



## *Funders' Network for Smart Growth and Livable Communities*

*Translation Paper Number Two  
June 2000*

# Opportunities for Linking Movements: Workforce Development and Smart Growth

*This article was written by Greg LeRoy and Sara Hinkley of Good Jobs First\* in collaboration with the Funders' Network for Smart Growth and Livable Communities. It is the second in a series of translation papers sponsored by the Funders' Network to translate the implications of urban sprawl to issues of importance to America's communities and to suggest opportunities for progress that would be created by smarter growth policies and practices. Other key issues to be examined in the series of translation papers include social equity, parks and open space, transportation, agriculture, public health, education, the environment, community and economic development, civic engagement and aging.*

### Abstract

This article describes the implications of sprawl from the perspective of workforce development and articulates why funders who seek to help workers gain family-supporting skills and jobs should also become involved in the emerging smart growth movement. The article details how sprawl reduces opportunity for low-skill workers and contributes to the geographic concentration of poverty. Indeed, it argues that unchecked, sprawl will continue to undermine the basic systems necessary for core-area residents to gain skills and jobs. Conversely, it describes how smart growth policies can help keep jobs, education and training accessible to core-area workers. The article also details the widely varying economic forces shaping the geography of individual industries. For example, the same "big box" retailers that draw opposition from rural conservationists are also the nemesis of unionized grocery and warehouse workers. Much sub-

tlar are the migrations of manufacturing and healthcare work, but both fuel sprawl and reduce job quality. Each sector presents unique opportunities and challenges, but many of the same forces arrayed against job development also contribute to sprawl.

Also explored is the brand-new lens on the geography of work being provided by disclosure of economic development incentives (complementing existing scholarship on public goods such as roads and sewers). And today's "business climate," it is argued, clearly argues for a massive reallocation of resources to improve adult-worker skills, which would disproportionately benefit core-area workers and create an incentive for employers to reinvest there.

The article suggests that organized labor has a very large stake in the sprawl fight, although most unions are not yet aware

*\*Good Jobs First is a national clearinghouse tracking best practices in economic development; it provides research, training, consulting and communications to promote corporate accountability for family-wage jobs when companies receive economic development subsidies. GJF is a project of the Institute on Taxation and Economic Policy, based in Washington, DC.*

Website:  
[www.goodjobsfirst.org](http://www.goodjobsfirst.org)



*To date, environmental and transportation issues have attracted the most attention within the smart growth debate. Although the changing geography of work in America is integral to the proliferation of urban sprawl, the issue of jobs and workforce development is an under-developed aspect of the sprawl analysis.*

*To allow the smart growth movement to proceed without a better jobs analysis and without leadership from those who understand current trends in workforce development is an enormous risk. Left alone, environmentalists and other stakeholders may define the jobs agenda in ways that are not in the best interests of those who have been isolated from the new opportunities created by growth. For example, strategies that are driven only by a desire to limit suburban growth and save open space could actually harm core-area residents by fueling gentrification and displacement. On the other hand, if development strategies include explicit ways to target and link skills development and job creation to workers who need them most, inner-city neighborhoods can be stabilized, the tax base for schools can be preserved, and transit can remain a commuting choice -- all solutions to sprawl.*

of that fact. Simply put, urban density is good for union density. As active partners in many workforce development projects, and with their current push to revitalize their regional structures, unions are in a key position to facilitate metropolitan alliances for equitable urban revitalization.<sup>1</sup>

Generally, the article supplements the argument of the first translation paper, that a "community-based regionalism"

## **What is Sprawl?**

Sprawl is usually characterized as a suburban quality of life issue, and associated with rural conservation, but there is far more to the issue. Sprawl refers to development characterized by low density, lack of transportation options, strict separation of residential and non-residential property, and increased spatial separation between jobs and housing. These phenomena make most new jobs inaccessible to workers who rely on public transit; hence, sprawl is associated with increased spatial concentrations of poverty. For workers who do have cars, sprawl increases their dependence on automobiles and average driving times. Sprawl is also associated with neglect of central city infrastructure and services, and fiscal strains produced by rapid suburban growth.

For the geography of work, sprawl means the decentralization of entry-level jobs in the manufacturing, wholesale and retail sectors, moving work further from concentrations of low-skilled, unemployed workers. The lack of affordable suburban housing and adequate public transportation in the suburbs effectively cuts central city residents off from regional labor markets.<sup>2</sup> Public agencies seek to address these mismatches with transportation and housing programs, including the Access to Jobs funding within the Transportation

is emerging which involves new coalitions, including some involving organized labor. Finally, it argues that funders have a critical role to play in linking the smart growth and workforce development movements. Navigating the difficult waters of "new tricks" and "old dogs," funders should be looking for promising new approaches as well as proven coalition players.

Equity for the 21<sup>st</sup> Century Act ("TEA-21"), but employer decisions to locate on the fringe of metro areas, often away from public transit, are a key cause of the problem.

Scholars see sprawl as the cumulative result of many contributing factors, including: some people's preference for large-lot/low-density housing; white flight from urban areas with minority residents; lack of regional planning; cities competing for development instead of cooperating; redlining, or geographic discrimination by lenders and insurance companies; crime or perceptions of it; contaminated land or "brownfields" in core areas; restrictive suburban zoning that effectively excludes multi-unit dwellings and mixed-use development; federal capital gains tax rules that used to encourage people to buy ever-larger homes; decades of low gasoline prices; declining quality of central-city schools; and massive federal highway spending coupled with comparatively little funding for public transportation.

For purposes of this paper, "core area" refers not only to central cities but also to inner-ring suburbs and other mature urban areas experiencing employment stagnation or job flight.

## Sprawl: What's Workforce Development Got to Do With It?

Ensuring that urban residents have fair access to good jobs -- and the ability to qualify for them -- is the goal of the workforce development movement. Smart growth advocates, especially those coming from an urban equity perspective, also see workforce development as a central issue in stabilizing neighborhoods and stemming urban flight. But despite these common interests, the two movements seldom organize together on these deep systemic links.

At stake is nothing less than the future of American cities, and recent trends do not bode well. The decentralization of manufacturing and retail employment is a decades-long trend, but for the last two decades, about half of U.S. metropolitan areas have also seen "edge cities" capture jobs in value-added services such as finance, insurance and real estate -- the traditional "agglomeration economies" of the Central Business District (CBD).<sup>3</sup>

Now, research suggests that new technology will further favor exurbs and small cities close to major metro areas. As one survey concluded: "[T]rends suggest that non-central business district portions of many central cities and their inner suburbs will continue to be the weakest part of metropolitan economies for at least the next two decades and that their relative competitive position

will get worse without economic development policies."<sup>4</sup>

That pessimistic outlook is driven by the spatial mismatch between jobs and unemployment and increasingly by the growing skills mismatch. With 40 percent of jobs created between 1998 and 2008 projected to require at least an associate's degree, core-area workers with insufficient skills become ever less able to qualify for family-wage jobs.<sup>5</sup>

The cumulative result is a long-term trend towards greater concentration of poverty in core areas, disproportionately affecting families of color, as the growth of good jobs moves ever further away from the workers who need them most. Especially for low-skill workers and those leaving welfare, proximity to jobs matters.<sup>6</sup>

Unless this flight of jobs, residents and tax base is reversed, workforce development efforts can only amount to swimming upstream. Without the tax base for adequate education and training, and without access to healthy employers, core-area families will remain trapped in poverty. Efforts to facilitate reverse commuting, such as Bridges to Work and Access to Jobs, are important, but such projects can hardly match the sheer scale of the sprawl trend.

*The cumulative result is a long-term trend towards greater concentration of poverty in core areas, disproportionately affecting families of color, as the growth of good jobs moves ever further away from the workers who need them most.*

## How Sprawl Undermines Basic Workforce Development Systems

In the same way that foundation initiatives cannot take the place of America's social welfare system, philanthropy likewise cannot replace the basic public systems that prepare workers to compete for good jobs. By promoting smart growth, funders can address those systemic problems by shoring up the tax base for public schools, community col-

leges, vocational education and other adult education programs such as the Graduate Equivalency Degree, English as a Second Language, and adult literacy.

Healthy public schools are the primary foundation of successful workforce development. But because schools are



*Healthy public schools are the primary foundation of successful workforce development. But because schools are typically the service most dependent upon local tax revenues, core-area schools suffer disproportionately when sprawl erodes the core-area tax base.*

typically the service most dependent upon local tax revenues, core-area schools suffer disproportionately when sprawl erodes the core-area tax base. As a result, our most fundamental work preparation program, kindergarten through 12<sup>th</sup> grade, is the public service most vulnerable to sprawl.

When core communities are disinvested and suffer tax-base erosion, schools suffer many ways: class sizes grow; amenities are eliminated; teacher salaries lag regional averages (making it hard to attract teaching talent); and capital improvements and maintenance are deferred. Families that are able to leave (disproportionately white) move to higher tax-base suburbs with healthier schools.

The loss of such families causes further harm to core schools: it makes the student body less diverse; it may cost schools privately-initiated activity such as in-class enhancements or extracurricular activities; and it harms home values, which in turn means either less property tax revenue or higher rates for families that stay. The resulting degradation of education leaves core-area

graduates less attractive to employers and becomes one more “push” for companies to leave core areas.

A declining tax base creates a systemic web of problems for city governments that harm every kind of remedial adult workforce development strategy. It creates pressure to reduce public services and defer infrastructure maintenance; it lowers the municipal credit rating and raises borrowing costs; and it forces tax rates to go up, which in turn drives more businesses and homeowners away. Higher transportation costs caused by the resulting spatial mismatch divert more resources.

Fewer businesses mean fewer local job opportunities for workers, fewer employers to which training programs can be attached, fewer role models for young workers, and greater segregation by income. Even though most funding for adult training programs is not reliant on the local tax base, when training occurs in a neighborhood that lacks job growth, the new connections to work actually happen somewhere else.

## **The Jobs and Geography Challenge**

The challenges faced by job practitioners are daunting. In many cases, the flight of workplaces to suburban, exurban and even rural areas is a major obstacle -- the same problem sprawl opponents face.

### **Manufacturing**

Factories still employ more than 18 million Americans, or 17% of the U.S. private sector workforce, and generate weekly earnings 35% higher than the rest of private jobs. Manufacturers migrate to suburbs and exurbs for the

same “push” reasons as other businesses (e.g., crime, taxes and services), and for industry-specific reasons such as production processes which favor “large footprint” single-story plants, lack of available urban space due to development and/or contamination, union avoidance, and access to younger or first-generation factory workers with lower benefit costs.

Factory labor costs can be higher in the suburbs, but they are of declining importance. Due to trade liberalization, much labor-intensive manufacturing has been

relocated to foreign countries. Much of the remaining production has been automated with the proliferation of micro-processing technologies such as computer numerically controlled machine tools. The result: unit labor costs in U.S. manufacturing are virtually flat since the mid-1980s<sup>8</sup> and skills matter more than ever for workers seeking factory jobs.

Besides migrations within regions, some manufacturing sectors are undergoing massive geographic realignments, such as the new auto belt with more than 300 plants built since the mid-1980s, mostly in rural Kentucky, Tennessee, southern Indiana and Ohio, Alabama and South Carolina. Such plants are almost all located in areas without public transit access. Many have been found to have workforces in which minorities are underrepresented, and a few of the foreign-owned “transplant” auto assembly plants have been charged with employment discrimination, such as setting recruitment territories that excluded urban areas with minority populations.<sup>9</sup>

The mobility of manufacturing capital is a strong argument for strategies that build and reinforce a company’s loyalty to the community. Examples include the “cluster” strategy now pursued in many regions, emulating the northern Italian model popularized in the 1980s. This strategy seeks to build regional linkages by helping all firms in a given sector get better at non-competitive activities such as training, quality control, or export promotion. Labor-management projects such as the Wisconsin Regional Training Partnership also reinforce geographic ties. Chances for success are improved by targeting industries that tend to remain close to cities, such as printing and publishing, food processing, or some high-tech sectors (such as the medical instruments sector in the Twin Cities) that have close ties to research and development facilities. Two of the most active employer groups promoting smart

growth are the Silicon Valley Manufacturing Group in Santa Clara County, and Chicago Metropolis 2020. (The latter recently sponsored the development of a five-hour curriculum and conference on sprawl and smart growth for more than 100 local union leaders of the Chicago Federation of Labor.)

### **Retail/Wholesale**

Campaigns against Wal-Mart and other “big box” retailers have received extensive media attention and are a strong example of the potential for coalition work between unions and smart growth advocates. These retailers threaten rural lands and small-town merchants. Typically accessible only by auto, they increase congestion and replace shops accessible by transit, reducing shopping opportunities for people without cars.

Labor activists have opposed such retailers because they undermine unionized jobs. Many grocery chains are at least partly unionized, making food retailing a bright spot in a notoriously low-wage sector (3.5 million jobs among 22.9 million). The average retail job is part-time, with weekly earnings of just \$266; grocery jobs average \$284. But unionized grocery workers (about one in four) earn 28 percent more, and an even bigger fringe benefit premium.<sup>10</sup> Most of these unionized jobs are in urban chains threatened by the big-box chains that penetrate metro areas from the exurbs first.

Angered by Wal-Mart’s incursion into grocery sales, the United Food and Commercial Workers union has joined the anti-sprawl movement, making this 1.4 million-member union the most visibly-identified smart growth advocate in labor.

Retail jobs -- union or not -- merit the attention of urban activists because of their disproportionate role as a source of

*The mobility of manufacturing capital is a strong argument for strategies that build and reinforce a company’s loyalty to the community.*



*Retail jobs -- union or not -- merit the attention of urban activists because of their disproportionate role as a source of jobs for low-skill workers.*

jobs for low-skill workers. The loss of core-area retail jobs may correlate more directly with increases in poverty than the decline in other kinds of jobs.<sup>11</sup> Because of their importance to low-skill workers, retail jobs' *quality* is of particular significance. A recent analysis of several major retail projects subsidized by the City of Los Angeles, the Los Angeles Alliance for a New Economy and UCLA found that more than half of the jobs created or retained paid wages too low to keep a family of three off of public assistance.<sup>12</sup>

Developments in wholesaling also present an opportunity for coalition building. With only a third as many jobs as retailing, wholesaling has substantial unionization and better wages, averaging \$571 per week. Generally tied to urban areas but able to locate on the fringe, warehouses locate for cheap land and interstate access.

One opportunity has appeared in the hyper-efficient method of grocery-warehousing known as "cross-docking" that has arrived from Europe. Based upon a system of huge regional warehouses, located in exurban areas close to interstate highways, cross-docking allegedly favors suburban stores (which are able to purchase large shipments with the lowest shipping costs) and harms inner-city stores and their shoppers.<sup>13</sup> In a model campaign in the Buffalo area in 1996, a Teamsters local formed a coalition with inner-city churches, civic leaders and merchants to win a "code of conduct" with a major grocery holding company. The agreement reduced the impact of cross-docking on both workers and consumers.

### **Health Care**

Health care employs 10 million workers, and access to hospitals and clinics is critical to a viable neighborhood. In

some core areas, health care becomes the largest employer by default. But inner cities have been disproportionately affected by hospital closures. Those shutdowns are driven by families lacking insurance coverage (who are geographically concentrated in core areas), and by managed care and Medicaid reimbursement cutbacks. Indeed, some hospitals reduce their intake of uninsured emergency patients when they relocate off of the public transit grid. Combined with outsourcing of many support services, the effect has been to drive more health care dollars -- and good job opportunities -- away from urban cores.

One of the most promising sectoral projects is in home care and other "direct care" services that primarily benefit elderly and disabled persons who lack mobility and whose geographic density makes it possible for one provider to serve several clients. Bronx-based Cooperative Health Care Associates, a worker-owned cooperative, currently employs more than 500 women of color, more than 70 percent of whom were formerly dependent on public assistance. Continuing Medicare cutbacks and Medicaid constraints, however, continue to pose a threat to this initiative. The model has been replicated by the non-profit Paraprofessional Healthcare Institute in urban Philadelphia and suburban New Hampshire. PHI also works with related healthcare training programs in urban Detroit and rural Arkansas.

### **Hotel, Restaurant, Gaming, Security and Janitorial**

Home to some of the nation's fastest-growing job titles, these sectors are mostly low-wage except when unionized, which is only in some urban cores, airport areas, gaming centers and amusement parks. Unionization rates and therefore job quality in these sectors

have suffered with the proliferation of edge cities and suburban office parks and hotels.

In a few cities, such as San Francisco and Las Vegas, the Hotel Employees Restaurant Employees union has forged very successful joint training programs with employers that enable workers to develop lifelong skills and enable hotels to provide premium service. In both cities, the union has a high rate of density. The Service Employees International Union's "Justice for Janitors" campaign has newly enabled workers in cities such as Denver, Washington and Sacramento to gain better wages and benefits, and it is also organizing workers in some suburbs.

However, the big picture is that the dispersion of the hospitality industry and office building work means that these jobs are both less accessible to inner-city residents *and* less likely to be unionized.

### **Construction**

The building industry presents both the greatest challenges and the greatest potential rewards for metro coalition building. Frankly, both the industry and urban advocates have some fences to mend.

To be blunt, the construction industry and its unions are historically among the most racially discriminatory sectors. They are also among the most politically aggressive about public funding, including highway projects. So although it employs only 6.4 million people (with high average weekly wages of \$687), the construction industry and its unions have a disproportionately large role to play in both sprawl and workforce development. The embryonic "back to the city" construction trend in some core areas also threaten to gentrify inner-city neighborhoods and dislocate their resi-

dents. This is one bitter story for urban activists of color who fought the redlining battles of the 1970s and 1980s: denied credit then, excluded from jobs now. Therefore, efforts to recruit more people of color and women into the building trades merit attention and support. Positive examples include the Apprenticeship Opportunities Project in Seattle<sup>14</sup>, the Central City Workers Center of the Campaign for a Sustainable Milwaukee, and the Good Jobs! Partnership in Connecticut.

On the other hand, smart growth advocates failed to woo the building industry and trades by developing a positive jobs argument for smart growth. Sprawl critics have generated precious little data about potential job creation resulting from policies such as reclaiming brownfields, repairing infrastructure, higher-density mixed-use projects or expanding mass transit. As a result, the industry continues to lobby for what it knows best: more sprawling-style development.

### **Public Services**

Government accounts for 20.3 million jobs (including 12.9 million city and county workers) and it has historically been a source of less-discriminatory work opportunity and skills development for urban workers. But by many measures, sprawl is undermining these jobs in core areas.

The erosion of property tax revenues, as outlined above, undermines teaching jobs. The result is regional inequities in teacher salaries, class size and student performance.

Transit jobs are undermined as most new job growth occurs off the transit grid, reducing ridership and forcing cities to cut service, reduce crew sizes and consider privatization. The new omnibus transportation act, TEA-21, grants cities much greater flexibility on spending for

*Sprawl critics have generated precious little data about potential job creation resulting from policies such as reclaiming brownfields, repairing infrastructure, higher-density mixed-use projects or expanding mass transit.*

*The new omnibus transportation act, TEA-21, grants cities much greater flexibility on spending for transit and highways, but if job growth is not on the grid, transit systems cannot capture economies of scale needed for reinvestment and expansion.*



transit and highways, but if job growth is not on the grid, transit systems cannot capture economies of scale needed for reinvestment and expansion. Bell Atlantic's recent decision to relocate 1,500 Atlanta-area jobs on three station stops of MARTA has received significant media attention, evidence of the power and rarity of such a move. More typical was Sears' 1989 decision to leave Chicago's Loop for distant Hoffman Estates. But as businesses struggle to attract workers in congested metro areas, more are likely to follow Bell Atlantic's example.

All of the other public service jobs that make cities attractive places to live -- park maintenance, public safety, fire protection, sanitation, and infrastructure maintenance -- become subject to cutbacks and job degradation when sprawl erodes the urban tax base. The results: service cutbacks, deferred maintenance, and pressure for privatization. Sometimes, the media spotlight hot-button examples such as perilous 911 emergency-response times. These reports, in turn, fuel the urban exodus.

### **Economic Development Subsidies: A New Lens on the Geography of Jobs**

*Surveys that ask employers why they migrate from core areas to suburbs typically find that "push" factors dominate the list, such as crime, taxes, declining city services, or lack of land for expansion.*

*Among the few "pull" factors usually cited are suburban economic development incentives*

Most scholarship linking public dollars to sprawl focuses on public goods such as roads, schools, and sewers. Now, thanks to grassroots reform efforts by the Minnesota Alliance for Progressive Action and the Maine Citizens Leadership Fund, those states have disclosure laws that are just beginning to provide data on the geographic distribution of economic development subsidies granted to specific companies, including corporate relocations within metro regions.

Surveys that ask employers why they migrate from core areas to suburbs typically find that "push" factors dominate the list, such as crime, taxes, declining city services, or lack of land for expansion. Among the few "pull" factors usually cited are suburban economic development incentives (e.g., land write-downs, property tax abatements, tax increment financing, or low-interest industrial development bonds).

The role of such subsidies has been little studied by either academics or the media, however. The little evidence that exists is disturbing, such as an analysis of Small Business Administration loans

in the Chicago area that found wealthier, outlying areas getting a disproportionate share of loan guarantees, and a Kansas City *Star* exposé that found wealthy suburbs using incentives to pirate employers from core areas. "Created to combat sprawl, tax breaks now subsidize it," the *Star* concluded.<sup>15</sup>

A new study from Good Jobs First finds that the Twin Cities suburb of Anoka has made aggressive use of tax increment financing in a way that has fueled sprawl. Anoka offered free land to lure 29 companies to relocate or expand there; all came from within the Twin Cities region, and nearly all from closer to the core. Fifteen came from Minneapolis and its inner-ring suburbs. Altogether, about 1,600 jobs were relocated, and the net effect was to make the jobs less accessible to people of color, low-income households and families receiving public assistance. More than 70 percent of the relocated jobs had been accessible by public transit, but in Anoka, the jobs are no longer transit-accessible.<sup>16</sup>

The Minnesota and Maine disclosure laws require annual reports on every



new development deal. Each state requires relocating companies seeking subsidies to disclose their previous address. Minnesota also requires a statement as to why the company did not undertake the subsidized project at its old location; that data will be published for the first time in June 2000. Maine's first round of data is only now being analyzed.

For funders who support inner-city access to good jobs, this sprawl analysis offers a new organizing blueprint. Among the Twin Cities groups making use of the new data is the St. Paul Ecumenical Alliance of Congregations (SPEAC), a project of the Gamaliel Foundation, whose AMEN Project seeks to foster a dialog between urban and suburban congregations about how, as the Sierra Club so aptly puts it, "Sprawl Costs Us All." Among the policy options they will consider is a proposed rule to ensure that all future subsidized-job deals are located on the public transit grid, a solution that could increase sub-

urban support for additional bus service and provide transportation choice for many more workers.

There is also emerging synergy between efforts to reform economic development and the "living wage" movement. At least 16 living wage ordinances extend beyond private contractors performing public services to employers receiving development subsidies. In a model effort led by the Los Angeles Alliance for a New Economy, that city's living wage requirements effectively "flow through" the developer to the tenants of the Hollywood Boulevard redevelopment project, so that the permanent jobs created have a living wage and health care. Although the ordinance technically applies only to workers hired directly by the developer, in this case, the developer agreed to give preference to tenants who pay the living wage and contribute to an employee health insurance fund.

*For funders who support inner-city access to good jobs, this sprawl analysis offers a new organizing blueprint.*

## Opportunities for Funders

### Policies and Research to Deter Sprawl *and* Promote Urban Workforce Development

There are several promising policy and research initiatives that would promote smart growth *and* equitable access to good jobs.<sup>17</sup> First, as a base-constituency builder, both movements need more research on job creation generated by smart growth policies. While our understanding of sprawl's harm to good jobs is fragmentary and incomplete, the positive flip side is simply absent. To convince blue-collar citizens that smart growth is not No Growth in sheep's clothing, we need much more analysis on good jobs, including construction work, generated by urban redevelopment.

Also needed is more analysis of subsidized jobs and sprawl. Using state open records laws, scholars need to create a fuller picture of the historical geography of economic development spending. For example, one 12-year study found that fully one fourth of a New York state program's low-interest loans went to just one county on Long Island, one of the state's most prosperous areas.<sup>18</sup> Anecdotal and media reports suggest that public dollars *follow* private investment, rather than leverage it, but there needs to be fuller documentation of the history if there is to be a consensus for smarter geographic targeting of job subsidies.

*To convince blue-collar citizens that smart growth is not No Growth in sheep's clothing, we need much more analysis on good jobs generated by urban redevelopment.*



*There is a major emerging issue that favors both smart growth and workforce development: the "business climate" debate. With today's tight labor market and projections it will persist, the traditional tax-cut formula for improving the "business climate" has been widely discredited. Here's why: Capital is plentiful, ...but skilled labor is not....*

Policies are needed for economic development incentives that mirror emerging smart growth policies on land use and transportation. For example, "location-efficient incentives" would grant a development subsidy to companies only when they locate the project on a public transit grid. Such a rule could promote core-area development and generate new political support for transit in suburbs; both outcomes would make more employers accessible as workforce development partners.

Finally, there is a major emerging issue that favors both smart growth and workforce development: the "business climate" debate. With today's tight labor market and projections it will persist, the traditional tax-cut formula for improving the "business climate" has been widely discredited. Here's why: capital is plentiful -- witness record fund-raising through initial public offerings (IPOs) and venture capital. But skilled labor is not -- witness the record level of special H-1B visas for companies to employ highly skilled immigrants.

This imbalance is a strong argument for a massive reallocation of resources away from subsidies such as corporate

income tax credits and property tax abatements (which can harm school funding) and toward workforce development programs that will produce more skilled labor: K-12, Graduate Equivalency Degrees, English as a Second Language, adult literacy, and more intensive assistance for workers leaving welfare. The imbalance also favors incentives to encourage companies to adopt "high road" practices such as dedicating at least two percent of payroll to life-long skills training and career ladders.

Many foundations support school reform and training projects targeted for disadvantaged areas. If a massive reallocation of *public resources* occurs, and it is also targeted to the neediest workers, it would mostly benefit core-area workers, who are disproportionately low-skill. It would also provide a substantial incentive for employers to reinvest or relocate in or near the core area to gain access to a badly needed supply of qualified labor. By making this "business climate" issue-link, foundations can promote joint work between the workforce development and smart growth movements that will buttress school reform efforts as well.

## **New Approaches and Proven Players**

The most successful efforts to build regional smart growth movements will combine new approaches and proven players. By new approaches, we mean that traditional, "turf-based" community organizing that confines itself to set neighborhood boundaries cannot convene regional dialogs. Nor can regional organizations such as planning councils play such a role if they do not move beyond their narrow traditional audiences.

The challenge is to build regional organizing models that identify the full range of necessary players in a metro coalition

and then challenge those players to escape their historical balkanization by geography, race, class and sector. Such models require a regional analysis of the sprawl problem informed by the specific self-interests of the various groups, which then explains how sprawl harms them and how smart growth could help them. It's more than casting an image of sprawl like a Rorschach ink blot into which each viewer sees her own demon; it means detailing the many aspects of sprawl and concretely connecting them to individual constituencies.

A good analysis is hardly enough, however. When considering support, funders need to look for organizations that have an established record of successful collaboration. That means groups that have a history of being inclusive, generous, flexible, and focused on outcomes rather than aggrandizement. Groups that don't practice such habits won't be able to co-convene a broad regional coalition no matter how insightful they are. Because regionalism implies new relationships between players who often have not actively coalesced before, funding regional efforts implies tensions between those players. By knowing who has a successful history of coalescing and by sending signals to others that an obligatory element of any work plan is a deliberate effort to break down past barriers, funders can help to shape the metropolitan culture necessary to win smart growth victories.

Finally, funders should consider organized labor as a potential partner in the smart growth debate. Since John Sweeney took office as president of the AFL-CIO in 1995, he has made genuine strides towards increasing labor's presence in economic development, including creating the Working for America In-

stitute to promote "high-road" regional partnerships among unions, employers, community groups and the public sector. Several of these partnerships have received significant foundation support. Sweeney has also hired former Arca Foundation executive director Janet Shenk as his special assistant, to oversee relations with the philanthropic community.<sup>19</sup> Sweeney has also moved aggressively to shake off the AFL-CIO's traditional insularity.

Central labor councils and local unions across the country are becoming more involved in economic development issues, living wage campaigns, and coalitions with community and religious organizations that address such diverse issues as affordable housing and immigrants' rights. On the foundation side, the Neighborhood Funding Group's Working Group on Organized Labor and Community has an ongoing dialog with labor and many of its members support projects initiated by or associated with unions. Unions are urban institutions, and smart growth -- when it focuses on social equity and access to good jobs -- is right in sync with labor's historical mission.



*The most successful efforts to build regional smart growth movements will combine new approaches and proven players.*

*The challenge is to build regional organizing models that identify the full range of necessary players in a metro coalition and then challenge those players to escape their historical balkanization by geography, race, class and sector.*

## Endnotes

1. The AFL-CIO's Working for American Institute acts as a central clearinghouse for many labor-based high-road economic development projects.
2. Bruce Katz and Katherine Allen. *Help Wanted: Connecting Inner-City Job Seekers with Suburban Jobs*. Brookings Institution, Fall 1999.
3. Elvin K. Wyly, Norman J. Glickman and Michael L. Lahr, "Top 10 List of Things to Know About American Cities," *Cityscape: A Journal of Policy Development and Research*, vol. 3, No. 3, 1998 (U.S. Department of Housing and Urban Development).
4. Robert D. Atkinson, "Technological Change and Cities," *Cityscape*, op cit, p. 154.
5. Douglas Braddock, "Occupational employment projections to 2008," *Monthly Labor Review*, November 1999, pp. 51-77.
6. Paul Ong and Evelyn Blumenberg, "Job access, commute and travel burden among welfare recipients," *Urban Studies*, January 1995. Ong and Blumenberg found that among Los Angeles welfare recipients, new-job wages actually *declined* with longer commutes, contrary to the pattern of other workers. W.W. Goldsmith and E.J. Blakely, "Separate Places: The Changing Shape of the American Metropolis," Chapter 4 of *Separate Societies*, 1992, Temple. Christopher J. Mayer, "Does Location Matter?" *New England Economic Review*, May/June 1996, pp. 26-40.

---

## Endnotes , continued

7. November 1999, Bureau of Labor Statistics, author's analysis.
8. Unit Labor Costs in Manufacturing, National Currency Basis in 14 Countries or Areas, 1950-1998, Bureau of Labor Statistics. Labor-intensive production that needs to remain proximate to markets, such as meat and poultry, remains in rural and small-city areas for cheaper labor.
9. A 1988 study by University of Michigan professors Robert Cole and Donald Deskins of three early "transplants" -- Honda, Nissan and Mazda -- along with 51 Japanese auto parts plants, found that African-American workers were under-represented at virtually every one of the 54 plants. For example, at Honda's Marysville, Ohio plant, they found that blacks comprised 10.5 percent of the available workforce, but only 2.8 percent of those employed. Various of these and other such firms have agreed to settlements on race and/or sex discrimination allegations, most recently Mitsubishi's plant in Bloomington, Illinois. "Honda to pay 377 women and blacks for hiring bias," *Los Angeles Times*, March 24, 1988. "Japanese rapped on black jobs; Transplant hiring called below par," *Automotive News*, August 29, 1988.
10. Robert C. Johansson, Jay S. Coggins and Ben H. Senaeur, "Union Density Effects in the Supermarket Industry," Working Paper 99-05, The Retail Food Industry Center, University of Minnesota, August 1999. The period studied was 1984 to 1993.
11. See, for example, Devajyoti Deka, "Job decentralization and central-city well-being: an empirical study with sectoral data," *Urban Affairs Review*, November 1998.
12. Paul More et al, "Who Benefits from Redevelopment in Los Angeles?: An Evaluation of Commercial Redevelopment Activities in the 1990s," UCLA Center for Labor Research and Education and Los Angeles Alliance for a New Economy, March 1999, p. iii.
13. Gordon McClelland, "Royal Ahold and Cross-Docking: A Study of the True Cost of Supermarket Industry Restructuring," Cornell University, School of Industrial and Labor Relations, December 1995.
14. The AOP is a partnership of the Trades Mentor Network of the King County AFL-CIO's Worker Center and Apprenticeship & Nontraditional Employment for Women (ANEW) funded by Office of Port Jobs.
15. For a discussion of relevant literature, see Greg LeRoy, Sara Hinkley and Katie Tallman, "Another Way Sprawl Happens: Economic Development Subsidies in a Twin Cities Suburb," pp. 10-12, Institute on Taxation and Economic Policy, January 2000. Chris Lester and Steve Nicely, "Giveaways set the stage for a loss," *Kansas City Star*, December 20, 1995.
16. "Another Way Sprawl Happens," op cit.
17. 17. This paper deliberately omits housing solutions to job access while in no way diminishing their significance or effectiveness. Housing and sprawl are the subject of other translation papers forthcoming that will cover the issue in detail.
18. Edward V. Regan, "Government, Inc.: Creating Accountability for Economic Development Programs," Government Finance Officers Association, April 1988, pp. 27-28.
19. For more information on emerging labor-philanthropy ties, see "Organizing Better Links to Labor," in *The Chronicle of Philanthropy*, March 25, 1999 lead article.

*This article was printed with soy-based inks on recycled paper.*

---



### *Funders' Network for Smart Growth and Livable Communities*

*L. Benjamin Starrett, Executive Director*

*Working to strengthen funders'  
individual and collective abilities to  
support organizations promoting  
smart growth and creating livable  
communities.*

Collins Center for Public Policy, Inc.  
150 SE 2nd Avenue, Suite 709  
Miami, Florida 33131  
Phone: 305-377-4484  
Fax: 305-377-4485  
Email: [bstarrett@collinscenter.org](mailto:bstarrett@collinscenter.org)

---