

A TALE

A black silhouette of a city skyline, including several prominent skyscrapers, is centered in the image. The skyline is reflected in a dark, horizontal band below it, creating a symmetrical effect. The background is a solid blue color that transitions from a lighter shade at the top to a darker shade at the bottom.

OF TWO

CITIES



OR ONE CITY MOVING IN TWO DIRECTIONS.

➤ THERE ARE TWO PHILADELPHIAS GROWING FURTHER AND FURTHER APART. ONE IS PROSPERING IN THE NEW ECONOMY; THE OTHER IS FALLING BEHIND. THE PROMISE OF OUR FUTURE CAN ONLY BE REALIZED IF PHILADELPHIA MOVES FORWARD TOGETHER.

A CITY ON THE RISE

In many ways, it is the best of times. Philadelphia has never been stronger with new development, a bustling and growing downtown, revitalized neighborhoods, and an increasingly diversified population.

It is being recognized as a world-class city: home to a concentration of some of the best educational, medical, and cultural institutions anywhere in the world; a place where people can be educated, raise families, grow their businesses, and participate in the rich tapestry that is urban life. Our geographic location and new commercial real estate allow us to be financially competitive in the global marketplace. At the same time, challenges are being addressed, schools are being improved, land is being developed and renewed, and civic engagement has spurred discourse that is yielding new initiatives and reforms. Philadelphia, the birthplace of our nation, is in the midst of its own rebirth.

A CITY ON THE DECLINE

Yet for some in Philadelphia, it is also the worst of times. Many are struggling to make ends meet in a city that, like the nation, has seen a shift to an increasingly knowledge-based economy. Educational and social systems have been challenged to keep pace with the growing demands of this dynamic economy. The new prosperity is bypassing residents with little formal education and few skills so that many Philadelphians live in poverty; so many, in fact, that among the nation's ten largest cities, Philadelphia ranks first in the percentage of people living in poverty. The effect of an undereducated and under-skilled population on the economy and social fabric of our city is profound: it impairs job growth, schools, and public safety. In short, it hinders progress.

HOW DID WE GET HERE?

- > DEVELOPING PHILADELPHIA'S LONG-TERM COMPETITIVE ADVANTAGE BEGINS WITH IMMEDIATELY DEVELOPING THE TALENTS OF THOSE HERE IN OUR CITY.

A CITY LOOKING OUTWARD

We have taken considerable steps in addressing our city's economic challenges.

We are exploring new uses for technology, incubating emerging industries, and reaching out to new student arrivals. We are leveraging our historic assets to effectively grab an increased share of the domestic and international tourism markets, hosting over one million conference-goers annually.

Plans are in place to start addressing comparatively high individual and business tax rates. We are dedicating resources to quantifying and marketing the benefits of operating a business in Philadelphia. Economic development plans and incentives look to bring outside resources into the city, and it is hoped they will bring results.

A CITY LOOKING INWARD


Largely missing from the broad public discourse on economic development strategies and taxes is the expansion of our wage base through the activation of our workforce. A skilled workforce can be our greatest asset, yet almost half of able-bodied adults are not working or looking for work. Mobilizing our latent workforce is central to our economic growth. The financial and social benefits cannot be ignored both in cost savings and in economic contributions. Yet this argument, despite articulation in a range of arenas, has not taken hold. Undereducation and joblessness are interrelated and are impediments to our city's social and economic progress. Acknowledging, understanding, and addressing undereducation as a root problem can dislodge other issues that pose barriers to economic growth.

A CITY OF WORKING PEOPLE

For years Philadelphia was an industrial and manufacturing powerhouse. Our landscape was dotted with smokestacks, factories, warehouses, and shipyards. Thousands of jobs paid family-sustaining wages to individuals who had at most a high school education. Degrees weren't necessary to make a decent living. Parents could provide access to jobs for their kids and multiple generations worked side by side for a large portion of their lives. Working-class families owned homes, saved for retirement, sent their children to college, and passed on their wealth. And all of this was often possible on one income. Today, economic success is tied directly to education and our residents with post-secondary training work at higher rates and earn more than those without.

A CITY LOOKING FOR WORK

We were a blue-collar town, a proud working-class town, and now too few of us are working. Jobs that provide upward mobility without formal training are rare. New knowledge-based jobs require education for entrance and advancement. The problem Philadelphia faces is both immediate and long-term. Working-age adults struggle to find their place in today's economy. In fact, 45 percent simply are not working or looking for work, making the city's labor force participation rate 96th out of the nation's 100 largest cities. Youth are also disconnected: 20 percent of 16-24 year olds are not in school or working. Trends show underemployment at an early age typically leads to joblessness in adulthood. Many baby boomers will soon retire, and there exists an unprepared, undereducated, and disengaged workforce to replace them. This has devastating consequences for our future.



OUR MOST OVERLOOKED ASSET FOR ECONOMIC DEVELOPMENT IS OUR PEOPLE. IF WE DEVELOP OUR WORKFORCE FIRST, OUR ECONOMY WILL FOLLOW SUIT.



INCREASING EDUCATION LEVELS WILL ACTIVATE PHILADELPHIA'S LATENT WORKFORCE AND GIVE IT THE ABILITY TO PROSPER IN TODAY'S KNOWLEDGE-BASED ECONOMY.

{ WHERE IS THE GAP? }

> ECONOMIC DEVELOPMENT STRATEGIES SHOULD TARGET AN INCREASE IN EDUCATION LEVELS.

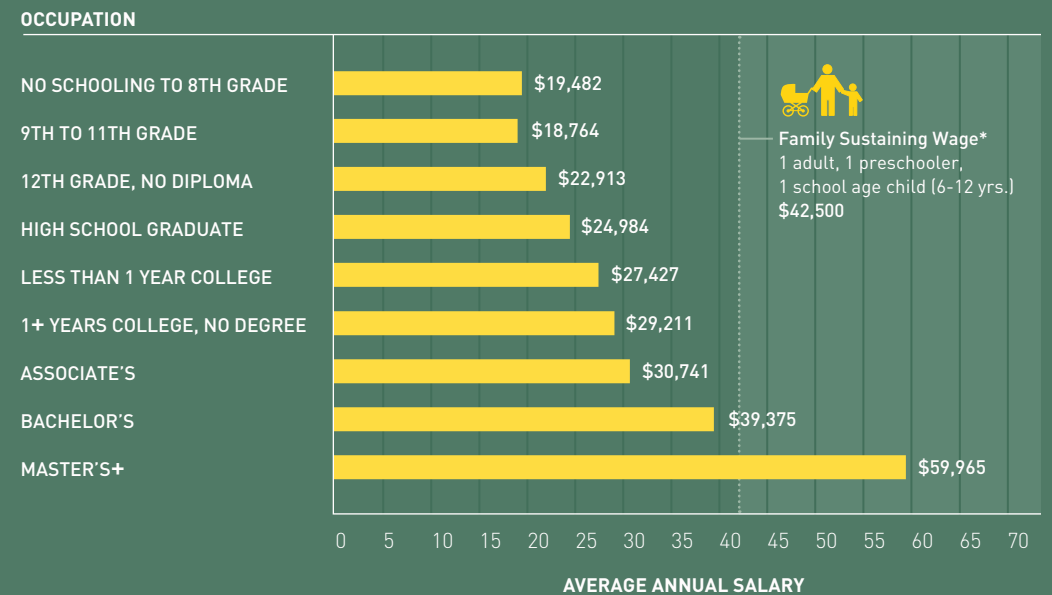
A CITY OF PROSPERITY

At the dawn of the 21st century, our growth is being fueled by an educated and entrepreneurial workforce. Lifelong learning is our mantra. Employers are looking for a knowledgeable, sophisticated, creative, and credentialed workforce — one that is adaptable to the rapid changes across our fastest growing and most lucrative industry sectors, further proving that education leads to employment. Our educated residents have an unemployment rate of 3.5 percent, earn 60 percent more than their non-degreed colleagues, and have access to a range of well-paying opportunities across the nation's fourth largest region. Our educated workers are driving Philadelphia's renaissance — spending their disposable income and investing their resources in social, recreational, and philanthropic activities, while saving for their own futures. What would be the pace of growth if we mobilized Philadelphia's entire workforce?

A CITY OF DISPARITY

Our ability to achieve sustainable growth is hindered by our inability to provide qualified workers. Today, those lacking degrees find it hard to participate in Philadelphia's economy and have an unemployment rate between 19 and 25 percent. A significant portion of Philadelphia's population is isolated from where work is, from the social networks that connect them to it, and is unprepared to advance if they get there. The number of low-skill workers far exceeds the number of low-skill jobs, depressing wages in the city to levels below those of the same work elsewhere. Parents in working families often hold two or more jobs to make ends meet. That affects their ability to fully engage with their children and their children's education. Other parents are disconnected from the labor market completely. These factors have devastating trans-generational effects, fundamentally undermining efforts to improve educational and social outcomes for young people. The undereducation of our resident labor force constrains our progress.

ANNUAL EARNINGS BY EDUCATION LEVEL, 16–64 YEAR OLD EMPLOYED RESIDENTS NOT IN SCHOOL, 2000



*From The Self-Sufficiency Standard for Pennsylvania, Pathways PA, May 2006.

IN GENERAL, THE FASTEST GROWING JOBS IN THE CITY ARE LOW-WAGE SERVICE SECTOR POSITIONS. JOBS THAT PROVIDE FAMILY-SUSTAINING WAGES REQUIRE AT LEAST AN ASSOCIATE'S DEGREE. THE IDEA IS NOT TO CREATE MORE JOBS AT THE BOTTOM, BUT RATHER TO PREPARE MORE PEOPLE WITH THE SKILLS THEY NEED TO COMPETE FOR JOBS ON HIGHER RUNGS OF THE ECONOMIC LADDER.

> THE FARTHER INDIVIDUALS MAKE IT IN THEIR ACADEMIC CAREERS, THE MORE LIKELY THEY WILL ADVANCE IN THEIR PROFESSIONAL CAREERS. EDUCATIONAL ATTAINMENT AND CAREER ADVANCEMENT GO HAND IN HAND.

A CITY OF HIGHER LEARNING

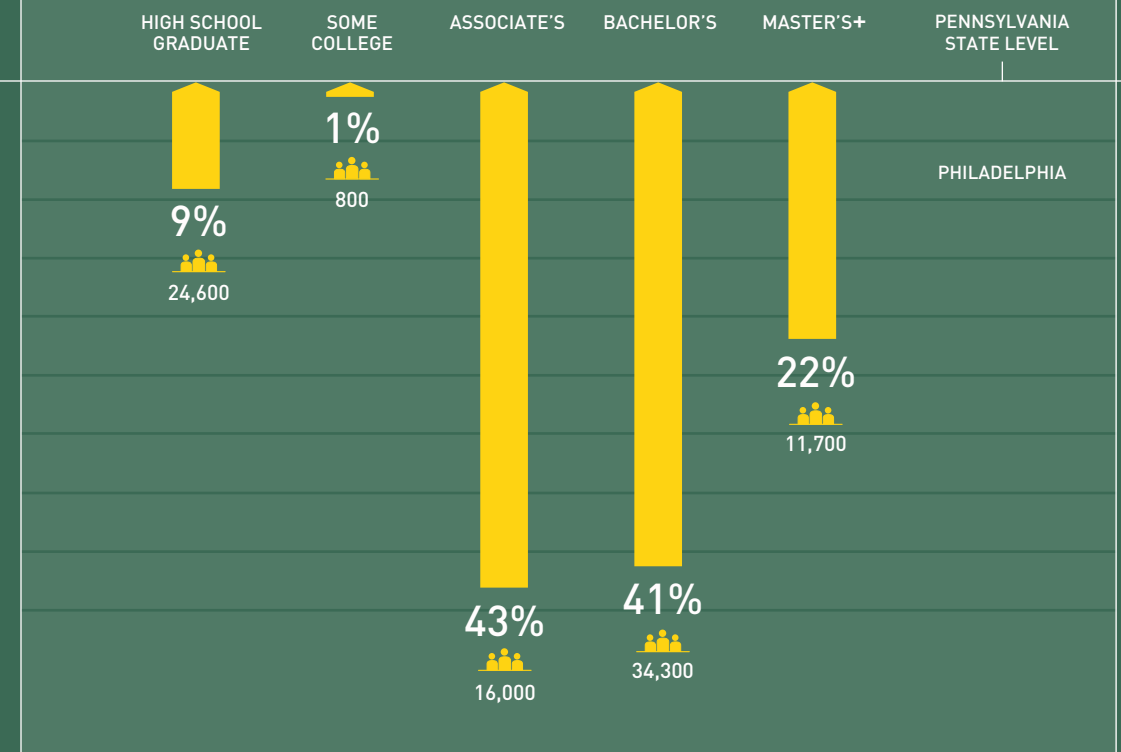
With its many world-class institutions of higher education, Philadelphia and the region have long been seen as one of the nation's leading knowledge-centers. Home to 83 colleges and universities, over 65,000 degrees are awarded annually. Some 20 percent of the nation's life science professionals receive training in the region, which has five medical schools and nearly three dozen nursing programs. The schools themselves are among Philadelphia's top employers and are vehicles for investment through research and development funding, student and family spending, and campus construction. Being a knowledge center in a knowledge-based economy should mean that Philadelphia is exceptionally well-positioned among its metropolitan peers to compete for growth. The assets to prepare people for success in the new economy are right here.

A CITY STRUGGLING TO LEARN

But while many of the world's best and brightest are educated here, the city has been challenged to educate its own. Only 20 percent of Philadelphians have college degrees, placing Philadelphia near the bottom — 92nd — of the country's 100 largest cities in the percentage of college-educated residents. 25 percent of our city's residents left high school without their diplomas, twice the state average. 30 percent who left high school by 11th grade are not working. While there are laudable efforts underway to create a bridge to higher education for those students who finish high school, a significant number of residents are largely unprepared for college and lack even basic skills to get started. Over 60 percent of the city's adults are considered low-literate. Over 80,000 Philadelphians ages 25-45 — prime working-age — enrolled in college at some point but did not graduate. These figures do not bode well for our future and point to systemic failures that must be addressed to support individual achievement. The attainment of academic credentials is critical to our economic growth, the ability of employers to thrive in our region, and the expansion of opportunities for more city residents to contribute to the economy.

CLOSING THE EDUCATIONAL ATTAINMENT GAP FOR PHILADELPHIANS

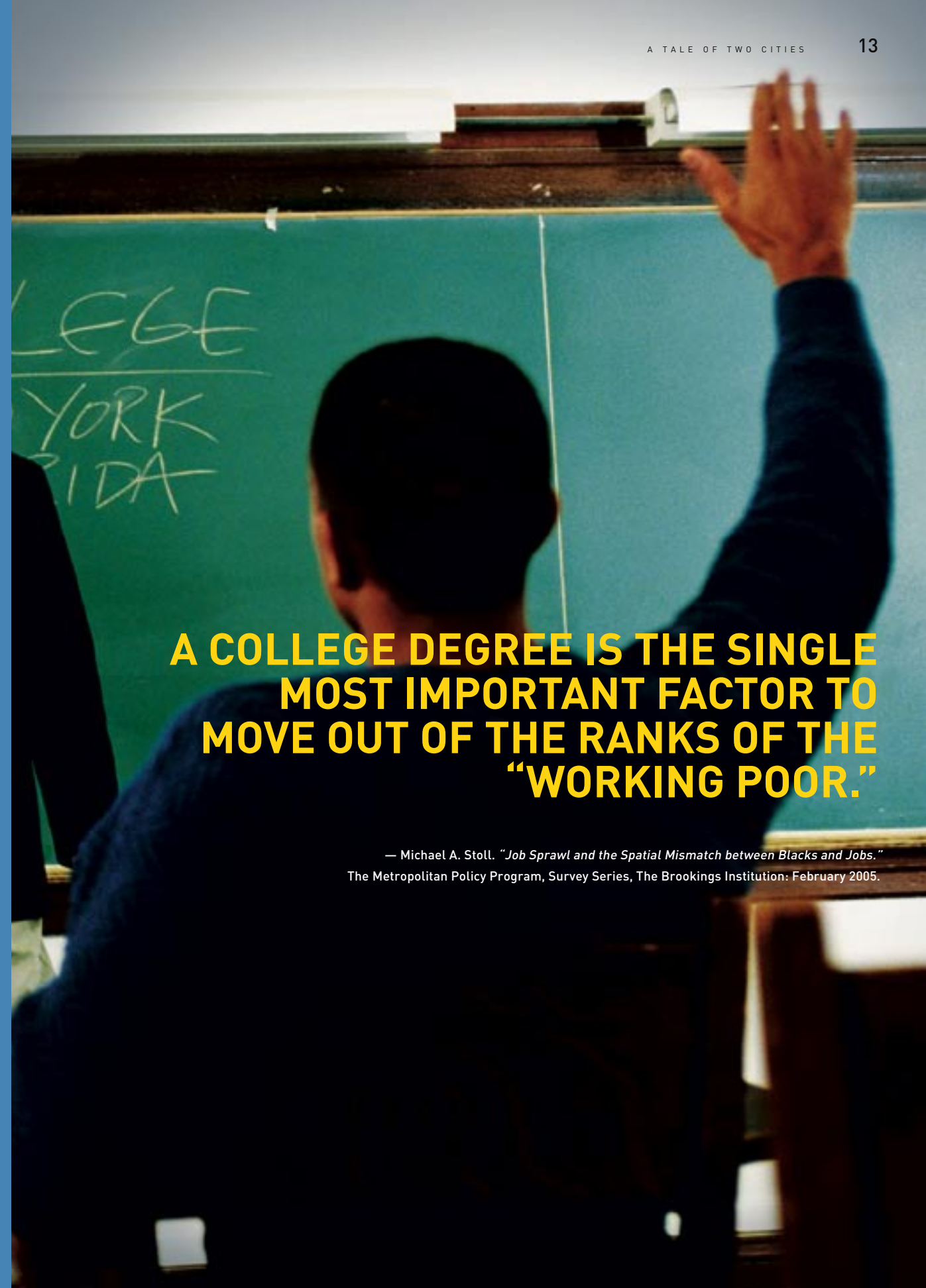
PERCENTAGE INCREASE NEEDED TO RAISE CITY EDUCATION LEVELS TO STATE LEVELS, RESIDENTS AGES 16-64, 2000



THE ECONOMIC BENEFITS
OF EDUCATIONAL ATTAINMENT ARE SIGNIFICANT.
WHEN COMPARING SALARIES OF THOSE WITH A HIGH SCHOOL
DIPLOMA, WE SEE ONE YEAR OF POSTSECONDARY
EDUCATION TRANSLATES TO AN
**INCREASE IN EARNINGS OF
18% FOR WOMEN AND 14% FOR MEN.**

EXPECTED ANNUAL EARNINGS ARE
50% HIGHER FOR WOMEN
WHO RECEIVE AN ASSOCIATE'S DEGREE AND
23% HIGHER FOR MEN WHO DO THE SAME.

SALARIES CLIMB
**89% FOR WOMEN AND
60% FOR MEN**
WHEN THEY RECEIVE THEIR BACHELOR'S DEGREE.



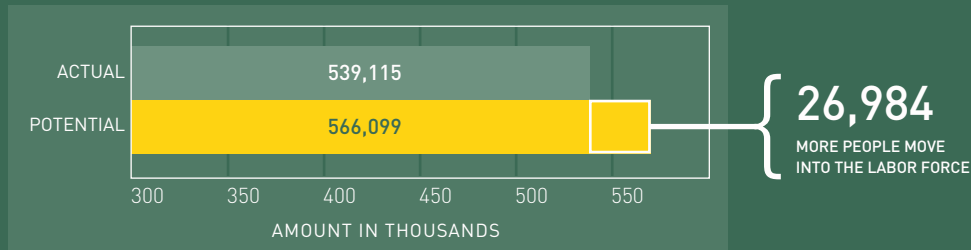
**A COLLEGE DEGREE IS THE SINGLE
MOST IMPORTANT FACTOR TO
MOVE OUT OF THE RANKS OF THE
"WORKING POOR."**

— Michael A. Stoll. "Job Sprawl and the Spatial Mismatch between Blacks and Jobs."
The Metropolitan Policy Program, Survey Series, The Brookings Institution: February 2005.

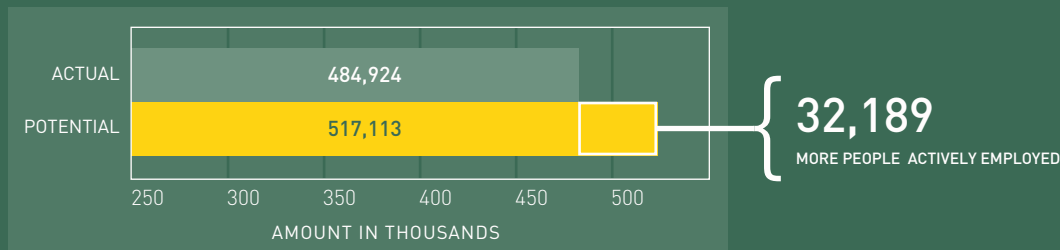
THE BIG BENEFIT

SEEING THE VALUE IN RAISING PHILADELPHIA'S EDUCATIONAL ATTAINMENT TO THE STATE LEVEL (BASED ON RESIDENTS AGES 16-64)

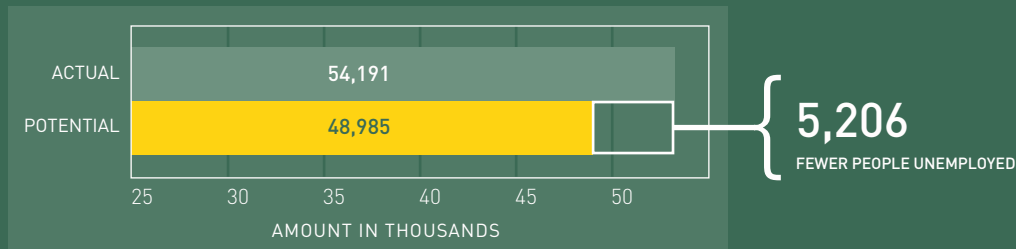
LABOR FORCE



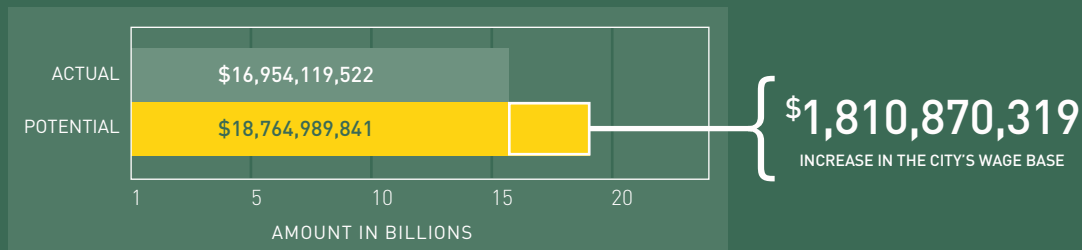
PERSONS EMPLOYED



PERSONS UNEMPLOYED



AGGREGATED ANNUAL EARNINGS



Potential Figures based on Philadelphia achieving Pennsylvania educational attainment levels.


A CITY DEVELOPING ITS ASSETS

Education plays an invaluable role in our community's fortune. If we raise the educational attainment of Philadelphia's residents to the state level, cutting the number of those without high school diplomas in half and increasing the population of college graduates by 40 percent, the city would have access to nearly 27,000 additional workers, the number of employed Philadelphians would increase by 32,000, and the number of unemployed city residents would fall by nearly 5,200. Increased education levels would boost the aggregate earnings of all employed Philadelphians, raising the city's potential wage base by \$1.8 billion or 10.5 percent. Put simply, expanding the wage base is the win-win solution to the no-win decision Philadelphia public officials constantly face: cutting services or increasing taxes. Additional public revenues would significantly compensate for city income lost by lowering tax rates and could then be leveraged through reinvestment. Consider the multiplier effect of increased education levels and a subsequently increased wage base on our city: a growth economy, increased employment, decreased crime, stabilizing home values, strengthened civic participation; in short, the Philadelphia we aspire to be.

> INCREASING EDUCATION LEVELS CLOSE TO THE STATE LEVEL WOULD RAISE THE CITY'S POTENTIAL TAX BASE BY \$1.8 BILLION OR 10.5 PERCENT.

A CITY DEPLETING ITS RESOURCES

Our workforce issues present a threat to the future of Philadelphia, its businesses, and our regional economy. A city's economy is built on the talents and knowledge of its residents. By insufficiently preparing our workforce for the employment opportunities of today and tomorrow, we are stalling innovation, stifling the growth of existing businesses, deterring economic development, depleting the tax base, and increasing the strain on our city's public resources. The costs of undereducation are high. The problems plaguing our city and our neighborhoods are tied directly to the issues of an undereducated workforce and joblessness, issues we have the power and capacity to change.

A close-up photograph of a woman with dark hair, wearing a red blazer over a black top, sitting in a red office chair. She is looking down at a laptop screen, which is partially visible at the bottom left. The background is blurred, showing what appears to be an office setting.

A CITY'S ABILITY TO REINVENT ITSELF IS TIED DIRECTLY TO THE EDUCATION OF ITS RESIDENTS. AND A CITY'S ABILITY TO ATTRACT EMPLOYERS IS DEPENDENT ON ITS ABILITY TO PROVIDE QUALITY EMPLOYEES.

— Edward L. Glaeser and Albert Saiz. "Working Paper No. 04-02: The Rise of the Skilled City." Research Department, Federal Reserve Bank of Philadelphia, December 2003.

WHAT WILL WE DO?

BECOME A CITY UNITED

This is everyone's business. Now is the time we must act to change things for the better. Our collective future depends on it. There is no single workforce program or quick fix that will resolve the current situation. Rather, tangible results will come from connecting and growing existing efforts and further uniting around a shared strategy. Increasing educational attainment and skill levels to build Philadelphia's competitive advantage is a serious undertaking. It will take all of us acknowledging and rallying around this issue and then addressing it head on. No doubt a considerable challenge, but one we face with considerable assets and tools to leverage for strategic results.

The best way to start is to recognize both the opportunity and the roles that each of us can play in activating our workforce. Now is the time to begin a conversation, in living rooms and board rooms, leading to an action agenda we can accomplish together.

HOW DO WE **TAKE OUR POTENTIAL LABOR SUPPLY** AND
CONVERT IT INTO A PRODUCTIVE LABOR FORCE?

WHAT IS THE **FUTURE OF OUR CITY** AND REGION?

HOW SHOULD WE **ORGANIZE AROUND** THE FUNDAMENTAL
PRINCIPLE OF **ECONOMIC OPPORTUNITY FOR ALL?**

HOW SHOULD WE DEVELOP AND **GROW** OUR EXISTING ASSETS?

HOW SHOULD WE GROW THE PIE SO **EVERYONE**
CAN GET A **BIGGER SLICE?**

HOW SHOULD WE GROW OUR OWN **LABOR FORCE** TO FULLY
REALIZE OUR POTENTIAL IN AN INCREASINGLY
GLOBAL, KNOWLEDGE-BASED ECONOMY?

HOW SHOULD WE **DEFINE SUCCESS?**

HOW SHOULD WE **MEASURE PROGRESS?**

JOIN THE CONVERSATION.
WATCH FOR OUR RESEARCH BRIEFS.
JOIN HANDS TO TAKE ACTION.
HELP US IDENTIFY SOLUTIONS.

THE PHILADELPHIA WORKFORCE INVESTMENT BOARD ENVISIONS
 A THRIVING REGIONAL ECONOMY WHERE GROWTH AND PRODUCTIVITY
 IS FUELED BY A DYNAMIC, HIGHLY SKILLED, AND ACCESSIBLE WORKFORCE.

CONTACT US: 215-717-2010 | www.pwib.org

A Tale of Two Cities is a publication of the Philadelphia Workforce Investment Board, 2007

This publication is inspired by the achievements of the people who live, work, educate, lead, and do business in Philadelphia, and by our belief in the potential of all residents to make a positive contribution to our city's economy and our region's future.

Sallie A. Glickman

Sallie A. Glickman, CEO, Philadelphia Workforce Investment Board

{ ACKNOWLEDGEMENTS }

THE PHILADELPHIA WORKFORCE INVESTMENT BOARD GRATEFULLY ACKNOWLEDGES THE FOLLOWING PEOPLE, WHO GENEROUSLY GAVE THEIR TIME AND INSIGHT TO HELP SHAPE THE MESSAGE CONVEYED IN *A TALE OF TWO CITIES*:

Payne Brown, Comcast Corporation

Duane Bumb, Philadelphia Commerce Department

Pamela A. Crawley, Citizens Bank

Dr. Stephen M. Curtis, Community College of Philadelphia

George E. Davis

Patrick J. Eiding, Philadelphia Council AFL-CIO

Kenneth R. Garrett, FMC Corporation

Roosevelt Hairston Jr., Children's Hospital of Philadelphia

Loree D. Jones, Mayor's Office, City of Philadelphia

Tsiwen M. Law, Esq., Law & Zaslow, L.L.C.

Janet H. Ryder, Philadelphia Council AFL-CIO

Jay Spector, JEVS Human Services

David B. Thornburgh, Alliance for Regional Stewardship

Myrna Toro, Synterra, Ltd.

Andrew Wigglesworth, Delaware Valley Healthcare Council

Original Research by Dr. Paul E. Harrington, Dr. Neeta P. Fogg, and Kevin McCabe, Center for Labor Market Studies, Northeastern University, Boston, MA

Concept, Copywriting, and Design: Paragraph Inc.

{ SPONSORS }

A TALE OF TWO CITIES WAS MADE POSSIBLE THROUGH THE GENEROUS CONTRIBUTIONS OF OUR SPONSORS:



DELAWARE VALLEY HEALTHCARE COUNCIL
 of the Hospital & HealthSystem Association of Pennsylvania



RADIAN



Community
 College
 of Philadelphia

The Children's Hospital of Philadelphia
 Hope lives here.

PHILADELPHIA WORKFORCE INVESTMENT BOARD

1601 Market Street, Suite 1500 | Philadelphia, PA 19103 | p. 215-717-2010 f. 215-717-2020 | www.pwib.org