

PATHWAY OUT OF POVERTY

What Philadelphia can learn from Richmond, Virginia

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Editor's note: This year the Philadelphia Business Journal has been taking an in-depth look at programs in various metropolitan areas across the country where the business community has led successful efforts to move the needle on poverty. We are specifically interested in jobs. How do we get people in desperate need of employment into jobs that pay a living wage? Last time, we visited Lancaster, a little more than hour west of Philadelphia. This time, we took a trip to Richmond, Virginia.

Brad Armstrong, a native of Richmond, Virginia, with a successful career as a marketing executive, was a bit unsettled a few years ago after his daughter gave birth to a son.

Armstrong had been involved with the ChamberRVA — Richmond's Chamber of Commerce — and United Way when it formed Smart Beginnings, an early childhood education program. But it wasn't until he had his grandson that the importance of everything Smart Beginnings was about washed over him. The program focuses on providing quality care and education to children up to the age of 5 throughout Richmond and its region as a way to help prepare them for success in school, work and life.

"I was able to experience firsthand and watch his brain develop over the course of the years and, in the context of early childhood development, I was stunned how important his environment should be," Armstrong said. "It was a bit of a reckoning and caused me to redouble my efforts."

Like Philadelphia, Richmond struggles with a naggingly high and stubborn poverty rate of 26%. Like Philadelphia, the Virginia capital struggles with many of the same distinctive features that end up promoting generational poverty, including children born to single parents, disparities in income, lack of family-sustaining jobs, and neighborhoods in dire straits.

Richmond is among those cities across the country seeking ways to address generational poverty and the complex causes of it. The city is taking a multi-pronged approach to reduce overall poverty by 40% and child poverty by 50% by 2050. Education, particularly early childhood development, is one of the cornerstones to those efforts and is an issue the business community has embraced.

To Richmond's business community, early childhood education is about workforce development and staying competitive by creating a strong business climate to attract and retain companies and build its economy. A city and region can't do that without a skilled workforce at all levels and Richmond's public, private and nonprofit sectors believe building a skilled workforce for the long term starts at birth.

“This is a social priority for a lot of folks but it’s an economic and competitive imperative as well. This is one of the things we believe can separate Richmond from all of the places struggling through the cycle of poverty,” Armstrong said. “It’s no longer acceptable to wait until kindergarten to think that is when education starts. The investment in early childhood is the single most important investment you can make in education. It’s an economic imperative.”

Smart beginnings, bright future?

Richmond’s business community had embraced that call to action.

“How do we do a better job so that everyone gets a good, quality education and they can go into the workforce?” said Kim Scheeler, CEO of Chamber RVA. “The basis is, if you can create a good education and deliver on that education, you can address workforce shortages. We have increasing demand for a workforce that is going to be in shorter and shorter supply. The reality of that is in Richmond, 25 percent don’t graduate and if we can give them a good job and they are gainfully employed that’s the best poverty program we have.”

Smart Beginnings is one of the programs the Richmond business community has been championing and was instrumental in its formation. In 2006, ChamberRVA and United Way combined their early childhood efforts and called it Success by 6 Partnership and established a regional Early Childhood Leadership Council. By 2007, Smart Beginnings Greater Richmond was kicked off with a \$500,000 grant from what was then a newly formed Virginia Early Childhood Foundation.

A forum on school readiness was organized a year later that brought government, educational, business and nonprofit leaders together to establish a regional plan for school readiness. Along the way, the Virginia Chamber of Commerce also got onboard. The business organization embraced early childhood education as important to the long-term academic success and “economic vitality” in a plan called Blueprint Virginia.

“This is an investment in our future and you can’t refute the brain science,” said Rich Schultz, executive director of Smart Beginnings. “It doesn’t matter what your political affiliation is. It’s compelling.”

Richmond has relied on generally accepted research from several institutions including Harvard University and the University of Washington and work done by James Heckman, an economist from the University of Chicago.

Heckman has done extensive research on the importance and long-term effect and benefits of childhood education that starts at birth and how it positively impacts the outcome of a child’s education, health, social behavior and employment. Heckman, as well as other researchers, have drawn similar conclusions of the importance of birth-to-5 education and how much the brain develops during those early years.

“Making wise investments in early childhood development programs for disadvantaged children from birth to age 5 produces benefits far in excess of costs,” Heckman said in a 2015 presentation called Human Development is Economic Development. “Doing so will produce better education, health, social and economic outcomes and reduces the need for expensive social spending on prisons and special education. It is a vision that promotes economic growth and economic opportunity.”

It’s an argument that Philadelphia Mayor Jim Kenney has also embraced when enacting and supporting the city’s soda tax, which funds more pre-K opportunities.

Among another of Heckman’s compelling conclusions: All the evidence points to early investment in developing human capital as the most effective anti-poverty policy that promotes social mobility in the long run.

East End pilot study

Smart Beginnings has partnered with the Virginia Early Childhood Foundation, which was started by a group of business and educational leaders, to focus on the impoverished East End of Richmond. They are using the East End as a pilot for a variety of efforts it is testing to determine what works and what doesn’t to form a blueprint to roll out in other struggling areas of the city and even across the state. More than 100 other organizations have partnered on the effort.

“The business community has been some of the most effective champions of this,” said Kathy Glazer, president of the Virginia Early Childhood Foundation. “They view this as a workforce issue. They feel the workforce pipeline starts in early childhood. Virginia is proud to have a business community that has led the way of thinking about and investing in a talented workforce. The state’s No. 1 pillar in its economic plan is early childhood development and strategic ways to support human capacity from the start.”

Glazer’s organization did fiscal and resource mapping to see where public and private funding sources were going to serve children, how they interact and conflict and how it can frame policies so that they aren’t punitive. Through that process, it was discovered there was an alarming rate of closures of child-care centers in the East End. Something needed to be done.

Richmond is developing a multi-generational model that supports children and their parents. The city is finding it’s not enough to help a child but necessary to support parents in a variety of ways as well. Stable, available and affordable child care is a large component of that.

Glazer’s group set up an alliance to look at the business model of child care centers to figure out if something could be changed to keep them open and make them more efficient. It was determined administrative costs could be reduced by centralizing business operations such as payroll and collections. That freed up money to hire more quality teachers.

“One center had a problem with collections and we found a way to reduce bad debt to zero,” Glazer said. “After a year, they could provide teachers with 401(k)s, increase wages and give vacation benefits. Things like that we get excited about.”

A person was hired as a community liaison to work directly with families and service providers to ensure adequate social and other benefits are getting to the families that need it. The liaison is also cataloging and getting an understanding for what barriers families are facing and will advocate what policies, systems and structures need to be changed.

“We haven’t figured it all out yet but we know we need to engage families who are in poverty, low income and struggling,” Schultz said. “The regional plan seeks to have all children be ready when they reach kindergarten even though there are disparities and have them be successful. That is our call to action. Early childhood is a long-term game. You can totally change the trajectory of a child’s future.”

Cradle to career

The hope that children are ready to learn by the time they enter kindergarten is also viewed as a way to set them up for a lifetime of learning and engagement. Richmond’s cradle-to-career focus also delves into middle and high schools. The business community supports Next Up, which is a series of after school programs for the city’s middle schools.

An assessment is underway at the local and state level to determine what changes should be made in K-through-12 so children can be exposed to different skills that could lead to a job whether its nursing, carpentry, plumbing or architecture.

“The best way to start a business without capital is skill,” said Jim Ukrop, a Richmond businessman who has been involved in the city’s efforts to move the needle on poverty.

Among the other efforts Chamber RVA undertakes is an annual gathering of 12,800 eighth graders from across the region. Over the course of two days, it connects students with 150 businesses to expose them to what jobs and careers are available. “It’s a little bit of everything designed to show students the world of opportunity that is out there,” said Scheeler of the chamber.

While the chamber is committed to education as a focus, the business community is also starting to look into other issues that compound poverty such as transportation and affordable housing, and what it can do to address them.

Community Foundation for Greater Richmond has prioritized educational success, workforce development and housing and has built a team of experts in those areas and has a seat at the table when it comes to forming coalitions around them and helping with policy. It also funds programs to support those areas.

Some companies and community leaders have a sense of urgency of what lies on the horizon: Available jobs but a shortage of workers and an aging population. Amazon moving into Northern Virginia affects Richmond and its available talent.

“The business case was made that we needed to get a workforce-talent pipeline,” said Sherrie Armstrong, CEO of the community foundation. “This is not defined by county or borderlines but it’s across the region. I think we’re on the cusp of greatness in Richmond, and we need to seize the moment and take advantage of the opportunity that presents us.”

Poverty lens

Poverty and addressing it became a focus in Richmond beginning in 2011 when then-Mayor Dwight C. Jones launched an anti-poverty commission to understand the causes of it and figure out policy changes needed to combat it. The effort was led by Thad Williamson and John Moeser. Their analysis spawned a 144-page report authored by Williamson that outlined the problem deep poverty has been in Richmond for over a generation, the affects it has on the city and suggestions for ways to begin tackling it.

It wasn’t a surprise the report concluded poverty has had a negative impact on Richmond, contributing to crime, large numbers of incarcerations, welfare participation and other social ills. It also concluded the issues that emerge from poverty are deleterious to city’s tax base, burdens its annual budget, harms its bond rating, and deters new businesses and residents to relocate into Richmond.

“Poverty is the civil rights issue of the 21st Century,” Williamson wrote in the report. “The city of Richmond is no exception. Far too many children in Richmond have and are growing up with the odds firmly stacked against them as a result of growing up in poverty conditions. These children are, in effect, being excluded from the American dream and are at high risk of spending a lifetime on the economic margins, struggling to survive month to month.”

Five key policy areas were established: Workforce development, economic development, education, housing and transportation. Richmond established in 2014 an Office of Community Wealth Building, an agency that oversees the city’s poverty reduction efforts. Williamson served as its first director and now works at the University of Richmond.

As a result of that, nearly everything is viewed through a poverty-reduction lens, said Valaryee Mitchell, current director of the Office of Community Wealth Building. Part of that involves educating people on the issue and having them understand that they can have a role in reducing poverty.

“If we are going to address poverty, we have to do things differently,” Mitchell said. “We alone can’t do it but as a collective effort — businesses, churches, nonprofits, government — we are all partners on this. We are bringing people together and bringing them into discussions that they have never had before.”

For example, when there's a meeting of the commerce department or economic development groups, a representative from the community wealth building office is invited to participate.

"We know as they attempt to attract businesses to town or expand existing ones, we need to be in the room as they are doing that work," said Reginald E. Gordon, deputy chief administrative officer for Human Services in Richmond. "They have used community wealth building to attract potential employers to Richmond since the city is intentionally developing a pipeline of prepared employees and skilled labor."

There's a living wage campaign underway in which the city gives companies a sticker they can display that connotes its commitment to pay a living wage. It's a way a company shows its support for the city's antipoverty efforts and may encourage others to do business with them as a result. Conversations are underway about intentionally hiring people in poverty, training them and creating a pipeline of skilled labor.

The city, as an employer, is even turning an eye on itself. For example, it is analyzing ways it can develop career paths for employees, determine whether a part-time job could eventually be full time or whether training an existing employee would allow them to move into a new, higher paid position.

"We want to work ourselves out of a job," Mitchell said. "I love Richmond and I want to work myself out of a position where we don't need an office of community wealth building."

Poverty is fractionally down in Richmond but it's hard to prove whether it's related to the efforts underway or broader trends in the economy, Williamson said in an interview.

"Our efforts don't hurt it," he said. "That's why it's so important to get to scale, hire more people and get allies pointed in the same direction. Just that you're not showing impact by the numbers doesn't mean you're not helping."