

E-PARCC

COLLABORATIVE GOVERNANCE INITIATIVE

Syracuse University

Maxwell School of Citizenship and Public Affairs

Program for the Advancement of Research on Conflict and Collaboration

The Health Careers Institute Collaboration

Part A

“We need to do something about the Phillips neighborhood now!” pleaded Mike Christenson, the executive director of the Allina Health Systems Foundation.



Mike Christenson

Christenson was participating in a meeting in the Minneapolis mayor’s office called by the mayor and Hennepin County Commissioner Peter McLaughlin to enlist support for an initiative in the Phillips neighborhood. The mayor was a Phillips resident and McLaughlin's district encompassed the Phillips neighborhood. Other participants in the June 1997 meeting included an interested lawyer, the CEO of Honeywell and the CEO of Allina Health Systems. Honeywell, a Fortune 500 manufacturer of heating control devices, aeronautical equipment,

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and fire detection/alarm systems, was a major neighborhood employer. Allina, another major neighborhood employer, owned and operated hospitals and other medical services, including Medica and Abbott Northwestern Hospital.

Christenson and McLaughlin, who were old friends, had organized the meeting because of their grave concerns about the community deterioration, rising crime, and the threat to major Phillips employers. They believed that the health of residents would improve when Phillips as a community improved. Their vision included a neighborhood whose largest employers hired residents in jobs that provided them with living wages and increased their ownership of neighborhood houses. Those attending the meeting questioned whether the independent small interventions by government, philanthropy, or area employers in Phillips were making any difference.

Christenson was a lawyer by training. Before becoming executive director for the Allina Health Systems Foundation, he served as the chief administrator for Metro Transit and as a partner in a Minneapolis law firm.



Commissioner Peter McLaughlin

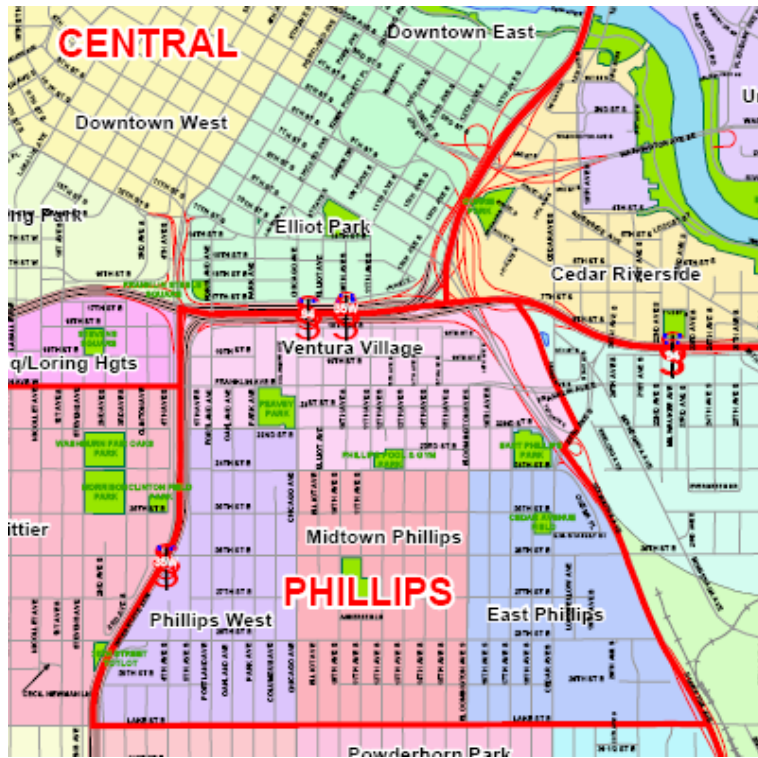
McLaughlin was a career public servant. After graduating from college, his career started in the Trenton mayor's office; he then became a research and operations director of a nonprofit agency dealing with racial relations and community development. He had served as an executive director of the Minneapolis Community Business Employment Alliance and as a Minnesota State Representative, before being elected a Hennepin County Commissioner in 1991. On top of all that, he also taught at the local state university.

Christenson had first met McLaughlin when he was the Metro Transit Administrator. McLaughlin had approached him about a youth employment program at Metro Transit, which they were able to implement together. Later, when Christenson moved to the Allina Foundation, he met repeatedly with McLaughlin about the services Allina's subsidiary, Medica, was providing for Medical Assistance recipients, which was in competition with Hennepin County Hospital.

Phillips Neighborhood

The Phillips community is located south of downtown Minneapolis. The neighborhood

and its junior high school took their names from Wendell Phillips, a 19th century abolitionist. Phillips is a diverse area: its population includes people of many races and nationalities; it has a mix of residential, commercial and industrial uses; and it is home to several large employers on its west side, including Abbott Northwestern Hospital, Children's Hospitals and Clinics, and Honeywell.



Phillips Neighborhood 2000

In the 1990s, the Phillips neighborhood was in distress. The community was experiencing alarmingly high crime rates, double-digit unemployment, deteriorating housing, and freeway and transit access problems.

According to a study conducted by Hennepin County, Phillips had the highest percentage of respondents in any Hennepin County neighborhood who:

- Were at or below 200 percent of the federal poverty level (44 percent).
- Received Supplemental Security Income (15 percent), food stamps (11 percent), low-income housing assistance (9 percent), assisted living services (4 percent), or subsidized child care (4 percent).
- Experienced one or more nights on the street or in a homeless shelter (1.6 percent).

Crime was also a problem. Although smallest in population of all Minneapolis neighborhoods, it had the second highest number of Class I felonies in the city. In particular, the Phillips neighborhood led Minneapolis in the total number of homicides, rapes, robberies, aggravated assaults, and burglaries in 1998 with 7 percent of the city total.

Phillips residents knew their community was deteriorating. According to a 1998 Hennepin

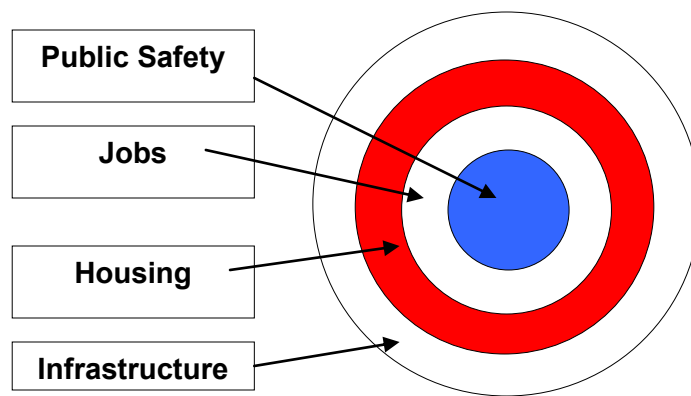
County report, 48 percent of Phillips residents (more than any other Hennepin County neighborhood) agreed or strongly agreed with the statement, “This is not a very good community in which to bring up children.” Forty-four percent of the Phillips respondents--again more than any other neighborhood--said they had “restricted activities during the past year because they did not feel safe in their neighborhood.”

Finally, Phillips had lost 1,271, or 16 percent, of its housing units from 1980 with the relative condition of the remaining housing deteriorating as well.

Employers were gravely concerned and were considering focusing their expansion efforts on the suburbs or relocating their businesses altogether.

Phillips Partnership

At the mayor’s office meeting on the future of the Phillips community, the Honeywell CEO was noticeably quiet during the presentation. He was seen sketching on a napkin. Toward the end of the meeting, he was asked what he thought. He surprised the participants and said he agreed with the need for immediate action in Phillips. He then held up a picture of an archery target he had drawn during the meeting:



Facsimile Napkin

The CEO stated, “Let’s have quarterly meetings and get some base-line data. Then let’s pilot some efforts to change this community.” That was the beginning of the Phillips Partnership.

In addition to McLaughlin, the mayor, and the CEOs of Honeywell and Allina Health Systems, the original members of the Phillips Partnership included the president of the Minneapolis Foundation (one of the nation’s oldest and largest community foundations), the director of Fannie Mae’s Minnesota partnership office, and the CEO of Children’s Hospital and Clinics, another major neighborhood employer. The lawyer who attended the mayor’s meeting became the partnership’s coordinator. The CEOs of Honeywell and Allina Health Systems

agreed to serve as co-chairs of the new partnership. In 1998, the CEOs of two major banks in Minneapolis were added.

As the 1998 Phillips Partnership newsletter noted, an unofficial partner in its efforts was for Pride in Living, Inc. (PPL), a local community development nonprofit agency. Located across the street from Children's Hospitals and Clinics, PPL was involved in developing jobs and housing in Phillips. Also, the former head of PPL had been on the Abbott Northwestern Hospital's Board of Directors and argued for more involvement in the Phillips neighborhood. Finally, PPL was dedicated to self-sufficiency. The agency followed "a hand up, not a hand out" philosophy, which was viewed favorably by the CEO Co-Chairs of the Phillips Partnership.

The Phillips Partnership was an informal collaboration dedicated to stabilizing Phillips. One observer noted that the Partnership "just made things happen." Partnership members who represented business, government, and philanthropy provided the funding. It remained actively focused on "public safety, jobs, housing and infrastructure."

Within its first year, the partnership helped reduce serious crime in the neighborhood by 20 percent through a new policing initiative. It sponsored a new neighborhood Train to Work (TTW) program for 150 permanent jobs and undertook a \$6.5 million housing initiative to stabilize and build new housing in the neighborhood. It proposed new freeway access for the community. In 1999, the Phillips Partnership received an Excellence in Public Private Partnerships Award, presented by United States Conference of Mayors.

Train to Work

In 1997, Abbott Northwestern Hospital's Gene Torrey went to Christenson with an idea. Torrey was interested in hiring neighborhood residents with basic job skills at Abbott Northwestern Hospital. These included reporting on time, meeting employers' expectations about dress and decorum, working full days, managing stress well, and maintaining good attendance and reliability, among other strong job skills.

Christenson was excited, because he had previously been unable to interest Allina's human resources department in developing a program for neighborhood hiring that would be consistent with the Partnership's jobs goal. He recognized the need for training to make the program successful and he recommended that Torrey visit Steve Studt, the PPL vice-president in charge of jobs programs. Both Christenson and Torrey wanted a jobs training program for Phillips neighborhood residents, with the hospital guaranteeing job interviews upon completion of the training.

Out of that conversation between Torrey and Studt, PPL developed a grant proposal for the TTW program, first in conjunction with Abbott Northwestern Hospital, and then with Children's Hospital and Clinics. They asked Christenson, as the head of the Allina Foundation, for

a grant. It was unusual for the hospitals to work together even on a program like this. They were much more comfortable competing for employees. However, in this case, the program had union support and the two hospitals were each facing employee shortages because of the tight employment market.

TTW trained hard-to-employ individuals for work in entry-level jobs paying \$9 to \$11 an hour at the two hospitals. The program consisted of four weeks of paid work-readiness training and included job shadowing and after employment mentoring.



Train to Work Instructor and Student

The budget for TTW in the early years was around \$500,000. It came from four major funding sources: the three major community employers, the United Way, the City of Minneapolis neighborhood revitalization program, and the Employee Investment Program of Hennepin County. The Hennepin County funds were available because TTW assisted many welfare recipients in their efforts to become gainfully employed.

In TTW's first year, 93 individuals graduated from the program and most entered jobs at the two hospitals. Those attending the first graduation ceremony said they found the event emotional and uplifting.

Phillips Health Careers Institute

In 1999, Christenson again spoke to Studt of PPL, but this time about a pilot jobs certificate training program that would move TTW graduates and existing low-level hospital employees into higher paying positions. These positions included certified nursing assistants, phlebotomists, medical transcriptionists, insurance coders, and clerical support personnel. The hospitals needed more trained staff because of the tight job market. Allina alone had 1,700 unfilled positions in the Minneapolis-St. Paul area at that time. They wanted to hire more employees from the neighborhood to stabilize the community and diversify the hospitals' workforce. As a result of the meeting, Studt developed a business plan to accomplish these objectives that envisioned using the Minneapolis Community and Technical College (MCTC)

located in downtown Minneapolis.

Though Studt's plan made more sense to Christenson than the other training alternatives, he wasn't sure PPL could put together the partnership needed with MCTC. In October 1999, Christenson talked to MCTC President Phil Davis and found a willing partner. A key part of the discussion was creating a Phillips "neighborhood" campus for medical training. They also thought that locating the training center in the Phillips neighborhood would make it more accessible to prospective students.

Davis suggested that a health careers steering committee be formed for the new effort. The steering committee recommended that the Phillips Partnership and the hospitals work directly with MCTC to create a demonstration project that became the Health Careers Institute (HCI). McLaughlin got the Hennepin County Medical Center to join the new HCI, and he agreed to chair the institute board.

HCI began as an informal collaboration among industry, philanthropy, education, and government. Its goal was "to offer college credit health care education and training courses in the Phillips neighborhood" so that the diverse Phillips community residents could work in medical jobs at the local hospitals. An HCI Memorandum of Understanding was drafted, but its partners never signed it and the group never incorporated as a formal organization. HCI was to be a "demonstration project."

As HCI's first annual report indicated, "The Institute is able to achieve [an effective partnership] by offering something of value to all of its stakeholders." The hospitals would get trained employees, the neighborhood would get more jobs with benefits, and the individuals would often move from welfare to decent jobs.

The funding of HCI was a joint effort as well. The two-year budget included an initial "seed" grant of \$200,000 from Allina Foundation. Seven other foundations contributed \$720,000, the hospitals contributed \$380,000, Hennepin County pledged \$150,000 in scholarship funding for students transitioning from welfare-to-work, the City of Minneapolis provided \$200,000 in scholarship funding for Phillips residents, and the Minnesota Jobs Partnership, through MCTC's efforts, granted HCI \$200,000. PPL did the administrative work for the institute, including tracking HCI graduates and assessing retention rates.

In April of 2000, Jane Foote, the dean of nursing services at MCTC, was chosen by the president of MCTC to make HCI a reality. Foote had commitments from the hospitals, the neighborhood and her own institution. She saw a great opportunity for HCI. She also saw it as "the right thing to do" and took immediate action to get MCTC prepared to offer medical certificate classes in the Phillips community so that the prospective enrollees had a "one-stop" opportunity to live, study, and work in the same neighborhood. Workers with limited means would be offered loans so that would not have to pay for tuition up-front. When their employers reimbursed them, they would pay the money back.

A month later, Allina Foundation hired Mary Rosenthal as contract coordinator for the new HCI. Rosenthal had worked at various jobs out of high school and went back to school and completed a B.A. in social work and an M.A. in library sciences. She went to work in government, became a labor official, lost a bid for an open congressional seat in St. Paul, and then decided she wanted to do something in the community.



Mary Rosenthal

Rosenthal partnered with Foote to implement HCI. Similar to Christenson, McLaughlin, and Foote, Rosenthal was also passionate about helping people find jobs with livable wages. Rosenthal rented space, set up computers, recruited students, worked with funders, and managed all of the HCI non-education activities. A key strategy in this start-up phase was the development of a simple medical "staff needs matrix." The original matrix was used to track the needs of Abbott Northwestern Hospital and Children's Hospital and Clinics for new employees at certain skill levels.

The first class of the HCI began with 69 students on August 28, 2000, only 5 months after the institute was formed. Forty-six percent of that first class was from the Phillips community and included graduates of the TTW program, who were already working for the hospitals. All of the classes were offered at the MCTC South Campus located in available space in the Phillips community in the same medical office building that housed PPL's TTW program. MCTC president Davis said at the time, "We are really excited about moving our program right into the Phillips neighborhood."

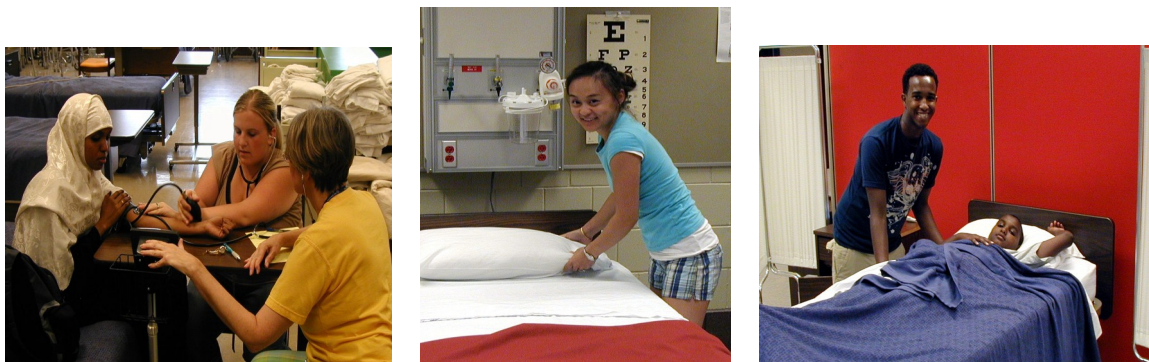
Having HCI located in the Phillips community near the hospitals and having the participating hospitals guarantee job offers after graduation helped the program exceed expectations. HCI expanded to include additional programs, such as instrument processing, radiology and surgical technician training. By June of 2001, 363 individuals had graduated from the HCI and 288 had been placed.

By September of 2003, HCI enrolled its 900th student. The Phillips Partnership newsletter reported the following about the three years of HCI in Phillips:

- 541 sponsored students enrolled in HCI medical classes that were associated with HCI. Another 365 non-sponsored students took college credit classes at HCI.
- 21 percent lived in Phillips neighborhood, while 55 percent worked in the Phillips neighborhood in participating hospitals.

- 13 percent moved off public assistance.
- 131 graduates were hired by participating hospitals, and 165 entry-level hospital employees moved up their career ladders and upgraded their skills.

The new CEO of Children’s Hospitals and Clinics toured HCI in March of 2003 and offered this assessment, “The program has orchestrated the many essential resources found close at hand--meaning everything from the student population to the whole instructional apparatus to the job sources. This is a great example of a health community enriching its future through creative problem-solving and hard work.”



Certified Nursing Assistant Class at MCTC

Claudia Rosen embodied the purpose of HCI. Rosen lived in Phillips, raising her four children and working as a cashier. Rosen took the initiative, graduated from PPL’s TTW program, and went to work in nutritional services at Abbott Northwestern Hospital. Wanting to expand her career, she enrolled in HCI’s nursing assistant program and hoped to eventually become a licensed practical nurse. “Meanwhile, I am looking forward to the challenge of working in a career that offers greater responsibility,” she said with a smile. “Not only better pay, but the chance to care for other people.”

The Phillips HCI was nominated for two national awards and won the prestigious Bellwether Award in the category of workforce development. The Bellwether Award recognizes cutting-edge, trendsetting programs nationally.

East Metro Health Careers Institute

After the first year’s success of Phillips Partnership HCI, Christenson urged Rosenthal, the coordinator of the Phillips institute, to work with St. Paul health care providers, academic institutions, a nonprofit training organization, and a county worker development agency to form another collaborative health care training effort.

The East Metro Health Careers Institute (EMHCI) was established to combine the missions and resources of public and private institutions to fund career ladder training programs that attempted to move disadvantaged and low-income workers toward economic independence and supply qualified individuals to meet the staffing needs of area health care

facilities. All of Ramsey County was covered. Classes were offered at two separate locations and employers were spread all over the county.

Funding for the EMHCI effort for the first three years included \$750,000 by the employers, a \$400,000 Minnesota Jobs Partnership Grant, and \$650,000 from area foundations, including Allina Foundation. By late 2002, Rosenthal had left Phillips HCI to work full-time on the East Metro effort. MCTC hired a person to staff its south campus and to help coordinate the program.

The board of East Metro HCI included employer collaboration members, city and county officials, and representatives of the colleges. Workforce Solutions served as the lead agency for the collaboration. As a public program, Workforce Solutions did not have significant experience recruiting program participants. However, they were asked to serve in this role for EMHCI. Century College provided education, although they did not have experience responding to employer needs directly and partnering with other organizations.

Initially, Rosenthal split her time between the Phillips and East Metro HCI programs. In 2002 she moved to EMHCI full-time. She liked the East Metro HCI better, in part, because the East Metro board was more active and St. Paul was her community.

From the summer of 2001 when East Metro HCI enrolled its first students until the summer of 2004, the new program trained many students:

- 395 hospital employees and community residents had taken college credit classes.
- 181 individuals completed HCI programs to become nursing assistants, health unit coordinators, phlebotomists, and licensed practical nurses.
- 161 of those graduates, of whom 59 percent were non-white, were placed in jobs, for a total of 89 percent. Of those, 9 percent were welfare recipients.



East Metro Health Careers Institute

Problems Arise

Several problems arose when developing the institutes. First and foremost, the general economy had gone into recession after 9/11. There were fewer openings for medical staff as

many returned to employment, others increased their hours, and turnover slowed. For example, Abbott Northwestern Hospital then had 80 applicants for every nursing assistant opening by 2004, compared to none in 1999.

Second, state government revenues had dropped significantly and the Governor put through a two-year budget for 2003-2005 with significant cuts in programs including higher education and job training. Third, the foundations that gave money in the early years to fund the demonstration projects were reluctant to provide ongoing funding. Finally, the hospitals, which found it easier to recruit employees, had less desire to contribute to the institutes.

Significant changes were also occurring at the Phillips Partnership. All of the original board members had left except for McLaughlin, who became the chair of the board. Honeywell was bought by Allied Signal, Inc., and suffered significant job losses at its Phillips headquarters. Honeywell ultimately sold its Phillips buildings. A new president headed Allina Health Care System, after the former president left in the midst a controversy about governance, initiated by the state attorney general. Christenson left the Allina Foundation in 2003, spent a year back practicing law, and in 2004 went to work for the Minneapolis Planning and Economic Development Department as director of strategic partnerships. A new CEO was named at Children's Hospital and Clinic and the mayor of Minneapolis had lost her third term race for mayor in the fall of 2000.

The board of the Phillips HCI was also changing. Of the original eight board members, only McLaughlin and Davis remained by 2003. The staff coordinator had left in 2002. The board made the decision to close the "South Campus" of MCTC.

During the first two years of East Metro HCI's inception, governance and leadership issues began to emerge. At one point, staff from the McKnight Foundation, a significant funder of the program, was asked to mediate a session among collaboration members. McKnight's \$200,000 award for the third and fourth years of EMHCI was contingent upon the successful resolution of operations issues that had been identified during the first two years.

Questions for Discussion:

1. Given the changes, should the HCI collaborations continue?
2. If not, what alternatives should be pursued?
3. If the institutes should continue, who should take the lead? What should the ongoing strategy be for the HCIs? How should the HCIs take into account the interests of each of their partners?
4. Will the experience of the Phillips HCI be any different from the experience of the East Metro HCI?