Engaging Banks in Workforce Development: Part One

March 8, 2018

Organized by the Federal Reserve Bank of Dallas

The Connecting Communities® audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.
Thank you for attending today’s session. How to join (remember, this session is being recorded):

- Call-in number: 888-625-5230
- Conference code: 9243 4861#
- Webinar link: https://www.webcaster4.com/Webcast/Page/584/22483

You have two options to ask questions today:
*These questions may be part of the recorded archive for this session.*

- Email us at: communities@stls.frb.org
- Type your question into the chat box of the webinar

An archived recording of this session will be available on the Connecting Communities® website shortly after the session ends. Please visit www.stlouisfed.org/connectingcommunities/

In connection with this session, you can find a variety of additional resources on this topic available at www.fedcommunities.org. We encourage you to browse through this site and to contact your regional office if you would like additional information on any of these items.
Legal Notices and Disclaimer

The information, analyses, and conclusions set forth are those of the presenters and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.
Community Development

- The Community Development function within the Federal Reserve System—consisting of individual departments at each of the 12 Federal Reserve Banks as well as at the Board of Governors—promotes economic growth and financial stability for low- and moderate-income (LMI) communities and individuals through a range of activities, including:
  - **Convening stakeholders**, including practitioners, financial institutions, nonprofits, governmental agencies, and the philanthropic and private sectors
  - **Conducting and sharing research** to examine economic challenges facing LMI communities and attendant policy implications
  - **Identifying emerging issues**
Today’s Presenters and Agenda

- Elizabeth Sobel Blum, Senior Community Development Advisor, Federal Reserve Bank of Dallas
- John Galante, Executive Director of Year Up, New York
- Mark Estrada, Assistant Vice President, University Relations, Talent Acquisition, Global Human Resources, State Street Bank

The following will be discussed:

- “Engaging Workforce Development: A Framework for Meeting CRA Obligations”: How banks can engage in workforce development to fulfill their obligations under the Community Reinvestment Act (CRA)
- Year Up and State Street Bank’s partnership
“Engaging Workforce Development: A Framework for Meeting CRA Obligations”

Elizabeth Sobel Blum
Senior Community Development Advisor
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What is Workforce Development?

The workforce development system trains, educates, and provides social services to working-age individuals to enable them to succeed in the labor force and, at the same time, meet employers’ demands for quality talent.
Why is Workforce Development Important?

“There is more demand for skilled workers in the United States than there is supply... It’s not like the jobs aren’t there. Most of the companies that we talk to in this district can’t find enough skilled workers.”

Robert S. Kaplan
President and Chief Executive Officer
Federal Reserve Bank of Dallas

Source: “Dallas Fed Chair Robert Kaplan Gives Mostly Sunny Forecast for Texas Economy,” Dallas Regional Chamber 2017 Annual Meeting
Engaging Workforce Development
A Framework for Meeting CRA Obligations
Community Reinvestment Act (CRA)

• Banks have CRA obligations.
• The CRA was enacted to prevent redlining and encourage financial institutions to help meet the credit needs of all segments of their communities, including low- and moderate-income (LMI) neighborhoods.
CRA (continued)

• Each financial institution is evaluated on how well it serves its assessment area.
  – An assessment area consists of the geographies (town, city, MSA*, county) in which it has its:
    • Main office and branches
    • Deposit-taking ATMs
    • Surrounding geographies in which it originates/purchases substantial portions of its loans

*MSA – metropolitan statistical area
Banks’ Community Development Activities

• Loans, investments, and services in:
  – Affordable housing for LMI individuals
  – Community services targeting LMI individuals
  – Economic development
  – Activities that revitalize or stabilize LMI geographies
Banks’ Community Development Activities (continued)

• July 2016 update:
  “...economic development initiatives include provisions for creating or improving access by LMI persons to jobs or to job training or workforce development programs” and access to day care and other supportive services
Banks Engaging in Workforce Development

• Lend to CBOs, CDCs, and/or CDFIs* involved in workforce development
• Provide financial support through an investment or grant to CBOs involved in workforce development
• Offer learn-and-earn opportunities (e.g., internships, apprenticeships, college work-study positions outside college, job-shadowing opportunities, transitional jobs programs)
• Offer financial education to clients of workforce development entities

*CBO – community-based organization; CDC – community development corporation; CDFI – community development financial institution
Banks Engaging in Workforce Development (continued)

- Serve on board of directors of workforce development entity, volunteer at entity, offer it pro bono services
- Serve as depository institution (e.g., for youth employment program)
- Provide administrative support (e.g., meeting space)
- Mentor/coach on resume writing, interviewing, professional skills, and career planning
Benefits of Banks Engaging in Workforce Development

• Improve financial stability of LMI individuals by increasing their access to quality jobs
• Grow talent pipeline
• Expand customer base
• Strengthen financial acumen of local communities
• Deepen understanding of local business’ needs
• Build social capital and reduce reputational risk
Year Up and State Street Bank

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1. Who We Are
2. The Year Up Solution
3. Our Impact
4. How We Can Partner
Who We Are

• A strategic source of entry-level, middle-skill talent for some of America’s largest and best-known companies
• A workforce development organization that rigorously prepares underserved young adults for successful corporate careers and higher education
• A nonprofit organization dedicated to closing the Opportunity Divide
The Skills Gap and Opportunity Divide

Year Up connects young adults who need opportunity to companies who need talent.

6 million young adults are disconnected from stable career pathways.

12 million jobs requiring post-secondary education will go unfilled in the next decade.
The Year Up Solution: Program Model

Phase 1
Learning and Development
6 months

Phase 2
Corporate Internship
6 Months

Phase 3
Career and Higher Education
Ongoing

Support
- Educational stipends
- Advisors
- Business clothing
- Mentors

Experience
- Hands-on training
- Corporate internship

Training
- Academic classes
- Professional skills

Guidance
- Behavioral contract
- Constant feedback
Internship and Hiring Partners

Financial Services
- American Express
- JPMorgan Chase & Co.
- UBS
- Barclays
- BNY Mellon
- Bank of America
- Capital One
- State Street
- Citigroup
- Morgan Stanley

Media & Technology
- Yelp
- Salesforce
- Google
- LinkedIn
- Twitter
- Microsoft
- eBay
- Aol
- Facebook
- Electronic Arts

Health & Biotech
- Partners HealthCare
- Boston Children’s Hospital
- Blue Cross Blue Shield
- Kaiser Permanente

Connecting Communities®
SPONSORED BY THE FEDERAL RESERVE SYSTEM
We have been successful because we **serve our mission through the market** by partnering with leading employers to:

- Understand skill and recruitment needs
- Develop relevant and valuable training
- Provide a strong pipeline of skilled talent through internships and hires
Year Up Program Outcomes

85% STUDENT SUCCESS RATE
Employed or enrolled in full time education within 4 months of graduation

$18.00 $7.25
Year Up Graduate Starting Average Wage Federal Minimum Wage
Hourly wage

16,000+ students
SERVED TO DATE
Our partner organizations report the following benefits from our partnership:

- Reduced hiring risk
- Reduced employee turnover
- Improved employee performance
- Greater diversity

90% employer satisfaction

1 in 3 Year Up interns hired vs. 1 in 18 Traditional applicants hired
Partner Profile

State Street

Training tracks: IT, Investment Operations
Partnership sites: Greater Boston, New York, Jacksonville

1000+ Year Up interns hosted since 2003

60% Of interns converted to hires

45 Months average tenure for hired Year Up grads

“Our partnership with Year Up simply makes good business sense. We’re increasing our ability to fill entry-level positions and increasing retention and engagement—all while contributing to the economic well-being of our communities.”

– Michael Scannell
Head of Corporate Citizenship, Talent Acquisition and Global Inclusion
State Street
Benefits – Increased Employee Loyalty

Average Tenure of Employees

- Analysis of State Street’s employee retention data found that Year Up graduates stay on the job over two times longer than those hired from other sources.
- Higher retention = lower cost of hiring and training and improved productivity and profits

Source: State Street & YU 2014 analysis
Focusing on the continuum from high school to career, Boston WINs aims to improve the scale and reach of each of its partner organizations, allowing them to do more together than they could alone.

Boston WINs Partners:

1. Credential to Career Pathway
2. Associates Degree Support and Tracking
3. College Completion Coaching (2- and 4-year degrees)
4. Career Readiness and Pathways Curriculum
5. Employment
6. BPS Guidance Role
7. College Application and Selection Support for All BPS High School Students
8. Career Advising
9. Academic Reengagement
10. College Completion Coaching (2-year degrees)
11. Career Pathways Advising
12. Skills Curriculum
13. Employment Experience for BPS Students
14. College Affordability Advising (FAFSA)
15. Academic Progress Advising
16. Debt Management (Early Career)
Questions?
You have two options to ask questions today:

1. Email us at: communities@stls.frb.org
2. Click the “Ask Question” button in the webinar
Join Us for Our Next Connecting Communities!

- Engaging Banks in Workforce Development Part 2
- Thursday, March 29, 2018
- 2–3 pm CT/ 3–4 pm ET
- Presenters:
  - Steven Shepelwich, Federal Reserve Bank of Kansas City
  - Andrea Stiles Pullas, Mi Casa Resource Center
  - Barbara Mahnen, Bank of America
  - Priscilla Dinn Alvarez, Valley Initiative for Development and Advancement
  - Ruben Ramos, BBVA Compass
Thank you to today’s presenters and to all participants for joining this session.

Next steps:

- All session materials are available on our website and, in the next few days, we will post an audio file of today’s session.
- If you have topical suggestions for future sessions or any questions about this program, please feel free to contact us at communities@stls.frb.org.
- Information about future sessions will be posted on our website, along with archived materials from past sessions: https://bsr.stlouisfed.org/connectingCommunities
In connection with this session, you can find a variety of additional resources on this topic available at www.fedcommunities.org.

It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.