Baltimore Integration Partnership

BIP 1.0 Final Evaluation Report

Revised - March 2014
Baltimore Integration Partnership
BIP 1.0 Final Evaluation Report

Executive Summary

Background

This report provides a retrospective assessment of “BIP 1.0,” the first three years of the Baltimore Integration Partnership, covering the period 2011 through 2013. The Baltimore Integration Partnership (BIP) is a collaborative effort to expand opportunities for low-income residents and neighborhoods in Baltimore by unifying job opportunities with revitalization investments. More specifically, the goals of BIP are:

...to reconnect low-income Baltimore City residents who are predominantly African-American to the regional economy, to maximize the linkage between physical and human capital development, and to reinvest in targeted inner-core neighborhoods so that they become regionally competitive, economically diverse, sustainable communities of choice.

BIP’s target areas during the first three years of the initiative included the neighborhoods represented by the East Baltimore Development Initiative (EBDI), the Central Baltimore Partnership (CBP), and the West Baltimore communities adjacent to the proposed Red Line.

BIP was established with funding from The Integration Initiative (TII) of Living Cities. Living Cities designed and launched TII in 2010 to support cities that are “harnessing existing momentum and leadership for change, overhauling long obsolete systems, and fundamentally reshaping their communities and policies to meet the needs of low-income residents.” For its TII efforts, Baltimore received a three-year Living Cities commitment of $2.75 million in grants, $3 million in flexible debt financing, and $12 million in commercial debt (in the form of a syndicated loan from Living Cities member financial institutions).

Key Accomplishments

Using the resources made available by Living Cities and its local match, BIP has accomplished a tremendous amount over its first three years, starting with building a resilient governance table with broad representation across sectors and jurisdictions. One concrete measure of the resiliency of the BIP table is the willingness of a core group of its members to continue to serve on the governance board in the next phase of the initiative, BIP 2.0, which commenced in January 2014.

Over the past three years, the members of the BIP Governance Board and Work Groups have worked together effectively to collaboratively define and address complex problems facing Baltimore’s low-income, primarily African American residents, as well as its core neighborhoods and the city as a

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1 Baltimore was one of five communities selected in 2010 by Living Cities to be a TII site; the other four sites are Cleveland, Detroit, Newark, and the Twin Cities (Minneapolis-St. Paul).
whole. Together, BIP’s leadership and partners have helped to create a “new normal” in Baltimore and the region relative to heightened attention to and strategies for promoting economic inclusion.

BIP and its partners have used demonstration projects and capacity building efforts as learning labs, to identify both system dysfunctions and promising strategies for addressing those problems, as part of developing agenda for broader policy and system change. They have also used data strategically to inform these efforts, and to promote transparency and accountability.

In the process of these project-level efforts, BIP and its partners also have assisted over 1,386 residents to access services through neighborhood workforce pipelines, used the initiative’s Workforce Training Fund grants to finance training opportunities for 504 individuals, and have aided at least 837 Baltimore residents to secure jobs.

They have also made progress in aligning resources among funders, and in leveraging the private market to help to address the needs of low-income individuals and neighborhoods. With capital resources from Living Cities and BIP’s partners, the initiative has supported development projects that contributed to catalytic strategies in target neighborhoods that are beginning to transform some of those communities. During the initiative’s first three years, BIP and The Reinvestment Fund, the initiative’s community development financial institution partner, have helped to finance 13 capital projects. Those 13 projects are expected to leverage more than $148.5 million in investment in the initiative’s target neighborhoods.

These capital projects are bringing new services and amenities to the target neighborhoods, including a health center, a school, a food market, and a restaurant, as well as over 120 units of new housing. Moreover, the assisted capital projects have also promoted economic inclusion through plans negotiated with the project developers that created employment opportunities for local residents and business opportunities for local and minority firms. In the aggregate, the BIP capital projects completed to date have met or exceeded their economic inclusion plans’ targets, with 27.5% of contracting dollars going to Minority Business Enterprises (MBEs) and 36.4% going to local businesses, and with 40% of construction work hours being completed by local workers.

Perhaps most important, with the evidence and insights gained from the project-level work, BIP and its partners have promoted a variety of institutional and system changes at the city, region and state level that offer the potential for many more economic opportunities being made available for Baltimore’s businesses and low-income residents over time. The institutional and system changes include the adoption or expansion of economic inclusion plans and initiatives by anchor institutions, new city and state policies encouraging local hiring, the establishment of new state-level funding streams for workforce development training, and expanded transportation options that will assist residents to access jobs along the Baltimore-Washington, D.C. corridor. In addition, the City of Baltimore has launched a citywide anchor initiative, and has expanded its capacity to assist job seekers in finding employment opportunities and employers in finding qualified local job candidates.

**Lessons Learned and the Challenges for Future Work**

During the past three years, the BIP leadership and partners have also learned a variety of lessons that are informing the governance and design of BIP 2.0. This includes creating a more narrow strategic focus for the initiative around the issue of anchor engagement, which is the area in which BIP stakeholders feel there has been significant traction and where the greatest potential for sustainability
and future impact exists. As part of this strategic focus, the BIP leadership has taken steps to expand anchor institution representation on the governance board, and is exploring ways to increase the participation of business and financial sector representatives.

While the anchor institutions possess considerable resources and influence, and have demonstrated a commitment to economic inclusion, over the last three years we have seen that their ability to create improved economic opportunities for large numbers of low-income Baltimore residents is not that straightforward. Perhaps the biggest challenge for BIP 2.0 will be to identify anchor-related strategies that, through training, hiring, advancement, and procurement, as well as through the anchors leveraging capital investment in their neighboring communities, can substantially increase the number of low-income Baltimore residents and local businesses benefitting from their activities, particularly local MBEs.

Despite their resources, the anchors cannot do this alone. As we discuss throughout this report, promoting economic inclusion in Baltimore is a complex, difficult undertaking. To maximize their success in this area, the anchors will need the support of public officials and agencies, philanthropies, nonprofit providers, community-based and faith-based organizations, advocacy groups, and the business and financial communities. BIP 2.0 represents a forum in which the anchors can join with these various stakeholders to articulate a common agenda, to determine the roles that each entity will assume, and the resources that it will apply, to complement the efforts of the others.

The new BIP governance board will need to reach agreement on the key barriers to economic inclusion and the critical levers for change, the most promising actions that the BIP 2.0 partners can take individually and collectively, the best methods for supporting those actions, and the mechanisms for monitoring progress and promoting collective accountability. Although many of these conversations will be challenging, reaching consensus on these issues and a shared vision will be essential if BIP 2.0 is to reach its full potential.

In working with partners to specify roles and contributions, the BIP 2.0 governance group should also devote explicit attention to determining how each of the new efforts that is being undertaken might be sustained over time. A key lesson from BIP 1.0 is the importance of looking at the issue of sustainability from the onset of these efforts, and then taking the appropriate steps to ensure that sustainability.

Another crucial topic is how BIP 2.0 can continue to align and coordinate its activities over time with the efforts of other concurrent initiatives, such as those being conducted or fostered by the Community Development Financial Institution (CDFI) Roundtable, the Opportunity Collaborative, the Job Opportunities Task Force, and the Baltimore Workforce Funders Collaborative. The workforce development efforts of the latter three entities may be particularly important. Their efforts to improve resident job skills and address barriers to employment are absolutely critical to ensure that substantial numbers of residents can qualify for and access the jobs being created through the anchor engagement activities.

BIP has made significant strides and achieved impressive results over its first three years, learning and adapting based on its experiences and the challenges encountered, while remaining true to its original vision and goals. It has also created a strong foundation on which BIP 2.0 can build and achieve even greater results in the future.

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2 Information on the activities of each of these groups is included in the main body of this report.
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Baltimore Integration Partnership
BIP 1.0 Final Evaluation Report³

Chapter One: Introduction

This report provides a retrospective assessment of “BIP 1.0,” the first three years of the Baltimore Integration Partnership (2011 through 2013). The Baltimore Integration Partnership (BIP) is a collaborative effort to expand opportunities for low-income residents and neighborhoods in Baltimore by unifying job opportunities with revitalization investments. BIP’s target areas include the neighborhoods represented by the East Baltimore Development Initiative (EBDI), the Central Baltimore Partnership (CBP), and the West Baltimore communities adjacent to the proposed Red Line.

This report was prepared by Community Science, which has served as the independent local evaluator for BIP since fall 2011. The report summarizes the activities, challenges, and accomplishments of BIP over the past three years. The report also highlights key lessons learned, especially those that can inform BIP 2.0, the next phase of the initiative, which BIP’s partners are beginning to implement.

BIP was established with funding from The Integration Initiative (TII) of Living Cities.⁴ Therefore, to create a context for this retrospective assessment, we begin by describing Living Cities’ vision for TII. We then describe the BIP goals and strategies originally specified by the local partners, and the “theory of change” that was articulated to describe how the various parts of the initiative were intended to work together to accomplish BIP’s goals.

A. Living Cities’ Framework for The Integration Initiative (TII)⁵

Living Cities is an innovative collaborative of 22 of the world’s largest foundations and financial institutions. Over the past 20 years, Living Cities’ members have collectively invested nearly $1 billion, helping to shape federal funding programs, redirecting public and private resources, and assisting communities to build homes, stores, schools, community facilities, and more. Living Cities designed and launched TII in 2010 to support cities that are “harnessing existing momentum and leadership for change, overhauling long obsolete systems, and fundamentally reshaping their communities and policies to meet the needs of low-income residents.”

Living Cities required each participating TII site to incorporate four high-impact strategies into the site’s work. Based on its 20 years of experience, Living Cities feels that these strategies are necessary to drive system transformation and make enduring change — in essence, to create “a new normal.” The four core strategies are:

³ This report was prepared by Scott Hebert of Community Science, with research assistance from Angel St. Jean and David Epstein.
⁴ Baltimore was one of five communities selected in 2010 by Living Cities to be a TII site; the other four sites are Cleveland, Detroit, Newark, and the Twin Cities (Minneapolis-St. Paul).
⁵ The following description is based on information downloaded from the Living Cities website, www.livingcities.org, on March 3, 2012.
1. Building a resilient civic infrastructure, one table where decisionmakers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;

2. Moving beyond delivering programs and instead focusing on transforming systems, such as those relating to transportation, health, housing, and jobs;

3. Bringing disruptive innovations into the mainstream, and redirecting funds away from obsolete approaches and toward what works; and

4. Supplementing traditional governmental and philanthropic funding streams by driving the private market to work on behalf of low-income people.

To implement these core strategies, Living Cities awarded each TII site a combination of grant funds, flexible debt, and commercial debt. (Each TII site also was expected to secure matching funds to complement these Living Cities resources.) Baltimore received a three-year Living Cities commitment of $2.75 million in grants, $3 million in flexible debt financing, and $12 million in commercial debt (in the form of a syndicated loan from Living Cities member financial institutions) for its TII efforts.

B. The Baltimore Integration Partnership’s Overall Goals and Approach

Within the context of the TII framework, the BIP’s Governance Board and stakeholders defined the purpose of the Baltimore initiative as follows:

“The overall goals of the Baltimore Integration Partnership are to reconnect low-income Baltimore City residents who are predominantly African-American to the regional economy, maximize the linkage between physical and human capital development, and to reinvest in targeted inner-core neighborhoods so that they become regionally competitive, economically diverse, sustainable communities of choice.”

As part of accomplishing these overall goals, in its initial proposal to Living Cities, BIP indicated that it would pursue strategies that:

- Address racial inequities and policies that create structural barriers to opportunity for city residents;
- Support public, private, and philanthropic leaders in breaking through critical impasses and in rejecting unproductive practices that have long limited opportunity;
- Move systems to a “new normal” that redirects resources away from failed approaches to problems and instead institutionalizes more effective models of funding, operations, and practices; and
- Use capital and leverage infrastructure investments to harness the power of markets to create greater opportunities and assets for low-income people and places.

In pursuing each of these areas, the BIP partners indicated that the initiative would use some common approaches:
• **Demonstrate effective practices and policies**: Identify and implement practices and pursue policies that yield immediate or near-term improvements in conditions for low-income residents as ends in themselves. In addition to generating such concrete benefits, these practices and policies will serve as local models for scaling and embedding improvements within institutions and systems and will provide evidence that progress is being made relative to realizing BIP’s bold goals.

• **Identify specific policy opportunities and levers**: Devote particular emphasis to developing specific policy agenda and to finding opportunities to promote policy and regulatory changes that will result in institutionalizing improved practices, protocols, and allocations of resources at scale.

• **Cultivate civic leadership and champions**: Recruit and support civic leaders to serve as early adopters of effective practices and policies and to act as a powerful group of peers who can advance and institutionalize change across networks and systems.

• **Coalesce and express citizen demand**: Through BIP’s community and advocacy partners, strengthen the voice of citizen demand for economic inclusion and responsible development, and work to ensure that policies that respond to such demand are adopted and sustained.

BIP’s goals and approaches resonate with the Living Cities’ overall vision for TII and TII’s four “core strategies,” although expressed in somewhat different language.

**C. BIP’s Theory of Change: A Braiding of Strategies**

BIP’s initiative design involves multiple components and strategies working together in an integrated manner to promote achievement of the desired goals. To make the interconnectedness of these initiative elements more transparent, in 2011 the BIP stakeholders articulated a “theory of change.” (See Exhibit 1 at the end of this chapter.) The theory of change reflects the fact that all BIP efforts build off the foundation of partnerships, collaboration, and coordination across sectors and jurisdictions. As highlighted in the schematic, BIP’s key substantive focus areas are:

- Workforce development system improvements, and enhanced business development supports;
- Engagement of anchor institutions;
- Leveraging of capital and infrastructure investments to harness the power of markets; and – cutting across all of the above areas –
- Addressing racial inequities.

The Exhibit 1 schematic shows the variety of strategies and activities that were being planned and implemented as of 2011 relative to each of the substantive areas. Together, these efforts were expected to lead over time to substantial system change and creation of a new normal, the transformation of target neighborhoods, and increased economic opportunities for large numbers of low-income Baltimore residents.

Over the past three years, BIP’s investments and activities have concentrated on the three strategic areas of workforce development, anchor engagement, and capital engagement, as the initiative has sought to address structural racism, foster economic inclusion, and promote neighborhood revitalization. To illuminate and emphasize the intentional interrelationships among the activities in and across each of these strategic areas, a schematic representation supplementing the theory of change was developed in 2013 (see Exhibit 2). This supplementary schematic highlights how the activities that
were conducted over the three years have complemented and reinforced one other, and how they individually and collectively contribute to desired results for Baltimore City residents, businesses, and neighborhoods. In addition to illustrating the braiding of efforts within the initiative, Exhibit 2 also shows how BIP staff and partners have been active in promoting alignment of their efforts with concurrent initiatives at the city and regional level (for example, with the Opportunity Collaborative, the regional initiative seeking to integrate housing, transportation, and workforce development planning).

D. The Organization of this Report

Chapter Two of this report summarizes some of the key accomplishments of BIP over the past three years. It examines the initiative's institutional capacities and interrelationships, concrete project-level outcomes, and policy and system changes. Chapter Three outlines key lessons learned in the process of pursuing and realizing those hard-won accomplishments. This includes lessons learned around initiative governance and management, and the challenges entailed in movement to scale, system change, and sustainability, with attention to the varying issues encountered in each of BIP's strategic areas (capital absorption, workforce development, and anchor engagement). Chapter Three also discusses the implications of the BIP 1.0 experience for the continuing activities under BIP 2.0. Chapter Four ends the report with some overall conclusions about the progress made during BIP 1.0 and the challenges of BIP 2.0.

Additional information on the Opportunity Collaborative is provided later in this report.
Exhibit 1 -- BIP Theory of Change: Foster Cross-sector Partnerships, Collaboration, and Coordination of Efforts (People Working Together in New Ways)

**Goals**

- Change Systems
- Create New Normal
- Transform Target Neighborhoods
- Benefit Low-income Individuals (Particularly African-American Baltimore Residents)

**Strategies**

- Workforce Development System Improvements + Enhanced Business Development Supports
- Address Racial Inequities
- Leverage Capital and Infrastructure Investments to Harness the Power of Markets
- Leverage CDFI Capacity
- Increase Place-based Investments
- Leverage Transit Projects
- Workforce Training Fund
- Building Additional Programs & Resources
- Engage Anchor Institutions
- Assist a Range of Businesses
- Build On (Re) Development Activities
- Procurement
- Career Maps & HR Practices
- Change Systems

**GOALS**

- Benefit Low-income Individuals (Particularly African-American Baltimore Residents)
- Create New Normal
- Transform Target Neighborhoods

**Strategies**

- Workforce Development System Improvements + Enhanced Business Development Supports
- Address Racial Inequities
- Leverage Capital and Infrastructure Investments to Harness the Power of Markets
- Leverage CDFI Capacity
- Increase Place-based Investments
- Leverage Transit Projects
- Workforce Training Fund
- Building Additional Programs & Resources
- Engage Anchor Institutions
- Assist a Range of Businesses
- Build On (Re) Development Activities
- Procurement
- Career Maps & HR Practices
Exhibit 2: BIP 1.0 Theory of Change and Inter-Relationship of Structural Elements

Anchor Engagement

- Anchor Community Revitalization Efforts
- Anchor Procurement
- Increased Local/Minority Business Development and Growth
- Increased Local/Minority Hiring
- Barrier Removal
- Hiring of Baltimore City Residents
- Local Employee Advancement at Anchors
- Anchor Economic Inclusion Policies

Structural Racism Addressed
Increased Economic Inclusion
Inner-core Neighborhoods
More Regionally Competitive, Economically Diverse, Sustainable Communities of Choice

Community Science
March 2014
Chapter Two: Key BIP 1.0 Accomplishments

In this chapter we examine some of BIP’s key accomplishments during the past three years. We begin by looking at the BIP partnership that was created and the composition of its membership. We also look at some key features of the approach that BIP’s partners, staff, and consultants have taken in implementing the initiative. Together, they reflect the BIP “way of work” — the values and practices that have proven to be instrumental in promoting the substantial concrete results realized to date by the initiative.

The chapter then highlights the project-level outcomes that have been achieved, the institutional and service delivery infrastructure that has been built, and – as part of the efforts of BIP and its partners to move impacts to greater scale – the policy and system changes that have fostered.

A. Accomplishments Relative to the BIP Partnership and Its “Way of Work”

Below we discuss a number of subjects relative to the approach that Baltimore stakeholders took in implementing the BIP initiative, including:

- The establishment of a broadly representative cross-sector partnership
- The focus on economic inclusion
- The use of data to promote change
- Demonstration projects as “learning labs”
- Linking capital investments and workforce development
- Leveraging and alignment of resources

Building a broad and enduring cross-sector partnership: BIP was extremely successful in bringing together and sustaining a broad group of key leaders and institutional representatives on the initiative’s Governance Board. The membership of the Governance Board included representatives of the public sector at the city, regional, and state levels; local and national philanthropies; major anchor institutions; community-level intermediaries; advocacy organizations; a community college; and a community development finance institution (CDFI). Local stakeholders indicate that, while Baltimore had cross-sector partnerships prior to BIP, the BIP Governance Board included a broader array of institutions and reflected broader perspectives than these previous efforts.

Moreover, stakeholders noted BIP’s success in sustaining the participation of the Governance Board members over time. Twelve of the original 16 members of the BIP Governance Board remained on the board for the entire three-year duration of BIP 1.0, a fact that local observers have indicated is particularly impressive given that many of these individuals are senior officials with many competing demands on their time. Based on interviews with stakeholders, there appear to be several factors that have contributed to the Governance Board’s ability to retain the majority of its membership over an extended period. They include the fact that, at the Governance Board meetings, the BIP leadership and staff have created a safe environment and opportunities to address crucial issues (such as economic inclusion) and have cross-sector discussions that generally do not occur in other venues. Another factor

7 Under BIP 1.0, the BIP Governance Board has included the following public sector representatives: the Chief of Staff, Office of the Governor; the Director of the Mayor’s Office of Employment Development; the Deputy Mayor for Economic and Neighborhood Development; the Commissioner of Baltimore Housing; and the General Counsel/Governmental Relations of the Baltimore Metropolitan Council (a quasi-public organization whose board consists of chief elected officials from localities and counties in the metropolitan region).
is the relationships that members have developed, or enhanced, with their colleagues on the Governance Board over the course of the BIP meetings. And finally, and perhaps most important, the members have seen that their collaboration, and their strategic thinking about how to use their resources in concert, are leading to new practices and capacities and concrete results for Baltimore’s low-income residents and neighborhoods. That is, the investment of their time has led to measurable outcomes.

To carry out the BIP agenda, the BIP Governance Board also created a strong “subcommittee” structure in the form of work groups reflecting BIP’s strategic areas: Workforce Integration, Capital Projects, and Anchor Engagement. Each work group has had a clear mission statement, and has been comprised of representatives of the Governance Board, BIP staff, and other Baltimore partners and stakeholders who have a vital interest in the substantive area and can bring resources to further the BIP agenda in that area. Through the inclusive nature of the work groups, BIP has achieved the engagement of an even wider pool of stakeholders. The work groups have been the vehicles through which much of the detailed planning, coordination, and monitoring of each BIP substantive area have occurred. The frequency of meetings has varied somewhat by work group, although each has generally met (either as a full work group or as a subset of members working on particular tasks) at least once every month or two over the three-year term of BIP 1.0.

Through its Governance Board and work groups, BIP marshaled a powerful set of stakeholders and leveraged an array of resources and political capital to move forward BIP’s projects and its system and policy change agenda. Over the past three years, the BIP board members and partners have pursued collaboration and collective action that has contributed to progress toward achieving shared goals relative to workforce development, capital investment, and economic inclusion. BIP has encouraged collaborative activity not only at the Governance Board level and in its work groups, but also in the operational practices of partners and key stakeholders (such as the workforce development “SWAT team” and the joint efforts that anchor institutions have been pursuing). In addition, there have been actions by individual partners, but informed by BIP discussions, that are furthering BIP’s broader agenda.

As part of the transition to BIP 2.0, the composition of the BIP Governance Board will change somewhat. However, ten of the BIP 1.0 Governance Board members have agreed to continue to sit on the BIP 2.0 board, which will help to ensure a continuation of institutional memory and key initiative “values” (i.e., an emphasis on economic inclusion, collaboration, etc.) in the ongoing activities. In addition, the membership of the BIP 2.0 board and its workgroups reflects representation from additional anchor institutions (both educational and healthcare institutions), which offers the promise of increased leveraging of resources and the potential for even wider influence.

**Focusing attention on the issue of economic inclusion:** Baltimore’s TII application to Living Cities had identified persistent racial and economic segregation as underlying factors that resulted in years of disinvestment in Baltimore’s core neighborhoods. The application also indicated that addressing racial

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8 For example, the BIP Workforce Integration Work Group has representatives from the Abell Foundation, the Annie E. Casey Foundation, Association of Baltimore Area Grantmakers, Associated Black Charities, Baltimore City Community College, Baltimore Neighborhood Collaborative, Central Baltimore Partnership/Greater Homewood Community Corporation, Central Maryland Transportation Alliance, City of Baltimore Department of Transportation, East Baltimore Development Initiative, Governor’s Workforce Investment Board, Harry and Jeanette Weinberg Foundation, Job Opportunities Task Force, Maryland Department of Labor, Licensing, and Regulation, Mayor’s Office of Employment Development, and the University of Maryland/Baltimore.
inequities that create barriers to opportunity for city residents would be one strategy that the BIP stakeholders would implement in pursuing the initiative’s overall goals of connecting low-income residents to the regional economy, maximizing linkages between physical and human capital development, and encouraging reinvestment in target neighborhoods.

In the BIP theory of change articulated at the end of Year 1, however, the BIP Governance Board went even further by designating the issue of “address[ing] racial inequities” as the unifying theme for the initiative, indicating that each of its strategic areas of investment was intended to confront and seek to eliminate such inequities. From that point, “economic inclusion” evolved, from originally being seen as just a part of the BIP effort, to becoming its overarching objective and a shorthand way of describing the initiative’s vision — i.e., its desired result and the rationale for its actions — both internally among BIP board members and partners and externally to the broader community.

Although the BIP board and partners embraced the idea of economic inclusion as a central focus for the initiative’s activities, over time they also developed a greater appreciation of the difficulties in operationalizing that concept. For one thing, BIP’s partners had different ideas about what it meant to be “committed” to economic inclusion. As the BIP stakeholders learned more about the myriad barriers facing many of Baltimore’s disadvantaged job seekers, for example, they asked how much was it realistic to ask BIP or any of its partners to take on in trying to address those barriers so those residents could access employment opportunities. Also, while there was an understanding that economic inclusion required employers to place more emphasis on local hiring and procurement, there was no common agreement on what “local” meant.

These are just a few of the issues with which BIP’s stakeholders have continued to grapple as they seek ways to promote greater economic inclusion. Despite the difficulties, progress is being made. BIP’s partner institutions (many of whom, it should be noted, had made some effort to emphasize local hiring, procurement, and/or investment prior to BIP) are expanding their strategies and resources devoted to their economic inclusion activities. Moreover, by “putting a name to it” (i.e., economic inclusion) and by promoting heightened visibility to this issue through BIP partners’ increased activities in this area, BIP and its partners are beginning to have a wider impact in the city, state, and region, fostering other initiatives and policy changes that will create more economic opportunities for Baltimore residents and businesses. Information on those new initiatives and policy changes are presented later in this chapter.

**Using data as a strategic tool to promote change:** Over the past three years, BIP has been extremely effective at using data to bring more insight and attention to the needs of Baltimore’s core neighborhoods and their residents, and to promote more accountability among service providers. BIP’s data-related activities have been very much in tune with Living Cities’ vision of the role of data in the Integration Initiative. Living Cities sees data as a critical driver of system change. Accordingly, from the beginning of the TII, Living Cities asked the TII sites “to specify what data sources and indicators they

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9 Regarding the issue of what constituted “local” hiring, for example, although BIP particularly focused on the residents of its three target neighborhoods, it also understood (and expected) its efforts to have a positive spillover effect for low-income residents throughout Baltimore. For their part, the anchor institutions have a particular (but not exclusive) interest in benefitting residents in the neighborhoods contiguous to their institutions and campuses.

would use to measure impact, describe how they would institutionalize data-driven decision-making, and plan how they would integrate their data partners into their work.”

In an October 2012 TII cross-site convening, BIP staff discussed the various roles that data had played in the Baltimore initiative to that point. The BIP presentation, titled “How to Use Data to be a Detective for Equity,” described the socioeconomic analyses that BIP staff and consultants had completed on the target neighborhoods and their residents. These analyses compared the target neighborhoods’ indicators relative to poverty, educational achievement, employment, and local services and amenities with those of the city and region. The analyses made a forceful case about the disparities and inequities experienced by the target neighborhoods’ residents. Earlier versions of these analyses had been shared with BIP’s board and partners during the first year of the initiative. A number of the BIP board members and partners, in interviews with the local evaluation team, reported that the BIP analyses were the first time they had seen such comprehensive data on the conditions in core neighborhoods and the challenges faced by their residents. Several stakeholders indicated that the analyses had represented a “significant ‘aha’ moment” for them and other BIP board members and partners, in terms of giving them a clearer sense of the nature and magnitude of the problems to be addressed (such as concerning the skill gaps of residents), and of the level of effort that would be required to respond effectively to those problems. These insights led stakeholders, for example, to devote more attention to expanding bridge programming for disadvantaged job seekers, and to exploring other ways to create more effective pathways to good jobs for local residents.

In addition to using data to identify the nature of the problems the initiative is seeking to solve, BIP has also used periodic performance reporting as a means of monitoring progress and holding service providers, developers, and other entities who received BIP-related funding accountable for achieving specified results. It has also used regular summary reports, including capital project pipeline reports and BIP dashboard reports, to keep the Governance Board, work group members, and BIP partners informed about the initiative’s investments and its overall progress toward meeting its three-year quantitative objectives.

BIP has also supported the preparation of a number of policy briefs that have used data to effectively build the case for institutional and policy changes. One notable example is the Job Opportunities Task Force’s (JOTF) March 2012 report, Investment in Baltimore’s Workforce: Leveraging Opportunity and Moving to Scale, which documents the need for a substantial increase in funding for workforce training, and outlines creative financing strategies that various communities around the country have used to expand training resources.13 The JOTF report was seen by a number of local stakeholders as a contributing factor in Governor Martin O’Malley’s decision to propose a state-funded workforce training program (see discussion of EARN initiative, below). BIP also helped to finance a study of the Baltimore food services cluster by Karp Resources and The Initiative for a Competitive Inner City (ICIC) that identifies the potential for growth in this sector, and recommended actions that BIP’s anchor

12 Many of the BIP data analyses were completed by Nicole Stewart, who served as BIP’s data manager during the first three years of the initiative.
13 Another workforce development-related example is the July 2013 briefing paper, Increasing the Labor Market Attachment of Baltimore City Residents: Pathways and Possibilities for Job Seekers, prepared by BIP consultant Martha Holleman, that argues for reorganizing the Baltimore workforce development system around a career pathways model. The Opportunity Collaborative is also is scheduled to publish a number of workforce development-related studies in 2014 (see the additional information on the Opportunity Collaborative’s activities contained later in this report, particularly the discussion on pp. 24-25).
partners and other major institutions, such as universities and hospitals, can take to help support local food entrepreneurs and create related local employment opportunities. BIP also collaborated with Associated Black Charities in supporting an environmental scan and preliminary assessment of small business development services and assistance available to Baltimore area businesses and entrepreneurs.

Using project-level efforts as “learning labs”: One strategy that BIP has employed throughout the past three years is using the initiative’s project level efforts as learning labs to identify system inefficiencies and gaps to be addressed. The BIP stakeholders felt strongly that this approach was essential for establishing the credibility of the initiative as a “player,” and to generate hard evidence to buttress its calls for system improvement. One of BIP’s board members explained:

... You can’t do that [system change] work without being on the ground to know for sure what needs to be changed or to have ... enough understanding of what’s not working to pursue a systems change agenda. That’s our philosophy. Others, and even Living Cities, were concerned about [our approach] ... Everyone saw the need for systems change, but [ideas about] how you got there [were] different. [BIP’s] earlier [project-level] work was viewed as too micromanaged, too small scale, and [people questioned whether we had an] understanding of how that [project level work] would inform what needed to happen at a higher level for other things to be affected [i.e., at a larger scale]...

The BIP board member also went on to describe how the insights gained from BIP’s project-level work have informed the partners’ advocacy activities and resulted in some substantial policy “wins.”

In the end we did have it [i.e., moving from limited projects to broader changes] with the [Workforce] training fund [and] the state funding. Having the governor at the table [through his representatives in BIP] was great,[and] having JOTF as an advocacy group ... We’ve had some really great tangible outcomes – the ½ percent training fund [which the state established with its federal transportation allocation], the [state] Executive Order on local hiring .... We wouldn’t have had those without the work on the ground.

Linking capital and workforce development efforts, through targeted investments, to maximize impact: Through its lending and grantmaking activities, BIP has been successful in increasing the economic inclusion impacts of its capital projects. By requiring developers to establish a Workforce Resources and Economic Inclusion Plan as a condition for receiving BIP capital financing, and by facilitating job candidate referrals and training, BIP has connected local residents to jobs with these projects. Some of these employment opportunities have been in construction, whereas others have been job placements in the permanent positions created by the businesses that have occupied the new or renovated properties after construction. The capital projects’ economic inclusion plans have also fostered increased use of local businesses as contractors and vendors during the construction phase of the projects. The capital projects have also resulted in bringing needed amenities and services to the target neighborhoods, such as the Apples & Oranges grocery market in East Baltimore.

Although the total amount of financing provided to development projects through BIP’s Living Cities allocation was relatively modest, the flexible nature of some portions of the funding allowed BIP to provide pre-development and gap financing that expedited a variety of important projects. Moreover, in selecting projects that complemented other development efforts in the target neighborhoods, BIP’s capital investments were able to contribute to broader efforts to reinvigorate the market appeal of these neighborhoods, helping to reverse decades-long patterns of disinvestment. In addition, while they
have been limited in number and size, the BIP capital project “learning labs” have demonstrated that developers and business owners can incorporate economic inclusion efforts in their development projects and still be successful. Moreover, the fact that these economic inclusion efforts have been tied to loans made to developers for projects in fringe areas, rather than grants, is seen as significant and as “raising the bar.” BIP’s program director views this as an important finding (“Folks can’t say that it can’t be done”) that is helping to shape a new norm for development efforts in the city and state.

**Leveraging and alignment of resources:** BIP also has been effective in using its Living Cities funding to leverage other resources to address the initiative’s larger economic inclusion and system change agenda, and in fostering alignment and coordination among concurrent related efforts. For example, at the beginning of BIP, the Living Cities TII funding was used as a dollar-for-dollar match in connection with the $600,000 Social Innovations Fund grant received by the Baltimore Workforce Funders Collaborative (BWFC). BWFC has used this funding to strengthen and take to scale workforce partnerships that promote bridge programming and career training and advancement opportunities for Baltimore residents in the healthcare, biotechnology, and construction sectors.

In 2011, BIP also played an important role in helping the Baltimore Metropolitan Council to secure a $3.5 million Sustainable Communities grant from the U.S. Department of Housing and Urban Development. BIP staff and consultants assisting in developing the Baltimore’s Sustainable Communities application, and BIP’s Living Cities funding was cited in the application as some of the funds that would be leveraged by the HUD grant. The Opportunity Collaborative (the local name for the Sustainable Communities effort) is using the HUD grant to develop complementary regional transportation, workforce development, and housing plans aimed at linking these efforts and connecting low-income residents to opportunities across the region. BIP staff and multiple BIP partners have been actively engaged in the Opportunity Collaborative’s working groups. To promote coordination between the two initiatives, BIP and the Opportunity Collaborative also have representatives on each other’s governing boards. As described in more detail later in this report, the Opportunity Collaborative’s activities are bringing regional attention to the issue of economic inclusion, and identifying strategies to address critical barriers to such inclusion.

Since 2012, several BIP board members also actively worked with the Sustainable and Equitable Development (SEED) initiative, which was funded by the Surdna and Abell foundations. This effort focused on promoting an equitable and sustainable economic development approach in Plan Maryland (the state’s development plan) and in other state and local policies.

In 2012, BIP and the BWFC also collaborated to jointly fund the Karp Resources/ICIC study of the Baltimore food industry cluster. Similarly, as previously noted, BIP and Associated Black Charities jointly funded an environmental scan of small business development programs and services in Baltimore, part of an effort to identify mechanisms for encouraging more small business start-ups and growth in the city. Both those studies were completed in 2013 and their reports were shared with BIP’s partners.14

During the past year, BIP staff and partners have also participated in the City of Baltimore’s planning effort for the development of a citywide anchor engagement plan, a major initiative by Mayor Stephanie Rawlings-Blake.

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14 The Karp/ICIC report, *Anchor Institutions and the Food Cluster in Baltimore*, was also posted on the BIP website.
In December 2013, BWFC and BIP announced aligned grants to seven local nonprofit workforce organizations to bolster their data management, provide strategic planning, and help build industry sector relationships to advance the capacity and success of their training programs. The nonprofit organizations receiving grant awards were the Job Opportunities Task Force, Baltimore Alliance for Careers in Health Care, Civic Works, St. Vincent de Paul, Caroline Center, Humanim, and Jericho.

B. Project-Level Results

Workforce Development Outcomes: Through the initiative’s community-based workforce pipelines, BIP and its partners have cumulatively helped 1,386 residents to access workforce development services over the past three years (exceeding the initiative’s original goal of assisting 1,200 individuals). As can be seen from Exhibit 3 (below), the 1,386 assisted residents include 978 individuals enrolled in the EBDI community pipeline (which existed prior to BIP, but which the initiative has helped to enhance), and 408 individuals enrolled in the Central Baltimore community pipeline (which BIP support helped to create). With its Workforce Training Fund (WFTF) grants and leveraging of other resources, BIP has also helped to support workforce training slots that 504 local residents have been able to access, including at least 209 residents from the BIP ZIP codes.

Exhibit 3

<table>
<thead>
<tr>
<th>Neighborhood Residents Registered in Community Based Pipelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipeline Registrants</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>Central</td>
</tr>
<tr>
<td>East</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Baltimore Integration Partnership, Dashboard Report (period through 12/31/13)\(^{15}\)

\(^{15}\) BIP’s original goal was to place of 1,200 residents into community-based pipelines over the course of the three-year initiative, with 400 residents to be supported by Living Cities resources. Exhibit 3 shows data for individuals enrolled in the EBDI pipeline since January 1, 2011, as well as those enrolled in the CBP pipeline, which was initiated on August 1, 2011. (Note: the CBP pipeline’s intake was suspended between February 4, 2013 and April 1, 2013, during the period when the Greater Homewood Community Corporation/CBP pipeline’s service delivery approach was being restructured.)
BIP-related activities have also led to job placements for 837 individuals, or 99.6% of the initiative’s three-year employment placement goal. Exhibit 4 provides information on the sources of the job placements, identifying the BIP partners doing the employment placements and the types of placements and employers involved.

According to local stakeholders, BIP encountered a number of serious challenges in the course of its job placement efforts. The challenges included lower than expected job readiness among many residents, limited anchor institution job openings for which target neighborhood residents would qualify, and fewer “new” job openings on BIP’s capital projects than anticipated. Another factor was the time and effort required to build out job development capacities and job candidate outreach, assessment and referral mechanisms in the community pipelines, including strengthening linkages to training and supportive services. In grappling with these challenges, BIP stakeholders feel that they have not only improved workforce development service delivery for residents in the target neighborhoods (e.g., through improved referral mechanisms and expanded training opportunities), but also developed a much clearer vision of the reforms necessary in the larger workforce system.

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16 BIP’s three-year goal was to place 840 residents served by the community-based pipelines into jobs, with at least 280 supported by Living Cities resources. The data sources for Exhibit 4 include the performance reports of EBDI, CBP, the BIP-supported Business Services Representative (BSR) at MOED, the developers of BIP’s capital projects, and training providers who received Workforce Training Fund (WFTF) grants. To avoid duplicated counts due to the coordinated efforts of partners, for Exhibit 4’s tabulations the BIP data manager assigned a single source for each job placement. Priority of source is descending in the table, beginning with JumpStart and other WFTF grantee placements, then other community sources of placements, BSR placements, and finally the two community-based pipelines (CBP and EBDI).
**Capital Projects**: During its initial three-year phase, BIP and its CDFI partner, The Reinvestment Fund (TRF), closed 14 loans on 13 capital projects\(^\text{17}\) with Living Cities and Annie E. Casey Foundation (AECF) funding. BIP-related capital projects are located in all three target neighborhoods, with the majority of projects occurring in Central Baltimore and East Baltimore (see map on next page, Exhibit 5).\(^\text{18}\)

Exhibit 6 (on page 17) provides some details on the 13 projects whose loans closed through the end of 2013. These projects are producing new housing for both homeowners and renters and new and renovated commercial space in the initiative’s target neighborhoods. They are also bringing new facilities, services, and amenities to these neighborhoods, including a health care center, a school, a food market, and a restaurant. A total of $5,000,758 in Living Cities funds was committed to 10 of these projects, in the form of Predevelopment Fund allocations ($390,000), Living Cities Catalyst Fund commitments ($2,500,000), and Living Cities Chase loans ($2,110,758). AECF committed $500,000 to two of the projects. Together, the Living Cities and AECF funding will leverage more than $148.5 million in additional investment\(^\text{19}\) in the target neighborhoods.\(^\text{20}\)

In addition to the projects supported by Living Cities and/or AECF funding, TRF has leveraged other funding to help finance additional capital projects in these target neighborhoods. For example, TRF has committed more than $20 million of its New Market Tax Credit (NMTC) allocation to two projects: the Henderson-Hopkins Community School in East Baltimore, which is part of the larger EBDI redevelopment of which Johns Hopkins is a major partner, and the MICA Studio Center in Central Baltimore, which represent an estimated $70.5 million in capital investment in these two neighborhoods. These projects reflect the fact that a number of the BIP/TRF capital projects to date have been anchor institution-driven efforts.

Besides generating increased investment in these inner-core neighborhoods, the assisted capital projects have also promoted economic inclusion through creating employment opportunities for local

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\(^\text{17}\) Two separate loan transactions occurred for the Centre Theater project (see Exhibit 6 on p. 17)/\(^\text{18}\) The following explains some of the terminology used in Exhibit 5 on the next page. “Pipeline BIP Projects” refer to efforts in which TRF has been in discussions with developers about possible financing, but no formal commitments have been made relative to those projects. “NMTC” refers to New Market Tax Credits. For the Housing Market Typology, “Regional Choice” reflects neighborhoods that have competitive housing markets with high owner-occupancy rates and property values in comparison to all other market types. “Middle Market Choice” neighborhoods have housing prices above the city’s average with strong ownership rates and low vacancies, but with slightly increased foreclosure rates compared with Regional Choice areas. “Middle Market” neighborhoods have median sale values of $91,000 (above the city’s average of $65,000) and high homeownership rates, but with higher foreclosure rates than the previous two categories, and slight population loss. “Middle Market Stressed” neighborhoods have slightly lower home sale values than the city’s average, have not shown significant sales price appreciation, have high vacancy and foreclosure rates, and increasing population loss. “Distressed” neighborhoods have experienced significant deterioration of the housing stock, have the highest vacancy rates and lowest homeownership rates, and substantial population loss over the past decade. Source: Department of Planning, City of Baltimore.

\(^\text{19}\) The additional investment is calculated on the basis of the aggregate Total Development Cost of the 14 projects, minus the Living Cities and AECF contributions.

\(^\text{20}\) As of March 2014, TRF also had closed a loan for Chesapeake 1B, representing BIP’s 15th loan. This latest project has an estimated total project cost of $1.6 million, and will result in 6 rental units. The financing through TRF is being used as a construction/mini-permanent loan.
Exhibit 5

Closed Living Cities BIP Projects as of 2/7/14
1. Apples and Oranges
2. Center Theater
3. Center for Healthcare
4. Chesapeake Restaurant
5. Lillian Jones Affordable Rental
6. Mi Casa Homeownership
7. North Avenue Market
8. Remington Village
9. Telesis Homeownership (Bancroft)
10. Telesis Homeownership (Barclay)
11. Baltimore Food Hub

Pipeline BIP Projects
12. Pipeline

Closed NMTC Projects
13. MtCA Studio Center
14. East Baltimore Community School

2011 Housing Market Typology
- Distressed
- Regional Choice
- City/Private/Public
- Middle Market Choice
- Commercial
- Middle Market
- Middle Market Stressed
- Green Space

Source: PolicyMap/Baltimore Integration Partnership
Exhibit 6: BIP-related Closed Loans (2011-2013)
Source: Data compiled from handouts from the March 2013, July 2013, and September 2013 Capital Projects Work Group meetings, supplemented with updated information provided by Dana Johnson of The Reinvestment Fund and Kurt Sommer of BIP in March 2014.

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Name</th>
<th>Use</th>
<th>Neighborhood</th>
<th>Borrower</th>
<th>Investment Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Preston Street Phase II</td>
<td>For-sale single-family housing (12 ownership units)</td>
<td>800 block Preston Street, Johnston Square</td>
<td>Mi Casa</td>
<td>Construction loan</td>
</tr>
<tr>
<td></td>
<td>Lillian Jones</td>
<td>Rental multifamily housing (74 rental units)</td>
<td>1300 Greenmount Avenue, Johnston Square</td>
<td>French Companies</td>
<td>Predevelopment loan</td>
</tr>
<tr>
<td></td>
<td>New Barclay Homes</td>
<td>For-sale single-family housing (12 ownership units, 1 rental unit)</td>
<td>Calvert Street and Guilford Street, Barclay – Central Baltimore</td>
<td>Telesis</td>
<td>Construction loan</td>
</tr>
<tr>
<td>2012</td>
<td>Chesapeake</td>
<td>Commercial</td>
<td>1701 Charles St./Station North</td>
<td>EVI</td>
<td>Construction/mini-permanent financing</td>
</tr>
<tr>
<td></td>
<td>MICA Studio Center</td>
<td>Grad school/Anchor</td>
<td>North Avenue/Station North</td>
<td>MICA</td>
<td>New Market Tax Credit (NMTC)</td>
</tr>
<tr>
<td></td>
<td>Henderson-Hopkins School</td>
<td>School</td>
<td>East Baltimore</td>
<td>EBDI</td>
<td>NMTC</td>
</tr>
<tr>
<td></td>
<td>Apples and Oranges Fresh Market</td>
<td>Fresh food market</td>
<td>1900 N. Broadway at North Avenue</td>
<td>Erich and Michele March</td>
<td>Fit-out/mini-permanent financing</td>
</tr>
<tr>
<td></td>
<td>Remington Row</td>
<td>For-sale housing (10 units)</td>
<td>2800 block of Remington Avenue</td>
<td>Seawall</td>
<td>Construction loan</td>
</tr>
<tr>
<td></td>
<td>Center for Health Care and Healthy Living (CHCHL)</td>
<td>Health care center</td>
<td>2700 Rayner Avenue, West Baltimore</td>
<td>Coppin Heights CDC</td>
<td>Predevelopment loan</td>
</tr>
<tr>
<td>2013</td>
<td>North Avenue Market</td>
<td>Commercial real estate</td>
<td>10-30 North-West Avenue</td>
<td>Center City, Inc.</td>
<td>Construction to permanent loan</td>
</tr>
<tr>
<td></td>
<td>Centre Theater</td>
<td>Commercial real estate</td>
<td>10 E. North Avenue</td>
<td>Jubilee</td>
<td>Predevelopment loan</td>
</tr>
<tr>
<td></td>
<td>Centre Theater</td>
<td>Commercial real estate</td>
<td>10 E. North Avenue</td>
<td>Jubilee</td>
<td>Construction/permanent loan</td>
</tr>
<tr>
<td></td>
<td>Barclay NSP 2 Phase 1D</td>
<td>Single family housing (15 ownership units)</td>
<td>Calvert Street and Guilford Avenue</td>
<td>Telesis</td>
<td>Construction</td>
</tr>
<tr>
<td></td>
<td>Food Hub</td>
<td>Commercial real estate – food business incubator</td>
<td>1801 East Oliver Street</td>
<td>EBDI/Cross Street Partners/HEBCAC</td>
<td>Predevelopment loan</td>
</tr>
</tbody>
</table>

Total Development Costs (All 14 Projects) $154,072,000
Total Living Cities Contributions Committed and Closed\(^{21}\) (Across All Projects) $5,000,758
Total AECF PRI Contribution (For Lillian Jones and Apples & Oranges) $500,000

\(^{21}\) Note: Not all the Living Cities commitments were fully disbursed to the individual capital projects, and in some cases portions of the funds came back and were recycled (i.e., re-invested).
residents and business opportunities for local and minority firms. In the aggregate, the capital projects with BIP-negotiated economic inclusion plans have met or exceeded those plans’ targets (with 27.5% of contracting dollars going to MBE firms and 36.4% going to local enterprises, and with 40% of construction work hours being completed by local workers).

To develop a broader view of the overall effect of the construction phase of its capital projects, BIP asked the Maryland Department of Housing and Community Development (DHCD) to conduct an impact analysis of the development efforts, using DHCD’s RAM Economic Impact model. The February 2014 analysis estimated that, in the aggregate, the BIP capital projects (i.e., those completed, under construction, or in the pipeline) would support 1,715 direct and indirect full-time equivalent (FTE) jobs during construction, would result in a total of $258,758,181 in direct and indirect expenditures and $83,088,941 in wages, and would generate $6,751,792 in additional state and local tax revenues (from personal income taxes, retail sales taxes, and real property taxes).

C. Enhanced Service Delivery Capacity and Institutional Activity

In addition to the project-level outcomes highlighted above, BIP efforts also resulted in substantial enhancements to service delivery capacities and fostered institutional activities that are furthering economic inclusion efforts in Baltimore. Some of the more noteworthy examples are:

1. Neighborhood Workforce Pipelines: BIP provided support to the Central Baltimore Partnership (CBP) and Greater Homewood Community Corporation (GHCC) to establish the Central Baltimore neighborhood pipeline in 2011. Additionally, BIP helped EBDI to enhance its connections with employers in the construction industry via the BIP capital projects. In the spring of 2013, following the initiative’s “learning lab” approach, BIP staff also worked closely with CBP and GHCC to restructure the Central Baltimore pipeline to enhance its client support capabilities and job placement productivity. This effort was a response to the initial operational experience of the Central Baltimore pipeline, which stakeholders felt was not providing adequate supportive and case management services to residents, and had been producing fewer job placements than desired.

2. Workforce Training and Service Provider Capacity-building and Demonstration Efforts: With $600,000 in Living Cities funding, BIP created the Workforce Training Fund, which was designed with the objectives of connecting target neighborhood residents to training that meets the needs of employers, supporting BIP’s local hiring goals relative to developers and major employers, and establishing sustained funding mechanisms to support occupational training. During the past three years, the WFTF has made a series of grants that have added and enhanced training programs and supported innovative demonstration efforts. Some examples of the activities supported by WFTF include:

   a. Support for a career coaching demonstration project for new and incumbent employees at two of BIP’s higher education anchor partners;
   b. Creation of an innovative “pre-bridge” math refresher course for the JumpStart Pre-Apprenticeship Training Program, to improve training candidate readiness and eligibility for more advanced training;
   c. Establishment of a partnership effort among Baltimore Reads (for accelerated GED attainment), Fast Track, and BIP partner pipelines and training sector partners;
d. Launching of a MI-BEST/Accelerated Career Employment initiative at Baltimore City Community College to replicate the successful Washington State I-BEST model (which integrates basic education and vocational skills training);

e. An experiment with intensive case management and coordinated referrals to supportive services and coaching for job seekers affiliated with the Central Baltimore workforce pipeline; and

f. Humanim’s creation of a new retail and hospitality training program, which represents an important building block for efforts to use entry-level retail jobs (such as at a Walgreens in the EBDI footprint) to create career pathways for target neighborhood residents.

3. **Workforce SWAT Team:** The BIP program director brought together public sector partners and nonprofit training providers to collectively find solutions for identifying qualified local job candidates to meet the hiring needs of local businesses. BIP’s work with the Apples & Oranges project was a prime example of these efforts, in which public and nonprofit partners collaborated to find local job candidates for the positions being created at the TRF-financed fresh food market. BIP also provided a grant to train Apples & Oranges’ new employees, the majority of whom were local residents, in proper food handling techniques.

4. **Business Services Representative (BSR) Position at the Mayor’s Office of Employment Development (MOED):** BIP allocated Living Cities funding to support a new Business Services Representative or BSR (i.e., a job developer) staff position at MOED to get community pipeline participants and other residents linked with employment opportunities. Created in the summer of 2012, this position substantially enhanced MOED’s capacity to conduct outreach both to employers and to job candidates, and to match appropriate candidates from the community pipeline with available openings. Through March 2014, referrals of local job candidates by the BIP-supported MOED BSR had led to 148 job placements.

5. **Expanded Presence of The Reinvestment Fund in Baltimore:** According to many of the BIP stakeholders, one of the most significant accomplishments of BIP during the past three years has been the expanded presence of TRF in the Baltimore market, and the additional resources that TRF has leveraged for Baltimore neighborhoods. Both developers and BIP representatives have expressed their admiration for the expertise that the TRF staff brings to the development process, and the effective way in which TRF has used the Living Cities funding to finance important capital projects in the target neighborhoods. In addition to the Living Cities resources, however, TRF has also accessed program-related investment (PRI) funding from the Annie E. Casey Foundation, and NMTCs, for projects in the target neighborhoods. TRF’s NMTC allocation from the U.S. Treasury Department is available for investments in Pennsylvania, New Jersey, Washington, D.C., and Baltimore, and BIP has been very appreciative of the fact that TRF has been willing to commit a sizeable portion of its NMTC allocation for Baltimore projects with two BIP partners — the EBDI community school and MICA’s Graduate Studio Center.

6. **Growth in the Number of Participating Anchors, and Increased Collaboration Among Anchor Institutions:** In BIP’s original TII application, two anchor partners were identified — Johns Hopkins University and Maryland Institute College of Art (MICA). In 2011, shortly after the launch of BIP, the University of Baltimore and the University of Maryland at Baltimore joined the initiative as additional anchor partners. During 2012 and 2013, BIP began to engage with four more Baltimore anchor institutions — Coppin State University, Morgan State University, Loyola
University, and Bon Secours Baltimore Health System — that are expected to become more active in BIP-related activities as the initiative transitions to BIP 2.0.

In addition to anchor institutions expanding their individual economic inclusion activities, over the life of BIP there has also been an increase in collaborative economic inclusion efforts among participating anchors, often facilitated by BIP staff and consultants. In 2012 and 2013, for example, MICA and Johns Hopkins University collaborated in the roving career coaching demonstration that was partially funded with a BIP WFTF grant. Also, the procurement officers of the BIP anchor institutions have been meeting on an ongoing basis to explore opportunities for collaborative or complementary procurement activities. A concrete project that emerged from these discussions was the local food services industry study, which was commissioned on behalf of five of the partnering anchor institutions, and has resulted in a set of policy recommendations that the anchors are reviewing.

D. Institutional, Policy, and System Changes — Steps in Moving to Scale

As we alluded to earlier in this report, some concerns were raised during BIP’s early activities that the initiative’s investments in project-level work would result in “getting stuck in the weeds” – i.e., getting caught up in day-to-day project minutiae rather than focusing on activities aimed at broader system change. There was some justification for those concerns, since BIP’s program director ended up devoting a substantial portion of his time to overseeing and facilitating project-level work during the past three years. However, over that period BIP and its partners also have individually and collectively been able to parlay the insights and credibility gained from those “on the ground” activities into a series of significant policy changes by major institutions and systems at the city and state levels.

The institutional, policy, and system changes promoting economic inclusion that BIP and/or its partners have launched, or helped to foster, during the past three years include:

1. The City of Baltimore’s Employ Baltimore Executive Order: In June 2011, Mayor Stephanie Rawlings-Blake issued an executive order to encourage local hiring by city contractors. BIP and several of its partners had advocated for the issuance of this executive order. The executive order requires all businesses awarded city contracts of $50,000 or more, except for emergency and professional services, to contact MOED within two weeks of the contract to schedule an appointment to review their workforce needs with MOED and become familiar with the menu of employment services available through MOED. Contractors must submit all job openings created by the awarded contracts to MOED so that they may be posted exclusively through Baltimore City’s local one-stop career center delivery system for seven days prior to being publicly advertised, to give MOED time to identify qualified candidates for these jobs first. As an incentive, companies that receive construction contract awards of $300,000 or more from the city may be eligible for a reduction in or an early release from their retainage fees with the executive order.

2. Maryland Department of Transportation’s 0.5% Set-aside: The Maryland Department of Transportation is setting aside 0.5% of its annual federal transportation funding for transportation-related vocational training, and for linking training graduates to major public infrastructure projects. The set-aside was originally created by MDOT by administrative decision, in part in response to advocacy by BIP and its partners, especially JOTF. In April 2012, however,
as a result of further advocacy, the Maryland General Assembly passed legislation institutionalizing the 0.5% set-aside, seeing it as a way to strengthen Maryland’s commitment to a healthy workforce by creating pathways to employment for disadvantaged, underemployed Marylanders. The set-aside translates into an additional $1 million for workforce training annually.

3. **MOED’s Community “Cyber” Job Hubs and the Employ Baltimore Ready to Work for You Initiative:** These two recent initiatives were designed and implemented by MOED, and echo BIP’s emphasis on improving resident access to workforce development services and enhanced mechanisms to identify qualified local job candidates for employers. In November 2012, MOED opened an initial set of four Community Job Hubs, which are operated in partnership with community organizations that have established a trusted relationship in select neighborhoods. The Community Job Hubs offer no-cost classes, taught by professional technology trainers, to prepare for 21st century jobs, as well as assistance with online job search and job applications, and connections to other MOED services. The Employ Baltimore Ready to Work for You initiative, launched in March 2013, offers employers access to a database of pre-screened, job-ready residents to fill the businesses’ job openings. The database was created and is being updated through MOED’s partnership with a diverse regional network of workforce training providers and educational institutions that identify individuals among their clientele that meet or exceed specified job-readiness criteria.

4. **JHU’s $10 Million Commitment to the Homewood Community Partners Initiative:** In December 2012, Johns Hopkins University announced that it was contributing $10 million over five years, to be matched with other funding, to enhance and strengthen neighborhoods surrounding the university’s Homewood campus, at the northern edge of BIP’s Central Baltimore target area. The JHU financial commitment is intended to fund projects chosen in conjunction with neighborhood representatives and other members of the Homewood Community Partners Initiative (HCPI), a collaborative effort convened by JHU in 2011. Plans for the HCPI activities will be informed by a study completed in the summer of 2011 that looked at five areas: quality of life, housing and residential development, public education, retail and commercial development, and job development through local hiring and purchasing. In making the HCPI announcement, President Ron Daniels of JHU stated that the university recognizes it can better use its role as a major employer and its purchasing power to support the immediate area and the whole city. He also indicated that university officials were working on an initiative to increase JHU employment of city residents above the current 39% of the university workforce, and will focus on job training and recruitment around JHU campuses to build career advancement programs for local employees.

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22 In 2014, MOED opened one of its cyber “job hubs” in West Baltimore, at Bon Secours Baltimore Health System (which is a BIP 2.0 anchor partner).

23 According to data provided by MOED, as of February 21, 2014, twelve entities had joined MOED to promote the Employ Baltimore: Ready to Work for You campaign. The organizations include: Soujourner Douglass, Maryland New Directions, Living Classrooms, Humanim, Goodwill Industries, GEDCO, Caroline Center, Biotech Institute of Maryland, St. Vincent De Paul, BIP, CBP, and EBDI. Collectively, these entities have submitted 460 qualified candidates for the Ready to Work for You talent pool, and 122 of those individuals have been placed in jobs.

5. **The Maryland Employment Advancement Right Now (EARN) initiative**: This is a legislative initiative by Governor O’Malley, informed by data on BIP’s workforce development experience shared with the governor’s staff, and championed by JOTF and other BIP partners. The EARN legislation was passed by the Maryland General Assembly in April 2013, creating Maryland’s first state-funded, regional industry-led workforce development program. EARN is designed to connect Maryland residents to jobs by closing critical skill gaps impeding their employment, and received an initial annual allocation of $4.5 million. The explicit ultimate goal of EARN is system change, defined as building common platforms on which industry, government, and education can collaborate, and promoting real collaboration between workforce and economic development efforts. EARN’s first planning grants were announced at the end of December 2013, and among the awardees were four of the five industry sector partnerships supported by BWFC and BIP.

6. **Baltimore City Council Ordinance on Local Hiring**: This ordinance was introduced by Council President Jack Young, and unanimously passed by the Baltimore City Council in June 2013. The Local Hiring Law took effect in late December 2013 and is applicable to all city contracts of more than $300,000, as well as projects that receive at least $5 million in assistance. For such contracts and projects, the law requires that at least 51% of new hires under the contract or agreement be filled by Baltimore residents, through candidates referred by MOED or by other means. To meet the requirements of the law, within two weeks of receiving an applicable city contract or agreement, the awardee must meet with MOED to complete an Employment Analysis that will project the total workforce and “new hires” in the Baltimore area needed to fulfill the contract or agreement. BIP played no direct advocacy role relative to this ordinance, although some of BIP’s partners, including the Job Opportunities Task Force, urged its passage.\(^\text{25}\)

7. **The State Workforce and Local Hiring Executive Order**: BIP partners were unsuccessful over several legislative sessions in their efforts to obtain passage of a state economic inclusion bill. However, in September 2013, Governor O’Malley issued a state executive order to promote workforce development and community hiring. Under the executive order, state agencies are encouraged to award credit in their procurement processes to contractors that agree to participate in registered apprenticeship programs. The executive order also encourages contractors to submit voluntary plans for community outreach and hiring in areas of high unemployment.

8. **The Baltimore City Anchor Plan**: Building in part on the City’s Westside Initiative experience, Mayor Stephanie Rawlings-Blake’s administration is in the process of developing and rolling out a major, citywide anchor strategy. The first substantial step in this process is the establishment of a Baltimore City Anchor Plan (BCAP) that will identify mutual interests of opportunity between the City and a broad range of Baltimore anchor institutions, including many of the BIP anchor partners. The BCAP is expected to include initiatives relating to safety and security, quality of life (trash collection, leveraging parks and recreational facilities, etc.), students (internships, job placements, volunteerism), as well as economic inclusion (i.e., local hiring and procurement). BIP representatives have been conferring with the City of Baltimore to facilitate coordination between BIP’s efforts with its anchor partners — particularly relative to the

\(^{25}\) It should be noted that Baltimore’s City Solicitor believes that the ordinance is unconstitutional under the U.S. Constitution’s Privileges and Immunities Clause, although as of March 2014, it does not appear that there have been any legal challenges to the Baltimore law’s implementation.
expanded anchor activities anticipated under BIP 2.0 — and Mayor Rawlings-Blake’s anchor initiatives.

9. **MICA Economic Inclusion Goals**: As part of its ongoing commitment to economic inclusion, MICA has had goals relative to the use of minority business enterprises and women business enterprises in its capital projects. Accordingly, while MICA’s recent Graduate Studio development project did not receive Living Cities financing, MICA set a target for that project that 25% of construction-related contracting go to MBE and WBE firms. MICA has applied that MBE/WBE goal to its other development and renovation projects as well, including MICA PLACE and Leake Hall. In 2013, influenced in part by its BIP work that highlighted the important leadership role that anchors can play in promoting economic opportunities, MICA expanded its economic inclusion policies, adding that 15% of its capital investments be designated for local hiring and purchasing.

10. **Expanded Transportation Options**: As result of a new state transportation bill that provides more funding for transportation through an increase in the gas tax, new MARC Penn Line commuter rail weekend service from Baltimore to Washington, D.C. became effective in December 2013. The transportation revenue bill, passed by the Maryland Assembly and signed into law by Governor O'Malley on May 16, 2013, had been a central focus of the work of the Central Maryland Transportation Alliance and had been endorsed by other BIP partners. The expanded service was hailed by local officials and stakeholders, who see it as providing residents who work on weekends along the rail corridor a less expensive means of travel, as well as promoting more tourism between Washington, D.C., and Baltimore.  

E. **Other Promising Efforts**

In addition to the successes noted above, there are a number of other efforts underway or “in the works” by either BIP or its partners that are expected to add to results and the movement of the economic inclusion agenda to greater scale across Baltimore and the region. They include:

1. **JHU Economic Inclusion Policy Changes**: In August 2011, the JHU Economic Inclusion Work Group was established at the behest of JHU President Ron Daniels, who (as noted above in the Homewood Initiative discussion) has demonstrated an exceptional commitment to increased community engagement. The work group, made up of senior JHU officials and faculty, met as a full group eight times, and specialty teams relating to human resources, purchasing, and construction held additional meetings to refine findings and conclusions. BIP played a strong role in facilitating this effort by underwriting the cost of the consultant who served as staff to the JHU work group. The work group’s final report, completed in the spring of 2012, was submitted to President Daniels and the JHU Board of Trustees, outlining proposed changes in the areas of direct hiring and advancement, and indirect employment and economic opportunities through purchasing and construction contracting. Since the completion of the work group report, JHU officials have been actively engaged in internal discussions and planning about how best to implement the report’s various recommendations and track results. In addition, commencing in early 2012, JHU began implementing many of the core

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recommendations that had been identified by the Economic Inclusion Work Group, a process that continues as of the writing of this report.

2. **Other Changes in Anchor Institution Purchasing and Hiring Practices:** In addition to MICA and JHU, several other BIP’s anchor partners have been exploring or are in the process of implementing new purchasing and/or hiring practices to promote greater economic inclusion. According to the most recent BIP Milestones Report, the anchor institutions engaged in these efforts include the University of Maryland-Baltimore (local purchasing), Loyola University (local purchasing and hiring), and Coppin State (local hiring for capital projects).

3. **Baltimore Food Cluster Activities:** This is another example of the anchor partners’ efforts to explore how their procurement and purchasing practices can promote greater economic inclusion. The final version of the Food Cluster report by Karp Resources and ICIC, financed in part by BIP, found that every $140,000 that anchor institutions – such as universities and hospitals – spend on food products and services with local firms supports one job. With tens of millions of dollars in annual institutional food spending (as documented by the report and its addendum), steps by anchors institutions to increase their targeted local food and food service purchasing offer considerable promise of spurring Baltimore food cluster business and employment growth. In this regard, the draft BIP 2.0 work plan proposes that, within the first six months of 2014, the initiative’s newly formed Anchor Purchasing/Small Business Work Table will seek to implement at least some of the local food purchasing options identified in the Karp Resources/ICIC report.

4. **The Opportunity Collaborative:** With its Sustainable Communities grant, the Opportunity Collaborative established a $500,000 regional workforce training fund to support innovation and demonstration efforts. Over the past two years, the Opportunity Collaborative also has commissioned a number of studies. BIP staff, consultants, and partners have assisted the Opportunity Collaborative in the development and review of its RFPs for the workforce demonstration grants and for the procurement of a planning consultant to develop a Regional Workforce Development Plan (RWDP). The team of consultants selected to develop the RWDP has been engaged in conducting a talent development pipeline study, an analysis of barriers to employment opportunities, an analysis of career-related transportation barriers, and an articulation of career pathways in key sectors. These studies are expected to provide important insights into the regional employment opportunities that residents from Baltimore’s core neighborhoods potentially could access, and on the services, supports, and policy changes that will be essential for facilitating those employment connections. An initial draft report from the consultant team, entitled *Barriers to Employment Opportunities in the Baltimore Region*, presents findings relative to key employment barriers faced by the region’s low-skilled job seekers (e.g., a challenging job market, social barriers, reading and math skill deficiencies, transportation barriers, and the effects of structural racism) that echo the issues that BIP has been raising for the past three years. The consultant team’s report also calls on the region’s

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28 *BIP Update*, December 20, 2013.
29 *BIP, 2.0 Anchor Partnership for Economic Inclusion: Funding Proposal to Living Cities*, November 18, 2013, p.7.
leadership to address these issues, and recommends action in five areas that reflect BIP’s agenda.\textsuperscript{31}

BIP also provided a partial match to the Central Maryland Transportation Alliance (CMTA) for the latter’s successful $50,000 grant request to the Opportunity Collaborative. CMTA will use the funds to study workforce and transportation dynamics in Hartford County within the warehouse and transportation sectors, with the objective of identifying transportation solutions that can assist low-income individuals to access those jobs.\textsuperscript{32}

In addition, TRF (along with GCR of New Orleans) has been selected by the Opportunity Collaborative to develop the latter’s Regional Plan for Sustainable Development. This plan is intended to focus on linking Baltimore’s housing, transportation, and workforce development plans and investments in a way that will reduce regional disparities.

5. **Business Development Ecosystem Scan:** In May 2013, consultant Marsha Schachtel presented to BIP partners the preliminary findings from her study, jointly funded by Associated Black Charities and BIP, on the characteristics of businesses and African-American firms in Baltimore and on the inventory of business development programs and financing available to support small business and African-American business growth. An updated report was submitted to BIP in September 2013, and further revisions provided in January 2014. The report identified opportunities to make better connections among Baltimore businesses and the available service programs, and for improving the quality of the services provided by those programs. Reflecting the findings from the ecosystem scan, the draft BIP 2.0 work plan for the initiative’s Anchor Purchasing/Small Business Work Table anticipates that BIP will engage government stakeholders and business development program resources to play a central role in supporting local business start-ups and growth, as part of BIP’s strategy for increasing the pool of qualified local businesses that can meet the needs of anchor institutions and other entities looking to purchase goods and services locally.\textsuperscript{33}

6. **The Central Baltimore Partnership’s Baltimore Regional Neighborhoods Initiative (BRNI) Grant:** In October 2013, the Maryland Department of Housing and Community Development announced a $1.485 million BRNI grant award to CBP. The BRNI is a demonstration program designed to help local organizations and initiatives attract new investment in older neighborhoods, and to implement comprehensive strategies for new housing and commercial investment. Including the CBP grant, BRNI is committing a total of over $4 million in capital and operating funding to four Baltimore area community development organizations. CBP will use its BRNI grant for operational support and to help finance 11 distinct development and renovation projects in Central Baltimore.\textsuperscript{34}

\textsuperscript{32} Draft 2013 BIP Milestones Report, op. cit., p. 4.
\textsuperscript{33} BIP, 2.0 Anchor Partnership for Economic Inclusion: Funding Proposal to Living Cities, op. cit., pp. 7-8.
\textsuperscript{34} It is also worth mentioning that TRF is working with three of the four local BRNI grant recipients (Central Baltimore Partnership, Southeast CDC, and Dundalk Renaissance Corporation) to move local development projects forward.
7. **CDFI (Community Development Financial Institution) Roundtable**: This effort grew out of the interest of a subset of members of the BIP Capital Projects Work Group to explore ways to increase the capital absorption capacity of the city, in part through increasing the capacity of the network of CDFIs operating in and around Baltimore. More than a dozen CDFIs (including bank CDFIs) and other financial entities were invited to come together to collectively identify what resources the city needed for a robust economic development ecosystem. This effort was led by the Federal Reserve Bank of Richmond, and supported by the Casey Foundation, the Baltimore Integration Partnership, the Baltimore Neighborhood Collaborative, the Maryland Asset Building and Community Development Network, and the Opportunity Finance Network (OFN), an organization representing the national network of CDFIs. A series of Roundtable meetings have been held. In the first meeting (December 2012), the CDFI participants learned about one other’s respective areas of work. In addition, representatives from the City and State outlined their relevant initiatives and what they saw as development needs and challenges in the future, and OFN presented its CDFI and East Baltimore scans for feedback from the participants. The participants also divided into breakout groups to define what would constitute “success” relative to improving Baltimore’s community finance ecosystem. The second meeting (February 2013) focused on collectively identifying in a more comprehensive manner existing community development assets and resources, barriers to achieving the elements of “success” that the group had previously specified, and possible future action steps. A third meeting of this group occurred in July 2013, and focused on connecting developers to lenders.

In the future, the CDFI Roundtable is expected to begin examining how it can tackle development projects in Baltimore and build relationships with the broader development community. The BIP 2.0 leadership is also exploring how to connect the CDFI Roundtable to the anticipated Living Cities capital absorption forum, and to the BIP anchor institutions’ community development partners.\(^{35}\)

8. **Linking Transportation Investments and Jobs Opportunities**: With financial support from BIP, a workforce consultant/facilitator was hired to help the Maryland Department of Labor, Licensing, and Regulation to develop a process to link job seekers to job opportunities created through transit (e.g., Red Line) and transportation investments. This effort resulted in a framework to connect workforce training partners to anticipated jobs, and guidance on related communications activities. The BIP Director sat on a selection panel with state partners to help identify the first round of preferred training partners linked to this approach.\(^{36}\) In February 2014, an initial set of preferred training partners was announced by Governor O’Malley.\(^{37}\)

\(^{35}\) *Draft 2013 BIP Milestones Report*, op. cit., p. 2.


\(^{37}\) JOTF, JumpStart, and Baltimore City Community College were among the set of 16 “preferred training partners” named by the state for the Purple Line and Red Line light rail projects.
Chapter Three: Lessons from BIP 1.0

In this chapter, we highlight some of the important lessons that emerged from the BIP 1.0 experience. As we will discuss, some of these lessons have had a strong influence on the design of the next phase of the initiative, BIP 2.0. Other lessons may merit further consideration by the BIP board and partners as the BIP 2.0 work progresses.

A. Governance — Structure, Focus, and Process

Ensuring that the right institutions and people are at the table: For an initiative such as BIP to achieve the broad impact that it is seeking, it is essential to have the right people at the table. This means there should be representation by all key institutions and stakeholder groups. It is also important that those at the table have the requisite expertise to inform the deliberations and decisionmaking, the capacity to mobilize necessary resources to carry out the work, and the relationships and authority to influence broader networks of institutions and stakeholders.

As we’ve previously discussed, the composition of the BIP Governance Board during BIP 1.0 reflected a broad, and perhaps unprecedented, array of leaders from the public, philanthropic, and nonprofit sectors. The BIP work groups provided opportunities for participation by an even broader group of representatives from these sectors. However, the one area from which the BIP “table” was generally missing key representation was the private, for-profit sector, particularly major financial institutions and associations representing the business community. Given the initiative’s goals during BIP 1.0 for building the capacity of the financial ecosystem, and for expanding employment and economic opportunities for large numbers of target neighborhood residents and local businesses, the absence of such representation may have cost BIP opportunities for greater impact in its first three years.

In restructuring the Governance Board for BIP 2.0, BIP leadership has proposed some steps to address this past omission. In addition to substantially expanding the number of anchor partners represented on the board and work groups, BIP has proposed recruiting representatives from Baltimore business leadership, financial institutions, and foundations associated with national banks.

Developing a shared strategic focus: This may be one of the areas in which the initiative has struggled the most during BIP 1.0 — the tension between a multifaceted approach and the desire to have a clear and shared strategic focus among partners. The BIP partners have been committed to the common goal of promoting greater economic inclusion. But that economic inclusion goal requires addressing an array of barriers facing disadvantaged residents and challenged neighborhoods, which in turn means pursuing a multifaceted approach and engaging a wide array of stakeholders. Those stakeholders bring a variety of agendas and interests that sometime align with one other, and sometimes do not. For example, BIP had some partners focusing on just project-level work, and others primarily focusing on BIP’s policy-level efforts. Similarly, some stakeholders concentrated on workforce development initiatives, others on capital-related efforts, and others on anchor activities. All of these activities were important, and made contributions to BIP’s results. But the various strategies were intended to operate in a complementary and synergistic fashion to maximize outcomes, per the BIP theory of change. Instead, due to the structure of BIP’s work groups and the particular interests of individual stakeholders, the sets of activities often operated in a siloed, fragmented fashion during BIP 1.0. This tendency was exacerbated...
by the volume and diversity of activities that BIP was undertaking, which made it difficult for individual board members and partners to stay abreast of all the work being done, much less to have an integrated view of the initiative and an understanding for how each BIP activity was contributing to the “big picture.” This made it more challenging for BIP leadership to promote collective accountability and common ownership of the BIP agenda as a whole, rather than having partners just “buying into” parts of the initiative.

Under BIP 2.0, the BIP leadership is taking some steps to mitigate this problem by defining the ongoing strategic focus on the initiative more narrowly around anchor engagement. This makes considerable sense. However, as evidenced by the draft BIP 2.0 work plan, the BIP leadership is still proposing that the initiative will be undertaking a fairly wide array of activities moving forward. While the diversity of BIP 2.0 activities may be absolutely essential to ensure that the anchor-related strategies result in substantial economic inclusion benefits, it also means that the BIP leadership will need to continue to devote considerable attention to promoting an integrated vision of the initiative among partners and stakeholders.

**Setting standards for having a seat at the table:** The BIP 1.0 experience also suggested that it would be beneficial for members of BIP leadership to articulate clear expectations about what it means to be a partner with a seat at the BIP 2.0 table. In addition to having the right institutions (and right people from those institutions) at the table, some basic requirements for representation could include that the institution or individual demonstrate a willingness to serve as a public champion of the initiative’s common vision, as well as make a firm commitment to contribute financial and other resources to further the common effort.

Other criteria for a seat at the BIP 2.0 table might include an explicit commitment to a collaborative approach with other BIP 2.0 members and to the collective accountability of the group. During BIP 1.0, for example, one partner appears to have used the BIP meetings to get ideas, but then took those ideas and “did their own thing” without coordinating with BIP or BIP’s other partners. This behavior might be somewhat acceptable if it results in independent actions by an entity that benefits BIP’s target population. But it is also important to recognize that such behavior runs counter to the idea of “partnership,” and can undermine efforts to achieve greater impact through collective, coordinated efforts among partners.

Finally, during BIP 1.0, some of the organizations that had representation on the Governance Board also were receiving grants from the initiative. This situation created potential conflicts of interest. To avoid these situations in the future, if it hasn’t done so already, the BIP leadership should adopt a formal policy that no entity with a seat on the Governance Board will receive initiative funding or that, if they do, their board representatives must recuse themselves from all votes related to that funding. 38

**Focusing the Governance Board on making strategic decisions:** During BIP 1.0, in part because of the broad array of BIP activities being presented at the Governance Board meetings, too much of the time at those meetings was devoted to hearing reports and updates, rather than exploring issues and strategic options in detail. The latter conversations tended to happen at the work group level, where the framing

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38 We should note that in her letter inviting individuals to be part of the new BIP 2.0 Governance Board, ABAG president Celeste Amato set out some expectations for board member roles and responsibilities. As the new board gets underway in 2014, it may be worthwhile to explicitly spell out such expectations regarding board roles and protocols in greater detail, per the suggestions in the text above.
of recommendations for the Governance Board generally occurred. The shortcoming of this approach is that the work group discussions, during which the pros and cons of projects, policies and strategies were debated, largely involved mid-level staff representatives from the partner organizations and BIP staff and consultants, with few board members present. As a result, when recommendations came to a vote at the Governance Board meeting, most of the board members had little background information on the due diligence process that had been followed and on alternatives that had been considered and, because of the packed meeting agenda, little time to ask questions. Under those circumstances, the board members may have felt less “ownership” of some of the decisions made than if they had a more active role in framing their choices.

Under BIP 2.0, to promote greater engagement of board members in the initiative’s strategic decisions, we encourage BIP leadership to structure the agendas for Governance Board meetings to allow sufficient time for the board members to fully debate the merits of proposed recommendations. This could include being flexible about deferring votes on recommendations if board members want more research conducted or more alternatives considered. While this approach may slow down the decisionmaking process somewhat, it hopefully will add to the level of board ownership of the decisions that are ultimately reached.

**Having the hard conversations:** In an initiative such as BIP, it is essential that there be a capacity to have hard conversations among the stakeholders about the strengths and weaknesses of current practices, policies, and systems. If discussions are too polite, there will never be an honest conversation about what needs to be changed, nor a willingness to tackle more fundamental (or thorny) problems.  

During BIP 1.0, the initiative leadership and board members often found it difficult to have those hard conversations. There were some concerns, particularly at the start of the initiative, that if the discussions at the board meetings became too acrimonious, it might drive important partners away from the table. BIP leadership and staff also were trying to find a reasonable balance between creating a “safe space” for the members to have discussions, and advocating for more fundamental changes in practices, policies, and funding.

Over the course of BIP 1.0, the governance group got somewhat better at having those hard conversations. In part, this was a result of feedback from a number of board members and partners indicating that they would like to see more of the tougher, probing conversations take place, even if it meant being less polite or making some members uncomfortable. This feedback empowered the BIP leadership and staff to pursue more candid conversations with board members, both individually and as a group.

With a combination of new and continuing BIP board members, the BIP 2.0 leadership has an opportunity to begin the initiative’s next phase by setting a clear tone relative to the nature and quality of discussions that will take place at the governance board level. Hopefully, they can learn from the BIP 1.0 experience, and find ways of promoting discussions that tackle tough questions in an honest yet respectful manner, and that encourage innovative thinking in framing solutions to the difficult problems.

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39 Living Cities sees those hard conversations as part of a process of “disruptive innovation,” which it feels is essential to identifying and addressing dysfunctional systems. Unfortunately, little guidance was available to the BIP stakeholders on how one can operationalize “disruptive innovation.”

40 Some of this feedback came via the interviews conducted by the BIP local evaluation team in connection with Community Science’s preparation of the April 2013 “options papers” for BIP.
that the initiative partners are confronting. In dealing with complex problems, some conflict is inevitable. But if such conflict can be constructively addressed – rather than shied away from – it can build stronger collaborative relationships and promote much more effective collective action.

**Sharing credit and branding:** As with any multi-partner initiative, a continuing (and sometimes sensitive) subject with which BIP 1.0 had to deal was the issue of how to assign and share credit. Throughout BIP 1.0, BIP’s leadership and staff were clear in indicating that any “successes” realized by the initiative were basically the result of the work of its partners, and therefore the bulk of the credit for any accomplishments relative to practice, policy, or system changes should go to them. Despite this position, which was consistently reflected in BIP’s communications and publications, a few partners exhibited reluctance about sharing public credit with BIP for new projects or initiatives. In such instances, BIP’s leadership deferred to the wishes of these partners, regardless of BIP’s intellectual or substantive contributions to their efforts, in the belief that it was the results that were achieved for Baltimore’s residents and neighborhoods that mattered, not who got credit.

This approach defused the tensions that occasionally occurred between BIP and these particular partners over the issue of credit. However, if entities in a multi-partner initiative such as BIP insist on independently (and exclusively) claiming credit for accomplishments, it makes it more difficult for the initiative to demonstrate the value of collective action, and to promote collaborative efforts in the future. Having individual partners exclusively claim credit also tends to run counter to the desire of funders such as Living Cities to be able to report publicly on the full impact that its funding to a multi-partner initiative has had on a community.

On the other hand, legitimate questions can be raised by stakeholders about how much an initiative may have contributed to a particular outcome, and whether the initiative deserves to share in the credit, if many different actors were involved or if the initiative’s role was largely indirect. For example, if an initiative raises public awareness of an issue, and another entity takes action to address that issue, is it reasonable for the initiative to claim that it helped to bring about the result?

Similar questions and concerns around the issues of credit and branding are likely to be encountered during the course of BIP 2.0. Accordingly, it may be worthwhile for the BIP 2.0 Governance Board to have a frank discussion about how a balance between individual institution credit and collective credit for actions and accomplishments might be achieved. It would be ideal, if possible, for the BIP 2.0 Governance Board to establish explicit ground rules for how credit will be assigned or shared among partners, to make expectations clear and to help avoid future misunderstandings.

**B. Movement to Sustainability, Scale, and System Change**

**Sustainability**

In this report, we’ve itemized an impressive list of enhancements to service delivery capacity, in alignment and linkages among resources, and in collaborative problem-solving that BIP’s investments have fostered over the past three years. There is a lot for the BIP 1.0 board members and partners to be proud of relative to the initiative’s accomplishments during its first three years. However, the true value of those investments ultimately will be determined by the extent to which those enhancements to infrastructure and improvements in practices are sustained over time.
As the initiative enters its second phase, BIP is expected to continue to support a number of capacity-building efforts that it started under BIP 1.0, particularly those relating to anchor engagement activities, such as the Baltimore food cluster activities. But with BIP 2.0’s narrower strategic focus, BIP will be curtailing its commitment to some of the initiative’s key BIP 1.0 efforts, such as its support for the Central Baltimore pipeline and for the BSR position at MOED, for convening the workforce SWAT team, and for negotiating and monitoring the Workforce Resources and Economic Inclusion Plans with developers. It will be essential for BIP’s partners in these endeavors to find other sources of funding to maintain these capacities in some form over the long term, given the value they have demonstrated during BIP 1.0. Otherwise, there is the risk that these efforts will have been useful learning opportunities, but will not produce ongoing benefits for Baltimore’s neighborhoods and residents.

The good news is that BIP has recently learned that CBP has been able to secure funding to maintain the Central Baltimore workforce services in 2014 without BIP funding. Although long term support is not yet guaranteed, CBP and its partners now have some time to pursue other funding possibilities.

The effort associated with planning for BIP 2.0 was a time-intensive experience for BIP’s leadership, partners and staff during the last three quarters of 2013. The principal focus of these planning efforts was on determining the initiative’s strategic focus under BIP 2.0; the demands of this process left little time for BIP leadership and staff to address in a systematic manner the sustainability of the activities that the initiative would not be continuing after the transition to BIP 2.0. However, even if the BIP leadership and staff had more time at the end of Year 3 to work with partners on finding alternative means to sustain efforts that the initiative would no longer be funding, dealing with these issues at such a late date still would not have been an ideal situation, and perhaps not particularly effective.

A better approach might have been to address the issue of sustainability in a more systematic and integrated manner much earlier during the period of BIP support. This was done for some of BIP’s investments, such as for some of the Workforce Training Fund grants, which required applicants to provide a match or show the funds that were being leveraged, and to describe plans for sustaining the activities after the WFTF grant ended. But for many of its BIP 1.0 activities, BIP was paying a large share of the costs, if not the full costs, without assurances for how partners would continue the activities if and when BIP support ended.

A general lesson that the BIP 2.0 leadership might take away from the BIP 1.0 experience is the importance of getting partners to “own” portions of the work as early as possible, and ideally from the very beginning of those efforts. The best way for partners to demonstrate this is to pay a share of the initial costs of the efforts, and to assume larger shares of the costs over time — to get in the habit of paying for these functions. Partners should be undertaking activities because they believe in them and are committed to them, not simply because the initiative is paying them to do so or it is providing the staff or consultants to conduct the activities. Asking partners to commit to a larger share of the costs over time also is likely to have a secondary benefit. Because partners will need to determine the sources

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41 It is important to acknowledge, however, that in some cases an entity may be reluctant to invest much of its own resources (either as cash or in-kind contributions) in a new endeavor until it has acquired sufficient practical experience with the endeavor to assess its value. In such cases, outside funding (such as the funding that BIP provided for its partners) may be essential to underwrite the bulk of the costs of the initial “pilot” effort. But if the pilot effort yields promising results, as soon as practicable there needs to be an intentional effort to ascertain how the entity might sustain the endeavor on a continuing basis.
of their match, it will help to ensure that there will be more emphasis on identifying potential long-term funding streams for these efforts earlier in the process.

**The Importance of System Change to Achieve Scale (and Strategies to Achieve Such Change)**

We’ve noted how, as the Baltimore stakeholders correctly anticipated, BIP’s project-level demonstration efforts proved crucial for acquiring important insights about dysfunctional elements of systems, and for BIP gaining credibility as a “player.” However, it is also essential to recognize that to achieve impact for large numbers of disadvantaged residents or for tough neighborhoods, one must move beyond limited demonstration projects. Benefits for large numbers of individuals — thousands rather than hundreds — will only come about from moving to scale. This means either implementing saturation strategies in target neighborhoods or focusing on policy and system level changes. Moreover, the latter approach has the added advantage that a policy or system change is more likely to have an enduring impact, whereas a saturation strategy is often time-limited.

Relative to the pursuit of policy and system change, the BIP experience demonstrates that it is also essential to acknowledge that many stakeholders are accustomed to addressing the problems of challenged neighborhoods or populations through programmatic approaches or at a project level, but may be far less used to thinking about these issues in “policy” or “system” terms. The idea of changing systems may seem daunting to stakeholders, or they may be uncertain how to frame a specific policy or system change agenda. They may also feel that they don’t have the resources necessary to pursue meaningful system change. Some organizations may also feel that they are restricted from carrying out advocacy activities that would be perceived as lobbying.

Accordingly, to enlist stakeholders in policy and system change efforts, one must address each of these issues, and provide the stakeholders with the technical assistance, support, and encouragement they need. For example, one way to reassure stakeholders that meaningful system change is a feasible undertaking is to make the point that often such change is not a “big bang,” but instead a series of smaller but intentionally connected reforms that result in system transformation. For entities concerned about restrictions against lobbying, one also can identify permissible activities (such as addressing regulatory issues or conducting and publishing research studies) that the organizations can undertake to contribute to policy or system change efforts, yet that will not run them afoul of anti-lobbying laws.

There is one more point that we feel is essential to keep in mind relative to policy and system change efforts. If one’s goal is to benefit particular disadvantaged populations or neighborhoods, the policy or system changes must be specifically framed with that goal in mind. One cannot assume that changes that are framed in general terms, no matter how well-intentioned, will necessarily lead to the hoped-for benefits for a particular target population. For example, an advocacy effort may result in a policy change that makes more training funds available for individuals seeking jobs in certain industries. But if members of the target population cannot qualify for or access that training, or get to the jobs the training would prepare them for, the policy change will not benefit them. To meet the target

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42 In considering the challenge of achieving broader system change, one example that might be helpful to contemplate is the United States’ successful, decade-long effort to put a man on the moon: what seemed like an impossible task at the start of the 1960s was achieved in 1969 through a series of small, but carefully coordinated advances.
population’s needs, the policy changes must be specifically crafted to reflect and address the barriers that the population faces.  

In addition to our general policy and system change recommendations, below we offer some observations and suggestions specific to future workforce development, capital, and anchor change efforts, informed by BIP’s experience over the past three years.

**Workforce Development**

BIP 1.0’s target neighborhoods include a large number of residents with low education and skill levels who are facing multiple barriers to sustained employment. As Baltimore’s TII application to Living Cities noted, this situation is the result of a number of factors, including structural racism and prolonged disinvestment that has constrained opportunity and concentrated poverty in urban areas while encouraging outmigration of residents, businesses, and jobs. The employment prospects of low-income families in these distressed Baltimore neighborhoods have been further undermined by a public education system that has failed multiple generations relative to preparing individuals to compete for jobs, and patterns of multigenerational poverty that erode hope.

Addressing the needs of Baltimore’s less job-ready represents a complex, protracted, and expensive undertaking and, as Baltimore’s stakeholders understood at the commencement of BIP, will require confronting serious structural problems. It is understandable to view this effort as a daunting task. However, not addressing these needs will have extremely serious ramifications, not only for Baltimore’s low-income families, but also for the vitality of the city and the region as a whole. First there is the issue of the financial drain. A 2007 report funded by the National Council on Adult Literacy found that, in terms of taxes paid versus institutional and service costs imposed, individuals without high school diplomas will each have an estimated $33,000 net negative contribution over a lifetime. According to BIP consultant Martha Holleman’s analysis, this means that the 90,000 Baltimore City residents without high school diplomas are “estimated to generate a net drain on local, state, and federal resources of around $3 billion ... in lost revenues, increased services, and institutionalization costs over their lifetimes.”

In addition, unless the education and skill levels of these residents are increased, Baltimore will struggle to produce a high-quality workforce to meet the needs of its employers in an increasingly competitive global economy. Moreover, the conditions of poverty resulting from a large, persistently unemployed or underemployed group of residents will reduce the appeal of Baltimore’s neighborhoods and the city as a whole and the ability to attract new residents, students, faculty, professionals, and investors.

Below we highlight some of the key challenges that BIP 1.0 has encountered in its efforts to move to scale in improving workforce services and employment connections for disadvantaged residents, and some potential responses to these challenges.

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43 This example also illustrates one of the key challenges in framing workforce development policy or system changes — i.e., how does one achieve the proper balance between serving the more job-ready (who are better able to meet the needs of employers), and addressing the needs of job seekers facing multiple barriers to employment? 44 According to data compiled by BIP, 33 percent of residents 25 years or older in its three target neighborhoods lacked a high school diploma or equivalent in 2010. 45 Martha Holleman, *Building a Bridge to Work (Discussion Draft/Working Document)*, February 21, 2013, pp. 9-10.
• **Public workforce system rules that discourage efforts to assist the less job-ready**: Over the past three years, there have been few changes overall in the city’s workforce system to address the needs of the less job-ready. Although the “cyber” Job Hubs and Employ Baltimore Ready to Work for You are commendable initiatives, they are not really designed to meet the needs of the less job-ready. In fact, the “Ready to Work for You” initiative is specifically designed for the most job-ready. Much of the funding available to the city agencies for workforce development comes from federal sources through WIA, TANF, etc. This funding brings with it certain mandates, regulations, and performance measures that create disincentives, or make it more difficult, for communities to serve less job-ready individuals. Such rules have been frequently cited by some at the BIP table as a constraining factor and a principal reason why more isn’t being done to direct resources to Baltimore’s less job-ready. However, as other communities around the country have shown, it is possible to seek formal waivers in order to creatively apply a portion of the annual federal allocations to meet the needs of residents requiring more intensive services. We strongly encourage the City of Baltimore to explore those waiver options.

• **Dealing with limited public resources**: The requirements of the less job-ready for long-term training and intensives services far out-stripped the available public funding sources. However, while this is indisputably true, much could be done to improve the alignment of the various workforce development-related public funding streams (i.e., WIA, TANF, SNAP E&T, adult basic education, post-secondary education, etc.) to complement one other, which should result in increased efficiencies and improved outcomes with existing public funding. In addition, more could be done to create partnerships with the philanthropic, nonprofit, and business communities, whose resources could be better aligned to complement the publicly funded activities, and who must be fully committed to the system improvement effort if it is to have any chance for success.  

• **Developing a consensus around a vision for reform**: There needs to be an agreed-upon “blueprint for action” to guide the system improvement efforts. Since system transformation will entail a long-term process with multiple moving parts, there needs to be some overarching plan to guide and coordinate the various activities, or else the efforts are likely to be piecemeal and ineffective. The work that BIP’s Workforce Integration Work Group has done in outlining a career pathways approach to workforce development, with substantial onramps and bridge programming for the less job-ready, represents a substantial first step in the development of an overall blueprint for action. We would encourage the Baltimore Workforce Funders Collaborative to continue the task of fleshing out the “blueprint,” and engaging other stakeholders from the various sectors to generate a consensus model for change.

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46 One way to encourage more employer engagement is for the public workforce development system and its training providers and community-based partners to develop more rational, efficient mechanisms for referring qualified job candidates to employers. Several of BIP’s anchor stakeholders, for example, have commented on the fact that numerous training providers and CBOs seeking job placements for their clients are “banging on their [i.e., the anchors’] doors,” and competing with each other over available job openings. MOED’s Employ Baltimore: Ready to Work for You initiative is a positive step toward creating a more efficient system for identifying qualified candidates, but there still needs to be a mechanism for better coordination among providers and CBOs in terms of their direct outreach to employers.
• **Spatial disconnect between job seekers and jobs:** More people need jobs in Baltimore than there are job openings in the city. However, there is substantial job growth in the metropolitan region, and that growth is expected to increase dramatically over time. Consequently, an essential element of any workforce system change effort will be improvements in the transportation options that inner-city residents can use to access jobs in the region. In this regard, there is some good news in that the workforce studies of the Opportunity Collaborative are already closely examining this issue. Also, the draft work plan for BIP 2.0 identifies “[r]egional transportation planning and initiatives … to maximize efficient and reliable access to employment opportunities” as one of the key results that stakeholders wish to see coming out of the next phase of the initiative.⁴⁷

BIP 2.0 is expected to be less focused on workforce development-related activities than BIP 1.0. However, it should be acknowledged that unless there are system improvements to prepare substantial numbers of less job-ready individuals for employment, it will be very challenging for BIP 2.0’s economic inclusion activities to make a dent in improving outcomes for large segments of Baltimore’s low-income, predominantly African-American population. For example, as we’ve noted, BIP 2.0 is seeking to promote a greater commitment on the part of anchor institutions to local purchasing, especially in directing their discretionary spending to small, minority businesses. This strategy offers substantial promise in terms of increasing the numbers of both entry-level jobs and career advancement opportunities available to local residents. However, many low-income residents will continue to face significant barriers in accessing those jobs unless their job-readiness is improved through remedial education, soft skills training, and the provision of supportive services. Therefore, even if BIP 2.0 will not be playing a major direct role in such activities, it is crucial for the initiative leadership to be consulting with partners to determine how system improvements can take place over time that will address barriers to job-readiness.

It appears that BIP 2.0 is well-positioned to play a positive role in encouraging efforts to pursue such system improvements. For example, the Baltimore Workforce Funders Collaborative has a seat on the BIP 2.0 Governance Board, which will facilitate communications and coordination between the two entities. Similarly, the composition of BIP’s new Local Hiring/Workforce work group offers a tremendous opportunity to strengthen relationships between the anchor institutions and entities focused on improving the capacity and effectiveness of the local workforce development system.

**Capital Projects and Absorption**

The following offers some reflections on moving capital investment activities to scale, based on the BIP 1.0 experience.

**Making Economic Inclusion the Norm:** Across a variety of development projects, BIP 1.0 demonstrated that developers can meet economic inclusion requirements on their projects and still be successful. However, for the most part, in these efforts BIP was dealing with developers who had previous experience (due to their past receipt of public development subsidies) with MBE/WBE requirements. Even before their involvement with BIP, most also had a track record of local hiring.

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⁴⁷ It also should be noted that one of the underlying reasons for BIP 2.0’s expanded focus on anchor engagement is to address the issue of the spatial disconnect between job seekers and jobs, by pursuing strategies (such as local procurement by anchors) that have the potential to increase employment opportunities in Baltimore.
The BIP 1.0 capital projects entailed numerous challenges. But what will be even more challenging is determining how to move beyond a set of “like-minded” developers48 to a broader array of development efforts to get to the point that “economic inclusion” becomes the norm for all development in Baltimore (and perhaps in the region). This movement to greater scale is essential if stakeholders are looking for the capital investments to generate substantial numbers of new jobs for local residents, since the BIP 1.0 experience showed that individual projects (particularly relatively modest-sized projects like most of those undertaken with BIP’s Living Cities financing) generate relatively few “new” positions. If a primary goal is a large number of new construction jobs for local residents, there must be a large number of development projects with economic inclusion targets.

The recent state executive order on economic inclusion and the city’s local hiring ordinance (pending any challenges to the latter’s constitutionality) have expanded the number of development projects that will need to address local hiring requirements. These will still only apply to development receiving public contracts; however, that is not an insignificant amount of development. 49

To get even more developers to embrace economic inclusion provisions, public officials and advocates must recognize that they will need to incentivize and facilitate the process. BIP did this with the portions of its Living Cities financing that were flexible and by brokering additional resources for the capital projects. But it is also possible for public entities do it through land assembly, the zoning and permitting process, or public investments in utilities and infrastructure.

As the number of projects with economic inclusion targets moves to scale, stakeholders also should continue efforts to:

1. **Support the development of a larger pool of qualified, responsive MBE/WBE firms that can serve as subcontractors and vendors:** Some of the BIP capital project developers indicated that, as the demand for such firms increases, unless steps are taken to expand the pool of qualified, competent MBE/WBE firms, developers will find themselves paying increasingly high costs for vendors and subcontractors that produce products and services that may only be of marginal quality. If the latter occurs, it is likely to undermine the development community’s support for the MBE/WBE provisions.

2. **Enhance mechanisms for identifying and referring qualified local job candidates:** The BIP 1.0 experience showed that the proper alignment of workforce partners, including local community stakeholders (such as EBDI and Greater Homewood Community Corporation) and nonprofit training organizations, as well as public workforce stakeholders (MOED), can provide to developers and employers a range of qualified pre-screened local candidates for job openings, mitigating the local hiring burden on employers. This process also enables area residents to access a broader set of workforce resources should there be more candidates than positions or a mismatch between residents’ skills and available job openings. But as economic inclusion approaches continue to gain traction in Baltimore and

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48 Even with its careful vetting process, however, BIP found that not all the developers with whom it worked on the capital projects proved to be equally committed to following through on their economic inclusion efforts. In some cases, BIP staff had to be very proactive to ensure that the developers made a good faith effort relative to their economic inclusion responsibilities.

49 For example, the Red Line development and an anticipated $1 billion Baltimore school construction effort are likely to result in a dramatic increase in publicly financed construction projects with economic inclusion plans.
are considered for larger investments including the Red Line and the new Baltimore city school investments, the workforce development system (including apprenticeship programs) will need to train larger numbers of local residents for the construction jobs and to further refine the mechanisms for making referrals of qualified candidates in a timely and efficient manner.

3. **Provide experienced staffing and protocols for negotiating and monitoring compliance with the economic inclusion plans:** The economic inclusion plans need to be project-specific. Each should set a high but realistic standard for the economic inclusion targets that a development project is expected to achieve. The funders of the capital projects (whether public entities, intermediaries like TRF, anchors, or other entities) will need to designate staff with development experience to negotiate these economic inclusion agreements with the developers.

In addition, the economic inclusion plans should establish reporting protocols for monitoring and documenting performance relative to the economic inclusion targets. To minimize the administrative burden on developers, there should be a common economic inclusion reporting format established among all the public agencies and other funders that require economic inclusion plans as a condition of financing or provision of other forms of assistance.

4. **Establish enforcement mechanisms:** The BIP 1.0 experience also demonstrated that there need to be sticks as well as carrots to ensure that developers make a good faith effort to achieve the economic inclusion targets established for their projects. The enforcement mechanisms should not be so onerous that developers will try to avoid negotiating economic inclusion plans. But there need to be enforceable mechanisms that make any forms of assistance that developers receive for their projects contingent on the developers either achieving their economic inclusion performance targets or satisfying clear standards relative to their level of effort expended toward meeting those targets.

**Catalytic Projects Versus Catalytic Strategy:** Although the criteria for BIP capital lending during BIP 1.0 was that a development project had to be “catalytic,” given the limited size of the Living Cities capital allocation to Baltimore, the financed projects were relatively small and therefore insufficient, by themselves, to transform any neighborhood. However, the BIP 1.0 experience showed that, when targeted at strategic parcels in challenged neighborhoods where other investment was occurring (including public investment), such projects can be an important part of a longer-term catalytic investment strategy that contributes to creating a tipping point that enhances the market appeal of neighborhoods.

One of the generalizable lessons from BIP 1.0's capital investment experience is the importance of funders being realistic about what their individual contributions can accomplish. A corollary to this, for efforts to change systems or transform place, is the supreme importance of aligned investments, since no one funding source is likely to be sufficient to generate the desired outcomes. Another corollary is the need to be patient about the time that may elapse before positive outcomes begin to become apparent. For example, the Central Baltimore neighborhoods that are currently demonstrating signs of a
Community Science
March 2014

rennaissance are doing so only after many years of effort and investment by a broad range of public, private, and philanthropic entities.  

Changing the Community Development Finance Ecosystem: The Reinvestment Fund’s involvement in BIP has helped TRF to substantially expand its Baltimore presence and its network of relationships with key stakeholders across sectors in the city and region. As we have documented, TRF’s expanded presence in Baltimore has facilitated a diverse set of development projects in BIP 1.0’s target neighborhoods that are helping to transform those neighborhoods. TRF deserves great credit for the work it has done over the past three years with these projects.

However, no single CDFI can change the community development finance ecosystem. Baltimore needs multiple CDFIs and financial institutions promoting investment in the city’s many neighborhoods and businesses. The CDFI Roundtable represents one mechanism to attract and support a broad range of financial institutions and potential investors that can contribute to economic and community development and revitalization in Baltimore. Accordingly, its efforts should be encouraged, and BIP 2.0’s leadership should give careful consideration to the ways in which the CDFI Roundtable’s activities might contribute to and complement the efforts being pursued by BIP and its anchor partners. One central issue is how to “increase the size of the pie” -- that is, to increase the number of development opportunities available in the city so that the financial institutions are not increasingly competing with each other over a limited number of potential projects. To that end, the CDFI Roundtable and BIP and its partners should identify where there are common challenges relative to promoting more development and greater capital investment in Baltimore (e.g., regarding the clarity of property ownership and the ability to assemble developable parcels, the high costs of rehabilitation, inexperienced developers, weak markets in many neighborhoods, etc.), and together explore if there are some systematic responses that can be made to successfully address such issues.

Achieving Scale through Anchor Engagement Activities

Despite the size of the anchor partners’ workforces, the number of job placements of target area residents made at the anchor institutions through the community pipelines during the first three years of BIP was very small. This disappointing result was due to many factors, perhaps most important the gap between the job qualifications for the positions at the higher education institutions, even for entry-level positions, and the skill levels of many of the target neighborhood residents. Other key factors appear to include the limited employee turnover of anchors (likely exacerbated by the recession); the

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50 As shown in the Exhibit 5 map (p. 16), BIP made the bulk of its capital investments in Central Baltimore and East Baltimore, where there were considerable developer interest and substantial pre-existing and concurrent public and private investment occurring, which BIP’s capital contributions could complement and reinforce. On the other hand, BIP and TRF were more challenged in identifying promising capital investment opportunities in West Baltimore, where there was less developer interest. However, with the approval of funding for Red Line development, this situation could change dramatically.

51 As of 2010, for example, JHU had more than 13,400 employees across its seven schools. In 2010, MICA, the University of Baltimore, and the University of Maryland-Baltimore had combined employment of approximately 2,800 employees. (For more information on the make-up of some of the anchor institutions’ workforces, see Potential for Resident Employment in Partner Universities and Affiliates, a report prepared for the Central Baltimore Partnership by Johns Hopkins Institute for Policy Studies, April 7, 2010.)

52 The BIP Dashboard Report for the period through December 2013, for example, identifies only 19 resident job placements made at anchor institutions as a direct result of BIP’s activities.
decentralized nature of the hiring processes at many anchor institutions; and for the public institutions, the restrictions against giving preference to local job candidates.

With the expansion of the anchor partners under BIP 2.0 to include healthcare institutions, in the future the new anchors may be able to identify more entry-level positions for which community residents with modest skill and educational levels can qualify, as well as offer a broader range of career options.

In addition, as the leadership and HR departments of the anchors work with their institutions’ individual departments to communicate the importance of embracing economic inclusion, additional mechanisms might be developed by the individual institutions to increase their success in hiring local candidates, despite the decentralized structure of their hiring processes. Efforts could involve encouraging the departments to review their minimum job qualifications for position openings to eliminate any unnecessary or excessive requirements, which could result in more local residents qualifying for positions that previously were not open to them. The anchors can also explore ways to increase their ability to find promising candidates from Baltimore’s neighborhoods, including incentivizing incumbent workers from Baltimore City to recruit candidates from among their personal and neighborhood networks. The HR departments can also work to strengthen their institution’s partnerships with Baltimore training providers who can refer qualified local candidates.

Even with these efforts, from the BIP 1.0 experience, it appears that the best way to maximize anchor-related employment for local residents may be through the anchors’ procurement processes. By giving greater emphasis to local procurement, and by giving preference to vendors and contractors who hire locally (and helping these businesses to succeed and grow), the anchors can support a range of jobs that are held by, or made available to, local residents. The recent food cluster study by Karp Resources and ICIC has documented the potential of this approach in one sector.

As one of the first major collaborative efforts among BIP anchors, the follow-up actions that the participating anchors take on the Karp Resources/ICIC study recommendations will be very significant. It will be particularly interesting to see whether and how the anchors complement one other’s future procurement efforts in this sector — such as by conducting joint procurement of food services or developing standardized procurement language that will create incentives for vendors and service providers to hire locally.

It will also be important to see if the anchors can find other procurement activities, involving other industry clusters, around which they can collaborate. Similarly, it would be useful if the anchors can create and institutionalize mechanisms where they can share lessons and techniques regarding direct hiring strategies to promote economic inclusion. The anchors are likely to need consulting support in these efforts, in order to maximize the benefits of these peer exchanges. As it did during its first three years, BIP can provide substantial added value by helping to underwrite the costs of the consulting assistance required for these activities.

The issue of collaboration and common practices across the partners is an important one, as part of promoting broader system change. The BIP anchors collectively do not really represent a single “system.” Some, like the University of Maryland/Baltimore, are part of a larger statewide system of

53 These local hiring expectations should also be applied to MBE and WBE businesses, in order to maximize the economic inclusion results derived from the anchors utilizing such businesses.
public higher education institutions. Others, such as Johns Hopkins University, may be so large that one could argue that individually they represent a “system” all by themselves.

Nonetheless, even if they aren’t part of a unified system, if the eight BIP 2.0 anchors adopt common practices (even with some degree of differentiation among institutions), they can set a tone for other large local institutions (including an estimated 24 other Baltimore anchor institutions) and for the broader Baltimore business community. Consequently, to the extent that the expanded group of BIP anchor partners adopt similar economic inclusion practices, and are very public about those practices, they can help make such activities the “norm” for institutional and business behavior in Baltimore. In this way, they can promote “system change” and foster the achievement of economic inclusion results at scale.
Chapter Four: Conclusions

BIP has accomplished a tremendous amount over its first three years, starting with building a resilient table with diverse representation across sectors and jurisdictions. One measure of the resiliency of the BIP table is the willingness of a core group of its members to continue to serve on the governance board in the next phase of the initiative, BIP 2.0.

Over the past three years, the members of the BIP table have worked together effectively to define and address complex problems facing Baltimore’s low-income, primarily African American residents, as well as its core neighborhoods and the city as a whole. Together, BIP’s leadership and partners have helped to create a “new normal” in Baltimore and the region relative to heightened attention to and strategies for promoting economic inclusion.

BIP and its partners have used demonstration projects and capacity building efforts as learning labs, to identify both system dysfunctionalities and promising strategies for addressing those problems, as part of developing agenda for broader change. In the process of these project-level efforts, BIP and its partners have assisted over 1,386 residents to access services through neighborhood pipelines, used the initiative’s Workforce Training Fund grants to finance training opportunities for 472 individuals, and through March 2014 have aided at least 837 individuals to secure jobs.

They have also made progress in aligning resources among funders, and in leveraging the private market to help to address the needs of low-income individuals and neighborhoods. With resources from Living Cities and its partners, BIP has supported capital projects that contributed to catalytic strategies in target neighborhoods that are beginning to transform some of those communities.

Perhaps most important, with the evidence and insights gained from the project level work, BIP and its partners have promoted a variety of institutional and system changes at the city, region and state level that offer the potential for many more economic opportunities being made available for Baltimore’s businesses and low-income residents over time.

During the past three years, the BIP leadership and partners have also learned a variety of lessons that are informing the governance and design of BIP 2.0. This includes creating a more narrow strategic focus for the initiative around the issue of anchor engagement, which is the area in which BIP stakeholders feel there has been significant traction and where the greatest potential for sustainability and impact exists. As part of this strategic focus, the BIP leadership has taken steps to expand anchor institution representation on the governance board, and is exploring ways to increase the participation of business and financial sector representatives.

While the anchor institutions possess considerable resources and influence, and have demonstrated a commitment to economic inclusion, over the last three years we have seen that their ability to create improved economic opportunities for large numbers of low-income Baltimore residents is not that straightforward. Perhaps the biggest challenge for BIP 2.0 will be to identify anchor-related strategies that, through training, hiring, advancement, and procurement, as well as through the anchors leveraging capital investment in their neighboring communities, can substantially increase the number of low-income Baltimore residents and local MBE and WBE businesses benefitting from their activities.
Despite their resources, the anchors cannot do this alone. As we have discussed throughout this report, promoting economic inclusion in Baltimore is a complex, difficult undertaking. To maximize their success in this area, the anchors will need the support of public officials and agencies, philanthropies, nonprofit providers, community-based and faith-based organizations, advocacy groups, and the business and financial communities. BIP 2.0 represents a forum in which the anchors can join with these various stakeholders to articulate a common agenda, to determine the roles that each entity will assume, and the resources that it will apply, to complement the efforts of the others.

The new BIP governance board will need to reach agreement on the key barriers to economic inclusion and the critical levers for change, the most promising actions that the BIP 2.0 partners can take individually and collectively, the best methods for supporting those actions, and the mechanisms for monitoring progress and promoting collective accountability. Although many of these conversations will be challenging, reaching consensus on these issues and a shared vision will be essential if BIP 2.0 is to reach its full potential.

In working with partners to specify roles and contributions, the BIP 2.0 governance group should also devote explicit attention to determining how each of the new efforts that is being undertaken might be sustained over time. A key lesson from BIP 1.0 is the importance of looking at the issue of sustainability from the onset of these efforts, and then taking the appropriate steps to ensure that sustainability.

Another crucial topic is how BIP 2.0 can align and coordinate its activities over time with the efforts of other initiatives, such as those being conducted or fostered by the CDFI Roundtable, the Opportunity Collaborative, the Job Opportunities Task Force, and the Baltimore Workforce Funders Collaborative. The workforce development efforts of the latter three entities may be particularly important. These efforts to improve resident job skills and address barriers to employment are absolutely critical to ensure that substantial numbers of residents can qualify for and access the jobs being created through the anchor engagement activities.

BIP has made significant strides and achieved very impressive results over its first three years, learning and adapting based on its experiences and the challenges encountered, while remaining true to its original vision and goals. It has also created a strong foundation of collective knowledge, institutional capacity, and collaborative relationships on which BIP 2.0 can build and achieve even greater results in the future.