

Institutionalizing inclusive growth:

Rewiring systems to rebuild local economies

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Executive summary

Leaders in America's cities and regions are grappling with the fallout of a severe pandemic, historic economic crisis, and social and racial reckoning. COVID-19 compounded well-known pre-existing **economic, social, and institutional challenges**: too few family-sustaining jobs in too few regions; racial inequality that undermines economic potential and social justice; and insufficient capacity in local public, private, and civic institutions for addressing an array of economic and social challenges.

Today's cities and metropolitan regions are home to many organizations working to create better jobs, educate workers, improve neighborhoods, and make overall economic growth more inclusive for their residents, businesses, and communities. Yet, these efforts—by business and economic development organizations, regional and community nonprofits, higher education institutions, workforce groups, philanthropies, and other government and civic entities—often operate in isolation, with insufficient resources. As a result, they struggle to address significant challenges to **inclusive growth** in their communities, with tremendous downstream consequences for economic and health inequities.

Local leaders are increasingly aware of the inclusive growth imperative. Their problem is not one of knowledge or motivation, but rather in marshaling the capacity—fiscal, political, and institutional—to act at a scale commensurate with the problems that they face.

Just as Progressive Era reforms, New Deal stimulus, and Great Society programs helped prior generations of local leaders enact institutional and systemic change, recent federal investments present local communities with an unparalleled chance to not only recover from these crises, but invest in the local governing capacity to yield longer-term inclusive growth.

This report is a playbook to inform economic practice in this moment. Through in-depth case studies documenting over 20 inclusive growth interventions in five older industrial cities, it profiles the wide variety of local public, private, and civic institutions stewarding their communities through economic challenges by investing in and coordinating across four pillars that drive inclusive growth: economic development, talent development, spatial development, and asset development.

Our Approach: Case Studies from Older Industrial Cities

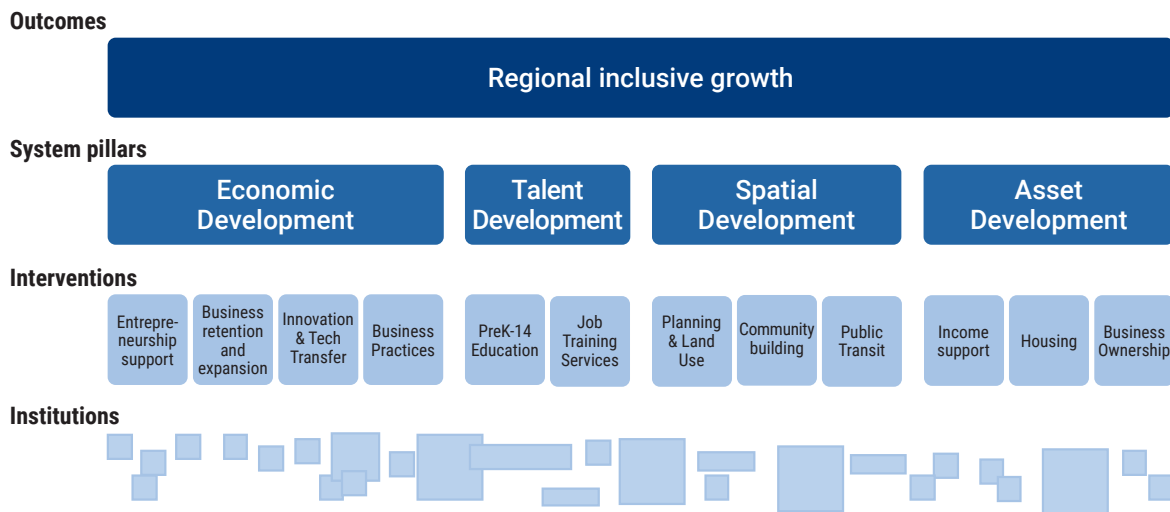
This report distills practical, actionable insights from five in-depth case studies: Akron, Ohio; Birmingham, Ala.; Cincinnati, Ohio; St. Paul, Minn.; and Syracuse, N.Y. As **older industrial** economies, these cities maintain distinct assets that propelled economic activity in the 20th century, but they have struggled with economic stagnation, concentrated poverty, racial segregation, and fiscal precarity.

Crisis has bred innovation. Having had to overcome continuous economic and social shocks with fewer resources, older industrial cities offer relevant lessons for local leaders in other cities as they rebuild from the COVID-19 crisis. For federal and state policymakers and corporate and philanthropic investors, older industrial cities—as places with demographic diversity, affordable costs of living, and favorable environmental conditions—remain critical sites for addressing national objectives related to racial injustice, housing affordability, and climate change.

The case studies are accessible [here](#).

We call this process “**systems rewiring**” because it creates new connections (i.e., wires) between organizations—and between organizations and the communities they support—in service of inclusive growth. By changing *whom* regional economic systems work for, systems rewiring acts in service of targeted goals and strategies that benefit excluded populations. By changing *how* economic systems work, systems rewiring builds capacity within and across inclusive growth pillars to enable greater scale and impact.

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

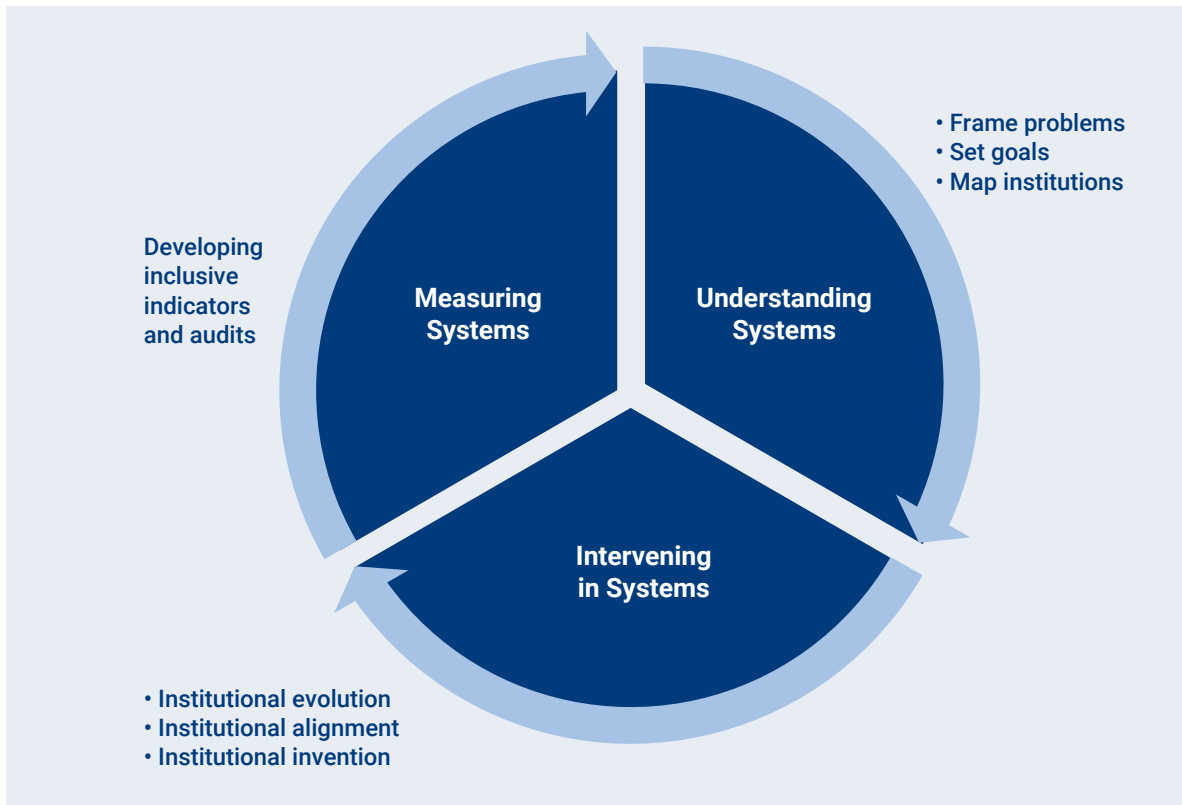


Source: Brookings Metro interview and case study findings

Drawing inspiration from the case studies, we provide a framework that can guide local action and state, federal, corporate, and philanthropic investment in cities across the nation. Rewiring regional economic systems entails:

- **Understanding systems** to spotlight inclusive growth challenges, establish goals, and identify institutional networks required to meet those goals.
- **Intervening in systems** by evolving, aligning, and inventing institutions that govern economic systems, both within system pillars and across them.
- **Measuring systems** through new indicator frameworks that holistically track inclusive growth inputs, outputs, and outcomes.

Figure 2. Rewiring regional economic systems requires understanding systems, intervening in systems, and measuring systems



Source: Brookings Metro interview and case study findings

Every sector can contribute to systems rewiring. The case studies showcase how elected politicians, government administrators, community leaders, business executives, grant-makers, and education officials all bear responsibility for regional economic systems and the outcomes they produce. They have the power to set regional agendas, push their individual institutions toward greater alignment and scale, invent new institutions when the need arises, and finance and measure collective action toward inclusive growth. Now, armed with a once-in-a-generation infusion of federal dollars, local leaders can use this playbook to build the institutional and systemic capacity to ensure their economies are working for all.



The challenge: Local communities have struggled to marshal the capacity to advance inclusive growth, but are increasingly adopting approaches that work across system pillars

▲ Jarvis Prewitt, one of the first students to intern as a Birmingham Promise student, and Birmingham Mayor Randall Woodfin.

Over the past two decades, a growing body of research has demonstrated that economic and racial inclusion creates widespread economic benefits, and that exclusion exacts significant economic costs.¹ Metro areas that offer greater equality of opportunity for low-income individuals have higher aggregate economic growth, since they maximize the talent and entrepreneur bases on which their growth and productivity depend.² In doing so, these metro areas minimize the fiscal and social costs of exclusion, and foster environments that allow for better collective decisionmaking to shape their economic future.³

Critically, in the aftermath of a public health crisis, inclusive economies are also healthier communities. COVID-19 revealed what health experts have widely acknowledged for the last decade: Economic inequality has a significant influence on health and well-being in America.⁴ The social determinants of

health—particularly, socioeconomic conditions of one’s household and community—explain over 80% of individual health outcomes.⁵

Calls for economic policy and practice to broaden the definition of success to include economic and racial inclusion outcomes are not new.⁶ However, by exacerbating the three trends detailed below, COVID-19’s economic and public health impacts have positioned “inclusive growth” as the desired outcome for post-pandemic economic recovery strategies.

- Despite a record run of job creation, regional economies experienced increasing **economic polarization** over the past decade. Out of nearly 200 metropolitan areas that together house 80% of America’s population, only two (Chattanooga, Tenn. and Salt Lake City) managed to grow their economies, raise standards of living, and reduce gaps by income, race, and neighborhood consistently over a 10-year period between the Great Recession and the COVID-19 recession.⁷ Most regions grew, but did not generate enough family-sustaining jobs to move struggling families into economic self-sufficiency. Before the pandemic hit, 44% of U.S. families did not earn an income that was high enough to cover their living expenses.⁸ Across regions, high-paying innovation sectors—and the good jobs they create—continued to concentrate in too few places.⁹ Within regions, neighborhood-level concentrations of poverty continued to serve as a major barrier to upward mobility, health, and well-being.¹⁰ The COVID-19 pandemic heightened inequality, as unemployed and underemployed low-wage workers—particularly women and people of color—faced severe economic insecurity.¹¹
- Rising economic polarization has compounded the challenges of structural **racial inequality**. Racial discrimination and residential segregation—and the wealth disparities they create between different demographic groups—distort markets, undervalue assets, and destabilize communities. Even with the same level of education, Black and Latino or Hispanic Americans are less likely than white Americans to hold good jobs.¹² With the same entrepreneurial abilities and interests, Black and Latino or Hispanic Americans own businesses at lower rates than their white peers.¹³ And homes in Black-majority neighborhoods have market values 23% lower than homes in white-majority neighborhoods with the same level of amenities.¹⁴ As America shifts to a nation in which no single demographic group will account for the majority of its population, these racial inequities reflect both moral failures and limitations on economic potential.¹⁵
- **Insufficient institutional capacity** to address the major economic and social challenges listed above has increased skepticism that public, private, and civic institutions can help society collectively solve problems and improve well-being. Americans’ trust in most institutions has been declining;¹⁶ confidence in local leaders was once the rare exception to this rule, but in 2020, trust in local government declined to its lowest level in two decades.¹⁷ When the public loses faith in institutions, it becomes difficult for societies to help individuals and communities adapt to a fast-changing world, much less a rolling series of crises.¹⁸ For regions stuck in a negative cycle of underperformance and mistrust, residents logically begin to contest the legitimacy of institutions in power and withdraw support further, only further limiting institutional capacity.¹⁹

The COVID-19 pandemic—as well as the killings of George Floyd, Breonna Taylor, and other Black Americans, which sparked protests for racial justice—further reinforced the need for more systemic solutions to generate inclusive growth, and in doing so, upended political and civic dynamics in cities across the country. In many cities, these events created a “burning platform”—the recognition by enough stakeholders that the socioeconomic status quo is untenable, and its costs exceed the costs of change.²⁰

The widespread adoption of inclusive growth as a priority is bringing together organizations working across the four pillars of a regional economic system. For example, in response to the pandemic’s public health and economic impacts, stakeholders traditionally focused solely on economic growth (business leadership groups, chambers of commerce, as well as economic development organizations and their business stakeholders) are beginning to shift their narratives, goals, investments, and strategies to emphasize inclusion.²¹ At the same time, stakeholders traditionally focused on inclusion (improving the economic prospects of marginalized communities through job training, asset-building, and affordable housing) see renewed potential—albeit with some skepticism—in collaborating with traditional economic development actors to invest the resources required to influence market dynamics at the scale needed to achieve widespread economic and racial inclusion.²²

In this post-crisis moment, these organizations—which in the past tended to operate in isolation, if not at cross purposes—are navigating their disparate narratives and goals, rethinking their missions to drive inclusion, and forming new systemic alliances that will enable them to improve and scale their efforts.



The approach: Learning from inclusive growth strategies in older industrial cities

Few local leaders disagree with the merits of a more systemic approach. But executing on such a vision is exceedingly difficult, especially in older industrial regions where technological and macroeconomic shifts have eroded economic advantages, decades of structural racism have entrenched inequities, and institutions have struggled against deep challenges with diminished resources.

Indeed, all three trends listed above are heightened in older industrial cities, which comprise one-eighth of the country's population and 12% of its gross domestic product. These urban centers are defined by their manufacturing advantages in the first half of the 20th century, followed by an unsuccessful economic transition in the second half. Over the past two decades, older industrial cities saw slower growth in population, jobs, and incomes than other urban counties, and slower progress in reducing concentrated poverty.²³ These economic and social challenges worsened public health conditions and made these communities more vulnerable to COVID-19.²⁴

We study older industrial regions for three reasons. First, these are the regions in which leaders most visibly need to confront both economic growth and economic inequality challenges in tandem and have been forced to do so for several decades.²⁵ As America confronts a demographic slowdown, older industrial cities are a source of innovations that effectively respond to the inequities that slow economic and population growth.²⁶

Second, older industrial cities not only have to tackle these dual challenges, but they must often do so with diminished fiscal bases.²⁷ This demands greater strategic discipline—making difficult decisions about what investments are most likely to achieve desired outcomes, and willingness to question every aspect of the system.

Third, with their existing infrastructure, diverse populations, affordable costs of living, and environmentally sustainable locations, older industrial cities are critical sites for advancing national priorities related to shared prosperity, racial justice, and climate resilience. And in an era of diminished interstate migration, fewer struggling families are moving to the increasingly unaffordable centers of job and productivity growth.²⁸ Federal policymakers, state leaders, and philanthropic and corporate investors can use these case studies to guide policies and investments that enable inclusive growth in local communities across the country, especially older industrial communities.

With this rationale, we selected five older industrial cities to profile. Amid resource scarcity and growing inequality, these cities are relevant because they are among those forging new civic networks, nurturing high-potential economic assets, and confronting deep-seated legacies of structural racism and distrust to compete in today's economy. As a research tool, case studies are a useful way to document how economic strategies are evolving in older industrial cities to prioritize economic and racial inclusion as outcomes. The case studies focus on institutional dynamics, implementation, and outcomes, and are available as companion addendums to this report. The case studies profile the following interventions:

Akron, Ohio: Akron's case study profiles its multi-institutional economic development partnership Elevate Greater Akron, which involves the Greater Akron Chamber of Commerce, the city of Akron, Summit County, and the GAR Foundation; a portfolio of strategic place-based programs at both the neighborhood and regional scale; the Chamber and University of Akron's attempts to grow a polymer cluster; and an inclusive incubator called Bounce Innovation Hub.

Birmingham, Ala.: Birmingham's case study traces the city's efforts to remake its economy through a transformational investment in its future talent base (Birmingham Promise) and its immediate response to COVID-19 (BhamStrong); the University of Alabama at Birmingham's approach to building a health technology cluster that addresses health disparities; a new partnership between the city, the Birmingham Business Alliance, and corporations to support minority-owned businesses (VITAL); and Prosper, a unique, multisector collaborative seeking to coordinate the finances of these and other interventions as a civic venture capital organization.

Cincinnati, Ohio: Cincinnati's case study examines how new entrepreneurship support organizations and accelerators are supporting minority-owned small businesses; 3CDC, a long-running effort to invest in downtown and the Over-the-Rhine neighborhood; how a new approach at the Cincinnati USA Regional Chamber's Workforce Innovation Center is improving job quality and talent development; and the mechanics of the University of Cincinnati's major investments in inclusive innovation and entrepreneurship.

St. Paul, Minn.: St. Paul's case study highlights unique community wealth-building strategies at the city's Office of Financial Empowerment and Nexus Community Partners; a place-based workforce development collaborative called the East Side Employment xChange; an independent organization dedicated to equitable business practices and economic development strategies called the Center for Economic Inclusion; and Greater MSP's creation of new capacity to design and implement strategic initiatives.

Syracuse, N.Y.: Syracuse's case study details the evolution of its main economic development organization, CenterState CEO, as economic inclusion has become more central to its work; and the development of a major city-led economic strategy called the Syracuse Surge.



The opportunity: Local leaders can invest in institutional capacity to ‘rewire’ economic systems and generate inclusive growth

How should local leaders approach this moment?

At one level, pre-pandemic economic development approaches were not delivering inclusive growth prior to the crisis, and thus “business as usual” is not advisable. At another level, attempting to pursue inclusive growth outside existing governing systems is not strategic when local and tribal governments are set to receive \$130 billion in new flexible resources via the American Rescue Plan Act.

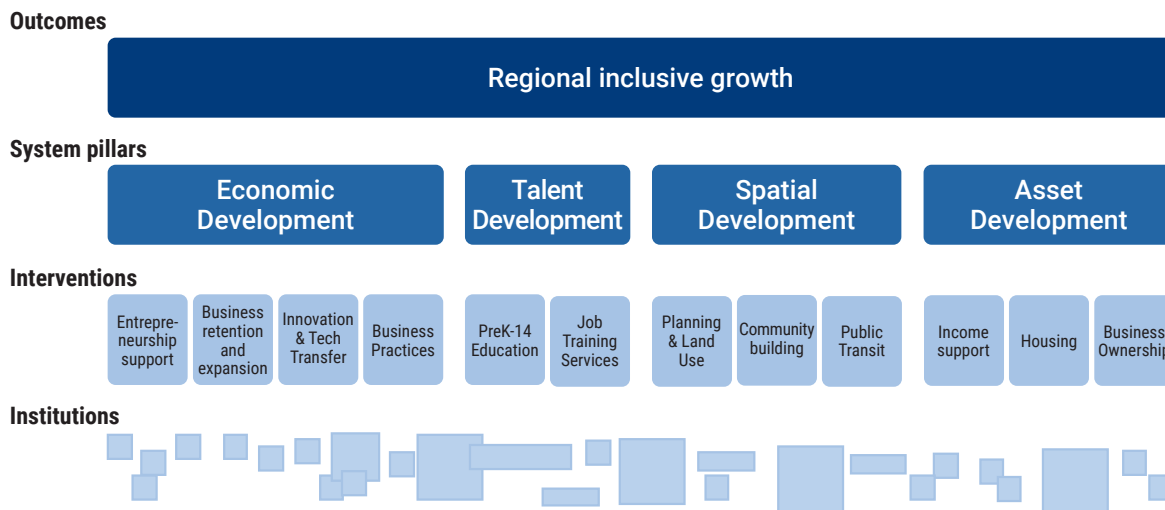
The status quo will not suffice, but neither will blowing up the system. Rather, this section argues that it is the existing stewards of regional economic systems that must utilize this historic infusion of federal resources to “rewire” those systems in service of inclusive growth.

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 make sense of all the inputs that shape regional economies, we explore regional economic systems 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 these organizations sometimes partner with to place individuals into jobs.
- **Spatial development:** Regional economies are not only business and labor markets, but physical spaces where the built environment influences economic opportunities for residents and businesses. The spatial development pillar consists of the physical and social infrastructure that enable economic participation, including public, private, and nonprofit organizations focused on transportation access, community-building, and housing and land use.
- **Asset development:** The first three pillars together 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, and financial assets. The asset development pillar consists of institutions and policies focused on building those assets through financial planning, homeownership, and real estate ownership. Wealth—independent of income—also affects how individuals participate in regional economies, including 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. (from page 5) Local institutions influence regional economic performance through interventions in four main system pillars: economic development, talent development, spatial development, and asset development



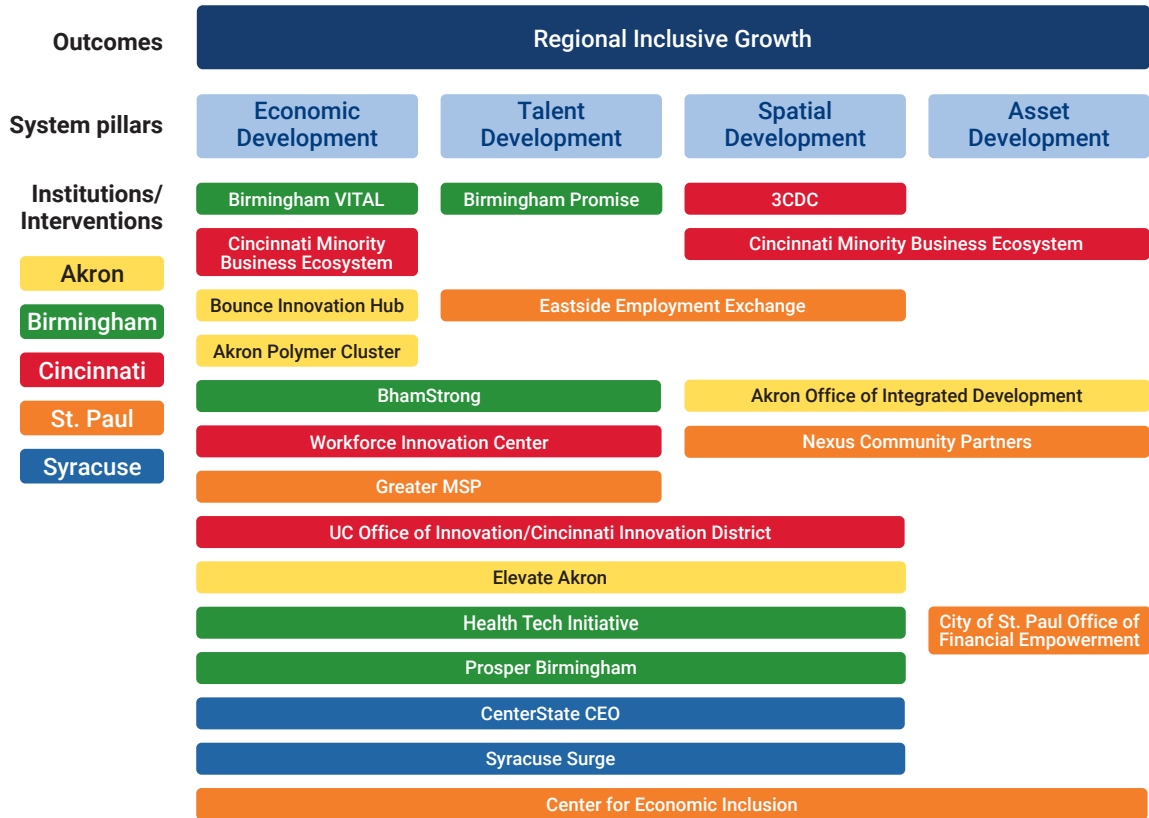
Source: Brookings Metro interview and case study findings

What is systems rewiring?

Rewiring systems in pursuit of greater inclusive growth has two purposes. 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 both within and across the four system 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 greater capacity to meet those new goals.

The case studies tell the stories of institutions involved in 20 inclusive growth interventions across five cities, each contributing to inclusive growth by changing for whom and how systems work.

Figure 3. 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 American Rescue Plan Act and systems rewiring

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) deliver \$130 billion to local and tribal governments. According to the U.S. Department of the Treasury, these resources were provided to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts
- Maintain vital public services, even amid declines in revenue
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity²⁹

Yet, as our colleagues Mary Jean Ryan and Alan Berube write, “The level of ambition and quality of implementation in America’s regions will ultimately dictate whether the benefits of future economic growth and vitality extend to Americans regardless of income, race, or geography. We must organize ourselves differently, both locally and nationally, if we hope to meet that audacious goal.”³⁰ In response, new organizational structures are emerging across the country to plan and invest SLFRF dollars, from coordination towers³¹ to stimulus command centers.³² These constructs can utilize this infusion of resources and use this guidebook to take more systemic approaches.

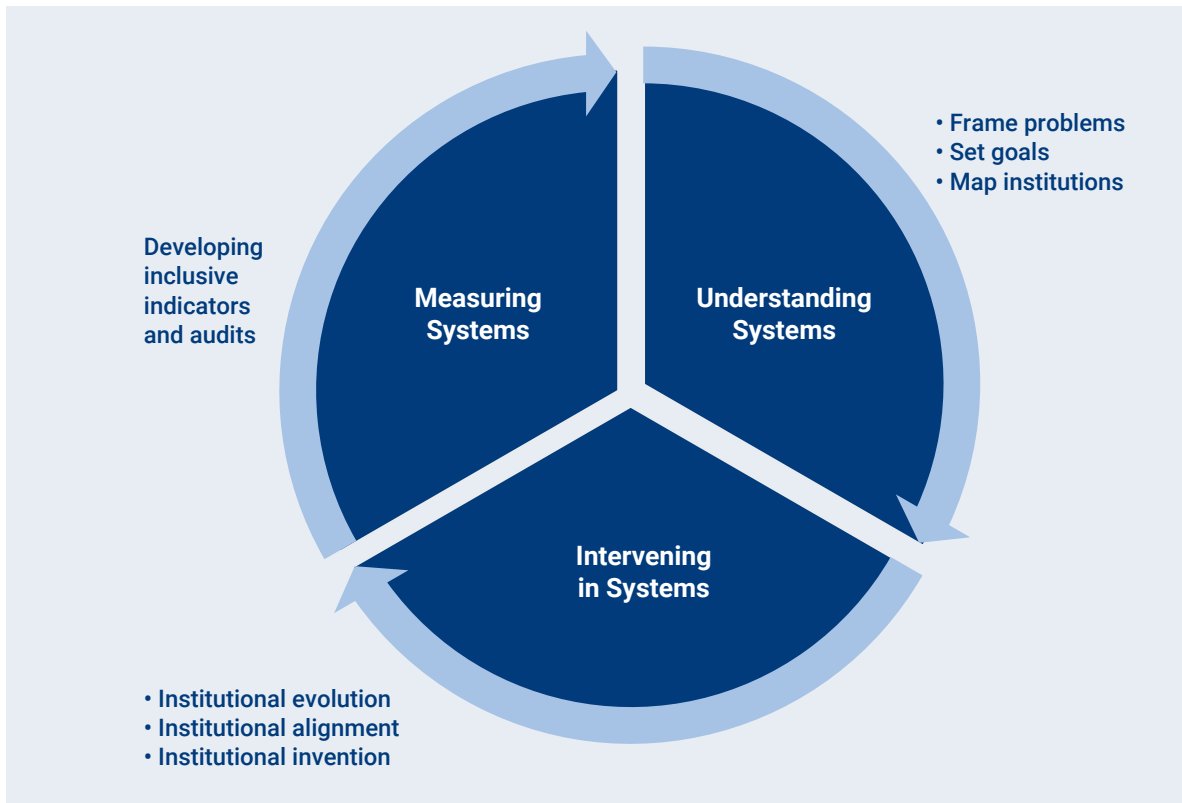


The path: A ‘systems rewiring’ framework can guide local leaders to better understand, intervene in, and measure regional economic systems

Drawing on those five case studies, broader literature reviews, and interviews with dozens of leading local practitioners, funders, policymakers, and business and community leaders, this section outlines three components of systems rewiring: ***understanding*** the regional system, ***intervening*** in the regional system, and ***measuring*** the regional system.

The three components each have sub-elements that correspond closely to 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. **Systems rewiring is a continuous, complex process—not a step-by-step recipe. No city in our case studies pursued these three steps in this exact way.** Through deep examination of this complexity in the individual case studies, we seek to identify successes and challenges with different approaches, synthesizing lessons into a usable framework for leaders in other cities that are grappling with this historic moment and are prepared to take more organized action.

Figure 2. (from page 6) Rewiring regional economic systems requires understanding systems, intervening in systems, and measuring systems



Source: Brookings Metro interview and case study findings

1. Understand the regional economic system to frame problems, set goals, and map institutions to motivate change

Understanding the current state of regional economic systems is a critical first condition to rewiring, whether within a system pillar or across several. By framing problems, local leaders can compellingly create the “burning platform” that motivates institutions and coalitions to abandon the status quo. By setting goals, local leaders can define a path to addressing problems and articulate an affirmative vision that connects the efforts within and across inclusive growth pillars. By mapping institutions, local leaders can understand the organizational playing field for change, and whether multi-organizational collaboration is necessary and doable to achieve the stated goals.

Framing problems

For leaders and organizations that want to assemble multiple organizations around a shared inclusive growth intervention, they can break through stalemates and superficiality by framing problems together. Treating active problem definition as an important process in its own right—not just something done passively while picking goals or designing strategies—accomplishes three things:

- **Learning:** If it is likely that the strategic intervention will require collaboration, active problem definition helps potential coalition members—senior leaders, implementers, and potential funders—learn about the local economy’s inclusive growth challenges together.
- **Trust-building:** There can be severe mistrust between different institutions and between institutions and residents in a local economy. Being brought into the process early can build trust among organizations and leaders that have not historically worked together, and ensure that they are aware of why they need to be working together to address challenges revealed during problem definition (see sidebar).
- **Funding:** Funders (corporations, philanthropies, governments) have an incentive to build greater collaboration among their grantees. By framing problems together, these organizations ensure funders understand that they are working together toward specific inclusive outcomes.

Without sound problem definition, inclusive growth interventions run the risk of ending in a confusing stalemate or, conversely, resulting in superficial cross-sector agreement that holds for several years before disintegrating. A group of stakeholders can agree to pursue inclusive growth, but half may be visualizing aggressive actions focused on building Black wealth and changing corporate behavior while the other half imagines increasing the labor force participation rate through mechanisms that do not require businesses to change their practices. One half may be operating on a three-year timeframe while the other half has the patience to make investments that may not yield results for 20 years. For inclusive growth to have strategic relevance beyond a values statement, local leaders must define and operationalize the concept (see sidebar).

Defining inclusive growth—a ‘wicked problem’ and ‘fuzzy concept’

Understanding how regional economic systems generate inclusive growth is complicated by the fact that inclusive growth is both a “wicked problem” and a “fuzzy concept.” In his book on the subject, Jon Kolko defines a “wicked problem” as “a problem that is difficult or impossible to solve for as many as four reasons: incomplete or contradictory knowledge, the number of people and opinions involved, the large economic burden, and the interconnected nature of these problems with other problems.” Society’s wicked problems cannot really be “solved” once and for all, but they can certainly be ameliorated through more effective policy and programmatic design.

Inclusive growth is also a “fuzzy concept.” While public, philanthropic, nonprofit, and academic leaders increasingly use the term, Neil Lee argues that “inclusive growth” has no universally

accepted operational definition, which can limit its usefulness when trying to understand and change economic systems.

To overcome this fuzziness, we utilize the Brookings Metro Monitor's definition of inclusive growth: **economic growth occurring from increasing the productivity and participation of businesses, industries, and workers, and closing racial and geographic disparities.** This definition is met when regional economies enter an upward trajectory of long-run growth by improving the productivity of individuals and firms in order to raise local standards of living (prosperity) for all people (economic and racial inclusion) and communities (neighborhood inclusion).

Specifically, a local economy is developing when it expands (by creating more young companies, more jobs, and more value) and becomes more prosperous, meaning worker productivity and wages are also increasing. This development is inclusive when it is connecting unemployed workers to jobs, reducing poverty, and increasing middle class incomes. It is racially inclusive when those outcomes result in less disparity between racial groups, and it is geographically inclusive when those outcomes result in less disparity between neighborhoods.

Setting goals

Even when multiple organizations can agree on problem definition, have a shared sense of urgency, and are committed to change, they may still pursue uncoordinated and conflicting agendas. Multi-stakeholder collaborations may need to create specific shared goals around which to align their actions, resources, and funding.³³ Even for individual institutions, disaggregating goals to ensure underserved demographic groups, neighborhoods, and businesses benefit from new programmatic interventions is a necessary step for inclusive growth.

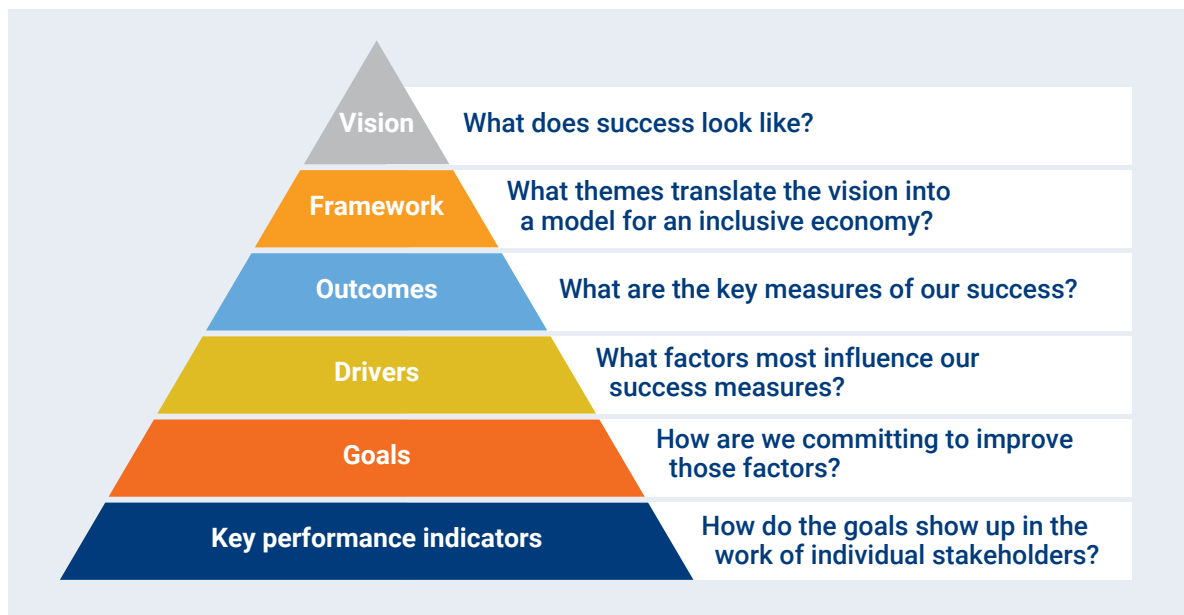
The goal-setting process is more art than science and is invariably hampered by imperfect data. But it should follow a few key principles:

- Goals should recognize different forms of exclusion throughout the economy. An inclusive economy is not one in which only racial disparities in employment rates are eliminated; it is one that is absent of racial disparities in family-sustaining-wage jobs, corporate leadership roles, ownership of high-growth businesses, and so forth.
- Goals should clearly outline what is possible—what type of progress could be made in five or 10 years with more effective local systems. This is important for two reasons. First, it creates consensus on what constitutes success. If this isn't clearly established, collaborative efforts can be strained when it turns out that some stakeholders are content with steady, incremental progress while others are unwilling to accept less than major transformation. Second, it helps stakeholders collectively agree on how to allocate resources most strategically. If a city has the lowest rate of unemployed workers

of its peer cities, it may already be near the frontier of possibility given macroeconomic conditions, and further investments might yield diminishing returns. If that same city has low entrepreneurship rates relative to peer cities, leaders could collectively decide to steer investments in that direction with confidence that considerable progress could be made.

- Given this understanding of what is possible, each goal should stipulate what must be accomplished to rectify inequities. For example, a region may believe that, with more effective systems, its economy can generate 1,000 more businesses in the next five years. If that region currently has 800 fewer Black-owned businesses than it would have in a racially equitable economy, then that region can conclude that 80% of its effort should be focused on Black entrepreneurs. This sort of metric can unite leaders with different perspectives on what inclusive growth demands. In this hypothetical example, creating an equitable economy would not require efforts exclusively focused on Black entrepreneurs, but it would require significant shifts in how the entrepreneurship ecosystem functions—likely beyond what some leaders envisioned when they expressed support for inclusive growth.

Figure 4. A model that links a shared vision to shared accountability



Source: Berube and Bateman, "A roadmap to developing inclusive regional economic indicators."

Goal-setting processes recognize that no one entity in a city has the resources to address inclusive growth alone. One of the main takeaways of a recent Brookings Metro report was that inclusive economy goals can operate at different levels.³⁴ On one level, local stakeholders may want to outline goals for the regional economy's *outcomes*, which are influenced by macroeconomic conditions and forces outside anyone's control (e.g., job creation, income growth, unemployment). At another level,

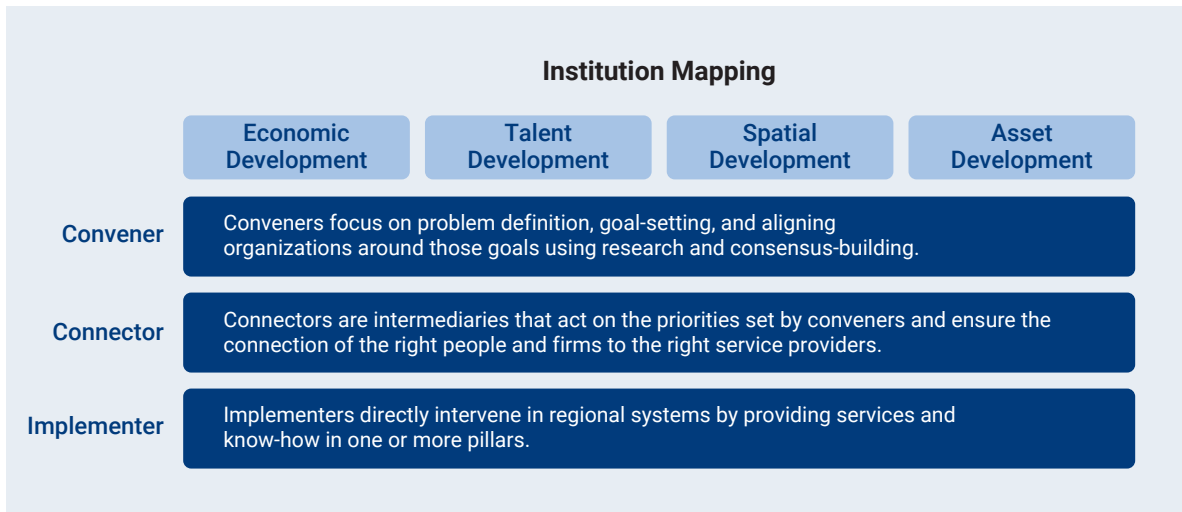
goals can operationalize a vision for how the four *system pillars* should perform (e.g., new business formation, educational attainment, neighborhood-level poverty), which result from broader economic forces and the impact of local institutions operating in those pillars. At a third level, there are goals for specific *programmatic interventions and initiatives*, which are driven by institutions or multi-institutional coalitions (e.g., new businesses supported through mentoring, number of students receiving tutoring, number of affordable housing units produced).

Mapping institutions

Having established consensus on the problem and agreement on goals, local leaders need to understand whether local institutions are organized in such a way that—with additional resources and strategic direction—they can deliver on those goals. To understand systems, practitioners consider how organizations, organizational networks, and the rules and norms that govern them contribute to regional economic outcomes. Practically, institutions function within and across the four system pillars by filling three institutional roles: convening, connecting, and implementing.

- **Conveners** focus on problem definition, goal-setting, and aligning organizations around those goals. They undertake research to shape the region's long-term agenda and build consensus among key stakeholders to enact it. Given their bird's-eye view of the system, conveners will occasionally take responsibility to incubate an initiative that fills a gap, but will typically "spin" that initiative off to an implementer that is better equipped to manage it in the long term.
- **Connectors** are intermediaries that act on the priorities set by conveners and ensure the connection of the right people and firms to the right service providers. For example, economic development organizations with business retention and expansion responsibilities typically do not deliver direct services to existing businesses. Rather, they identify businesses with inclusive growth potential and meet with them to understand their opportunities and challenges, engage with service providers to understand their offerings, and proactively match businesses with service providers. Workforce intermediaries operate in similar ways, connecting people with the right training providers and ensuring that businesses are organized and communicating their needs to those training providers.
- **Implementers** directly intervene in regional systems by providing services and know-how in one or more pillars. Implementers operate programs that directly provide resources or benefits to people and businesses. For example, implementers in the economic development pillar include entrepreneurship accelerators and incubators, organizations providing process innovation consulting services to established businesses, and universities partnering with businesses on joint research and innovation.

Figure 5. Mapping institutions illuminates the current state, provides clarity on the critical implementation partners to enact change, and outlines potential areas for institutional alignment and where gaps exist



Source: Brookings Metro interview and case study findings

Mapping institutions in a regional systems framework illuminates the region's current state, provides clarity on the critical implementation partners for enacting change, outlines potential areas for institutional alignment, and identifies where institutional gaps exist. This is an important process because there is often a perception that one organization in a region "owns" a certain pillar, and it would be inappropriate for another organization to encroach. By carefully plotting out the function of organizations in the system—not just the pillar they "own"—it often becomes clear that certain functions are missing. For example, there may be many conveners and implementers in the talent development system, but few connectors. Many of this report's case studies describe the creation or evolution of institutions to fill specific gaps in the system and complement—not compete with—existing organizations. Institutional maps also help those leading inclusive economic development strategies understand where they will (or won't) likely have influence with other institutions in the system.

Finally, mapping institutions can illustrate where complex collaboration is already yielding effective outcomes, or where such collaboration is simply unnecessary or unachievable. Chris Thompson, who advised the Elevate Greater Akron coalition as they formalized their partnership, wrote a "Collaboration Handbook" that starts with the following: "Communities can create a lot of positive, enduring change with a great program or a specific project. Collaboration should never be the goal. It is a means to the goal. Injecting collaboration into environments where technical solutions can create the desired change is unnecessary, costly, and painful. It also diminishes the value of collaboration. Collaboration is necessary if a goal requires the engagement of diverse stakeholders operating within a complex civic system."³⁵

Moreover, even if multi-institutional collaboration is needed, it may not be achievable if key components are missing: a compelling mandate; leaders who can galvanize multiple stakeholders around that mandate; and high-capacity governing institutions that can execute the change needed.

The role of community engagement in understanding economic systems

One question that often came up in the case studies is how to approach community engagement during the problem definition and goal-setting process. Civic efforts need to have some level of public participation, but at what points? Should it be about raising problems? Identifying desired outcomes? Potential strategic responses? Who should implement it? Leaders in the case study regions dwell on this tension and are trying to figure out the balance, with varying degrees of intentionality and sophistication.

At the understanding systems stage, the critical first step is understanding why you want to engage the community. Without having a clear objective for engaging the community, “you risk corroding residents’ desire to engage civically,” as one leader in **Birmingham** noted. “Community engagement should be a two-way street. You should not be ‘extracting’ information without adding something back in.” In his distillation of many community problem-solving efforts, Xavier de Souza Briggs articulated three “hopes” for stakeholder engagement: psychological, political, and practical.³⁶

Psychologically, humans are more likely to actively support decisions on which they have been consulted.³⁷ Therefore, implementing strategies that require many actors demands buy-in from those actors to enact the plan. In the case of **Akron**, leaders developed a set of inclusion metrics to show that, while the problem is deep and systemic, there is also a set of specific, meaningful, near-term opportunities to pursue. This framing was useful for getting community groups on board (the specificity assuaged concerns that businesses would engage in symbolic action) as well as business leaders (who wanted to know that their work is going to “move the needle” on a specific, measurable outcome).

Politically, governments have long operated with the constraint of public buy-in, but increasingly, community engagement is expected of nonprofits, philanthropies, and corporations as they invest in problem-solving efforts on behalf of the public interest. **Birmingham** Mayor Randall Woodfin’s economic development transition team conducted deep outreach to organizations and community members to frame the mayor’s economic agenda. On top of that initial engagement, Prosper, the public-private partnership to further inclusive growth, conducted interviews and focus groups with another 100 stakeholders during planning and before launching key initiatives. While outreach itself does not guarantee buy-in, major problem-solving efforts can use community engagement to build legitimacy across a range of stakeholders.

Finally, community engagement can have very practical benefits, as community members experiencing the challenges of economic exclusion hold critical insights to inform strategic interventions. In **Syracuse**, CenterState CEO did not do extensive community engagement during its high-level regional planning processes, instead relying on a few key nonprofits (e.g., foundations and United Way) that fund community-serving nonprofits. Community engagement was more intensive when designing and implementing specific initiatives than in framing the region's long-term economic opportunities—a fairly technical exercise that can feel less tangible to busy stakeholders. The “who” of community engagement very much depends on the “what” and “why.” Answering these questions ensures that community engagement is meaningful, trustful, and valuable.

Notwithstanding these three “hopes,” there are tensions with a broad-tent approach at the understanding phase. Reaching shared agreement on problem definition can be hard and may delay action. Busy individuals—from residents to CEOs—not accustomed to the complexities of community problem-solving can withdraw from processes that are slow to progress. If not planned correctly, community engagement may exacerbate distrust and frustration. In **Birmingham**, the Woodfin transition revealed both a desire for clear economic development goals alongside a somewhat contradictory call for “no new plans,” reflecting the planning exhaustion that many communities experience.³⁸ Before undertaking something new, local leaders must understand the plans that are already in place and have an explicit rationale for why existing plans do not address the gap that new efforts can fill.

Some civic leaders adopt a working hypothesis that bias toward action will create tangible results and outcomes quicker, which enables further buy-in from more stakeholders and community members through clear, consistent communication. This has been the case with **Cincinnati's** Innovation District, a major nine-figure investment that the University of Cincinnati has catalyzed at an impressive speed. This approach, however, may not apply to a small community development nonprofit operating with much fewer resources than a university.



PHOTO: PROSPER

Prosper President J.W. Carpenter, Birmingham Promise Executive Director Rachel Harmon, Prosper board member and KMS CEO Mike Kemp, Acclinate co-founder and community leader Tiffany Whitlow, and Prosper Chairman and Alabama Power CEO Mark Crosswhite (from left).

Promising approaches: Understanding systems in Birmingham

In 2017, one of the core takeaways of newly elected Birmingham Mayor Randall Woodfin's transition team was that no clear vision and goals governed the city's approach to inclusive economic development. Consequently, organizations in the ecosystem were offering duplicative and fragmented services without a clear way to measure progress. "As the economy continues to evolve, we want to be prepared to empower the next generation of builders," Mayor Woodfin said. "So in order for us to do that, we need to reimagine the way we think about economic development in our community. It is not just about creating jobs. It is about creating quality jobs with access to benefits, wealth-building, and career-building opportunities."

In early 2018, the city of Birmingham incorporated the Department of Innovation and Economic Opportunity (IEO), which published a strategic plan for the first time in decades. In an op-ed announcing the department, then Director Josh Carpenter noted, "Our vision is to make Birmingham a hub for qualified and diverse talent and a premier destination for small businesses, startups and businesses looking to expand—propelling shared prosperity through inclusive growth." To operationalize the vision, the city forged a public-private partnership in late 2018 with CEOs, the president of the University of Alabama at Birmingham (UAB), local leaders, and a team from Brookings Metro.

To **frame problems**, Prosper's designers built a steering committee of major civic funders—CEOs, the mayor, and the UAB president—and a core team of corporate, community, university, and government leaders so that leaders at multiple levels could learn about the challenges of the Birmingham economy through an active problem-framing process. Between this process and Mayor Woodfin's transition team outreach, the public-private coalition benefited from rigorous data analysis and hundreds of conversations with Birmingham residents, economic

development professionals, startup and small business entrepreneurs, neighborhood revitalization officials, talent development professionals, and the private sector.

To **set goals**, Prosper bundled these insights with the community outreach takeaways to create an inclusive growth framework and key goals across job creation, job preparation, and job access.

Finally, as leaders engaged in the design process of developing Prosper, an **institutional mapping** exercise outlined the playing field for change. The public-private coalition leading the strategic process used institutional maps to understand where institutions were operating across different pillars, where there was over-concentration and under-concentration in the system, and, quite practically, build the outreach list of leaders and institutions with whom to engage. This engagement tested the preliminary findings from the market assessment with on-the-ground experiences from a diverse roster of organizations and leaders, including entrepreneurship support organizations, community development groups, job training providers, local business owners, and government officials. The institutional map helped guide who was involved in iterating on active problem-framing, solicited their feedback on existing challenges and potential opportunities, and informed how to move the work forward.

The public-private partnership, Prosper, was formally incorporated in summer 2021 and hired J.W. Carpenter as its inaugural president to coordinate and align resources across government, the private sector, higher education, and philanthropy. Overseen by a diverse board of business, community, and government leaders, Carpenter emphasizes that Birmingham has “tons of people and organizations doing good work in workforce, small business support, and education, but we are missing opportunities to collaborate, connect, and focus on what we are best at. Prosper’s role in aligning, connecting, and convening organizations is important to protect against duplicative and fragmented efforts.” Since its inception, Prosper has helped catalyze a new HealthTech Accelerator, a Supplier Scale supply chain initiative, and the Magic City Match, a grant program to support Black-owned businesses. More here: [Birmingham case study](#).

2. Intervening in regional economic systems through new initiatives and interventions that work within and across market pillars

Institutional mapping exercises will reveal that regional economic systems are co-governed by a variety of institutions, each influencing economic development, talent development, spatial development, and asset development as implementers, connectors, or conveners. In a complex system, it is almost impossible to draw linear causal relationships between one organization, policy, or initiative and a regional outcome. Rather, the interplay of these institutions with workers, businesses, and communities operates via complex feedback loops, and are often subject to leverage points where even small changes—via individual institutions and networks of institutions—can yield broader change within the system.³⁹ In other words, regional systems change through institutions changing.

Recall that rewiring systems in pursuit of greater inclusive growth has two purposes. 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 within and collaborate across the four inclusive growth 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 greater capacity to meet those new goals. Based on the 20 profiled inclusive growth interventions across the five case studies, we identify three types of change: **institutional evolution**, **institutional alignment**, and **institutional invention**.

Institutional evolution

Institutional evolution occurs when an individual institution changes why, how, with whom, and for whom it operates. This evolution often results in the organization setting new goals, launching new interventions, or scaling existing programs to achieve greater impact. Many of the institutions that co-govern local economies (local governments, universities, chambers of commerce, philanthropies) are decades, if not centuries old. Thus, for regional systems to generate better and more inclusive outcomes, individual institutions need to advance change by increasing their capacity (in areas where they already have programs that contribute to inclusion), evolving their focus toward excluded populations (applying their existing capacity to new issues or different communities), or both.



PHOTO: GREGORY GLEVICKY, CINCINNATI INNOVATION DISTRICT/
UNIVERSITY OF CINCINNATI OFFICE OF INNOVATION

Cincinnati leaders at the 'Power of Place' event on Oct. 25, 2021. Pictured left to right: David J. Adams, Governor Mike DeWine, Candice Matthews Brackeen, Lt Governor Jon Husted

Promising approaches: Evolving the University of Cincinnati's Office of Innovation to spur innovation, skills, and jobs

In **Cincinnati**, the University of Cincinnati's Office of Innovation (UCOI) is a great example of a major institution increasing their capacity to drive change within the economic development pillar. Regional economies upgrade and create new jobs through continuous innovation, and the UCOI has become a leading model for how research universities can catalyze innovative, inclusive growth. With a staff of 25 and an annual budget of \$10 million, the UCOI oversees a comprehensive innovation agenda, including the university's technology transfer office, UC Venture Lab pre-accelerator program, the development and curation of the \$100 million Cincinnati Innovation District (CID), the 1819 Innovation Hub (the nerve center of the CID), and the "front door" for corporate partnerships and other special projects.

By consolidating these functions into one office under the leadership of Chief Innovation Officer David Adams at the urging of the university's president, Dr. Neville Pinto, the University of Cincinnati offers an accessible innovation platform for its 46,000 students, 7,000 faculty, and external corporations, startups, universities, and residents. Dr. Pinto's rationale for this focus on innovation stems from the recognition that "universities are in a unique position to bring together multiple constituents—not just students and faculty, but also alumni, the community, and leaders across industries—to solve challenges and seize opportunities in new and unexpected ways. Having a dedicated innovation hub enables us to do that; it's a space where these collisions can occur."

The UCOI did not need a multi-institutional process to enact these changes. Because it is well resourced and holds distinct influence over Cincinnati's innovation and entrepreneurship ecosystem, it was able to help rewire the system through its own evolution and the dynamic leadership of its chief innovation officer, David Adams, who sees UC as providing

“the fuel—research and talent—that the modern economy needs to innovate and grow.” More here: [Cincinnati case study](#).

The UCOI’s evolution is consistent with other research universities and hospital systems becoming “**innovative anchors**” by partnering with corporate and community stakeholders to catalyze the technological innovation required for older industrial cities to create good jobs. In Birmingham, the University of Alabama at Birmingham—in collaboration with the city, health entrepreneurs, and community-based organizations—has launched a HealthTech Initiative to make Birmingham a center of health technology solutions through investments in entrepreneurship, talent, and community engagement. In Akron, the University of Akron is investing in technology and business partnerships to reinvigorate its polymer cluster. These anchor-led inclusive innovation strategies build on traditional expectations of anchor institutions to focus on local procurement and hiring, expanding their civic role in inclusive growth.

Promising approaches: CenterState CEO’s progression up the value chain toward inclusive growth

In **Syracuse**, CenterState CEO, the regional economic development organization and chamber of commerce, exemplifies how an institution traditionally focused on economic growth has evolved to fully integrate economic inclusion into its mandate across three system pillars (economic development, talent development, and spatial development). CenterState CEO has made a rare pivot in the economic development space, motivated by Syracuse’s high rates of concentrated poverty among Black and Latino or Hispanic residents, external philanthropic and government funding opportunities, and a new board chair focused on “the business case for inclusion.” Melanie Littlejohn, the new board chair, acknowledges that this work is hard “because it hits nerves and pushes people toward places they 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 don’t figure out how to elevate the most economically fragile people, we’ll have lost a generation [of talent] and companies with deep roots in this region and are going to lose the workforce game.”

CenterState CEO President Robert Simpson refers to the organization’s pivot as a “progression up the value chain” toward a full adoption of economic inclusion into everything the organization does. The value chain proceeds as follows: First, neighborhood development (specifically a place-based redevelopment effort on Syracuse’s Northside), then workforce development (a sector-based job training initiative called Work Train), and then facilitated conversations with CEOs about racial equity (a consulting practice led by Dr. Juhanna Rogers). CenterState CEO’s movement up the “value chain” is perhaps most evident in its work with JMA Wireless, a

manufacturer of 5G wireless equipment. JMA is opening a new \$25 million facility and creating 200 jobs in one of the most impoverished parts of the city. Work Train is developing a pipeline of workers from the neighborhood, and CenterState CEO's Racial Equity and Social Impact team is working with JMA on diversity, equity, and inclusion trainings for leadership and staff. More here: [Syracuse case study](#).

CenterState CEO exemplifies how the stakeholder capitalism movement is being localized by **"inclusive capitalists."** In Akron, Birmingham, Cincinnati, and St. Paul, existing economic development organizations are also expanding their mandate to change business norms and practices to generate more inclusive economic outcomes. In a new form of economic development practice, inclusive capitalists codify and share best practices with local businesses on racially equitable hiring and workforce investment; supplier procurement; and diversity, equity, and inclusion policies as part of broader business retention and expansion services. In Cincinnati, the Cincinnati USA Regional Chamber's evolution toward an "inclusive chamber" is exemplified by major investments in the Cincinnati Minority Business Accelerator's approach to minority business growth and the Workforce Innovation Center's emphasis on job quality. In Birmingham, the city government, the Birmingham Business Alliance, and a coalition of private employers joined the Valuing Inclusion To Accelerate and Lift (VITAL) program, committing to publishing their minority spend and instituting practices for increased local and minority/woman/disadvantaged business enterprise (M/W/DBE) procurement.

Both UCOI and CenterState CEO reinforce key conditions for institutional evolution: an external shock (e.g., a new leader, new funding opportunity, or a crisis moment); committed leadership at the top of the institution; and high-capacity staff that can implement the vision within and across system pillars.

Institutional alignment

Institutional evolution often creates the conditions for larger-scale institutional alignment across system pillars. Alignment is characterized by an increase in collaboration, in which multiple institutions in the system work more effectively together by developing shared goals and strategies. While institutional evolution can contribute to system rewiring through one institution within one pillar, institutional alignment requires collaboration across institutions and often across pillars.

There is a compelling rationale for cities to strive for greater institutional alignment. Evidence suggests that businesses benefit from being in regional economies that have strong, networked organizations that have bred the trust and created the capacities to enact strategies that lead to scaled change.⁴⁰ Moreover, governance itself has become increasingly networked and inclusive of a wider range of actors.⁴¹ Institutional alignment is a particularly compelling path for those cities in which no one institution dominates system pillars, and there is a need to maximize scarce resources through more efficient collaboration to reach greater scaled impact.

Promising approaches: Alignment in the talent development system in St. Paul

The East Side Employment xChange exemplifies how a small investment can dramatically improve the functioning of a much bigger system. The xChange connects a network of small workforce development entities focused on the East Side of **St. Paul** with employers, especially those that are situated on property owned by the Saint Paul Port Authority and have workforce agreements that stipulate that they make “best faith” efforts to hire from local communities.

The xChange is notable in that it simultaneously makes the workforce development system more efficient for employers and more personalized for job seekers. By working with the xChange, employers can tap into a half dozen training providers at once, rather than having to maintain separate recruiting relationships. In addition, the xChange is working to reduce turnover among these small workforce organizations by creating networking and professional development opportunities.

On the other end of the system, the xChange proactively ensures that job seekers are listened to and connected with the organization that is best suited to serve them. According to Luke Weisberg, a staff consultant and coordinator for the xChange, “Workforce is a human service—everyone’s path to work is idiosyncratic, so we need job seekers to connect to someone who can help them navigate, a process that by necessity has to be personalized.” This includes ensuring that their negative experiences in the job seeking process are communicated to employers to inspire changes in their hiring practices. This is a marked improvement from the previous system, in which both employers and potential employees relied on word of mouth and personal connections to try to link demand and supply.

The xChange worked with over 600 job seekers in the second quarter of 2021, but that understates its impact. Its biggest success may have been in creating a system that inspired the revival of workforce agreements for the 500 companies on Port Authority property. These agreements stipulate that companies work to ensure that 70% of hires come from the city of St. Paul, but a 2017 study found that these agreements were not working, in part due to the disjointed workforce development system and penalties for noncompliance that were rarely enforced. Now, with a mechanism in place that allows employers to reach local job seekers, the Port Authority has not only recommitted to these agreements but is considering expanding them to include factors such as profit sharing; diversity, equity, and inclusion training; home-buyer assistance programs; and more.

By being both place-based and systems-oriented, the xChange is a novel but replicable model for a problem that exists in virtually every city. More here: [St. Paul case study](#).

Promising approaches: Alignment across multiple system pillars through Elevate Greater Akron

Akron is a region with no one dominant institution and a need to collaborate to maximize scarce resources, resulting in Elevate Greater Akron's alignment approach across multiple system pillars. More than an overarching framework or a backbone organization, Elevate Greater Akron is the economic strategy for the city of Akron, Summit County, and the Greater Akron Chamber of Commerce.⁴² It is the mechanism that enables these three organizations to act “not as partners or collaborators, but as an enterprise,” in the words of Akron Mayor Daniel Horrigan.

The group that created Elevate Greater Akron came together informally following the departure of several influential and long-tenured leaders in the region to examine the regional system, where individual actors needed to improve, and where there were opportunities for shared metrics and collaboration. The group decided that while their collective vision was transformative, they would begin by tackling a relatively narrow topic: the business retention and expansion (BRE) system. A stronger BRE system would have ripple effects both within the economic development pillar and across the talent development pillar (through better business intelligence on talent needs). The BRE team, which involves staff from the county, city, and chamber, has adopted a new, more proactive model of assistance. Rather than primarily engaging with businesses that were doing well, the team now proactively targets struggling businesses, diagnoses their needs, and connects them to public and private sector resources.

In short order, Elevate Greater Akron expanded beyond its original scope and built new approaches to innovation and entrepreneurship, a renewed focus on downtown development, and an economic inclusion effort focused on the region's Black population. As the scope of the plan grew, so too did the network of stakeholders. This alignment was one reason why the region was able to equitably deliver small business relief during the COVID-19 pandemic. Summit County routed its small business support dollars from the CARES Act through the Chamber, which ultimately disbursed nearly \$13 million to more than 3,000 businesses. Over 90% of eligible businesses owned by women and people of color were awarded grants. One key to this effort's success was added capacity—specifically, that the Chamber had hired a vice president of opportunity and inclusion to lead Elevate Greater Akron's inclusion strategy.

There is an important and counterintuitive lesson in how this process unfolded: By taking time upfront to build trust and put clear boundaries around the collaboration's purpose, the group was able to quickly and effectively transcend that original purpose. At each stage of the research phase, the group was able to collectively decide whether the data justified branching into a new area. Had the effort started by trying to transform all of these systems at once, or had it publicly advertised itself as being “visionary” or “transformative,” it would have collapsed—that is simply too much weight to put on a system that hasn't done the fundamentals well. More here: [Akron case study](#).

As Akron exemplifies, institutional alignment requires trust between leaders, a methodological problem-definition and solution-development process, and an infrastructure to sustain collaboration and track impact. To do this kind of alignment a broad scale, cities typically require a **“system hub”** that convenes organizations across multiple pillars of the regional system to collaboratively invest in initiatives and measure progress. Prosper, Elevate Greater Akron, CenterState CEO, Greater MSP, and the Center for Economic Inclusion all play these roles in our case study cities. These multi-stakeholder collaborations share common elements: they are regional in scope, but sensitive to neighborhood quality and spatial inequalities; they embrace market-oriented approaches; they model genuine engagement with under-resourced communities; and they act systematically to link economic development, talent development, spatial development, and asset development together to expand economic opportunity, especially for vulnerable populations and communities of color. Through their ability start civic conversations, think about long-term responses, use data to inform strategies and measure progress, work with the private sector at scale, and align local funders, hubs have the potential to link community-building movements with elite stakeholders to build institutional trust and advance inclusive growth.

Institutional invention

When institutions can neither evolve nor align to meet inclusive growth challenges, new institutions originate to fill critical gaps in regional economic systems. And while civic investors are often loathe to create another organization, inventing an institution can create breakthrough solutions to inclusive growth challenges in ways that existing institutions cannot. However, launching an institution that can make a real impact on one or more system pillars requires a clear justification for why it must exist, significant civic and public resources to get it off the ground, and a strong leader with an ability to lead entrepreneurially and gain buy-in from the rest of the system. In other words, unlike evolving and aligning, institutional invention requires a big civic bet.



PHOTO: 3CDC

The \$48 million renovation and expansion of Washington Park, completed in 2012, was a public / private partnership among 3CDC, the City of Cincinnati, the Cincinnati Park Board, and the Cincinnati corporate and philanthropic community. This partnership resulted in the transformation of Washington Park from 6 acres to an 8-acre urban sanctuary. Today, 3CDC manages and programs the Park, playing host to over 300 free, family-friendly events each year.

Promising approaches: Inventing a ‘nexus developer’ in Cincinnati

The Cincinnati Center City Development Corporation (3CDC) provides a great example of institutional invention. 3CDC originated from the city’s 2001 period of civil unrest and racial reckoning following the police killing of Timothy Thomas. The protests were concentrated in Thomas’ neighborhood, Over-the-Rhine (OTR). Adjacent to a downtown that had become stagnant, OTR exemplified **Cincinnati’s** 20th century depopulation and racial segregation, with high poverty, vacant buildings, declining commercial and residential investment, and a contentious relationship with the police department.

Then-Mayor Charlie Luken believed that the gap between OTR and Cincinnati’s Central Business District was “dire” and an emblem of the city’s broader development challenges.⁴³ Through an Economic Development Task Force, the mayor and business community launched 3CDC in 2003 with an initial fund of \$45 million to buy and improve real estate in downtown Cincinnati and OTR.⁴⁴ Procter & Gamble and other large companies were critical early funders, adding an additional \$50 million in New Markets Tax Credits and providing a total of \$1.2 million annually for operating expenses.⁴⁵ No public officials sit on the board, but the city is widely acknowledged as both the key client and partner for 3CDC’s development strategy.

Since its founding, 3CDC’s four organizational objectives have remained consistent: 1) create and manage great civic spaces; 2) create high density/mixed-use development; 3) preserve historic structures and improve streetscapes; and 4) create diverse, mixed-income neighborhoods supported by local businesses. Today, 3CDC holds a distinct position in its city: It has deep credibility among the corporate community and government leaders, which is uncommon among place-based organizations focused on specific neighborhoods and whose impact may not register citywide. Over nearly two decades, 3CDC has yielded significant impact. The organization reports that it has catalyzed \$1.6 billion in real estate

investment within downtown Cincinnati and OTR since 2003. As of 2021, it has achieved the following development outcomes: 198 buildings restored; 1,505 apartments developed; 583 condos developed; 156 hotel rooms created; and 320 shelter beds made available. 3CDC also manages vibrant public spaces that improve quality of life for a diverse swath of neighborhoods, including Washington Park, Fountain Square, Memorial Hall, and Ziegler Park. 3CDC Executive Vice President Adam Gelter acknowledges that OTR is not the neighborhood it was two decades ago, as it exhibits market momentum but also socioeconomic change among its resident profile. “We’re only as good as how we treat our least well off,” Gelter said, “so we are focused on creating a mixed-income neighborhood, so make some market rate, but increase affordability as well.”

3CDC is distinct nationally due to its comprehensive placemaking and development approach, transformational impact on target communities, high-capacity leadership and staff, and corporate-dominated board of directors. In these ways, 3CDC fills a gap that no existing institution addressed in the early 2000s. It is a nonprofit serving at the nexus of the traditionally siloed worlds of spatial development and regional economic development by showcasing how transformative placemaking is an asset for broader city and regional change.⁴⁶ Notably, Cincinnati Mayor John Cranley named 3CDC CEO Steve Leeper “Cincinnatian of the Year” in his last State of the City address before his gubernatorial run, noting that “nothing has been more transformational than 3CDC” in the city’s economic and population growth. More here: [Cincinnati case study](#).

While economic development and community development have long been siloed, “nexus developers” like 3CDC are aiming to bridge this gap by investing in neighborhood assets to drive local and regional economies. Our case studies also focus on St. Paul-based Nexus Community Partners’ attempts to scale worker cooperative ownership models beyond individual neighborhoods through partnerships with regional economic development players; Akron’s approach to place-based development; and Syracuse’s CenterState CEO, which has targeted business relocations toward low-income neighborhoods alongside investments in resident skills and asset ownership.

Promising approaches: Placing a major bet on talent development in Birmingham

Similar to Cincinnati in 2001, **Birmingham** had battled a difficult economic stretch in the lead-up to Randall Woodfin's mayoral election in 2017. Using that political change as an inflection point for public-private collaboration, Birmingham created a new institution in the talent development pillar. The Birmingham Promise, initially seeded in the city's Department of Innovation and Economic Opportunity (IEO) and spun off into a standalone nonprofit organization, started as a key priority of Mayor Woodfin to invest the productive potential of the city's young people as a core part of its economic competitiveness strategy.

With over 300 promise programs across the country, the Birmingham Promise is unique in its twin goals: 1) every student walks across the high school graduation stage with a pathway to a quality job, and 2) every employer in a high-growth industry establishes a talent pipeline. Rachel Harmon, the founding executive director of the Birmingham Promise, emphasized the importance of coupling the goals: "We intentionally established twin goals. The first points to students, parents, and our city's history. The other points to employers and the way in which we help develop the economy."

The decision to incubate the Birmingham Promise within IEO not only helped leverage the credibility of the city of Birmingham, but it also helped tightly connect the purpose of the talent investment initiative to ongoing economic development strategies. The program offers Birmingham City School students both youth apprenticeships and tuition-free scholarships to public institutions in Alabama. Launched in 2019, the Birmingham Promise is now a full-fledged organization employing several staff. It has attracted over \$27 million in funding. To date, the Promise has supported 150 apprentices and 396 students via scholarships in the first cohort, and 377 new students are set to receive the scholarship in the 2021-22 academic year. More here: [Birmingham case study](#).

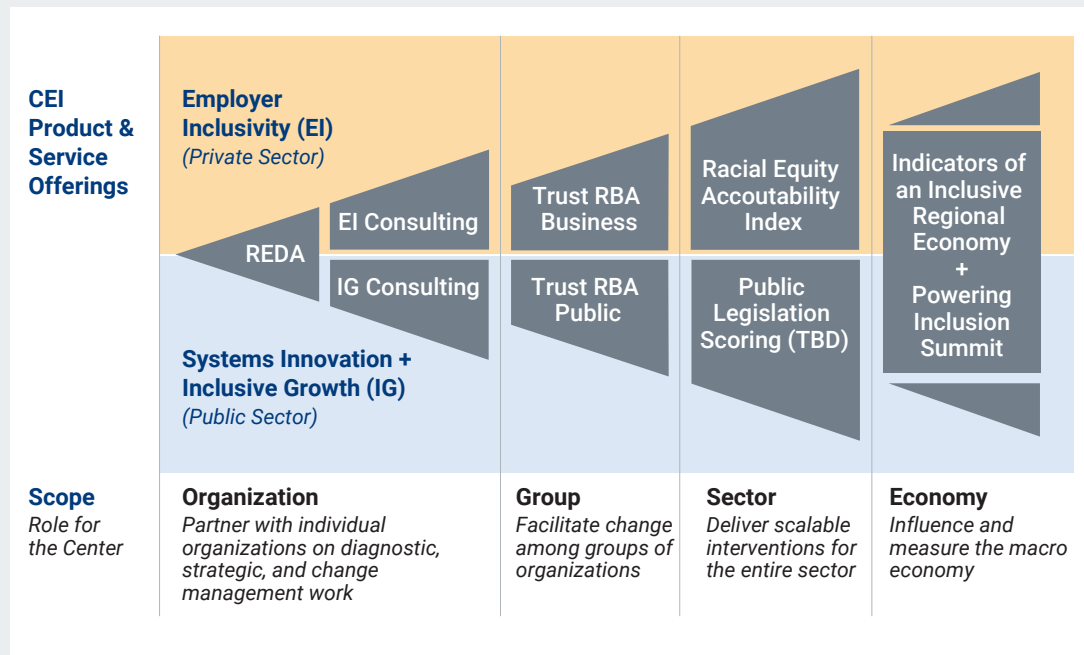
3. Measuring the regional economic system by developing and tracking inclusive growth metrics

Measurement begins with active problem-framing and goal-setting and ends with tracking and accountability. As our colleagues Alan Berube and Nicole Bateman write in "A roadmap to developing inclusive regional economic indicators," regional coalitions need to first set the conditions for success by identifying key stakeholders and agreeing on shared definitions and motivations for pursuing inclusive economic growth (i.e., active problem-framing and goal-setting).⁴⁷ Upon establishing a shared vision and identifying indicators and metrics, Berube and Bateman recommend putting the data to work by strategically communicating the results and embedding the indicators into as many organizational strategies as possible.

Promising approaches: A ‘system hub’ measures the economic system in St. Paul

In **St. Paul**, the Center for Economic Inclusion (CEI), a regional nonprofit committed to “equip private and public sector leaders and institutions with the knowledge, tools, resources, and networks to take meaningful action to dismantle racism and institutionalize inclusive economic practices,” developed one of the most robust inclusive economy measurement regimes in the nation. Led by its founder and chief executive officer Tawanna Black, CEI has built products and services that aim to increase equity at every level of the economy, from individual organizations to the entire regional economy. Within each scope, it works across five “pillars,” which are the areas in which CEI can encourage more inclusive practices: people, procurement, policy, philanthropy, and products.

Figure 6. The Center for Economic Inclusion’s inclusive economy measurement regime tracks organizations, groups, sectors, and the economy overall



Source: Center for Economic Inclusion

CEI works to advance these goals through work at several scales: region-wide, with groups of employers, and with individual organizations.

At a regional scale, one of CEI’s first actions as an organization in 2019 was creating the Indicators of an Inclusive Regional Economy. These were designed to complement the well-established Regional Indicators Dashboard that Greater MSP has been creating annually

since 2014. The Regional Indicators Dashboard focuses primarily on the region's economic competitiveness, as captured in statistics such as job growth, venture capital, and educational attainment (it also includes measures related to infrastructure, environment, and livability). CEI's Indicators mirror many of these categories but provide more detailed breakdowns by race; for example, wages and employment by race, graduation rates by race, entrepreneurship in high-poverty versus low-poverty census tracts, and rent-burdened households by race. The Indicators are designed to shift the region's narrative about what economic development success looks like, highlight specific challenges that are most urgent, and point to potential solutions. CEI's website outlines leading organizations and promising practices for each subset of indicators, helping to link urgency to action.

At the employer group scale, CEI formed the Racial Equity and Economic Justice Trust to broaden the scope of its engagements with employers. The Trust began as an initial group of 12 large employers (six private sector and six public sector) that have committed to individually and collectively tracking their progress toward specific racial equity outcomes. The group of employers in the Trust is expected to grow over time. Partners such as the St. Paul Area Chamber, Minnesota Technology Association, and the Itasca Project are helping to identify employers that are ready. CEI leads design and facilitation of the Trust's efforts, with support from a group of nonprofits focused on racial equity (Nexus Community Partners, the Coalition of Asian American Leaders, and the American Indian Community Development Corporation).

The Trust is using a Results-Based Accountability approach, which requires a set of indicators that can be measured statewide and within individual employers, disaggregated by race and tracked over time. The Trust arrived at a set of four indicators that meet these requirements: share of leaders and employees who identify as BIPOC, median wage gap by race, share of full-time and part-time employees that earn less than a family-sustaining wage, and share of procurement spending with minority business enterprise suppliers. In addition, the Trust is tracking two indicators that can be measured at the employer level but not statewide: share of grant funding to BIPOC-led or -focused organizations, and share of policy, planning, and budget decisions that rely on an equity impact assessment tool.

At the individual organization scale, CEI works through a Racial Equity Dividends Assessment (REDA). This is an in-depth evaluation of an organization's performance on 150 indicators that measure the impact of employer actions at three levels: organization, household, and regional economy. The REDA uses surveys, interviews, and focus groups to help employers understand their employees' experiences, their perception of business policies and practices, and the economic pressures they may be experiencing (e.g., how many employees hold multiple jobs, how many have savings to pay for a \$1,000 expense, how long it takes to get to work—with each response analyzed in terms of race and salary level). The REDA helps create a business case for action by linking the experiences of employees with costs such as turnover and low productivity. It also clarifies what consulting services CEI may be able to offer to an employer to address these issues.

As described previously, CEI also consults with individual public sector agencies. CEI's work on Ramsey County's 10-year Economic Competitiveness and Inclusion Plan illustrates the type of influence CEI hopes to have through these engagements. Ramsey County is the only county in the Minneapolis-St. Paul metro area that does not collect a tax levy through a housing or economic development authority. CEI's plan was designed to inform how Ramsey County should invest funds raised through such a levy, which it intends to pursue in 2022. The levy would raise \$11.5 million annually. In describing the value that CEI added to the creation of this plan, Ramsey County Director of Community and Economic Development Kari Collins cited CEI's ability to bring both lived experience and rigorous data to strategy discussions, as well as its emphasis on thinking about systems. Collins noted, "We're conditioned to look for solutions within the confines of what we have control over—CEI encouraged us to think, 'If we step out of our bureaucratic box, what could we do?'"

In its first few years in existence, CEI has moved quickly to establish these different projects and partnerships. But Tawanna Black and her staff know that their work won't yield quick results. In December 2021, she was announced as the 2021 Person of the Year by Twin Cities Business magazine. At the event celebrating that honor, Black explained that "we get calls from businesses who want to solve all these '-isms' in six months...but it doesn't happen fast. If we want to be the best region in the country, we have to have an urgency about solving it and a patience about culture; an urgency about action and a patience about relationship-building; an urgency about accountability and a patience about undoing cultures that we've built over so much time."



Conclusion

The 2017 Brookings Metro report “Committing to Inclusive Growth” concluded with the following:

Building an advanced economy that works for all is a mission that is crucial to the future of America’s cities and metropolitan areas, but not necessarily an easy road. As the challenges accelerate, more places, more organizations, and more partners will need to step up and question how their missions, strategies, and practices address the complex mix of economic, sociological, and ultimately political questions facing the U.S. over the coming decades.⁴⁸

Five years later—amid a historically disruptive economic, social, and political period in America’s history—local leaders continue to affirm their commitment to inclusive growth as a path to greater prosperity, health, and well-being in their communities. They stand at the frontlines of rapid technological change, pandemic-induced job loss, and the consequences of decades of disinvestment in marginalized communities—bearing witness to the real consequences of a failed economic development philosophy that attempted to build prosperity on a tiered and stratified labor market. With urgency, new coalitions are recognizing that no single institution can bear the responsibility for inclusive growth, and institutionalizing that shared outcome requires new collaborations and modernized models of change.

To enable that, this paper reminds leaders that regional economies generate inclusive growth via the complex interaction between markets and the institutions and interventions that influence four system pillars: economic development, talent development, spatial development, and asset development. Institutions, therefore, matter greatly in any region's ability to rewire its systems to generate more inclusive growth.

Older industrial cities are critical—yet overlooked—bellwethers for the nation's economic prosperity and social stability, and this paper's case studies provide a unique window into how the nation's government, civic, and private institutions are adapting to this moment. As the case studies illustrate, this rewiring process unfolds differently across cities. But they do offer some shared insights. Specifically, there are three important elements to rewiring systems: understanding, intervening, and measuring, each of which we reviewed with practical examples of how institutions are playing different roles across these three elements to catalyze change. But systems rewiring is rarely an organized, linear process. Many organizations are enacting change, sometimes together but more often in a decentralized manner.

Every sector can contribute to systems rewiring. The case studies showcase how elected politicians and government administrators, community leaders, business executives, grant-makers, and education officials all bear responsibility for regional economic systems and the outcomes they produce. They have the power to set regional agendas, push their individual institutions toward greater alignment and scale, invent new institutions when the need arises, and finance and measure collective action toward inclusive growth. Now, armed with a once-in-a-generation infusion of federal dollars, local communities can utilize new resources to implement change using these insights and tools.

Endnotes

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