



# URBAN CONVERSATIONS

Strengthening the Middle Class

SESSIONS I-III, 2007-2008

**MILANO THE NEW SCHOOL  
FOR MANAGEMENT AND URBAN POLICY**

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**MILANO THE NEW SCHOOL FOR MANAGEMENT AND URBAN POLICY**

# URBAN CONVERSATIONS

## Strengthening the Middle Class

**A THREE PART CONFERENCE SERIES**

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**AS A SCHOOL OF URBAN POLICY AND MANAGEMENT,** we at Milano The New School for Management and Urban Policy thought it was important to examine a pressing and topical aspect of the field each year through our Urban Conversations series. We began in 2004 when the Republican National Convention was held in New York City. The topic was the perils of partisanship. In our second year, we looked at U.S. Mayors and innovation, and year three, in the wake of Katrina, we explored how cities respond to crisis and rebuild. What we learned was that there is vast common ground on many urban issues regardless of which side of the aisle you sit on.

For our most recent Urban Conversations, we focused on the disappearing middle class in America's cities. It comes as no surprise to any New Yorker that the fundamentals of attaining a middle class life in America – owning a home, raising a family, taking a vacation or two and sending your kids to college – is increasingly difficult, if not impossible to attain for many residents of our cities. A Brookings Institution study released in 2006 backed that up, showing something we all have witnessed and intuitively knew—that middle income neighborhoods are disappearing all over the country and that the problem is most acute in America's cities. The study painted a bleak picture for the middle class:

“This trend suggests increased sorting of high and low income families into neighborhoods that reflect their own economic profiles, and increased vulnerability of middle-class neighborhoods ‘tipping’ towards higher or lower income status. The resulting disparities among neighborhoods create new challenges for policies to enhance household mobility, improve the delivery of key public services, and promote private sector investment in struggling locales.”

The idea of Urban Conversations from its inception in 2004 was to highlight and increase the understanding of innovations in policy and management taking root at the city and state level all over the United States; to share and promote cross-fertilization of approaches to urban management; to increase debate and dialogue among elected officials, scholars, journalists, and other opinion leaders; and to document lessons learned and best practices for dissemination to policymakers and the public. The Altria Group, Inc. and the Rockefeller Foundation provided funding for the series.

With that goal in mind, we convened state and local leaders to Milano to hear their thoughts and share their ideas with one another. We organized our conversations on Strengthening the Middle Class into three distinct areas, starting on June 1, 2007 by examining issues of income disparity between wealthy and working-class families. As this division becomes more pronounced, what is the impact on the urban middle class? And what are today's urban leaders doing to ensure that their cities remain—or become—livable for middle-income families and affordable for the millions of working people aspiring to gain a foothold in the middle class? For this discussion, we tapped an array of experts and elected officials including Washington DC Mayor Adrian Fenty, Atlanta Mayor Shirley Franklin, Nassau County Executive Tom Suozzi, Working Families Party Executive Director Dan Cantor and Drum Major Institute Executive Director Andrea Batista Schlesinger. And with support from Fannie Mae, Bill and Sheila Lambert, and Phil Murphy, we established an Urban Conversations Scholarship Fund to enable students from Atlanta, Nassau County, and Washington DC, to earn masters degrees at Milano.

We learned about the increasingly robust role that mayors and other local officials have been taking across the country to fill the federal leadership void in areas such as transportation, education, the environment and housing. But we also learned that local government can't accomplish enough on its own over the long term. By 2030 New York City will add a million new residents. Atlanta, Washington and other cities are growing at similarly dramatic rates, creating vast metropolitan regions that won't neatly fit inside city or state borders. Dynamic local leadership will not be enough to deal with the many costs and complexities of this growth.

We followed up with a conversation on September 25, 2007, where we were joined by Diane Baillargeon, President and CEO, Seedco; David Jones, President, Community Service Society of New York; Rick McGahey, Program Officer, The Ford Foundation; and Jonathan Capehart, Editorial Board Member, The Washington Post to discuss workforce development. Mayor Bloomberg's administration has won accolades for creating a workforce support and training system that assists workers and meets the needs of the business community, yet our city still remains barely affordable for millions of its residents. We asked the panel to discuss what local and state leaders can do to improve job opportunities, increase incomes and help more people move into the middle class.

The next portion of the discussion featured two innovative governors, Kathleen Sibelius of Kansas and Ed Rendell of Pennsylvania, who described how their states focus on job creation and income growth. Many American cities large and small are becoming less and less affordable for middle- and working-class families. Others can barely sustain a middle-class labor market. We wanted to juxtapose two radically different states and talk about their strategies for attracting new jobs, training workers and ensuring livable wages.

We learned that in cities, the labor market is shaped like an hourglass with lots of lower wage, entry level jobs at the bottom, and much higher paying, more highly skilled jobs at the top. The skinny part in the middle represents the stable, middle class jobs (with benefits) that don't necessarily require a college education and used to be plentiful in this country. The problem cities face is that many of these jobs at the bottom don't have career ladders that will lead to better and better-paying positions of increasing responsibility and reward, leaving very few opportunities to expand that narrow middle.

Our speakers suggested that more unionized jobs were one way to help those at the bottom of the hourglass, but again and again, they pointed to the federal government's important role in helping cities stimulate economic growth, provide health insurance and improve infrastructure, which in turn, provides good jobs for local residents. And every panelist agreed that no matter where you live, the most important building block of a strong workforce is a strong public education system. Without that, our progress is not even incremental.

We concluded our series in January 2008 and focused on the following questions: How can cities preserve and extend the urban middle class? What kinds of housing, economic development, jobs and family-friendly policies would help achieve these goals? And why are these issues so absent from the national public debate? Robert Kuttner, Co-editor, *The American Prospect*, and author, *The Squandering of America: How the Failure of Our Politics Undermines Our Prosperity* framed out the discussion in stark terms and then turned it over to a panel of elected officials including Buffalo Mayor Byron Brown, Miami Mayor Manny Diaz, Honolulu Mayor Mufi Hannemann and U.S. Rep. Anthony Weiner of New York City. Milano's own Lisa Servon, now Dean of Milano, also joined the conversation.

In the edited transcripts you'll read about innovation and strong leadership at the local and state levels on these issues. In addition to creating local projects, mayors and governors need to continuously call attention to concerns and can serve as incubators of ideas, but as Bob Kuttner reminded us, this deep income divide started growing a long time ago, and without attention at the Federal level, our localities will continue to struggle with this problem and the decline of the middle class will not just be felt in the most acute way in the cities—it will spread throughout the country and has the potential to create a severe economic crisis for the country.

Kuttner gave us an important history lesson, reminding us that the middle class began to hollow out in the mid 1970s, starting with a shift from manufacturing to services, a less stable, more bifurcated sector of the economy. Baby boomers and women were entering the workforce in large numbers and were often paid less. But those reasons alone are not responsible for the drastic divide we see today. Kuttner points to the change in political power from Democrats to Republicans as the single most powerful force in hollowing out the middle class. Over the past thirty years, institutions intended to create a safety net for families have been slowly chipped away, giving way to the emerging point of view, held by Republicans, that the unfettered free market would solve all of our economic challenges. Kuttner, as well as many of our guests over the course of this series, are deeply concerned about the consequences of this shift and just what can be done to fix it.

"I have noticed that the great quarterbacks don't just get two or three yards up the middle. They're good at throwing long passes. And if there were ever a moment when our political leadership needed to throw a long pass, not to settle for skimpy incrementalism, it's now," he said, giving us all food for thought as we ended our series on the disappearing middle class and what we can do to strengthen it.



Fred P. Hochberg  
Dean 2004-2008

P.S. Just before we went to press, President-Elect Obama has indicated the formation of an Office of Urban Policy at the White House; that is a good place to start.





Urban Conversation attendee poses a question to the panelists.

## INTRODUCTION

# URBAN CONVERSATIONS

## Strengthening the Middle Class

### A THREE PART CONFERENCE SERIES

**AS INCOME DISPARITIES** between wealthy and working class families have become more pronounced in recent years, so too have the disparities among urban neighborhoods across the United States. The Brookings Institution released a report in 2006 finding that “although middle-income families have declined considerably as a share of the overall family income distribution, it is noteworthy that middle-class neighborhoods have disappeared even faster in metropolitan areas, especially in cities. This trend suggests increased sorting of high-and low-income families into neighborhoods that reflect their own economic profiles, and increased vulnerability of middle-class neighborhoods ‘tipping’ towards higher-or lower-income status.” (The Brookings Institution, June 2006, *Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America*).

If today’s urban leaders are to stabilize and strengthen their cities, they must contend with stagnant incomes for mid-level earners and declining incomes among workers in the large and growing service industries. Even in New York City’s booming economy, the incomes of the working poor actually declined during the first half of the current decade, even as incomes overall increased.

Meanwhile, in many U.S. cities and metro areas, an improving local economy, the revival of many urban neighborhoods and the booming real estate markets during the current decade have led to a crisis of affordability, with housing and other costs rising rapidly in traditionally working- and middle-class neighborhoods.

How are today’s urban leaders trying to ensure their cities remain—or become—livable for middle-income families and affordable for the millions of working people aspiring to gain a foothold in the middle class?

## SESSION I

# STRENGTHENING THE MIDDLE CLASS

Friday, June 1, 2007

## Conversation I

### Livable Cities for the Urban Middle Class

#### Overview of Issues

The New York area, Atlanta and the District of Columbia have all benefited from tremendous economic expansion in recent years. But they've also seen huge increases in the cost of living alongside the gentrification of neighborhoods that were once staunchly working class. How should these and other cities address the ever-increasing demand for more affordable housing? How should they invest in infrastructure, public safety and improving public schools—all strategies for preventing urban areas from being home to only the very rich and the very poor?

#### Speakers

##### HON. ADRIAN FENTY

Mayor of Washington, DC

##### HON. SHIRLEY FRANKLIN

Mayor of Atlanta, GA

##### ESTER FUCHS

Professor of Public Affairs and Political Science,  
Columbia University

##### HON. THOMAS R. SUOZZI

County Executive, Nassau County, NY

#### Moderator

##### BRIAN LEHRER

Host, "The Brian Lehrer Show," WNYC, New York Public Radio.

#### Summary

During the conversation, the panelists discussed the following key issues.

#### How can cities increase the number of affordable housing units within their boundaries?

The panelists all had a two-word answer to this question: increase density. New York City, Atlanta and Washington, DC, are all experimenting with density bonuses, where developers are allowed to build bigger projects than would



Mayor Adrian Fenty of Washington, DC

otherwise be legally permitted provided they agree to include a pre-determined number of affordable housing units. In New York City, for example, developers who build affordable units receive a 33 percent floor space bonus. Nonetheless, increasing density often remains an elusive goal. Not only are many people (especially outside of New York City) reluctant to live in apartment buildings and other dense developments, many towns are loath to approve the zoning changes necessary to build multi-family dwellings, even near train stations. Nassau County Executive Thomas Suozzi noted that every town in Nassau County controls its own zoning. "We started NIMBY," he joked. Columbia University Professor Ester Fuchs added that Americans are going to need to adjust their version of the American dream to accept that it might not mean individual houses for every family.

#### Can cities anticipate the pace of private development?

In the words of Washington, DC, Mayor Adrian Fenty, his city's government is attempting to "beat the market to the punch" by encouraging builders to put projects in less-developed or blighted areas of the city. Nonetheless, he said, rapid gentrification is resulting in "a lot of people being pushed out of the city." Atlanta Mayor Shirley Franklin pointed out that Atlanta is growing at a significantly faster pace than predicted by demographers and urban planners



and that, in her view, it is simply not possible to out-plan the market.

### **Why is it bad that middle class residents are being forced out of the urban centers?**

Franklin pointed out that the longer people have to commute by car to reach their workplace, the harder it is for a region to attract the best job seekers. Fenty said that when middle income people can no longer afford to live in a city, urban areas lose some of the diversity that makes them such desirable places to live. Fuchs reminded everyone that a number of the problems discussed by the panelists are the problems of success—that this is a change from the majority of post-war history which saw people fleeing urban centers for suburban living. “It’s the kind of crisis, in a way, that you want to have: the problems associated with economic growth and the value of real estate.”

### **What role do urban education systems play in creating and maintaining an urban middle class?**

Fenty argued that upgrading Washington’s education system is a more urgent priority, in some ways, than affordable housing. The region is throwing off many new middle-class jobs, he said, but inadequate schooling renders many Washington, D.C. residents lacking the skills necessary to perform the types of jobs being created.

### **How has New York’s Mayor Bloomberg served as a model for other urban mayors?**

City residents “want leaders who are not afraid to show tough love, to make the tough decisions,” Fenty said. Bloomberg, whose independent wealth allowed him to run a self-funded campaign for mayor, came into office not beholden to any major interests groups and has governed accordingly, the panelists agreed. Fuchs said she believes that one of the reasons for Bloomberg’s effectiveness is that he was a successful businessman who continued to value the role of government, and did not believe privatization was the only answer to fixing seemingly intractable bureaucracies.

### **Excerpt One**

**BRIAN LEHRER** Mayor Fenty, how’s your affordable housing situation in D.C.?

**ADRIAN FENTY** Well, I think it’s similar to most big cities in that after education, it really is our second biggest crisis. So what we have tried to do is to really just put as much public dollars into affordable housing as possible, and we started out by just trying to say, “In our budget, a certain

percentage of our deed and recordation tax is going to go to affordable housing, so that every year policy-makers and affordable housing providers would know that there’s a guaranteed pot of money that they can use to build affordable housing.”

**BL** From what I’ve read, you have rapid gentrification taking place in Northwest and Northeast Washington—a lot of New Yorkers know the quadrants—reflecting an improved quality of life, but also displacing working- and middle-class people. Do I have that right?

**AF** I Think that’s fair. I really do think that’s fair. What we would like to do is put on the record all the things we’re starting to implement, and to try and show how that’s not only going to continue to grow this city, but grow it in a diverse way.

**BL** And we’ll get to what you’re doing to implement change. But where do those working and middle-class people go now if they’re displaced?

**AF** Well, where they’ll go now is to either some of the new housing that’s being built with our Housing Production Trust Fund, to some of the areas that are still affordable—albeit, those are growing smaller and smaller.

**BL** Where are they? Are they within the city? Are they outside the city limits?

**AF** Well, a lot of people are being pushed out of the city. I think that’s a recent trend, but there still is some affordable housing. While the city and the district are a little bit more land-constrained than, say, New York City, where you can’t build up. However, we are trying to build as much around Metro stations, to build out some of the areas that still are undeveloped or were significantly blighted over the past couple of decades. And so if we feel that if we beat the market to the punch, if you will, that we can keep the housing affordable. So we’ve got subsidies, we’re going to allow density bonuses, and the last great thing we’re doing is starting up these new communities initiatives where we’re taking dilapidated, blighted public housing and saying, “We’re going to keep all of the residents there at low income levels, but we’re also going to kind of bring in some mixed-use housing,” kind of a local HOPE VI, if you will, with strong government subsidies.

**BL** Beat the market to the punch. That’s an interesting phrase, and we’re going to come back to that.

Mayor Franklin, how’s your affordable housing situation in Atlanta?

**SHIRLEY FRANKLIN** Well, Atlanta is a city of 500,000 in a region of 5 million, and because we are in the American South, what we've seen over 50 years is the movement of people—middle-class people—outside of the city limits. And now we are seeing people move back into the city, which is driving housing prices up and land costs up. So it is more expensive now, on a per capita, per household basis, to live in the city than it is in the suburbs, which is creating this new crisis, about five, six years old.

So we are, too, having to look at ways that we can incentivize the development of new housing with a housing trust fund, but we're also clear—as we heard from Speaker Quinn earlier—that being sure that people can afford the taxes within the city becomes a part of the puzzle. I, for one, think that education, the cost of housing, but you have to add to that, also, wage rates, what are people paid for the jobs that they do, in order to talk about affordability in any city.

**BL** From what I've read, you have, in addition to what you said, rapid gentrification taking place in some areas and rapid economic growth with a booming tax base, but also, an epidemic of foreclosures. If that's true, why are those things happening at the same time?

**SF** Well, there are a couple reasons why it's happening at the same time. Atlanta is growing faster than anyone predicted—the U.S. Census Bureau, our local statisticians and demographers. We were expected to grow to 4 million by 2010 in the region, and we hit 5.2 million by 2005, 2006. So you have all these market forces going on at the same time, and it's hard to catch up.

We can't beat the market to the punch. I mean, the market is there, so we really are trying to—in the city limits—do what we can to adjust how we are going about the business. For instance, we'd like to do inclusionary zoning, which would require a certain percentage of housing units to be built at the affordable level for any property that's built within the city limits. Our state constitution prohibits that, so we are limited by state law and, frankly, don't have much chance of changing state law. So we're probably going to go to a voluntary program that adds the kind of components that Mayor Fenty has mentioned, which is density bonuses, fast-tracking of permitting, etcetera, to ensure that affordable housing is built in every new development.

## Excerpt Two

**BL** Ester Fuchs, you were a top policy advisor to Mayor Bloomberg, but you also study urban issues nationwide. Why is this happening in so many cities? And I don't mean just the housing piece that we were just on, but so-called economic

growth, but apparently growing hardship for all but the wealthiest among us. Or do you not accept that premise?

**ESTER FUCHS** No, I think the problem for the middle class is real, and that we have inequality growing in this country and, as a result, we've really squeezed out the middle class. Poverty persists, and the wealthier part of the population has increased in the country. And that's really a result of a series of both problems and, also, opportunities. I think framing the question as business versus the poor or business versus the middle class is not really a good way to frame the question, particularly for central cities.

Part of the issue for central cities has been the abandonment of the federal government, and this is something we've all been speaking about earlier today. New York, for example, sends to Washington \$13 billion more in taxes than it receives in spending—\$13 billion more. And I know my friends here from Atlanta and Washington and from Nassau County have a similar situation.

Since Jimmy Carter's presidency, the decline in spending on issues related to central cities has continued, all the way through, regardless of whether it has been a Democratic or Republican president, and the transformation that we're experiencing now is the result of the creativity of the mayors. Mayors recognize that the federal government is not stepping in to create affordable housing, to decrease the crime rate, to add to the park systems, to provide for public education—all of the things that everybody in this country recognizes as critical both to economic growth and to the quality of our lives. And so the mayors have stepped in. And this is an extraordinary thing for them to do in a federal system, when they really have less resources than the federal government to do this.

**BL** Tom Suozzi, where does Nassau County come into this in the New York area? Same pattern, even though you don't have a city center? We know Nassau is hardly the Leave It to Beaver stereotype of the fifties anymore, though some people in Manhattan may think it is. So talk about this from a Nassau perspective.

**TOM SUOZZI** You know, people are wondering why a suburban county is here in this conference, I would bet. Nassau County's home to 1.3 million people and affordable housing is a major problem for us as well, in that over 50 percent of the people on Long Island, when surveyed in a recent index, said that they're thinking about moving away because of the unaffordability of Long Island. The Long Island Index, by the Rauch Foundation, came out with that report.

In addition, 70 percent of the people on Long Island make less than \$100,000 a year. So Fannie Mae says affordable



**Ester Fuchs, Columbia University Professor and former special advisor to Mayor Bloomberg**

housing is two and a half times your income, so two and a half times \$100,000 is \$250,000. Well, less than 2 percent of the houses sold on Long Island in 2006 were affordable by that definition. So we have a major affordability problem.

Unlike the cities—the cities which you’re hearing about today, New York City, certainly—which are growing, Nassau County’s actually stagnant. We’re one of the nation’s first suburbs, home to Levittown, affordable housing for returning veterans after World War II, now 60 years old—1947. And we’re not growing. We’re stagnant. We’re suburban-sprawled. And we have this problem facing our residents that, without growth, our number one problem, property taxes, continues to be a problem.

**BL** Are the problems linked? What percentage of people from Nassau County work in the city at this point? Do you know?

**TS** It’s the exact same number of people that it was back in the 1970s. We’ve grown as a metropolitan region. If Nassau and Suffolk County were a city, it would be 2.7 million people. It’d be the third largest city in the United States of America.

**TS** So we’re our own economic engine now, but we have an affordability crisis related to property taxes which are

unsustainable. Second highest property taxes in the United States of America are in Nassau County. And a housing crisis related to the fact that we’re suburban sprawled. We have the same suburban model from the 1950s, when we were the fastest-growing county in the country, that does not provide for high density or growth around our train stations, and of a density that we need. And on top of that, while I recognize this problem exists, I don’t control the zoning. So I’m trying to push against the tide with local towns and villages to get them to change their zoning to create for more density and more rental housing around our traditional downtowns and around our train stations.

**BL** Now, that’s interesting, because I’ve read that there’s a big NIMBY factor in Nassau right now.

**TS** We started it. We started NIMBY.

[LAUGHTER]

**TS** We’re first.

**BL** Levittown and “not in my backyard,” NIMBY. So that people in better neighborhoods—originally built, like Levittown, as working-class enclaves after World War II—they don’t want affordable housing because it means who they consider undesirable elements coming in now? Is that unfair?

**TS** I think it’s a leftover from the racist and segregated attitudes that started Levittown, and the belief that affordable housing was for those people. The reality is that nobody can afford affordable housing. The people that grew up on Long Island are now moving to Brooklyn and moving to Queens for housing because there’s rental opportunities that don’t exist on Long Island. So this is not the same traditional problem that is has been, and we’re right in the middle of, I think, at some point soon, hitting a tipping point when people flee because the affordability’s a problem.

Be that as it may, people do continue to move in, and housing prices continue to rise.

**BL** So there is a ripple effect of the things that are happening in New York City happen in Nassau, but there’s a certain different kind of resistance to creating more of a housing base as the need to live further away maybe ripples out.

Mayor Franklin, do you have the same kind of situation in the Atlanta area?

**SF** Well, we definitely have it in the Atlanta area. And I mean, Atlanta has no natural boundaries, no major rivers boundaries, obviously, not the ocean or mountains, so we are sprawl personified. We probably learned it from Nassau County.

**TS** First again.



NYC Deputy Mayor Dennis Walcott and Dan Cantor, founding executive director of the Working Families Party

[LAUGHTER]

**SF** But the problem with that is that working people, the middle class, can't see their way out of this. People are driving to find housing that they can afford, that they believe is suitable to their position. And it is requiring more and more asphalt, very limited transit system. And we have a transit system, but it covers 25 percent of the population of the entire region. And that, obviously, is not going to work.

## Conversation II A Viable New York for Working Families

### Overview of Issues

New York City is a perfect microcosm for studying recent trends in urban living and governance, from the benefits and pressures of gentrification to attempts to make public school systems and local governments more accountable. Is it possible to address the city's high cost of housing effectively? How can policymakers provide a quality school system that is attractive to middle class parents while simultaneously serving the needs of a very diverse city? Is the Bloomberg administration a model for future mayors?

### Speakers

#### DAN CANTOR

Executive Director, Working Families Party

#### NICOLE GELINAS

Senior Fellow, Manhattan Institute

#### ANDREA BATISTA SCHLESINGER

Executive Director, Drum Major Institute for Public Policy

#### DENNIS M. WALCOTT

Deputy Mayor for Education and Community Development, City of New York

### Moderator

#### BRIAN LEHRER

Host, "The Brian Lehrer Show," WNYC, New York Public Radio.

### Summary

During the conversation, the panelists discussed the following key issues.

#### Can New York City ever provide enough affordable housing to meet the needs of its population?

Working Families Party Executive Director Dan Cantor said there are approximately 2.5 million taxpayers earning between \$50,000 and \$150,000 annually living in New York City and that he does not believe the market will take care of their needs. He argued that developments such as Starrett City in Brooklyn should be permanently designated affordable housing by the New York State legislature. Manhattan Institute Senior Fellow Nicole Gelinas said New York City does not have the capability to provide affordable housing to all who want and/or need it. She pointed out that Mayor Bloomberg's plan to add 165,000 units would provide housing for, at most, 500,000 residents and, as a result, arbitrarily favor some residents over others.

#### What role can transportation play in increasing affordable housing within city limits?

Gelinas said that improving the transportation infrastructure of New York City would result in more affordable housing units as people would be more eager to live in such neighborhoods as Gravesend and Jamaica if they could be assured of quick access to Manhattan via high speed rail lines. Cantor argued that Gelinas' plan, taken to its logical conclusion, would result in only the wealthy being able to live in the center of New York City, leaving the remainder of the population "pressed up against the glass."

#### How do you increase the number of middle-class residents in urban areas?

New York City Deputy Mayor Dennis Walcott pointed out that housing vs. transportation is not an either/or proposition. Improvements in mass transit AND greater numbers of affordable housing units are both key to keeping middle-class residents in the city, he said. Drum Major Institute Executive Director Andrea Batista Schlesinger argued that even though many people who considered themselves progressive previously ignored middle-class concerns, they no longer do so because evidence demonstrates that the presence of a solid and secure middle class is key to helping the working class make the education and income gains necessary for achieving middle-class status themselves.

#### **How important are unions to creating and keeping a middle class presence in New York City?**

Schlesinger pointed out that civil servants ranging from teachers to firefighters earn middle-income salaries and are therefore vital. Gelinas argued that the costs associated with the salaries and benefits received by unionized city workers are part of what makes it so hard for many middle-income families to afford to live in the city. Schlesinger countered that only anti-union bias could lead someone to undervalue civil service jobs to the economic health of middle-income New York residents.

#### **How are reforms to the New York City school system helping middle-income residents?**

Schlesinger said there are more improvements to be made—such as increasing the number of full day pre-kindergarten classes—but that making the mayor accountable for the quality of the school system has been a good thing for New York City’s middle-class residents. Both Gelinas and Cantor felt it was too soon to tell what effect the recent changes in the school system will have on city residents. “There’s two school systems, you know. If you’re educated, you have money, you’re white, whatever, you live in a good neighborhood, you can find a way to navigate through. If you lack some of those resources, it’s pretty rough out there,” Cantor said.

#### **Is it a good thing to build affordable housing units on New York City Housing Authority (NYCHA) land?**

Walcott pointed out that New York City is attempting to diversify its subsidized housing stock by building units on NYCHA land for those earning annual incomes of between \$50,000 and \$92,000. “In the ideal world, we should see people moving out of NYCHA into these particular units and then that creates additional units within NYCHA for the poor and working poor,” he observed. Walcott admitted the situation isn’t ideal, as it takes away from open spaces in

the complexes, but said he believes that the lack of federal support leaves the city little choice. After all, he said, New York City is “not selling off our public housing stock, like other cities have done, and tearing them down.”

#### **Excerpt**

**BRIAN LEHRER** It sounds like you want the government of the city to spend more on mass transit infrastructure. This is where you’re for more government, more than is even proposed in the PlaNYC 2030 proposal?

**NICOLE GELINAS** I would spend more dollars, and more efficiently. You know, Congressman Anthony Weiner. He has said something to the effect of by a certain date—I can’t remember if he said it’d be 2025 or 2030—he would like everyone in New York City, in the five boroughs, to have a 45-minute commute, and I think that’s an excellent goal to aim for. And that would give landlords who might build middle-class housing on their own out in places like Coney Island, further along the train line, the signal to say, in a few years, we’re getting high-speed mass transit, rapid transit busses. Let’s start building, and let’s rezone some of these neighborhoods so that people can build denser, and we’ll get more affordable housing for more than the lucky 5 percent.

**BL** Deputy Mayor Walcott, on that, I interviewed Transportation Committee Chairman John Liu from the City Council recently. He was trying to demand a 30-minute commute from anywhere in Queens in order to support the congestion pricing proposal. Is this feasible? Can we have, let’s say, 30, 45 minutes as a maximum mass transit commute from anywhere in New York City to the center?

**DENNIS WALCOTT** I think it’s a laudable goal. I happen to live in southeast Queens, so I’m at the furthest point as far as Queens as concerned, and commuting into Manhattan. And in taking mass transit, I would love to have a commute that’s 30 to 45 minutes.

I think what PlaNYC talks about is how we get to that particular point, and sets very, I think, ambitious targets for us to achieve. I think the thing that’s, to me, extremely important, not just with PlaNYC and congestion pricing, it also has a direct affect on the environment as well. And I think one of the beneficial impacts of what we’re talking about is how we reduce environmental hazards throughout the city, especially in poorer neighborhoods. And so, I think the more we can do to produce people to go to mass transit, I think the better off the city, the economy, but more importantly, the environment will be.

**BL** Dan Cantor, founding executive director of the Working Families Party, who is middle class in New York? Who are



we talking about when we use that term, and who are we not talking about? Nicole just said ninety-two percent of families would qualify under some kind of affordable—for some kind of affordable housing subsidy, you know, under the mayor's plan, at least in theory. So who are we talking about when we talk about middle class in New York, and who are we not talking about?

**DAN CANTOR** Well, everybody has their own definition. One that I've seen that sort of makes sense is people who—the 2.5 million taxpayers between, let's say, \$50,000 and \$150,000 per year. There's another 2-plus million below \$50,000, and there's a tiny segment above that. There are about 44,000 taxpayers in New York City who earn more than \$20,000 a week. They make as much money as the entire middle class.

So we need to back up for a moment and say, we live in the most un-equalized country of the industrialized countries. We live in the most—in the most unequal state, and we live in the most unequal city.

**BL** Does that matter? Does it matter that there are some people who are very, very rich? Does that hurt the middle class?

**DC** Yeah, absolutely it does. What made the great American middle class after World War II were two things, basically. One was the rise of unionization, and two were high marginal tax rates to keep the top from getting too far out of whack, because when it's too far out of whack, we're not in the same boat. Very wealthy people buy their way out of having to take the subways, the public schools. Everybody knows this.

In Nicole's world, the markets shall rule, and everything will turn out okay. In the real world, we need to pay attention to what kind of city we want to have.

**BL** But if we have good public education, if we have good mass transit, what does it matter if some people are buying their way out?

**DC** Because we're either in this together or we're not. So you just have to make a decision. Is there a legitimate view to think, it's okay, you know, we should all live in gated communities. That's sort of, you know, the Republican vision of heaven. It's the New York vision of hell. You know, it's our vision—my vision of hell with Rudy Giuliani at the gatehouse, right.

[LAUGHTER]

**DC** You have to make a decision. The decision we've made in New York—what makes New York great is everybody's here,

and you like being around people different than yourself. If we go to this kind of, you know, psychotic, market-only system, we'll all—you know, we'll have—New York will be like Paris with the rich people in the center, everybody else pressed up against the glass. And I don't think it's what people want. It's certainly not what tenants want.

There's a legislation right now that the mayor is supporting up in Albany to take the Mitchell-Lamas, put 'em right into rent stabilization. You know, we need to do some things right now to stop the bleeding, otherwise—

**BL** But does making rich people less rich—does taking money away from people who are swimming in all this hedge fund money accomplish that for the 92 percent?

**DC** It certainly helps. I mean, you can—if you have more money and more public goods, better schools—I don't know where we're going to get the money to pay for this mass transit build out if all we do is allow, you know the ever reduction of taxes on the high end. I mean, we need to have a balance, as the deputy mayor is saying, but you need to step back and first make a decision, what is the goal—what is the role of the state? What's the role of the government?

We live in a capitalist society. There's going to be great inequality, but the role of the government is to mitigate that and make it possible for ordinary people—you know—your life chances should not be determined at birth.

**BL** Deputy Mayor Walcott, how much do you agree with that model?

**DW** Well, obviously, working for a capitalist—and, you know, I was listening to the first part of the discussion with the mayors, and Ester and Tom Suozzi, and they were talking about Mayor Bloomberg. I think one of the things about Mayor Bloomberg that people really haven't gotten a sense of is the passion of the mayor for some of the people that Dan was just talking about. And that goes to—well, we could probably talk about this a little later on, our Commission on Equal Economic Opportunity and what that means in addressing issues of poverty in the city, and how we really address those issues by targeting dollars for certain programs to make sure that people have the ability to earn more income, and also, providing incentives, which, I understand, at times, with different people are very controversial, with our conditional cash transfer programs. And that, to me, is something that is a merited discussion as well.

But I think, working for the capitalist, one of the key things is how we spread the wealth around, and spreading



the wealth around meaning letting the marketplace drive a lot of what's going on in New York City. And one of the things—again, living in Queens, and I'm noticing this even in my own neighborhood is the patterns of migration of individuals to different neighborhoods and how we're spreading out throughout the entire city. And what I mean by that is that there's no longer, really, White neighborhoods, Black neighborhoods, Latino neighborhoods. The neighborhoods are changing; the demographic patterns of different ethnic groups who are moving in is changing every day, and not just—you can't say a Latino population, but a Mexican population, obviously, a very Caribbean population. Several houses on my block just changed ownership, and native-born Blacks have now gone back to the South, possibly to Atlanta, and then you have new immigrants, who are Haitian and Jamaican, moving in. And to me, that goes to the richness that Dan was talking about, of the New York City where we're all together.

At the same time, we have to have policies that government puts in place, and policies that deal with, I think, the ability of people to gain access to the mainstream, to gain access to the middle class, to provide the support as they gain entry to the middle class, whether it's through affordable housing or eventually, when we talk about education [...] and how that provides a platform for individuals to have the ability to earn more dollars and be self-sufficient.

**BL** Aren't you saying the New York City is not functionally segregated in housing anymore?

**DW** No, I think we're moving away from the segregated patterns that existed in New York City. We can still—I mean, I'm not going to sit here and say we're totally away from that. You can still ride the subways, and you get off certain stops, and you know who's getting off those stops. And I mean, it's still the migratory pattern of where people settle, but I see a very significant change of patterns of where people are living right now, and it's not just gentrification. Again, I see more Whites moving back into Queens. I see more Whites in Bedford Stuyvesant, and I see a greater Mexican populations spreading; I see Haitians. So I see a mixture happening more and more across the city, but still you still have your very segregated communities. And the goal is—and I think that's part of what we're talking about today, how we expand where people live and provide access for the middle class throughout the five boroughs, and not in certain neighborhoods.

**BL** Andrea Batista Schlesinger, from the Drum Major Institute for Public Policy, I think your main concern in your group is helping the aspiring working class attain middle-class status. Do you see the same population



**Christine Quinn, New York City Council Speaker**

patterns as Deputy Mayor Walcott was just describing, and in as positive a way?

**ANDREA BATISTA SCHLESINGER** Well, the first thing is that we should all reflect on the fact that this is an interesting conversation because it's one that, especially people who are concerned with fairness and with equity, weren't having for a long time, which is, what do we do about the middle class? That was perhaps too bourgeois a concern until, I think, we began to realize that these issues are on a continuum, and so challenges to accessing, for example, CUNY, different policies, set of questions, but the same principle behind that middle-class parent who's also struggling, you know, to send, you know, his or her child to college when public university tuition for four-year schools is increasing 30 percent since Bush took office.

So they come from the same set of questions and the same set of decisions, and really that's what public policy is, a set of decisions. So, you know, I think now we're at the point where we understand that you can't solve poverty unless you figure out how you make a city livable for someone who's middle class, because there is no being poor or not poor. You have to be—not poor means that you're something else. And if that thing isn't livable, then that strategic is incomplete.

## SESSION II

# CREATING JOBS AND RAISING INCOMES

Tuesday, September 25, 2007

## Conversation I

### Workforce Development and New York City's Labor Market

#### Overview of Issues

The Bloomberg administration has won accolades for creating a job support and training system that meets the needs of workers and the business community. Yet this city remains barely affordable for millions of its residents. What can local and state leaders do to improve job opportunities, increase incomes and help more people move into the middle class?

#### Speakers

##### DIANE BAILLARGEON

President and CEO, Seedco

##### DAVID JONES

President and CEO, Community Service Society of New York City

##### RICK MCGAHEY

Program Officer, The Ford Foundation

#### Moderator

##### JONATHAN CAPEHART

Editorial Board Member, *The Washington Post*

#### Summary

During the conversation, the panelists discussed the following key issues.

#### What is the employment situation for African American men in New York City?

A 2005 survey revealed that 45 percent of African American men in New York City between the ages of 18 and 65 are not in the labor force. The panelists agreed that getting these men invested in the labor force is important and that a large part of the city's problem originates in its school system, which is not doing an adequate job of preparing all of its students for the needs of the 21st century employers. David Jones, president and CEO of the Community Service Society of New York, noted that less than ten



Jonathan Capehart, *Washington Post* Editorial Board Member

percent of African American and Latino students graduate with a Regent's degree. Seedco President and CEO Diane Baillargeon said that the jobs most open to those without a college education are in customer service and retail, and that the majority of these positions are held by women. Jones added that low employment rates among African American men is not a New York City-specific problem and that cities such as Los Angeles and Chicago are also facing this issue.

#### Would bringing vocational education back into the public school system be a good thing?

Jones noted that many parents with students in the New York City public education system are requesting practical vocational training for their children and that at least one study demonstrates that the graduation and higher education rate for children attending technical trade schools is higher. Rick McGahey, a program officer at the Ford Foundation, countered that there is no getting around the fact that vocational education has been used in the past to steer minority students away from pursuing a more academic curriculum, and argued for greater encouragement of enrollment at community colleges. Baillargeon argued that more needs to be done to keep students in community college once they begin as the completion rate is quite low. She pointed to a New York City program that came out of Mayor Bloomberg's Commission on Economic Opportunity

in which students are grouped together, guaranteeing that all their classes will be at the same time of the day. This strategy helps those attending commuter colleges to create a community as well as allowing them to find steady work that will pay for their education.

**Are tough child support laws discouraging many minority men from taking jobs?**

Baillargeon said yes. Garnishing the wages of delinquent dads “creates huge disincentives for them to work in the legitimate labor market,” she pointed out. She argued that New York City needs programs to help these men negotiate new agreements with the state so that taking a low-pay entry level job would be economically viable for them.

**How can we get more former prison inmates to take part in the legitimate economy and workforce?**

Jones said that there need to be more efforts made to find inmates work before they are released from prison, as lacking a job, he pointed out, is one of the most common reasons for recidivism. “You don’t have any way to make a living, so, surprise, you go back to crime.” Baillargeon noted that many criminal records are not even accurate, a fact which makes it even more difficult for this population to find employment.

**Would increased unionization help workers at the lower end of the wage spectrum?**

There is a huge turnover in entry level positions in the labor force, in part because of the low wages and unsteady nature of the work, the panelists said. “In the long term, low-wage workers are going to have to be unionized to have any prayer not of getting into the middle classes, but of stabilizing themselves,” Jones argued. McGahey said many low-income workers not only need jobs, they need improved ancillary services such as job training and financial counseling. Baillargeon pointed out that many people either work for small businesses or as independent contractors (for example, she noted that many manicurists are not employees of nail salons, but that they lease a chair), and that organizations such as the Freelancers Union, which provide access to portable and affordable health insurance, are going to become as important as traditional unions to improving the lives of lower- and middle-income workers.

**Does New York City need a more systemic approach to working with employers and developers to help the working class?**

McGahey said he believes that if New York City is going to give tax breaks to local employers and developers, officials must insist that in return for these incentives the recipients

give something back to the greater community, such as agreeing to hire a certain percentage of employees from a nearby neighborhood. Jones added that the financial sector needs to be particularly conscious of hiring locally. “The workers who take these jobs are not necessarily reflective of the population and the demographics of the five boroughs,” he noted. Baillargeon cited the Healthy New York insurance plan, which helps small business owners provide health care benefits to both themselves and their employees, as a government intervention that works.

**Excerpt**

**DIANE BAILLARGEON** People who are in and out of the job market—and often it’s because for the very reasons that you mentioned, that they are not able to manage their budgets, they can’t make it on that entry level wage—people who are in and out of the job market and cycle like that, they don’t get traction. They are constantly in the same entry level jobs, just with a different employer. People who are able to stick to a job, even if it’s a very entry level, not a great job, but if you can sort of manage to get through six months, to get through twelve months, then you’ve got a shot at being able to kind of move up.

**DAVID JONES** I’d like to also kind of bring up in this regard, you’re talking about a pretty heavy burden on an individual who’s just scrambling. I don’t know, I still have memory of myself and my wife as we were, you know, trying to buy a house and it’s lunatic. It’s lunatic even if you have resources and the rest. And I don’t want to set up too unrealistic of somebody who’s just scraping by. We did report on the security guard industry in New York, and there are 63,000 security guards. Everything is massive in New York. Their median wage is about \$10 per hour. We could find few, if any, who had health insurance and when you did sort of face-to-face interviews with clusters of them, about a third of them reported being homeless despite being in full-time work. These guys need unionization quick. I can’t help it as a not-for-profit intervention and I—you have to be very careful here. We can do small-scale interventions that can be ramped up either by government or by unions but ultimately, in the long term, low-wage workers are going to have to be unionized to have any prayer—not of getting into the middle class, but of stabilizing themselves so they can start to accumulate both job experience, not deal with, you know, employers who are sort of churning them to keep wages down, and to get health benefits. These are all swirling around and suddenly we started with the auto workers, particularly for these low-wage jobs in New York and other cities, that I can’t see another way of bringing

the political cog to bear to even stabilize them without a unionized workforce.

**JONATHAN CAPEHART** But David, how do you convince low-wage workers who might feel detached from the system—how do you convince them to take on the system, to unionize and agitate for higher wages?

**DJ** Well, that's interesting. That's clearly the organizational problem and there are all sorts of difficulties with it. I think partially it's the failure of the union movement until recently even to take aggressive stands in trying to unionize particularly black, Latino and immigrant workers. I think that's changing slowly and there's an understanding, but it's very difficult. Home health care workers, a number of workers are in desperate need of having a collective voice because it's the only way that they can start to stabilize and get health insurance.

**JC** Diane and Rick, do you agree with that? Should low-wage workers get together and unionize?

**RICK MCGAHEY** I agree with David that there needs to be some sort of voice. I mean, home health care raises an interesting conundrum from the public sector standpoint in that one of the reasons that home health care workers are so low paid is that the reimbursement rate that the government pays them are so low, which comes out of tax dollars so that—or nonprofit groups that employ folks. So there is a tension around improving job—I'm all for improving job conditions and unionization is one way. Other cities are exploring living wage agreements or other kinds of tied benefit agreements to their development programs, but in general, I think the point's well-taken that a lot of the firms where these low-wage workers work are small firms. They are small and medium firms. They are pretty disorganized. They themselves do not have a good collective voice so the unions.... If you look at Las Vegas for instance, and only on the workforce dimension, it has one of the best programs in the country which is union-led but it's around not only bargaining for wages but they provide all these ancillary services that everyone here is talking about. They do—I don't know how many different immigrant populations are in Las Vegas. They provide job training. They provide financial counseling, so that's a union centered hub in that way. That might not work but some collective way to—and we're talking in both cases here about some way for the workers not to be so individualized. So one is to argue for better wages and better benefits. Another is to get services through some sort of intermediary or other organization that they are having trouble providing for themselves. I think there are a number of routes to that.

**JC** Diane?

**DB** When you think about it, 50 percent of low-wage workers work for small businesses. That's very tough to organize. Increasingly, people in the economy—throughout the full income spectrum, but especially amongst lower income workers—they are increasingly not even tied formally to an employer, but they are an independent worker or a contingent worker. The women in the nail salon, at least that I go to: they lease the chair. They are not getting a wage from the salon owner but they are actually leasing a chair and taking the financial risk of whether or not there are enough of us that are going to come in and get our nails done and how much tips they get and so on. And so we're in a very different kind of economy than we used to be where people had the same job with the same employer over—you know, my dad worked for a utility for 30 years. That doesn't happen nearly as much anymore. People are going to have, you know, on average in their lifetime—right now for a young person entering the labor market, 20 to 30 different employer relationships and sometimes they're going to be—have a traditional relationship with an employer. Other times they're going to freelance. Increasingly, we see people who are income patching so they're working at K-Mart and then on the side they're cleaning houses. So this is like the experience, the reality of work is different than it was and I think it makes the whole unionization challenge all the greater because of that. And so my expectation is that, yes, I think there will be some effort centered around unionization, but we're going to start to see some new kinds of institutions and entities entering this space of trying to sort of organize people, not necessarily through their employer, but organizing people in associations, in other kinds of forms. One of the things that I really am very intrigued by is an organization called the Freelancers Union.

**AUDIENCE QUESTION** I was asking about what you might think of the role of both Freelancers Union in New York City and generally nationwide, a new group called United Professionals, that was organized by Barbara Ehrenreich.

**DB** Right. I think those are examples of exactly what I'm talking about—of, you know, that we are now at a moment in time, given the changing nature of work, for new kinds of institutions and entities that will be formed that will move into the space. So for those of you who aren't familiar with it, the Freelancers Union is really not a union. They are not negotiating with employers at all. But what they've done is they've created an association for people who are web designers and other types of freelancers to be able to access health insurance and disability insurance and other



**David Jones, President and CEO of the Community Service Society of New York**

kinds of things and the very attractive feature of it is that their insurance benefits are portable. They move with them across their various freelance assignments and so on, and they've been able—because of their sort of coming together and having a large enough pool of people—to sort of be able to negotiate attractive and more affordable rates for health insurance. Now does this help very low-income people? No, they can't even afford that. But I think what we're going to see are more and more sort of new institutions, you know, sort of think about AARP for senior citizens. I think we're going to start seeing new types of institutions.

**JC** Yes, we support a group which is called Working Today which also has attempted to find ways to get health benefits in the absence of a national guaranteed health system. So I guess without going into detail about it, I would also point to people that the most vigorous set of these new institutions that we see actually when we scan stuff for immigrant communities around worker centers that are formed around people's countries or origin or language or associational groups. But again, not employers, and I think that's a vigorous thing, not so much in New York but it's actually quite interesting in a lot of cities around the country. You see these organizations springing up around people's immigrant status.

## Conversation II

### Creating Jobs and Raising Incomes in American Cities

#### Overview of Issues

Many American cities are becoming less affordable for middle- and working-class families. Others can barely sustain a middle-class labor market. Attracting new jobs, training workers, assuring livable wages ... how can city and state leaders strengthen employment opportunities, boost incomes and strengthen their middle-class workforce?

#### Speakers

**HON. EDWARD RENDELL**  
Governor of Pennsylvania

**HON. KATHLEEN SEBELIUS**  
Governor of Kansas

#### Moderator

**JONATHAN CAPEHART**  
Editorial Board Member, *The Washington Post*

#### Summary

During the conversation, the governors discussed the following key issues.

#### How can state government help support the urban middle class?

Pennsylvania Governor Edward Rendell pointed out that New York City's experience with the financial services sector, which functions as a job creation engine for the region, is atypical. Most urban areas are not large, creative cities, he said. They are fading industrial towns such as Scranton, Wilkesbury, Altoona, Johnstown and Erie in his own state. He suggested that one way to encourage urban job growth would be to place state government jobs in urban areas. The presence of the new workers in these cities, in turn, would encourage the creation of new jobs in areas that cater to their needs. Kansas Governor Kathleen Sebelius said her state offers potential developers a financing mechanism known as Star Bonds, which are designed to encourage developers to build in areas where the private sector might otherwise be reluctant to invest without receiving government aid. "We try to target the poorest areas, those that are least likely to be developed, least likely to be profitable .... We can put some of the state money financing behind an effort and actually create an economic turnaround," she explained.





**Kathleen Sebelius, Governor of Kansas**

**How could the federal tax code and federal legislation be used to encourage urban growth?**

Rendell said he would like to see legislation requiring that twenty percent of firms receiving federal procurements be located in urban areas. He also noted that until the mid-1980s, the tax code offered breaks to those creating jobs in urban areas. Sebelius pointed out that the Bush administration's dislike of government aid and regulation has particularly hurt cities, since private industry will "cherry-pick" projects, investing in only the most promising places. She said she believes increased federal spending in areas ranging from infrastructure development to education will make cities more appealing to employers and developers.

**How can we convince people who don't live in urban areas that it is in their interest to support them financially?**

Rendell said we need to explain that neglecting urban areas results in sprawl for suburban residents, and the deterioration of their quality of life even though they may not live or work in a city.

**How does government fight poverty and encourage job creation in rural areas?**

Sebelius noted this is an important issue to Kansas, where significant numbers of people still live in rural areas and work in agriculture. She said Kansas needs to be aggressive in both offering services to help the poverty stricken as well as in devising ways to convince people to take what is being offered. Many rural residents have historically been wary of government aid, and many will not apply for food stamps and subsidized health insurance for children even when they know they are eligible. One way to combat that mistrust, Sebelius argued, is to create off-farm jobs, so that residents have access to fields other than agriculture which are more likely to offer benefits.

**Excerpt**

**EDWARD RENDELL** With the exception of New York, which is driven by the financial industry, cities need the playing field leveled. If free enterprise goes on unabated, cities will be a thing of the past in 50 years in this country. They need the playing field leveled. We can do that a little bit in the state capitals and Kathleen has done that and I try to do it in things as little as getting every state office building back out of green space in rural areas that don't need the development and bring them in because the city and suburban Philadelphia called Norristown. We took the DEP Southeast Regional Pennsylvania, 330 good paying jobs, plenty of visitors, we took it out of Radner, maybe one of the 100 most wealthy towns in America and we put it in downtown Norristown. Three businesses have cropped up. We built a building, not totally green building obviously, for DEP. We built this building and three little businesses have cropped up right around the city of Norristown. All of a sudden there are 500 extra people having lunch in Norristown. Getting their laundry done in Norristown. Little things like that to the big ones.

But the federal government could be the mother lode in leveling the playing field and the tax code is the most effective way of doing it. Back in the eighties we had the historic tax credit at its fullest before Senator Bradley sort of gutted it in 1986, but it helped cities, it helped older buildings in cities go off the dormant list and get back into use and businesses came in. The tax code can be a powerful, powerful, powerful driver in helping cities. But you've got to level the playing field. People talk about how to control sprawl and we have the same mechanisms that probably Kansas has. We've given the counties the ability to do land use planning, etc. But the best way to control sprawl is to get those urban lands back into business. So, in our economic stimulus program, we put a third of a billion dollars into clean up brown fields and getting them shovel ready for development. In cities, again. Remember, most



of those brownfields were good locations. They were near highways. They were near rails. They were near population centers. And they could be good again if we try to redevelop them.

And then lastly—and I heard Kathleen talking about this—we have to do something about the human infrastructure in cities too. Just like we have to do something about the physical infrastructure, we have to get our folks in cities job ready. And it starts with public education. And it starts with pre-K and it starts with quality early childhood and it goes all the way through. A quality, challenging high school education. I want to make sure that no child graduates from a Pennsylvania high school without knowing how to use a computer. We are in the process of spending \$200 million to equip every one of our high schools with laptops, not for the kids to take home but that stay in the desks of the four core curriculum classrooms. It's a great teaching method but it also gets the kids ready to compete.

Welfare to work. Very, very, very important. We've just in the last two years knocked 55,000 people off welfare to work with decent jobs with an average salary of about \$9.00 per hour. Fifty-five percent of those jobs have benefits. Job training. Also, have programs that are for incumbent workers so that they can improve the skills of the workers as the technology develops so those workers don't get left behind.

And, lastly Kathleen is absolutely right. With all of that there are going to be some workers in their forties and fifties who are not re-trainable and we have to make sure that we focus on having jobs available for that group too. As we're fixing public education, hopefully, as we're building the skills of inner city or poor area residents, as the same time we can't forget those folks who really do need those jobs, who need warehousing jobs, who need those second or third tier jobs that can be done without a lot of skills. Those jobs are rapidly disappearing but we need to make sure that we emphasize those for the folks that can't be retrained.

**JONATHAN CAPEHART** Governor Sebelius.

**KATHLEEN SEBELIUS** Well, just a footnote on what Ed said. He talked about the two different federal governments and I don't think there's any question but that not only was the Clinton administration and their philosophy sort of the good federal government, if you will, in terms of what we're trying to do I would suggest in states across the country, but this particular administration has been the dark side.

[LAUGHTER]

Because, every time we make investments in one area we get cut in another area so a lot of times we are actually not only not have allies but we really have adversaries and I think that the debate today and this week in Congress with children's health insurance is just one more example where states are trying to move to universal health care and basically this administration has laid down the gauntlet and finds it perfectly acceptable to uninsured 6.5 million of the poorest children in America who have insurance. And, so, you know, it's those kinds of strategies that I think make it even more complicated.

**JC** I don't mean to turn this into veer off into a political discussion but do you find it fascinating that if you make investments in one area you are cut by this current administration in other areas, what do you think is the rationale behind that? Is it ideological? Are they worried about the budget? What could possibly motivate that kind of action, do you think?

[LAUGHTER]

**KS** Well, I think there is a kind of very different philosophy about infrastructure and a role, a positive role, that the government can play, and from what I can discern it appears as if this government is being run at the Washington level by folks who believe there is no positive role that government plays, so dismantling public education, dismantling regulatory agencies, dismantling infrastructure and letting the private sector do whatever, seems to be the philosophical outlook. And, you know, I'm a believer that the investments that we make in—and as Ed said, it's not only the kind of infrastructure that cities need but schools and jobs—that the public sector has to play that role because the private sector will cherry-pick. And go where it's easier and where they have, you know, more incentives to do business so unless government plays the counterbalance of investing in the infrastructure in the most difficult places.

We have a tax strategy that we call star bonds, which is a state-bonded investment that we match with cities and counties. And part of our lens is a look at, "would this development ever be possible without our involvement?" If the answer is yes, if the private sector can step up and do it, we don't put the state dollars in. So we try to target the poorest areas, those that are least likely to be developed, least likely to be profitable and say well we can, as Ed says, level the playing field. We can put some of the state money financing behind an effort and actually create an economic turnaround.

**ER** I just want to, I agree with everything Kathleen said, clearly, but I want to give a little different spin on this. I

believe the president came to Washington thinking he was going to be a compassionate conservative and thinking he was going to do a little bit on education. And if you look at No Child Left Behind, the original funding levels that the president agreed to, he later reneged on. Now why did he renege on them? Because two things happened. One of their own doing, the tax cuts, which, you know, just took all the air out of the federal budget, and secondly the war. Secondly the war. I think the pivotal moment in the Bush administration was after 9/11 the president clearly should have gone on the air to the American people and said, “You know those tax cuts that we’ve imposed? In peace time we could have afforded them but we’re going to be spending a whole lot of money fighting our enemies, fighting the people who tore down those towers and killed 3,000 of our citizens. And folks, we can’t afford them right now. So, I’m asking Congress to repeal them. Once we’ve won the war on terror we will revisit them but right now, everyone has to sacrifice and that means everyone who is scheduled for a tax cut.” If he had done that, we could have prosecuted the—forget the validity of the war—but we certainly could have prosecuted Afghanistan, etc., and at the same time had money to do some of the things that this nation needs to do. The two combined are absent a prescription for disaster and that’s what we’ve got our hands on. One we could have sustained.

If the Iraq war ended tomorrow and that money was diverted to positive use, I mean think about it. We talk about SCHIP and the richest of the SCHIP bills was, I guess, was it \$50 billion over five years. At the same time they asked this year for an increase in Iraq spending of \$50 billion. Think about the juxtaposition. We were going to increase a war that’s going nowhere, that can never be won militarily. We want to spend 50 billion dollars more on that war in one year and we didn’t have 50 billion dollars to guarantee that every child in America could be covered by health insurance over five years. What does that say about us?

### SESSION III

## STRONG ECONOMIES FOR AMERICA’S CITIES

Friday, January, 25, 2008

### Opening Remarks

#### The Urban Middle Class

**Robert Kuttner**, Co-editor, *The American Prospect*, and author, *The Squandering of America: How the Failure of Our Politics Undermines Our Prosperity*

This talk framed the evening’s discussion and addressed the following questions: How can cities preserve and extend the urban middle class? What kinds of housing, economic development, jobs and family-friendly policies would help achieve these goals? And why are these issues so absent from the national public debate? For a transcript of these remarks, please visit the Milano website at [www.newschool.edu/milano/nycaffairs/event\\_transcripts.html](http://www.newschool.edu/milano/nycaffairs/event_transcripts.html).

### Conversation

#### Strong Economies for America’s Cities

##### Overview of Issues

What can America’s cities do to achieve and maintain economic stability and remain—or become—home to a vibrant middle class? How are public officials innovating to achieve community-friendly development, a stronger workforce and solid middle-class jobs? And what will it take to get these critical urban issues onto the national agenda?

### Speakers

#### HON. BYRON BROWN

Mayor of Buffalo, NY

#### HON. MANNY DIAZ

Mayor of Miami, FL

#### HON. MUFU HANNEMANN

Mayor of the City and County of Honolulu, HI

#### LISA SERVON

Associate Professor and Associate Director, Community Development Research Center, The New School

#### HON. ANTHONY WEINER

Congressman, NY

### Moderator

#### JONATHAN CAPEHART

Editorial Board Member, *The Washington Post*

## Summary

During the conversation, the panelists discussed the following key issues.

### **How can improving the fiscal openness of municipal governments make cities more livable for middle-class residents?**

Honolulu Mayor Mufi Hannemann argued that improving the fiscal health of cities is one of the most important factors in making them desirable places to live for the middle class. “People have to believe that government is credible, that government can be trusted,” he said. Buffalo Mayor Byron Brown agreed, saying his administration had initiated a CitiStat program, where city government departments are evaluated on a weekly basis, and that this has both improved the delivery and lowered the cost of city services. Buffalo has also streamlined the way city government interacts with businesses, Brown said, by creating a new department dedicated to providing a “one-stop shopping environment for working with the business community so that we can fast-track their projects, so we can speed the development process.”

### **Should city governments sponsor efforts to educate their residents on personal finance?**

A number of the panelists said that educating urban residents on better managing their personal finances is a way of increasing the income of city residents and helping them achieve middle-class status. Miami Mayor Manny Diaz said that his city’s initiatives to teach inner-city residents about the federal benefits and tax credits they are entitled to receive—such as the Earned Income Tax Credit—has had the practical effect of increasing incomes. Miami has also worked with tax preparer H&R Block to implement a program where eligible taxpayers in minority neighborhoods can receive assistance preparing their tax returns at lower than customary rates. When the refunds arrive, program participants also receive assistance setting up savings accounts. New School professor Lisa Servon argued that schools should teach financial literacy to their students. As financial products become harder to understand, it is even more vital that consumers understand the terms of such things as home loans and how to compare credit cards, she said.

### **How important is it for cities to upgrade their school systems?**

As with the other panels in this series, the DISCUSSION agreed that the quality of the education systems in their respective cities was the most important factor in



Robert Kuttner, co-editor, *The American Prospect*, and author, *The Squandering of America: How the Failure of Our Politics Undermines Our Prosperity*

determining the economic security of residents. Buffalo, for example, has recently initiated a ten-year, \$1-billion school reconstruction program. The goal is to make its schools more desirable than those in nearby suburban districts in order to encourage middle-income families to remain within city limits. New York Congressman Anthony Weiner said urban public schools must make more efforts to encourage the most experienced teachers to remain in the classroom and the system, even though their salaries make them more expensive to employ.

### **Can raising taxes help urban areas?**

Hannemann said he pushed for the first increase in Honolulu’s general excise tax in more than forty years to finance a light rail system for the city. He also approved several increases in sewer fees. He said that if cities cannot maintain their infrastructure, their economies will collapse, and therefore sees this as tax dollars well spent.

### **Is there a way to break down the urban/suburban divide?**

Servon noted that cities and their suburbs are economically entwined, yet the vast majority of suburban governments and residents view any joint planning or financing as subsidizing the urban center, and will therefore not do it.

Diaz pointed out that, in fact, cities subsidize suburbs, as fees assessed in urban centers often go to fund highways and roads that mainly benefit suburban residents. Weiner suggested that if the federal government would invest in high-speed rail, the traditional urban/suburban divide might end as new mass transit systems would connect cities to depressed areas previously considered too far outside a metropolitan area to be part of it. Hannemann mentioned that Honolulu manages to avoid this issue by the way the island's government is structured: the city and county of Honolulu operate as a single unit which encompasses the entire island of Oahu.

#### **What can cities do to increase their affordability to middle income residents?**

Weiner pointed out the Bloomberg administration's PlaNYC discusses how New Yorkers will live in 2030, but does not address the issue of whether they will have jobs to go to. In his view, this is a mistake. Cities cannot simply assume jobs will always be there, he said, they need to plan for them. Brown said Buffalo is helping its employees become homeowners by giving each one \$7,500 loans toward the purchase of a home in the city. If they stay in the homes for a certain period of time, the loan will turn into a grant and be forgiven. This helps middle-income workers afford their own home while encouraging them to put down roots in the city instead of the surrounding suburbs.

#### **Excerpt One**

**ROBERT KUTTNER** In the 50s and 60s, the average working person paid a much, much lower rate of tax than they do today. Corporations and wealthy individuals paid more of the tax load, and ordinary people got more back for the taxes that they paid. Tax and spend, which has become a term of abuse, in that era, was a social contract that worked.

We had a robust housing policy that actually built millions of units of affordable housing every year. And every single one of these equalizing institutions has been weakened. We also had regulatory and consumer protections against predatory behavior by financial institutions. And we had a trading system mainly for accidental historic reasons, but never mind, that had very little trade with nations that did not accept norms of decent worker treatment.

Now the culprit is not technology, the culprit is politics. You often see columnists write about partisan bickering. It's a word that I think should be expunged from the lexicon of newspaper writers because a lot of what gets dismissed as bickering is principle difference. And there's also a very misleading story about a kind of symmetrical polarization



**Lisa Servon, Associate Professor and Director of the Community Development Finance Project, Milano The New School for Management and Urban Policy**

of the parties where the Republicans have repaired to the far right and the Democrats have repaired to the far left, and there's no bipartisanship anymore.

I can tell you from firsthand experience, having worked in both the House and the Senate and having covered Congress for *The Washington Post*, this is complete nonsense. The whole spectrum has shifted to the right. The Democratic Party as a whole is a more centrist party than it was 30 years ago, notwithstanding the existence of many progressive Democrats from our town.

So this is not a case of a failure of bipartisanship. It's a hijacking of the entire political spectrum to prevent the implementation of policies that once counter-veiled a tendency of markets to create great inequalities. And while this has worsened since 2000, as the congressman said, it's really a story that goes back to the 1970s. And now on top of it, we have a financial crisis.

We have a recession unlike anything since the Great Depression, something that is not an ordinary business cycle recession, but is an economic crisis driven by the excesses in financial markets that are now unwinding.

## Excerpt Two

**JONATHAN CAPEHART** The subprime mortgage mess. I'd like to hear from the mayors or anyone who has a view on this, how is it manifesting itself in your cities? In Buffalo, Miami and Honolulu? Is it as big a problem as it seems in your cities?

**MUFI HANNEMANN** Honolulu has a very different corporate culture. We are a very conservative community with respect to our financial institutions. We have a great disdain for creative lending. So we really don't have a problem with respect to what we're seeing with subprime mortgages across the country.

Our problem is this: a third of our homeowners sometimes come from foreign countries. They pay in cash. And therefore they have seen and we have seen a dramatic increase in our affordable housing costs there, or the average price of a home. So what we try to do is obviously, and my view on government is this: time is money. And we do no longer have a department of housing per se in the city. We got rid of it because government did such a bad job of trying to create affordable housing.

So we partner with the private sector. We try to access every federal grant that we can get our hands on. We partner with financial institutions. And it goes back to what Buffalo has done, is that we've really understood that time is money, so you have to expedite the permitting process, especially for those that want to do affordable housing. And that's how we're seeking to help in that regard.

I also want to make a couple of comments based on what some of my mayors said here. It's not like mayors are looking just for a handout from Washington. We're willing to do our part. I've been a mayor for three years and I've done two things that people have said, "You're not going to get reelected."

The first thing I did was I pushed for the first general excise tax increase in over 40 years to finance a light-rail system. Now if any of you have been to Oahu, to Honolulu, that is what you will see that has dramatically changed, over the years has worsened, is the amount of time you're spending in your car. To go 14 miles, for example, from the west side into town can take you up to nearly two hours to do that.

So I bit the bullet, I pushed it, we've got it where our congressional delegation is in full support. The majority of the legislature, even our Republican governor who campaigned on not raising any taxes, we positioned it where she let the bill become law without her signature. So we're willing to do that. Yet we recognize now there's

a lot of money that's not coming out of Washington for infrastructure and for transportation in particular.

I feel for those folks in Virginia who just got their project that they were trying to do for over 40 years going out to Dulles Airport that was deep-sixed by the FTA. And they were looking for \$900 million from the federal government to help complete that.

So we're willing to do that. I've raised my sewer fees not once, I've raised it twice in three years, so people's sewer fees have tripled. Why? Because we have an aging infrastructure. In the words of the EPA, we've been suffering from decades of neglect. So we're willing to do our part, but I think Washington has to recognize if we're not securing and making our cities safe, if we're not building good infrastructure that can be maintained, then that can all lead to a collapse of the economy and not create a positive economic environment. Whether the jobs are coming from government or the private sector, or the nonprofit world, it's going to be hindrances. So I think it's very important.

**JC** Mayor Brown?

**BYRON BROWN** In Buffalo, we do have a problem with subprime mortgages. In 2006, there were 1,400 foreclosures in Buffalo. In 2007, there were 1,200. The way it plays itself out in Buffalo is a little different though. Many people have simply just walked away from the properties and left them vacant. And so in Buffalo, we have the largest percentage of vacant properties in the entire state of New York. We're the second-largest city in the state of New York with a population of about 290,000 people now. And to have a larger percentage of vacant housing than even New York City is pretty staggering.

One of the things that we've had to employ to address this is an aggressive demolition strategy, because when people walk away from homes, they become vandalized. Copper and other metals are stripped out of the properties. They become havens for drug activity and criminal activity. So last year, we announced a five and five demolition strategy where we plan on demolishing over 5,000 structures in five years at a cost of about \$100 million.

So we do have a problem with foreclosure and subprime mortgages in Buffalo. And the way it has played itself out, it's creating vacant properties, blighted structures in the city.

**JC** What happens with once someone walks away from the property? Who's responsible for it? Is it the City?

**BB** In that foreclosure process, the city acquires these properties that it really doesn't want. Over the last few years, what we started to do is not take the properties in rem





**Manny Diaz, Mayor of Miami**

because the cost of maintaining all of these structures was costing the city over time about \$20,000 per structure just to maintain them.

So we have stopped even taking the structures. And through the demolition program, we were able to partner with the State of New York. And working with the Democrats in the Assembly and the speaker of the New York State Assembly, Sheldon Silver, we actually created a statewide program, Restore New York, which is a three-year, \$300-million program that provides funds for demolition, community development and economic development in communities across the state of New York.

**JC** Mayor Diaz, how is the subprime mortgage mess playing out in Miami?

**MANNY DIAZ** It's hard to get a specific sense of the impact. We've had tremendous growth in the last five years. Some of that growth has really not targeted into more distressed areas, but really in the growth areas, particularly as it relates to condos, greed of mortgage brokers, greed of developers, greed of buyers.

I would submit that most of the development that has taken place, and I'm talking about tens of thousands of units, we never had any development in our urban core, in downtown. That was one of the things that was lacking, and

all of a sudden in the last five years, the floodgates opened and we probably had a little bit too much of it.

But I think that if they were controlled, I think that developers will be OK, the buyers will be OK. There were people that were buying four or five units. Obviously a lot of no-document loans and a lot of no-credit-verification loans, and some of those are going to fail. Those people, quite frankly, probably shouldn't have and shouldn't own a \$500,000 condominium.

The developers are turning around and beginning to—it's actually interesting, because it's actually almost creating a new affordable housing market in the city because now they're going to have to rent those units at more moderate prices.

So because of the tremendous amount of activity that we've had in the last few years, we're going to have an impact. I can't quantify it right now. I think ultimately we'll be fine. We've stepped up, by the way, something that we've always been doing. We've been doing it as part of this program I described earlier, which is our Financial Literacy, to make sure that people don't get themselves into that situation.

But we'll get through it.

**JC** There was something that Bob Kuttner said that actually I found a little startling as a response to this. He said, "We need a massive recovery program." And I throw this open to all of you. And maybe, Professor Servon, you can talk about this. Do you agree with that? Do we need a massive recovery program as a result of this?

**LISA SERVON** Well, I'd love to hear the details, but yeah, I think we need some help. One of the things that I wanted to bring up too is that obviously owning a home is the first major asset that people tend to own. It sort of puts them on the map, on the road to the middle class perhaps. But there are sort of less obvious reverberations of this huge subprime crisis onto other assets that people own, like businesses.

So it may not seem obvious, but the primary source of funding for a new small business is people taking money out of their home equity, usually \$5,000 or less, right? So suddenly you have a whole group of people, people that can't get funding from other ways, usually also not being able to pursue that other asset of home equity.

And I think in terms of recovery, I'm sure that you had much more than this in mind, but I think this issue of financial literacy is key. And that one of the things that perhaps that you all can do in your cities is to require financial literacy in your public schools.



It's a movement that started in some places. Some states require it, but sometimes it's a couple-hour workshop, sometimes it's a whole semester. And it's absolutely critical that students get out of high school understanding how to balance a budget, how to compare credit card offers, and things like that.

Particularly, I think, it's one of the things that this subprime crisis shows is that you have to be pretty sophisticated in order to determine what you're getting from different lenders. And predatory lending has skyrocketed in the form of rent-to-own shops, check cashers, across the board. And that's certainly something that cities can help to regulate.

## PARTICIPANT BIOGRAPHIES

**Diane Baillargeon** became president and CEO of Seedco in 2004. Since assuming this role, she has served on New York City Mayor Michael Bloomberg's Commission on Economic Opportunity, Governor Eliot Spitzer's Policy Advisory Committee on Labor and Workforce Development, and the National Advisory Panel on Job Quality. Prior to joining Seedco as senior vice president in 1998, Ms. Baillargeon was a founding partner of Human Service Solutions, Inc. She has also served as deputy commissioner for policy management at the New York State Department of Social Services as well as deputy administrator for program development at the New York City Human Resources Administration.

**Byron Brown** was elected mayor of Buffalo in 2005. Since taking office, he has launched a Zero Tolerance Law Enforcement initiative, implemented CitiStat Buffalo, which monitors city departments' service delivery on a weekly basis, and reconfigured the city's economic development activities by creating the Department of Economic Development, Permit and Inspection Services. He has overseen a surge in economic development, including over \$4.4 billion in planned, ongoing and completed development projects occurring throughout the city since 2006. Prior to his election, Mayor Brown served five years in the New York State Senate, where he made history by becoming its first minority member to represent a majority-white district.

**Dan Cantor** is the founding executive director of the Working Families Party, one of the three minor parties with official ballot status in New York State. He has worked as a political, labor, and community organizer for nearly 30 years, beginning with ACORN in the late 1970s. Mr. Cantor also served as coordinator of the labor desk for the Reverend Jesse Jackson's 1988 presidential campaign and is the co-author (with Juliet Schor) of *Tunnel Vision*.

**Jonathan Capehart** is a Pulitzer Prize-winning journalist, frequent television and radio commentator and member of the editorial board of *The Washington Post*. He was deputy editorial page editor of the *New York Daily News* from 2002 to 2004, and served on that paper's editorial board from 1993 to 2000. In 1999, his 16-month editorial campaign to save the famed Apollo Theatre in Harlem earned him and the board the Pulitzer Prize for Editorial Writing. Mr. Capehart left the *Daily News* in July 2000 to become the national affairs columnist at Bloomberg News, and took a leave from this position in February 2001 to serve as a policy advisor to Michael Bloomberg in his first successful campaign for New York City mayor.

**Manny Diaz** became mayor of Miami in 2001 and was re-elected in 2005. During his tenure, he has implemented many innovative measures to revitalize the city, including: creating jobs and cutting unemployment, pursuing capital reinvestment and quality-of-life initiatives in long-abandoned neighborhoods, and increasing production of affordable housing by leveraging public/private investments. He has also launched poverty reduction efforts such as ACCESS Miami, which offers financial literacy seminars, workshops, free tax preparation sites, EITC reclamation, training and more. Mayor Diaz has also attracted well over \$30 billion dollars in private investment to the city. In 2004, he was recognized by the Manhattan Institute as its "Urban Innovator of the Year."

**Adrian M. Fenty** was elected Washington's youngest-ever mayor in November 2006, with 89 percent of the general election vote. Since he began his career in public office on the Washington, DC, Council in 2001, he has focused on bringing new jobs and homes to the city, fighting crime and decay, expanding community policing, and heightening police responsiveness. Prior to his election to the council in 2001, Mayor Fenty served as lead attorney and counsel to the council's Committee on Education, Libraries, and Recreation.

**Shirley Franklin** is the first female mayor of Atlanta and the first African-American woman to serve as mayor of a major southern city. In 2005, *Time* magazine named her one of the top five mayors in the country. Now in her second term, Mayor Franklin is focusing on infrastructure and housing. She is a recipient of the 2005 John F. Kennedy Profile in Courage Award and serves as a member of the Democratic National Committee and treasurer of the Democratic Party of Georgia.

**Ester R. Fuchs** is professor of public affairs and political science at Columbia University. She also served as special advisor for governance and strategic planning to New York City Mayor Michael R. Bloomberg from 2001 to 2005. Dr. Fuchs currently serves on the mayor's Sustainability Advisory Board, the NYC Economic Opportunity Commission, the NYC Workforce Investment Board, the NYC Commission on Women's Issues, and the Advisory Board for New York City's Out of School Time initiative.

**Nicole Gelinas** is a senior fellow at the Manhattan Institute and a contributing editor to the institute's *City Journal*. A chartered financial analyst and member of the New York Society of Securities Analysts, Ms. Gelinas studies New York City's fiscal and economic policies. She has written commentary for publications including the *New York Post*, *The New York Sun*, *The Wall Street Journal*, and *The New York Times*.

**Mufi Hannemann** was elected mayor of the City and County of Honolulu in 2005, and is its first native-born mayor in almost 40 years. His focus is on restoring government fiscal accountability and improving public services. He has embarked on an aggressive program of infrastructure upgrades, and is championing the development of the county's first rail transit system. He has also greatly expanded public-private partnerships, and played a pivotal role in averting the closure of the Pearl Harbor Naval Shipyard, Hawaii's largest single industrial employer. He is also working to stimulate growth of culture and the arts in downtown Honolulu. Prior to his election, Mayor Hannemann held several posts in city government, including chair of the Honolulu City Council.

**Fred P. Hochberg** became dean of Milano The New School for Management and Urban Policy in January 2004. He has more than 30 years of experience in business, government, philanthropy and social activism. From 1998 through 2001, he served as deputy, and then acting, administrator of the Small Business Administration. Prior to this, he was president and COO of the Lillian Vernon Corporation, which he helped transform from a small family mail order company into a publicly traded direct marketing corporation. Dean Hochberg currently sits on the boards of directors of the Citizens Budget Commission, FINCA International Micro Finance, Fusion Communications and the Howard Gilman Foundation.

**David Jones** has been president and CEO of the Community Service Society of New York since 1986. During that time he has served in a number of roles focused on urban poverty and economic advancement, including co-chair of the City Council Commission on the Campaign for Fiscal Equity and vice chair of the New York City Independent Budget Office Advisory Board. He is currently a member of New York City Mayor Michael Bloomberg's Commission on Economic Opportunity. Prior to leading the Community Service Society, Mr. Jones served as executive director of the New York City Youth Bureau, special advisor to former New York City Mayor Ed Koch, and a founding member of the Upper Manhattan Empowerment Zone.

**Robert Kuttner** is co-founder and co-editor of *The American Prospect* magazine, as well as a distinguished senior fellow of Demos, a highly regarded public policy research and advocacy organization. He was a longtime columnist for *BusinessWeek*, and continues to write columns in the *Boston Globe*. His most recent book, *The Squandering of America*, explores the political roots of America's narrowing prosperity and the systemic risks facing the U.S. economy. Mr. Kuttner is the author of six other books on economics and politics, and his writing has appeared in *The New York Times Magazine* and *Book Review*, *The Atlantic*, *The New Republic*, *The New Yorker*, *Dissent*, *Columbia Journalism Review*, *Harvard Business Review*, and *The New England Journal of Medicine*.

**Brian Lehrer** is the host of the highly acclaimed daily talk and call-in show, *The Brian Lehrer Show*, on WNYC, New York Public Radio. Hailed as "New York City's most thoughtful and informative talk show" by *Time* magazine, the show addresses critical local, national, and international news through conversations with newsmakers, politicians, agenda-setters, journalists, and authors, as well as its listeners. *The Brian Lehrer Show* airs weekdays from 10:00 a.m. to noon on WNYC 93.9 FM/AM 820 and on the Web at [www.wnyc.org](http://www.wnyc.org).

**Rick McGahey** is a program officer at The Ford Foundation, where he does grant making in workforce development and regional economic development. He is part of the foundation's Program Related Investment (PRI) group, and also sits on the steering committee for the National Fund for Workforce Solutions, a multisector initiative to advance effective workforce development for low-income people and employers. Previously, Dr. McGahey served as deputy comptroller for policy and management for the City of New York, deputy commissioner for policy and research for the New York State Department of Economic Development, and assistant labor secretary under President Clinton.

**Jerrold Nadler** was elected to Congress in 1992, and represents New York's 8th district, which includes Manhattan and Brooklyn. He serves as an assistant whip and is a senior member of both the Transportation Committee and the Judiciary Committee, where he serves as Chairman of the Constitution, Civil Rights and Civil Liberties Subcommittee. He's a House leader in the fight to protect a women's right to choose and a leading defender of the National Endowment for the Arts. He previously served as a member of New York State Assembly for 16 years. *The New York Times* calls Nadler "among the city's smartest and hardest working house members."

**Christine Quinn** is speaker of the New York City Council. She has been rated one of the 50 most powerful women in New York City by the *New York Post* and one of the most influential New Yorkers by *New York* magazine. Since 1999, she has served as the representative for the Third Council District of Manhattan. Speaker Quinn has been a long-time advocate for equal rights, comprehensive health care, improved schools, tenants' rights, and affordable housing.

**Edward G. Rendell** became governor of Pennsylvania in 2003 and was re-elected in 2006. His administration has worked towards strengthening the middle class in a number of ways, including: championing the first minimum wage increase in a decade; facilitating the creation of more than 168,000 new jobs, especially in the emerging alternative energy economy; and launching a statewide initiative to assist more than 250,000 Pennsylvanian families to buy homes. Prior to becoming governor, he served as mayor of Philadelphia from 1992 to 1999, during which he presided over the revitalization of that city's neighborhoods, described by *The New York Times* as "the most stunning turnaround in recent urban history."

**Andrea Batista Schlesinger** is the executive director of the Drum Major Institute of Public Policy. Her background is in promoting educational equity and youth empowerment. Before working as education advisor to Bronx Borough President Fernando Ferrer, Ms. Schlesinger served as director of public relations of Teach for America. Her work has been published in Alternet.org, *Newsday*, *The New York Sun*, and *City Limits* magazine.

**Kathleen Sebelius** was sworn in as governor of Kansas in 2003. In 2006 she was named one of the nation's top five governors by *Time* magazine, which cited her work to cut government waste and bridge the partisan divide. Now in her second term, she is continuing to implement education, employment, healthcare, and environmental reforms. Governor Sebelius also currently serves as the chair of the Democratic Governor's Association, in addition to chairing the Education Commission of the States and the National Governor's Association's executive committee. Prior to becoming governor, she served four terms in the Kansas House of Representatives and two terms as the state's insurance commissioner.

**Lisa Servon** is associate professor of urban policy and director of the Community Development Finance Project at Milano The New School for Management and Urban Policy. She is also a senior research fellow at the Center for Work-Life Policy. Dr. Servon teaches and conducts research on urban poverty, community development, economic development and issues of gender and race. Her areas of expertise include microenterprise development, the digital divide and capacity-building for community-based organizations. She has authored numerous journal articles and two books: *Bridging the Digital Divide: Technology, Community, and Public Policy* and *Bootstrap Capital: Microenterprises and the American Poor*.

**Thomas R. Suozzi**, in his second term as Nassau County executive, is a government reformer, attorney, certified public accountant, and former mayor of Glen Cove, NY. One of his main accomplishments was creating Nassau's "No Wrong Door" program, which places all the county's human service agencies under one roof. He was named *Governing* magazine's 2005 Public Official of the Year. Under Mr. Suozzi's leadership, Nassau has its lowest crime rate in 30 years and is the safest county in the nation with more than one million residents.

**Dennis M. Walcott** is deputy mayor for education and community development for New York City, overseeing and operating the Department of Education and the Department of Youth and Community Development. He reviews the activities of and connects with the New York City School Construction Authority, City University of New York, the City University Construction Fund and the New York City Housing Authority. Mr. Walcott also serves as the city's liaison with community-based organizations citywide concerning youth programs and adult education.

**Anthony Weiner** was elected to Congress in 1998, and represents New York's 9th district, which includes Brooklyn and Queens. He sits on the Judiciary Committee and the Energy and Commerce Committee, which has the largest jurisdiction in the U.S. House and oversees telecommunications, public health, air quality and environmental protection, energy policy and interstate and foreign commerce. He ran for mayor of New York City in 2005 on a platform of cutting taxes for middle-class families and improving schools, and continues to be a strong advocate for middle-class concerns. *New York* magazine has called him "an ascendant force in New York politics" and the *New York Daily News* named him one of its "Leaders of the Twenty-First Century."

## APPENDIX

# URBAN CONVERSATIONS

### WHERE RED MEETS BLUE: A BIPARTISAN DIALOGUE IN NYC DURING THE REPUBLICAN CONVENTION

Tuesday, August 31, 2004

#### Welcoming Remarks

**William Bevington**, Executive Director, Parsons Institute for Information Mapping

#### Conversation I

##### Where Red Meets Blue: Urban Issues and the Electorate

#### Speakers

**Hon. Lamar Alexander**, U. S. Senator (R-Tennessee)  
**Stephen Goldsmith**, Chair, Corporation for National and Community Service  
**Stanley Greenberg**, CEO, Greenberg Quinlan Rosner Research  
**Andrew Kohut**, President, Pew Research Center for the People and the Press  
**Hon. Michael Turner**, U.S. Representative (R-Ohio)

#### Moderator

**George Stephanopoulos**, *ABC News*

#### Conversation II

##### Urban Housing: Living and Working in Affordable Communities

#### Speakers

**Andrew Cuomo**, former Secretary, U.S. Department of Housing and Urban Development  
**Hon. Randy A. Daniels**, Secretary of State, State of New York  
**Felice Michetti**, Chairperson, Grenadier Realty Corp.  
**Karen Phillips**, Commissioner, New York City Planning Commission  
**Hon. Representative James Walsh**, U. S. Representative (R-New York)

#### Moderator

**Colbert King**, *The Washington Post*

#### Conversation III

##### Urban Immigration: From Foreign Competition to Natural Resource

#### Speakers

**Hon. Jeffrey Flake**, U. S. Representative (R-Arizona)  
**John Fund**, Columnist, *The Wall Street Journal*  
**Margie McHugh**, Executive Director, The New York Immigration Coalition  
**Doris Meissner**, Senior Fellow, Migration Policy Institute  
**Rossana Rosado**, Editor-in-Chief, *El Diario/La Prensa*

#### Moderator

**Ron Brownstein**, *The Los Angeles Times*

### U.S. MAYORS AND INNOVATIVE LEADERSHIP

Wednesday, March 30, 2005

#### Welcoming Remarks

**Mayor Michael R. Bloomberg**, New York City

#### Conversation I

##### Innovative Mayors

#### Speakers

**Hon. Mayor Kay Barnes**, Mayor of Kansas City, KN  
**Hon. Mayor Tom Murphy**, Mayor of Pittsburgh, PA  
**Hon. Mayor Gavin Newsom**, Mayor of San Francisco, CA

#### Moderator

**George Stephanopoulos**, *ABC News*

#### Conversation II

##### Overcoming Obstacles to Innovation

#### Speakers

**Douglas W. Rae**, Yale School of Management  
**Dorothy Samuels**, *The New York Times*  
**M. Bryna Sanger**, Milano Graduate School  
**Darren Walker**, The Rockefeller Foundation

#### Moderator

**Andrew Kirtzman**, *WCBS-TV*

#### Conversation III

##### City Hall and the State House

#### Speakers

**Hon. Edward Rendell**, Governor of Pennsylvania  
**Hon. L. Douglas Wilder**, Mayor of Richmond, VA

#### Moderator

**Bob Kerrey**, President, New School University

## **CITIES AT RISK**

Friday, April 7, 2006

### **Welcoming Remarks**

**Fred P. Hochberg**, Dean, Milano The New School for Management and Urban Policy

### **Keynote Address**

**Hon. Mary L. Landrieu**, U. S. Senator (D-Louisiana)

### **Conversation I**

#### **Planning for Catastrophe: The Benefit of Hindsight**

##### **Speakers**

**Michael Brown**, former Director, Federal Emergency Management Agency (FEMA)

**Clark Kent Ervin**, Director, Homeland Security Initiative, The Aspen Institute

**Hon. Martin O'Malley**, Mayor of Baltimore, MD.

**James Lee Witt**, Chairman and CEO, James Lee Witt Associates, LLC; former Director, Federal Emergency Management Agency (FEMA)

##### **Moderator**

**Brian Lehrer**, WNYC, New York Public Radio

### **Conversation II**

#### **Renewal: Getting it Right this Time Around**

##### **Speakers**

**Hon. Kathleen Babineaux Blanco**, Governor of Louisiana

**Peter K. Eisinger**, Henry Cohen Professor, Milano The New School for Management and Urban Policy

**John Norquist**, President, Congress for the New Urbanism; former Mayor, Milwaukee

**Judith Rodin**, President, The Rockefeller Foundation

**Lawrence Vale**, Head, Department of Urban Studies and Planning, Massachusetts Institute of Technology

##### **Moderator**

**Soledad O'Brien**, Anchor, *American Morning*, CNN

## **Strengthening the Middle Class**

### **SESSION I**

#### **STRENGTHENING THE MIDDLE CLASS**

Friday, June 1, 2007

### **Welcoming Remarks**

**Hon. Christine Quinn**, Speaker, New York City Council

### **Conversation I**

#### **Livable Cities for the Urban Middle Class**

##### **Speakers**

**Hon. Adrian Fenty**, Mayor of Washington, DC

**Hon. Shirley Franklin**, Mayor of Atlanta, GA

**Ester Fuchs**, Columbia University

**Hon. Thomas R. Suozzi**, County Executive, Nassau County, NY

### **Conversation II**

#### **A Viable New York for Working Families**

##### **Discussion**

**Dan Cantor**, Working Families Party

**Nicole Gelinas**, Senior Fellow, Manhattan Institute

**Andrea Batista Schlesinger**, Drum Major Institute for Public Policy

**Dennis M. Walcott**, NYC Deputy Mayor for Education and Community Development

##### **Moderator**

**Brian Lehrer**, WNYC, New York Public Radio

### **SESSION II**

#### **STRENGTHENING THE MIDDLE CLASS: CREATING JOBS AND RAISING INCOMES**

Tuesday, September 25, 2007

### **Conversation I**

#### **Workforce Development and NYC's Labor Market**

##### **Speakers**

**Diane Baillargeon**, Seedco

**David Jones**, Community Service Society of New York City

**Rick McGahey**, The Ford Foundation

### **Conversation II**

#### **Creating Jobs and Raising Incomes in American Cities**

##### **Speakers**

**Hon. Edward Rendell**, Governor of Pennsylvania

**Hon. Kathleen Sebelius**, Governor of Kansas

##### **Moderator**

**Jonathan Capehart**, *The Washington Post*



## SESSION II

### **STRENGTHENING THE MIDDLE CLASS: STRONG ECONOMIES FOR AMERICA'S CITIES**

Friday, January 25, 2008

#### **Welcoming Remarks**

Hon. Jerrold Nadler, U.S. Representative (D-New York)

#### Opening Remarks

#### **The Urban Middle Class**

Robert Kuttner, *The American Prospect*

#### Conversation

#### **Strong Economies for America's Cities**

#### **Speakers**

Hon. Byron Brown, Mayor of Buffalo, NY

Hon. Manny Diaz, Mayor of Miami, FL

Hon. Mufi Hannemann, Mayor of Honolulu, HI

Lisa Servon, Milano The New School for Management and  
Urban Policy

Hon. Anthony D. Weiner, U.S. Representative  
(D-New York)

#### **Moderator**

Jonathan Capehart, *The Washington Post*

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