

Industrial Cities Initiative

Working Paper

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Introduction

“Rust Belt” is a phrase that speaks for itself. Many use the phrase as an epitaph for cities large and small throughout America’s midwestern and northeastern regions. It encapsulates social and economic changes: “population loss, rising crime rates, loss of union jobs, particularly in manufacturing, white flight to the suburbs, and a generally declining urban environment,” in which, “massive, but abandoned factories rusted away and scarred the landscape of once vibrant cities.”²

More recently, some observers have suggested that globalization is putting the finishing touches to the decline that began in the 1970s and 1980s. “In the age of globalism,” one writer asks, “do many of the Midwest’s towns and cities, and their people, have a future? For that matter, does the Midwest have a future?”³

In 2011, the Community Development and Policy Studies (CDPS) division of the Federal Reserve Bank of Chicago undertook the Industrial Cities Initiative (ICI) to gain a better understanding of the economic, demographic, and social trends shaping industrial cities in the Midwest. The purpose of this working paper is to explain the motivation and context for this initiative and summarize the comments and contributions of leaders in some midwestern industrial cities who share an interest in the future prospects of those cities.

It is important to emphasize that this working paper offers preliminary observations and analysis about ten midwestern industrial cities. This paper reflects the opinions of leaders in those ten communities about their general well-being relative to peer cities, and the challenges that they face as they define their places in the 21st century economy.

² George Ritzer (ed), 2007, *Blackwell Encyclopedia of Sociology*, Blackwell Publishing, available at http://www.sociologyencyclopedia.com/public/book?id=g9781405124331_yr2011_9781405124331.

³ Richard C. Longworth, 2009, *Caught in the Middle: America’s Heartland in the Age of Globalism*, New York: Bloombury USA.

Community Development at the Federal Reserve

The Federal Reserve is perhaps best known for its monetary policy activities that seek to promote maximum employment with price stability and as a bank regulator. The Community Development and Policy Studies division of the Federal Reserve Bank of Chicago supports those goals by working with financial institutions, community groups, and government agencies to promote fair and equal access to capital and credit for underserved populations and distressed communities.

Recent economic conditions have challenged even the most visionary and well-managed communities. In the words of Federal Reserve Chairman, Ben Bernanke, “While the scale of the problems has been exceptional, many of the problems themselves are not new for lower-income families and communities that were already struggling. People who were vulnerable to begin with—those with low incomes, few assets, and less education—have had a more difficult time weathering the financial storm or recovering from setbacks. The same is true for communities that were already relatively poor, with fewer community assets and insufficient drivers of economic growth.”⁴

The Industrial Cities Initiative seeks to identify current research and analysis into the dynamics of industrial cities and augment that quantitative analysis with in-depth qualitative studies of representative communities in the Seventh Federal Reserve District.⁵ The initiative will also convene conferences and seminars to encourage collaboration among researchers, economic development practitioners, and public policy experts to identify policies and practices to promote the health and vitality of similarly situated communities throughout the Midwest.

⁴ Ben Bernanke, 2011, “Community Development in Challenging Times,” speech at the Federal Reserve Community Affairs Research Conference, Arlington, Virginia. April 29, available at <http://www.federalreserve.gov/newsevents/speech/bernanke20110429a.htm>.

⁵ The Seventh Federal Reserve District covers all of Iowa and most of Illinois, Indiana, Michigan, and Wisconsin.

Manufacturing in the United States

The maps below⁶ demonstrate the shift in U.S. employment away from manufacturing, especially in the Midwest and Northeast, between 1960 and 2009.

Percent Manufacturing 1960



Percent Manufacturing 2009



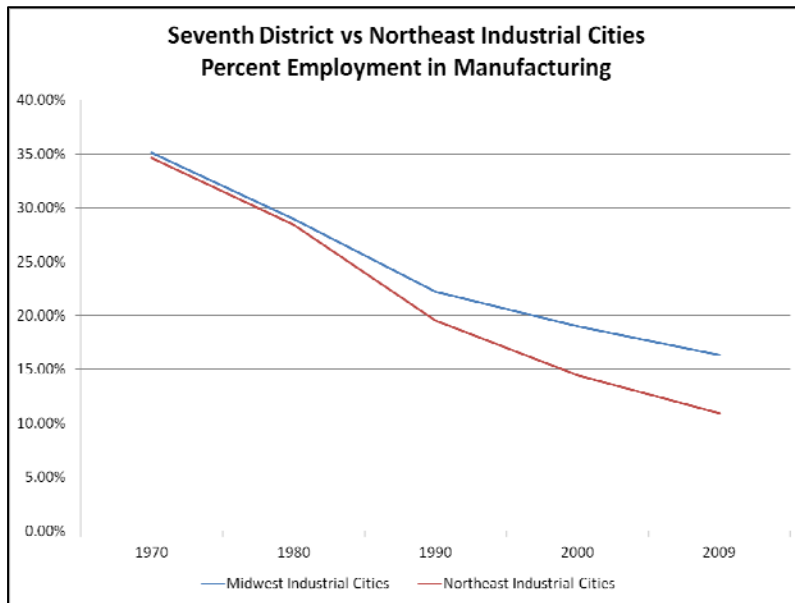
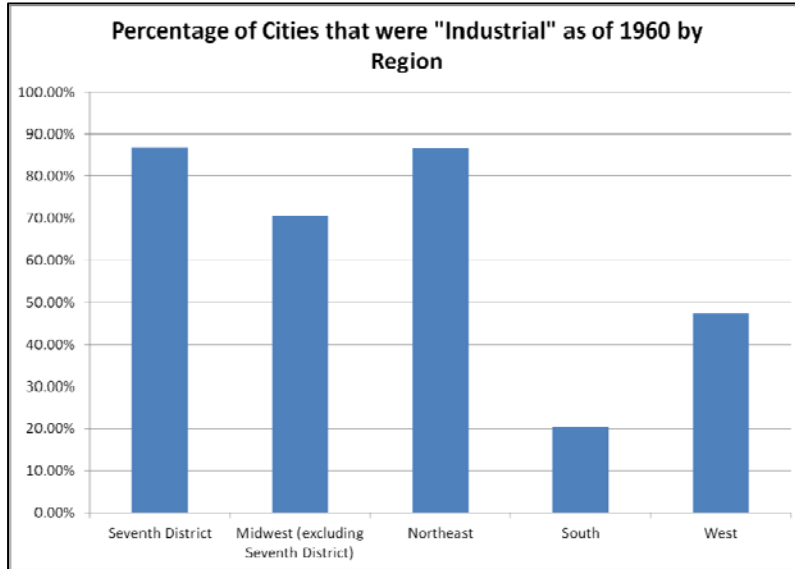
Historically, the South and the West were never as heavily industrial as the Midwest and Northeast as can be seen below.⁷ While the Midwest and Northeast looked similar in terms of their concentrations of manufacturing employment in 1960, things began to change in the 1980s. Interestingly, it appears that the Northeast continued to transition away from manufacturing employment in the 1990s, while the Midwest experienced a manufacturing “renaissance.” This might be attributed to the core strength of manufacturing’s legacy in the Midwest, or it may reflect a resistance on the part of the Midwest to become something new: “Some cities found new ways to earn a living, but nowhere is heavy

⁶ County and City Data Book Consolidated File, City Data 1944 - 1977 [machine - readable data file] conducted by the Bureau of the Census. -- Washington : The Bureau, 1978, www2.lib.virginia.edu/ccdb/ and http://factfinder.census.gov/servlet/ACSSAFFacts?_event

⁷ County and City Data Book Consolidated File, City Data 1944 - 1977 [machine - readable data file] conducted by the Bureau of the Census. -- Washington : The Bureau, 1978, www2.lib.virginia.edu/ccdb/

manufacturing part of the solution. For the Midwest, mass production was a one-shot infusion, producing a boom that lasted one season and is now gone.”⁸

This is a story of cities that are changing—some more strategically and some more reluctantly than others. It is a story of how different cities have responded to national and global economic changes.⁹



⁸ Longworth (2009), p. 26.

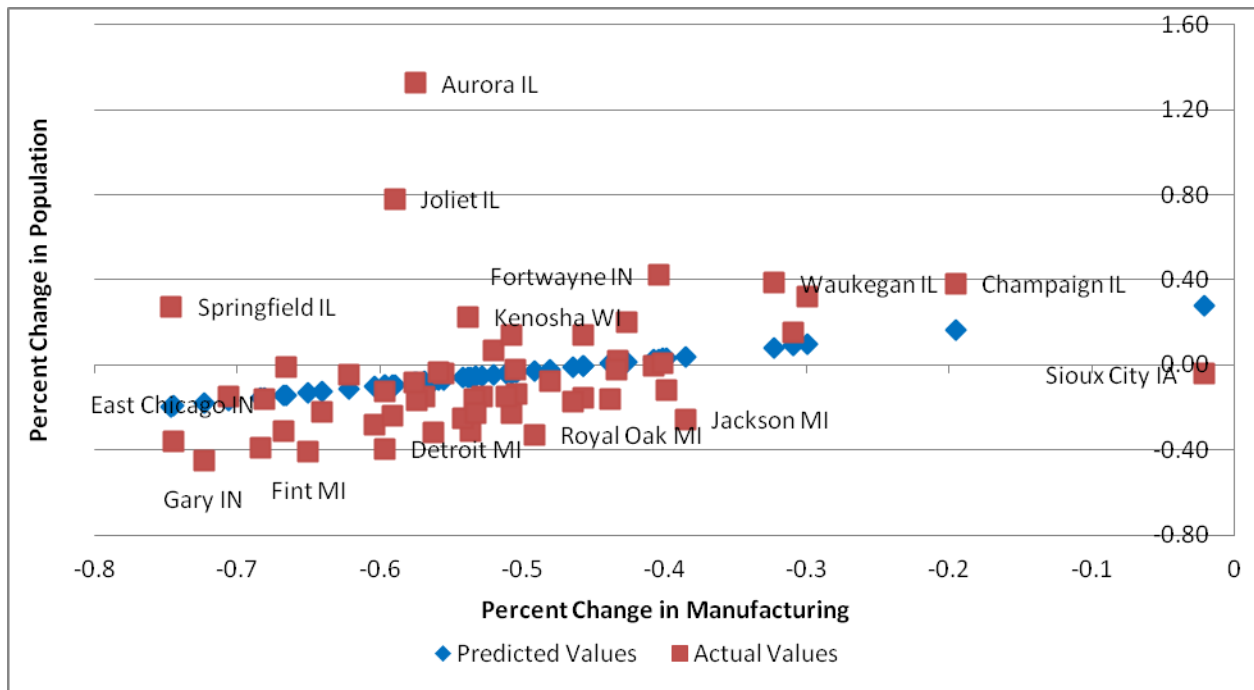
⁹ Unless otherwise noted, the data used in this paper are from the following sources: National Historical Geographic Information System (NHGIS), University of Minnesota, 2004, Pre-release Version 0.1. All data from 2000 come from the 2000 Census via American FactFinder. All data from 2009 come from the American Community Survey via American FactFinder. Some of the data (and tabulations) utilized in this paper were made available (in part) by the Interuniversity Consortium for Political Social Research (ICPSR). The data for City and County Data Book (United States) Consolidated Files, City Data 1944–77 were originally collected by The U.S. Department of Commerce, Bureau of the Census. Neither the collector of the original data nor the Consortium bear any responsibility for the analyses or interpretations presented here.

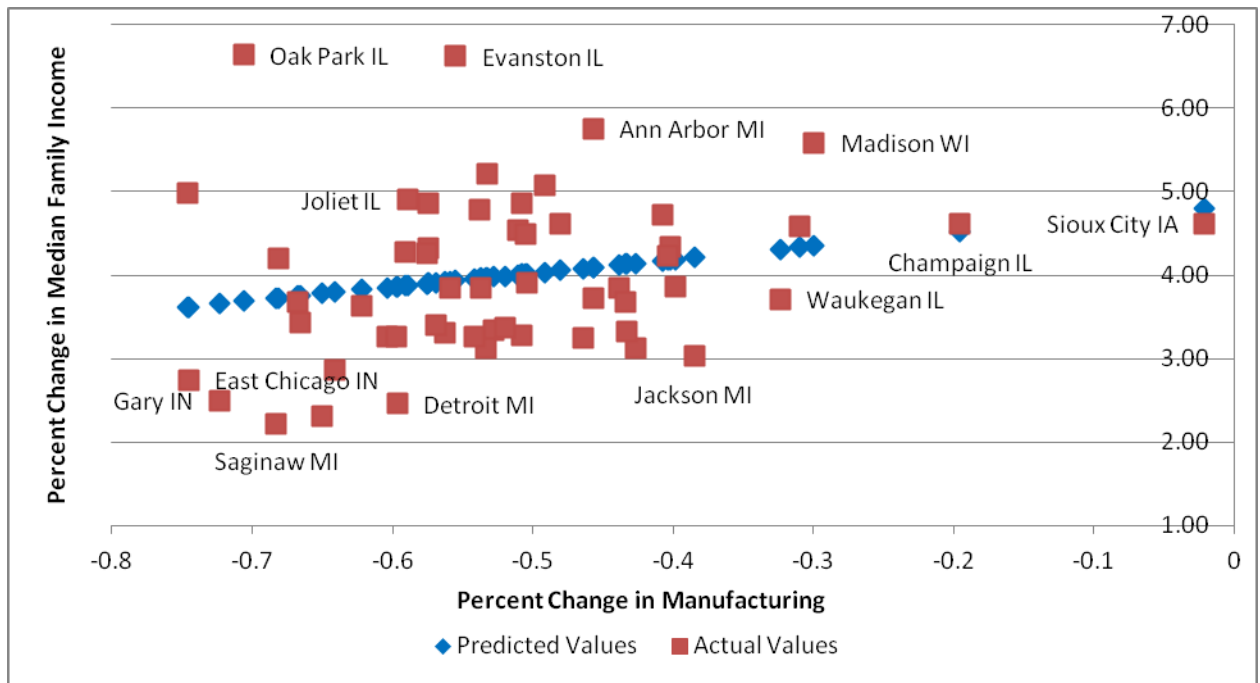
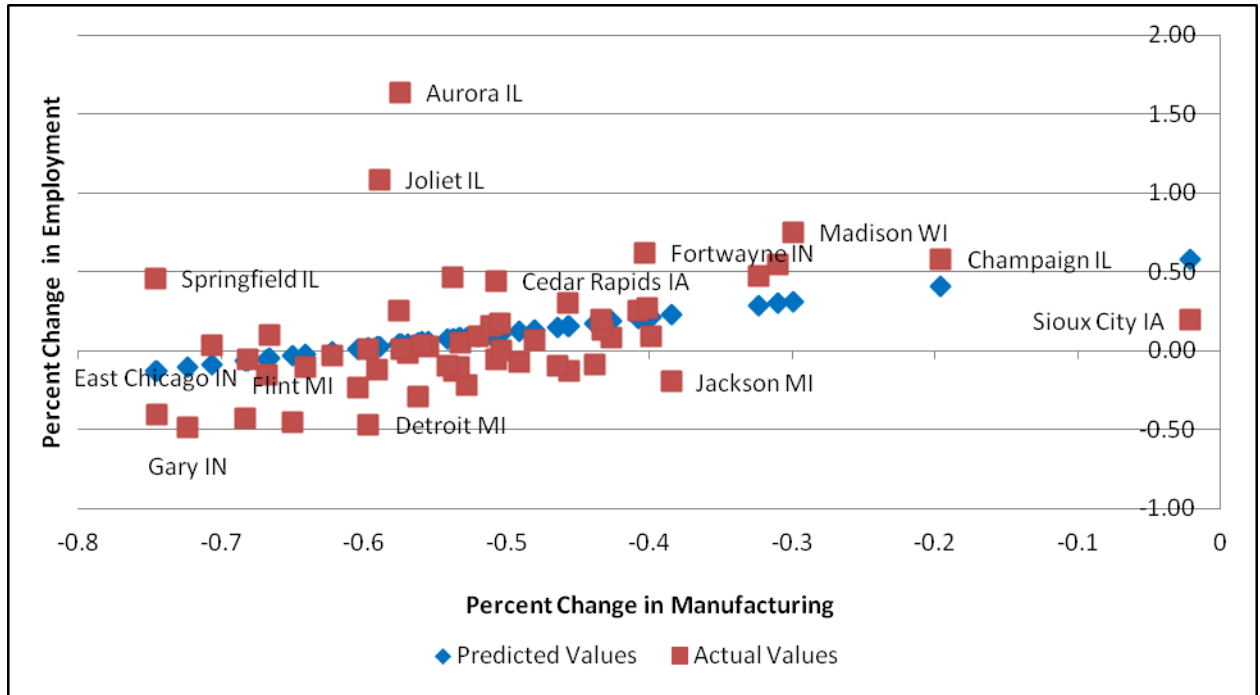
Methodology

For purposes of this Industrial Cities Initiative, we define industrial cities as follows: cities that in 1960 had a population of at least 50,000, with manufacturing accounting for at least 25 percent of total employment. In the five states of the Seventh District, 47 cities fit those criteria and all of them share the common characteristic of having lost manufacturing employment over the intervening decades.

Although all of these cities have lost manufacturing employment relative to total employment, some appear to have sustained their economic well-being better than others. We measured their well-being by analyzing the changes in population, total employment, and median family income relative to changes in the percentage of people employed in manufacturing.

The following scatter plots show midwestern industrial cities that fit our initial criteria, some of which are labeled to provide a general frame of reference. In this analysis, the blue diamonds illustrate the expected value. The red squares represent the degree of deviation from what's expected. The underlying narrative is that cities that experienced a decline in manufacturing would be expected to see a corresponding decline in population or employment or median family income. These charts, therefore, give an indication of those cities that have "outperformed" their peers, as well as those that lag what would be expected.



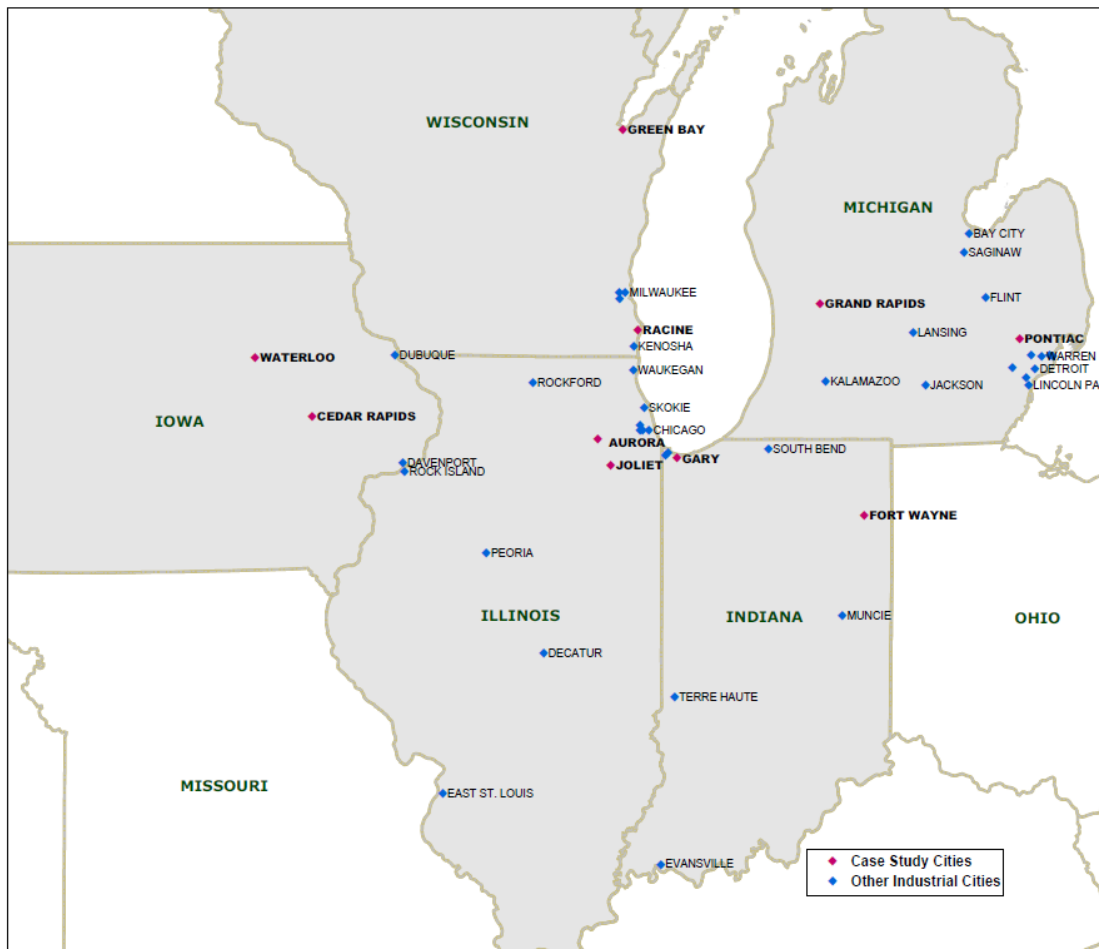


Some of these cities fought to maintain their status as manufacturing centers based on their legacies as industrial powerhouses. Others sought to actively manage a transition to a more diversified economy, serving local, regional, or global markets.

For this preliminary exploration of cities, we wanted to identify at least two cities in each of the five states in the seventh Federal Reserve district and arrived at the following selections:

Illinois	Aurora and Joliet
Indiana	Fort Wayne and Gary
Iowa	Cedar Rapids and Waterloo
Michigan	Grand Rapids and Pontiac
Wisconsin	Green Bay and Racine

Below is a map of the 47 cities that fit our initial criteria; some of them are not labeled to make the map easier to read. Please see appendix A for the complete list of cities. The 10 cities that were chosen are shown in red.



To be sure, there are many other cities that could have been chosen and that may be explored as this initiative evolves. In order to begin our study of midwestern industrial cities, we selected a sample of cities based on the change in median family income, population, and employment, given their declines in manufacturing employment. Each of these cities has a story to tell about how it has responded to important demographic, industrial, and economic trends.

Over six months during 2011, CDPS staff interviewed dozens of leaders in each of the ten cities selected to explore how they perceived each city’s success in responding to these changes. As a result of the preliminary analysis and the subsequent interviews, CDPS staff categorized the ten cities into four categories, summarized in the following matrix:

		Manufacturing Job Loss	
		High	Low
Well-being Metrics	High	"Transforming Cities" Aurora, IL Joliet, IL	"Resurgent Cities" Cedar Rapids, IA Fort Wayne, IN Grand Rapids, MI Green Bay, WI
	Low	"Overwhelmed Cities" Gary, IN Pontiac, MI	"Fading Cities" Racine, WI Waterloo, IA

1. Resurgent¹⁰ Industrial Cities—cities that have relatively smaller declines in manufacturing employment with relatively larger increases in measures of well-being: Cedar Rapids, IA; Fort Wayne, IN; Grand Rapids, MI; and Green Bay, WI.
2. Transforming Cities—cities that, despite relatively larger declines in manufacturing employment, have seen relative improvements in measures of well-being: Aurora, IL; and Joliet, IL.
3. Fading Cities—cities that have relatively smaller declines in manufacturing employment with relatively small declines in measures of well-being: Racine, WI; and Waterloo, IA.
4. Overwhelmed Cities—cities that have relatively larger declines in manufacturing employment and relatively larger decreases in measures of well-being: Gary, IN; and Pontiac, MI.

While each city has a unique story to tell, certain themes consistently emerged as being central to explaining why a city has trended one way or the other, including: work force development to address a skills mismatch, regionalism/globalization, economic development finance, and leadership.

The rest of this paper is organized around these four themes. Based on preliminary analysis and interviews with dozens of leaders in the ten case study cities, our preliminary observations include:

- **Work Force Development/Skills Mismatch:** Resurgent and Transforming cities appear to have developed a coordinated work force development program that addresses the skills mismatch as identified by major employers and emerging industry leaders.
- **Regionalism/Globalism:** Resurgent and Transforming cities seem to have adopted at least a regional, if not always a global mindset, while their underperforming peers struggle with ongoing, parochial interests that restrain their progress.
- **Economic Development Finance:** Resurgent and Transforming cities have developed financing mechanisms for their economic development strategies that emphasize fully engaged public–private partnerships; a relatively higher degree of leveraging private investment with limited public funds; and often include a higher degree of philanthropic support.

¹⁰ Resurgent cities are those cities that “have made substantially more progress than other cities with similar challenges and opportunities in improving living standards for their residents, and are recognized as vital communities in a broader sense by experts on urban economic development policy.” Yolanda K. Kodrzycki et al., 2009, “Reinvigorating Springfield’s Economy: Lessons from Resurgent Cities,” Federal Reserve Bank of Boston Community Affairs, discussion paper, p. 1, available at <http://www.bostonfed.org/commdev/pcadp/2009/pcadp0903.pdf>.

- Leadership: Resurgent and Transforming Cities appear to have a cadre of leadership that work together to effectively marshal the resources necessary to implement an articulated, shared vision and strategy for their communities' economic well-being.

These four themes emerged in discussions among the ICI's contributors as being important for all of the cities. The list is hardly exhaustive. There are many insights that apply to some of these cities more than others, and may call for further analysis. We will elaborate on those insights near the end of the paper, as we begin to explore the next steps in the Industrial Cities Initiative.

Following are discussions exploring how each of the four themes is manifested in each of the cities, and the relevant successes, challenges, lessons learned, as well as opportunities seized and, sometimes, missed. As stated above, these are preliminary discussions. In some cases additional information needs to be gathered; in others, the story is still unfolding.

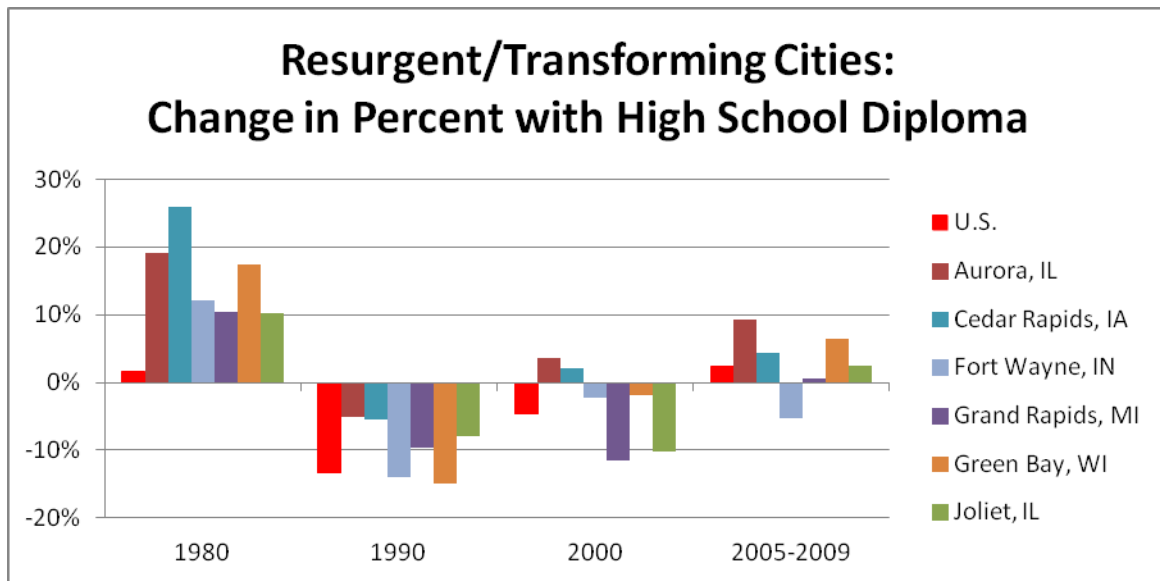
Work Force Development/Skills Mismatch

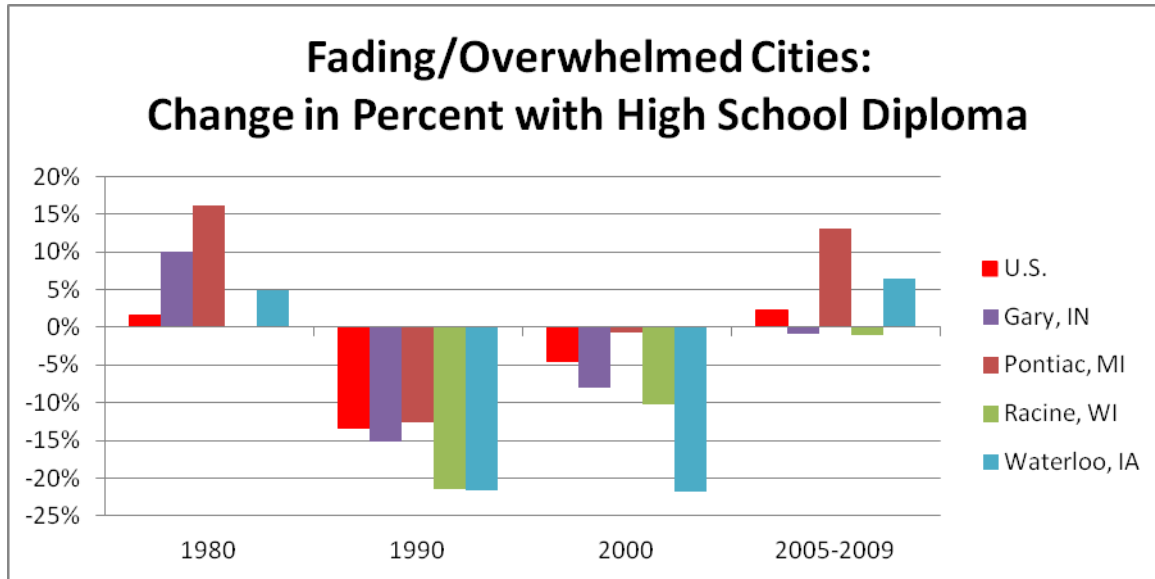
Resurgent and Transforming cities appear to have developed a coordinated work force development program that addresses the skills mismatch as identified by major employers and emerging industry leaders.

“We had gone from a lot of jobs that were basically low-skill jobs that paid decently, to no jobs for anybody, to high-tech jobs.” Jim Golembeski, Executive Director, Bay Area Workforce Development Board

Many of the industrial cities—both Transforming/Resurgent and Overwhelmed/Fading—struggle with issues of work force development and, in particular, improving the educational attainment of local youth to prepare them for 21st century jobs.

As the charts below show, the industrial cities mirror, to varying degrees, a national trend of an increase in the percentage of the over-25 population with only a high school diploma. Concern and frustration about these trends were reflected in the interviews we conducted for this project.





According to Diana Seiger, President, **Grand Rapids, MI**, Community Foundation, the number one problem in the city of **Grand Rapids** is academic achievement. In an April 2010 article by the **Grand Rapids Press**, Chief Academic Officer Carolyn Evans stated that **Grand Rapids** Public Schools lose one-third of their freshmen before graduation. In some schools, over half of freshmen have cumulative grade point averages lower than 2.0 on a 4.0 scale.¹¹

Further, for those students wishing to go on to college, concerns about a persistent lack of preparedness were raised repeatedly throughout the interviews. For example, the 2011 Illinois School Report Cards showed **Joliet**'s two public High Schools struggling: out of 18 high schools in Will County, Joliet West High School and Joliet Central High School ranked 14th and 18th, respectively. Only 12.2 percent of Joliet Central juniors were "college ready" in all four ACT tests, compared with 14.2 percent at Joliet West and 19.3 percent at the state level.¹²

Interviewees reported that historically **Aurora**'s work force believed that a high school education was sufficient for future success. Now, the city is trying to reinforce the importance of higher education. The city faces an uphill battle in this regard with the high school dropout rate around 25 percent.

The Valley Industrial Association (VIA)¹³ is getting involved in retooling the work force through a new certificate program, with four certification levels, online training and exams to demonstrate core competency levels, from bronze to platinum, to provide an employer with a more accurate assessment of a potential hire's skill level.

¹¹ Kym Reinstadler, 2010, "Grand Rapids Public Schools hopes online courses will boost poor graduation rate," The Grand Rapids Press, April 30.

¹² College-ready is defined as: "Reaching the ACT-college ready score shows that high school graduates have at least a 50 percent change of getting a B or higher, or at least a 75 percent change of getting a C or higher in an associated freshman class. Statewide (Illinois) only about 19 percent of Illinois public school juniors who took the ACT during the Prairie State Achievement Examination testing last April (2011) met the college-ready benchmark scores on all 4 tests." http://schools.chicagotribune.com/school/northside-college-preparatory-hs_chicago#act-college-ready.

¹³ See www.valleyindustrialassociation.org/template.asp?id=5.

Employers in **Racine** need workers and they are not being provided by the local public schools, reflecting a trend across Fading/Overwhelmed cities, as well. The majority of students who enroll as freshmen in **Racine**'s public schools do not graduate. Those who do graduate often do not possess the skills expected of high school graduates. Local employers, aware of this situation, administer their own tests to **Racine**'s high school graduates applying for jobs, because the basic skill set implied by their diploma is often lacking.

However, most industrial cities are informed about their work force development needs and employ cooperative strategies to address this challenge head-on. Community colleges and technical colleges are an important part of innovative programming.

Leaders throughout the Midwest emphasize that these programs are flexible, responsive to business needs, and allow for high-end, structured training/certification designed to address skill gaps. They also help build partnerships between governments, businesses, and local colleges.

In August 2010, a community coalition in **Grand Rapids** launched a grassroots initiative called "Believe 2 Become," with the goal of improving high school graduation rates and eliminating the achievement gap between white and minority students. The initiative is designed to help children succeed in school, work, and life. Believe 2 Become is a collaborative effort of **Grand Rapids** Public Schools, the **Grand Rapids** Student Advancement Foundation, the W.K. Kellogg Foundation, and the Doug and Maria DeVos Foundation. The initiative is rewarding 250 middle school students who complete an extended-day summer school with an \$800 laptop computer and 200 high school students who recover credits in summer school with a paid work experience.¹⁴

The local schools and Indiana Purdue **Fort Wayne** University¹⁵ are working to encourage continuing education for older workers as well as for current high school students. They have also been instrumental in increasing the number of higher level training courses and degree programs—particularly in industrial technology and the medical field, where there is a demand for these highly skilled jobs that cannot be met by the skills of the current work force.

Beginning in 1983, the State of **Iowa** partnered with local businesses and colleges to create the Iowa New Jobs Training Program¹⁶ to assist businesses that are creating new jobs. The program subsidizes the costs of training new employees in new and expanding businesses through the community college system. Tax credits for the companies are also available if their employment in Iowa increases 10 percent. A second program, the Iowa Jobs Training Program, developed in 1985, focuses entirely on existing employees, and is also administered through community colleges.

In **Cedar Rapids**, Kirkwood Community College¹⁷ offers training in health care, information technology and industrial technology and certifications in construction, welding, machine operations, and metal fabrication. In 2011, Kirkwood Community College also sponsored an Advanced Industry Sector Board, consisting of 12 manufacturers of components, products, or parts with a vested interest in local markets. The Board will develop and sustain a comprehensive regional advanced manufacturing career pathway system targeted to high-demand, competitive wage jobs that meet the needs of employers and the available work force.

¹⁴ Kym Reinstadler, 2010, "Campaign to improve Grand Rapids graduation rates launches with billboard, community meetings," *The Grand Rapids Press*, August 25.

¹⁵ Indiana Purdue Fort Wayne graduate and certificate programs, available at <http://new.ipfw.edu/academics/programs/graduate.html>.

¹⁶ Iowa New Jobs Training Program, available at www.iowaeconomicdevelopment.com/business/260e.aspx.

¹⁷ Kirkwood Community College, available at www.kirkwood.edu/programs.

The Bay Area Workforce Development Board (BAWD) provides funding for a position housed at the Northeast Wisconsin Technical College (NWTC) to enhance BAWD's business services. In June 2006, that Strategic Partnerships Manager assembled the Manufacturing Alliance¹⁸—70 companies that employ roughly 30 percent of the entire work force in **northeast Wisconsin**, who were seeing similar patterns in their work force.

The Manufacturing Alliance, NWTC, and BAWD all noted that the machines that high school students are training on—if they are getting any “shop class” training at all—are manual machines that nobody in industry has used for the past ten years. So the Technical College has purchased a 44-foot trailer truck to take state-of-the-art computer numerical control (CNC) manufacturing technology from school district to school district throughout the region. BAWD is contracting for \$250,000 worth of training for teachers so that students have an opportunity to work with the “cool” technology that defines modern manufacturing.

The NWTC has 36 programs in its Trades and Engineering Technologies Department, aligned with the needs of the industries located in northeast Wisconsin. “The key in every case is a strong work force in using technology and methods like lean manufacturing and Six Sigma,” said Mark Weber, Dean of NWTC's Trades and Engineering Department.

Weber also explained that one of the charters of the Wisconsin technical college system is that, upon completion of a one-year technical certificate or a two-year associate degree, not only can students transfer on to somewhere else, they must also be employable—there must be a demonstrated employment need before NWTC can justify starting a program. Employers tell NWTC, “If your graduates have these attributes, if they can do x, y, and z, we will hire them.” NWTC monitors and reports the employment and average wage of its graduates every year. If there is no longer a demonstrated need for a program, they shut it down.

Ninety-five percent of NWTC graduates stay in Wisconsin, and 73 percent of employed graduates work in the northeast Wisconsin region. In 2010, in a slow economy—88 percent of NWTC's graduates were still employed within one year of graduation.

Wabunsee Community College in **Aurora** helps the underemployed close the skills gap through trade certification courses.¹⁹ Wabunsee also offers a \$500 Brighter Futures Scholarship²⁰ for non-credit courses targeting the unemployed. Additionally, Wabunsee tries to anticipate community trends by creating partnerships and cooperatives with businesses and schools, their Caterpillar welding program being one example. Christine Sobek, President of Wabunsee Community College, emphasized that all local community colleges are at their heart work force development and training centers that work with local chambers of commerce and industries to create training programs, while continuously trying to match the needs of the community.

Joliet Junior College (JJC),²¹ the nation's first public community college, offers multiple work force training programs. The average age of a participant in these programs is 45, according to program leadership, reflecting the demand for retraining and retooling of skills among older workers. JJC plays an

¹⁸ New Manufacturing Alliance, available at www.newmfgalliance.org.

¹⁹ Wabunsee Community College certification programs, available at www.waubonsee.edu/learning/academics/career/index.php.

²⁰ Wabunsee's Bright Future Scholarship, available at www.waubonsee.edu/about/leadership/president/initatives/economy/scholarships/index.php.

²¹ Joliet Junior College work force training programs, available at www.jjc.edu/academics/degrees-certificates/Pages/certificate-completion.aspx.

important role in business attraction and retention, serving as a quasi “R&D” department for the College, nimbly responding to employers’ requests for skills and training programs.

Similar strategies of linking employers with community colleges have also emerged in some of the Fading/Overwhelmed cities.

In **Racine**, employers work with local technical colleges to match their students with job openings. The local technical colleges report that all students currently enrolled have a position waiting for them upon graduation. Gateway Technical College and UW-Parkside work very closely with **Racine** employers to align their curriculum with employer needs, teach state-of-the-art methods, and to host **Racine** area job fairs.²²

In **Waterloo**, Hawkeye Community College partners with John Deere,²³ the area’s largest employer, to offer specific programming, but it also offers career education programs in industrial technology, health care, trucking, renewable energies, and electrical work. The University of Northern Iowa was also noted as a helpful contributor through its prominent small business resource center, which serves as an incubator in and around the Cedar Valley.²⁴

Kevin Thompson, Chairperson, **Pontiac** Regional Chamber, highlighted the “**Pontiac** Promise Zone”²⁵ as a promising initiative to improve the skills and competitiveness of **Pontiac**’s work force by helping to increase the number of college-educated residents. The program provides two years of free college education to graduates of **Pontiac** area high schools; it is patterned on a successful program in Kalamazoo, Michigan.

These programs have been criticized by some for spending tax dollars on residents who may leave once their training is completed, subsidizing lower wage jobs, and inconsistent administration across programs. But the overwhelming sentiment among the interviewees is that more public/private sector partnerships such as these training programs are needed to address the skill mismatch and promote economic development.

However, the challenges are many and multi-faceted.

A number of community leaders attest that the younger generation is not interested in manufacturing, citing a “stigma” associated with these jobs that is hard to dispel but could be offset by promoting the benefits of developing manufacturing skills at an earlier age. Machinists, for example, remain in high demand, but the available supply is shrinking, as tenured employees are beginning to retire at an accelerating rate. Virtual training exercises and “career academies” in local high schools draw attention to machinists and other advanced manufacturing skills as safer, more efficient, economically sound, and in fact “greener” career choices.

Besides the longer-term effort to change students’ perception of manufacturing as a career path, there are also needs in the current work force to match the skills of displaced and incoming workers with the work force needs of companies in the region as they evolve.

²² Gateway Technical College customized training, available at www.gtc.edu/page.asp?q=188.

²³ Hawkeye partnership with John Deere, available at www.hawkeyecollege.edu/academics/programs/industrial-and-engineering-technology/welding/default.aspx.

²⁴ UNI Small Business Incubator, available at <http://purplecatcowork.com>.

²⁵ See www.pontiacpromisezone.org.

In **Green Bay**, Jim Golembeski, BAWD's Executive Director, describes a rapid, three-phase transformation of work force needs in northeast Wisconsin. "We had gone from a lot of jobs that were basically low-skill jobs that paid decently, to no jobs for anybody, to high-tech jobs. After 2005, the bar got raised—there were jobs, but you needed to have skills," Golembeski said. "Throughout that process, we began to appreciate more and more the importance of manufacturing in northeast Wisconsin. About one in four jobs in northeast Wisconsin is a manufacturing job. The manufacturing sector offers the highest average wage of any of the important sectors, including education and health care. But the Manufacturing Alliance members currently can't find enough skilled workers in the area.

In addition to working with NWTC to help the Alliance's member companies find and train the skilled work force they need, the Alliance also works on the "image" of manufacturing as a career. The Alliance funded the *Manufacturing the Future* documentary to address the question of whether there is a future in manufacturing. The Alliance is packaging the documentary with teaching modules that teachers can use in their classrooms.

The negative image of manufacturing as a career results in missed opportunities, and the opportunities are still there. Framing those opportunities is challenging, however. Old habits die hard and while interviewees consistently spoke of a *skills mismatch*, they also cited an *expectations mismatch* as a stubborn part of the problem.

These sentiments of frustration are particularly pronounced in Fading/Overwhelmed cities.

Pontiac Growth Group Director, Khalfani Stevens, indicated that though it is true that **Pontiac's** school district underperforms the rest of the county, this has more to do with the expectations of the students than the qualifications of the teaching staff. Many **Pontiac** households still expect to find decent jobs without much education. Richard David, Former President, United Way of Oakland County, sees this attitude going from generation to generation. "Education has not been valued," he says. "How do you turn that around?"

"Parent University" is a program designed to address that question. In fall 2011, **Pontiac's** Herrington Elementary began offering workshops on methods to help children academically and with other issues that affect their success in school, including parenting, academic achievement, and providing the necessary resources for all-around success. The Parent University is not meant to tell parents how to parent, but to guide them toward helping their children do well in school.²⁶

Many **Racine** employers seek skills that require apprenticeships or a two-year degree. Welders and computer-operated lathe technicians will find many jobs available in the **Racine** area. The nature of these jobs is changing, though. A lathe operator is now expected to understand the software that runs the lathe and fix it when it breaks down, as well as having adequate "people" skills in order to interact with the increased number of people needed to keep the lathe working as designed. These types of employees are more productive than their counterparts from 20 years ago and are paid top wages. However, such employees are in short supply in Racine.

It is also reported that older workers (age 55 and older) in **Racine** who have been laid off from high-paying union positions may lack incentives to retrain for new jobs. For example, a worker at the Chrysler engine plant would have been making over \$30/hour. Retraining this worker for a new job takes about 18-

²⁶ Diana Dillaber Murray, 2011, "Pontiac parents go 'back to school' to help children's studies," *The Oakland Press*, September 7.

24 months, after which they would make about \$17/hour with a lower benefit package. So some older workers may prefer to collect their unemployment benefits.²⁷

While, some interviewees point to workers’ expectations as a significant part of the problem, others place at least some of the blame with parents and teachers, who may not understand the extent of the trend toward jobs that require additional skills and the ability to learn new skills over time.

Resurgent/Transforming cities are not immune to this disconnect around employers needs and the skills of potential employees. A local manufacturer in **Aurora** explained, “Someone can make a living working in manufacturing, but the jobs that pay higher wages typically entail automation which, in turn, requires an education.”

While some cities have worked hard to diversify their employment base beyond manufacturing, having the proper skills and training remain key to building a career in these new industries.

Similar to other resurgent cities that have sought to diversify their employment base, **Joliet** civic leaders acknowledge that while the manufacturing sector still offers good employment opportunities—and some companies even struggle to fill open positions—the heyday of manufacturing in Joliet, when one graduated from high school into lifetime employment, is gone.

Since the recession in the 1980s, Joliet has worked hard to diversify its employment base. Today, 70 percent of jobs are spread across seven industries, with two—Healthcare and Social Assistance and Retail Trade—comprising more than 35 percent of all jobs.²⁸ The largest area employers today include hospitals and casinos, as well as Caterpillar, a major manufacturer of farm and land-moving equipment. Seven of Will County’s top ten employers are located in Joliet.

Job growth through 2021 is projected to follow demographic patterns, as the region’s population continues to grow and age. Occupation data shows that jobs in the health care sector are projected to grow by more than 15 percent. Jobs for teachers and other education-related professions are on a similar trajectory. Material-moving occupations also show strong growth projections, as do jobs in the retail and entertainment sectors.²⁹

Industry	2001 Jobs		2011 Jobs		2021 Jobs	
	Number	%	Number	%	Number	%
Health Care and Social Assistance	8,039	18%	12,909	21%	15,445	23%
Retail Trade	8,025	18%	10,680	17%	10,417	16%
Accommodation and Food Service	2,819	6%	4,716	8%	5,160	8%
Manufacturing	4,699	10%	4,589	7%	4,040	6%
Transportation and Warehousing	2,277	5%	4,149	7%	4,998	7%
Admin./Support and Waste Mgmt. & Remed. Serv.	3,605	8%	3,395	6%	4,160	6%
Other Services (except Public Administration)	2,640	6%	3,393	6%	3,717	6%

Source: Will County Workforce Investment Board, U.S. Census Bureau, Local Employment Dynamics.

²⁷ Opportunity: Jobs for Racine County 2010-2012, prepared by the Racine County Economic Development Corporation, available at: www.racinecountyedc.org.

²⁸ Will County Workforce Investment Board, U.S. Census Bureau, Local Employment Dynamics.

²⁹ Will County Workforce Investment Board, Occupation Report, 2011-2021.

Occupation	2001 Jobs	2011 Jobs	2021 Jobs	Growth 2000-2011	Growth 2011-2021	2011 Avg Hourly Earnings	Annual (=2,080 hrs/year)	Training Required
Health technologists and technicians	1,076	1,720	1,978	37%	13%	\$18.95	\$39,416	Associate degree
Primary, secondary, and special education teachers	2,065	3,020	3,271	32%	8%	\$33.52	\$69,722	Bachelor's degree
Other management occupations	1,517	2,196	2,456	31%	11%	\$24.92	\$51,834	Bachelor's or higher degree, plus work experience
Business operations specialists	1,454	2,088	2,311	30%	10%	\$21.63	\$44,990	Bachelor's or higher degree, plus work experience
Health diagnosing and treating practitioners	2,316	3,840	4,662	40%	18%	\$36.70	\$76,336	First professional degree
Motor vehicle operators	1,675	2,531	2,966	34%	15%	\$16.28	\$33,862	Short-medium term on-the-job training
Material moving occupations	2,120	2,817	2,958	25%	5%	\$11.76	\$24,461	Short-medium term on-the-job training
Information and record clerks	1,441	2,200	2,355	35%	7%	\$11.54	\$24,003	Short-medium term on-the-job training
Retail Sales workers	3,756	5,413	5,527	31%	2%	\$11.24	\$23,379	Short-term on-the-job training
Food and beverage serving workers	1,586	2,588	2,922	39%	11%	\$7.79	\$16,203	Short-term on-the-job training
Totals	19,006	28,413	31,406	49%	11%			

Sources: Pennsylvania State University Living Wage Calculator (www.livingwage.geog.psu.edu); Will County Workforce Investment Board Occupation Data 2001-2021; Bureau of Labor Statistics: Education and Training Measures www.bls.gov/emp/ep_table_111.htm

As the table above indicates, many of the jobs offered within these sectors are low-skilled and low-paying. Few of the high-growth occupations in Joliet through 2021 offer employees the possibility of making a living wage of \$56,235.³⁰ Further, there is a direct link between earnings and training, with the five highest paying jobs requiring a college degree and the five lowest paying jobs requiring short- to-medium-term on-the-job training.

Some of the Fading/Overwhelmed cities have also identified future work force needs beyond manufacturing. **Waterloo** has analyzed its industry clusters to identify future opportunities. The key economic drivers in Waterloo are based upon three distinct, but interrelated industry clusters: (1) John Deere and its associated sub-contractors/suppliers; (2) health care and higher education; and (3) financial services, especially credit unions. Historically, Waterloo was known as the sixth largest metal fabricator in the United States, as well as a large producer of gasoline engines and meat packing, but each of these industries has experienced significant declines since the 1980s. Today, Waterloo is home to more technology-related jobs than assembly line jobs. Emerging sectors in Waterloo include electronic gaming and proprietary software development, which all require advanced technical training.

In an attempt to bridge the gap between workers and jobs, Oakland County Michigan Works' **Pontiac Service Center**³¹ has trained 300 **Pontiac** residents in such high-growth/high-demand industries as health care, engineering, paralegal, and information technology. Michigan Works pays the participants minimum wage (or slightly higher); in return, the employer provides supervision and rudimentary skill training. Michigan Works also offers training in resume writing, interviewing skills, and career development and refers individuals lacking a high school diploma or literacy skills to adult education and the Oakland County Literacy Council.

Oakland County Michigan Works attempts to remove employment barriers, but it has limited resources to assist job seekers with transportation and other supportive service needs, such as work clothing, child care, and temporary housing. Training is funded through the Workforce Investment Act (WIA) adult,

³⁰ Pennsylvania State University Living Wage Calculator, available at www.livingwage.geog.psu.edu.

³¹ The Michigan Works! JobLink Career Center, available at www.oakland.k12.mi.us/careers/joblink.html.

dislocated worker, and youth programs; and the Trade Adjustment Assistance (TAA) Act. While ample TAA funding is available for certified workers, WIA adult and dislocated worker funding has been reduced significantly.

Several interviewees raised concerns about the impact of budget cuts on their ability to offer innovative, targeted, and responsive training.

Entrepreneurship is a path to employment championed by some industrial cities.

Green Bay has also been able to leverage the creation of the I-43 Business Center for business creation and retention, including a 90-acre Proctor and Gamble warehousing and distribution center, a \$1 million warehouse facility for the paper industry, and a new 80-acre medical center.³² “As this park nears capacity, the City is already capturing new development in the City’s newest business park, the University Heights Commerce Center. This 1,100 acre park is modeled after the successful I-43 Business Center and is expected to provide opportunities for new businesses and job creation for the next three decades.”³³

An organization called “Advance” is the economic development arm of The **Green Bay** Area Chamber of Commerce.³⁴ Both the Chamber and Advance serve all of Brown County. Advance used a \$2.5 million grant from the U.S. Department of Commerce Economic Development Agency (EDA) to build a business assistance center and incubator on the campus of Northeast Wisconsin Technical College (NWTC), which matched the \$2.5 million. The 50,000 square foot office and industrial space houses five partners, in addition to Advance, that collectively provide a full range of business assistance and services to start ups and emerging businesses. Those five partners are: the University of Wisconsin’s Small Business Development Center; the Wisconsin Entrepreneurs Network (WEN); the NWTC’s Center for Entrepreneurship; the Service Corps of Retired Executives (SCORE), and WBD Finance (a certified Small Business Administration [SBA] 504 lender).

Advance is also involved in access to credit and capital for small businesses. Advance administers the Brown County revolving loan fund, which uses federal CDBG funding as a source of capital. Advance also raised \$600,000 from 11 area banks to start a micro loan program in 2011 that makes small business loans of up to \$100,000. And, while it is not a formal angel investing network, Advance does have access to high net worth individuals interested in making equity investments in emerging companies that demonstrate high growth potential.

One of the more interesting efforts in regional entrepreneurship in Iowa is the Cedar Valley TechWorks Campus, found in the ‘fading’ city of Waterloo.³⁵ Through an initial donation from John Deere, Cedar Valley TechWorks opened in 2006 in **Waterloo**, with the mission of building a hub that identifies Waterloo as a leader in the global biotech industry. The manufacturing cluster at TechWorks includes flexible office and manufacturing space for new businesses and a forum for “bringing together varied expertise, skills and processes available in Iowa and the Midwest to create new products and new business for the region.”

³² U.S. Department of Transportation Federal Highway Administration, “Economic Development History of Interstate 43 Corridor,” available at www.fhwa.dot.gov/planning/econdev/i43wi.htm.

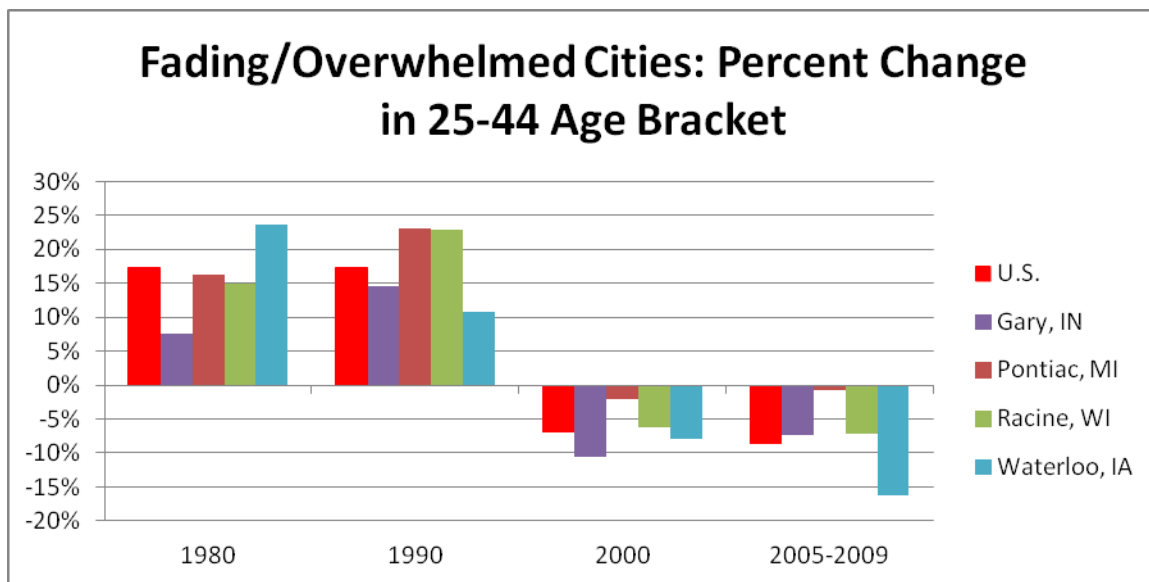
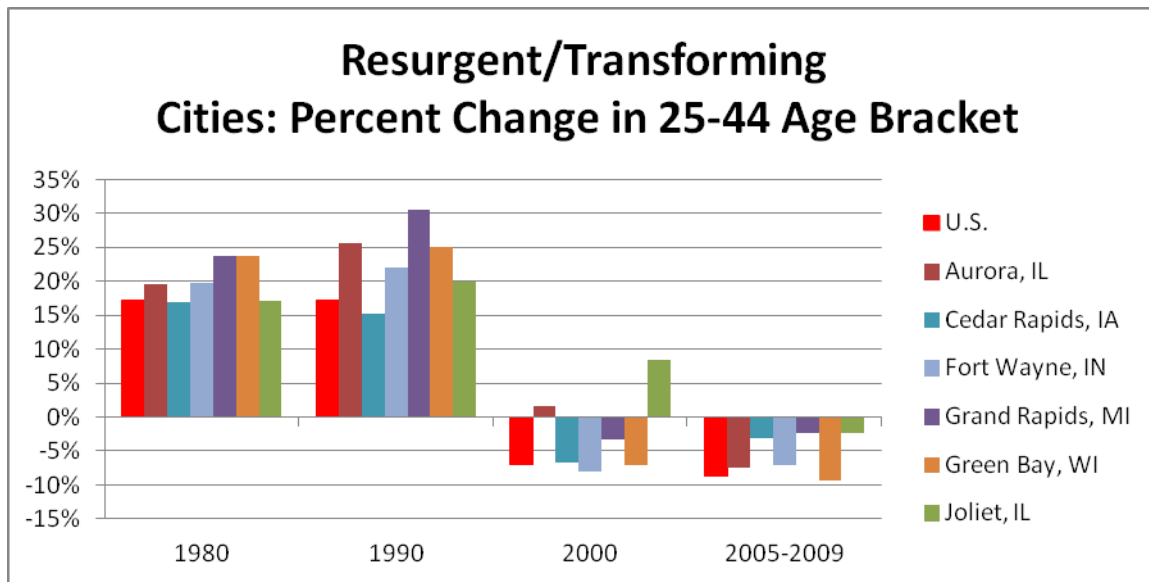
³³ Dawn M. Foeller and Angela J. Oleson, 2010, *Comprehensive Annual Financial Report Including Auditor’s Reports for Fiscal Year Ended December 31, 2010, City of Green Bay, Wisconsin*, City of Green Bay Department of Finance, available at www.ci.green-bay.wi.us/finance/forms/financial_report.pdf.

³⁴ Green Bay Area Chamber of Commerce, available at www.titletown.org/programs/economic-development/furthering-your-business.

³⁵ Cedar Valley TechWorks, available at www.cedarvalleytechworks.com.

The Midwest Intellectual Property Institute (MIPI) and the Greater Cedar Valley Alliance were mentioned as organizations that can provide the leadership that could bring the innovation, economic vitality, and job generators that Waterloo and Cedar Valley need. MIPI uses the proprietary property/ideas of retirees from other businesses that can be developed or incubated to encourage new business development. MIPI hopes to foster growth and job development through those innovations and other entrepreneurial efforts. The Greater Cedar Valley Alliance opened its doors in 2003 to increase economic vitality and job creation and to establish Iowa's Cedar Valley as a globally competitive marketplace for business investment and talent.

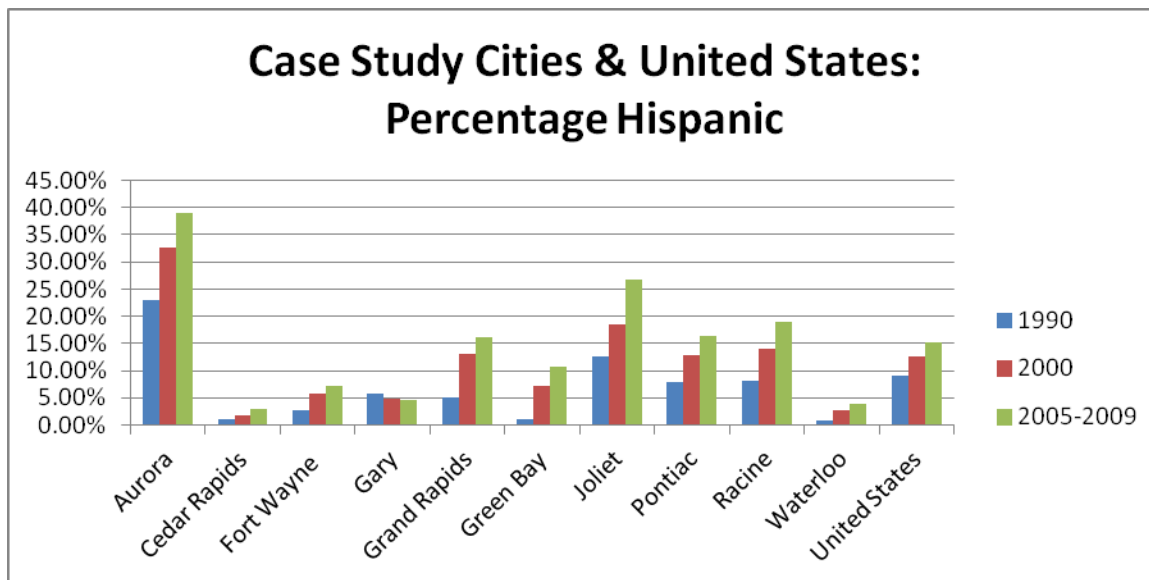
Because of regionalism (and globalism), employers and employees have choices, and some cities struggle to attract and retain workers to fill open jobs.



An indicator of a city’s vitality is sometimes its ability to attract and retain people who wish to build their lives, careers, and families there. As indicated by the charts above, the industrial cities, and the U.S. as a whole, have seen a decline in the 25–44 demographic. Some cities, however, have struggled more than others and face daunting headwinds, in addition to those driven by industrial shifts.

Fading/Overwhelmed cities have long struggled with this population shift. For example, with the exodus of much of **Gary**’s steel industry in the early 1970’s, Gary’s manufacturing employment declined significantly. The city’s leadership did not put much emphasis on work force development and received little assistance from the state of Indiana. However, in addition to the loss of a large quantity of jobs, Gary also experienced the loss of its senior management and higher level technical labor force, which moved out of the city to find work elsewhere.

Resurgent/Transforming cities have taken proactive steps to attract and retain young professionals, sometimes with mixed results. The Valley Industrial Association helped to lure the Illinois Mathematics and Science Academy, a public boarding school that focuses on math and science, to **Aurora**. Through this school, the VIA and **Aurora** hoped to create a larger base of professional and skilled labor in the city. Unfortunately, however, many of these students leave the area after graduation.



Beyond changing age demographics, many cities have seen their racial and ethnic composition change in recent decades. In particular, many of the industrial cities have seen dramatic increases in their Hispanic populations. Integrating new residents and workers presents an additional layer of challenges. In Aurora, a community that has seen a significant increase in the number of its Hispanic residents, the school system has struggled to adapt, in part because there is no certification program for bilingual teachers. The only requirement is that a teacher speaks both English and Spanish. The standardized tests in middle and high school are in English, but may be read to students in Spanish. The SAT and ACT, important college entrance exams, are also in English and may not be read to the students in Spanish. In eighth grade, 61 percent of students in east **Aurora** meet or exceed standards— however, by the time they take the ACT, only 24 percent meet or exceed expectations. School administrators argue this points to a missed opportunity to develop a skilled work force.

Regionalism/Globalism

Resurgent and Transforming cities seem to have adopted at least a regional, if not always a global mindset, while their underperforming peers struggle with ongoing, parochial interests that restrain their progress.

“It is important to get people to start to think of themselves as part of a bigger thing, so that municipalities can think about doing things with the next municipality or with businesses that don’t give a hoot about municipal boundaries.” – Jerry Murphy, Executive Director, New North

Regional success stories – as reflected by the Resurgent/Transforming cities --have employed similar tools, including leveraging their geographic location and sustainable assets.

Because of its sustainable assets—the rail lines, the expressways, and waterways, as well as proximity to two international airports—**Joliet** has developed a firm foothold in the global supply chain as a leading inland port. Local leaders, following the 1980s recession, worked to leverage these permanent assets to ensure that future jobs would not be moved: “People will always need to buy things and have them shipped to them.” Given Joliet’s (and Will County’s) physical location and the development of two intermodal facilities for transferring freight between rail and highway, Joliet has good reason to believe that it has built itself a position in the global supply chain.

In **Green Bay**, the northeast Wisconsin economy is anchored by the supply chains that developed over time to serve the paper, food processing, meat packing, and ship building industries. The region’s economy is based on “engineered, designed products and machines that make machines—very high end, sophisticated and innovative design-build capacity,” according to Jerry Murphy, Executive Director of New North. New North is a public–private collaborative that promotes economic development on a regional basis in an 18-county area that includes the cities of Green Bay, Appleton, Fond du Lac, Marinette, Oshkosh, and Sheboygan.

Murphy recounted the logic behind the creation of the Wisconsin Wind Works in the region: “Someone deconstructed a wind turbine, found 8,000 components, and matched the production capacity to get those 8,000 components by NAICS codes.³⁶ Overlay the NAICS codes with Wisconsin manufacturers and low and behold, we’re in the wind industry. New North organized a ‘supply chain selling proposition’ with 300 Wisconsin companies. The logic of it wasn’t anything more than taking a look at the strengths of the types of manufacturers that are already here to educate them to the potential of the new market. The wind market at the time was growing very rapidly and it was well within our manufacturers’ wheel house. New North’s role in that was: organization, education, trademark, and marketing outlets under the umbrella of the Wisconsin Wind Works.”

The Wisconsin Wind Works is one example of several collaborative efforts throughout the New North region of 11,000 square miles and more than 400 local governments. “It is important to get people to start to think of themselves as part of a bigger thing, so that municipalities can think about doing things with the next municipality or with businesses that don’t give a hoot about municipal boundaries,” Murphy said.

In Aurora, “regionalism” means emphasizing **Aurora**’s connections to Chicago and other midwestern cities. **Aurora**’s geographic location allows it to enjoy the benefits of a large city even though it feels like a small town. Interviewees explained that Chicago serves as Aurora’s primary economic driver. **Aurora**

³⁶ “The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy,” U.S. Census Bureau, available at www.census.gov/eos/www/naics.

offers excellent transportation options: access to interstate highways, state routes and truck routes, commuter buses, and the Metra commuter rail line. It also has its own municipal airport and is close to both O'Hare and Midway Airports. Aurora's 42 square miles of fiber optics serves as a potential draw to technology and financial services companies.

Regionalism is a concept first and an activity second. Resurgent/Transforming cities have developed and internalized the 'regionalist' mindset. However, creating the mindset can be challenging.

Grand Rapids places a high priority on regional collaboration. Greg Northrup, President of the West Michigan Strategic Alliance (WMSA), created in 2000, stated that, "the most important thing we do is to create a 'regional mindset'."³⁷ To the Alliance members, this means fostering a prosperous economy, ensuring a sustainable environment, revitalizing urban centers, and strengthening the community through diversity.

Regionalism is a prominent feature of economic development efforts in **Fort Wayne** and the Northeast Indiana region, with several organizations representing city and county governments. However, according to a number of interviewees, this was not always the case. In the past, Fort Wayne had pursued an aggressive pattern of annexation to expand its land area and its tax base. Although Fort Wayne no longer employs this strategy, lingering resentments contribute to some ongoing factionalism. The overall approach appears to be working well, though. For example, both the city and the county contribute to grants for façade improvements and brownfield development. While some duplication of efforts and responsibilities remains, there is an apparent recognition of the importance of cooperation in the area of economic development.

Communities throughout Iowa have begun to recognize the need to combine development efforts through regional collaboration. A conference in 1992 hosted by Iowa State University illustrated that economic growth lies within consolidated, collaborative approaches, especially regarding human capital management on a regional basis.³⁸

Many believe the 99 independent county governments in Iowa inhibit growth. This is reportedly a longstanding issue for Iowans. Without consolidation or collaboration, rising costs and declining populations will inhibit these communities' ability to maintain and replace aging infrastructure.

One interviewee noted that county consolidation is a politically charged topic. Smaller counties continue to argue for their relevance, but the push for independent school districts may be the largest barrier for progress. Civic pride prevents many districts with declining enrollments from consolidation. Educators have privately acknowledged that the resources available to children in larger districts would be superior, but administrators (and local residents) want to maintain their athletics programs—specifically, football.

However, cities – in particular those that are Fading/Overwhelmed – where the regional or global mindset does not (yet) exist are paying the price.

Gary has been resistant to regionalism since the 1960's. According to at least two interviewees, Gary determined that its best means of economic recovery was to isolate itself from surrounding communities and leverage federal assistance. In the 1970's, gang and drug crimes exacerbated dramatic declines in employment opportunities. As Gary became more dependent on federal programs and grants, it became

³⁷ West Michigan Strategic Alliance, available at www.wm-alliance.org/priorities.php.

³⁸ North Central Regional Center for Rural Development, 1992, *Multicommunity Collaboration: An Evolving Rural Revitalization Strategy: Conference Proceeding*, July.

more isolated from its neighbors within the region that were resistant (to some extent) to reliance on federal programs and grants. The growing crime problem and subsequent middle class exodus further strained Gary's revenues and resources, exacerbating its economic deterioration.

Pontiac is reported to have had little interest, historically, in cooperating with its neighbors or the county.³⁹ **Pontiac** Mayor Leon Jukowski says the city's past history of cutting off the county, refusing its help and generally being uncooperative, has put **Pontiac** in the bind it is in. Dawnaree Demrose, President, **Pontiac** Regional Chamber, indicated that the county has long offered help to **Pontiac**, with little success. "We will keep doing what we can to show people what's great about **Pontiac**," she says.

The City of **Waterloo** has made efforts to redevelop its waterfront to encourage development and has maintained roads and other essential infrastructure to foster growth. While several interviewees commended those efforts, they also emphasized that the Cedar Valley must adjust its thinking towards a more regional perspective by building partnerships with businesses in Chicago, for example, as well as in Des Moines.

Where it exists, a regional mindset yields tangible results. Fostering it often requires significant public and private investment.

The CenterPoint Intermodal Center in **Joliet** is perhaps the largest example of a regional effort. The integrated logistics center and inland port is situated on 3,600 acres just two miles north of CenterPoint Intermodal Center–Elwood (home of BNSF Logistics Park–Chicago). CenterPoint's total private investment is expected to exceed \$2 billion, including \$180 million of new public infrastructure. When fully developed, the Joliet Centerpoint Intermodal Center, including the intermodal terminal and associated industrial park, will cover 4,000 acres with almost 20 million square feet of industrial facilities, as well as container/equipment management yards. Currently 25 percent developed, it is expected to create approximately 5,500 direct jobs at full capacity.⁴⁰ A 'sister' intermodal is located in Elwood, Illinois, two miles to the south. Together, these two centers create the largest inland port in the nation.⁴¹ Transportation and logistics benefits are immediate and tangible. Trains from the west coast typically take three days to travel to Chicago and then another three days to off-load rail cars once they are in the city, due to congestion. At the intermodal center in Elwood, this time can be cut almost in half, as it takes less than eight hours to off-load.

The Corridor Alliance, made up of economic development organizations in **Cedar Rapids**' seven county region and Kirkwood Community College, released its *Skills 2014 Report: Assessment of Employers' Skill and Employment Needs*, in spring 2011. The study recommends four focus areas: (1) promote the Iowa National Career Center Readiness Certificate and work force credentialing; (2) engage employers in a commitment to high-quality, work-based learning; (3) develop a regional work force plan that aligns with and meets the needs of the region's employers; and (4) leverage regional assets to attract, retain, and grow more businesses and invest in human capital development.

West Michigan Strategic Alliance (WMSA) business, institutional, and government members represent **Grand Rapids**' eight county region, to implement initiatives such as the Workforce Innovation in Regional Economic Development (WIRED). In 2005, WMSA received a three-year \$15 million grant from the U.S Department of Labor's Labor, Employment and Training Administration. The funds were used for several initiatives that linked work force development to regional economic development,

³⁹ Kim North Shine, 2011, "Pontiac: What Was, What Is, What's Next..." July 14, available at Metromodemedia.com.

⁴⁰ Cambridge Systematics, Inc., 2008, Economic Impact Analysis for Centerpoint Intermodal Center–Joliet, May.

⁴¹ Information from www.Centerpoint-prop.com/projects.

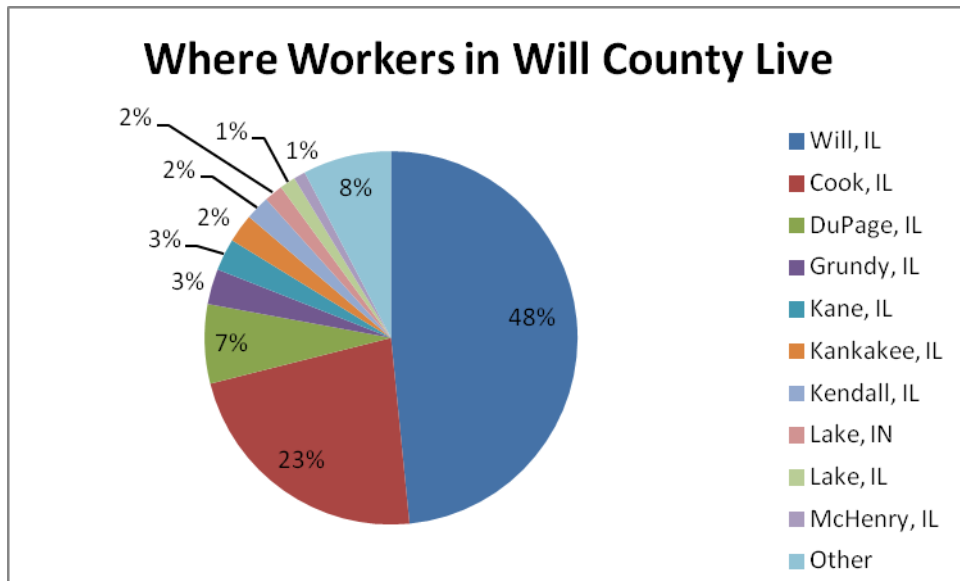
including an “Emerging Sectors Skill Analysis,” the Grand Rapids University Preparatory Academy, and the Health Care Regional Skills Alliance.

Some of the most tangible successes of regionalism have focused on the issues of job creation, retention and work force development. Resurgent/Transforming cities link their work force development initiatives to larger economic development planning and clearly see that the existence of a qualified work force is a regional phenomenon.

Cedar Rapids and Iowa City comprise the Technology Corridor Labor Shed⁴² (“the Corridor”). The Corridor draws commuters from nine surrounding counties. Iowa Workforce Development estimated that Iowans were willing to commute an average of 21 miles one way for better employment opportunities in **Cedar Rapids**.⁴³

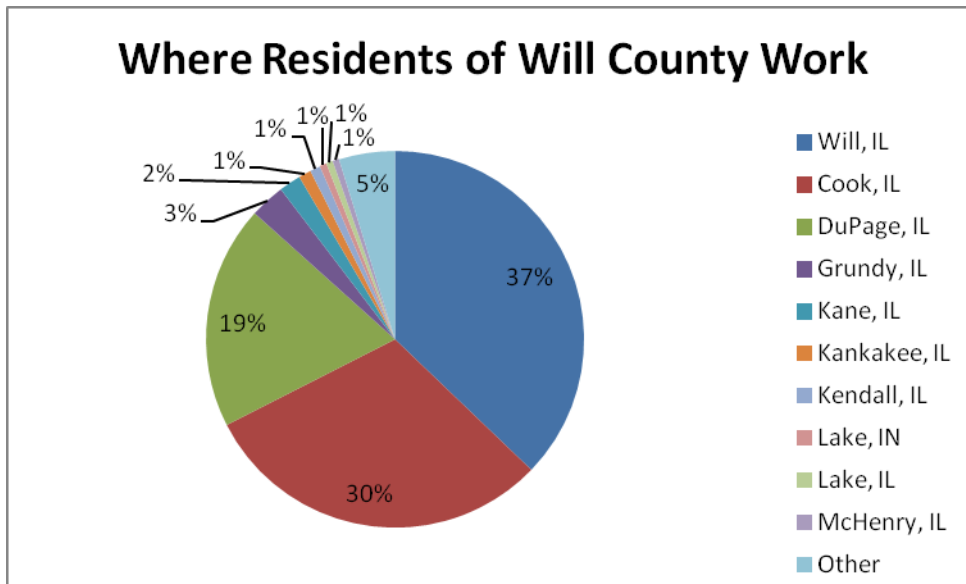
With a higher cost of living and lower paying jobs, **Joliet**, and in fact the county as a whole, is seeing a spatial mismatch between its jobs and its workers. Will County imports roughly half of its work force, led by workers commuting from neighboring Cook County. In contrast, Will County has a 63 percent labor shed (Will County residents who work outside of the County), higher than its target range of about 50 percent, but not unexpected given the proximity to the jobs offered by Chicago and other area job centers.

The following pie charts illustrate this daily migration, with more than half the work force leaving to work elsewhere and workers from other communities commuting in.



⁴² A labor shed is defined as the area or region from which an employment center draws its commuting workers. The boundaries of a labor shed are determined by local employers who supply the zip code listings where their employees reside.

⁴³ Cedar Rapids, Iowa Area Laborshed Analysis, October 2010, available at www.iowaworkforce.org/lmi/labsur/cedarrapidsexecsum2010.pdf.



An analysis of the Will County’s “Resident’s Income Account” yields the following conclusions:

- Non-resident workers (who live elsewhere and work in Will County) make, on average, significantly less than resident workers.
- Outside income generates close to two-thirds of the residents’ wealth.⁴⁴

Together, these conclusions paint a picture of a county that is not creating jobs for its residents and whose wealth depends largely on income earned elsewhere, highlighting the community’s deep and critically important connections to its neighbors.

However, some interviewees expressed concern about a loss of local identity and, with that, leadership and commitment.

Few of the corporations that leverage their Will County foot hold have a strong commitment to Joliet. Most of these multinational corporations—e.g., Dow Chemical, Exxon Mobil, Llyondell Bassell, and Caterpillar—are headquartered in locations ranging from Texas to Kansas to Switzerland and the Netherlands and will consider only the economics in making investment decisions. Interviewees are quick to point out that, for these companies, the cost of doing business in Illinois, given the high price of unionized labor, recently increased corporate taxes, and the uncertainty of being in a state with chronic financial issues challenges the competitive edge offered by the location. Furthermore, company managers cycle through the area on two–three year rotations, undermining local connections or commitments.

In a recent *Letter to the Editor* of the *Joliet Herald News*, **Joliet** City Manager Tom Thanas articulated the reasons Joliet should maintain a ‘rainy day’ fund. Included on the list are: unforeseen natural disasters, workers compensation claims, changes to state and federal legislation, and, finally, “*Calamitous economic fluctuations in the national and international markets caused by national and world events, including acts of terrorism, defaults of major nations, and credit control of the U.S. economy by countries like China and India.*”⁴⁵ Caught off guard by global market shifts in the 1980s, Joliet intends to be better prepared the next time.

⁴⁴ Workforce Analysis of Targeted Industries in Will County, Illinois, July 2010, available at www.willcountyworkforceboard.com/downloads/PDF/WillCounty_Updated_915%20FINAL.pdf.

⁴⁵ Tom Thanas, 2011, *Letter to the Editor: Response to Sunday’s Herald News Article*, November 1, available at www.cityofjoliet.info.

Economic Development Finance

Resurgent and Transforming cities have developed financing mechanisms for their economic development strategies that emphasize fully engaged public–private partnerships, a relatively higher degree of leveraging private investment with limited public funds and often include a higher degree of philanthropic support.

“Nothing happens in Grand Rapids without a public/private partnership,” George Hartwell, Mayor, Grand Rapids, Michigan

Most of the Seventh District industrial cities leverage a variety of financing tools to meet their economic development needs, which range from small business development to the financing of large-scale projects.

The City of **Green Bay** has 14 Tax Increment Districts (TIDs) that focus on business development in commercial corridors and industrial areas throughout the city. The flagship TID is in the downtown, where public projects and private investment are the basis of a downtown renaissance. Branded as “Better by the Bay,” these investments are bringing more events downtown, stabilizing the area, and leading to more retail and commercial development. And the City of Green Bay’s Economic Development Department reported loaning \$690,000 to five small businesses in 2010, creating more than 100 jobs.⁴⁶

Aurora has used Tax Increment Finance (TIF) districts to attract real estate development and new businesses to areas targeted for revitalization. For example, the developer of the **Aurora** Premium Outlets, a regional shopping mall, received \$24 million of TIF funding. The mall’s success allowed the developer to retire the debt more than a decade ahead of schedule. The **Aurora** Outlets are seen as an example of the savvy use of TIF districts, securing future sources of tax revenue and employment, while providing an amenity to the city.

There is some ambivalence about economic development finance in Iowa, with many leaders touting the benefits of job creation and increased tax base, while critics characterize some of those benefits as “corporate welfare.” The State of Iowa’s economic development marketing materials promote numerous tax advantages for businesses in the state. Iowa is also a very active user of Tax Increment Finance (TIF) as a tool to support local economic development. Some interviewees were very supportive of TIF, but others believe the tool is over-used and lacks proper state oversight. Some are concerned that there is too much local autonomy to offer large subsidies with varying terms and conditions without fully understanding the longer-term ramifications. Larger municipalities appear to have benefited from TIF. However, some interviewees believe that mid- to small-sized towns in Iowa may have suffered as resources were shifted away from existing businesses to attract others that may or may not be in line with longer-term objectives. Critics have also asserted that many tax-incentivized businesses brought new, but relatively low-wage jobs.

Cedar Rapids is one of the more active users of financing tools to promote its economic development. Over the past ten years, the City has offered incentives in 11 TIF Districts and Urban Renewal Areas. During that time, \$31 million in economic incentives were invested: \$162 million in private investment in new facilities, equipment, and technology; retention/creation of over 6,300 jobs with an annual payroll over \$160 million; and funding over \$30 million in public improvements including streets, utility extensions, and recreational facilities.⁴⁷

⁴⁶ *City of Green Bay 2011 Budget*, November 2010, available at www.ci.green-bay.wi.us/finance/forms/2011Budget.pdf.

⁴⁷ Community Development Department, City of Cedar Rapids, Iowa

Cedar Rapids has developed other programs to support economic development. The Community Economic Betterment Account (CEBA) and Economic Development Set-Aside (EDSA) programs offer favorable and forgivable loans to companies that make capital investments in Iowa that create or retain jobs. Enterprise Zones offer tax incentives for qualified business activities in designated distressed areas. Kirkwood Community College provides new employee training to businesses adding to their local work force, while the High Quality Job Creation Program offers tax benefits to businesses to offset costs incurred when businesses locate, expand, or modernize in Cedar Rapids.

Some of the Fading/Overwhelmed cities have also made use of economic development finance tools in an effort to bolster their economies.

Waterloo, like Cedar Rapids uses several methods to spur economic development through seven designated revitalization areas, as it continues to combat a neighboring community's recent program to lure businesses away through an offer of free land. In fact, the downtown area was designated a revitalization area in the 1970s. Areas around the airport and land previously occupied by Rath Packing are also targeted zones in which "brown field," TIF, Enterprise Zones, Historic Tax Credits, and New Markets Tax Credits encourage redevelopment and job creation.

Racine County Economic Development Corporation (RCEDC) offers business development programs and has developed a business financing initiative. Between 2007 and 2009, \$6.3 million in RCEDC capital was loaned to 25 companies, resulting in \$23.3 million in total project costs. Further, RCEDC managed \$12.3 million in local loan funds, with \$2.7 million available to companies for new projects. RCEDC provided assistance to 42 private companies, creating 465 new jobs and retaining 155 jobs. Nine new or start-up companies were recruited to **Racine** County, and \$17.00 is the average wage paid to workers where jobs were created or retained during the period that the project received some type of RCEDC assistance.

Private resources, including casino revenues, remain an important source of subsidy for economic development activities.

Fort Wayne is fortunate to have strong private foundation support. Primary among the private foundations that work closely with the city, as well as the regional alliances are:

- The Lincoln National Life Insurance Foundation—Lincoln National Life Insurance was headquartered in Fort Wayne for many years; it is now headquartered in Philadelphia, but continues to support Fort Wayne initiatives.
- The Community Foundation (of the Lilly Endowment)—locally funded. "The Lilly Endowment Community Scholarship Program is designed to raise the level of educational attainment in Indiana and increase awareness of the potential of Indiana's community foundations to improve the quality of life of the state's residents."⁴⁸
- The Foellinger Foundation, whose mission "is to help Allen County residents increase their self-reliance by moving from dependence to independence, to helping build community through recognition of their interdependence."⁴⁹
- The Lutheran Foundation "seeks to make Christ known by strengthening Lutheran congregations and ministries."⁵⁰

These foundations are attempting to help Fort Wayne transition to a knowledge-based economy.

⁴⁸ See www.lillyendowment.org/ed_csp.html.

⁴⁹ See www.foellinger.org/mission.php.

⁵⁰ See www.thelutheranfoundation.org.

To many in **Grand Rapids**, the story of Grand Rapids' resurgence is largely a story of private philanthropy. "Nothing happens in Grand Rapids without a public/private partnership," according to Grand Rapids Mayor George Heartwell. John Canepa, retired CEO and Chairman of Old Kent Bank, points out that, "the wealth in this city in proportion to its size is extraordinary."⁵¹ David Van Andel, son of Amway's cofounder Jay Van Andel, is frequently quoted as saying that, "if you want to be a player in this community, it's give first, get later."

Grand Rapids clearly benefits from a unique mix of very successful, closely held, family-run businesses, as well as a culture and ethic of hard work and giving back based in the Dutch Christian Reform Church.⁵² Cosmetics giant, Amway; the Meijer's supermarket chain; and office furniture manufacturer, Steelcase were founded and are still headquartered in Grand Rapids. Many of the most significant public building projects bear the names of those companies' founders.

Many of those companies' founders and their families are active participants in an organization called Grand Action. Grand Action is a private organization that champions public development projects to support the ongoing revitalization of Grand Rapids' downtown through fundraising, planning, and engaging in predevelopment activities. Their projects include the development of a new sports arena and a convention center, the restoration the historic Pantlind Hotel (now the Amway Grand Plaza), the construction of a new J.W. Marriott Hotel, the restoration of the Meijer Majestic Theater, the Grand Rapids Art Museum, and the 132-acre Frederik Meijer Gardens and Sculpture Park.

One other key decision was made in 1996 when Amway cofounder Jay Van Andel decided to found what would become the Van Andel Research Institute, a biomedical research institute emphasizing research on cancer and Parkinson's disease. "They told us we were nuts," David Van Andel, the Institute's Chairman and CEO is quoted as saying, as "we had no affiliation with any medical school, no history of medical research. But our family had a big stake in the community."⁵³ The success of the Van Andel Institute led to the development of Grand Rapids' "Medical Mile," which has become the largest concentration of employment in Kent County.⁵⁴ The Medical Mile now includes Spectrum Health's Butterworth Hospital complex, as well as housing research and teaching centers for Michigan State University, Grand Valley State University, and Grand Rapids Community College.

Grand Action's Executive Director, Jon Nunn, indicates that for many years, **Grand Rapids** was the second largest philanthropic community in the country after Salt Lake City. He also notes that while there is some corporate philanthropy, a lot of the philanthropy in Grand Rapids is private, family-based philanthropy. While honoring the contributions of these corporate leaders and their families, some interviewees wonder, "Will there be a next generation?" In some cases, their children do not live in **Grand Rapids**.

Aurora is also fortunate to benefit from The Dunham Fund. John Dunham was the second-generation owner of Aurora-based Equipto, a manufacturer of adjustable steel shelving and an innovator in space utilization. The Dunham Fund contributes about \$3 to \$3.5 million each year to **Aurora** for revitalization and development.⁵⁵

In the 1990s, riverboat gambling was introduced in Illinois, and both **Joliet** and **Aurora** secured licenses. Since the construction of the Hollywood Casino Aurora, gaming revenue has added approximately \$18

⁵¹ See http://money.cnn.com/2010/05/11/autos/michigan_success_story.fortune/index.htm.

⁵² Interview with Diana Seiger, president, Grand Rapids Community Foundation.

⁵³ See http://money.cnn.com/2010/05/11/autos/michigan_success_story.fortune/index.htm.

⁵⁴ Interview with Jon Nunn, executive director, Grand Action.

⁵⁵ Dunham Fund, available at <http://dunhamfund.org>.

million in tax revenue. Although the casino has not spurred business development in the area around the casino as had been anticipated, the historic Paramount Theater and Arts Center is seen as an anchor for Aurora's downtown that attracts people to the city and nearby restaurants. (Joliet's experiences are discussed later in this section.)

Fading/Overwhelmed cities, without the relationships or the know-how to attract and manage these funds, are at a disadvantage.

Interviewees noted that there has been little contribution or interest in **Gary** by private foundations or other sources. To some extent, it appears that this is owing to the fact that Gary's leadership has not fostered such relationships. However, the local Majestic Star Casino does provide a number of college scholarships. In addition, occasional grants are available from NIPSCO (utility), U.S. Steel, which retains a presence in Gary, and Methodist Hospital.

The City of **Pontiac** finds itself at the low end of the spectrum of financial prospects, especially when compared to a city like Grand Rapids. Pontiac's historical dependence on the auto industry left it without a diverse industrial base. The city was placed into receivership by Michigan's governor in 2009. Pontiac Regional Chamber Chairperson Kevin Thompson pointed out that Pontiac lacks the philanthropic or foundation community some of Michigan's other cities enjoy.

The city of Pontiac has a revolving loan fund of approximately \$1 million. The fund's primary purpose is to diversify the city's economic base, sustain the automotive industry, and encourage entrepreneurial development. However, according to Khalfani Stevens, Executive Director, **Pontiac** Growth Group, due to staff cuts, there is currently no-one actively overseeing the operation of the fund. Several local government functions are heavily reliant on funding from the U.S. Department of Housing and Urban Development (HUD). Additionally, Low Income Housing Tax Credits (LIHTC) are a key source of private sector financing for affordable housing developments.⁵⁶

In October 2011, at HUD's urging, the Oakland County Board of Commissioners agreed to take over the administration of Pontiac's federal grants for fiscal years 2012–14. This agreement shifts Pontiac's status in federal programs from a self-administered "entitlement community" to an "urban county." The new designation means **Pontiac** will likely see a 40 percent decline in its community development block grant funding.

The need to identify sustainable, diverse sources of revenue to stabilize municipal budgets remains a priority for many cities.

One of **Cedar Rapids'** priorities has been to work with the State of Iowa on revenue diversification. Currently, Cedar Rapids relies heavily on property taxes, leaving the city susceptible to declining property values and legislative constraints on tax levy rates. After a flood inflicted heavy damage on the city in 2008, Cedar Rapids worked effectively to maximize the leverage between various sources of funding, including federal, state, and other local avenues with both public and private entities. The Iowa Department of Economic Development played a significant role in assisting **Cedar Rapids** to administer the recovery funds from HUD's CDBG program, which waived local match requirements on several awards to affected businesses in the flooded areas.

Like many industrial cities, Aurora has had its share of budgetary issues. **Aurora** has had two major rounds of layoffs of municipal workers, and several interviewees suggested that another round of layoffs will likely occur soon. Although **Aurora** recognized the risks of budget shortfalls earlier than some of its

⁵⁶ 2011–15 Pontiac Consolidated Plan.

peer cities—and has managed to fully fund its pension obligations—the city nevertheless is reducing benefits for new employees and outsourcing garbage disposal to save money. Some of those interviewed emphasized that local planning and zoning regulations, high electricity rates, and uncertain workman’s compensation and health care costs make Illinois an expensive state in which to do business, making Aurora a less attractive business location, especially relative to neighboring Iowa.

Early in 2011, **Joliet** had the dubious distinction of being listed as one of the “16 U.S. Cities That Could Face Bankruptcy in 2011,” on Yahoo!Finance and several other online business resources.⁵⁷ Joliet leaders acknowledge their budget challenges and have worked since 2009 to put the city back in the black. As early as 2007, city finance managers sounded the alarm as revenues started decreasing, while expenses continued to rise. Early warning signs included falling gambling revenues, which by 2010 had fallen by more than 50 percent due to a casino fire, a smoking ban, and increased competition from nearby facilities in Indiana (where there was no smoking ban). Originally intended to finance economic development and neighborhood improvement projects, these revenues were increasingly being used to subsidize municipal operations. In fact, beginning in 2006 no gaming revenue was allocated to economic development and, by 2009, less than 20 percent was going to neighborhood projects, with the vast majority closing revenue gaps in the city’s operational budget.⁵⁸

The city faced a \$27 million deficit going into 2012 budget sessions. Various proposed budgets privatized crossing guards, eliminated mosquito spraying, and threatened to cut subsidies to area cultural institutions. The final budget, approved in December 2011, included all of those proposals in various forms: The crossing guards took pay cuts and made other concessions to avoid privatization; cultural institutions also took a blow. However, a request to delay pay increases to unionized employees was still being negotiated, as municipal leaders seek to resolve the dilemma of managing the costs of coveted pensions and other benefits.⁵⁹ While Joliet’s future is firmly linked to the global economy, legacy issues close to home still influence the city’s budget and priorities.

⁵⁷ See <http://finance.yahoo.com/tech-ticker/16-u.s.-cities-that-could-face-bankruptcy-in-2011-535744.html>.

⁵⁸ See www.cityofjoliet.info/documents/MicrosoftPowerPoint-2009-BUSINESSPLAN-May272009FINAL.pdf.

⁵⁹ City of Joliet 2012 Proposed Budget, October 2011, available at www.cityofjoliet.info/documents/2012CityofJolietProposedBudget.pdf.

Leadership

Resurgent and Transforming Cities appear to have a cadre of leadership that work together to effectively marshal the resources necessary to implement an articulated, shared vision and strategy for their communities' economic well-being.

“Our success is due to leadership – that’s the part of the story that some community leaders don’t get.” – John Greuling, Executive Director, Will County Center for Economic Development

In resurgent/transforming cities, economic development leadership is well-developed and, in some cases, has been active for decades.

The Will County Center for Economic Development (CED) was created in 1983 by local **Joliet** business leaders who realized that they needed to proactively address the economic challenges facing their community in the wake of numerous plant closings. At that time, the initiative was called Greater Joliet, Inc., reflecting the focus on the city. However, it was soon expanded to Will County, which possessed business assets that had never been packaged or promoted, including rail, air, and surface transportation, location, room to grow, and a good-quality work force.

For many cities, the formalization of economic development planning represents an intention to take charge of the destiny of the city. David Frey, a local banker, described the mindset of **Grand Rapids'** corporate and philanthropic leaders as the city “bottomed out” in the 1990s recession: “We decided that we were not going to let the economic vagaries of the state define our city.”⁶⁰

Unlike in many other midwestern industrial cities, in **Grand Rapids** the corporate and philanthropic leadership stepped forward and, working in concert with public entities created and funded⁶¹:

Grand Action	An organization that raises money, conducts predevelopment planning, and studies and orchestrates the development or redevelopment of a sports arena, a convention center, two major hotels, a performing arts center, and a public museum and is now in the predevelopment stages of an urban fresh food market.
The Right Place	A public/private entity that focused on the retention and attraction of businesses to the Grand Rapids/Western Michigan region.
Medical Mile	Beginning with the establishment of the Van Andel Institute in 1996, this area, dedicated to medical research and education, located immediately adjacent to downtown Grand Rapids has grown into the largest concentration of employment in Western Michigan and attracts students and researchers from around the world.
The West Michigan Strategic Alliance	An entity made up of business and civic leaders in an eight county region in Western Michigan that addresses sustainability, work force development, urban renewal and business development on a collaborative regional basis.
Grand Valley Metropolitan Council	An interjurisdictional alliance of leaders appointed by local government entities to plan and coordinate government services throughout the region.
Grand Valley State University	Williams Seidman, former head of the Federal Deposit Insurance Corporation (FDIC) and advisor to Presidents Ford and Reagan, among others helped create two campuses for the Grand Valley State University, one near downtown Grand Rapids on land donated by the Steelcase Corporation; the other in suburban Holland on land donated by Frederik Meijer, founder of the Meijer supermarket chain. While there are other campuses for the school it is important to note that one is near downtown Grand Rapids.

The result of all this hard work was exactly what Grand Action had hoped for: a more stable economy, one that can better withstand the ups and downs of economic trends. Now, manufacturing ranks as the

⁶⁰ See http://money.cnn.com/2010/05/11/autos/michigan_success_story.fortune/index.htm.

⁶¹ See <http://grandaction.org>, <http://rightplace.org>, <http://medicalmile.com>, www.wm-alliance.org, www.gvmc.org, and www.gvsu.edu.

region's second leading employer, replaced at No. 1 by sectors that are better suited to the demographic challenges of the early 21st century: education and health services.⁶²

Also dating from the 1980s, "Priority One"—the economic development arm of the Cedar Rapids Chamber of Commerce has been **Cedar Rapids'** primary source of community and economic development leadership. The organization's mission has been to assist in the creation and filling of jobs and capital formation in the **Cedar Rapids/Iowa City Technology Corridor** by: focusing primarily on interstate commerce businesses; promoting business creation, expansion, retention and recruiting; promoting work force development; and collaborating with other economic development organizations. That collaboration recently led to the merger of the Cedar Rapids Chamber of Commerce, Priority One, and the Downtown District into a regional economic development entity, Cedar Rapids Metro Economic Alliance.⁶³

From 1986 through 2011, Priority One helped create over 32,000 jobs, helped 466 companies expand, and recruited 158 new companies into the **Cedar Rapids** area. The new Cedar Rapids Metro Economic Alliance will be organized to focus on: Community Development, Economic Development, Large Investors, and Business Support and Innovation.

One Fading/Overwhelmed city also formalized its economic development leadership in the 1980s. Historically, **Racine** has been well known for manufacturing, with companies such as J.I. Case (now known as CNH Global), S.C. Johnson and Sons (formerly Johnson Wax), and InSinkErator, all headquartered there. However, it is no coincidence that the Racine County Economic Development Corporation (RCEDC) was created in 1983. That year coincides with the bottom of the last major recession, which cut deeply into **Racine's** heavily concentrated manufacturing employment base. At that time, the city's business community came together to form the RCEDC, which is a private, non-profit organization. The organization's strategy is to build and maintain a strongly diversified economic base in **Racine** County, by working with key partners (such as government and technical colleges) to support the necessary innovation and creativity that will lead to greater business investment.

Engaged and visionary leadership helps communities respond to economic challenges as well as natural disasters, a strategy that has helped to improve the resilience of Resurgent/Transforming cities.

Fort Wayne Mayor Tom Henry's leadership is regarded as vigorous and progressive, as he runs for his second term. The interviewees believe that there is strong leadership in city, county, and regional development organizations, as well as the partnership with local schools and the Indiana Purdue **Fort Wayne** (IPFW) University collaboration.

Over the past few decades, **Fort Wayne** has experienced a smaller increase in personal income than both Indiana and the United States. This fact led local government to focus on economic development through educational initiatives like the Talent Initiative.⁶⁴ This initiative has three goals: (1) upgrade the skills of the adult work force; (2) increase access to and quality of higher education, especially in skill sets that will support the higher skill manufacturing jobs (science, technology, engineering, and mathematics); and (3) increase attainment of K-12 students.

The overall sentiment of the interviewees was highly positive for continued improvement in **Fort Wayne's** economy and prosperity for its citizens. As evidence of this optimism, the interviewees cited the

⁶² Taylor, Alex, III, 2010, "A Michigan Success Story," May 12, available at cnnmoney.com.

⁶³ See www.priority1.com.

⁶⁴ See <http://talentmadehere.com/about-us>.

fact that GM just announced an additional investment in its Fort Wayne plant of over \$230 million.⁶⁵ Some other businesses have recently moved to or started up in the Fort Wayne area, including: Sweet Water Sound, a music sound system business; Vera Bradley, a maker of high-end handbags; and Steel Dynamics, a steel fabricating company's scrap metal subsidiary.

The 2008 flood in **Cedar Rapids** has been a continued source of stress on local government. As one response, the city provided a \$1 million grant to the Chamber of Commerce, which leveraged an additional \$2 million in private resources. With state and federal subsidies in place, the chamber was able to distribute funds to flood-impacted businesses immediately, while awaiting proceeds from flood insurance or SBA guarantees. The city worked with state and federal funding agencies to create a number of new business disaster assistance programs that were funded with CDBG allocations. These programs were designed to meet the specific financial gaps identified, rather than applying existing "cookie cutter" programs. Ongoing support of case managers was also important. In cooperation with the Chamber of Commerce's Small Business Task Force, the city secured federal funds to provide a Business Long-Term Recovery Program, which employs case managers to help flood-impacted businesses navigate the disaster recovery process. The case management model also incorporates referral and mentoring services, as well as educational workshops.

Even with recognized, well-established leadership, consensus can be elusive.

Joliet leaders spoke of a willingness to 'do what it takes' for a community that does not shy away from noise, dirt, and other 'unsavory' industries, pointing to the Chicagoland Speedway as an example of Joliet moving quickly to leverage a sustainable asset—in this case, its proximity to the famous Route 66. Other efforts include the Citgo and Exxon Mobile refineries that create high-quality jobs for the region and, at 35 years old, are still new by industry standards. While some residents may want to preserve Will County's agrarian legacy, economic developers look at the county's available land as another valuable asset. The city has, quite literally, room to grow.

Some of **Joliet's** leaders hope to revitalize the city's historic downtown. Most interviewees agreed that the impact of past efforts has been short-lived. There is concern about the future of The Slammers, the local Frontier League baseball team that plays at Silver Cross Field. And, discussions continue about how to capitalize on the old Joliet Correctional Center—suggestions include turning it into a hotel or museum. The future of these types of efforts is now in question given municipal budget challenges, which threaten even the subsidy to the Rialto Square Theatre.

Cedar Rapids interviewees reported continuing political pressures at both the local and county levels that have obstructed progress. Interviewees said that county governments have historically resisted urban development in order to preserve green space in Cedar Valley. There is a lingering presumption that Iowans would rather maintain farming as a way of life. Preserving and expanding central business districts in the Cedar Valley may be a way to overcome these barriers.

Some cities are making concerted efforts to develop the next generation of leaders.

In **Aurora**, one interviewee identified the mayor and the police chief as emerging young leaders, but noted that they were exceptions in Aurora, having lived in **Aurora** their whole lives and engaged in public service in the community. It was also suggested that some companies are creating the next generation of leaders by promoting from within and creating a mentor program to nurture their younger talent.

⁶⁵ See www.indianasnewscenter.com/home/Fort-Wayne-GM-Plant-to-Built-Next-Gen-Full-Size-Pickup-130212848.html.

Aurora's current leadership is generally well regarded, but most of those identified as Aurora's leaders are thought to be 65 years or older. There seemed to be a consensus among our interviewees regarding a lack of younger leaders being groomed to assume leadership roles in the community as an issue that Aurora needs to address. Finally, it was noted that, in spite of **Aurora**'s sizable and growing Hispanic community, there are very few Hispanics in leadership positions in the community.

In **Joliet**, all civic leaders, public and private, interviewed for this study point to the Will County Center for Economic Development (CED) as the cornerstone of the region's economic future. Its executive director, John Gruehling, is mentioned in every discussion regarding economic development as a leader with a vision and the ability to communicate that vision to a variety of audiences. **Joliet** is only a part of that vision, a difficult shift for residents and leaders who remember when Joliet defined the vision. Today, however, discussions starting with questions about Joliet are answered in the context of Will County. The CED board is a who's who of community leadership and has significant overlap with the boards of other community organizations, from the local chamber of commerce, to the community foundation, to the board of the Rialto Square Theatre. Community leadership appears widespread, but some civic leaders question its depth and whether enough attention is paid to cultivating the next generation.

In Iowa, the Governor has recently been trying to reallocate efforts of the Department of Economic Development toward additional public/private partnerships; however, this is a relatively new approach, so results are not yet known. Elected officials typically drive economic development, especially at the local level. Several interviewees said that finding individuals with the types of skills necessary to foster strong, sustainable economic growth and expansion has been difficult.

The leaders we interviewed in **Grand Rapids** agree that not all of Grand Rapids' issues have been solved. Some are concerned about how the successes of the current and previous leaders will be sustained in the future, both in terms of the operating budgets of the organizations and facilities they've created and where new leaders will emerge. Even here, Grand Rapids seems to have more to be positive about than many of its peers.

When asked about emerging leadership in Grand Rapids, many people pointed to Rick DeVos, grandson of Amway's cofounder. Recently profiled in *Fast Company* as one of America's "big thinkers everyone's talking about," Rick DeVos is investing in and encouraging ideas that are creative and collaborative—such as the celebrated ArtPrize, an art competition judged by the public with almost \$500,000 awarded to ten artists—as a way to "turbo-charge the earliest stages of ideas of businesses in Michigan."⁶⁶

Grand Rapids Mayor George Heartwell has made environmental stewardship and sustainability a priority, creating the Community Development Partnership, which now includes 180 members throughout the city. In 2007, the United Nations named Grand Rapids a "Center of Expertise" in sustainability.

In 2004, Grand Rapids Young Professionals (GRYP) was created, "committed to professional development and contributing to the communities of Greater Grand Rapids both through volunteer opportunities and leadership roles."⁶⁷ However, some leaders, notably the Grand Valley Metropolitan Council and the Grand Rapids Area Chamber of Commerce, have highlighted the need to bring greater diversity to Grand Rapids' leadership ranks. Carlos Sanchez, Executive Director of the West Michigan Hispanic Chamber of Commerce, is identified as one emerging leader, and the Institute for Healing

⁶⁶ Lydia Dishman, 2011, "It's Not All About the Big 3: To Kick-Start Michigan's Economy, Rick DeVos Invests In Art & Startups," available at FastCompany.com, November 28.

⁶⁷ Grand Rapids Young Professionals, available at www.gryp.org/index.php?option=com_content&task=view&id=13&Itemid=27.

Racism and the Grand Rapids Urban League are also mentioned as sources of young, diverse leadership in the community.

Green Bay-based Famis Manufacturing is a “graduate” of the Advance incubator that has grown and been sold twice. Its founder, James Schmitt, is now the mayor of Green Bay, providing a unique insight and leadership for the connections between local government and business development. Interviewees also noted that Mayor Schmitt’s predecessor in the Mayor’s office—Paul Jadin—became the President of the Green Bay Area Chamber of Commerce when he left office, and was recently appointed by Governor Walker to transition the Wisconsin Department of Commerce from a government agency to a public/private partnership to support business development and job creation statewide.

These elected officials share a vision with private sector leaders when it comes to addressing the needs of growing companies and the work force that sustains those companies.

James Golembeski, who runs the Bay Area Workforce Development Board, and Jerry Murphy, who runs New North, Inc., each give a lot of credit to their respective boards of directors for providing genuine leadership in emphasizing collaboration among both neighbors and competitors in the region. Many of those interviewed point to Golembeski and Murphy as among the most important leaders in keeping the various collaborations active, engaged, and proactive. Paul Rauscher, Chairman and CEO of EMT International, is credited with playing a key role in the creation of the Manufacturing Alliance and forging links with work force development efforts. Jeff Rafn, President of the Northeast Wisconsin Technical College, is noted as a leader in connecting the needs of area businesses to educational institutions at all levels.

Cities that lack coordinated, committed economic development leadership are at a significant disadvantage. Emerging leadership in Fading/Overwhelmed cities carries high expectations for change.

A significant problem for **Gary** has been an inattention to building on its resources for economic development. According to the sources interviewed, little effort is made to form partnerships on a local, regional, or statewide basis. In addition, little effort has been made to promote increasing Gary’s level of education or technical expertise. One interviewee stated that education was “never considered important.” The newly elected Mayor Karen Freeman-Wilson is reform-minded and can, perhaps promote a change of direction for Gary. Local government employees and residents appear to be cautiously optimistic about the city’s new administration.

Khalfani Stevens, Executive Director, **Pontiac** Growth Group, highlights the leadership and vision of Oakland County to note the relative absence of leadership or vision in Pontiac. He believes that Oakland County officials recognized the need to diversify the county’s economic base, the need to reduce the cost of county government, and the existence of a housing bubble. Pontiac did not. Kevin Thompson, Chairman of the Pontiac Regional Chamber says, “There is no one at the helm to provide vision. There really isn’t a driving force except the volunteers.”

“We have not been welcoming to leadership outside of **Pontiac**,” said Richard David, a former President of United Way of Oakland County. “Our mayors have been firemen and policemen. Good people, but that’s not the generator of change for the future. What are needed are people who have had some business or economic development experience, who are equipped to generate the needed type of change,” Mr. David said.

Glen Konopaskie, President of Future Help Designs, left us with a question: “Once the Emergency Manager leaves, how is the city prepared to go forward?”

What's Next for the Industrial Cities Initiative?

Clearly, there are some concerns about the sustainability of the transformation or resurgence where it has occurred. Aurora and Joliet, while enjoying a transformation as described in this paper, have also been particularly hard hit by home foreclosures. And Joliet may not be the only industrial city that faces the dilemma of creating jobs that do not necessarily provide a living wage for its population.

While the Resurgent cities have leadership in public, private, and non-profit roles that are widely acknowledged for their vision and leadership, even they face leadership challenges. Visionary leadership for fading and overwhelmed cities' leaders has yet to fully emerge and is clearly needed. Cities that have benefited from a legacy of strong leadership are struggling to identify and develop the next generation of leaders and to incorporate diversity into that leadership to reflect their communities' changing demographics.

Entrepreneurship is a buzz word among many of the leaders we interviewed. It is almost universally acknowledged that a community's success may depend heavily on "economic gardening," the idea of growing your own companies, as opposed to relying heavily on attracting businesses from elsewhere. This begs the question: How do you develop a culture of entrepreneurship in a community?

All of these cities struggle, to some extent, with access to capital and credit to support economic development. Public finance for economic development is increasingly constrained by limited public budgets and a philosophical debate about government's role in economic development. In some cities, private and corporate philanthropy has filled the void. But leaders in industrial cities (and midwestern states) highlight the relative lack of private equity and venture capital available in the region for growth-oriented companies and industries. Consolidation in the financial services industry has deprived many of these cities of the community banks that once supported local businesses. Many observers note that even as bank branches proliferate, underwriting decisions are becoming more remote and disconnected from the opportunities that entrepreneurs in these communities aim to exploit.

As has been pointed out, "together, the 'share of manufacturing jobs' along with the 'percent of adult population with a college degree' explain as much as 40 percent of the variation in midwestern metropolitan statistical area economic growth after 1969," leaving "much more performance to be accounted for."⁶⁸ As we proceed, the Industrial Cities Initiative we will explore other variables that may help explain variations in midwestern cities' performance. We will continue to seek the insights of leaders and community representatives. We will showcase the best available research and analysis in the context of how communities identify and address their economic development challenges. We hope that this will provide a basis for meaningful discussion of policies and practices that promote or hinder the progress of the Midwest's industrial cities.

Our preliminary findings raise several important questions:

- How can communities create a work force that is prepared for the 21st century?
- How can they best leverage public and private resources in lean economic times?
- What is the role of a city in a regional, or global context?
- And what will be required to develop the next generation of leadership?
- Are best practices transferable to other cities/communities, and if so how can these communities be connected?

⁶⁸William Testa and Norman Wang, 2012, "Manufacturing as Midwest Destiny," February 3, available at http://midwest.chicagofedblogs.org/archives/2012/02/industrial_citi.html.

These cities face many similar challenges, including low educational attainment, new populations, competition for workers and jobs, and strained municipal budgets. Through the Industrial Cities Initiative, we aim to study their responses to these challenges, how they define success and failure, and what separates success from failure.

Appendix A

List of 47 midwestern industrial cities from which the ten case studies were chosen.

City Name	State	City Name	State
Cedar Rapids	IA	Terre Haute	IN
Davenport	IA	Bay City	MI
Dubuque	IA	Dearborn	MI
Waterloo	IA	Detroit	MI
Aurora	IL	Flint	MI
Berwyn	IL	Grand Rapids	MI
Chicago	IL	Jackson	MI
Cicero	IL	Kalamazoo	MI
Decatur	IL	Lansing	MI
East St. Louis	IL	Lincoln Park	MI
Joliet	IL	Livonia	MI
Oak Park	IL	Pontiac	MI
Peoria	IL	Roseville	MI
Rockford	IL	Royal Oak	MI
Rock Island	IL	Saginaw	MI
Skokie	IL	St. Clair Shores	MI
Waukegan	IL	Warren	MI
East Chicago	IN	Green Bay	WI
Evansville	IN	Kenosha	WI
Fort Wayne	IN	Milwaukee	WI
Gary	IN	Racine	WI
Hammond	IN	Wauwatosa	WI
Muncie	IN	West Allis	WI
South Bend	IN		

Appendix B

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