



## **Exploring Innovation, 2<sup>nd</sup> Biennial Conference**

### **Federal Reserve Bank of St. Louis, Community Affairs Department**

Steve Dubb, Democracy Collaborative, University of Maryland, June 2009

[www.community-wealth.org](http://www.community-wealth.org)

### ***Conference Promotes Innovation in Community Development Strategy***

More than 150 people attended the Federal Reserve Bank of St. Louis's second biennial conference on "Exploring Innovation, held April 22-24 in St. Louis, Missouri. The conference, which brought together community development practitioners, researchers, bankers, and government officials, looked at ways to develop new community development strategies. At the conference, a number of the plenary session speakers highlighted innovations in community development policy and practice.

In the first plenary session, Nicole Turner Lee, Senior Vice President of One Economy, talked about her nonprofit's transformation from a nonprofit with "four people in a basement" in 2000 to its current status of a leading national nonprofit with a staff of 80 and with offices in 17 cities that aims to develop a broad range of services that help "bridge the digital divide." In the decade since its formation, the nonprofit has seen 16 million people use its Beehive service that allows those who log in to develop personalized career plans, business plans, and budgets; has had 500,000 children use its "Beehive Homework Helper" service, and had over 400,000 people learn about diabetes on line through its health information web services.

On the second day of the conference, a panel moderated by Mark Pinsky, CEO of the Opportunity Finance Network, a trade association of community development financial institutions, asked two thinktank representatives—Alan Berube of the Brookings Institution and Ray Boshara of the New America Foundation—to explore the role policy innovation might play in community development over the next decade.

Berube observed that the common caricature is that, "Community economic development policy tends to operate at a neighborhood scale and focuses disproportionately on one domain: housing." The challenge for community economic development policy, Berube emphasized, as with many policy issues, is executing policy that works within a federalist system with many different policy silos. "We had it right in some ways with Model Cities," Berube said. "The problem in the 1960s is that we hadn't built the institutions we needed to address a comprehensive mission. Now we have the institutions but they are focused in specific fields ... Specialization is not necessarily a reflection of a narrow view of community development practitioners, it reflects extreme fragmentation, government by accretion – we rarely end things and we rarely change things." The solution, Berube argued, is to "empower institutions through flexible programs in ways that encourage multi-dimensional strategies" that cut across departmental lines and municipal jurisdictions.

Boshara contended that community economic development policy had to be understood within the context of the current economic crisis. At the heart of the crisis, Boshara said, was that middle class income didn't keep up with the rising cost of a "basic middle class life," leading families to close that gap with debt. "If the problem is debt," Boshara argued, "the solution must be capital." In particular, Boshara advocated "capital solutions" on three levels: 1) banking: expansion of the Community Reinvestment Act (CRA) to cover a broader range of "non-bank" institutions and an increased focus on the development of community banks; 2) creation of institutions that can provide "long-term patient capital"; and 3) measures such as automatic payroll deduction savings programs to encourage increased savings at the household level.

Pinsky noted that the community development financial institution (CDFI) Fund program could be a model for future policy development. "The CDFI Fund was a new model," Pinsky pointed out. "It was financing intermediaries and investing them on their strategy based on past performance but also holding them accountable to their outcomes" rather than simply funding specific projects, as most government programs do. "The whole idea of an asset strategy was a radical idea when it first came out," Pinsky emphasized.

At the closing plenary, Bill Strickland—CEO of Manchester Bidwell, a Pittsburgh-based nonprofit whose work centers on running a job training center and community arts program—addressed the conference. Strickland noted that his nonprofit, which combines job programs that emphasize technology skills with the arts, is not the most common structure for workforce development, but said the approach is consistent with his philosophy that, "There is nothing wrong about kids that clay and enthusiasm can't solve." Strickland elaborated that, "Art is a strategy to work with the kids – you can't teach kids algebra if they don't want to live. If you engage their imagination, you change behavior." Strickland noted that seven of the teachers at Manchester Bidwell were once kids who graduated from its programs. Over the years, Manchester Bidwell has expanded to include a jazz recording studio that has attracted famous jazz musicians to make recordings (including Dizzy Gillespie, Herbie Hancock, Joe Williams, Count Basie, Tito Puente, and Nancy Wilson) and an orchid growing enterprise that has obtained wholesale contracts with major retailers and won awards at horticulture competitions.

In recent years, Strickland has also begun to franchise the Manchester Bidwell model, opening up centers for arts and technology in Cincinnati; Grand Rapids, Michigan; and San Francisco. In Cincinnati, in the first three years of the Center, the dropout rate fell from 50 percent to 8 percent. Plans are underway to open new centers in Cleveland; Columbus; New Orleans; Philadelphia; Minneapolis; New Haven; and Halifax, Nova Scotia. Strickland has set a long-range goal of opening 200 arts-and-technology centers worldwide. Strickland spoke of what drives him toward this vision: "I want to change our country. Now. We can't continue like this right now. There is hunger. There is insanity. It doesn't have to be that way. I want to build enough centers. I'm hoping I get the chance to meet the President because I am doing what he's talking about. He just doesn't know it yet."

*For more information on the conference, see: <http://www.stlouisfed.org/exploringinnovation/>*