

A New Approach to Economic Development for Philadelphia – Employers Invested in Schools

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A City at an Inflection Point; A Nation Facing a Talent Crisis

Philadelphia is at an inflection point. For more than half a century, Philadelphia was a city in decline, losing residents and businesses to the suburbs and suffering from a drain in tax revenues as a result. Today, following a widespread trend of urban regeneration in cities worldwide, Philadelphia is finally experiencing much needed economic growth including a rise in population, revitalization of its downtown and surrounding neighborhoods, and expansion of employment and tax revenue.

Yet, even as the city experiences growth, Philadelphia -- and the nation -- has a youth unemployment crisis and talent shortage problem. In Philadelphia, one in four youth aged 18-24 are disconnected from either school or work. Nationally, young people aged 16-24 are experiencing unemployment rates at least twice the national average.¹ A weak start in the job market is bad for the economy and

bad for social mobility.

Young people in other highly industrialized countries now have a better chance of moving up the economic ladder than children in America. Research shows that it has been a lost decade for young Americans in terms of employment. In 2000, 45 percent of teens ages 16-19 were employed. By 2011, only 26 percent of teens were employed. Rates for young adults ages 20-24 also plummeted during this time frame, with a decline from 72 percent to 60 percent². This national talent crisis threatens the economy of our cities and of our nation for generations to come.

As a city, Philadelphia has the opportunity to continue on a trajectory of growth while raising the tide for all, or risk continuing the plaguing cycle of poverty that grips more than one quarter of the city's population today.

Philadelphia must focus on economic development strategies that bring more revenue to the city; but more importantly, it must target initiatives to create wealth in the communities which need it most. The City of Philadelphia Mayor Jim Kenney's administration and Philadelphia City Council have been steadfast in their commitment to, and focus on, equity for future generations through programs such as PHLPreK, Rebuild, and Community Schools. The Philadelphia School District, under the tenure of Superintendent Dr. William G. Hite, is making steady progress to ensure the success of its students. The private sector has recognized the need to

be a partner and a stakeholder in ensuring Philadelphia's schools are preparing students to be active, prosperous participants in the workforce and in society. The potential for transformation is tremendous.

Philadelphia's Number One Economic Development Priority: Public Education

Traditionally, economic development refers to efforts which seek to improve the economic well-being and quality of life for a community and its residents. This is often accomplished by creating and retaining jobs, as well as growing income and the tax base. While business attraction and retention, real estate development, and job creation programs are all part of the city's economic development toolkit and have played a direct role in growing the city's economy, it seems clear conventional economic development alone may limit the city to modest and fragile growth, with no guarantee of equitable wealth creation.

While the city certainly benefits from economic growth and its increased prominence as a global destination, economic development alone does not necessarily precipitate a decrease in poverty. Indeed, Philadelphia has found that despite recent momentum, many of its communities continue to suffer the same ills of poverty: blight, low education attainment, lack of living wage jobs, and poor access to services. At 25.8 percent, Philadelphia has the highest poverty rate of the 10 biggest cities in the

U.S.³

In order to catapult the city's economy and make a transformative impact on poverty, it is essential to look beyond traditional economic development methods. There is no better strategy to increase opportunities and promote equitable economic development opportunities than ensuring all Philadelphians have access to an excellent Pre-K through 12 education.

Strong schools produce well-rounded and confident young adults, who grow to become valuable members of the work world and provide for themselves and their families. A talented, prepared workforce means more jobs and increased tax revenue. Great schools would be a game-changer for being able to attract new businesses as well as new residents seeking jobs.

Model Employers are Essential to Ensuring a Future Talent Pipeline

While it may seem that the solution should focus on the incorporation of teaching tangible work skills within the classroom, the reality is curricular changes move slower than the innovation and modernization of the workplace. The global economy has changed and its evolution is projected to continue at an accelerated pace. Schools and job-training programs need to continue adjusting to meet the needs of a rapidly transforming, increasingly automated workplace. There is no better way to learn

work skills than to have real life experience in a workplace. Whether in an office setting, manufacturing business, service work, or other type of employment, there are certain skills and experiences that can only be gained through real-world practice.

In February 2018, Mayor Kenney will be announcing a comprehensive workforce strategy. A hallmark of this strategy will be the Model Employer campaign. The Mayor will extend his desire to partner with businesses to create employment opportunities, support District schools, and offer career ladders for entry-level workers. Research shows businesses who espouse corporate responsibility often see a positive return in their bottom line:

- Companies with a highly-engaged workforce outperform their peers by 147 percent in earning per share.⁴
- Sound corporate responsibility has the same effect on retention as a salary increase of \$3,700 per year.⁵
- 87 percent of global consumers believe business needs to place at least equal weight on society's interests as on business's interests.⁶
- Companies that invest \$1,500 on training per employee can see an average of 24 percent more profit than companies who invest less.⁷
- Losing an employee can cost anywhere from 16 percent of the person's salary for hourly employees to 213 percent of the salary for highly trained position.⁸

Businesses have the opportunity to be a key part of the solution of reducing poverty in Philadelphia while also furthering the city's economic growth and improving their bottom line. Not only is this an ambitious prospect, it is also a win-win approach. It is time to seize this opportunity. Philadelphia has one of the longest tenured school superintendents of any urban public school; the local government is resuming local control of the school district after 16 years of state control; the public and private sectors are engaging in a robust workforce development strategy, and the city is ripe for more growth. Improving local schools is the best opportunity Philadelphia has to make a real dent in its stubborn poverty rate. As challenging as poverty-alleviation is, any major disruption in the cycle may have ripple effects in preventing new generations of poverty. Ensuring an excellent education for all young people in Philadelphia is the type of systemic change which can break the cycle of poverty and replace it with a pathway to opportunity for all.

Works Cited

¹ Opportunity Nation: opportunitynation.org

² Ibid.

³ Romero, Melissa. Census: Philly remains the poorest major US city. Curbed Philadelphia, 2017.

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⁴ Zurer, Rachel. "Infographic: The Business Case for Conscious Companies." Conscious Company Media. September, 2017. consciouscompanymedia.com.

⁵ Ibid.

⁶ Ibid.

⁷ Gutierrez, Karla. "The True Cost of Not Providing Employee Training." Shift Disruptive Learning. May, 2016. www.shiftelearning.com.

⁸ Boushey, Heather and Glynn, Sarah Jane. There Are Significant Business Costs to Replacing Employees. Center for America Progress, 2012. www.americanprogress.org.