

bridges

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Sí, Hablo Español Illinois-Based Bank Opens Bilingual Branch...Inside a Public Library

By Jeanne C. Marra

It isn't every day that a bank branch in the Midwest would schedule a fiesta to celebrate a grand opening. But then again, it isn't every day that a financial institution opens a full-service, fully bilingual banking center in a community that the 2010 census describes as more than 70 percent Hispanic.

Just five minutes northeast of St. Louis' Gateway Arch, Fairmont City, Ill., officially welcomed its first financial institution, TheBANK of Edwardsville (TheBANK), in mid-November after several years of partnership in the community. The location of the new banking center? Where else but the very place the community goes for many of its services—the Fairmont City Library, also fully bilingual, offering services in both Spanish and English.

“A Library Is a Place You Trust”

Fairmont City librarian and longtime resident Katie Heaton recalls how the current relationship with

TheBANK began, with a visit about three years ago from Sandy Smith, business and diversity development coordinator and CRA loan officer at TheBANK. Smith, herself Hispanic and bilingual, was seeking to deepen her bank's outreach into the Hispanic community, a market traditionally underserved in financial services. For Smith, the library was a great place to start because it's a place to learn, a place people trust and a community hub.

“Sandy asked me two key questions,” recalls Heaton of their first few meetings. “What does your community need? And do you know anyone who has tried to buy a house but can't?”

Heaton didn't take long to answer either question. As a provider of community services well beyond books, the library was already addressing numerous needs for members of the area, almost 40 percent of whom live below the poverty level. Among its services: English as a Second Language (ESL) classes to assist with language barriers, financial literacy training, bike repair days to enable



residents to commute to work, Skype training sessions to facilitate communication for the technology-deficient, and college-readiness programs, to name a few.

For the answer to Smith's second question, Heaton immediately turned to a fellow employee who was unable to purchase a house, despite the fact that she and her husband had jobs and about \$3,000 in savings. Lack of a credit score was forcing this young family to continue living with her parents. After attending one of Smith's financial coaching seminars, the employee returned hopeful—ready to work one-on-one with Smith to build her credit score and motivated to take whatever steps were necessary

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TheBANK of Edwardsville's fully bilingual staff have found a home within Fairmont City Library, along the famous Route 66.

Bridges is a quarterly publication of the Community Development Office of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

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- 25** **Connecting Hard-to-Serve Populations with Jobs (Part 2)**
Exploring Innovation in Community Development Webinar
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Contact: Faith Weekly at faith.e.weekly@stls.frb.org

HAVE YOU **Heard** ?

Q3 2015 Housing Market Conditions Report Available

This quarterly report provides a snapshot of housing market conditions in the U.S. and the Eighth District, which covers the states of Arkansas, Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee. View the most recent report, as well as archives of previous reports, at www.stlouisfed.org/hmc.

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to become homebuyer-eligible. Within three months, she was shopping for homes and sharing her success with friends. Word quickly spread, and Smith began drawing Hispanic clientele not only from other towns, but those willing to drive to her home base 45 minutes away, because she spoke their language and looked like them, Smith says.

“That’s Where this Tidal Wave Started”

Thanks to Smith’s growing community connections and keen cultural awareness, TheBANK began to see opportunities well beyond simply offering homebuyer education. “That’s where this tidal wave started,” recalls Smith. While her financial seminars at the library continued, Smith attended roundtables and shared meals with families in the community to get a deeper sense of the barriers encountered and the opportunities for TheBANK to offer more financial services to this community. At the same time, she educated bank leadership regarding what would be needed—and what could be possible.

What evolved next, over time, was the MyCommunity Home Loan product, an alternative loan that offers special terms and qualifications to assist those who would otherwise not qualify for traditional banking products. Features include lower down payments, lower minimum credit scores, the ability to use Individual Taxpayer Identification Numbers (ITINs) in lieu of Social Security numbers and flexible underwriting standards. It’s open to anyone whose property is located in a low- to moderate-income census tract or who qualifies with household income guidelines.

“I knew what we were creating would need to be designed a bit differently,” Smith says, adding that the journey to approval is often high-touch. She describes what would be a typical 10-minute prequalification elsewhere being a two-hour visit, and a sometimes complex layering of grants to help a loan come together. While some clients’ journeys could take 45 days, others might take a year or more. “I don’t do this by myself,” she adds, crediting her network of bilingual real estate agents, insurance companies and nonprofit organizations like [Justine Petersen](#) and [Prosperity Connection](#).

Worth the Risk

Are the flexible underwriting standards and extra time worth the risk and investment? Smith thinks so. “In the Hispanic culture, people are hard workers, with two or three jobs. They’re also great savers—often saving for that rainy day—so they have money to put down. It’s not going to be a huge risk when it comes to loan-to-values. There is also a great sense of community. In this culture, if something happens that prevents them from making a payment, families step in.”

Loan performance is backing her up. TheBANK has closed 43 MyCommunity Home Loans for just over \$2.4 million since launching in April 2014. So far, there are no reported delinquencies, according to CRA Officer Nikki Turner. A home improvement loan was also built out of this product.

On a different scale, TheBANK is also having an impact on generations to come. Smith recalls one 52-year-old customer who closed on a home after renting for her entire life; she had never before considered homeownership possible. Not only was the house payment half her rent for the

“The library was a great place to start because it’s a place to learn, a place people trust and a community hub.”

10-year fixed-interest loan, but she had significant equity already built up. Her reason for finally pursuing homeownership? Her children: She wanted them to see it was possible. The generational impact is echoed by Heaton. “Children who first came into the library 15 years ago when we arrived are the ones now going to college. It took a long time to convince them that they could do it; they are our first-generation college students. Sandy’s doing the same thing with the housing market—teaching them that homeownership is possible.”

In response to growing demand and a solid partnership, the Fairmont City Banking Center opened in November 2015. It is located within the Fairmont City Library, with a separate secured access, and offers retail services, such as checking and savings accounts, mortgage and commercial loan products, and investment services. A tour of the Center reveals an intentional nod to the Hispanic culture, Smith explains, from the brightly colored fabrics typically favored by Hispanics to the oversized circular furniture, which accommodates groups of family members. Teller stations—called pods—are open and inviting, breaking down typical barriers of standing in queues. Pods easily transition to desks if customers need more personal or lengthy assistance. A fully bilingual staff of four are cross-trained to be universal bankers, able to provide additional services, such as opening accounts. While the banking space within the

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library is brand new, one feature was preserved during the renovation of library space: A large mural painted by members of the St. Louis Rams featuring a map of Route 66. The historic library building—and Fairmont City itself—is located along that famous route.

Replicating the Model

While TheBANK has found a model that appears to serve both the bank and Fairmont City, Turner insists success isn't isolated to this community alone. She's helped create a strategic plan to implement similar

models to assist other disadvantaged communities in the metro St. Louis area, including immigrant populations. Turner cites a recent [report](#) by the Immigrant Housing Project, revealing that the population of immigrants in the larger St. Louis region, and the U.S. overall, has grown and shifted over the past decade, creating new opportunities for homeownership among members of these communities. A strategic initiative led by the [St. Louis Mosaic Project](#) seeks to make the St. Louis metro area the fastest-growing region in terms of immigration by the year 2020. Increased access to homeownership has the potential to increase both

the personal wealth of immigrant households and the economic growth of the region.

“We have to stop looking at traditional models and realize there is money to be made and communities that need to be served,” says Turner. “It’s good for banking from an economic standpoint, and it’s good for the community. What’s more, moving people out of rental and into homeownership means pride in your home and pride in your community. It increases tax revenue and is good for the stability of a community.”

Jeanne C. Marra is a senior community development specialist at the Federal Reserve Bank of St. Louis.

A Global Perspective of the U.S. Workforce in the Midst of Technological Advancement

By Andrew A. Pack

With nearly four million jobs open in the U.S., almost two million in Europe and an estimated 85-million worldwide worker shortage by 2020,¹ this country is not alone in the charge to create workforce systems that better reflect the needs of the global workforce. The solutions to solving many of these issues go well

beyond the borders of a singular community, state or nation. Countries are beginning to enhance their workforce development strategies to improve the labor pool, both within their home countries and internationally by linking policies across nations.

Adding to the complexity of instituting effective workforce development programs is the paradigm between the global workforce shortage and technological advancements that threaten to displace many workers. Technology may be able to decrease a future global shortage by automating many of the jobs that are currently unfilled, but there is a need to ensure there are adequate jobs for people in the labor force. According to a 2013 report from the University of Oxford, it is possible that an estimated 47 percent of American jobs will become automated in the

next few decades.² This does not mean that these jobs will definitely be done by computers, but rather that they are at risk for this outcome.

The authors of the Oxford report distinguish between jobs that are routine and those that are non-routine, which require more cognitive skills. The more creative intelligence a job requires, the less likely it is to be done by a computer. The report analyzes 702 occupations and categorizes them by the potential to be automated: low, medium and high-risk. Interestingly, the authors predict that computerization will reduce the demand for low-skill and low-wage jobs in the near future rather than middle-income occupations, which has been the recent pattern.² They also note that this pattern is not unique to the U.S. but can be seen in many developed countries.

“As communities around the world work to rebuild their economies, many face a paradox: persistent, high levels of unemployment on the one hand, and large numbers of unfilled jobs on the other. And there is little available data about employer demand to inform programs that prepare people for the workforce.”¹

– New Skills at Work, JPMorgan Chase & Co.

In a more global economic system with so many constantly shifting factors, it is difficult to determine the types of jobs and technical skills that will be required for future generations. One way that countries are working to address the workforce shortage and skills gap is to create workforce development programs between countries of investment. According to the U.S. Department of Commerce, foreign countries invested \$2.7 trillion into the American economy in 2012 in foreign direct investment (FDI).³ The top investors were the United Kingdom, Japan, Germany, Canada and France. (See Table 1.)

Since Germany is one of the top investors in the U.S. for FDI, they want to ensure a future pipeline of skilled American workers. German manufacturing companies have identified finding and retaining workers with the right skills as the biggest challenge for German companies operating in America.⁴ One of the international workforce programs gaining attention in the U.S. is the German dual vocational education system, which focuses on youth employment and occupational certifications through education and apprenticeships for over 330 occupational competencies.

There are many advantages to apprenticeship programs, including reducing costs to employers by integrating training into an already existing school curriculum; lower labor costs with younger workers; and fewer bad habits to correct.⁴

In the U.S., 0.2 percent of the labor force work as apprentices, compared with 3.7 percent of the German workforce.^{5,6} German apprentices are mostly high school students between the ages of 16 and 19; the median age for an American apprentice is 26. Additionally, youth unemployment levels in

2014 were lower in the countries that have adopted the German system (e.g., Austria, Germany, Switzerland) compared with other European countries in the region near Germany and with the U.S.^{5,6} (See Table 2.)

Another characteristic of the German system is involvement from the private sector. Industry helps to shape and redefine the list of occupational standards to ensure that they are the skills needed for the workforce. German companies pay for two-thirds of the costs associated with initial training for each apprentice—about 15,300 euros each year per trainee.⁷ This allows companies to improve their recruitment of qualified new employees, save on costs associated with training new hires, avoid hiring the wrong workers and better ensure that workers have the needed skills to perform in the workplace.

Many American cities and states are creating partnerships to integrate at least some aspects of the German system into their workforce development policies, especially in the manufacturing sector. According to The German Vocational Training System: An Overview, “As countries with strong internationally competitive economic, scientific and technological capacities, the USA and Germany have a strong strategic interest in the best concepts for qualification. Both countries design education and training based on the economic and societal demands of lifelong-learning, which focus on competencies and employability, as well as the promotion of transparent and transferable qualifications and the broadening of career paths.”⁷ As this system continues to be adopted throughout the U.S., it is also important to look at other international workforce development systems that may have an impact in this country.

TABLE 1

Foreign Direct Investment (FDI) in the United States: Top 15 FDI Stock Positions, 2012

Rank	Country	% of Total Investment (\$2.7 Trillion)	U.S. Dollars (in Billions)
1	United Kingdom	21%	\$564.7B
2	Japan	12%	\$309.4B
3	Germany	10%	\$272.3B
4	Canada	10%	\$261.1B
5	France	8%	\$221.7B
6	Netherlands	5%	\$130.1B
7	Ireland	5%	\$127.7B
8	Switzerland	5%	\$126.0B
9	Spain	2%	\$51.9B
10	Australia	2%	\$51.1B
11	Belgium	2%	\$47.7B
12	Sweden	2%	\$41.4B
13	Italy	1%	\$33.2B
14	Norway	1%	\$30.8B
15	Mexico	1%	\$29.2B

SOURCE: Pasha, T. and Crabtree, R: Foreign Direct Investment in the United States: Drivers of U.S. Economic Competitiveness, International Trade Administration, U.S. Department of Commerce, 2013. http://selectusa.commerce.gov/documents/full_report_-_fdi_in_the_united_states.pdf

Many nations in Southeast Asia continue to have rapid economic growth and an ever-increasing need to ensure that their workers have the skills necessary to fill the jobs in many growth industries. According to Trading Economics, Singapore’s unemployment rate at the end of the second quarter of 2015 was 2 percent.⁸ The rate has averaged only 2.48 percent from 1986 to 2015. From a workforce and economic development strategy, this situation shifts the focus from teaching skills to *potential* workers to improving the skills of *existing* workers to meet the demand for growth industries.

In 2015, Singapore announced new workforce strategies that place a strong

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A Global Perspective

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emphasis on mid-career workers and ongoing learning to upskill current workers.⁹ The Singapore Workforce Development Agency (WDA) is not just targeting workers in the trades, but also those in professional, management and even executive jobs. Ng Cher Pong, chief executive of WDA, explained, “The fundamental change under the sectoral manpower strategy is a much closer integration between economic development and manpower development. We are hoping through this process, it will pull the two much closer together and we have some of the conversations upfront, rather than have the economic development run ahead of the manpower development.”⁹ As with the occupational standards in Germany, the sectoral manpower strategies in Singapore work with businesses, unions, educational institutions and government to identify the skills needed for the current and

future workforce. The Singapore model will also use these standards to create “progression pathways” across an entire career with regard to the competencies and skills needed throughout various stages of a worker’s career.¹⁰

Various global workforce development agencies are using particular standards of skills across industries to better align workers with the skills needed to compete for jobs and to narrow the workforce gaps that exist in some industries. Technology continues to help solve skills and workforce shortages, but at the same time threaten jobs of many workers worldwide. Additionally, the global nature of the evolving workforce creates opportunity and the need for workforce strategies that connect countries of investment to ensure workers have the skills for continued investment for economic growth. In a recent interview on Wharton Business Radio’s “Behind the Markets” with Jeremy Schwartz and Professor Jeremy Siegel, James Bullard, president of the Federal Reserve Bank of St. Louis, articulated the need for these alliances to improve the U.S. workforce. He said, “I think it would be a very good change in the national conversation to move toward talking about how can we improve productivity from the very low levels that it is today up to more reasonable growth rates that are consistent with historical trends and that would be the No. 1 thing that you could do for the U.S. economy over the medium term and the long term. I agree, though, that when you look at research on these questions, the human capital side of the U.S. does not look as good as it needs to. We need to get much better training and the right sort of training for the jobs that are actually going to be available and needed going forward.”

Andrew Pack is a senior community development specialist at the Little Rock Branch of the Federal Reserve Bank of St. Louis.

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TABLE 2
2014 Youth Unemployment Levels

Country	Youth Unemployment
Spain	53.2%
France	24.2%
Ireland	23.9%
Poland	23.9%
Belgium	23.2%
United Kingdom	16.9%
Czech Republic	15.9%
United States	14.3%
Netherlands	12.7%
Austria	10.3%
Switzerland	8.6%
Germany	7.7%

SOURCES: Eurostat and the Bureau of Labor Statistics (BLS), U.S. Department of Labor. (Eurostat youth unemployment is based on 15- to 24-year-olds who were unemployed; BLS data is based on 16- to 24-year-olds who were unemployed.)

Inspire, Prepare, Connect: Building a Talent Pipeline

By Johanna Strong Wharton

Southern Illinois University Edwardsville's (SIUE) East St. Louis Center (ESLC) is building a talent pipeline to expand college and career readiness for youth and young adults. The pipeline connects Head Start participants and low-income youth in grades K-12 with opportunities to develop noncognitive skills that lead to success in high school, postsecondary education and the workforce.

East St. Louis is one of the most distressed cities in the U.S., characterized by high poverty and crime rates, low educational attainment and devastating economic conditions. The adult unemployment rate is 10.2 percent. Greater East St. Louis school districts have a student population that is 98.2 percent African-American and 99.5 percent low-income. (Illinois State Board of Education, 2015) Student performance on standardized tests in mathematics and reading are well below the state average, with fewer than one in five students meeting state assessment standards in these areas. (Illinois State Board of Education, 2015)

ESLC's theory of change is that low-income youth from low-performing school districts will increase high school graduation rates and college enrollment while unemployment rates decrease when students are introduced to programs and services that promote development of noncognitive skills, promote

personalized learning, develop teachers' knowledge and understanding of the significance of noncognitive skills, provide opportunities for increased parent engagement and advocacy, and develop skills in science, technology, engineering, arts and mathematics (STEAM). We are teaching educational endurance instead of focusing only on boosting math and language skills or building college and career pathways.

The approach is based on the groundbreaking "growth mindset" research by Stanford University psychologist Carol Dweck, who found that academic success is influenced by endurance, perseverance and beliefs—not just intelligence and talent. "Noncognitive skills"—increasingly considered to be at least as important as cognitive skills or IQ in determining academic and employment success—refers to a set of attitudes, behaviors and strategies that are thought to underpin success in school and work, including motivation, grit, resilience and self-control. They are usually contrasted with the "hard skills" of cognitive ability in areas such as math and language arts, which are measured by academic tests.

The target population for the talent pipeline totals almost 8,000 individuals, including students attending East St. Louis, Cahokia and Brooklyn school districts and the East St. Louis Charter High School located on the campus of the ESLC. Partnerships include youth, adults and families enrolled in SIUE programs such as

Early Head Start, Head Start, Trio Upward Bound and Project Success.

Youth living in the target communities experience psychosocial deterrents associated with living in generational poverty households and violent communities. They fall further behind academically each year that they are in school. Only six in 10

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CDAC MEMBER SPOTLIGHT



Johanna Strong Wharton has nearly 20 years of executive leadership experience. As the director of special projects at Southern Illinois University Edwardsville's East St. Louis Center, she is responsible for strategic planning, innovation and sustainability planning for the East St. Louis campus.

Previously, Wharton served as the executive director of the Jackie Joyner-Kersey Foundation in East St. Louis and as the executive vice president of Grace Hill Settlement House in St. Louis.

Wharton serves on the board of Epworth Children & Family Services and as a member of the Community Development Advisory Council (CDAC) for the Federal Reserve Bank of St. Louis. She is very active in the community and especially proud of her volunteer service helping children succeed. Wharton earned a bachelor of science degree in mass communications from Jackson State University and holds a juris doctorate from Saint Louis University School of Law.

CDAC members are experts in community and economic development and financial education. They complement the information developed through outreach by the District's Community Development staff and suggest ways that the St. Louis Fed might support local efforts. A list of current members is available at www.stlouisfed.org/community-development/about-us/community-development-advisory-council.

TABLE 1
Program Model

		Head Start	Grades 3-6			Grades 7-8			Grades 9-12		
		In School, Weekly	Out of School, 2x/Month	Summer 5 Weeks	In School, 2x/Month	Out of School, 2x/Month	Summer 5 Weeks	In School, 2x/Month	Out of School, 2x/Month	Summer 5 Weeks	
Academic Tools	STEAM	•	•	•		•	•		•	•	
	Academic Retention		•	•	•		•	•	•	•	
College Tools	ACT Preparation						•			•	
	Financial Aid							•		•	
	College Preparation					•	•		•	•	
Success Tools	Growth Mindset	•	•	•	•		•	•	•	•	
	Life Skills		•	•		•	•	•	•	•	
Career Tools	Career Pathways			•	•	•	•	•	•	•	
	On-the-Job Training/Internships									•	

Inspire, Prepare, Connect

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students graduate high school. The average ACT score is 15. They are not prepared to join the workforce and don't have access to professional career opportunities in high-demand fields where job opportunities are prevalent. Only 4 percent of high school graduates are fully prepared for college-level course work, and just one in three of those who do attend college actually graduate.

Greater East St. Louis is ripe for a transformative model that bridges the gap between low-income community residents and educational and career opportunities. The scale of the target population is small and manageable enough to have transformative impact at the city level, not just within the school districts.

Program Components (See Table 1 and Box 1)

ELSC's approach can be described as "Inspire, Prepare and Connect." It focuses on providing three different types of tools that build academic endurance in youth. The first phase of

implementation involves incorporating these tools into existing programming at the ELSC from Head Start to Upward Bound, expanding the number of youth served in after-school and summer programming, and providing professional development opportunities for educators. The second phase involves scaling the model to replicate.

Inspire

Academic Tools. STEAM programming incorporates a project-based learning approach; teachers create real-world problem-solving situations by designing questions and tasks culminating with an end-product, presentation or artifact. Students refine their problem-solving skills, learn to collaborate and apply their learning in creative ways to solve real-world problems, and engage in video game design, digital animation, robotics, aeronautics, forensics, and botany and geology projects. They develop content knowledge in each of the subject areas and—more importantly—gain a new way of thinking and problem-solving that includes creativity and innovation, communication and collaboration, research skills, critical thinking

and decision-making, and technology operations. Students also receive academic retention support services. Those most at risk of dropping out are assigned to a counselor who meets with them regularly, assesses risk factors and connects them to resources to address barriers.

Prepare

College Tools. Students have the opportunity to review and relearn math and language arts skills tested on the ACT. They practice ACT questions and learn test-taking skills as well as how to write college entrance essays. Along with their parents, students receive financial aid counseling that involves FAFSA training and information on researching and applying for available local and national scholarships and grants. They develop a timeline for completing college entrance applications, visit the region's colleges and universities, and understand entrance requirements and degree programs offered. They develop criteria for selecting postsecondary education that fits their needs and assess the barriers that could prevent them from graduating.

Success Tools. Students engage in group sessions focused on social and emotional development, learning resilience, self-control, grit and the growth mindset. These tools prepare students to face challenges with confidence, appreciate opportunities to stretch themselves beyond their comfort zone, rebound from failures and disappointments, and remain focused. Research on the impact of growth mindset training on students has demonstrated that it closes the racial achievement gap among African-American students, helping to increase grades, their value of school and enjoyment of academic work.

Success tools include the practical application of confidence, professionalism, respectfulness and discipline. Students learn how to create a résumé, send a business email, network at professional receptions and social events, dress for success and make healthy choices.

Connect

Career Tools. Students and parents learn to apply and connect their studies to the world beyond school through field studies, community service, internships and consultation with outside experts. They create work for authentic audiences and exhibit that work in professional venues. High school students complete substantial internships, developing projects that contribute to the workplace. The ESLC campus has a “workplace” feel, with seminar rooms, small-group learning and project areas, a million-dollar STEAM lab equipped with the latest technology, wireless laptop access and common areas where artwork and prototypes can be produced.

Students and parents explore high-demand career fields that show the most growth in the southern Illinois region, including manufacturing,

STEAM and health careers. They learn the types of jobs available and the skills needed to successfully apply for them as well as their aptitude for those jobs. They visit and tour the region’s employers and have the opportunity to practice the skills they’ve learned by applying for and securing internships and on-the-job training opportunities.

As we consider 21st-century job skills, career fields experiencing the most job growth, globalism of the job market and the ever-widening achievement gap among low-income and minority students, we must continue to expand opportunities for all students to succeed. Our work incorporates three scientifically effective approaches to building a pipeline of talented students who are prepared to succeed through high school and postsecondary education, ready to enter high-demand career fields. The consequences of not being successful are dire in East St. Louis. The ESLC has a long-standing commitment to the city; we will continue to be a part of its successful future.

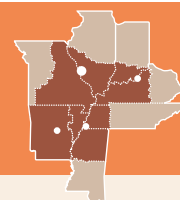
BOX 1

Goals & Objectives of the Talent Pipeline

1. Increase student interest and academic achievement in STEAM among youth enrolled in Early Head Start through college
2. Increase resilience and social and emotional development among youth from Early Head Start through college
3. Increase parental engagement and advocacy in education from Early Head Start through college
4. Increase the number of youth who graduate from high school
5. Increase the number of youth enrolling in post-secondary education
6. Increase the rate of persistence in college
7. Increase the number of youth and adults aged 14 to 24 who are prepared for jobs in Illinois
8. Increase student proficiency in creative thinking, math and language arts
9. Increase student confidence
10. Increase student and teacher expectations for students’ future success

S P A N N I N G the Region

The region served by the Federal Reserve Bank of St. Louis encompasses all of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.



Results of 2015 Community Development Outlook Survey Available

The 2015 edition of the annual *Community Development Outlook Survey* of low- and moderate-income (LMI) communities across the states that comprise the Eighth Federal Reserve District has been released on the St. Louis Fed’s website (www.stlouisfed.org/CDOS). The survey informs the St. Louis Fed and its branches in Little Rock, Louisville and Memphis about current conditions in the District’s LMI communities and is shared with policymakers at the Federal Reserve Board of Governors in Washington, D.C. This year, respondents ranked generational poverty—families in poverty for at least two generations—as the greatest issue affecting LMI areas. If you don’t already participate in the survey but would like your voice to be heard in future editions, please email andrew.a.pack@stls.frb.org.

Cross-Currents: Powering Creative Readiness

By Janet Kagan

Many individuals and organizations are working tirelessly in neglected neighborhoods and underserved rural towns expanding economic, social, physical, aesthetic and emotional well-being. These challenges are multidimensional—from minimal municipal budgets to aging populations, abandoned downtowns to anemic deficiencies in civic pride. We thrive on success stories that answer how to “activate downtown” or “attract younger residents.” But replicability is a slippery slope; we should never directly copy a specific revitalization component hoping it will bolster our efforts. Deepening and extending civic heartbeat requires recognition that every community has a distinct history and culture. If every small town or neighborhood employed identical socioeconomic development strategies, pride and connection to home and self disappears. To articulate unique value propositions, one must think like an artist!

Wild Card

Creatives are entrepreneurs and, like cities and towns, must be profitable to survive. They are highly trained thinkers, visionaries and

problem-solvers. They understand research and development by pushing limits of materials. They pay taxes, vote, volunteer and employ workers. Frequently, they are small-business owners developing and managing buildings as studios. Their practice requires collaboration and self-reliance, optimism and discipline, inventing processes and product until they get it right. They focus on operational flow to advance from A to B without losing sight of Goal Z. Like artists, dynamic community development needs to trust nonlinear thinking and tolerate risk for an invigorated future.

Art-Force designs effective investment equations for civic resilience and economic platforms for growth, with creatives at the core of the enterprise. Like jumper cables, we stimulate and diversify socioeconomic connections to place that renorm relationships among artist-designer and municipal, nonprofit and business-sector leadership. We do this through Strategic Design Alliances and The Community Institute. America’s economic history is grounded in how product defines place, and Art-Force considers this a 21st-century link and response to regeneration.

Cross-Currents

What is now considered high craft or fine art was historically a skill for self-sufficiency in rural areas—clay jugs for storage, hand-blown glass for windows, turned wood bowls for flour, weaving cloth and reeds for fans and screens. Success in rural manufacturing used to be defined and advanced by apprenticeships, a mentoring

model and educational paradigm replaced today by online classes and certifications.

Honoring roots of place, from 2012 to 2013, Art-Force aligned three creative teams with three small rural manufacturers to develop new products and processes without additional investment in property, plant or equipment. During early partner identification, we met with local leaders and analyzed city-county employment data, demographics, proximity of raw materials and past inventive development efforts to select the communities. We then interviewed manufacturers in these towns, intuitively listening for how “creative-ready” they were. Within six weeks, we contracted with a tile floor producer who wanted to transform two-dimensional aggregate molds into three-dimensional illuminated forms; a specialty metals manufacturer eager to create a product line through which to establish brand identity; and a textile operation desiring diversification into the contemporary home goods market.

The program was designed to accelerate research and design processes where none existed and without obvious staff capacity because this is what artists do best. We carefully curated creatives into short-term residencies based on their familiarity with the manufacturer’s core materials, and Art-Force refined business models for organizational growth based on approved creative directions. These Strategic Design Alliances were more organic than linear and forced appreciation of conflicting professional agendas and alternative perspectives, necessary in every effective partnership whether a multi-billion-dollar real estate transaction or resiting sculpture.

The metals manufacturing team produced a line of collapsible,

If every small town or neighborhood employed identical socioeconomic development strategies, pride and connection to home and self disappears.

lightweight tables suitable for indoor-outdoor use. According to the company president, “We got away from industrial thinking and moved to out-of-the-box thinking to better the community and change the way we do things. We challenged ourselves; this was a tremendous educational opportunity.” The textile firm is selling nesting baskets made with antimicrobial material to hold food, and the flooring company made both standing lamps and bas-relief wall screens. (See Figure 1.)

Impact

One of the artists stated, “If you can’t make it, it’s just an idea; we make mistakes to make art.” Although no town exclusively operates with this predisposition, it is important to see how risk exponentially results in reward exceeding imagination. After 15 months, the Design Alliance outcomes could never have been anticipated and echoed beyond new workforce skills and factory doors. One manufacturer opened his shop to any artist who wanted to prototype work using his materials and equipment; another hired a full-time design director; the third retained a consultant to restructure their business model. Municipal planning, economic development and cultural staff also internalized the project, and one municipality adopted a new zoning ordinance diversifying building use while another passed a \$14.5-million bond for downtown streetscapes, parks and greenways.

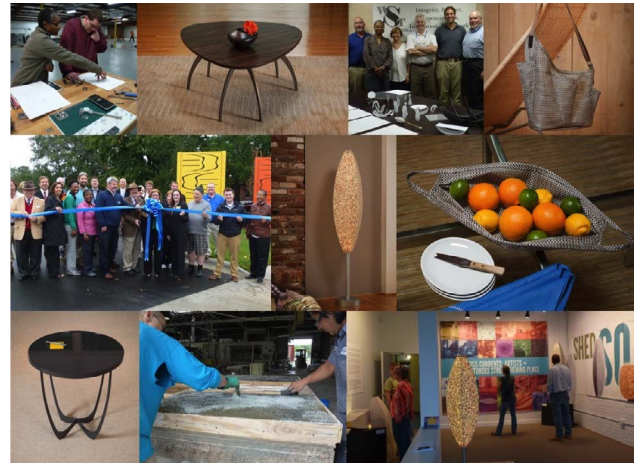
America’s small cities and towns desperately need creativity to retool essential manufacturing and keep communities alive; people live where there are jobs and feel a sense of belonging. This civic pride generates geographic loyalty and activism—voting, attending public meetings,

volunteering in schools and caring deeply about one’s hometown.

Shared Lessons Learned

As civic curators, we realign existing elements in ways no one else imagines and splice this DNA for resurgence. As project originators and managers, Art-Force interprets and propels the partnerships guarding artistic thinking and experimentation while training business owners how to listen and think differently. Relationships, like roads, are an infrastructure that determines how we connect people and place. The job is to engage creatives in the process of designing metaphorical highways and intersections. We have learned that the success of any partnership is to recognize intrinsic assets, individual motivations and self-interests, and assess how to care and protect them while developing mutual goals. Both artist and manufacturer need opportunities to contribute and shift perspectives—artists from their studios and shop floors, and business owners to think in nuanced and novel ways about product, process and operations because design arts language may seem strange. This requires syncing and education via emails with pictures and drawings along with virtual and in-person group design reviews. This work is not for the faint of heart! It demands experimentation because creativity does not have a blueprint; it is a synapse among community spirit, assets, history and desire.

Three variables drive success in rural projects: physical investments block by block to shatter stagnant socioeconomic conditions; creative activity programmed among tangible (material and architectural) and intangible (social and intellectual) assets; and economic opportunity that recirculates capital and grows new leadership. Strategist Jeremy Nowak adds, “Artists are



steeped in creative dialogue between past and future.” Every civic discussion deserves artistic voice, however unfamiliar the exchange may be, because creative thinkers expand visual and narrative lexicons that counter the status quo.

If you are dissatisfied with traditional approaches to economic revitalization (e.g., luring a large corporation only to have those jobs vaporize because another community offers better terms) and you seek alternatives, be curious about the collateral investment of a creative thinker.

Janet Kagan, MBA, MA, is the board president of Art-Force and the portfolio director of We Are Creative Ready.

REFERENCE LIST OF IDEAS

Art-Force Incorporated: art-force.org

Federal Reserve Bank of San Francisco: www.frbsf.org/community-development/publications/community-development-investment-review/2014/december/creative-placemaking/

Illinois Institute for Rural Affairs: <http://181.224.147.228/~ira4705/wp-content/uploads/2014/08/Cross-Currents-Artist-Manufacturers-Strengthening-Place.pdf>

Bloom Nation: www.bloomnation.com

Chugwater, WY: www.npr.org/templates/story/story.php?storyId=4647293

Tourism: <https://youtu.be/l8Y5MDVhZDQ>

FIGURE 1: Art-Force aligned three creative teams with three small rural manufacturers to develop new products without additional investment in property, plant or equipment—indoor/outdoor tables; nesting baskets; standing lamps and bas-relief wall screens.



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Resources

Exploring Innovation in Community Development Webinars

This webinar series from the Community Development department at the St. Louis Fed allows community development professionals from across the Eighth Federal Reserve District to connect with industry experts to hear and discuss current developments and initiatives. Topics vary and are of interest to economic development professionals, financial institution representatives, community advocates and policymakers. Recent sessions include:

- **Food Entrepreneurship: A Proven Approach To Build Your Local Economy and Jobs**

• **Innovations in Rural Housing**

Both the audio and the presentation for all sessions are archived at https://bsr.stlouisfed.org/EI_CDAudioConference.

8 From the Eighth Audio Podcasts

8 From the Eighth is a podcast series from the Community Development department at the St. Louis Fed. Through interviews with experts (consisting of eight questions), listeners learn about current community development challenges—and successes—in the Eighth District, helping them to understand both the problems and the solutions. Podcasts cover a variety of topics, including innovative strategies and emerging trends related to community development.

Recent podcasts include:

- **Goldman Sachs' 10,000 Small Businesses Program** — Bradford Caldwell (East Arkansas Broadcasters)
- **myRA – Treasury's New Retirement Savings Program: An Introductory Podcast for Employers** — Matuschka Lindo Briggs (Treasury Relations and Support Office, Federal Reserve Bank of St. Louis)
- **Engaging CDFIs in Pay for Success** — Andy Rachlin (The Reinvestment Fund) and Joe Schmidt (IFF)