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Greater Philadelphia Urban Affairs Coalition




Connecting Working Families to Economic Opportunities in the Philadelphia Region:
The Role of Employers

by Sarah Treuhaft

Introduction

Building a quality workforce is crucial for ensuring a prosperous 21st century for Greater Philadelphia, yet many current trends hinder low-income working families—and the companies that employ them—from maximizing their economic potential and productivity. This leads to major costs for families, for firms, and for the future of the region.

Across the country, savvy employers have recognized the linkages between certain employee policies and key productivity drivers such as employee retention and commitment. They are finding and promoting win-win solutions to the challenges faced by working families, improving society while increasing their competitive edge in the marketplace.[1]

This issue brief describes the barriers to economic success faced by working families and presents four innovative "double bottom line" strategies that employers have implemented to overcome these barriers. It also describes policy supports that facilitate the adoption of these strategies by employers. We conclude with a set of recommended actions to move these strategies forward and to more fully integrate efforts to build a strong middle class into planning for regional economic growth.

The information in this brief is based on multiple sources, including one-on-one interviews, Web surveys, and roundtable discussions with over 20 employers; a focus group with low-wage workers; and a roundtable discussion with community groups and service providers. Regional data are presented whenever possible; national data are presented when regional data are unavailable.

Who Are Philadelphia's Working Families?

- **Approximately 3 out of every 10 households in the Philadelphia region are *low-income working families*, which earn $20,000–$50,000 a year. This totals to 426,000 households.[2]**
- **Low-income working families live throughout the region: 46 percent live in Philadelphia County and 54 percent live in Bucks, Chester, Delaware, and Montgomery counties.[3]**
- **The top three working family occupations in the region and their average yearly salaries are: retail salesperson ($24,760), office clerk ($28,210), and cashier ($17,750).[4]**
- **Forty percent of Philadelphia's working families are renters, compared to 17 percent of households with annual incomes over $50,000.[5]**
- **Philadelphia's low-income working families spend 27 percent of their income on housing and 29 percent of their income on transportation.[6]**

Greater Philadelphia's Working Families: A Portrait

Over the past half century, the regional economies of older industrial cities such as Philadelphia have shifted dramatically as manufacturing has declined and the retail and service sectors have come to dominate employment. While the old economy provided many blue-collar jobs that paid family-sustaining wages and offered benefits and opportunities for growth, a key characteristic of the "new economy" is that its labor market is bifurcated, with growing numbers of high-wage jobs in knowledge-related industries that require high levels of education alongside growing numbers of low-wage support jobs, primarily in the service and retail sectors.

The changing nature of work in America has led to an increasing share of "working families": households that are headed by one or more adults who are working—often full-time and year-round—and yet struggle to make ends meet and to find a toehold to move up the economic ladder. As of 2001, 6 out of every 10 low-income families with children nationwide included at least one member who was working full-time and year-round.[7]

Working families include many of the people who work in these low-wage service and retail jobs.[8] While their occupations are diverse, they tend to be positioned as the face of the company—the first line of contact with customers and consumers. The most prevalent low-wage occupations in the Philadelphia region are retail salespersons, office clerks, cashiers, janitors, and customer service representatives (Figure 1).

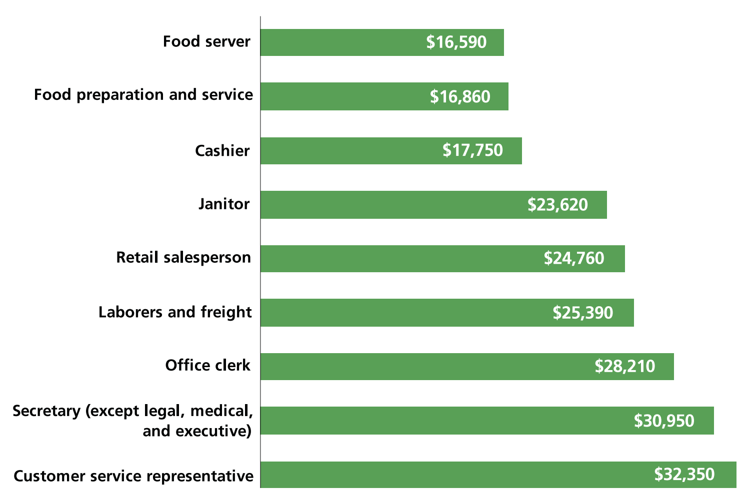
Working families also include those working in public-serving occupations such as schoolteachers, police officers, and social workers. These careers generally pay higher wages than service and retail sector jobs, but those wages are still low relative to the cost of living.

Definitions of "working families" are often based on household income relative to the area median household income or the federal poverty line.[9] To focus our analysis, in this brief we focus on ***low-income working families***, defined as households with annual incomes between $20,000 and $50,000.[10] Using this definition, approximately 3 out of every 10 households in the Philadelphia region are working families, comprising over a million residents.[11]

Unlike households in the lowest income brackets, which are more concentrated within the city of Philadelphia, working families live throughout the region. Of the 426,000 working family households in the region, 46 percent live in Philadelphia County and 54 percent live throughout Bucks, Chester, Delaware, and Montgomery counties.[12]

Although we characterize working families as a single group for the purposes of this report, we recognize the diversity of workforce challenges and needs within this group of people. Some families in the lower half of this income class, for example, have only recently transitioned into the workforce and have a relatively tenuous attachment to the labor market. Strategies need to be tailored to address the particular job retention and career needs of this group, along with other very low-income families, prisoner reentrants, youth, and the disabled.

Figure 1.
Ten Most Prevalent Working Family Occupations by Average Annual Wages, Greater Philadelphia, 2006



Source: U.S. Bureau of Labor Statistics, 2006

Seeking a Toehold: The Challenges of Working Families

Although they do not face situations as bleak as those of the unemployed or underemployed, working families face multiple challenges when it comes to getting ahead:

- ***Training and education.*** Not only do the jobs held by members of working families pay low wages, but they offer few opportunities to move up into higher-skill, higher-pay positions. Low-wage jobs are less likely to offer training or education in skills that lead to advancement than are middle- and high-wage jobs (45 percent, compared to 64 and 81 percent, respectively).[13]

- ***Health benefits.*** Low-income working families receive fewer job benefits than middle-income families: Nationally, 49 percent received health insurance through an employer, compared to 77 percent of middle-income families.[14]

- ***Childcare.*** Childcare is a major household expense and a challenge for working families, particularly working mothers. Low-income working families spend an average of 12 percent of their incomes on childcare.[15]

- ***Asset-building.*** Without sufficient incomes, working families find it hard to save and build assets, which is critical to long-term income security. Homeownership has long been the pathway into the middle class, but low-income working families are less likely to own homes: 60 percent of Philadelphia's working families own their homes, compared to 83 percent of households with annual incomes over $50,000.[16] Moreover, the homes working families can purchase are often located in neighborhoods where home values are not appreciating, limiting the benefits of homeownership as an equity-building strategy. Low-income families also tend to pay much more for credit than middle- and high-income families,[17] and have been disproportionately affected by predatory lending practices and the foreclosure crisis.Their lack of assets makes working families financially vulnerable. Sudden changes in circumstance or health—the loss of a job, a child's hospitalization—can set off cycles of debt from which it is hard to recover.

- ***Neighborhood distress.*** Working families tend to live in distressed neighborhoods in the region's older cities, boroughs, and suburbs, where they are able to find housing that is affordable to them. These neighborhoods often have dilapidated housing and high rates of vacancy and abandonment, and they often lack the services, transportation, shopping opportunities, and quality schools that are essential for individual and family health.

- ***Housing and transportation costs—and tradeoffs.*** Even in regions like Philadelphia where housing remains relatively affordable, working families face increasing cost burdens for both housing and transportation. Twenty-seven percent of the paychecks of working families go toward housing costs and another 29 percent goes toward transportation expenses. One reason for this cost burden is that wages are not keeping pace with the cost of living: Nationally, incomes rose 10 percent between 2000 and 2005, while housing costs increased 15 percent and transportation costs increased 13 percent.[18] With growing job centers located near higher-cost suburban communities, lower-income working families also face a tradeoff between paying higher housing costs in neighborhoods near job sites or paying higher transportation costs to live in more affordable neighborhoods located far from work.[19]

A Balancing Act: Weighing the Costs and Benefits of New Work Opportunities

Working families must weigh a variety of factors—childcare, housing, benefits, transportation, schools, distance from family and social networks—when considering new employment opportunities.

Take the complex decision-making process that Natalie, a 35-year-old mother of two, recently faced in relation to a potential job promotion. Natalie works as a customer service representative at a parking facility company in Center City and currently has an easy 30-minute commute by public transit from her West Philadelphia neighborhood. Her mother lives nearby and provides childcare while she is at work. Natalie does not own a car. Recently, her employer offered her a promotion, but to take it, she would have needed to transfer to a different worksite located near the Philadelphia airport at the edge of the city and not accessible by public transit. Natalie struggled to weigh the benefits of the promotion against the additional costs it would impose: a longer commute, changes to her childcare routine, and working far from her young children.*

Natalie's situation is similar to that of other low-wage workers. The challenges of health, debt, housing, transportation, childcare, and safety can affect their productivity in the workplace and stilt their ability to get ahead economically.

*A focus-group participant whose name has been changed to protect her anonymity.

Employers are Critical Partners in the Quest for Solutions

The challenges faced by working families have important consequences for their employers, whose performance in the marketplace depends heavily on the daily tasks performed by their entry-level and lower-wage employees. Heavy work-life burdens can lead to underperformance, absenteeism, and frequent job changes. For the employer, this can result in high turnover rates and associated costs for the recruitment, orientation, and training of new workers. Throughout Pennsylvania, 82 percent of businesses say they are having trouble hiring qualified workers.[20]

While few studies have systematically calculated employer costs related to employee turnover, existing analyses do indicate that turnover-related costs can be a significant drain on competitiveness and profit for employers with a high proportion of low-wage employees. On average, it costs a firm 25 percent of the position's annual salary plus 25 percent of the cost of benefits to replace an employee.[21]

Turnover can be very high within some low-wage sectors and occupations. Nursing aides who work in nursing homes, for example, have turnover rates as high as 300 percent per year.[22] Some employers have calculated their own turnover-related costs to understand how employee retention affects their bottom line. One analysis undertaken by a call center estimated that the direct cost to replace an entry-level sales or customer-relations employee was half of the employee's annual wage, or $12,750 per employee.[23] Employee satisfaction and retention is also important for companies with employees at diverse wage levels.

Companies are increasingly recognizing that building a high-skilled workforce is central to achieving business success—and that their investments in employee learning and development can give them a competitive edge in the marketplace.[24]

Employee turnover is a bottom line issue. *On average, it costs a firm 25 percent of the position's annual salary plus 25 percent of the cost of benefits to replace an employee.[25] One analysis found that it cost half of the employee's annual wage, or $12,750 per employee, to hire a new entry-level sales or customer-relations employee at a call center.[26]*

In addition, employers are increasingly making the connection between the health of the communities in which they are located—where many of their employees and other working families live—and the strength of their businesses. Neighborhood problems such as unsafe streets and vacant or blighted properties can create an uninviting environment for business, especially for employers that rely upon customer or client access to their place of business. And neighborhood quality of life—including the availability of diverse housing and transportation options—is a major selling point for attracting and retaining young, highly-skilled workers who increasingly prefer to live in dense, diverse, urban environments.[27]

This interdependence between businesses, workers, and communities positions employers as key partners when it comes to advancing policies and programs to alleviate the barriers to working families' economic success.

What Can Employer-Connected Strategies Do?

Improve retention rates. **Bank of America's employer-assisted housing program, which provides working family employees with a forgivable loan of up to $5,000 for the initial costs of homeownership, has reduced turnover rates among participating employees by 10 percent.[28]**

Increase incomes. **Wage increases for graduates of the Skills-Based Training for Employment Promotion career-ladder program implemented by eight hospitals in Baltimore averaged $5,800 per year.[29]**

Move people into homeownership. **In Illinois, employer-assisted housing programs supported by state tax credits and matching funds have helped over 1,000 working families purchase homes near work since 2000.[30] Philadelphia's Home•Buy•Now program has helped 91 working families purchase homes in the city.[31]**

Get people to work. **Vanpools run by the Philadelphia Unemployment Project take urban workers to suburban work sites. Since March 2006, 20 vanpools have served nearly 100 commuters, and they expect to expand to 30 to 40 pools in 2007. Employers pay $2,000 per year to offset the cost.[32]**

Improve neighborhoods. **The University of Pennsylvania's comprehensive revitalization strategy for West Philadelphia helped create economic opportunities (200 new jobs for residents and $344 million in Penn purchasing directed to local vendors between 1997 and 2003), reduce crime (40 percent reduction between 1996 and 2002), rejuvenate the neighborhood housing market (average home sales price increased from $78,500 to $175,000 between 1995 and 2003), and revive commercial activities in the community (25 new retail stores in the community and an 86 percent increase in foot traffic on 40th street between 1995 and 2002).[33]**

Win-Win Strategies for Employers and Working Families

Throughout the country, employers have launched a range of strategies that strengthen their companies while also fortifying working families. The aim of these strategies might be to develop human capital (increasing the skills and education levels of workers), to reduce employee expenditures (through workplace supports such as housing, transportation, and dependent-care benefits), to increase employee incomes (by linking them to financial resources such as the Earned-Income Tax Credit or matched savings accounts), or to provide support when needed (through emergency loans or flexible work schedules).[34] The best strategies also positively affect the surrounding neighborhoods, making them more supportive environments for businesses and residents alike. Such a dual focus on people and place is a hallmark of equitable development efforts.

This brief highlights four of the most promising employer-driven strategies:

1. **Incumbent training/career ladder programs**
2. **Transportation benefits**
3. **Housing benefits**
4. **Community revitalization partnerships**

This is not a comprehensive list, but together, these four strategies represent a marketable "toolkit" for employers in the Philadelphia region. Not every strategy will be the right match for every employer—employers will choose which best fits their particular business model and culture.

Matching Employers and Strategies

Interviews with employers surfaced at least seven characteristics that influence their level of interest in these strategies:

1) Commitment and initiative of company leaders.
2) Alignment of company mission with the strategy.
3) Industry sector.
4) Proportion of low-wage workers relative to the total workforce.
5) Company location(s) relative to housing that workers can afford and public transportation.
6) Strength of employer connection to a given location and community.
7) Existence of a business interest in the strategy (for example, home mortgage lenders and employer-assisted housing).

These employer characteristics should be considered when designing programs and policies to promote these strategies.

STRATEGY 1: Incumbent training/career ladder programs

Deliberate efforts by employers to provide opportunities for existing and new employees to gain skills while they are on the job can equip lower-wage workers with the capacities they need to move up in the company. Career ladders—strategies that explicitly link training and skills development programs to new "rungs" of higher-skilled and better-paid jobs—can counteract the likelihood of low-wage work lasting throughout a person's career. Studies of economic mobility have found that such programs result in earnings gains over time for initially low earners. Diverse industries have launched career ladder programs including health care, childcare, education, biotechnology, and manufacturing.

Efforts to build a higher-skilled workforce are particularly important in places where there is a projected shortage of higher-skilled workers, such as the city of Philadelphia.[35] Studies of the future needs of the regional labor market indicate a need for "technician level" workers that have some education beyond high school but not necessarily a four-year college degree.[36] Training and career ladder efforts can help the region meet this goal while improving productivity and quality for current employers and increasing wages for workers.

Career ladder strategies can make a huge difference for working families. *Through the STEP program in Baltimore, for example, dietary aides could complete 632 hours of training to become surgical technicians, increasing their annual salaries from $14,560 to $28,184.[37]*

State and local workforce development policy plays an important role in supporting employer investment in training programs for incumbent workers. Examples include:

- **State innovation funds for incumbent training and career pathway programs.** State legislation can designate pools of funding for the development of career ladder and incumbent training programs at the local level. In Maryland, the General Assembly established the Skills-Based Training for Employment Promotion program as a $2 million, three-year pilot program in 2001 (see text box, page 6).

- **The application of general workforce development funds to incumbent training and career pathway programs.** State and local agencies can use existing sources of financing, including Temporary Assistance for Needy Families and Workforce Investment Act funds, to support training for low-wage incumbent workers.

STEPping Up to Higher Wages

In Baltimore, eight hospitals joined forces to participate in the statewide Skills-Based Training for Employment Promotion program. STEP helped people in entry-level positions upgrade their skills and get promoted. Housekeepers ($6.50/hr), dietary aides ($7.00/hr), and security staff ($8.25/hr), for example, could become pharmacy technicians ($10.20/hr), medical coders ($12.10/hr), or surgery technicians ($13.55/hr).[38] The program was designed specifically with the needs of low-income working parents in mind. Participants worked half time at their current job—for full-time pay and benefits—while they pursued training for more skilled employment at a local community college. Wage increases for graduates averaged $5,800 per year.[39]

The STEP program was a public-private partnership between the employers, the state of Maryland, and local Workforce Investment Areas. Participating employers saw STEP as an effective means to address critical skill shortages and reduce turnover. They paid 50 percent of the costs of training and committed to promoting participating workers. In exchange for training and advancement opportunities, workers committed to staying with their sponsoring employer for a defined period of time.

After the STEP program ended, nine Baltimore health care employers—Johns Hopkins Medical Institutions, Maryland General Hospital, Mercy Medical Center, Mount Washington Pediatric Hospital, St. Agnes Hospital, Sinai Hospital, Union Memorial Hospital, University of Maryland Medical System, and American Radiology Services—joined five state and federal government agencies, five educational institutions, nine nonprofit agencies, and seven local foundations to form the ***Baltimore Alliance for Careers in Healthcare****, a new nonprofit workforce intermediary that works to improve the pipeline of incumbent workers and unemployed city residents moving into healthcare jobs.[40]*

STRATEGY 2: Transportation benefits

Many employers now offer transportation benefits to their employees to subsidize some portion of the cost of commuting to work. Motivations for these programs vary. Companies that employ low-wage workers who rely on public transportation to get to work sometimes partner with transportation agencies and nonprofit organizations (such as transportation management associations) to offer a variety of transportation options, including vanpools, ride-sharing, shuttle services, and emergency-ride-home programs.[41] Such services often provide commuters the crucial "last-mile" link from a central transit stop to a job site. Other employers offer transportation benefits to reduce employee commuting via single-occupancy vehicles as a strategy to alleviate traffic congestion and meet environmental performance goals. These commuter benefits include subsidies for public transit and vanpools in the form of pre-tax "commuter checks," carpool arrangements, parking cash-out benefits, onsite amenities, and alternative workplace arrangements such as telecommuting.

Companies that have implemented transportation benefits find that they can effectively increase the use of alternative commuting modes and reduce turnover.

A number of policy incentives help employers provide transportation assistance to their workers:

- **Federal Commuter Benefits Program.** For 2007, the Federal tax code allows tax-free transportation fringe benefits of up to $110 per month per employee for transit or vanpool expenses—provided as redeemable transit vouchers—and up to $215 per month for parking.[42] Employers can purchase the vouchers for their workers as a tax-free expense, workers can deduct transit expenses from their salaries pre-tax, or they can share the cost. Employers involved in the program reduce their payroll taxes by about 9 percent.[43]

- **State Tax Credits for Commuter Benefits.** Several states, including Connecticut, Delaware, Georgia, Maryland, Minnesota, New Jersey, and Oregon, provide employers with tax credits for offering commuter benefit programs. New Jersey's Smart Moves for Business Tax Credit provides a tax credit to corporations worth 10 percent of the

Georgia Power/Southern Company*, a private utility company that employs 5,500 workers in its Atlanta headquarters and customer care center, runs an extensive regional commute options program featuring vanpools, a shuttle between its headquarters and the transit station, emergency-ride-home services, fleet vehicles, free transit passes, telework, flextime, free and preferential parking for vanpools, and preferential parking for carpools. As a result of the effort, over 500 employees participate in the vanpool program and over 300 take public transportation.[44]*

The Commuter Options program of the ***Philadelphia Unemployment Project*** *helps urban workers overcome transportation barriers to access suburban jobs. 20 vanpools served 100 commuters in 2006, and the organization plans to expand to 30 to 40 vanpools in 2007. Employers pay $2,000 per year to offset the cost.[45]*

costs of implementing a commuter transportation benefits plan or up to $124 per employee. Partnerships and limited liability corporations can receive tax credits for 157 percent of the costs of implementing a commuter transportation benefits plan or up to $1,947 per employee.

STRATEGY 3: Housing benefits

With the rise in housing costs nationwide, more employers have begun offering some form of housing benefit to their employees. Employer-assisted housing (EAH) refers to the range of housing programs that employers support with financial contributions. Most EAH programs are structured as mortgage assistance programs: Employers help their low- and moderate-income employees purchase homes by providing homeownership counseling and loans or grants to help with the down payment and closing costs. Many EAH programs are geographically targeted to the areas around the workplace to focus investment or to reduce commute distances and encourage the use of alternative commuting options. Some EAH programs provide rental assistance to employees or facilitate housing development. Employers generally contract with an outside organization, such as a nonprofit or government agency, to administer their housing benefits programs.

Employers often offer housing benefits as a strategy to attract and retain quality employees, reducing costs related to turnover such as recruitment and training. Some employers—such as the University of Pennsylvania—use EAH programs as a tool for increasing the number of employees who live in the area surrounding the workplace, in order to stimulate the housing market as a component of neighborhood revitalization.[47]

*In 1999, **Bank of America**—which has employees and offices in 29 states and the District of Columbia—adopted a company-wide employer-assisted housing program with three goals: (1) help associates have the opportunity to purchase a home, (2) recruit new associates, and (3) drive the firm's retention initiative.*

Bank of America's EAH program helps its employees purchase homes by offering financial assistance of up to $5,000 for the initial costs of homeownership, such as down payments and closing fees. The bank provides an unsecured loan that is forgiven, minus interest and taxes, after five years of employment at the company.

The program has been enormously successful in helping low- and moderate income workers access homeownership, providing the means for 33,000 employees to purchase homes. It has also improved retention rates at Bank of America: Turnover rates are 10 percent lower among participating employees than company-wide.[46]

Housing benefits can be very important to low-income working families: Housing is a major expense and neighborhood environments contribute to economic opportunity as well as family health and well-being. EAH programs can reduce monthly costs for housing and/or commuting and enable low-wage workers to enter the housing market and begin building home equity.

See the Employer-Assisted Housing Tool in the PolicyLink Equitable Development Toolkit for more information about this strategy (www.policylink.org/EDTK).

Public policies play an important role in leveraging private investment in housing solutions. Federal, state, and local policies can encourage employers to adopt EAH programs:

- **Local Matching Funds for Employer-Assisted Housing.** Localities can provide financial incentives and technical assistance for EAH programs. In the city of Philadelphia, the Home•Buy•Now program, established by the Greater Philadelphia Urban Affairs Coalition in Fall 2004 as part of the city's Neighborhood Transformation Initiative, offers employers up to $3,000 in matching funds per employee served by EAH programs that offer homeownership financial assistance, home improvement assistance, or homebuyer education and counseling. Thirty-one companies have signed on to the program since it began.[48]

- **State Tax Credits and/or Matching Funds for Employer-Assisted Housing.** A number of states, including Connecticut, Illinois, Maryland, and—just recently—Nevada, have established legislative or administrative policies that provides state tax credits or matching funds for employers who offer EAH programs. Illinois, for example, offers tax credits, down payment matching funds, counseling cost reimbursement, and marketing support for EAH programs. These incentives have helped over 1,000 employees purchase homes near work.[49] Pending legislation in Pennsylvania, House Bill 1409, would grant tax credits to employers offering EAH programs (see page 10).

- **Federal Tax Credits for Employer-Assisted Housing.** In Spring 2007, legislation was re-introduced in Congress to support EAH nationwide. The Housing America's Workforce Act proposes a 50 percent federal tax credit for every dollar an employer spends on an EAH program and provides funding for nonprofits to administer EAH programs locally.

- **Integrating Employer-Assisted Housing into State and Regional Housing and Economic Development Policy.** Institutions such as housing agencies, state housing alliances, chambers of commerce, and regional planning agencies can promote EAH as a strategy to meet the challenges of workforce housing, encouraging employers to set up programs and assisting with their administration. The Pennsylvania Housing Finance Agency, for example, partners with employers to offer lower mortgage interest rates and closing cost/down payment assistance to eligible homebuyers. The agency also offers implementation and administration suggestions.

STRATEGY 4: Community revitalization partnerships

Some employers—particularly "anchor" institutions that recognize their long-term interest in the economic vitality and quality of life of the community where they are located—have made significant investments to revitalize their neighborhoods and local economies. They often take a comprehensive approach that incorporates a variety of strategies, such as: housing stabilization, rehabilitation, and development; school rehabilitation and improvement; commercial corridor revitalization; public safety initiatives; neighborhood greening; small business development and entrepreneurship support; and homeownership and asset-development programs.

Employers who undertake neighborhood revitalization efforts are motivated by various goals, such as making the neighborhood a safer and more inviting place for employees and customers, building working relationships with community leaders and organizations, and ensuring that their real estate holdings retain or increase their value. Sometimes revitalization strategies include EAH programs and school rehabilitation, with the goal of attracting middle-income workers into lower-income neighborhoods to stimulate reinvestment and create mixed-income neighborhoods located near jobs.

For working families, the revitalization of the neighborhoods where they live can have tremendous benefits for health, well-being, and economic opportunity. The quality of education their children receive may increase, or they may get a nearby grocery store when they used to have to drive long distances to do their weekly shopping. In addition, resurgent neighborhood housing markets can make homeownership an equity-building strategy.

A variety of public policies support neighborhood revitalization partnerships, including many local and state housing and community development funding streams. Some provide incentives for employers to engage as partners in revitalization efforts:

- **State Tax Credits for Revitalization Partnerships.** Pennsylvania is home to an innovative effort to develop long-term corporate-community partnerships for neighborhood revitalization. The Neighborhood Partnership Program, established by the state legislature in 1993, offers 70 percent state tax credits to employers who commit to giving a minimum of $50,000 annually for five years toward comprehensive revitalization plans developed in collaboration with community organizations. The program has facilitated the development or rehabilitation of over 1,600 homes, enabled more than 4,000 Philadelphia residents to be trained or placed in jobs, and brought 61 new businesses and 270 jobs to distressed neighborhoods.

__Widener University__, a private university with its main campus located along the Delaware River in Chester, has long been committed to applying its resources and capacity to community improvement. The university sees partnerships with other private, public, and nonprofit institutions as key to its civic engagement strategy.

In early 2007, Widener launched a $50 million commercial corridor redevelopment project that is a joint venture with the __Crozer-Chester Medical Center__ (the largest employer in Delaware County). The University Crossing project is building a mixed-use neighborhood along the Providence Avenue corridor that links the two institutions. Components of the development include a full-service bank, a 24-hour convenience store, a Chester Police substation, a bookstore, a coffee shop, a theme restaurant, apartments, offices, and a boutique hotel. Construction should be completed by Fall 2008. The project is expected to create 60 new jobs and provide $1.8 million in real estate tax revenue to the city and the Chester School District.[50]

A vital piece of the groundwork for the new neighborhood was laid in 2006, when Widener opened the Widener Partnership Charter School to serve local children from kindergarten to grade five. The charter school capitalizes on the university's programs in education, social work, nursing, and clinical psychology and provides a setting for students to gain skills and experience. The school plans on adding a new grade each year until grade five and an enrollment of 300 students are reached.

Widener carries out a host of other projects that leverage its resources and mission for community benefit and is currently developing an employer-assisted housing program.

Recommendations

Creating and sustaining a strong workforce is an essential component of a comprehensive regional economic development strategy for Greater Philadelphia. Working families form the backbone of the workforce, and yet they have fewer and fewer pathways to middle-class prosperity. Employers play an important role in putting in place the stepping stones that can lead workers toward economic success while stabilizing their workforce. Their adoption of the innovative strategies described in this brief is often buttressed by public policy supports, as well as the hard work of community service providers.

Moving these strategies forward in Philadelphia will require a concerted effort on the part of government, employers, and community organizations. We suggest four action items for the coming year:

1. Undertake a yearlong targeted marketing campaign to raise employer awareness of existing resources and encourage the adoption of these strategies.

A number of policy and community supports for these strategies are already in place. The city of Philadelphia provides matching funds for employers who offer employer-assisted housing programs. The Delaware Valley Regional Planning Commission and a network of transportation management associations can help employers design and implement transportation benefits. A number of community organizations operate vanpools that bring low-income commuters to suburban job locations that they otherwise could not reach on a regular basis. And legislation passed in July 2007 makes the Neighborhood Partnership Program tax credits more attractive to employers.[51] An organization with a regional orientation, or a coalition of organizations in the region, should implement a targeted marketing strategy to increase utilization of existing resources.

2. Create a venue where regional employers can go to learn about these strategies, access technical assistance and resources, and advocate for workforce-strengthening policies.

There is also a need for an ongoing coordinating mechanism to engage employers in dialogue and action around these strategies. This venue would provide a space for information exchange and peer learning, serve as a clearinghouse for resources, and facilitate employer leadership development on working families issues. Employers need to take a leadership role in extending the dialogue to include other business leaders and in advocating for public policies that build a strong workforce. Certain firms have emerged as leaders in implementing these workforce strategies and with some coaching and support could serve as spokespersons and advocates for public policies that improve community health while improving the health of the business environment. One challenge to developing such leadership is the division between human resources and executive management within firms. Efforts need to be taken to foster conversations across these intra-firm divisions.

Business leaders can have an impact through public policy advocacy. *Chicago Metropolis 2020, a business-led organization, exemplifies what business leaders can do to guide regional development in ways that are good for business and good for working families. In 2006, the organization successfully advocated for a state policy that gives additional economic development benefits to employers creating jobs at sites easily accessible to mass transit or where the company's workers will be able to find housing they can afford.*[52]

Emerging efforts in the region and state have begun to promote the strategies described in this brief:

- PathWaysPA is promoting a policy agenda for working families that includes increasing access to education, good jobs, and work supports for working families. Since releasing their report on low-income working families in January 2006, they continue to advocate for working families' issues (such as paid sick days and a state earned-income tax credit) statewide.
- PhiladelphiaWorkforce2.0 convenes business leaders to identify exemplary employee learning and development programs and disseminate these practices to other businesses.
- Since Summer 2006, the Southeastern Pennsylvania Metropolitan Development Network of 10,000 Friends of Pennsylvania has been convening developers, planners, government officials, funders, and community organizations to develop a policy agenda for sustainable growth in the region.

3. Implement state and federal policy incentives to increase employer adoption of these strategies in the Philadelphia region and across the state of Pennsylvania.

State and federal policy plays an important role in leveraging private sector contributions in areas such as housing, transportation, and community development. Pennsylvania should focus on two policy efforts:

- **Initiate a statewide pilot program focused on strengthening anchor institution contributions to economic and workforce development and neighborhood revitalization.** Anchor institutions, because of their extensive and long-term linkages with communities, are the employers best poised to take leadership in implementing the strategies described in this brief. Moreover, as some of the largest employers in the Philadelphia region, their adoption of these strategies could have a huge impact on working families. The state legislature should create a two-year pilot program that provides matching funds for anchor institution efforts to implement community and workforce strengthening efforts, including those described in this brief.

- **Create a state tax credit for employer-assisted housing and advocate for the passage of the federal employer-assisted housing tax credit.** Pennsylvania should follow the lead of Illinois and other states that have created state tax incentives for employer-assisted housing. There is already some momentum around this idea in the state: In the past two legislative sessions, legislation was introduced to create a tax credit worth 70 cents on every dollar that employers spend on qualified housing benefits for their employees. Employers and community service providers should also support the passage of the federal EAH bill re-introduced in 2007.

4. Ensure that economic development and workforce development strategies benefit low-income working families and their communities.

In 2005, Governor Rendell proposed, and the General Assembly approved, Job Ready PA, a $91 million investment to prepare Pennsylvania's workforce for the challenges of the 21st century economy. While this program is crucial for employers, complementary efforts should be undertaken to ensure that public dollars are going toward good jobs for Philadelphia's low-income workers.

- **Implement business subsidy accountability** to encourage companies receiving state subsidies to pay family-supporting wages, locate near low-income communities and public transit, and disclose basic data on the jobs they create.

- **Assess and develop plans to improve job quality** in low-wage industries that receive economic development subsidies, such as agriculture and tourism.[53]

- **Promote training and career advancement for low-income workers** by funding Job Ready PA industry partnerships that explicitly promote training and career advancement for low-income workers.[54]

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Notes

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