Brookings Metro

Institutionalizing inclusive growth:

Rewiring systems to rebuild local economies

CASE STUDY

Syracuse, New York

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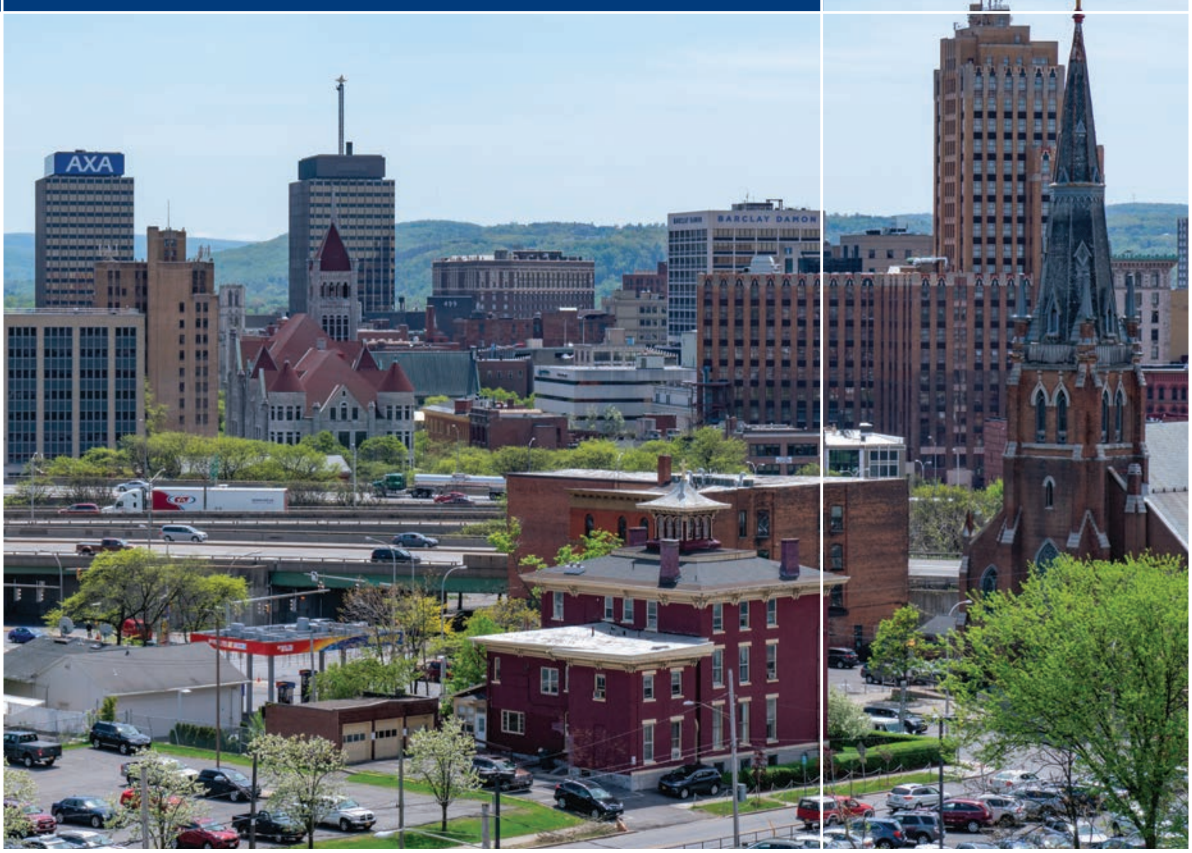

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Background

In 2017, Nobel laureate and economic geographer Paul Krugman wrote a New York Times column asking "what might seem like an odd question: what, in the modern economy, are small cities even for?"[1] Krugman suggested that the development of small cities is a game of chance: A random industry would form in an area, often due to resources and geography, and start a chain of events in which "one industry created conditions that favored another." Krugman describes this as a "chancy process"—in some cities, the initial industry created conditions favorable to the development of another successful industry; other cities ran into dead ends. The problem for small cities in this game of chance is that they're competing against big cities to become the centers of high-growth industries. The smaller city can't afford as many unlucky breaks as a big city can; eventually, it will "lose enough coin flips that it effectively loses any reason to exist."

Krugman's column describes almost 200 years of Syracuse, N.Y.'s economic history, beginning in 1820, when it was a town with a population of 250. Syracuse thrived in the first industrial revolution, when it was a center of the salt trade due to its location on the Erie Canal. Its economy diversified in the second industrial revolution: typewriters, candles, furniture, china, automobile components, air conditioning, and perhaps most importantly, radar. At one point, General Electric employed 17,000 people in Syracuse, many at a 155-acre research park that also developed radio and television technology. But beginning in the 1970s, Syracuse's manufacturing sector began to decline, with key firms such as Rockwell, General Electric, and Carrier moving all or most of their operations outside of the state (and in many cases outside of the country).

It would appear that Syracuse, in the words of Paul Krugman, had lost too many coin flips. In describing the city's "Syracuse Surge" economic development strategy, Mayor Ben Walsh often acknowledges that the city was unprepared for the third industrial revolution that began in the 1970s. Today, there are almost 80,000 fewer residents than during its peak in 1950. CenterState CEO, the region's economic development organization, offered a frank assessment of the region's challenges in a 2017 proposal for funding from New York state: "Our economy lags most of the nation…job growth is slow. Wage growth is incremental at best. And the national dialogue around income inequality, economic segregation, and poverty—particularly among our African-American and Hispanic populations—includes the word Syracuse in its headline."

While Syracuse leaders are honest about the deep challenges that the city and region face, they don't believe that their economic fate is a game of chance. They believe that the arrival of the fourth industrial revolution (defined by a "fusing the physical, digital, and biological worlds" through technologies such as artificial intelligence and internet of things) makes the region's legacy industries newly relevant.[2] They believe that the region has a chance to become a center of innovation and growth in areas such as unmanned aerial vehicles and smart-city technologies. They are committed to not only restarting the region's economic engine by investing in these opportunities, but also ensuring that this growth is fueled by the region's Black and Latino or Hispanic talent.

Indeed, over the past decade, Syracuse has been a national leader in not only developing strategies for innovation-driven growth and economic inclusion, but in articulating how these strategies are interdependent and mutually reinforcing. This case study describes these efforts, including innovative programs and investments as well as the civic infrastructure that enables them.

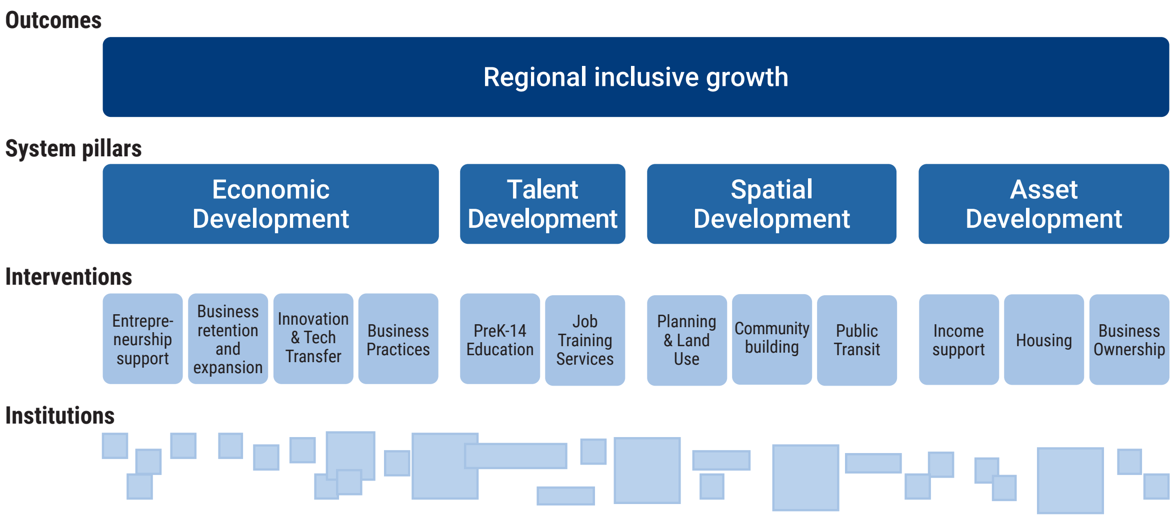
What is a regional economic system?

Regional economic systems are complex, meaning that their outcomes are influenced by the hard-to-measure interactions of markets and institutions. To help make sense of all the inputs that shape regional economic outcomes, this case study explores Syracuse's regional economic system through four contributing "system pillars":

- **Economic development**: Entrepreneurs and businesses participate in regional economic systems through the production of goods and services, the creation of jobs, the hiring and training of workers, and the generation of new knowledge and innovation. The economic development pillar consists of institutions and policies that enable the creation, innovation, growth, and attraction of businesses (and thus jobs). In recent years, a new dimension of job creation policies has sought to influence business practices and norms related to hiring, supply chain procurement, and diversity, equity, and inclusion strategies.
- **Talent development**: Individuals and workers participate in regional economic systems by contributing their talent and time to the production of goods and services through labor markets in exchange for wage income. The talent development pillar consists of institutions and policies focused on helping individuals build their skills and capabilities (e.g., education, workforce development) and the employers they sometimes partner with to place individuals into jobs.

- **Spatial development**: Regional economies are not only business and labor markets, but physical spaces whose built environment influences residents and businesses. The spatial development pillar consists of the physical and social infrastructure that enable economic participation, implicating public, private, and nonprofit organizations focused on transportation access, community-building, and housing and land use.
- **Asset development**: The first three pillars shape the productive structure of a local economy and how it shares the income generated by that production. Of course, income gains ultimately lead to greater assets and wealth, but asset development is a separate pillar because it is predominantly driven by the systems that influence ownership—of homes, businesses, financial assets, and inheritances. The asset development pillar consists of institutions and policies focused on building those assets through financial planning, homeownership, and entrepreneurship. Wealth also affects how individuals participate in regional economies—the neighborhood one can live in, the school one can attend, and the capital one can access to start a business or fund their education.

Figure 1. Local institutions influence regional economic performance through interventions in four main system pillars: economic development, talent development, spatial development, and asset development



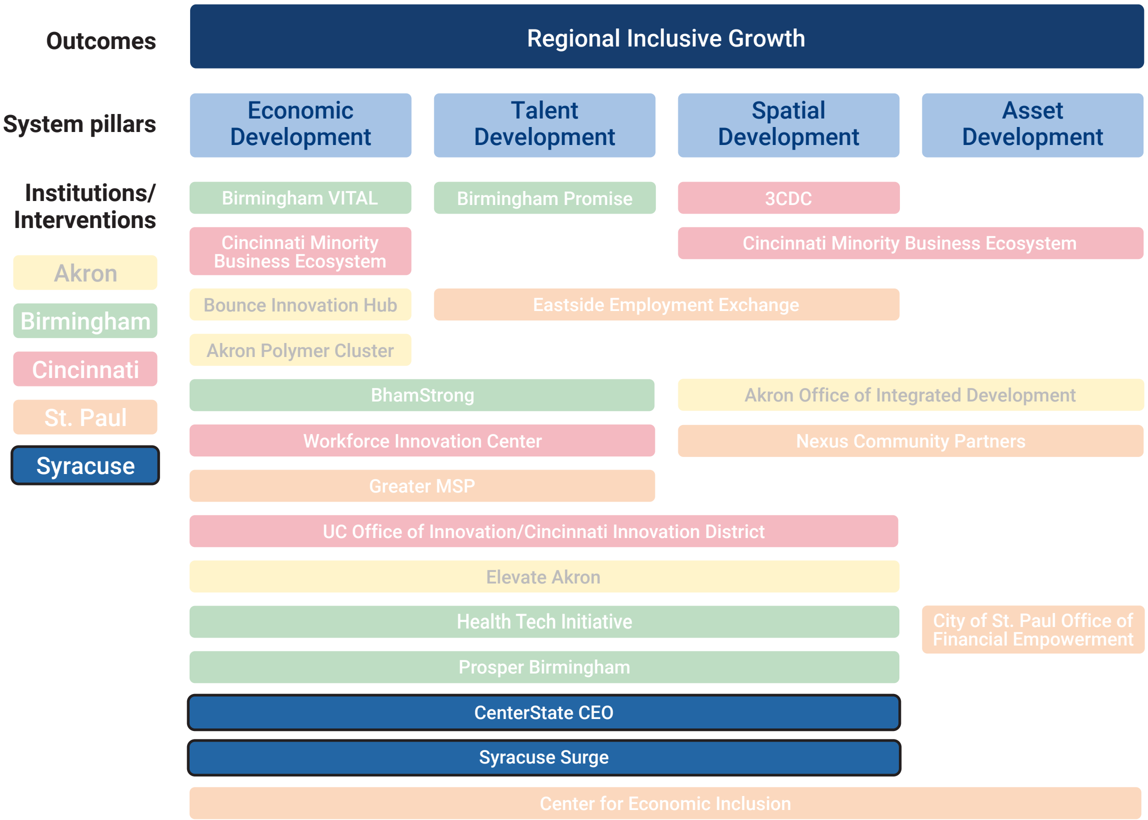
Source: Brookings Metro interview and case study findings

What is systems rewiring?

Regional systems can be rewired in two ways, both of which lead to more inclusive growth. First, changing ***for whom*** systems work, by adopting more specific, disaggregated goals and targeting strategies toward excluded populations. Second, changing ***how*** systems work, by investing in interventions that build capacity either within a system pillar or in collaboration across pillars to drive impact at greater scale. These are often reinforcing purposes, in that committing to a greater emphasis on advancing inclusion forces systems to add capacity to meet those new goals.

This case study documents the institutions involved in two closely related interventions that are rewiring the regional economic development system in Syracuse by pushing existing growth-oriented systems to focus more on inclusion or building capacity in systems that are already inclusion-oriented.

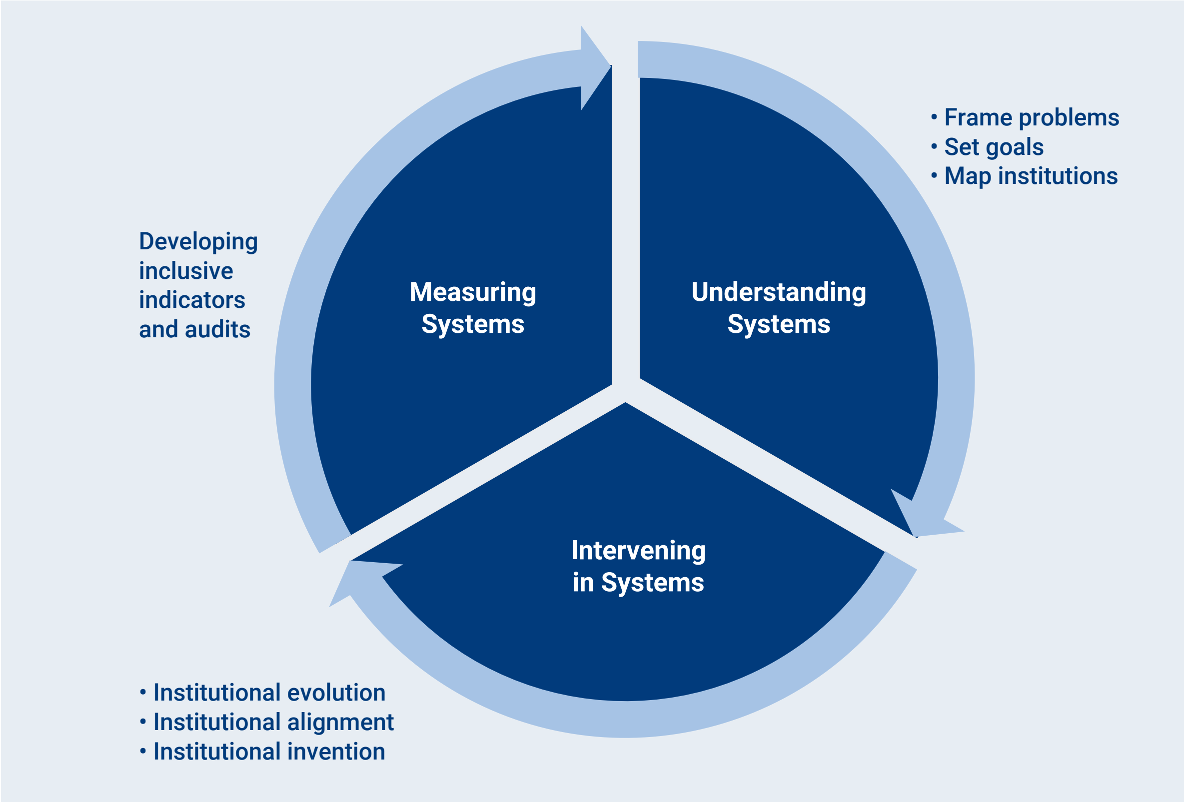
Figure 2. **Five city case studies profile institutions that are spearheading 20 inclusive growth interventions across four system pillars**



Source: Brookings Metro interview and case study findings

The conclusion from these two interventions—along with 18 other inclusive growth interventions from four other older industrial, cities codified in this guidebook—is that systems rewiring has several components: ***understanding*** the regional system, ***intervening*** in the regional system, and ***measuring*** the regional system.

Figure 3. **Rewiring regional economic systems requires understanding systems, intervening in systems, and measuring systems**



Source: Brookings Metro interview and case study findings

The three components each have sub-elements that correspond closely to discrete processes or projects that leaders often go through within their organizations or as part of regional coalitions. Importantly, the ordering of these components and sub-elements does not imply that rewiring occurs through an organized, centralized, or linear process. Syracuse is the smallest metro area covered in these case studies, and perhaps relatedly, has the most centralized economic development apparatus. As a result, its rewiring process has been somewhat more orchestrated than in other regions with more varied and diverse sets of institutions. Still, rewiring in Syracuse is best understood as a continuous, complex process—not a step-by-step recipe.

Rewiring systems requires finding those leverage points where new investments, institutional shifts, or multi-institutional collaborations can most effectively reduce barriers that prevent workers and businesses from meeting their productive potential. The interventions described in this case study capture two key ways in which Syracuse is acting on these leverage points, with multiple institutions working in new ways across economic development, talent development, and spatial development to advance inclusive growth.

SOURCE: CENTERSTATE CEO

Two inclusive growth interventions

▲ Participants in Health Train, a training partnership between CenterState CEO and SUNY EOC, which prepares clinical health workers.

Integrating growth and inclusion at a regional economic development organization

System pillars: Economic development, talent development, spatial development
Rewiring process: Institutional evolution
Key institution: CenterState Corporation for Economic Opportunity

Syracuse is distinct from other cities in the degree to which its economic and workforce development capacity is centralized in a single organization. The reason is that the CenterState Corporation for Economic Opportunity (CenterState CEO) has, over the past decade, taken on a variety of functions that in other regions tend to be handled by three or four separate organizations. CenterState CEO plays all the traditional economic development functions that most chambers play (business attraction, business retention and expansion, advocacy, networking), but it also runs the region's main incubator and accelerator, has a four-member workforce development team, and a growing racial equity team that provides diversity, equity, and inclusion (DEI) consulting to businesses. This story documents

CenterState CEO's evolution over the past decade, especially as it relates to its distinct and growing role as a leader on issues related to racial equity, social impact, and economic inclusion.

Catalyst

CenterState CEO was formed in 2010, when two economic development entities in the Syracuse region merged: the Greater Syracuse Chamber of Commerce (which had 64 employees and 2,000 member businesses, most smaller than 50 employees) and the Metropolitan Development Association (which had 25 employees and about 200 member companies, most larger than 100 employees). At the time, the narrative in the region was "really negative" and focused on "brain drain, economic decline, losses of companies, deindustrialization and the declining downtown," according to CenterState CEO's Dominic Robinson.

Economic inclusion was part of the fabric of CenterState CEO from the beginning. Pre-merger, a large hospital system on the city's north side had asked the Metropolitan Development Association to staff a community revitalization plan; this led to the creation of an entity under CenterState CEO's umbrella called Prospect Hill Development, which later expanded and became the Northside Urban Partnership.

However, in the years after the merger, post-Great Recession job growth was the organization's main focus. In 2012, CenterState CEO partnered with Brookings Metro to create a Metropolitan Business Plan focused on building innovative technology industry clusters (e.g., environmental controls, cyber-security), then created an export and foreign direct investment plan focused on similar opportunities, and finally, in 2015, carried these themes into the region's successful application for a $500 million investment from the New York state. In this last iteration of the region's job growth agenda, "economic inclusion" was described as a regional priority, but references to racial inequities were limited. This would soon change.

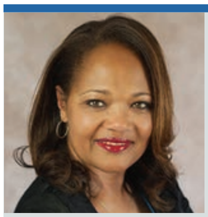
CenterState CEO's decade-long evolution toward prioritizing racial equity can be seen in the focus of its board retreats, which occur every two years and are designed to crystalize the organization's priorities. Dominic Robinson, then the director of the Northside Urban Partnership and now vice president of economic inclusion at CenterState CEO, reports that "in 2010 and 2012, I was not really engaged; in 2014, I led one discussion; in 2016 we did a virtual poll and by a two-to-one margin our board identified concentrated poverty as the biggest economic threat the region faced; and by 2018 I was a featured part of the meeting."

What catalyzed the shift in attention over these years? It's a complicated story that mirrors national events and trends, but interviewees in Syracuse point to a few key local factors.

The first factor was a 2015 study by the Century Foundation that found that the Syracuse metro area had the highest rates of concentrated poverty among Black and Latino or Hispanic residents in the country; 65% of Black residents and 62% of Latino or Hispanic residents lived in high-poverty neighborhoods. In both cases, these were huge increases in concentrated poverty relative to the year 2000, and much higher rates than the second-worst metro area.[3] The study's findings were also central to a 2015 article in The Atlantic titled "How to Decimate a City," which linked concentrated poverty with redlining, white flight, and the creation of Interstate 81, which destroyed a Black neighborhood in the late 1950s.[4] "It's not clear whether this study sparked something new or cast a spotlight on an issue we'd already recognized, but it did provide a guidepost," Robinson said. "The business community decided that this isn't going to be our narrative; that this is a defining characteristic of the challenges we have to overcome, but it's not who we are as a community."

The second key moment in this evolution occurred in 2017, when the business community's growing recognition of these systemic racial inequities converged with new political leadership in the city and county. Dr. Juhanna Rogers, who is now CenterState CEO's vice president for racial equity and social impact, said that at the time, "There was energy, and people were looking for ways to work together to set the city apart. Everyone was saying the same thing and talking about the potential of the community." This moment coincided with the opportunity to apply for JPMorgan Chase's $3 million AdvancingCities grant, which gave this collaborative energy a clear focal point.

In contrast to many of its peer organizations, CenterState CEO does not rely on outside consultants to lead the creation of strategic plans or high-profile grant applications. Instead, CenterState CEO staff, along with six key partner organizations, took ownership of the process of assembling the application, and used it as a vehicle to socialize a shared narrative and gain buy-in for a set of strategies from public, private, and philanthropic actors. CenterState CEO and its partners organized the AdvancingCities application around the "Syracuse Surge" concept, which was the economic agenda of the newly elected mayor, Ben Walsh. (Syracuse Surge is the second intervention covered in this case study.) Syracuse was one of three winning cities out of 142 applicants nationwide. According to Rogers, who moved to Syracuse during this process, "It was a career-defining moment—not so much the winning, but the process of the community coming out of its siloes."



"If we fail to elevate our most economically fragile people, we'll have lost a generation of talent and companies with deep roots in this region are going to lose the workforce race."

— Melanie Littlejohn, Regional Executive, National Grid and CenterState CEO Board Chair

A third important development in CenterState CEO's evolution came in mid-2019, when it appointed Melanie Littlejohn as board chair. Littlejohn is a Black female executive at National Grid, a multinational utility company that serves Upstate New York. According to CenterState CEO President Rob Simpson, Littlejohn has pushed the organization and provided "air cover" that has allowed it to move more boldly into new areas. She has focused intently on making the business case for inclusion. "She got in front of a lot of rooms in the last few years and said it like it is," said Dr. Juhanna Rogers.

Littlejohn acknowledges that this work is hard "because it pushes us towards a place that is hard, and that we don't want to go." But as a business leader, she is uniquely positioned to frame the issue in a way that motivates her peers: “If we fail to elevate our most economically fragile people, we’ll have lost a generation of talent and companies with deep roots in this region are going to lose the workforce race.”

This evolution meant that COVID-19 and George Floyd’s murder did not drastically change the work of CenterState CEO or the broader region. As Rogers put it: “We already had our reckoning; the current challenges are about how we go deeper with our work.”

Execution and key stakeholders

While CenterState CEO has effectively assumed the role of regional coalition-builder over the past decade, it remains an entirely business-led organization. Its board has 75 members and is primarily made up of CEOs, with no public sector representation. Simpson thinks of CenterState CEO’s stakeholders in terms of concentric circles, with the first circle being its board and the business community writ large, whose “support gives us confidence to go out and do hard things.” The second circle is the universe of funding partners; key among these are the Allyn Family Foundation and the state government, each of which have funded CenterState CEO-led initiatives. The Allyn Family Foundation is a particularly important partner in that, according to Simpson, “They allow us to innovate, they have funded staff, and they serve as a great thought partner.” The third circle includes anchor institutions (Syracuse University, hospitals, etc.) and local elected officials.

CenterState CEO’s growing portfolio of work related to racial equity has elevated the importance of a fourth circle: community organizations. Unlike some of its peer organizations (e.g., the Greater Akron Chamber of Commerce) CenterState CEO has not generally partnered directly with grassroots organizations. Instead, it relies on the support of larger community organizations such as United Way of Central New York and the Central New York Community Foundation, both of which have leaders on CenterState CEO’s board. These organizations’ support gives CenterState CEO confidence that its efforts will generally not encounter too much opposition. One challenge, said Simpson, is that CenterState CEO’s recent efforts have not been well received by certain community organizations: “There are people who would like us to not be able to deliver—the idea that an organization like ours could genuinely pivot is anathema, it’s seen as a threat.”

Simpson pointed out that though these tensions exist, CenterState CEO’s board is not comprised of two competing factions: “Our board understands that growth and inclusion are inextricable, not separate goals—maybe 85% or 90% understand that.” And he underscored that CenterState CEO has spent a lot of time and effort building allies: “Over the past five years, there’s been 10 really difficult, risk-laden situations with external organizations criticizing us and calling our value set into question. Had we not all been on our own journey of discovery for 15 years, we would’ve been spat out of the system. That’s why lot of organizations like ours can’t have conversations about race.”

Littlejohn acknowledged that when it comes to keeping this coalition together, “There is tension, without question. Not only do we have to figure out how to bring multiple entities to the table that were doing this work already, but also businesses that were asking, ‘Why are you doing this?’” Her response is “pure tenacity, being willing to bring people in and make sure they are heard. The quickest way to break up a coalition is to make people think they're just being paid lip service. We have to start with small wins and stand by our partners when it gets hard."

Outcomes

Starting with targeted, demonstrable impact was an important momentum-builder for CenterState CEO. Simpson described CenterState CEO's evolution as a deliberate "progression up the value chain" toward a "north star" of full integration of economic development and inclusion. The value chain proceeds as follows: First neighborhood development, then workforce development, then facilitated conversations with CEOs about racial equity. CenterState CEO has made tangible progress at each of these stages.

According to Simpson, neighborhood revitalization is the best entry point into economic inclusion for organizations like CenterState CEO because the outcomes are tangible—both to CEOs who may be skeptical that economic development organizations have a role to play, and to community actors who may be skeptical that economic development organizations can bring resources and capacity. CenterState CEO's neighborhood development work has primarily been carried out via the Northside Urban Partnership. The Partnership contributed to the development of several mixed-use real estate projects and two major affordable housing developments; supported and promoted neighborhood businesses; helped launch new businesses in vacant storefronts; converted vacant lots into gardens and public spaces; hosted street fairs; and more. In 2016, the Partnership (whose fiscal agent was CenterState CEO) was going through a strategic planning process with a goal of expanding beyond the neighborhood scale. Simpson suggested that rather than "spin out," Dominic Robinson and his team should "spin up" and take on a larger portfolio of work as CenterState CEO's Economic Inclusion division, which today has a staff of 13.

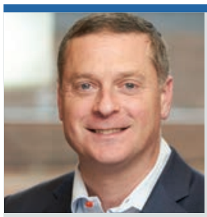
One key element of the Economic Inclusion portfolio is Work Train, a workforce development intermediary, backbone, and funder collaborative that builds partnerships between businesses, nonprofits, and educational organizations to address recurrent workforce challenges in the health care, manufacturing, construction, and technology sectors. Work Train grew out of the Northside Urban Partnership's Green Train and Health Train initiatives. Since 2005, local philanthropies have invested more than $2 million in Work Train, which CenterState CEO leveraged to raise over $4.5 million in additional funds dedicated to workforce development in the region.

Currently, CenterState CEO's Work Train team is providing support to raise funds, convene partners, research, and launch the workforce aspects of both the mayor's Syracuse Surge initiative (technology), as well as Syracuse Build (construction). The local Workforce Development Board, which is responsible for distributing federal workforce training funds, has in some cases invested in Work Train trainings, but more often sees Work Train as a competitor. This is often the case when new nonprofit workforce development intermediaries emerge in regions, and leaders in Syracuse are developing a strategy to better align the two entities.

Key to Work Train's success is its affiliation with the National Fund for Workforce Solutions, which has provided Work Train and 30 other organizations across the U.S. with technical assistance focused on creating industry sector partnerships and improving job quality by working with employers. Over the past six years, Work Train's partnerships have helped roughly 1,000 individuals secure employment in sectors offering career pathways.

The degree to which CenterState CEO is involved in community revitalization and workforce development is rare among economic development organizations. But it may be entirely unique among its peers in terms of its DEI consulting efforts. The Racial Equity and Social Impact portfolio, overseen by Dr. Juhanna Rogers, centers on a set of fee-based corporate training services for businesses. Rogers said that while many companies have become more engaged with initiatives like Work Train to fill jobs, few have thought rigorously about "what an inclusive environment looks like—from supervisory styles to addressing the needs of new hires at manufacturing firms that lack reliable transportation, to creating inclusive environments that make employees feel like they're supposed to be there."

Some businesses may have diversity plans, but have never had intensive, facilitated discussions about the role of race in the workplace, and have never done the work of re-engineering business practices to eliminate discrimination. CenterState CEO facilitates these conversations and advises on how to implement more inclusive practices. The effects of diversity training, according to a growing body of scholarly research, are mixed and seemingly highly dependent on the context, focus, and intensity of the training.[5] While there is not yet scientific consensus on these questions, CenterState CEO's approach is promising in that, as an economic development organization that speaks the language of business and competitiveness, it is well positioned to pair diversity training with an emphasis on related operational changes within the firm.



"We recognize the important leadership role we can play to drive social and economic equity as part of our mission-driven work to create greater opportunity for all. A key differentiator for us in stepping into this work is that we are a trusted partner to these companies. They know we have their best interests in mind, and so it creates a safe space to have difficult but critically important conversations."

— Rob Simpson, President and Chief Executive Officer, CenterState CEO

"We recognize the important leadership role we can play to drive social and economic equity as part of our mission-driven work to create greater opportunity for all," said Simpson. "A key differentiator for us in stepping into this work is that we are a trusted partner to these companies. They know we have their best interests in mind, and so it creates a safe space to have difficult but critically important conversations."

CenterState CEO's highest-profile DEI consulting engagement thus far has been with National Grid (whose local leader is CenterState CEO's board chair Melanie Littlejohn). This engagement began with C-suite leaders at National Grid and is moving down through every level of management. In the first quarter of 2021, 1,500 National Grid staff attended two-hour racial dialogue sessions. “This is hard work, it requires a lot of self-reflection and causes a lot of pain and anxiety for everyone involved, whether Black or white,” said Littlejohn. “But our employees pushed us to do this, and we have to have all leaders set the tone and set the culture.” Again, she referenced competition for talent—especially retaining diverse talent—in making the business case for this work: “If our company isn’t looking at ways to engage and hear employees that are feeling disenfranchised, then our talent is going to walk out the door. And that represents a lot of dollars that it takes to hire someone new and get them up to speed.” This work is leading to new policies across National Grid, from procurement to hiring and retention to advertising and marketing.

In addition to its work with National Grid, CenterState CEO had done DEI training with six other organizations as of mid-2021, and was engaged in discussions with another 20. CenterState CEO follows up with those that have been through the training as they create DEI councils and identify strategies to reach newly identified DEI goals for their organization. CenterState CEO also launched a website (www.CenterStateceoequity.com) with resources and tools for individuals and businesses, including an equity pledge that seeks to promote more inclusive and equitable workplaces in the region.

CenterState CEO’s movement up the “value chain” toward full integration of inclusion and economic development is perhaps most evident in its work with JMA Wireless, a manufacturer of 5G wireless equipment. This firm represents exactly the type of growth that CenterState CEO and its partners envisioned in the numerous strategic plans they created between 2012 and 2015, culminating in the region’s winning application for the $500 million Upstate Revitalization Initiative. The CenterState CEO economic development team worked with state, county, and city partners to incentivize JMA Wireless’ expansion into an abandoned industrial laundry facility on the city’s south side. The incentives included a $5 million grant from the Upstate Revitalization Initiative and $4 million in tax breaks from the city. The expansion, in the form of a $25 million facility, is expected to eventually create 200 well-paid manufacturing jobs in one of the most impoverished parts of the city. (As of early 2022, JMA is recruiting for 40 initial job openings in assembly, logistics, technician, and engineering roles.)

The full integration of inclusion into economic development practice, however, requires two additional steps beyond attracting an employer that offers high-quality jobs. First, Work Train is heavily engaged with JMA to help them develop a relationship with the neighborhood and build a pipeline of local workers. Second, CenterState CEO’s Racial Equity and Social Impact team is working with JMA on DEI trainings for leadership and staff.

There is still much work to be done, but over the past decade CenterState CEO has provided an important example of what it looks like to steadily progress up the “value chain” by changing both ***how*** it works, through greater capacity in its Economic Inclusion division, and ***for whom*** it works, by pushing the business community to see racial equity as a competitiveness imperative.

A city strategy for inclusive growth in the fourth industrial revolution

System pillars: Economic development, talent development, spatial development
Rewiring process: Institutional alignment
Key institutions: City of Syracuse, CenterState CEO, and Le Moyne College

"Syracuse Surge" is the city's economic and workforce development strategy. It is thematically intertwined with the region's broader strategy, which was principally shaped by CenterState CEO during the development of the Upstate Revitalization Initiative application (described above). The city and CenterState CEO are also intertwined operationally, since many of the activities taking place under the Surge umbrella are funded by a $3 million JPMorgan Chase AdvancingCities grant that CenterState CEO applied for and manages. This initial $3 million investment helped attract $1.2 million in additional grant funding. Development projects spurred by or associated with Surge add up to over $175 million in investment.

The story of Syracuse Surge illuminates a compelling vision for innovation-led growth in an older industrial city, as well as a process by which a city and a regional business-led economic development organization aligned their growth strategies. It also, however, reveals how implementation of that shared strategy was initially hampered by the lack of a dedicated backbone entity and resource constraints.

Catalyst

Syracuse Surge was created by the administration of Mayor Ben Walsh, who came into office in January 2018 and unveiled the strategy one year later at his first State of the City speech. The strategy aimed to harness the region's best economic opportunity to directly address the city's deepest challenges.

Syracuse Surge's objective was to accelerate the region's early, hard-won progress in fostering innovation and entrepreneurship in a few key advanced industry sectors. CenterState CEO and its partners had been working for nearly a decade to define this set of related sectors, which includes precision sensors, data analytics, and unmanned systems—all parts of the broader "internet of things" market, which is expected to reach $10 trillion in size globally this decade. The challenge was to use growth in these advanced industries to make a meaningful dent in the city's persistently high poverty rates. As of 2015, 44% of the region's population was in poverty or near the poverty line. Poverty rates among Syracuse's Black and Latino or Hispanic residents were especially high and rapidly growing.[6]

This assessment of Syracuse's economic situation—deep poverty and profound racial disparities paired with optimism about the region's growth potential in key sectors—is closely related to the body of research that CenterState CEO had produced over the previous five years. This speaks to the ways in which a data-driven narrative can build consensus, but also to the mayor's professional background—he previously worked for the Metropolitan Development Association, one of the two organizations that later merged to become CenterState CEO.

The "signature investment" in the region's winning application for the Upstate Revitalization Initiative in 2015 was the development of an unmanned aerial systems (UAS) testing corridor and an independent testing facility that would lead the development of national standards for commercial drones. These investments, along with a well-resourced business accelerator, were intended to build on the region's Federal Aviation Administration designation as just one of six UAS test sites nationwide. The commercial UAS market is still immature, so these testing and standards facilities were expected to attract firms that needed to prove their technologies, establish proof of concept in real-world settings, and interact with regulators.

Investments in these initiatives total more than $50 million to date. This is much less than the $250 million that was theoretically available for UAS-related investments as part of the Upstate Revitalization Initiative. Indeed, as of early 2020, only $170 million of the $500 million had been disbursed, some of which was only indirectly related to the vision that the region laid out in its application. Syracuse Surge is in part an effort to re-focus the remainder of the spending.[7]

It is perhaps not surprising that the city embraced CenterState CEO's emphasis on the internet of things and data analytics, since those sectors offered opportunities for the city to play a direct, concrete role in building the cluster. Indeed, the theory behind Syracuse Surge was in part reverse-engineered from an infrastructure-related opportunity that the city had when Mayor Walsh entered office. The city issued a $38 million bond to buy streetlights from National Grid, the public utility—a move that offered cost savings of $3 million annually as well as the ability to create “smart-city” infrastructure. In addition to equipping all 17,000 streetlights with LED bulbs, the city used a New York Power Authority grant to convert 50 into “smart” lights with WiFi hubs and sensors that could be used for various applications, including measuring traffic flow and environmental quality or supporting self-driving vehicles. The city also later partnered with Verizon to create 5G data networks in parts of the city by installing small cell towers on 600 streetlights.

Syracuse Surge began as a set of infrastructure investments enabled by the streetlight purchase and designed to accelerate cluster development efforts that were already being led by CenterState CEO and its partners in other sectors related to smart cities (e.g., precision sensors, data analytics, unmanned systems). The intent was to solidify the city as a center of innovation and support the creation of homegrown tech-driven businesses.

Recognizing that this type of innovation-driven growth has not typically generated inclusive outcomes in other regions, the mayor’s office sought to intentionally integrate inclusion into these efforts. This took several forms. Most prominently, a high school on the city’s high-poverty South Side that had been closed for over 40 years is being converted to a regional STEAM school, with $70 million in funding from the Upstate Revitalization Initiative. The school’s curriculum will be co-designed with area colleges and universities and aligned with Surge-related industries (one program will focus on “remotely piloted aerial systems”). This will form the core of the Southside Campus for the New Economy, which will also include a renovated Syracuse SUNY Educational Opportunity Center providing free education and workforce training for adult learners.

However, the city recognized that investments in infrastructure alone, no matter how carefully designed, could not generate inclusive growth. That would also require dedicated workforce and economic development programming. To develop these complementary strategies, the city reached out to CenterState CEO’s Economic Inclusion team. These discussions yielded an initial framework for the inclusive growth portion of the broader Syracuse Surge strategy, focused on “new economy”-oriented workforce development programs, minority-owned small business development and attraction, and community development in distressed neighborhoods.

During these discussions, JPMorgan Chase announced its AdvancingCities Challenge, a five-year philanthropic initiative that would, in its first year, invest in cross-sector efforts to improve economic mobility in three cities. Syracuse joined CenterState CEO and the Allyn Family Foundation to apply for the grant, and used the application process to accelerate the design of a portfolio of equity and inclusion strategies within Syracuse Surge. In addition to refining these strategies, this process facilitated the creation of a broader and more diverse coalition of community leaders, drawing from government agencies, K–12 and higher education, community organizations, and businesses.

By mid-2019, Syracuse was announced as one of three AdvancingCities winners, the city-led infrastructure work was well underway, and a Deloitte-led strategic planning process for the broader Syracuse Surge strategy had begun. CenterState CEO helped raise funds to underwrite the Deloitte engagement and participated in the process to ensure that AdvancingCities goals and strategies were incorporated into the overarching strategy.

Execution and key stakeholders

The lead strategists and drivers behind Syracuse Surge are several city departments (led by a manager, Jen Tifft, who devotes much of her time to Surge-related work), CenterState CEO (Surge-related work is staffed by the Economic Inclusion team), the county, and the Allyn Family Foundation. Key implementers of specific initiatives under the Surge umbrella include Le Moyne College, Syracuse University's School of Information Studies (iSchool), and CenterState CEO's Work Train team.

The formal organizational structure of Surge is illustrated below. It is comprised of a 13-member executive committee (including the mayor, the county executive, Rob Simpson of CenterState CEO, the vice chancellor of Syracuse University, the president of Le Moyne College, and others), three "activation teams" for specific topics, and the "Surge Network," which leads community engagement.

This organizational structure reflects the theory that inspired the city and CenterState CEO to collaborate on Syracuse Surge. The theory was that inclusion would not automatically result from investments in innovation and infrastructure paired with traditional approaches to job training and business development. Rather, the region would need focused efforts to address the barriers that stand between marginalized populations and economic opportunity. According to Dominic Robinson of CenterState CEO, creating such a system would require "connecting the dots between economic development (driven by business, government, anchor institutions and business-led organizations), program providers (in this case, workforce training and business services organizations), and community-based organizations (providing supportive services and resources within specific populations and/or geographies)."

There are important lessons in how this group of stakeholders came together, organized for implementation, and ultimately recognized the need for dedicated backbone capacity.

Initially, Syracuse Surge was envisioned as being driven by the mayor's office. The Deloitte-led strategic planning process, completed in early 2019, called for the city to provide the capacity to convene the executive committee and community members and coordinate a portfolio of strategies (infrastructure, digital inclusion, workforce, small business development), each with their own task forces. The city was not able to provide this capacity for the first six months of Syracuse Surge, as it had to fill two senior-level positions that were vacated just as the strategic planning process was completed.

As the city worked to fill these two positions, CenterState CEO maintained momentum by continuing to convene the AdvancingCities team, which was responsible for building out the portfolio of inclusion initiatives within the broader Surge strategy. In late 2019, the city hired Jenn Tifft as "surge manager" and deputy commissioner of the Department of Neighborhoods and Business Development. With this capacity in place, the executive committee for Syracuse Surge was formed. The AdvancingCities team was folded into this committee to ensure that inclusion remained central to Surge's work as opposed to being treated as a standalone strategy. Two task forces that the AdvancingCities team had convened, focused on workforce development and minority-owned business support, were also integrated into the new, broader Surge structure.

However, the creation of this formalized executive committee and the hiring of a surge manager were not enough to keep Syracuse Surge moving forward as planned. Every group of stakeholders struggled with limited capacity and competing priorities: city staff assigned to Surge were also juggling other assignments and day-to-day governing emergencies (snow plowing, water main breaks, and neighborhood violence) as well as COVID-19 response and recovery. Anchor institutions had executive buy-in and more flexible capacity to offer, but Surge was just one of many strategic priorities for them. And small nonprofits lacked the capacity to engage consistently. In sum, the city had put in place an organizational structure that in theory achieved the goal of connecting the dots between economic development, service providers, and community organizations, but it lacked the day-to-day capacity to drive follow-through on the ideas that came out of this collaboration.

Syracuse Surge was clearly in need of a stronger "backbone" organization. To some degree, CenterState CEO's Economic Inclusion team had been informally playing this role all along. But CenterState CEO did not have much more staff capacity than the city did. In the first few years of Surge, CenterState CEO was only able to create one full-time position dedicated to Surge's inclusion initiatives, otherwise relying on existing staff to drive certain strategies. According to Dominic Robinson, in stepping informally into this backbone function, CenterState CEO "underestimated the level of effort it would take. It's more robust and complex than anything we've taken on to date and it needs more dedicated energy behind the scenes."

The lack of a dedicated backbone organization for Syracuse Surge was not necessarily an oversight; according to Jen Tifft, Surge was always intended to take a networked approach to implementation with "the city providing strategic vision and leading certain projects, especially around infrastructure, while other entities 'own' other projects." The executive committee was intended to provide whatever high-level coordination was required to achieve this. But the first two years of implementation—albeit interrupted by COVID-19—have revealed that a strategy like Syracuse Surge needs more than a committee; it needs dedicated, centralized project management and administrative resources to activate and guide this network of implementers.

Outcomes

The alignment of a city and a business-led regional economic development organization around a shared vision and strategy is a noteworthy outcome in its own right. In most regions, these entities may share broad priorities but otherwise operate on parallel tracks, with different metrics, timelines, and initiatives. Beyond creating the civic infrastructure for focused cross-sector collaboration, Syracuse

Surge has begun to make progress in building a portfolio of programs designed to turn the city's smart-city infrastructure into a platform for economic development and workforce development—though not without hurdles and delays. This portfolio is structured around workforce development programs, infrastructure investments, and entrepreneurship support services.

Workforce development

The biggest investments under the Syracuse Surge umbrella have been in workforce development. The most comprehensive is Le Moyne College's ERIE21 program, which stands for Education for our Rising Innovation Economy in the 21st Century. As the name suggests, this initiative is intended to unleash the region's next wave of economic development, as the Erie Canal did in the 19th century. ERIE21 was designed in response to the Upstate Revitalization Initiative (URI). As of early 2020, ERIE21 received \$3.2 million in funding, including \$2 million from the URI, \$750,000 from Le Moyne, \$400,000 from AdvancingCities, and \$50,000 from M&T Bank. (Given the parallels being drawn with the Erie Canal, it is worth noting that the Erie Canal was an investment of approximately \$7 million in 1825, which equates to about \$200 million in 2021 dollars. This provides some context of the scale of investment that might be required today to truly unleash the potential of an older industrial city.)

In keeping with the Erie Canal metaphor, the program is structured around four "locks," which represent programs for students of different levels. Locks 1 and 2 focus on middle and high school students, respectively, in the Syracuse City School District. Le Moyne provides academic support for career and technical education curricula in addition to summer programs, career and college preparation, and professional development for 30 teachers. Locks 1 and 2 aim to serve 1,000 students annually.

Lock 3 focuses on Le Moyne College students with high financial need and aims to improve retention, graduation, and career placement rates. It provides intensive academic success coaching, tutoring, career-building support, and a "learning community" to aid in the transition from high school to college. In addition, Le Moyne created new computer science programs and interdisciplinary minors (biology and computer science; philosophy and computer science) to create more opportunities to develop tech-related skills.

Lastly, Lock 4 is a partnership with CenterState CEO and a tech training organization called Hack Upstate. It offers three program options to un- and under-employed adult learners: Le Moyne undergraduate certificates in either cybersecurity or computer science, and Hack Upstate's Careers in Code programming bootcamp (which Le Moyne is turning into an undergraduate certificate program). The first cohort of Careers in Code accepted 12 of 44 applicants, of which 11 graduated and seven (or 63%) obtained jobs or internships within six months of completion. Ultimately, the partnership hopes to serve 25 adults per year and achieve a 50% job placement rate.

In addition to these two large URI-funded investments, the CenterState CEO team is aligning its workforce development efforts with Surge priorities. In late 2021, the city, CenterState CEO, Onondaga Community College, and other partners announced a set of workforce training programs focused on technology and manufacturing. These programs, funded by AdvancingCities and the American Rescue

Plan Act, include coding/software development, digital customer service, electrical maintenance technicians, and electronic assembly. In addition, Work Train—a workforce intermediary comprised of a funder collaborative and CenterState CEO staff—created a technology "industry leadership table" in mid-2020 that organizes 25 employers so that they can collectively communicate their needs to workforce development service providers. This work aims to make progress on training, attraction, retention, and advancement of tech talent in the region.

Infrastructure for innovation

To realize the potential of its "smart" streetlights and new 5G networks, Syracuse intends to make additional investments in infrastructure that enable entrepreneurs and businesses to test technologies and analyze data generated by smart infrastructure to better understand market opportunities. Rather than creating a traditional municipal "command center" to manage the city's streetlight networks and related technologies, the city and partners are planning to create the New York Center for Smart Cities, which will be "a public-private center of excellence for the development and implementation of Smart City and Internet of Things (IoT) technology" that will allow the city to "co-develop Smart City solutions with researchers and technology companies."

The idea for this Center was shaped in part by a partnership between the city, Onondaga County, Microsoft, and Syracuse University's iSchool. This partnership, announced in 2019, made Syracuse one of three Microsoft "smart city technology hubs" in the U.S., along with Louisville, Ky. and Houston. The partnership calls for Microsoft to establish a "visible, physical presence" in Syracuse, where Microsoft employees can accelerate the adoption of artificial intelligence, data science, and internet of things technologies. Microsoft also committed to working with local partners on digital skills initiatives.

However, as of March 2022, there is not yet a physical Microsoft presence in Syracuse, and it remains unclear whether one will ever materialize. In 2021, state legislators opted not to provide $3 million that Mayor Walsh requested for the New York Center for Smart Cities, and the city is now seeking funding from the Economic Development Administration.[8]

Economic development

The main thrust of Syracuse Surge's economic development focus is orienting existing entrepreneurship and small business support efforts around Surge priorities and principles. Key to this effort is a $16 million expansion of the Tech Garden, an incubator with 120 members that is run by CenterState CEO out of a city-owned building. In 2021, the city approved a new 20-year, $1 lease for the Tech Garden after CenterState CEO agreed to create a $250,000 revolving loan fund that will encourage firms that "graduate" from the Tech Garden to stay in the city. (Businesses moving to lower-income areas will be able to receive larger loans.) This new lease enabled CenterState CEO to access $12 million in funds from the state to fund the expansion, which will make more space for many of Tech Garden's "virtual tenants" that take advantage of its services but do not have access to space in the incubator. Other small business programs related to Surge were delayed due to COVID-19, but will be implemented in 2022. These include an inclusive procurement program for minority-owned businesses and a Surge-related accelerator program managed by the Tech Garden.

Conclusion

Like all older industrial cities, Syracuse faces two deep and interrelated economic challenges. First, the industries that drove its prosperity throughout the 20th century have deteriorated, threatening the region's capacity to continue creating good jobs and wealth. Second, communities of color are not benefitting from what growth there is due to systemic discrimination in both public policy (such as the destruction of a Black neighborhood and business district in the 1950s to make way for Interstate 81) and business practices (such as biased hiring practices).

These problems are massive. Economic development resources in Syracuse are extremely limited in comparison to the cost of reversing these decades-long trends. Yet the economic development system in Syracuse, led by CenterState CEO and the city, has not succumbed to the temptation to just focus on one of these problems. They recognize that the region's growth engine cannot be restarted unless the talents of the entire community are leveraged, and they recognize that more innovation-driven growth is necessary to create meaningful opportunities for communities that have been economically segregated and excluded.

The ambitious inclusive growth strategy shared by these and other organizations has attracted funding from the state and philanthropies. Yet while Syracuse has been at least as successful as any older industrial city of its size in securing grant funding, this case study also reveals how much more funding and capacity the region will need to implement its strategy at anything close to the envisioned scale and speed. Regardless, other cities can learn much from the institutional evolution that CenterState CEO has undergone and the institutional alignment between the city and CenterState CEO around a shared strategy and portfolio of interventions.

Endnotes

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