

SPRINGFIELD ECONOMIC EMPOWERMENT PROJECT (SEEP)

Closing the Prime-Age Employment Gap in Springfield's underserved neighborhoods through cross-sectoral collaborations.

Conditions that Led to High Prime-Age Employment Gaps: Springfield's Story

Around the start of the 20th century, Springfield was a rapidly growing industrial center with one of the highest percentages of Black residents and businesses of any comparably sized city in Illinois. This was primarily due to Black people leaving the social oppression of the South in pursuit of opportunity and employment in the North. In the aftermath of Springfield's 1908 race riots, an estimated 24 thriving black businesses were burned, and two thousand Black residents left Springfield immediately. Over a century later, Springfield's Black population is still reeling from the tragic events. Although the Black population growth is steady, economic resources targeting its population have not seen much growth.

Springfield's 23.8% concentrated poverty rate is the highest of any of the 10 metropolitan areas in the state. This kind of economic segregation can make upward economic mobility more difficult for poor metro area residents living in poor communities. For example, the unemployment rate in Springfield's concentrated poverty neighborhoods stands at 12.3%, more than double the 5.8% average unemployment rate in the other neighborhoods across the metro area.

Springfield is faced with significant inequities that have persisted over time. The redlining led mortgage lending categories used in the 1940s, segregated the city, and discriminated against people of color. Even today, the D7-A and D-8 categorized redlined areas remain the poorest neighborhoods with the city's highest unemployment, blight, and crime levels. Census Tracts 8, 9, 14, 15, 17, 18, and 23 and parts of Census Tracts 7 and 16 (all predominantly Wards 2 and 3) continue to have high Prime-Age Employment Gap (PAEG) due to historically being disadvantaged from resources, opportunities, and aid for economic mobility.

The City of Springfield, in the 2020 Housing Comprehensive Plan, highlighted that one of the more pressing needs, as it relates to homelessness and financial stability, is "the need for creating greater access to economic opportunity." Within the neighborhoods bordered by 11th Street to the west, East Cook Street to the north, MLK Drive to the east, and just a few blocks north of South Grand Avenue to the South – 53% of the population lives in poverty, according to ACS estimates. In Springfield, the median income of Black households was only 42 percent of white households - the most significant discrepancy nationally. This kind of economic segregation has made upward economic mobility more difficult for poor metro area residents living in poor communities.

Within the City of Springfield, the underserved census tracts experience more than 50% of its residents living below the poverty line. For example, Opportunitydb, The Opportunity Zones Database, reports that "the median household income in Census Tract 9 is approximately \$23,000, which is 67% lower than the median household income for the state of Illinois of \$69,000". Consequently, the poverty rate in Census Tract 9 is "51%, which is 40% higher than the rate for the state of Illinois of 11%." Census Reporter reports similar statistics for Census

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Tract 17. With a population of 1018, the median household income is \$29,946, the per capita income is \$10,508, and 53% of residents live below the poverty line.

In September of 2021, Memorial Hospital delivered a research-based community needs assessment that provides an in-depth detail of the impacts of poverty in Springfield's minority communities. According to the Sangamon County, IL 2021 Community Health Needs Assessment by Springfield Memorial Hospital, "In Springfield, differences between minority and white incomes are greater than any other metro area nationally, that Sangamon County scores in the lowest quartile for children living in poverty, and the second lowest quartile for families living in poverty." The report further states that 59% of the Black/African American race lives below the poverty line.

Targeted Geographic Approach: Bounded by the 10th Street railroad tracks to the west, the 900 block of Brown Street to the North, 12th Street to the East, and the 1100 block of Pine Street to the South, South Town Business District is still home to small businesses that have sustained through historic periods of community disinvestment, downturns in the economy, populations shifts, civil unrest, and shutdowns caused by national health crisis (COVID-19), etc. Of those remaining, all have been impacted by a reduced customer base, revenue loss, and labor supply shortages due to COVID-19. Restricted access to quality resources continues to be a barrier to the empowerment and economic stability of the underserved, resulting in low and stagnant economies, risks to health and safety, lack of access to meaningful employment opportunities, etc., with each cycle continuously and viciously feeding the other. Therefore, the strategic placement, location, and accessibility of resources significantly increase the potential that its services will reach the population segment most in need of its resources. This is critical for individuals whose communities have suffered historic disinvestment and whose scarce resources are at greater risk.

The proposed service area is focused on the census tracts with the most acute prime-age employment gap within the Springfield metro area. These targeted communities need support through increased investment and training. The service area's demographics differ significantly from the Springfield MSA, with the proportion of Black residents around 33% compared to 11% in the Springfield MSA and a higher proportion of residents without a high school diploma (13% compared to 7% of MSA). To close the PAEG for Black residents in the targeted area, interventions would need to support approximately 1,000 people to move to quality jobs (Calculated by closing a 22% PAEG for the approximately 4,600 population of prime-age residents in the service area.)

Assets and Potential Interventions to Address Challenges

The Springfield MSA has a strong mix of assets that help identify potential interventions to address the PAEG. In general, the job market in Springfield is strong. The Springfield MSA has enough jobs that pay in excess of the living wage, allowing the MSA to maintain PAEG in line with US averages. The Springfield MSA has a labor force participation rate slightly higher than the US average (85% compared to 82%) and an unemployment rate that is very similar, ~5% - suggesting that, comparatively, there are sufficient jobs.

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Jobs in the Springfield MSA are heavily concentrated in the Government and Health Care sectors, making up approximately 55% of employment, with growth projected in both sectors. The remaining fastest-growing sectors are lower-paying ones, such as accommodation, food service (generally related to a strong tourism industry), and manufacturing.

Given this mix of sectors for job growth, the strategy development will focus on interventions targeting:

1. Increasing skill training opportunities and expanding existing training programs with a track record of preparing disadvantaged workers for in-demand jobs and increasing employment and earnings. There are organizations in the community with existing training programs, such as Land of Lincoln Workforce Alliance and the Lincoln Land Community College, that work with the disadvantaged communities in Springfield; the Strategy Development grant will connect these programs, along with others to be identified, to allow for additional collaboration and a focus on identified community.
2. Small business growth and development in underserved Springfield communities. The focus on this intervention is directly tied to the 1908 Riots that drastically reduced minority-owned businesses and the resulting limitations on access to capital and capacity building necessary to create a thriving business district. The Strategy Development will create opportunities to connect the University of Illinois Innovate Springfield with CAP 1908.
3. Ensuring holistic community and economic development opportunities to the underserved Census Tracts (Neighborhood Revitalization, Public Safety, Health). Beyond the skills training and small business development, the City and its partners are committed to addressing barriers to employment that include neighborhood development and access to healthcare.

Strategy Development and predevelopment activities: the proposed activities' potential to prepare the region to identify and implement place-based interventions to increase prime-age employment opportunities, including among underserved workers.

Because of the persistent racial inequities in Springfield, highlighted in the PAEG, Springfield has several organizations and programs aimed at improving economic outcomes. The Strategy Development grant supported by EDA resources will align with the existing resources federal, state, and local funding to unlock the potential of the existing assets. The EDA investment in strategy development will allow for dedicated staff at the City, i.e., the Recompete Plan Coordinator and Community Access Project (CAP) 1908 – in cooperation with an expert consultant team – to focus on aligning the existing resources and programming, identifying any capacity gaps, and targeting interventions to close the PAEG.

With a strong identity and presence located in the South Town neighborhood of Springfield's east side, CAP 1908 positively impacts and expands growth and development opportunities for small businesses and startups in its community. By leveraging existing community assets and creating new opportunities to support entrepreneurship in the Springfield-area minority community, CAP 1908 aims to grow the economic and social impact of Springfield and Sangamon County's minority population. CAP. 1908 is the first social innovation program of its

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kind to offer programming aimed toward addressing the socioeconomic challenges in the East Springfield neighborhoods through the lens of entrepreneurship and small business development. Not only does the small business provide jobs, but it makes resources accessible to residents and other small business owners. By creating opportunities for small businesses, CAP 1908 initiates new cycles of wealth generation and strengthens the community.

CAP 1908, joining the City in this project, will be the hyper-local voice in the strategy development process, ensuring that the resulting plan reflects the community's lived experience and desired interventions. The proposal is to join this local expertise provided by Cap 1908 with an expert consultant team to lead the strategy development. This team will connect the threads of existing interventions, suggest opportunities for coordination, and identify gaps.

Proposed activities, which will be identified in an RFP for the expert consultant team, will include, at minimum, a catalogue of existing interventions and programs, coordination and facilitation of strategy development meetings among partners, and a plan to engage community stakeholders in the planning process. The initial list of partners and a non-exhaustive list of existing interventions are identified in the section below.

Organizational and leadership capacity, including its ability to engage necessary local partners inclusively and equitably and garner private-sector, public-sector, and philanthropic commitments.

As the lead applicant, the City of Springfield has a record of organizational and leadership capacity to engage partners in the public and private sectors. One example is the BUILD flagship initiative that brings together City departments, Sangamon County resources, and State partners in conjunction with health, human service providers, and community groups – to pool resources and offer services to focused geographical areas in the city. This program is the City of Springfield's effort to implement an innovative public sector service model. The program aims to foster community growth, development, and focused blight and public safety improvement in Springfield's underserved neighborhoods. Beyond the clean-up and beautification efforts, City staff, officials, and volunteers go door-to-door to homes in underserved areas to offer resources. The Illinois Department of Justice funds the program for 2023-24.

The City's preliminary outreach for partners on this project identified the following public, private, and philanthropic organizations committed to engaging in this strategy development project:

CAP 1908 will serve as the hyper-local partner in strategy development. CAP 1908 has a record of success as the recipient of several state grants, including a recent \$1 Million Community Project Development grant by Congresswoman Nikki Budzinski to implement the CAP1908 Innovation and Co-Working Center. The Springfield Project is at the forefront of facilitating entrepreneurial innovation for Springfield's Eastside underserved communities and has facilitated the inception and establishment of several minority-owned businesses.

Lincoln Land Community College is a pioneer in facilitating labor and healthcare workforce development. Three existing programs available to their students are particularly relevant to this

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effort: Workforce Equity Initiative (WEI), Pipeline for Advancement of the Healthcare Workforce (PATH), and Highway Construction Careers Training Program (HCCTP). WEI provides free, short-term education/training programs to help participants gain employment in high-wage and in-demand occupations. Students receive support, including compensation, to help cover basic costs while receiving the training. PATH provides resources for short-term and long-term education/training programs designed to help participants gain employment in high-wage and in-demand occupations within the healthcare field. Students receive support, including compensation, to help cover basic costs while receiving the training. HCCTP is a 20-week pre-apprenticeship program that serves 46 students a year. Students are provided shoes and tools at the beginning of the program, a stipend, and free training. The program is presently funded through IDOT and is #1 at placing students in Registered Apprenticeships.

Land of Lincoln Workforce Alliance is the WIOA Title 1 lead core Partner for a five-county region. LLWA is committed to eliminating barriers to workforce participation and the system.

University of Illinois: UIS Innovation Center is a space to drive innovation, economic growth, and workforce development. In particular, the UIS Innovation Center is cultivating diverse entrepreneurial ventures, fostering policy and social change, developing talent, leveraging collaboration, and serving as a leader in inclusive innovation and economic development.

Southern Illinois University's Office of Community Care's mission is to remove "complex" out of "complex care" and support programs that improve access and increase self-sufficiency and healing for underserved areas. SIU is a strong local asset in Springfield, and the office has multiple programs available to the community. Programs include community health workers, trauma-informed-care services and training, and medical student hot-spotting training. In addition, the team provides consulting to other hospitals, medical clinics, police departments, court systems, and schools to develop population health-directed programs. The office is comprised of community health workers, nurses, community health educators, licensed clinical social workers, and educators.

Springfield Sangamon Growth Alliance is an independently funded nonprofit organization dedicated to growing Springfield & Sangamon County's economy. With investment from public agencies and private companies, SSGA provides direct services that support business growth and lead initiatives that enhance the competitive aspects of our community. The organization benefits from hands-on board member involvement. Such high-level engagement from the CEOs of Springfield's leading employers signifies the commitment to SSGA and the Springfield area community.

Community Foundation for the Land of Lincoln led a collaborative community engagement effort for the Greater Springfield Area to help define how we take bold steps together for the region's future. The Next 10 Community Visioning Plan, completed in 2021, highlights the need for "Community-Led Reinvestment in the East Side" as one of the 10 identified priority project areas. The Community Foundation is committed to facilitating investment in the economic, physical, and social infrastructure on the Eastside census tracts.

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