Regional Approaches to Community and Workforce Development: The L.A. Story

Camden Works: Mobility, Opportunity and Development in a Regional Context
Panel Presentation by
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Panel Objectives

1. Tell the L.A. Story: Case Studies of Regional & Community Development Strategies
   
a. Emphasis on labor demand strategies
   - Cluster Development
   - Sector Employment

b. Describe Backdrop & Process

c. Highlight Outcomes & Lessons Learned
THE BACKDROP:
WHO ARE WE?

• CDTech: Organization
  – CDTech is a L.A. based non-profit community & economic development intermediary
  – An affiliated academic program/department at Los Angeles Trade-Technical College
    • www.cdtech.org

• Our Mission
  – To build viable and economically communities in L.A.’s distressed neighborhoods
CDTech Strategies/Programs

Working Communities: Building Communities that Work

1. Working Families
   • Sector Employment
   • Sector Development

2. Working Capital
   • Financial Literacy
   • Basic Financial Services
   • Credit Counseling
   • Savings & Asset Development

3. Working Democracy
   • Community Capacity Building
   • Civic Engagement
IN THE BEGINNING
Pre-1992 Civil Unrest
Community-based Economic Development Objectives

- Increase Local/Community Economic Resources
- Increase local ownership and control and community wealth
- Increase access to community serving goods and services
- Create career ladders/lattices and rising wage job opportunities
- Increase resident jobs skills
ROMANTIC RENDITIONS:
TRADITIONAL COMMUNITY
ROMANTIC RENDITIONS: RURAL AND SEMI-RURAL
ROMANTIC RENDITIONS: VILLAGE ECONOMY
THE WAKE UP CALL:
THE ROMANCE IS OVER
NEIGHBORHOOD ECONOMY

The Small Economy
(Urban Neighborhood, Suburb, Industrial Town, or Rural Area)

Mobile Capital

Mobile Labor

THE MARKET
where goods and services are bought and sold, and prices are set

PAYCHECKS

LABOR
off to work

SHOPPING

LOCAL INSTITUTIONS

RESIDENTIAL SECTOR

GOVERNMENT

GOODS AND SERVICES

PAYMENTS FOR PURCHASES

Taxes

PUBLIC SERVICES

PAID FROM PAYCHECKS

WAGE/SALARY PAYMENTS

TAXES ON GOODS AND SERVICES

INTERNAL TRANSACTIONS

EXTERNAL TRANSACTIONS

MONEY TRANSFERS

BANK

LOANS AND SAVINGS

SHOPS

RETAIL SECTOR

SMALL FACTORY
AND SERVICE SECTOR

PAYCHECKS

LABOR
SOUTH LOS ANGELES LABOR MARKET CHALLENGES

• Drought:
  – High Unemployment among stigmatized groups
  – Working Poverty (low income, low benefit, high job turnover, no economic mobility)
  – High Concentration of Low Wage Jobs and Low wage sectors in Inner City

• Leakage:
  – Out-migration of Growth Sector/High Wage Jobs
  – Mobile Capital (business & household income)
  – Mobile Labor (incl. – high turn-over/job retention)

• Isolation:
  – Concentrated Poverty
  – Restricted hiring networks within the primary labor markets
  – Small-mid size firms replaced large corporations
SHARPENING OUR LENS:
EXAMINING COMMUNITY ECONOMIC DEVELOPMENT
FROM A REGIONAL PERSPECTIVE

Analyses of SLA after the 1992 Civil Unrest
Concentrated Poverty

**NEGLIGENCE AREAS of LOS ANGELES COUNTY**
**Defined By Census Tracts With Poverty Levels > 20%**

**Neglected Area**
U.S. Census Tracts (1990): 422
Total Area: 222 square miles
Total Population: 2,491,293

**Los Angeles County**
U.S. Census Tracts (1990): 1,652
Total Area: 4,070 square miles
Total Population: 8,856,900

**Los Angeles County**
- County Boundary
- Neglected Census Tracts
- Damaged Properties (1992)
- Highways

Miles
0 5 10

RLA Research - 2/99 (SMH)
Regional Distribution of a Growth Sector
Regional Distribution of a High Demand/High Wage Industry
REGIONAL LINKAGE STRATEGIES

• The Inside Game:
  Cluster/Sector Development Strategies
  – Regional Business Networks
  - Supply Chain Development

• The Outside Game:
  Regional Linkage (Sector Employment)
  – Subsidy Challenges
  – Project Labor Agreements
  – Community Benefit Agreements
  – Implementation Infrastructure
CLUSTER/SECTOR DEVELOPMENT STRATEGY
LOS ANGELES MANUFACTURING NETWORK INTIATIVE (LAMNI)

- 15,000 small and medium sized manufacturers
- Employed 360,000 individuals
- Generated $25 billion in industrial wealth a year
- 6 Largest sectors
  - Ethnic & Specialty Food Processors
  - Apparel
  - Toys
  - Biomedical
  - Furniture
  - Metal
CLUSTER DEVELOPMENT
GOAL/OBJECTIVES

GOAL:
Improve Economic Mobility (Jobs and Business Opportunities) within Low Income Neighborhoods by Changing Low Wage Sectors into 21st Century Business Operations

OBJECTIVES:
• Industrial Retention & Growth
• Increase Wages and Wealth Creation
• Build Community Wealth
CLUSTER DEVELOPMENT: THEORY OF CHANGE

INPUTS:
- Organizing
- HR Support/IDA
- Skills Training
- Advocacy/Networking/Info
- Training/Marketing/Supply Chain
- CB Partnerships
- Land, Loans & Workers
- Regional Partnerships

UNITS OF CHANGE:
- FIRM BEHAVIOR
- INDUSTRY BEHAVIOR
- COMMUNITY ENGAGEMENT
- REGIONAL ACTORS

OUTCOMES:
- Worker Assets/Retention
- Productivity/Jobs
- New Job Classifications
- Larger Markets/Products & Services
- Community Jobs & Revitalization
- Civic Entrepreneurship
SELECTED OUTCOMES

• 6 networks/trade associations with over 750 regional-based firms
• $200 million in bio-med investment/development in East LA & the Valley & related workforce training
• Created Food Safety & Quality Control Training & Jobs
• Expanded Jobs & Manufacturing Contracts in Food Processing w/ ISO 90 certifications
• Retained Toy Industry from NAFTA regs via supply chain relationship with Mexican Toy Manufacturers
• H.S. Career Exposure & Development in Apparel Design, Food/Nutrition & Metals
• First & Largest Employer based IDA program in US (employee financial services and asset building)
LESSONS LEARNED

• Cluster Development is the most efficient way to work with small/mid-sized firms
• Industry-specific trade groups are more effective than Chambers of Commerce
• Requires Business Organizing Skills
• Build Industry Knowledge And Trust
• Changing Industry Is Key To Increasing Jobs
• Don’t Write off Low Wage Sectors – Restructure Them
• Government Policies & Programs Do Not Support Cluster Development
• Cluster Development Is Slow but Rewarding
• Everyone Talks About Cluster Development Very Few Are Actually Doing It
SECTOR EMPLOYMENT

GOAL:

Connect Low Income Communities To High Growth/High Wage Jobs
SECTOR EMPLOYMENT

• KEY SECTORS
  – HOSPITALITY/HOTEL MANAGEMENT
  – ENERGY/GREEN BUILDING
  – HEALTH
  – LOGISTICS
SECTOR EMPLOYMENT STRATEGIES

• Research
  – Large Scale Public and Private Sector Development

• Organizing/Advocacy/Policy Development
  – Community Benefits Agreement
  – Project Labor Agreements
  – Local Hiring Agreements

• Implementation Tools
  – Outreach & Recruitment Partners
  – Skills Training Partners
  – Job Placement and Coaching
SECTOR EMPLOYMENT STRATEGIES

• Public Subsidy Challenges
  Ensure that public subsidies result in direct public benefits
  • Entertainment
  • Hospitality/Tourism
  • Construction

• Emerging/Critical Needs Sector
  – Energy/Green Building
  – Health
OUTCOMES

• Workplace Hollywood - $12.5 million in training funds for entertainment related jobs
• Commitment for 2,750 jobs for LA Live Project – 50% in livable wage jobs in Hospitality/Tourism/Construction
• Currently negotiating for 40% share of 5,000 jobs for Grand Avenue Project
• LA World Airport training program
• New Standardized Public Sector Local Hiring agreements in development
• Faith-based and Community & Labor Construction Program for African-American males
• A New Community College District Workforce Training Institute to train at-risk populations in growth sector jobs
• Affordable Housing, Parks & Other Benefits
LESSONS LEARNED

- Requires strong organizing/advocacy capacity
- Political leverage helps
- Labor is a key partner in any sector strategy within high wage industries
- Often subsidy challenges and agreements end in training and not jobs
- Beyond Policy: Need strong Implementation Infrastructure (support training organizations, housing developers, etc.)
- Labor Supply Issues – employers walk away if we can’t supply a trained and ready workforce (fellow panelist)
- Workforce System Issues (fellow panelist)