund a trial program to assist 10 distressed communities. And the theme has driven the redesign of our 4th annual report, *Bridging Research and Practice to Achieve Community Prosperity.*

This edition of our annual report includes a series of articles on how both research and practice can inform policy. We first feature key takeaways from our convening, as well as the highlights of conversations we had with some of our policy advisors and research affiliates. We next focus on policy lessons that can be learned from both research and practice in the five key

"Research into place-based policies is not effective unless it can be used by those who participate in making local action happen."

areas of interest to our initiative: 1) workforce development, 2) place-based scholarships, 3) economic development, 4) housing, and 5) child care. In adopting this format, we hope to further demonstrate that drawing on ideas and research from a diverse array of people can yield practical policy advice.

The past few years have highlighted the geographic divide in prosperity between different places. This inequity creates major social and political issues: many residents' potential capabilities in struggling areas are underutilized, and many residents in these places feel disconnected from our national economic and political institutions. This regional divergence creates additional inequality: where someone is born and where they live has an outsized impact on their economic future. Increasingly, politicians and policymakers are turning to place-based policies to help provide opportunities to people in lagging places. In the past few years, many state and local areas have responded to these place-based problems with creative policies.

Research into place-based policies is not effective unless it can be used by those who participate in making local action happen. We hope our annual report provides you an opportunity to connect with our work. It is our wish that the policies and recommendations within our report help spur effective initiatives to strengthen communities.

Sincerely,

Tim Bartik, Brad Hershbein, and Michelle Miller-Adams

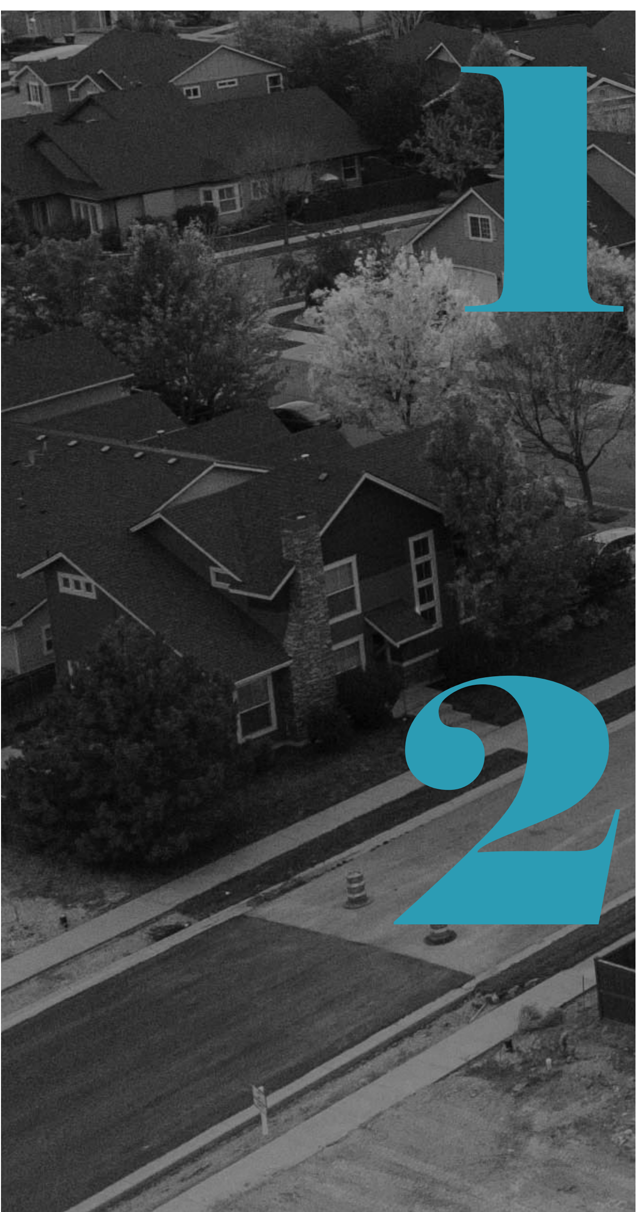
Co-directors of the Upjohn Institute's "Promise: Investing in Community" Initiative

6 Key Takeaways on Effective Place-Based Policies from Our 2022 Affiliate Convening

by Kathleen Bolter & Kyle Huisman

On June 6, 2022, the W.E. Upjohn Institute's "Promise: Investing in Community" research initiative held its third in-person convening. Our research affiliates and policy advisors, spanning expertise from a variety of fields and specializations, discussed several innovative place-based strategies designed to improve equitable job opportunities around the country.

Here are some of the most interesting takeaways from our convening:

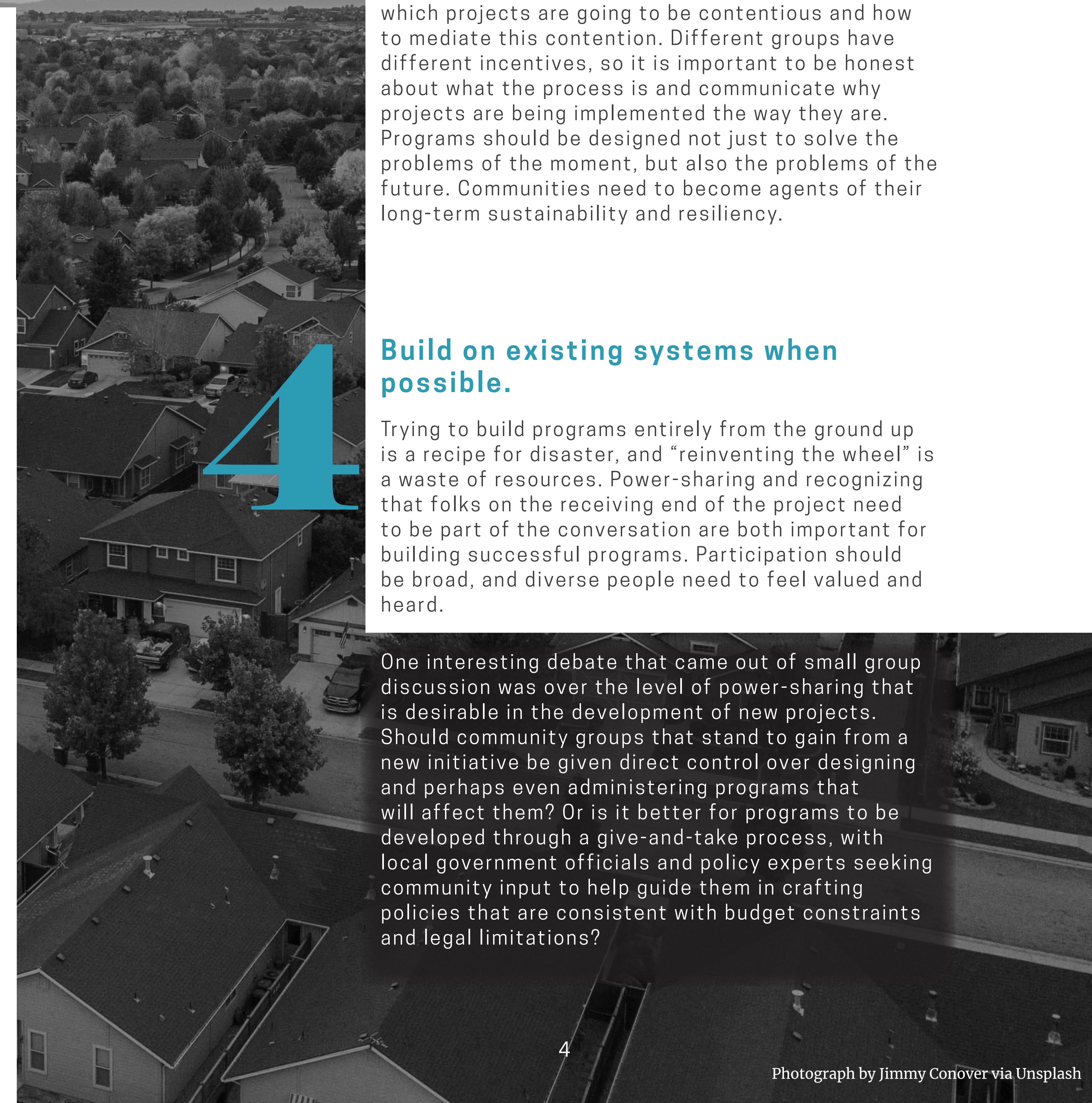


1 Local credibility matters for program success.

There needs to be buy-in and knowledge of the local community to convince people that place-based programs are worthwhile. It is also important to know whom to bring to the table (and then do it), as well as how to encourage collaboration among different institutions. Those leading projects need to develop political clout within the community, and the people involved with programs need to be integrated into the community's various systems.

2 Scale and replication are critical.

Because resources are often a barrier for projects, it is important to design programs that move the needle on the overall situation rather than help just a few people. This means understanding the broader lessons learned and the techniques that were successful. Scale should be thought of as depth, breadth, and sustainability. Not all projects will work the same way, and replication needs to be adaptive to figure out the core mechanisms at work.



3 Partnerships with communities should be for the long haul.

There is value in having someone be the convener and bring resources to the entire community. As part of this, programs need to be immune to local politics. This means there needs to be some foresight about which projects are going to be contentious and how to mediate this contention. Different groups have different incentives, so it is important to be honest about what the process is and communicate why projects are being implemented the way they are. Programs should be designed not just to solve the problems of the moment, but also the problems of the future. Communities need to become agents of their long-term sustainability and resiliency.

4 Build on existing systems when possible.

Trying to build programs entirely from the ground up is a recipe for disaster, and "reinventing the wheel" is a waste of resources. Power-sharing and recognizing that folks on the receiving end of the project need to be part of the conversation are both important for building successful programs. Participation should be broad, and diverse people need to feel valued and heard.

One interesting debate that came out of small group discussion was over the level of power-sharing that is desirable in the development of new projects. Should community groups that stand to gain from a new initiative be given direct control over designing and perhaps even administering programs that will affect them? Or is it better for programs to be developed through a give-and-take process, with local government officials and policy experts seeking community input to help guide them in crafting policies that are consistent with budget constraints and legal limitations?

Photograph by Jimmy Conover via Unsplash

5 Programs need to prove their impact.

Practitioners often seek to understand what specific programs work and why. Data are an important way to track and confirm whether projects are successful but gathering data can be difficult. Processes for collecting data for program evaluation should thus be incorporated into the program at its inception. Research and program evaluation should be based on a mutually beneficial relationship and close communication between researchers and practitioners. Evaluations are not just about outcomes but about the process or procedure; the context is important. It is essential for researchers to draw out what is most useful for practitioners to know.

6 The research that policymakers want to use is not always the type that academics produce.

A panel of practitioners who participated in the convening made several interesting points about how they use research. Policymakers prefer programs that have already been tried in other cities and rigorously studied. They want researchers to give them concrete recommendations on next steps in implementing a specific program, not just summaries of the long-term impacts of similar programs. Panelists also discussed the need to establish a criterion for evaluating program success at its outset, instead of doing so ad hoc.

Overall, the convening produced many interesting insights related to place-based policy research and implementation. Strong local leadership is essential for program success. Leaders must anticipate areas where programs might cause contention among certain interest groups and communicate openly with them at the outset. Programs should have a long-term vision and must be adapted and scaled to the needs of specific communities to replicate success. Researchers need to keep their audience in mind when communicating findings.

Thanks to everyone who attended and participated!






Q+A

by Kyle Huisman

Nicky Grist

Lisa-Nicolle (Nicky) Grist has spent her career as a researcher and administrator doing work to strengthen local communities. She currently serves as the chief of research, evaluation, and finance at the Cities for Financial Empowerment Fund. She previously served as the senior director of evaluation for the National Urban League. Prior to that, she spent 14 years as a nonprofit executive director at both a community-based housing counseling agency and a national social policy advocacy organization.

How do you see parts of your work intersecting with our place-based initiative at Upjohn, with its focus on local college scholarship, and workforce development programs?

At the Cities for Financial Empowerment Fund, our primary constituents are local governments. They obviously have a very place-based perspective, but the services and strategies we help them with focus more on individuals and households. To

me, the intersection is in the hypothesis that the financial stability of individuals and households is necessary for community stability. The hope is that increasing financial empowerment for individuals and households will increase a community's resilience to economic shocks. We are also looking at ways in which financial empowerment can support college access. The place-based scholarships are an interesting topic to us. We are looking into whether students are savvy in the way they use scholarship money, and whether we can help students better understand how to make financial decisions around college-going with the aid they are getting.

What is something interesting that you are working on right now?

Several years ago, our CEO coined the term "supervitamin effect" to describe the effect that financial empowerment can have on public programs. The idea behind the concept is that increasing financial stability for individuals can help them succeed in other aspects of their lives, and this helps public programs function more efficiently. We are trying to demonstrate how local financial counselling programs can have this effect. We have 30 different localities that offer free professional financial counseling as a public service, and we are working with them to study the effects of these programs. For example, we are looking at whether financial counseling can help workforce programs connect people with better jobs or encourage them to stay a little longer in their current jobs, so that they don't accept a new job that does not earn enough for them to pay their bills.

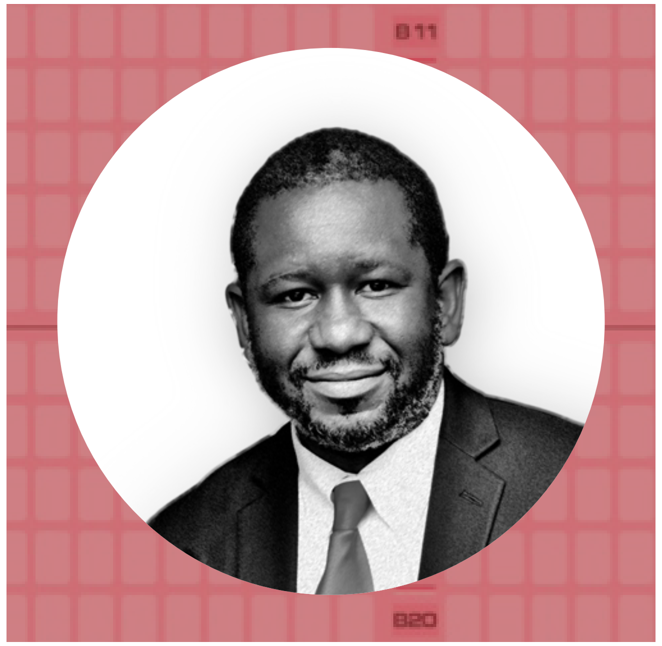
So, your organization works in conjunction with local government to administer these programs?

We provide grants to local governments to get these programs off the ground, as well as technical assistance to help cities either replicate a program model or create their own strategies. We don't provide long-term funding, it's very much just a seed grant. We then help local governments create program sustainability plans to include in their budgets.

How did you become interested in place-based issues personally?

My early interest was in affordable housing and community development. I think my interest came from a personal idea that having a home that feels like a good base is a foundation for the rest of your life. I really wanted to help people have that foundation. Having a community that feels like a solid base is an extension of the idea. My work in financial empowerment came out of work I previously did that focused on affordable housing in New York City. It was a natural transition. Rent or mortgage is somebody's biggest expense, so the more you talk to people about housing, the more you end up talking to them about money.

> "Increasing financial stability for individuals can help them succeed in other aspects of their lives, and this helps public programs function more efficiently."



Olugbenga Ajilore

Dr. Olugbenga Ajilore serves as the senior advisor for the Office of the Under Secretary for Rural Development at the USDA. He was formerly a professor of economics at the University of Toledo and a senior economist at the Center for American Progress. Much of his research has involved studying local policies that affect economic development. He is an affiliate with the Upjohn Institute's "Promise: Investing in Community."

Tell us about something interesting you are working on right now at the Rural Development office of the USDA.

That would be the Rural Partners Network, which connects communities to 13 different government agencies, including the USDA. The federal government offers over 50 rural development programs of various types. But there are barriers to accessing these programs, and communities might not know which program is right for their needs. The ability to pay for the application process is another barrier—the process can be prohibitively expensive. Even if you get through that and apply successfully, can you even manage the grant? There are barriers at every part of the process of accessing programs, so we go to these communities and evaluate what their needs are and connect them to appropriate programs.

What can researchers do to better communicate findings with policymakers, and to better work with policymakers in general?

Understand what your results are saying and how they can be used. Part of understanding what your work is saying is understanding who you are serving. For example, the idea that "economic development policy is all about jobs" may make sense in a place where you have running water, but it's narrow in scope versus thinking about economic development as place-making. When you talk about place-making, you want a community that's livable, with quality housing, clean water, good schools, and roads. You need to think about economic development holistically.

"This is where acknowledgment of structural racism comes in. If you don't acknowledge that history, you might just say that certain communities don't want government help."

You also need to consider the history of communities you are researching to understand why they are disadvantaged.

This is where acknowledgment of structural racism comes in. If you don't acknowledge that history, you might just say that certain communities don't want government help. Yeah, they don't want it because 60 years ago the federal government built a road right through their community and destroyed it. In cases like this, it's not an access or knowledge issue that keeps communities from accessing programs, it's a trust issue. Other communities may not know about the help available to them. That might be a knowledge issue. Researchers need to understand the history of these communities so they can tailor their solutions properly.

How did you become interested in rural issues?

When I got to the Center for American Progress in August 2018, we were trying to figure out how to reach Trump voters, and trying also to understand why democrats lost the Midwest. We talk about rural America, but that's kind of a misnomer, to the point that we don't even know what it is. You can't just say "rural America" because it doesn't tell you about that place. So, first, you have to redefine rural America. You have the Black Belt, the colonias, the Great Plains, tribal communities with their own sovereign governments, and so on. There are certain similar patterns that cause problems across different rural communities. For example, the lack of public services, or companies that turn areas into monopsonies or "company towns" to lower costs. But if we can understand the diversity of these different communities, then we will be better able to target our solutions to their problems.

Emily House

Emily House has played an important role at the Tennessee Promise from the beginning. She led the Tennessee Higher Education Commission (THEC) and Tennessee Student Assistance Corporation's research and planning team during the initial rollouts of the Tennessee Promise and Reconnect programs. She then became the deputy executive director of THEC and is now the executive director.

Tell us about something interesting you are working on right now at THEC.

Like most states, our college-going rate since COVID has gone down. In our case it dropped from 61 percent to about 52 percent. We are using some county-level interventions to keep the FAFSA filing rate high and get the college-going rate back up. Advise Tennessee is a program modeled on the college-advising core. We have 30 advisors who work with one, two, or three high schools apiece. We have had that program since 2016, but we are trying to double down on localized efforts that focus on interventions at the county or school level. This program has taken on a new importance in the context of COVID recovery because it gives students access to one-on-one or small group interactions with these college advisors.

What can researchers do to better communicate findings to policymakers, and do you have any insights from your transition from a research role to an administrative position?

First and foremost, you need to make whatever data or research you are presenting accessible to your audience. The people in the legislature with whom I work are intelligent, but they are not PhD trained researchers. You have to meet your audience where they are and give them what they need to have the information to make a decision.

When you interact with policymakers, you are the expert in the content, but they hold the purse strings and political power. You can't march in there with your binder full of data and be like, "I know all of this, and you don't," because that is not going to get you anywhere. You need to meet people where they are by presenting research in a way that is accessible and free of jargon. You don't need to be talking about statistical significance, for example.

Also, don't litigate the way policymakers talk to you about research. As quantitative researchers, we get bent out of shape about people misinterpreting things, like when people confuse correlation for causation. But I don't think there is a need for that. We don't need to be the causal language police for normal people. The crux of it is this: meet your audience where they are. It does not make you less of a researcher if you present things in an accessible way using normal language.

How did you become interested in place-based issues?

I fell into place-based research to some extent through my work with THEC. I got my master's at Vanderbilt and served as an intern at THEC while I was in school. I then went to the University of Michigan to do my doctoral work and ended up going back to Tennessee in 2013, when all this free college stuff was launching, and continued working for THEC while I wrote my dissertation. I worked hard to get where I am, but I feel lucky to have been in the right place at the right time to dive into the work on place-based college programs at the front end through my work with the Tennessee Promise programs. I am grateful to have become a part of the community of practitioners and scholars researching place-based issues.

"The crux of it is this: meet your audience where they are. It does not make you less of a researcher if you present things in an accessible way using normal language."

Jeff Chapman

Jeff Chapman is the director of Pew's state fiscal health initiative, which provides states with technical assistance to help them create effective and responsible economic policies. Chapman previously served as Research Director for the Washington State Budget & Policy Center and sat on the Governor's Council of Economic Advisors in Washington. Prior to this he worked as an economist for the Economic Policy Institute.

How do you see parts of your work intersecting with the Upjohn Institute's "Promise: Investing in Community"?

Over the past 10 years, The Pew Charitable Trusts has worked with Upjohn to help states evaluate their largest economic development investments: tax incentives. As states have improved their evaluations, they have used the new evidence to reform programs, including those that are targeted at distressed places. In addition, policymakers are now actively looking for innovative alternatives to programs that have proven ineffective, and that's a gap that I think Upjohn's research is well poised to fill.

Tell us about something interesting you are working on at Pew.

One thing we are working on right now is developing a tax incentive evaluation toolkit for policymakers. We are aiming to bring together all our research over the last 10 years into one place, creating a resource that will make the process of starting, executing, and improving evaluation processes much easier for states.

What can researchers do to better communicate findings to policymakers to promote evidence-based policymaking?

Based on our experience working with policymakers, most state and local leaders are interested in evidence-based policymaking, but they have several constraints on their time and attention that make it difficult to pursue even the most proven approaches. At Pew we provide in-depth technical assistance to help states adopt innovative approaches. Even the best research can fail to have an impact without that work.

What interest does Pew take in place-based issues?

The founders of The Pew Charitable Trusts aimed to create an institution committed to serving the public interest through the power of knowledge—and to this day, we believe that research can help solve today's most challenging problems. This is why Pew's work is firmly rooted in research-driven problem-solving in areas, including place-based economic development.

State Governments Can Do More to Help Their Distressed Places

by Tim Bartik

Illustration by Kathleen Bolter; photographs by McGhiever via Wikimedia & Derek Jensen via Wikimedia

Even when the overall U.S. unemployment rate is low, many Americans live in economically distressed places with low employment rates. These low employment rates can lead to lower earnings and social problems such as substance abuse, crime, and family breakups.

The distressed places problem exists on two levels, each of which requires different solutions.

The first level consists of distressed local labor markets, where employment rates are low throughout a multicounty area with extensive commuting, such as a metropolitan

area or a rural commuting zone. About 1 in 10 Americans live in "severely distressed" local labor markets, where the employment rate is at least 10 percentage points below "full employment"[1] Another 30 percent of Americans live in "moderately distressed" local labor markets, those with employment rates at least 5 percentage points below full employment.

The second level of the distressed place problem consists of neighborhoods with low employment rates. If we define "neighborhood" as a census tract—government-defined areas that average about 4,000 people—then 1 in 10 Americans live in "distressed neighborhoods," those with employment rates at least 10 percentage points below that of their local labor market. Distressed neighborhoods are prevalent in many older cities; for example, nearly half of Detroit's population lives in a distressed neighborhood.

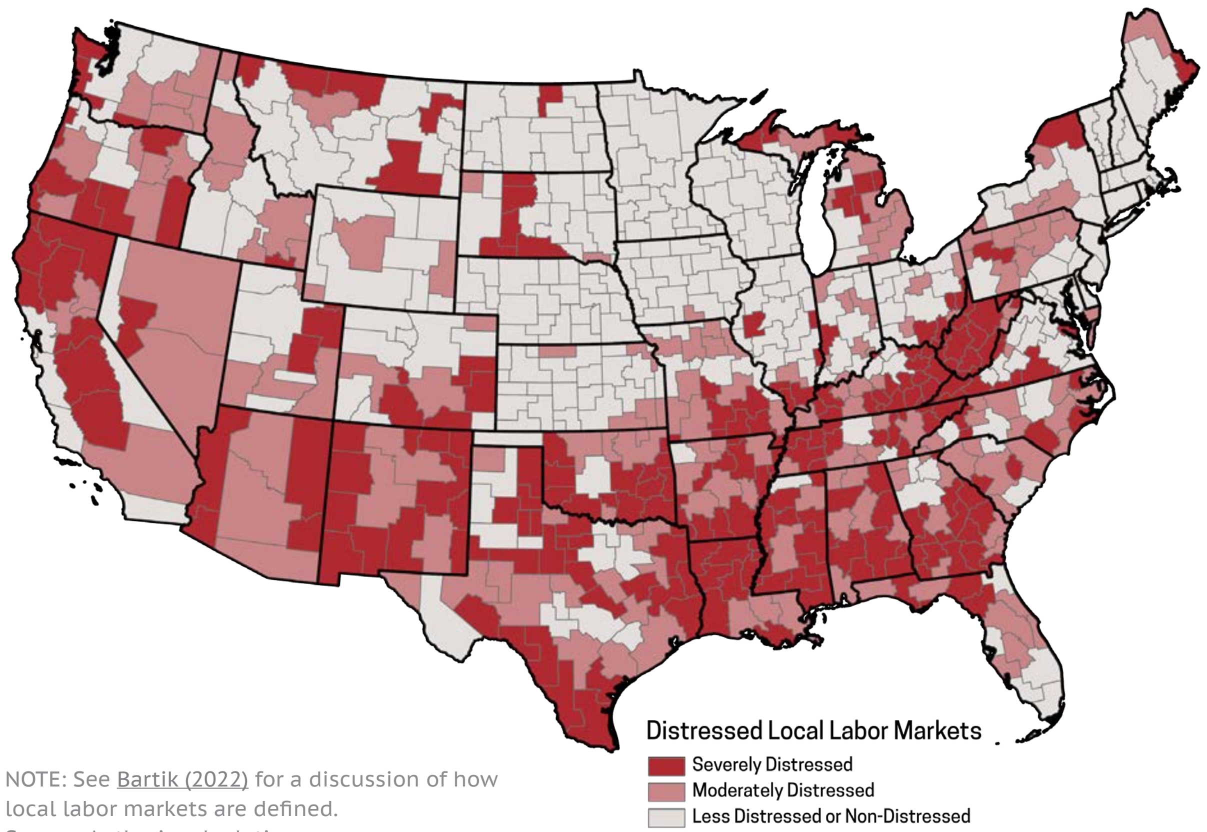
Low employment rates in distressed local labor markets generally have different causes and require different solutions than low employment rates in distressed neighborhoods. For distressed local labor markets, the problem is an overall lack of jobs. Creating additional jobs in the labor market as a whole can increase the local employment rate, and this can be done

Policy Recommendations

- One of the best ways to help residents living in low-employment-rate labor markets is to encourage local job creation through customized business services.
- This job creation does not have to be in the neighborhoods with low employment rates; rather, help residents access jobs throughout the local labor market.
- States can accomplish both these goals by providing flexible block grants tied to the number of people in an area needing jobs.

1 "Full employment" is defined here as the employment rate that is exceeded only by labor markets at the 90th percentile of the employment rate; that is, only 10 percent of the U.S. population lives in labor markets that exceed that rate, which appears to roughly define a maximum feasible employment rate.

Distressed local labor markets include much of the rural South and Appalachia, but they also reach upper New York State, older industrial cities such as Detroit and Flint, and much of the West outside booming coastal cities.



NOTE: See Bartik (2022) for a discussion of how local labor markets are defined.
Source: Author's calculations

cost-effectively through job creation policies with high returns.

The most cost-effective local job creation policies provide customized business services. These types of services include

- focused job training programs in which community colleges provide free training to individual businesses;
- manufacturing extension services that work with small and medium-sized manufacturers to help them target new markets and adopt new technologies;
- small business development centers that advise entrepreneurs on starting and expanding businesses;
- road and transit improvements to support new business investments; and
- business, industrial, and research parks, which provide real estate already zoned and ready for development.

These services can create local jobs at a cost of around $55,000 per job, less than one-third the cost of job creation through business tax incentives.

In contrast, residents of low-employment-rate neighborhoods are not substantially helped by locating new jobs in the neighborhood, as most of a neighborhood's jobs are not held by that neighborhood's residents. What residents of distressed neighborhoods need is better access to jobs in the local labor market. Improving job access comes not only from expanding local transit or making it easier to purchase reliable used cars, but also through specialized employment services: better information on appropriate job openings, job training; child care, and success coaches to improve job retention. These services can help neighborhood residents get jobs at a cost of about $70,000 per extra job opportunity.

These costs of $55,000 or $70,000 per job may seem high, but they are significantly less than the social benefits the extra job opportunities provide. Besides the increase in individual earnings exceeding these costs over time, there are broader benefits for the family and society. States could significantly increase employment in distressed places at reasonable costs. I estimate that over 10 years, states could shrink the employment rate gap between these distressed places and full employment by one-third, at an annual cost of about $30 billion, or less than 3 percent of state tax revenues.

The barrier to greater state help for distressed places is political: states find it difficult to persistently target distressed places at sufficient scale. States have historically provided larger tax subsidies per job created in distressed places than in booming

"The barrier to greater state help for distressed places is political: states find it difficult to persistently target distressed places at sufficient scale."

Photograph by WeaponizingArchitecture via Wikimedia places. However, because booming places create more total jobs than distressed places, it is not uncommon for more total subsidy dollars to go to booming places. Other states have tried to limit eligibility for assistance to distressed places. But every place believes it needs jobs, so political pressures often lead to expanding eligibility to most or even all of a state.

To effectively target assistance to distressed places, I recommend a block grant approach in which funding is based on the size of the employment rate gap in a particular place. That is, states would seek to close a fraction of the employment rate gap between each place and some state goal. Most places in the state would receive some funds, but higher amounts would flow to places with lower employment rates. If an area had an employment rate gap twice as large as another, it would receive twice as great a block grant per capita. This targeting is straightforward: if we need to create twice as many job opportunities per capita in the distressed place, it should logically receive twice the per capita funds. Consequently, all places get some funds, but distressed places are guaranteed to get more dollars per capita.

This targeting approach already exists in other settings. For example, some states provide significant aid to K–12 students based on the number of students eligible for the National School Lunch Program. Nearly all school districts get something, but school districts with more low-income students get more. The targeting is thus transparent and fair.

If states are committed to helping all their residents get and keep good jobs, targeting distressed places represents an important way to achieve that goal. Although other policies—such as better education and training—can also help, directly creating job opportunities and making them more accessible to those who need them most yields benefits beyond jobs for the nonemployed. When more residents have good jobs, substance abuse and crime tend to fall and educational achievement tends to rise. These shifts boost state tax revenues while lowering Medicaid and criminal justice costs. They also set the stage for greater economic mobility and well-being for the next generation. Targeting distressed places therefore can pay off for the entire state.

"If states are committed to helping all their residents get and keep good jobs, targeting distressed places represents an important way to achieve that goal."

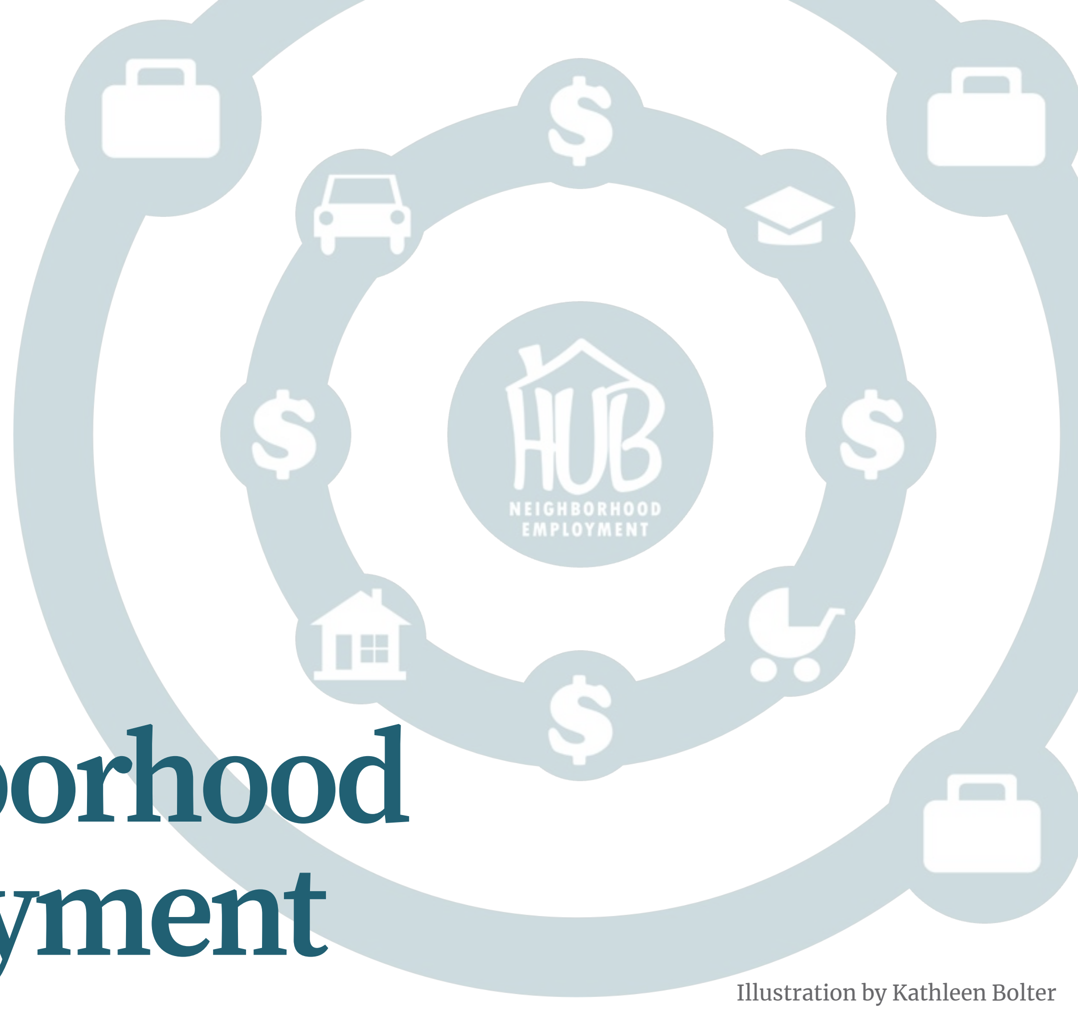


Illustration by Kathleen Bolter

Neighborhood Employment Hubs

Bringing Effective Job Assistance Directly to Residents

by Kathleen Bolter

Distressed neighborhoods pose a vexing challenge for policymakers. Even when the broader area is doing well, residents of distressed neighborhoods can still find themselves unemployed or stuck in bad jobs. Fifty-five million Americans live in distressed neighborhoods, where the unemployment rate is much higher than in the rest of their local labor market.

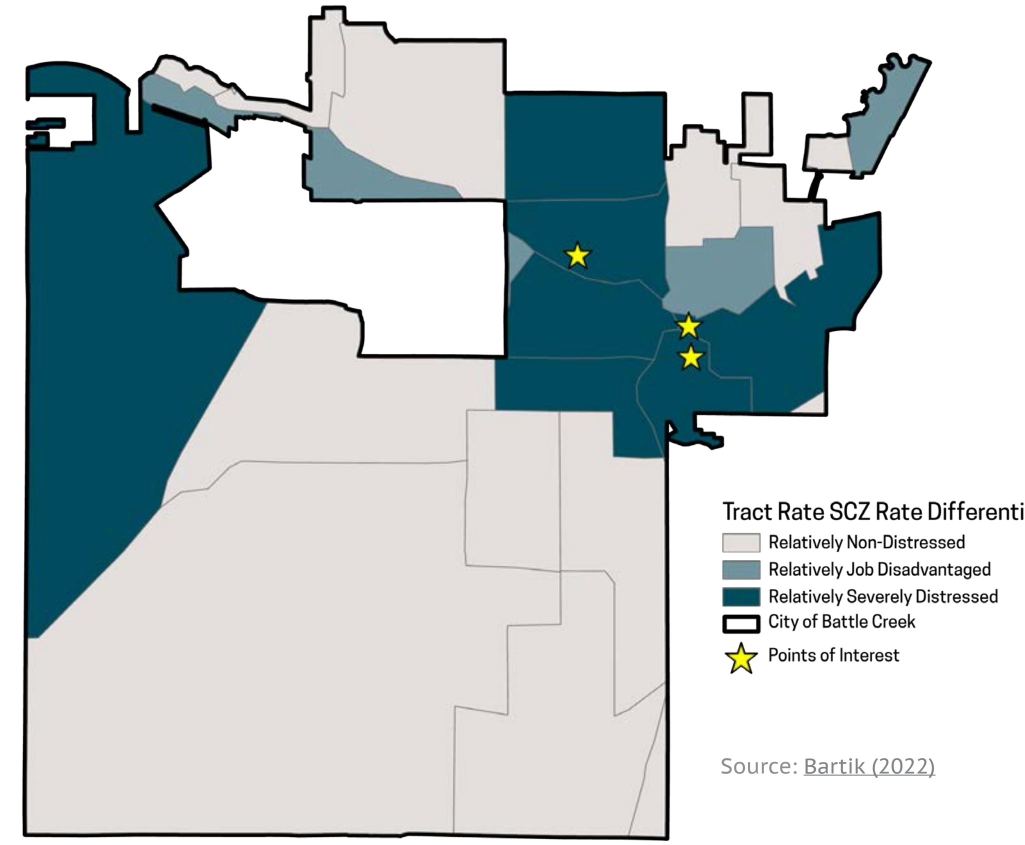
While one controversial solution to this issue is to incentivize businesses to create jobs in distressed neighborhoods, it is difficult to guarantee that the jobs created will be good jobs—providing stable incomes and a high quality of life—or that the jobs themselves will even be filled by neighborhood residents. Another, more promising solution for helping the individuals living in distressed neighborhoods access good jobs in their wider community is to centralize the training and access to services needed to find good jobs directly in the neighborhoods where individuals live. This is the basic concept behind the Neighborhood Employment Hubs.

Neighborhood Employment Hubs (or Hubs) began in 2018 in Battle Creek, Michigan, and aim to create more opportunity for residents in marginalized communities by creating stronger pathways to good jobs. Operated by Michigan Works! Southwest, the regional workforce development agency, Hubs are intentionally embedded in community organizations operating in distressed neighborhoods. A key goal is to reach potential workers who may be disconnected from traditional employment agencies and other community resources.

The Hubs are open to the public Monday through Thursday from 9am to 4:30pm, with all adult residents eligible to receive services. After filling out an application and completing a short orientation, clients are asked to describe both their barriers to employment and their training goals.

Although the Hubs program is only four years old, practitioners have already learned several lessons for policymakers wanting to improve employment in distressed neighborhoods.

The Neighborhood Employment Hubs are intentionally embedded in distressed neighborhoods within the city of Battle Creek.



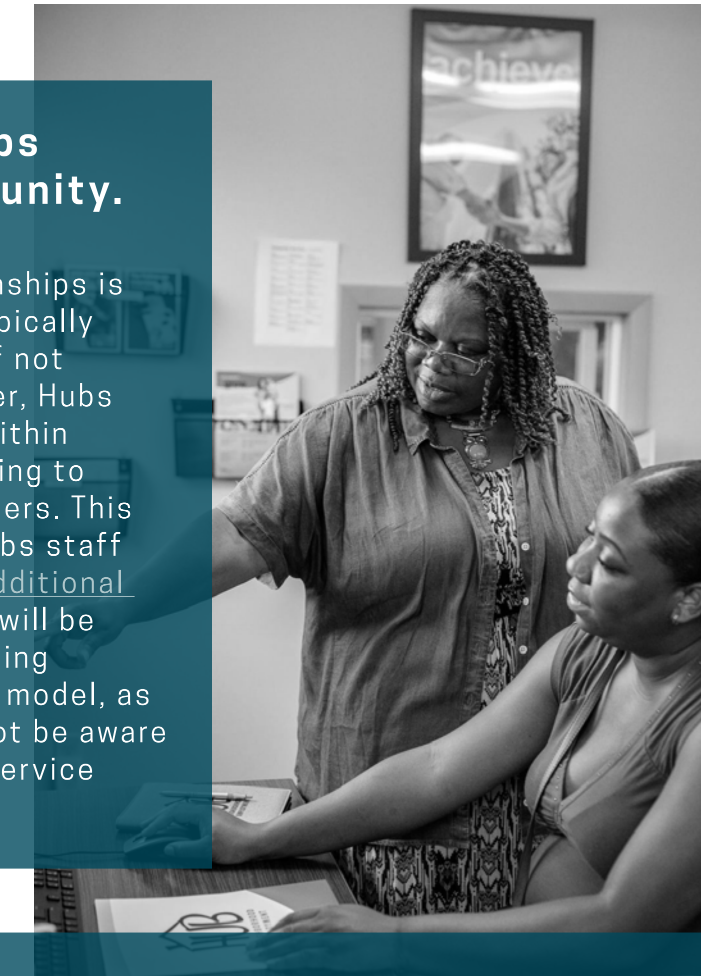
Source: Bartik (2022)

Before beginning any training, focus on eliminating barriers to employment.

Many residents face numerous barriers to finding and keeping good jobs, ranging from lack of child care and transportation to being unable to afford appropriate equipment or clothing for a job. Understanding and helping people overcome these and other barriers to employment is essential to successful job training programs, and Hubs tackle these issues as priority.

A flexible funding model allows for important barriers to be addressed.

State and federal government funding often comes with restrictions on how money can be spent on program activities. Because the Hubs are primarily funded from a private grant from the W.K. Kellogg Foundation, funding has more flexibility to implement innovative approaches to support individuals seeking services. For example, someone may have a car but cannot legally drive it because it is uninsured. Rather than have the individual face fines and license suspension, further reducing the chances of the individual attaining or keeping a job, the Hubs can help their client find and finance insurance. Assistance with financing insurance is generally not offered in most publicly funded job training programs.



Building long-term relationships creates trust within the community.

Trust built on developing long-term relationships is another key feature of Hubs. Customers typically work with Hubs staff for over 12 months, if not longer, helping to develop rapport. Moreover, Hubs staff participate in community activities within the neighborhood, often living nearby, helping to build trust and accessibility among customers. This relationship building makes it easier for Hubs staff to help customers find matches for both additional community support services and jobs that will be a good fit. Hubs serve a social capital building approach. Word-of-mouth is central to this model, as Hubs target people who otherwise would not be aware of available services or readily trust area service providers.

Coordination and alignment among service providers is essential for maximizing the impact of workforce development systems.

The Hubs operate within the framework of a workforce consortium that includes the local Goodwill Industries affiliate, Kellogg Community College, Michigan Works! Southwest, and Woman's Co-op. To better serve target communities, this consortium coordinates and aligns resources, reducing the need for customers to repeat intake forms, speak with multiple representatives, or otherwise get lost in the shuffle. The greater efficiency from coordination has allowed the consortium to expand job preparation, training, and support services to customers. While the Hubs' initial goal in the first three years was to provide services to 700 people, the program helped eliminate barriers and provide training for 1,400.

Business partners also need to be part of the program.

While alignment between workforce partners has been successful, engaging business partners has been a more enduring challenge. Here, too, relationships matter. Hubs coaches play a large role in helping customers find specific jobs and businesses where they will be successful, using their own local knowledge to pair customers with employment opportunities that provide a welcoming work environment capable of meeting individual needs. Hubs staff work to understand business needs and have been instrumental in developing trusted partnerships with businesses so that culture and process improvements such as HireReach have been adopted. This approach broadens the pool of applicants and can deepen the pipeline of employment opportunities. In turn, this buy-in rests on relationships with Hubs staff and demonstrated success of assisted job seekers and business partners, both of which take time to build.

Neighborhood Employment Hubs represent an innovative approach to help residents in distressed neighborhoods find—and keep—good jobs. By eliminating barriers, building long-term relationships, and collaborating with other community partners, the Hubs offer a way to borrow some of the more successful elements from private training programs while leveraging the greater scale of public funding to redefine employment service delivery.

(Thank you to the following people for their insights into the Neighborhood Employment Hubs: Jakki Bungart-Bibb, Director of Michigan Works! Southwest; Cherise Buchanan, Neighborhood Employment Hubs Project Manager; Barb Travis, Lead Career Coach, Neighborhood Employment Hubs; Heather Ignash, Business Services Coordinator-Calhoun County and Julie Klein, Career Coach/ Business Services Liaison, Neighborhood Employment Hubs.)

A Tale of Twin Cities

Illustration by Kathleen Bolter; Photograph by Bobak Ha'Eri via Wikimedia

by Brian Asquith

Forget what you may have previously believed: affordable housing is no longer just a coastal problem. As documented by the *New York Times* in the summer of 2022, the places no longer building enough housing to meet demand now stretch across many Western, Midwestern, and Southern metro areas, including cities like Grand Rapids, Denver, Austin, and Minneapolis-St. Paul.

The Twin Cities in particular have been on a growth tear: between 2010 and 2020, Minneapolis added 41,000 residents (a 12.4 percent increase) and about 28,500 housing units. In contrast, St. Paul added 26,000 residents (a 9.3 percent increase) but only 8,000 housing units. Though faced with similar growth, policymakers in the two cities are taking starkly different approaches to resolving their housing shortfalls.

In October 2019, the Minneapolis City Council adopted a strategic plan called "Minneapolis 2040"; one of its stated aims was to have "...all Minneapolis residents [be able] to afford and access quality housing throughout the city." The plan explicitly called for the city to "expand opportunities to increase the housing supply... [by] ...allowing more housing options." Key reforms included ending minimum parking space requirements for new developments, allowing for greater housing density in major commercial corridors, and most (in)famously, the abolition of single-family zoning. Effectively, this reform allowed developers to build multifamily housing on any open residentially zoned parcel in the city.

St. Paul, by contrast, has mostly eschewed supply-side reforms in favor of a blunter tool: rent control. In November 2021, St. Paul voters narrowly passed a referendum enacting what is arguably the strictest rent control regime of any major U.S. city. St. Paul's rent control system has two distinct features that set it apart from other cities' systems. The first is that it tightly restricts the amount a landlord can ask for a newly vacant unit, called a "vacancy bonus," to just 3 percent above what was asked of the vacating tenant. Only New York City's limit of a zero-vacancy bonus is stricter; most other systems either do not regulate vacancy bonuses at all or allow them to be much more generous, like Washington D.C.'s 10 percent. The other distinct provision is that, unlike all other systems, new construction is not automatically exempt from rent controls.

After the St. Paul referendum was passed last fall, I predicted that these provisions would likely cause both new developments and the existing rental

Policy Recommendations

- Rent control is a mixed bag: its potential to tame price increases for tenants should be weighed against its potential to reduce property values (and thus drive down property tax collection).
- Increasing density does not have to mean new large apartment complexes. Encouraging development of duplexes and triplexes can significantly ease housing shortages.
- Reforming housing policy includes many options besides abolishing single-family zoning. Removing minimum parking requirements for new developments and allowing denser housing construction around commercial corridors can also help alleviate affordable housing shortages.

housing stock to fall because many landlords would seek to switch their rental units to condominiums and cash out of the St. Paul market. That prediction was informed by several papers, largely using data from San Francisco, that had found that landlords subject to rent control often reduce the number of units for rent, even when rents increase (Asquith 2019; Diamond, McQuade, and Qian 2019). Recent research by Ahern and Giacoletti

Unlike Minneapolis and several other large cities, St. Paul issued fewer permits for new housing units in the beginning of 2022 than in the beginning of 2021.

Housing Units Permitted for Select U.S. Cities

	Housing Permits Jan. to May 2021	Housing Permits Jan. to May 2022	% Change
St. Paul	1,401	288	-79.4%
Minneapolis	488	1,919	+293.2%
Chicago	1,316	2,445	+85.7%
Denver	3,442	3,018	-14.0%
Seattle	3,816	4,040	+5.9%

Source: State of the Cities Data System, Department of Housing and Urban Development.

Photograph by Akerx019 via Wikimedia

"The contrast between St. Paul and Minneapolis could not be clearer. Minneapolis is building a substantial pipeline of new, multifamily projects that will add hundreds of new units to its existing housing stock. St. Paul, by contrast, has seen a marked slowdown in units permitted despite sharing the same climate, geography, and local labor market."

(2022) implies that the referendum also affected property values, which in the first three months after the referendum passed fell by 6–7 percent, a loss of $1.6 billion.

While we are still waiting for research on other aspects of St. Paul's new ordinance and Minneapolis's new housing plan, housing permit data provide a few clues. Figure 1 shows changes in the number of multifamily housing unit permits issued for select cities between the first five months of 2021 and of 2022.

The contrast between St. Paul and Minneapolis could not be clearer. Minneapolis is building a substantial pipeline of new, multifamily projects that will add hundreds of new units to its existing housing stock. St. Paul, by contrast, has seen a marked slowdown in units permitted despite sharing the same climate, geography, and local labor market. Even when compared to other cold weather cities with strong tech sectors, like Seattle, Denver, and Chicago, the drop in the number of permits in St. Paul clearly stands out.

A growing body of research, including Asquith, Mast, and Reed (forthcoming), Li (forthcoming), and Pennington (2021), has shown that expanding the housing supply eases rent pressures in the local housing market. While it is still uncertain whether market rate housing developments or rent control is more effective at alleviating price pressures, preliminary data from the Twin Cities seem to favor development.

While it is still too early to draw a firm conclusion on which policy will best promote more affordable housing to city residents, the early evidence favors modest policy reforms that encourage density and housing development over more direct price interventions like rent control.


Photograph by Fibonacci Blue via Wikimedia

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Illustration by Kathleen Bolter

5 Things We Learned about *Housing* from Talking to Communities in West Michigan

by Lee Adams

As is true in many places throughout the country, communities across west Michigan have felt the impact of limited housing supply, coupled with increased demand spurred by the large millennial generation aging into homeownership. Extensive demolition of nearly worthless homes during the Great Recession, the prolonged recovery by home builders after the Great Recession, and construction slowdowns caused by the COVID-19 pandemic all have caused supply to lag behind demand. This mismatch has led to dramatic price increases in many markets. Further, wage growth has lagged behind housing costs, which has resulted in widespread and growing housing insecurity.

Recognizing the severity of this problem, many community leaders have responded by developing comprehensive housing plans to examine their housing ecosystems. These plans typically work by cataloging existing conditions, documenting the current and future needs of the population, creating goals and objectives to meet those needs, and developing strategies that will accomplish those goals. The planning process also works to accomplish a crucial step in enacting meaningful improvements to the housing ecosystem: building alignment. Successful alignment requires multiple partners from diverse sectors working together in pursuit of common goals and holding each other accountable through shared data and ongoing communication. This planning process should also identify implementation strategies that help to address housing issues, including ones that use a minimal amount of community resources. For example, improving zoning ordinances to allow for more efficient housing developments is an example of a low-cost strategy.

> "Comprehensive housing plans typically work by cataloging existing conditions, documenting the current and future needs of the population, creating goals and objectives to meet those needs, and developing strategies that will accomplish those goals."

Local leaders have the opportunity to prime their communities for better development, and to do so with minimal costs. Creating a housing plan that incorporates the lessons described can give a community a sense of what is needed and what is accomplishable. Nonetheless, developers are primarily driven by their bottom line, and no amount of planning will compel them to build in areas that are not profitable. Infrastructure and zoning improvements will help make more projects feasible, but financial incentives are often needed to encourage developers to build housing in the areas where it is most needed, and those incentives often need to come from the broader community. Communities will need to employ a range of tactics to help improve their housing situation. Regardless, while none of these approaches is a panacea for all housing problems, together they will help address a significant portion of local housing challenges.

1 A housing ecosystem should function as a complete system and provide a continuum of housing options for residents.

Many residents in a community will need different types of housing throughout their lives; for example, the loss of stable income or a medical issue might force someone into a temporary residence, while graduation from college or a promotion may allow someone to move into more stable, market-rate housing. These transitions are a natural part of life, and a healthy housing ecosystem provides housing options as these transitions happen.

Illustration by Gerrit Anderson

2 Maintaining homes is typically far more cost-effective than building new ones.

Ensuring homes do not fall into disrepair and out of usable condition can have the same net impact on housing supply as building a new house, and at far less expense. Regardless of these points, community leaders tend to focus on highly visible new construction rather than maintaining homes. Communities should celebrate the maintenance of homes as much as the construction of new homes to ensure that more efficient work is undertaken.

3 Housing planning requires a coordinated approach.

In most communities, different stakeholders work in various segments of the housing ecosystem. Nonprofits typically support the most housing insecure, while for-profit developers often focus on market-rate housing. Successful communities work to coordinate housing stakeholders to ensure that housing options exist at all levels of the housing continuum and to effectively deploy resources when there are gaps.

4 Local governments have several tools to support housing development.

Local governments can allow higher levels of density, reduce permitting time and zoning barriers, and improve built infrastructure like roads, transit, sewer, and other utilities. Amending zoning codes to allow for higher levels of density, for instance, can help reduce the cost per unit for developers and make more projects economically feasible. When done correctly, increases in density can occur without changing the character of a neighborhood; accessory dwelling units, for example, are a great way to achieve higher density without significantly altering the look and feel of a community. Likewise, reducing the permitting time and simplifying the process can decrease development costs and speed up development. Expanding the types and density of housing units that developers can build on given parcels of land can also reduce uncertainty and development time. Finally, many developers cite the lack of suitable building sites as one of the biggest hindrances to new housing development. Having to install water and sewer infrastructure increases the cost of development, especially when done piecemeal rather than systematically, and these cost increases are typically passed on to home purchasers. Furthermore, wells and septic systems are expensive and require larger lots, which increases both development costs and the costs to home buyers. While some of these policy recommendations require significant budget investments, other reforms are administrative and therefore require political will more than budget resources.

5 State-level tools to support housing need to reflect current conditions and needs.

Community partners in multiple counties have noted the need for updated supports and incentives to encourage housing development. In many places, housing developments will not turn a profit without financial contributions from state or local partners; this is especially true in rural areas where rents or home prices are generally lower and sometimes insufficient to cover the materials and labor costs of new construction. Likewise, applications for Low-Income Housing Tax Credits, which developers can use to offset some of their costs when building units intended for low-income residents, are typically less competitive in rural areas because of the way scoring criteria are designed in Michigan. Reforming these criteria could help, as could the expansion of tax increment financing, which would set aside some of the increased property tax revenue from new market housing development to provide the requisite funding to encourage developers to build in less-profitable areas. A pool of funding to directly incentivize housing development more generally is also needed, as is indirect funding through infrastructure expansion grants.

State Tax Strategies to Reduce Care Costs

by Gabrielle Pepin

Illustration by Kathleen Bolter; photographs by cweyant via Wikimedia & Kathleen Bolter

Child and elder care in the United States is notoriously expensive. For instance, in recent years, the average household with children in the bottom fourth of the income distribution spent nearly 20 percent of their income on child care alone (Herbst 2018). Researchers have found that these costs keep many caregivers from working, as they would easily eat up a good chunk of take-home pay (Averett, Peters, and Waldman 1997; Guner, Kaygusuz, and Ventura 2020; Michalopoulos, Robins, and Garfinkel 1992; Miller and Mumford 2015; Pepin 2020). Although many policymakers continue to recommend policies designed to promote employment opportunities, income support for child and elder care at the federal level remains quite limited. If states and localities wish to create shared prosperity and to help their residents get and keep good jobs, they should thus act independently to reduce care costs.

Some states already provide a road map: supplements to the federal child and dependent care credit (CDCC). When states supplement the federal CDCC, residents get an additional tax credit based on their income and care expenses, effectively lowering their out-of-pocket costs. Because the credit is tied to work, it also encourages labor force participation. Moreover, my research suggests well-designed state CDCCs can increase work and earnings while transferring income toward parents and caregivers.

How Does the CDCC Work?

The federal CDCC is available to all working families with children younger than 13 or with a coresident spouse or dependent "physically or mentally incapable of self-care." To qualify for benefits, all nondisabled taxpayers in the household must have positive annual earnings, including both spouses among taxpayers married filing jointly. Households meeting this work requirement may claim up to $3,000 in care expenses for each of up to two qualifying individuals, receiving a nonrefundable tax credit worth up to 35 percent of those expenses, or $1,050. However, benefits begin to decrease once household adjusted gross income (AGI) reaches $15,000, plateauing at $600 per qualifying individual once AGI exceeds $43,000.

Expenses eligible under the credit include fees paid to child and adult daycare facilities, family child care homes, and attendants assisting dependents with activities of daily living. Claiming the credit requires filling out Form 2441 on the household's tax return, reporting expenditures and the care provider's tax identification number.

Policy Recommendations

- States wishing to extend Child and Dependent Care Credit (CDCC) benefits to low-income families should offer refundable credits that are a function of the "allowable" federal CDCC.
- A promising strategy to maintain quality standards is to condition CDCC benefits on state-administered quality ratings of child care providers.

The federal CDCC is not as generous as it may seem, however. The federal credit is nonrefundable, which means that it can only offset income taxes owed—low-income working households who owe no income taxes do not receive benefits. This stands in stark contrast to other refundable tax credits targeted at working families, such as the Earned Income Tax Credit, for which households may receive a tax refund.

In practice, this limitation is a big deal. For instance, a one-parent household with two children and $15,000 in annual earnings has no federal income tax liability and therefore will not receive any federal CDCC benefits, regardless of how much they spend on child care. Meanwhile, a two-parent household with two children and $50,000 in annual earnings may receive up to a $1,200 credit each year. In my research, I find that nearly one-quarter of one-parent households who work and pay for child care have incomes too low to receive benefits. As these households are disproportionately Black and Hispanic, nonrefundability perpetuates both income and racial inequality.

How Can State CDCCs Reduce Care Costs?

Twenty-two states offer their own state child care credits that are directly tied to the federal CDCC.[1] In most cases, these state benefits are just a fraction of the federal credit. However, unlike the federal CDCC, some states offer refundable credits, limit benefits to taxpayers with incomes below a certain

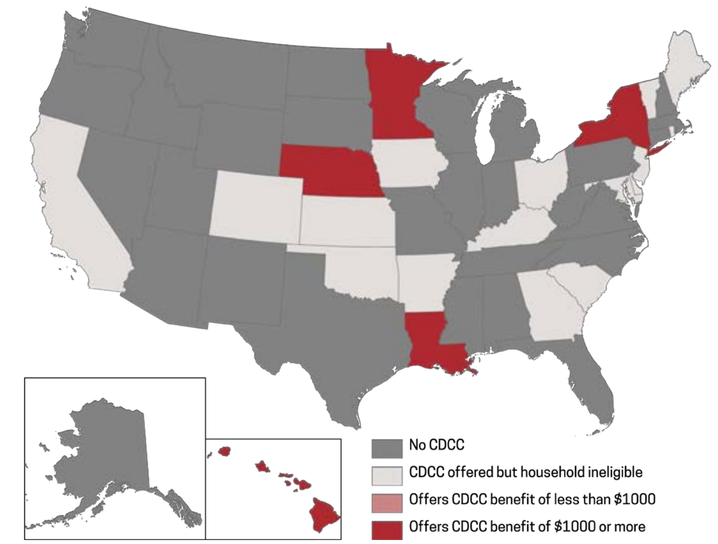
"Conditioning the amount of the state CDCC on state-administered quality ratings is appealing because it creates an incentive for high-quality care without requiring new bureaucracy."

Photograph by Guillaume de Germain via Unsplash

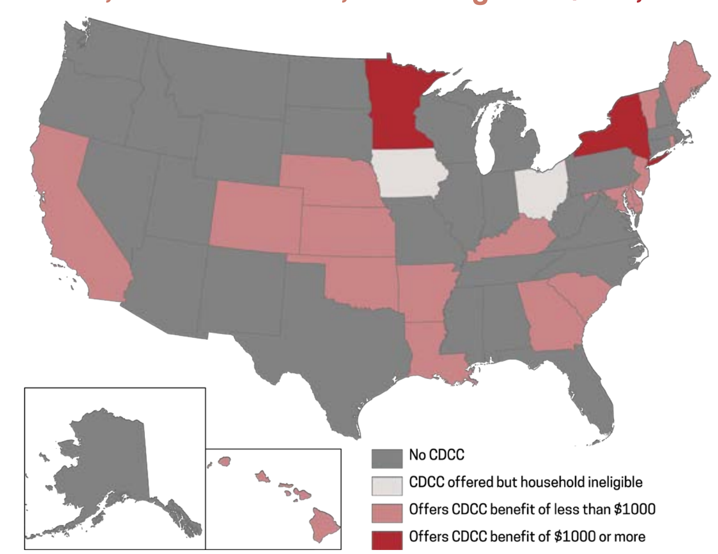
1 Additionally, Idaho, Maryland, Massachusetts, Montana, Virginia, and Wisconsin offer individual income tax deductions for child care expenses. (Deductions lower taxable income while credits offset taxes owed.) Colorado, Iowa, New Mexico, Oregon, and the District of Columbia offer child care credits that are not a percentage of the federal CDCC or the expenses used to calculate it.

Several states provide their own Child and Dependent Care Credits, but availability and generosity vary greatly by family type.

One parent, two children, earnings of **$15,000**



Two parents, two children, earnings of **$50,000**



threshold, or provide larger benefits to low-income households.

For example, Maine and Delaware each provide a state care credit equal to half of the federal credit, without refundability. Thus, the hypothetical one-parent household with two children and $15,000 in earnings receives no care credits in these states because its income was too low to get any federal credit. In contrast, California and Louisiana offer CDCCs worth up to $1,050, half of the $2,100 in federal benefits the household would receive if the federal CDCC were refundable. California's CDCC is itself nonrefundable, though, so the hypothetical household with $15,000 in earnings, which does not have state income tax liability, still receives no benefits. Only in Louisiana, which offers a refundable CDCC based on the allowable federal credit, may the household receive up to $1,050 in state CDCC benefits.

The effectiveness, or "take-home," of state CDCC benefits can vary by place and income. For example, single-parent families with two children, $15,000 in earnings, and no additional income are unlikely to have access to state CDCC benefits. Among the five states that do offer benefits to these households, however, state benefits top out at over $1,000 per year.

On the other hand, two-parent families with two children and $50,000 in earnings are much more likely to have access to state CDCCs. Twenty states offer these households benefits, with maximum benefits ranging from $120 to $2,100 annually.

How Can States Help to Ensure Care Quality?

One concern about the CDCC is that it may lead to reduced care quality if it encourages households to pay for low-quality care instead of providing higher-quality care themselves. This concern is valid: the quality of child care affects children's development and long-term outcomes (Cornelissen

Single-parent, low-income family, maximum benefits in Louisiana increase with the rating of child care provider.

Louisiana CDCC Benefits by Provider Quality Rating

NOTE: Maximum Louisiana CDCC benefits for a one-parent household with two children younger than six years old and $15,000 in earnings.

et al. 2018; Cunha and Heckman 2007; Havnes and Mogstad 2011). To help alleviate concerns about care quality, a few states tie their CDCCs to state-administered ratings of provider quality. For example, for the single-parent, low-income family, maximum benefits in Louisiana increase with the rating of child care provider, from $1,050 at any provider up to $5,250 at providers assigned the highest possible five-star rating.

Conditioning the amount of the state CDCC on state-administered quality ratings is appealing because it creates an incentive for high-quality care without requiring new bureaucracy: 40 states and the District of Columbia already administer Quality Rating and Improvement Systems to assess early care and education programs' quality levels. Parents can access these ratings and other provider information online, allowing them to see how choosing different providers would affect the size of their CDCCs. Although these quality rankings tend to exist only for child care providers, states could extend the rating systems for care providers serving adults with disabilities.

Conclusion

States can supplement the federal CDCC with their own credits to lower residents' out-of-pocket care costs while encouraging work. For state CDCCs to be effective labor market policies, however, they must reach their targeted beneficiaries. To reach low-income families, states should thus offer refundable care credits tied to the federal CDCC. Making the size of these state credits more generous at higher-rated care providers may help ensure care quality.

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Accessible Child Care Takes a Neighborhood

by Jessica Brown

Illustration by Kathleen Bolter

Access to child care is essential for parental employment, and high-quality child care is important for child development. The child care industry faces particular challenges during and after recessions. In research conducted with Arizona State University's Chris Herbst, I find that historically the child care market has been particularly sensitive to economic downturns and that it recovers more slowly than other industries.

The child care market's slower recovery after recessions has been evident during the current recovery as well. Although total employment surpassed pre-pandemic levels in July 2022, employment in the child care industry that month was still about 5 percent lower than it was before COVID hit. Due to the sector's importance to parental employment and child development, it may be beneficial to support the sector during and after recessions.

One challenge with supporting the child care sector is that it is mostly made up of small businesses without the infrastructure to apply for and manage government support. As part of its initial response to the pandemic, Congress passed the CARES Act, which included the Paycheck Protection Program (PPP). The PPP provided low-interest loans to eligible businesses, with the loans generally forgiven if the funds were used to maintain employment counts and wages. Many child care providers likely would have benefited from the program, but they were less than half as likely to receive loans as small businesses overall. The underrepresentation of child care providers among PPP-loan recipients points to the need for organizations that can bridge the gap between child care providers and opportunities for support.

The Pulse Program

Founded in 2012 in Battle Creek, Michigan, initially in partnership with Michigan State University and now with the W.E. Upjohn Institute, Pulse has worked to bring together community partners focused on early childhood education (ECE). Pulse works to improve the ECE system and services for children, including increasing access to care, improving quality of care, and coordinating services across different groups and government agencies. Because they were already known and trusted in the ECE community, Pulse was in an ideal position to assist providers in the wake of the pandemic.

As the economy recovered, providers were faced with a new problem: difficulty filling open positions. In a survey of 7,500 providers throughout

Photograph by Allison Shelley for EDUimages

> "One challenge with supporting the child care sector is that it is mostly made up of small businesses without the infrastructure to apply for and manage government support."

the country in the summer of 2021, 80 percent reported difficulty hiring. Because child care providers operate under strict child-staff ratios, unfilled positions mean providers must operate at reduced capacity or shut down. Child care workers earn wages lower than 98 percent of workers, posing a problem for recruitment and retention. Research shows that increasing compensation can benefit not only workers but children as well. A study of bonus payments to child care teachers, for example, found that teachers receiving the bonus were substantially less likely to leave their positions, and lower teacher turnover improves child development outcomes.

> "Pulse is working with local businesses, child care providers, social service agencies, and potential funders to continue to strengthen the sector for the longer term."

When the American Rescue Plan Act passed in March 2021, it included appropriations to states for Child Care Stabilization Grants. Grants could be used by child care facilities for expenses like personnel costs and facility maintenance and improvements. The state of Michigan also added its own appropriations to support bonus pay for child care employees. But child care providers needed to apply for the funds and comply with reporting requirements documenting how the money was spent. This is where Pulse stepped in to provide technical assistance to providers in the Battle Creek area with the application and reporting processes associated with the grants, helping to ensure they received the money they needed and funds were not left on the table. The initial funding call was in fall 2021, with additional rounds in spring and summer 2022.

But the Child Care Stabilization Grants provide only temporary relief. As of fall 2022, Pulse is working with local businesses, child care providers, social service agencies, and potential funders to continue to strengthen the sector for the longer term. One such project seeks to make an additional benefit available to area child care professionals: rental and mortgage assistance.

Conclusion

By bringing together stakeholders throughout the region who touch the ECE sector, Pulse is able to build trust and make connections that would be unlikely to happen otherwise. They are able to connect child care providers to available resources while also working toward more systemic solutions.

(Thank you to Maria Ortiz Borden and Kathy Szenda Wilson for their insights into Pulse.)

"Next Gen" Promise Programs

by Michelle Miller-Adams

Illustration by Kathleen Bolter; Photographs by Daiga Ellaby via Unsplash; MD Duran via Unsplash; Emmanuel Ikwuegbu via Unsplash; Allison Shelley/The Verbatim Agency for EDUimages & The U.S. National Archives via Wikimedia

Watching the Biden Administration's free community college plan shrink and then disappear from congressional budget negotiations in the fall of 2021, one might have mistakenly concluded that the free-college movement in the United States had come to a halt. In fact, progress did not stop when federal action stalled. Instead, the spotlight shifted back to states and localities where innovation around tuition-free college had been occurring all along.

In the past year, several states, cities, and institutions have introduced tuition-free college (or "Promise") programs of their own, while others have revised eligibility requirements to include more students. This continued momentum is represented in the many states (see map) and more than 200 localities where broadly accessible tuition-free college programs are operating.

Two free-tuition programs introduced recently bear a closer look. The New Mexico Opportunity Scholarship is the most flexible and generous of any statewide Promise initiative. The Columbus Promise is a lower-cost local endeavor that provides a new model for the Promise field. Both embody key lessons learned from more than a decade of state and local innovation around free college.

Policy Recommendations

- Place-based tuition-free (or "Promise") programs should be designed with the needs and assets of a given locality in mind.
- Keep program rules simple to broaden access; be sure to invest in communication.
- Build on best practices in navigation and support services to help students access and complete degrees and credentials; effective support is critical for promoting economic and racial equity.
- Bring relevant partners to the table early on; Promise programs are inherently collaborative enterprises.

What are these lessons?

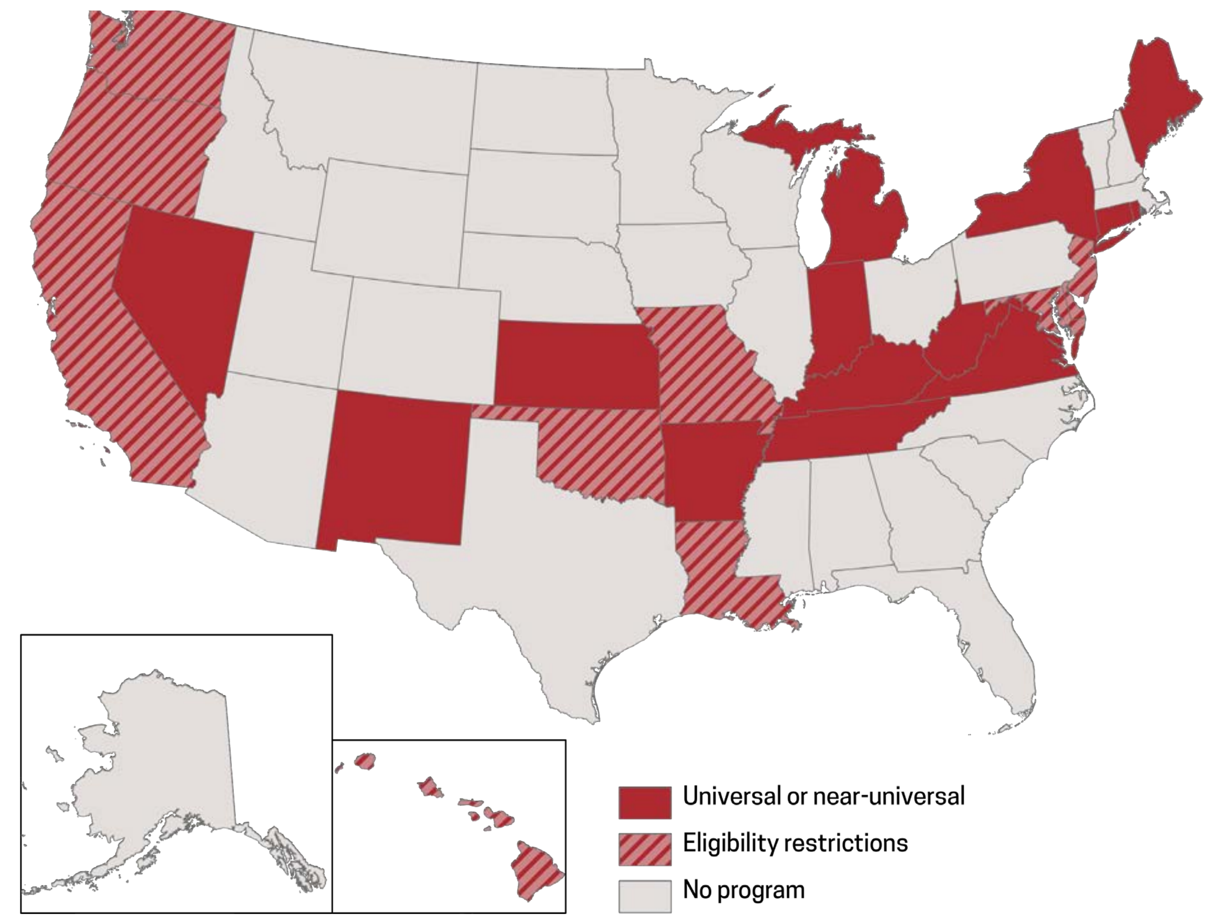
Simplicity in program design and effective communication about program benefits are essential components of a successful Promise program. Streamlining the process of learning about postsecondary options and accessing financial aid can be as important for broadening access to higher education as the funding offered by Promise programs.

Program design matters. Choices about key parameters, especially student eligibility and where students can use their funding, will shape both who benefits from a Promise program and its ultimate impact on states and communities. More flexible and generous programs will yield stronger results, but even modest programs—if leveraged successfully—can make a positive difference.

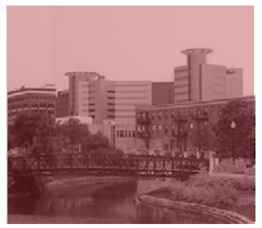
Scholarship money alone is not enough to ensure higher rates of degree or credential attainment. Promise dollars can shift postsecondary choices, but many students—especially those without previous college knowledge or strong networks—will need additional support along the way. Support is especially important at critical junctures, such as the high school-to-college and college-to-workforce transitions.

Community alignment is a critical element in the success of any Promise program. Promise programs can serve as catalysts for bringing new resources to higher-need student populations, whether through K–12 tutoring, provision of basic needs support once in college, outreach and reconnection for people who drop out without completing a degree or credential, or the creation of new pathways from college into the workforce. They can also catalyze change in the systems serving those students—for example, by stimulating the creation of a more robust college-going culture in K–12 school districts or streamlining postsecondary admissions processes.

Almost half the states have introduced tuition-free college (or "Promise") programs.



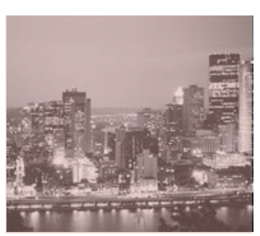
Promise stakeholders, including the research community, have learned these lessons through program operations over time, engaging in continuous improvement to make their work more effective and equitable. Along the way, state and local initiatives have become important sources of innovation around messaging, student support, and community engagement strategies. Here are some examples:



The Kalamazoo Promise increased the number of credits covered by the scholarship to meet the needs of certain student groups while redesigning its logo and communication toolkit to emphasize the range of postsecondary opportunities available to recipients. (These options had been available since the program's launch, but the new messaging more strongly emphasized the multiple postsecondary pathways supported by the scholarship.)

The Tennessee Promise is supported by a large-scale mentorship program involving thousands of state residents; during the pandemic, mentoring and other student support programs pivoted from in-person to online delivery.

The Detroit Promise implemented an evidence-based student support component, the Detroit Promise Path, to better support first-generation and low-income college-goers attending regional community colleges.



The Pittsburgh Promise eliminated the sliding scale that had added complexity to its program and developed an Executive Scholars program to tighten connections between scholarship recipients and local employers.

Oregon broadened eligibility for **the Oregon Promise**, while both Michigan and Tennessee expanded the age of students covered by their Reconnect programs for adults. And many programs adapted rapidly to pandemic-related constraints by, for example, easing full-time attendance or community service requirements.

Photographs by Mxobe via Wikimedia; Larry Donald, U.S. Army Corps of Engineers via Wikimedia; Shawn Wilson via Wikimedia; Cbaile19 via Wikimedia; & Hux via Wikimedia

"State and local initiatives have become important sources of innovation around messaging, student support, and community engagement strategies."

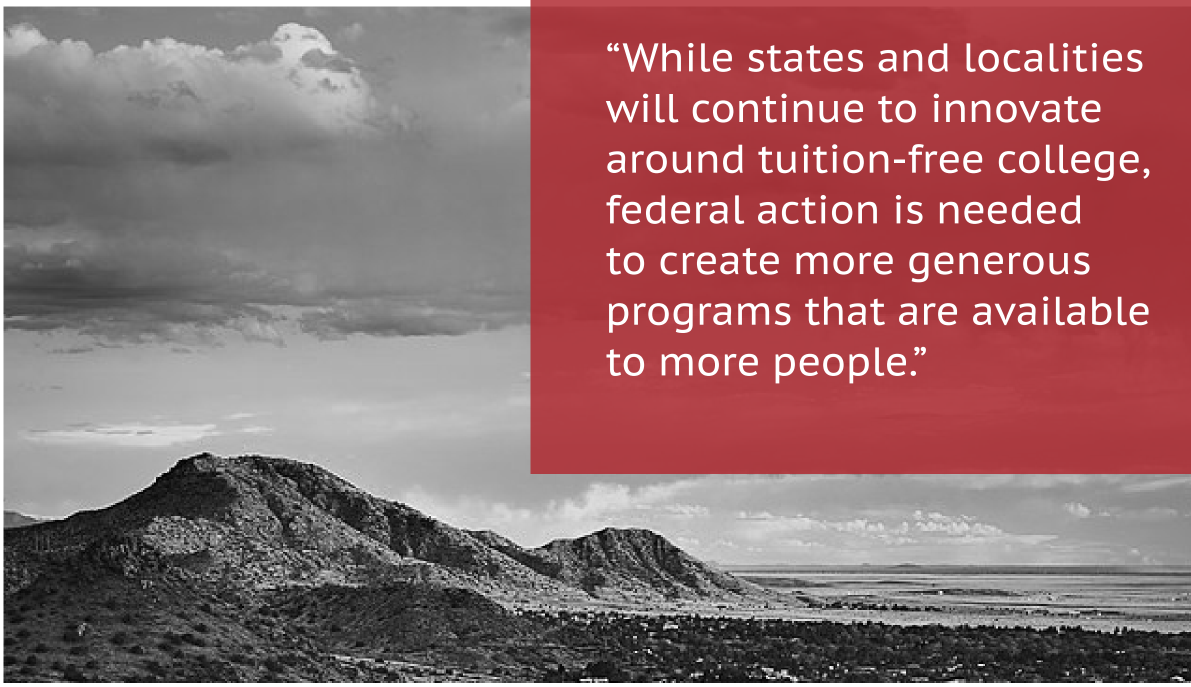
Photograph by J. Jessee via Wikimedia

Two new programs, the Columbus Promise, announced in late 2021, and the New Mexico Opportunity Scholarship, finalized early in 2022, bring to the table new models with important implications for the Promise movement.

Civic leaders in Columbus, Ohio, have long worried about a shortage of skilled workers in the local community. The college-going rate for high school graduates is low, and most jobs being created require workers with a degree or credential. To address this mismatch, the city, public school district, community college, and local college-access organization teamed up to launch the Columbus Promise—a tuition-free community college pilot for graduates of the city's schools. This is a low-cost program that covers only a single community college and is paid out on a last-dollar basis, but it reflects important lessons from the Promise movement: these include keeping eligibility requirements to a minimum, investing in student support, providing additional stipends to Promise scholars, and seeking close alignment with the business community. If the Columbus Promise succeeds in meeting its stakeholders' goals, it could set an important precedent for other communities as a low-cost, effective way of building the local workforce and creating greater social mobility for residents.

The New Mexico Opportunity Scholarship was established in 2020 and expanded in 2022 to include two-year and four-year programs. Paid for by state resources, the program covers tuition and fees for an associate or bachelor's degree or certificate at 29 of New Mexico's public colleges, universities, and technical schools.

> “While states and localities will continue to innovate around tuition-free college, federal action is needed to create more generous programs that are available to more people.”



Photograph by BrandonStephenson via Wikimedia

Eligibility criteria are minimal; residents without degrees benefit regardless of age, and there is no separate application process. An important feature of the program is that it awards funds on a first-dollar basis—that is, before other grants (primarily Pell grants) are applied. This is a uniquely equitable structure, bringing additional funding to low-income students while enabling New Mexicans of all ages to afford a college degree.

These two programs are at opposite ends of the spectrum when it comes to generosity and cost, but both were created with clear goals in mind, program rules that create incentives to meet those goals, and the embedding of best practices learned from 15 years of Promise experimentation.

While states and localities will continue to innovate around tuition-free college, federal action is needed to create more generous programs that are available to more people. Financial constraints mean that most existing free-college programs (unlike New Mexico’s) are last-dollar. This structure, most often adopted because of funding constraints, brings fewer new resources to students, limits their ability to shift to higher-value postsecondary pathways, and makes it especially difficult for low-income students to afford college. An underappreciated aspect of the Biden administration’s free community college plan is that it would have allowed the creation of first-dollar scholarships in any state that signed onto the partnership. When the free-college agenda resurfaces nationally, there will be new models and best practices to learn from, but it will take federal funding to ensure these are available to everyone.

Promise Programs Are Getting the Job Done

by Bridget Timmeney

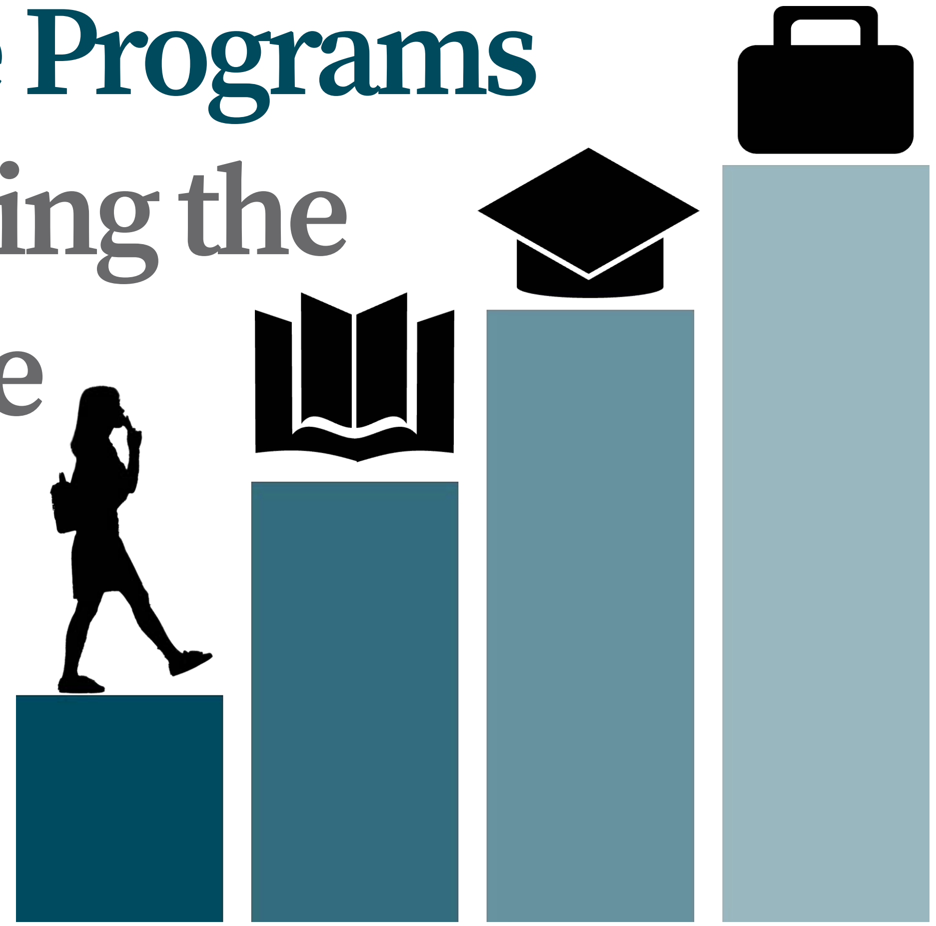


Illustration by Kathleen Bolter

Promise programs began as strategies for reducing the financial burden of college attendance for an area's young people. As the movement has matured, an additional focus has been providing students with the support needed to navigate key transitions, such as moving from higher education into a job or career. Promise programs are increasingly focused on the school-to-workforce transition, innovating with new approaches and aligning their work with the needs of business partners seeking a trained and diverse workforce.

This shift has taken place as programs increasingly realize that access to higher education itself may not be sufficient to ensure students obtain good jobs. Promise programs have been successful in boosting degree attainment, especially the Kalamazoo Promise. After 17 years, Kalamazoo Promise scholars have earned more than 260 certificates, 552 associate degrees, 2,108 bachelor's degrees, 341 master's degrees, and 85 doctoral degrees. Yet not all scholars have benefited equally, with gaps in degree attainment that run along socioeconomic and racial/ethnic lines. To address these issues, the Kalamazoo Promise recently enhanced its programming to better connect students, educational pathways, and the needs of local businesses. The goals are threefold:

1. Ensuring promise scholars have relevant work experience.
2. Retaining local talent within the community.
3. Fostering the Kalamazoo Promise's Higher Promise, a form of paid internship. (Other Promise programs have also adopted a paid internship model, including the Pittsburgh Promise Executive Scholars and the New Haven Promise Council internship program). In Kalamazoo, the effort emerged from a recognition that some students may lack effective networks needed to secure professional internships or employment after graduation. Additionally, regional businesses wanted to bring more diverse local talent into their hiring pool but were unsure how to do so.

The Higher Promise fully launched in 2021, after COVID closures. The initiative began with a public challenge to the greater Kalamazoo business community—a direct question delivered through social media and targeted outreach—about the number of Promise interns they'd like to host for the summer. Meanwhile, Promise scholars attending one of the three local higher education institutions—Kalamazoo Valley Community College, Kalamazoo College (a private liberal arts college), or Western Michigan University—and who had roughly 45 credits were notified of paid summer internship opportunities opening in the community. In its first year, more than 40 businesses signed up to hire over 100 Promise scholars as interns. Once position descriptions were crafted for each internship, scholars were matched with business partner needs based on student majors and interests. Over 40 scholars successfully obtained internships in the summer of 2022, helping develop professional networks to support career success.

"While regional businesses long desired a meaningful way to connect to the Kalamazoo Promise and sought a more diverse local talent, the effort also emerged from a recognition that some students may lack effective networks needed to secure professional internships or employment after graduation."

Higher Promise
by the numbers

40+
interns in the 2022 class

40+
businesses participating

70%
of interns are people of color

85%
have never held an internship before

$15/hr
minimum starting wage for interns

1:1
mentorship for each intern

Integral to the Higher Promise design was a structure that offered real career ladders. Internships required a minimum pay of $15 per hour and business partners committed to matching each intern to a mentor. Additionally, interns attended a Workplace Navigation course throughout the summer, culminating in a project that highlighted their summer work. In turn, business partners were invited to attend three workshops: Leading with Equity, Internship Program 101, and Mentorship/Coaching. Area human resource professionals and recently employed Promise scholars helped craft the content of these sessions, which included content about creating and supporting a diverse workplace, fostering workplace norms and expectations, and tips and networking around supportive mentoring and coaching strategies.

Although all Promise scholars with sufficient college experience are eligible to participate, Higher Promise has especially focused on expanding opportunity and equity for populations with unequal access to high wage careers. Indeed, 70 percent of 2022 interns are students of color and 85 percent have never held an internship before. Existing evidence suggests that employers are more likely to hire candidates who had an internship while in college, so these efforts offer real potential to improve labor market success for underrepresented groups, which include Black, Hispanic, low-income, and first-generation students. Business partners seem to think so, too: almost all have committed to Higher Promise for next year.

Furthermore, there are already planned expansions for 2023, with goals to increase the number of interns and business partners. Some internships are targeted to extend beyond the summer, allowing for part-time employment while the student returns to school.

If these innovations continue to bear fruit, place-based college scholarships will increasingly be more than just programs to improve access to higher education. They will also be about connecting and supporting young people's entry into the workforce.

"If these innovations continue to bear fruit, place-based college scholarships will increasingly be more than just programs to improve access to higher education. They will also be about connecting and supporting young people's entry into the workforce."

Cheat Sheet

Some Key Takeaways from This Report

State Governments Can Do More to Help Their Distressed Places

With well-designed targeted block grants, costing less than 3 percent of their tax revenue, state governments can significantly improve job opportunities for residents of their distressed places.

Neighborhood Employment Hubs Bring Effective Job Assistance Directly to Residents

Neighborhood Employment Hubs aim to overcome the challenges faced by individuals living in distressed neighborhoods by bringing assistance directly to job seekers.

Minneapolis and St. Paul: A Tale of Twin Cities

To improve housing affordability, cities may want to focus on making it easier to add housing units rather than implementing price controls.

5 Things We Learned about Housing from Talking to Communities in West Michigan

Local leaders have the opportunity to prime their communities for better development, and to do so with minimal costs.

State Tax Strategies to Reduce Care Costs

States can implement their own Child and Dependent Care Credit (CDCC) programs to increase work and earnings while transferring income toward parents and caregivers.

Accessible Child Care Takes a Neighborhood

Organizations that facilitate community partnerships can provide a key role in stabilizing early childhood education options, making it easier to find and keep employment.

"Next Gen" Promise Programs

More than a decade of Promise practice and research has shown that, while money matters when it comes to college-going, the navigation, support, and alignment activities generated by Promise programs are at least as important.

Promise Programs Are Getting the Job Done

Promise programs are increasingly focused on the school-to-workforce transition, innovating with new approaches and aligning their work with the needs of business partners seeking a trained and diverse workforce.

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

The W.E. Upjohn Institute for Employment Research is a private, not-for-profit, nonpartisan, independent research organization that has studied policy-related issues of employment and unemployment since its founding in 1945.

The Institute is headquartered in Kalamazoo, Michigan. Institute research focuses on labor markets, addressing several core areas: the causes of unemployment and the effectiveness of social safety net programs in mitigating its effects; education and training systems to improve workers' employability and earnings; and the influence of state and local economic development policies on local labor markets. The Institute also assesses emerging trends affecting workers and labor markets in its core research areas.

https://www.upjohn.org/

PROMISE INVESTING IN COMMUNITY

a project of the W.E Upjohn Institute

In 2018, the Upjohn Institute launched an initiative to explore how communities can create broadly shared prosperity by helping residents get and keep good jobs. Our initiative brings together two areas of Institute expertise: place-based scholarships that help local residents increase their education, and economic development policies, such as tax incentives and customized business services, that directly target local job creation. We link strategies that communities themselves can use both to support firms in creating good jobs and to give residents the skills and resources needed to work in those jobs. While we recognize the importance of federal and state support, we believe locally led efforts are vital in laying the groundwork necessary to create vibrant local economies that benefit everyone.

https://www.upjohn.org/major-initiatives/promise-investing-community