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How cities are creating inclusive economies, part I
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MR. DEWS: Welcome to the second of three special episodes at the Brookings Cafeteria. The podcast about ideas and the experts who have them. I'm Fred Dews. In 2017 Brookings Metropolitan Policy Program worked with economic development leaders in three regions -- Nashville, Indianapolis, and San Diego -- to explore how cities in metropolitan areas can better harness the productive potential of all their residents, and address growing disparities that threaten both individual livelihoods and regional prosperity. In this series, we're taking you inside these metro areas work with Brookings in the Inclusive Economic Development Lab -- their challenges and opportunities, what they learned, and the potential solutions and collaborations they are exploring. I'm joined in these episodes by Rachel Barker, a policy analyst and engagement strategist with the Metropolitan Policy Program.

MS. SOTO: Hello?

MS. BARKER: Hi, Renata. This is Rachel with Brookings. Renata Soto is the co-founder and executive director of Conexión Américas, a Nashville non-profit focused on the region's growing Latino community. More than one in ten national residents is foreign-born today. Which represents a significant increase in recent decades. So Renata, you co-founded Conexión Américas in 2002. Can you take us back to that moment in Nashville, and tell us about what you were hoping to accomplish?

MS. SOTO: Yes. To understand the importance of the genesis of Conexión Américas, one has to understand the demographic changes that were taking place; not just in Nashville, but in many other southeastern cities and towns. And our community was experiencing an economic boom. There was a lot of infrastructure investments for big construction projects -- like arena stadiums. But also, the service industry was growing. And many people came here because of those job opportunities. Many of them -- as immigration patterns in the past -- were the single men who came for the construction jobs, hearing about the opportunity, and then they found that Nashville was actually a place that offered great quality of life. And they were coming from other states in the north. They also felt that this was a more moderate climate. And they were coming from places like California -- and just the cost of living was better here. So we hear -- there's a particular church in our neighborhood in South Nashville -- a priest that talks about the transformation of his congregation and how he

started seeing first all these single men showing up to mass on Sunday. And then two and a half years later, his congregation changed again because those men sent for their wives and their kids -- now claiming Nashville as the place where they saw themselves growing and living. And his congregation changed again when families now were united. And finally, Conexión Américas is a response to that change. We understood that there were other non-profit organizations trying to do specific things -- addressing specific needs of the Latino community -- but there was not an organization that understood in a holistic way the conflicts. Cultural, political, legal, social-communication thing when a Latino family entered a place like Nashville or Tennessee. A place where most people haven't been neighbors of immigrants in 100 years.

MS. BARKER: Conexión Américas is located on Nolensville Pike, which stretches from south of downtown Nashville to the end of Davidson County -- which is the regions core. It includes some of the most diverse parts of Nashville.

MS. SOTO: Nolensville Pike, again, is a quarter where many people have settled there. Because the availability of affordable housing -- both single-unit homes and apartments -- and it is also then the place where you see many immigrants starting businesses, markets, restaurants, retail stores, and many other businesses that certainly give that international character to the quarter. The quarter is very car oriented. It is an arterial connector that many people see as a drive-thru. But for those of us who work and live there, we know that it is a thriving community.

MS. BARKER: Over the last two years Conexión Américas -- with other regional and national groups -- have conducted several studies focused on the area.

MS. SOTO: We convene a lot of stake-holders in the neighborhood -- business owners, residents, people who go to school there. We hosted five creative labs where -- through arts and story-telling and drawing -- people talked about what they love about the neighborhood, why they loved to live or go to school or have a business there, what are the places that they appreciate and that are treasures in the neighborhood. And we also asked them about the things that they hoped to see, the things that they think can be improved, and their dreams for how the neighborhood could become even a better place for everybody. And one of the things that came out -- no matter what age group, no matter what ethnic group, no

matter what connection to the neighborhood they had -- either because they live there or because they own a business there -- which by the way often is the case that businesses that have business owners also live in the neighborhood --and what we heard was the issue of transportation.

MS. BARKER: Transit access -- in this case -- is strongly connected to job access.

MS. SOTO: In an immigrant neighborhood, of course there's a lot of self-employment, right? Like immigrants -- by nature -- are entrepreneurs. And they are creating jobs for themselves or relatives or for other people in the community. But the truth is -- not everybody will be self-employed and have their own business. And one of the things that we heard was about opportunities for people to have access to other training -- so they can have access to better paying jobs. And parents talking about opportunities for kids so they are not just working in jobs that are supplementing the family's income and supporting the family in important ways -- but also opportunities where they can explore careers, and dream about options that might have not been available to the parents. And so certainly the notion of what are the job opportunities or income opportunities and experiences that both the adults and the young people have access to -- also was one of those that we heard a lot about. How would we feel that we are reaping off more the benefits of being in this successful city? It is about the kinds of jobs and opportunities that people can access and then the issue of connectivity. How can we get there?

MS. BARKER: Last year, a follow-up study pinpointed concerns that Nashville's rapid growth could contribute to the displacement of local residents and businesses. Recommendations include founding a Nolensville Pike business alliance to organize and provide resources to local businesses. And making transportation improvements -- to make the area more walkable and safe for pedestrians, bicyclists, and others.

MR. DEWS: In the first episode of this series we heard about these region's economic successes and their challenges. The transition in midwestern Indianapolis from an industrial to tech and innovation economy. The challenges that R&D in innovation-intensive San Diego faces in connecting its increasingly diverse population to these industries. And the fact that strong economic growth in Nashville isn't automatically translating to prosperity for all.

But what did leaders learn when they dug deeper in the Inclusive Economic Development Lab? What perspectives did they hear? And what does this mean for the future of how cities and their business leaders work together to build opportunity? In this episode, the second in the three-part series, we'll look closer at the six months the economic-development organizations in Nashville, Indianapolis, and San Diego spent working with Brookings to develop a narrative or business case for their regions inclusive-growth challenge and how they could help address it. In addition to Rachel, who conducted the interviews in this series, you'll also hear from Brookings fellow, Joseph Parilla, author of *Opportunity for Growth: How Reducing Barriers to Economic Inclusion Can Benefit Workers, Firms, and Communities*. And we're joined by Brookings nonresident senior fellow, Brad McDearman. And Ryan Donahue, a project analyst, who with Rachel authored *Committing to Inclusive Growth: Lessons From the Inclusive Economic Development Lab*. Finally, you've also been hearing directly from local leaders, residents, experts, and journalists from the three metro areas. Here's Ryan Donahue speaking with Rachel about what it looked like.

MR. DONAHUE: Well it was far from a linear process. But in essence there were 40 questions that we were trying to answer as well as some preliminary work that each organization went through to kind of set some initial boundaries around this topic. So the first was, who is excluded from the economy? The second is, why are they excluded? Or what barriers are keeping people from participating in the economy? The third question was, what are the costs of that exclusion to the region overall or to businesses? And then fourth, what is the role of an economic development organization in addressing those barriers?

MR. DEWS: Those basic questions could reveal some complex issues.

MR. DONAHUE: So it quickly gets very complicated because you have to simultaneously think about, you know, how might you connect people with the jobs that exist now? Even though they might just be \$15 an hour jobs in a warehouse -- kind of at the edge of the region. While also thinking about how do we create more -- better paying jobs that might replace for instance lost manufacturing jobs? Which is a major issue in pretty much every metro area.

MR. DEWS: The lab also involved making sense of different perspectives within the community.

MS. BARKER: Ryan, I want to talk about the day that we spent in a conference room at the Nashville Goodwill. What happened there?

MR. DONAHUE: So our day at the Goodwill in North Nashville I think kind of represents a microcosm of this whole project in a way. So a Brookings team spent six hours sitting in a conference room while a series of people that represented different organizations and different constituencies rotated through for interviews. And so in rapid succession we talked to, you know, an affordable-housing executive, the leader of a social enterprise that employs former prostitutes, an African-American council woman, a white council man from a rapidly petrifying neighborhood, and then not long after, the president of a major regional bank. And I think we were struck by how differently each of these people understood the issue of inclusion, how they framed the challenges differently in terms of race and gender and geography. And how in some cases they brought entirely different evidence to seemingly basic questions like, how many affordable-housing units are available in the region. So I think that series of conversations just crystallized how complicated and charged this broader issue of inclusive growth can be. And for economic-development organizations it really underscored how carefully they need to approach this issue. And how much research they really need to do before wading in.

MR. DEWS: Here's Courtney Ross, the Chief Economic Development Officer, at the Nashville Chamber describing some of the challenges the team identified.

MS. ROSS: Some of the education level, you know -- as we noticed in the national trend that we studied throughout this process -- that technology is certainly changing things, and the digital world is changing the type of skills that the workforce needs. And so I'd say, you know, some of the barriers are that low-skill population that we have. So that bringing them into the technology work-force -- and what that's going to take. We also talked about, you know, the non-citizen population. Or the barriers of being a non-citizen. Of not having some sort of record and not able to have a driver's license or get to a job interview -- and those type of barriers. And then also, there were geographic barriers. And they were -- where people

live -- was a barrier in some circumstances to moving the needle on economic inclusion. And then I'd say the one that may have surprised me the most was the lack of access to social capital and network access.

MR. DEWS: The process could be eye-opening. Ralph Schulz is the President and CEO of the Nashville Chamber.

MR. SCHULZ: The (main) surprise in the information for me was that the way poverty or underperforming segments of the economy are portrayed -- normally are kind of stereotypical. And this information busted those stereotypes. We were able to see through this data that there is a significant part of the population that is struggling to advance itself -- but lacks the opportunity for a multitude of reasons to advance itself. That it's not people that are unmotivated. It is usually a skill-development issue. And sometimes an access issue. And the social capital aspect was really key.

MR. DEWS: To illustrate one part of the region's inclusive growth challenge, the chamber developed a profile of a local family, called the Jones family. Here's Rachel with Courtney Ross again.

MS. BARKER: What is the Jones family and what did they represent?

MS. ROSS: The Jones family is typical of 50 percent of the population in Nashville. And they are two gainfully-employed-working adults. They earn less than \$50,000 combined. So they each have jobs that they earn less than 50,000 combined. They have no housing subsidy and no health insurance. Now their reality is, their monthly income is a little over \$4000. And as we've talked about, as Nashville's become more and more popular, the rent -- we're assuming they do not own a house -- but their rent is somewhere around 1000. You know, their utilities are 250, and child-care -- they have children -- is 1600. So you kind of go down the list and if you subtract their monthly income from their expenses, they end up the month with \$100 in the hole. So they've got minus \$100 at the end of the month and are both gainfully employed. So this was a real aha moment for our entire team. And continues to be that when we talk about it -- is that what we're talking about here is not only the unemployed, but it's we're talking about the employee that just cannot make ends meet in their current situation. And they could be one crisis away from really big trouble. And that's really

concerning and something that just opened our eyes to this.

MR. DEWS: San Diego is a high-powered innovation economy. In recent decades it has also boasted one of the highest rates of upper mobility relative to other U.S. metros. But many San Diegan's still struggle to take part in that success. Mary Walshok is Associate Vice-Chancellor for Public Programs and Dean of Extension at the University of California, San Diego. Here she is speaking with Rachel.

MS. BARKER: So today, you know, as a result of that leadership and investment, San Diego is one of those booming coastal, tech economies that the rest of the --

MS. WALSHOK: Yes, it is.

MS. BARKER: -- country looks to with envy. But at the same time, it's evident that that doesn't include everyone in the region. What are some of the challenges the region faces? And what does that mean for the future of the innovation economy in the broader region?

MS. WALSHOK: That's a powerful question. Because we're all discovering how many unintended consequences -- right -- have come out of the tremendous success the United States -- and particularly California -- has had in growing this globally competitive, global-leading science and technology economy. Whether it's the Silicon Valley -- even in the Los Angeles area -- and certainly in San Diego. There are all kinds of unintended consequences. So let me share with you what some of those are. A tech economy -- the kind we're talking about -- growing these new clusters with 100s of 1000s of jobs that pay 90,000 to 120 or 180,000 a year -- end up leaving all kinds of people behind if your education system -- and I mean K through 12 -- as well as university system isn't keeping pace. Right? So the needs for math and science competency, the needs for computer literacy. Even if you're an auto mechanic today, or you're working in production -- not just a rocket scientist -- you need skills and competency that are relevant to the technologies that are driving economic growth today. And the schools have been lagging. So the California schools when I was a girl were number one in terms of financing a public education and student achievement. And we've now plummeted as a state. And our city school system is the seventh largest in America as a school system in terms of the pipeline of kids. Some of it is investment. But some of it is that in California and

San Diego, the social and cultural diversity of who is in our schools and who is living in our city is quite different. So lots and lots of first-generation high school graduates -- not just first-generation college graduates. So an unintended consequence is that these kinds of promising jobs require higher-level skills in the school systems at every level -- haven't kept up with them. And they also haven't taken into account the challenges of language and social and cultural diversity.

MR. DEWS: And these are not the only challenges for San Diego.

MS. WALSHOK: As a city, San Diego is one of the largest-spread cities in America. You know, like L.A. and Houston -- the city boundaries are very, very wide. 20 miles by 20 miles. And our geography -- and unintended consequences of the high-tech growth -- around the research centers and the university on the Torrey Pines Mesa which was deliberately zoned for R&D -- it has created both housing and transportation challenges. So where people live and where they work are highly, highly dispersed. And so housing that have been affordable until recently, often is 20 to 35 miles away from where the job growth is in the high-tech sectors. And we also don't have a network of public transportation -- whether it's buses or trolleys -- that makes it easy for people to move around the region. So we've created pockets of very affluent, well-educated, well-housed, expensive housing -communities -- with bike trails and parks and good schools and libraries. And then we have other pockets of increasingly isolated regions of the city where it's difficult to get transportation infrastructure. Housing is increasingly not affordable and the schools do not perform at the same level. So again, these are all unintended consequences. I hate to reflect on when I grew up in California, but I grew up in a town where everybody went to the same high school. So you had working-class kids, middle-class kids, upper-middle-class kids. And people interacted with one another. And kids who were working-class imagined opportunities because of their interactions with other social classes. But also, those of us who were college-bound, we took shop classes. We understood how to make things and do things. And now these communities are kind of separated by class and implicitly by race. And so there is a large sector of the San Diego population that doesn't have as ready access to the knowledge about these very good jobs or the skills and competencies you need to get those jobs. Or the schooling that can help them get those jobs.

MR. DEWS: Despite big-name innovation firms, San Diego is also a small business town. And the smallest of these firms with fewer than 20 or 50 employees, tend to pay below average wages. Janice Brown is the Vice-Chair of the San Diego Regional Economic Development Corporation. The San Diego regional EDC is former donor to Brookings.

MS. BROWN: When you think about San Diego, 90 percent of all the businesses in San Diego are businesses that have at least 100 employees or less. But that group in San Diego has 59 percent of the workforce. So even though we have, as you mentioned, these big companies that do bring a lot of attention, this is really a small business town. And so how you get small businesses to interact that are diverse and women-owned and all other kinds of difficult demographics -- how we get us to collectively work together to bring together bigger opportunities -- is one of the things that we learned from your work at Brookings.

MR. DEWS: In the first episode of this series, you met James Taylor the CEO of the John H. Boner Neighborhood Centers on the near-east side of Indianapolis -- the area that formerly housed the cities RCA plant where PeeWee the Piccolo was pressed in 1948. You can hear a bit of that recording at the top of Episode 1 in this series.

MR. TAYLOR: So the near-east side is what to our neighborhood? As of Indianapolis? It's a neighborhood that historically has kind of been built on strong principles of community organizing. Our particular community center was formed in 1971 -- which was an outgrowth of Lyndon Johnson's war on poverty -- when there were resources placed in low-income neighborhoods like our own to help community residents organize around the issues of importance. One of the first things I identified the need -- was to create a multi-service center to help residents of the community. They also created a health-care center, a couple of community-development corporations, their own credit union. More recently they founded their own food Co-op. So the near-east side -- while the demographics indicate a high level of poverty and unemployment and those kinds of things -- has an amazing history and legacy and strength in terms of residents organizing around important issues.

MR. DEWS: About 29,000 people live in the area, down from around 50,000 in 1990. The area's unemployment rate is nearly double that of the metropolitan area as a whole. But thanks in part to a \$154 million investment in the area -- as part of Indie's 2012 Super Bowl

-- new investment and opportunities are coming to the neighborhood. The area was also designated in 2015 as one of 22 promise zones -- part of a federal place-based program for improving communities.

MR. TAYLOR: What's remarkable about the near-east side is just the revitalization -- if you will -- that has really occurred over the last 12 years within our neighborhood. I mean, for folks that haven't -- so 10th Street is kind of like our Main Street corridor. This is where we have neighborhood-serving businesses, and amenities, our food Co-op is located down there. You know, if you were to go back 12-years ago you would see a vacancy rate of probably around 75, 80 percent of the storefronts that were boarded up. And if you fast-forward to today, that number is more like 30 percent. And we have increasingly more interest in terms of new storefronts opening up in our community. We've got two restaurants that are currently under construction just down the street from our community center. You know, there's just a sense of optimism and hope that didn't exist a decade ago.

MR. DEWS: Neighborhood residents are helping shape the areas future.

MS. DAVIS: My name is Valerie K. Davis. I'm a board member of the John H. Boner Neighborhood Center, also on the executive board. But I really want to be known as community activist.

MR. DEWS: Valerie Davis lives on the near-east side of Indianapolis. While struggling with mental-health issues and homelessness, Davis found the Boner Center. Here she is speaking with Rachel.

MS. BARKER: What are you hoping to achieve with your leadership role in the area?

MS. DAVIS: My main focus is I want to bring light to diversity and inclusion. If we can't sit at the table where the deals are being made -- with people like me, people of color -- we're missing out. So this is what I hope for the near-east side. And that's what I campaign for all the time.

MR. DEWS: In addition to her service at the Boner Center, Valerie Davis is also the founder of a local task-force focused on boosting diversity and inclusion. More affordable housing and green space are among the other priorities she hears from neighborhood

residents.

MS. BARKER: If you look at the near-east side today, what changes would you like to see in the next ten years? How would you like it to look different?

MS. DAVIS: What I would really like is when I go to neighborhood meetings or I go to neighborhood-community summits -- that it's more diverse. That we reach across the table, we reach across the aisle and try to bring people in. People that are tenants are no less than people that are home owners. People that have children are no less than the single yuppies. I want us all to work together. I want this to be a place where people want to come, you know. And it's getting that way. But I just really think that the climate of the world -- and especially the United States that we're living in -- we need to accept our diversity and include people. And surely that would work out for the best of everyone. Especially neighborhoods, you know? Because we are here.

MR. DEWS: Along with engaging groups like the Boner Center, the Indie Chamber and its partners use data to identify groups disconnected from economic success. Drew Klacik is a senior policy analyst at Indiana University's Public Policy Institute.

MR. KLACIK: We looked at things like childhood poverty, the number of unemployed adults in a household, lack of health care, English as a second language, criminal records, inability to pass drug tests, challenges of transportation and child care, and access to social capital --and found that there were about 450,000 people in central Indiana that one way or another fit within those categories. About 100,000 children under 18 living in poverty, 100,000 adults with less than a high school degree, and about 250,000 adults that we called employment or income-insecure -- that had a high school diploma but were working at jobs that were at risk of being replaced by automation or by one global decision.

MR. DEWS: And these challenges can have a real impact on livelihoods.

MR. KLACIK: If you're making \$90,000 and one decision that you have no control over can change your life profoundly -- and you're only making \$40,000 a year then --you're burdened with the questions of house payments, how you send your children to college, and a multitude of questions that most of us never want to face in our lives that occur without any control of yourself. And our goal was to make sure that we can keep those folks and people

that had barriers -- whether they were transportation related, a criminal record, inability to use English as a first language -- to make sure that regardless of your barrier we would strive to find a way to connect you to the American Dream of believing that your child's life will be better than yours.

MR. DEWS: Michael Huber is the CEO of the Indie Chamber.

MS. BARKER: One of the focuses of the lab was sort of digging into who is excluded in the region, and which populations are having trouble succeeding, and what are the specific barriers they face. Was there anything from those findings that surprised you about, you know, who is not succeeding in Indianapolis?

MR. HUBER: I think when we've shared with a wide range of business leaders, political-elected leaders, leaders in philanthropy, and then just interested citizens -- our early findings from the inclusive economic growth learning lab -- and one of the findings is quite shocking to many people -- is our low rate of economic mobility. If you are born in the bottom 20 percent in Indianapolis, your chances of moving up into the top 20 percent over your lifetime are very low. And we know that this is a national problem, and not just an Indianapolis problem -- but even stacked up against other cities -- our economic-mobility rates are quite low. And that is something that really gets people's attention because it's too easy to sit back and say our city and our region is doing well. You know, sales force and tech is growing. Eli Lilly and Company and our life sciences and pharma sector are doing quite well. And yet if you're born poor in Indianapolis -- that your chances of getting not poor are not great. And that's, I would say, the first finding from this learning lab that really gets people's attention and invites questions about, well, what can we do about it?

MR. DEWS: So what comes next? Those potential areas of action are the focus of the third episode of this series. But first, let's take a closer look at these economic-development organizations themselves. What do they bring to the table? And what kind of evolution are they undergoing? Brad McDearman is a non-resident senior fellow at Brookings. Here he is speaking with Rachel.

MS. BARKER: What is regional economic development?

MR. MCDEARMAN: That's actually a good question. And you'd receive a

different answer depending on who you ask. Economic development in general is a term that's used as kind of a catchall for any state, regional, or local effort focused on growing the economy. But for a variety of reasons it seems to have evolved to become somewhat synonymous with job creation --even though that's only one piece of a true economic-development puzzle. So the regional economic-development organizations are typically business-led partnerships designed to market metro areas or business attraction to create jobs. So you can argue it's become more about marketing and promotion than actual strategic development of the economy. So it's kind of become a sales function for the region -- for business attraction. And that raises a couple of problems. And one is that business-attraction activity represents typically only a small proportion of actual job growth in a given state or metro area -- maybe two to three percent on average. So they're placing a lot of focus and energy on a relatively small opportunity. And the second is that recently there's been a lot more disruption in this aspect of economic development. So the number of major business-attraction projects, for example, has declined by over 50 percent during the past 10 to 15 years -- so what these groups have traditionally done is not really working any more. And they're under increasing pressure to produce results in terms of jobs. So at the same time -- in an increasingly global and automated economy -- there are rising issues around other critical topics like workforce, infrastructure, and more inclusive growth -- that are demanding more attention. So these organizations are being challenged to change and meet the economy where it is today -- and they feel a bit stuck.

MS. BARKER: And these organizations traditionally represent the business community. Why do you think they are interested in engaging on inclusive growth?

MR. MCDEARMAN: What we learned is that these regional economic-development groups are being asked two questions by T-board members and stakeholders. And then that would be business leaders and elected officials. The first is, what is really going on in our local economy and what is this topic of inclusive growth? They want to know why they keep reading about more people being left behind -- when they read about it in the papers, and hear about low unemployment, and see cranes in the air all over town -- so to them the economy seems to be doing well. And so they want to know what's going on. And it leads

to the second question which is, how are we as an economic-development organization -- and, you know, if they're on the board -- how are we engaging on the issue of inclusive growth? And if it's such a big issue, what are we doing about it? But it all raises a few tensions. And the first being that this is just a really complex issue. And they're a little scared to wade into it. So they have to figure out whether and how to engage on this topic in a meaningful way without deluding from the work they were originally tasked to do. And another tension is that, you know, these are failing promotion agents. And now they're being challenged to engage on issues that don't necessarily portray the region in a positive light -- and involved complex intervention that they're not as familiar with. So these regional EDOs were intentionally targeted -- economic-development organizations -- for the lab on inclusive growth. Because they hold a unique position in each metro area. You could argue it's not being fully utilized. And what we felt is that they could bring their voice in wake of the business community to a critical issue. So the question became -- if regional economic-development organizations could find a way to engage credibly on inclusive growth -- it could represent a significant infusion of energy and focus into a major entrenched economic issue. And that's really what we wanted to test.

MR. DEWS: Talent or enough skilled workers to staff local jobs is one key consideration for these groups. Here's Drew Klacik from Indianapolis.

MR. KLACIK: We did, at the Public Policy Institute a project called *Thriving Communities, Thriving States* -- that looked at that movement of talent. And this is going to be important to the inclusive growth learning lab. When we looked at that, what we realized is that really the future of Indiana is interrelated. And that historically the way it's worked is that folks in small-town Indiana have worked hard, done the right things, sent their kids off to college, and they move to central Indiana. But as rural Indiana is getting smaller and older, we don't have as much talent, so we started thinking where's talent in central Indiana going to come from in the future? And births relative to deaths are slowing down. International migration has been steady -- but is kind of shaky these days. And then we've been an exporter 20 of the last 21 years. And so the question was how do we play with that formula to assure that we have talent? That's the moment you all came to us and said we'd like you to be

involved in the inclusive economy learning lab. And you did something for us that was amazing. Which was you helped us identify this fourth pool of talent -- which was a group of people who were already here but were kind of excluded.

MR. DEWS: Tying these things together provided opportunities to find common ground.

MR. MCDEARMAN: That moment of forcing us to look inward helped us realize that there was this fourth talent pool. And at that moment -- focusing on the barriers that keeps that fourth talent pool from contributing in a maximum way to the economy became something that could interest kind of both sectors. Again, whether you're a business owner or whether you're a person involved in social issues -- you create this commonality of direction -- where we're seeking to help every individual maximize their potential. And you get a win whether you're the business owner or whether you're the social service provider. Which then enabled the Greater Indianapolis Chamber of Commerce to start to establish a deeper, richer set of relationships with a wide range of both economic-development and community-development organizations. And I think from a distance, that's been one of the most interesting and rewarding pieces of this -- is that we've helped to start to bring the community-development world together more closely with the economic-development world and created a common set of interests across kind of the region and individual neighborhoods. I think that in the long run, that's the part of this that's going to most profoundly influence outcomes within Central Indiana.

MR. DEWS: And talent isn't just a concern for leaders in Indianapolis. Once again, here's Ralph Schulz, President and CEO of the Nashville area Chamber of Commerce.

MR. SCHULZ: From a purely economic point of view, having a large poverty population creates drag on the economy and the economic growth of the region. But from another perspective, that 20 percent of the population -- a large portion of that population is under performing in the economy or not performing at all. And there is opportunity here with our unemployment rate as low as it is, there is actual scarcity of workforce. And when that scarcity exists, really good jobs go elsewhere and people who are motivated to pursue those good jobs don't get the opportunity because they haven't had the skills development or they

don't have the access through transportation or they're having to work in survival-level jobs just to pay the bills and can't break free from that grind. So we believe that the entire community benefits when that portion of the community has the opportunity to participate fully in the prosperity economy. And that that's going to boost everyone's quality of life.

MR. DEWS: Recognizing the opportunity on both sides can build momentum for solutions. Here's Mary Walshok again from the University of California at San Diego.

MS. WALSHOK: One of the most interesting things in San Diego -- and it's beginning to happen so this is the good news -- San Diego was very, very early to create networking and entrepreneurial support-organizations and activities. In fact, I was the co-founder -- with many people -- of one of the first ones that started over 30-years ago called Connect. But today you have incubators, you have start-up organizations, you have access to capital forums, you have business plan competitions, you have all kinds of maker-space across the city -- but not in many of the inner city lower-income, under-represented communities. And we're beginning to start those. And successful entrepreneurs are getting on board to be a part of the business incubation, mentoring, entrepreneurship-support activity that's needed in middle and low-income communities -- not just among elite engineering students. Right? In classes at San Diego State University or at UC San Diego. So number one, there's a consciousness I think within the business community that there's a lot of untapped talent. And it's partly social equity, but it's also partly in our self-interest -- given the diversity of the State of California -- the people who are going to work in companies like Illumina and Qualcomm -- are different. Many of them are first generation college goers. And so a second thing that you're seeing -- in addition to business incubation and entrepreneur support in many communities around the region -- is a significant investment in pipeline programs. In STEM, and in scholarships to be sure that kids whose parents may not have the means to send them to San Diego State or USD -- which is a private school -- or UCSD will have access to the resources they need. So that they can study math or engineering or sociology -- my field -- and be qualified to work in these high-value added companies that are being created through the innovation process.

MR. DEWS: And lost talent is far from the only cost of economic exclusion.

Forgone economic growth, the fiscal burden for local governments, and the impact of higher home prices and commute times on livability are among the other region-wide effects identified through the lab. This is a project that tested some of the tenets of these economic development groups. Ryan Donahue was a project analyst at Brookings on the lab. Here he is speaking with Rachel.

MS. BARKER: What were some of the aha moments from the process?

MR. DONAHUE: One that really stands out is that one of the project leaders told us that this process was inducing an identity-crisis in their organization. And I think that basically relates to the fact that EDOs tend to be laser-focused on (growth). And it's not that they don't care about broad prosperity, it's that they believe that (growth) -- by creating tighter labor markets -- essentially does most of the work of creating broad prosperity. But in every one of these markets in 2017, the (growth) numbers looked fantastic. Labor markets are as tight as they've been for years if not longer. But if you look under the hood at each of these economies, you really quickly see that there's this very profound breakdown in the assumed relationship between growth and prosperity. And that's making all of these organizations -- to some extent -- question what their purpose is and what their goals should be.

MR. DEWS: So what comes next? In Episode 3 we'll go inside some of the emerging approaches in these cities and discuss other ideas on the table. And we'll also talk more about the new types of partnerships and coalitions required to deliver change. Here's Rachel once more, with her, Renata Soto in Nashville to close out this episode.

MS. BARKER: As we've talked about -- Nashville's foreign-born population has increased significantly in recent decades -- what is the opportunity for Nashville in ensuring that all of its residents can connect to its boom?

MS. SOTO: It's not a coincidence that Nashville has grown so much -- both in size, in reputation, in economic activity, in attracting employers from all over the world, and tourists from all over the world -- that growth both in reputation and in actual economic and financial numbers also is related to the growth of the immigrant community, right? We are proud to say that we believe we are a part of why Nashville has become what it is today. Right? Like we have continued to grow -- in part thanks to the new commerce that comes from other

parts of the world or who are immigrants and choose to move from other parts of the United States and come to Nashville. And I think that Nashville will benefit from that if we continue to understand that these are eager entrepreneurs -- who are willing to start new businesses, new products, new services to serve their own communities, but then the community at large. Right? That it's not just about the plain -- kind of nice thing -- to be a more cosmopolitan city. Because now you have opposite mixed-group food to be able to enjoy. But these are community members who are hoping to become included in part of the community in many ways.

MR. DEWS: I want to extend a big thanks to Rachel Barker and Julia Kraeger in the Metropolitan Policy Program for their dedication and ideas that have made this special series happen. And to Rachel especially for interviewing all the people from whom you've heard, for writing the scripts, and for being the lead producer for these episodes. As well, my thanks to audio engineer and producer, (Gaston Alvarado), with assistance from (R. Colture). To producers, Brennan Hoban and Chris McKenna. To Bill Finan who does the Brookings reviews. And to Jessica Pavone, Eric Abalahin, Rebecca Viser for design and web support. Our intern is (Steven Lee). And finally, thanks to David Nassar for his support. The Brookings Cafeteria is brought to you by the Brookings Podcast Network. Where you can also subscribe to Intersections, 5 on 45, and our events podcasts. E-mail your questions and comments to me at bcp@brookings.edu. If you have a question for a scholar, include an audio file. And I'll play it and the answer on the air. Follow us on Twitter at Policy Podcasts. You can subscribe to the Brookings Cafeteria on Apple Podcasts or wherever you get podcasts -- and listen to it in all the usual places. If you do visit Apple Podcasts, please rate and review the show. Visit us online at Brookings.edu. Until next time, I'm Fred Dews.

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