What Policies and Programs Can Support an Inclusive Recovery in Rochester, New York?

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Federal recovery funds present a significant opportunity to pursue innovative policies and programs that meaningfully promote equity. Local leaders in the Rochester region can begin to promote an inclusive recovery by engaging historically excluded residents to identify policies and programs that can break down these barriers.

Innovative policies that support an inclusive recovery include cash transfers, housing trust funds, and apprenticeships. Localities should hold themselves accountable to inclusive recovery goals by analyzing whether the policies and processes pursued result in the desired equity outcomes.

With federal recovery funds flowing into the Rochester area at unprecedented rates, local leaders have a chance to meaningfully reduce deep-seated disparities by implementing innovative policies and programs that get dollars into the hands of people who have been historically excluded from opportunity. Recovery plans that address long-standing patterns of inequity will not only benefit the historically disinvested but also regenerate economies at a scale that will be felt by all.

WHAT ARE SOME EXAMPLES OF INCLUSIVE RECOVERY INITIATIVES?

One example of a policy proven to promote equity and grow the economy overall is direct cash transfers to residents with low incomes, which can decrease monetary poverty, improve school attendance and health outcomes for children, and increase economic autonomy for recipients. Contrary to a common argument against them, cash transfers actually increase the likelihood that recipients work full time, providing benefits for the individual and the overall economy. Another tool that can advance equity while also benefiting the economy is affordable housing trust funds that provide sustainable sources of funding to build affordable housing in areas of opportunity. Housing trust funds can help address spatial mismatch, which occurs when those seeking employment do not live close to where available jobs are located and thus leads to high unemployment rates.

Promisingly, versions of both of these policies were included in the City of Rochester’s Strategic Equity and Recovery Plan and recently approved by the Rochester City Council. Other examples of how cities are spending recovery funds to increase equity are shown in table 1.

HOW COULD APPROVED ALLOCATIONS IN ROCHESTER BE TARGETED TO BEST ADVANCE EQUITY?

Apprenticeships

One of the largest American Rescue Plan Act (ARPA) appropriations approved by the Rochester City Council thus far is $14.5 million for adult workforce development services. A compelling method of workforce development not yet identified in this or other Rochester recovery efforts is registered apprenticeships. Apprenticeship is the most widespread and cost-effective approach to learning relevant academic, occupational, and employability skills. Because an apprenticeship is a job, the model aligns individuals’ aptitudes and interests with the skills demanded by employers. Research indicates that work-based learning programs like apprenticeships benefit the economy by helping individuals transition from school to the labor market, promoting productivity, stimulating higher wages, and enabling workers to pursue higher education. Apprenticeship completers earn an average of $70,000 in annual income and approximately $300,000 more than their peers during their career.

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Examples of American Rescue Plan Act Spending to Increase Equity in Other Cities

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<th>City</th>
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<td>Indianapolis, IN</td>
<td>Indianapolis is allocating $1 million of its American Rescue Plan Act funding to support the creation of a loan fund designed to support communities of color. The $1 million will go toward the development of Indiana's first-ever Black-led community development financial institution loan fund.</td>
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<td>Detroit, MI</td>
<td>Replacing 1,000 roofs for low-income seniors and homeowners with disabilities. The program is the first initiative funded with the more than $400 million in pandemic recovery dollars the city of Detroit received and will triple how much the city currently spends on its existing home-repair program.</td>
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<td>Edmonds, WA</td>
<td>The city of Edmonds has launched a new household support grant program funded by the federal American Rescue Plan Act. Households and individuals earning no more than 40 percent of the Edmonds median income will qualify for grants of up to $2,500 for household expenses such as rent, utilities, child care, medical bills, groceries, gas, and car repairs.</td>
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<td>Louisville, KY</td>
<td>As part of Louisville’s recovery plan, the Build Back Better Together Initiative, the city is investing $250,000 in a new Equity in Procurement Task Force. By supporting businesses with Black, minority, women, or disabled owners through supplier diversity initiatives and investments in a minority business incubator, the city will strengthen its local economies and long-term resiliency.</td>
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Employers also benefit from adopting apprenticeship training programs. Employers view apprenticeship as a way to diversify and upskill their workforce and prepare new workers as valuable successors to retiring workers. Apprenticeships often bring greater loyalty, reduced turnover, and more engaged employees as workers share expertise, mentor each other, and build a talent pipeline customized to their occupational needs. Nearly 90 percent of employer sponsors would recommend apprenticeship programs to others, and many research studies have found a positive return on investment for employers that adopt apprenticeships.

A growing number of apprenticeship programs are targeting underserved populations such as people of color and people with disabilities. These apprenticeship programs with targeted outreach and inclusion efforts can also mitigate a variety of economic disparities. Youth apprenticeship programs are also associated with benefits such as high employee retention rates, substantial starting salaries, and increased diversity in hiring. Youth apprenticeships can connect high schools and their students with rewarding career opportunities, thereby benefiting students, employers, educators, and the community. The city of Rochester should consider adopting an apprenticeship expansion initiative as a core part of its workforce development approach.

Guaranteed Income

The Rochester City Council also appropriated $2.2 million from ARPA to a guaranteed income (GI) pilot, a form of direct cash transfer that targets payments toward historically disadvantaged residents. GI is distinct from universal basic income, which regularly provides every adult citizen with a set amount of money. By targeting the payments to disadvantaged residents, GI is a powerful tool for addressing wealth inequity. A first step in ensuring Rochester’s GI program is equitable is to select pilot participants in a randomized way that targets the most historically disadvantaged residents in the city. Using a randomized selection process also enables more robust evaluation to measure the impact of the pilot program. Stockton, CA, for example, implemented its GI program in 2019 by randomly selecting recipients who lived in neighborhoods with median incomes at or below that of the city overall. This pilot ultimately resulted in increased full-time employment and reduced wage volatility among the recipient pool. Ensuring fairness through a sample design that engages high numbers of diverse residents is key to laying the foundation for an effective GI pilot.

The GI pilot must also ensure that the cash transfers do not push recipients over the “benefits cliff,” meaning that by receiving the cash, they become ineligible for other safety net programs such as the Supplemental Nutrition Assistance Program.
Program, Temporary Assistance for Needy Families, and housing and health care programs. To do so, those leading the pilot can seek waivers from local and state authorities such that participants’ income from the pilot is exempt from eligibility calculations for other subsidies. Or those running the pilot can avoid selecting participants with conflicting benefit eligibility. The Federal Reserve Bank of Atlanta has created a benefits cliff calculator that can be customized by city to help identify benefits cliffs and design programs to not push participants over the cliff.

**Community Development and Housing Programs**

The city also allocated $13.3 million in ARPA dollars to Rochester’s Buy the Block Program, which enables crowdfunding real estate investments in historically underinvested areas. Evaluations of programs that rely on private investments, such as the federal Opportunity Zone program, show that such programs on their own are unlikely to substantially boost equity in low-income neighborhoods. But Buy the Block may have greater equity benefits than programs such as Opportunity Zones because it aims to enable Black residents to make investments in real estate as a group, which has been shown to help build healthy, equitable, and sustainable communities through initiatives like cooperatives. Because no research has been done on the equity impacts of Buy the Block programs, Rochester officials should monitor and evaluate its impacts as it moves forward.

The city may also want to pair the Buy the Block program with increased funding toward other equitable housing initiatives such as its housing trust fund, which was approved in December but does not have an ARPA designation, and the Land Bank Acquisition/Rehab Program, which is designated to receive $2.4 million in recovery funds. The city (and the Land Bank) may also want to consider partnering with community land trusts such as the City Roots Community Land Trust, which promote community ownership and management of land. Community land trusts can help shift power toward residents and prevent displacement, and they have been shown to create homeowners with significantly less mortgage debt and who pay their mortgages just as well as standard purchasers.

**MOVING FORWARD EQUITABLY**

By listening to historically excluded communities, analyzing the potential equity impacts of proposed investments, and designing programs based on evidence, leaders in the Rochester area can ensure that the recovery from the COVID-19 pandemic not only helps the economy overall but also helps overcome entrenched disparities rooted in racist policies of the past. Setting aside funds to evaluate the impacts of these policies and programs over time is also critical for sustaining a successful inclusive recovery strategy. Monitoring program participation and outcome data disaggregated by race, gender, and other factors is necessary to determine whether an initiative is truly fostering an inclusive recovery.

**HOW CAN ROCHESTER INVEST FUNDS TO ENCOURAGE AN INCLUSIVE AND EQUITABLE RECOVERY?**

Local leaders in the Rochester region can begin the process of an inclusive recovery by engaging historically excluded residents, such as residents with low incomes and people of color, to learn what barriers exist to upward mobility and identify policies and programs that can break down these barriers. After developing a list of potential investments through this engagement, practitioners should then ask five questions to decide whether each proposed investment is equitable:

1. Who is most likely to be affected?
2. Where do they live? What neighborhoods or regions need the most support?
3. What are the most at-risk occupations and living conditions?
4. How are the vulnerable most likely to be affected?
5. Why are they vulnerable, and what do they need to cope with the circumstances?