



BIRMINGHAM'S TIPPING POINT: Achieving inclusive prosperity in the post-pandemic economy

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In 2020, Birmingham confronted an economic collapse of unprecedented scale, brought on by the COVID-19 pandemic. In a matter of months, a decade's worth of hard-fought job gains was erased. The operations of thousands of local businesses were disrupted, and many may not reopen. Given the enormous disruption to the economy and individual lives and livelihoods, the urge to get back to normal is understandably strong.

Yet, for Birmingham, the “normal” that preceded the pandemic wasn't cutting it. COVID-19 laid bare long-standing economic and social challenges that have prevented the region's economy from reaching its potential. Among the 53 U.S. metro areas with populations over 1 million, Birmingham had the second-lowest rate of job growth between 2008 and 2018, the second-highest increase in relative income poverty over the same period, and, as of 2018, the worst racial disparities in business ownership rates.

Fortunately, the pandemic has also strengthened the community's resolve to mitigate the worst of the crisis, address these inequities head-on, and lay the foundation for the Birmingham economy's renewal.

Over the past two years, the Brookings Metropolitan Policy Program has spoken with dozens of business, civic, government, and community leaders, analyzed Birmingham's position on hundreds of economic indicators, and observed how it has responded to COVID-19.

The conclusion from that work is that Birmingham—its economy, its institutions, and its position nationally and globally—is at a tipping point. The region is poised to tip toward greater growth and opportunity, buoyed by ongoing efforts like the Switch innovation district, UAB's investments in health research, a coordinated push on education and talent development, and new investments in neighborhood revitalization. The conditions that enabled this progress (innovative public leadership, committed private and philanthropic partners, and a generous and engaged community) also facilitated the emergency response to the COVID-19 crisis. Now, that same coalition can

push for sustained, coordinated actions over the next several years to leverage this progress, spur recovery, and tip Birmingham toward longer-term economic transformation.

But should Birmingham lapse into business-as-usual, that tipping point will not occur. Well-intentioned efforts would be scattered and not sustained, resulting in a weak recovery and continued structural decline that cause workers and businesses to leave for greater opportunity elsewhere.

How can leaders in the Birmingham community help the region achieve better outcomes and a more equitable future?

Multisector regional partnerships can plot a path forward. One such effort, Prosper, is led by a group of civic, business, government, and community leaders, and aims to move the region toward economic transformation and inclusive prosperity. It is not a program to replace work already underway, nor is it a large operating organization. Rather, Prosper is a new funding model and collaborative effort to align existing initiatives, launch new catalytic efforts, and achieve large-scale civic change.

But Birmingham cannot achieve this vision through a single effort. The entire community must understand the urgency to act more boldly and collaboratively in order to change the region's course for the better. A new report from the Brookings Metropolitan Policy Program, ***Birmingham's tipping point: Achieving inclusive prosperity in the post-pandemic economy***, provides a roadmap for Birmingham to achieve better outcomes and a more equitable future.

The report's main findings are:

1. **Before COVID-19, Birmingham's economy was improving, but lack of business growth and persistent racial inequality put the region at a structural disadvantage in a modern economy that prizes talent and innovation.** The pandemic layered onto existing inequality and ushered in a period of historic economic insecurity that could set the region further back. To avoid another painful post-crisis recovery, Birmingham should pursue the dual, reinforcing objectives of growth and inclusion. To grow, Birmingham must be inclusive, drawing out the best of an increasingly diverse base of workers and entrepreneurs (more than 50% of Jefferson County's population will be people of color by 2034). To be inclusive, Birmingham must grow, ensuring that businesses are innovating and generating good jobs at a large enough scale to bring more people into the middle class.
2. In response, Prosper aims to move the region from crisis to recovery to transformation. To do so, the effort is taking three actions to unite the community around a common approach:
 - **Assembling diverse leadership to elevate a shared vision for inclusive prosperity.** Prosper is creating a table around which a group of civic leaders and funders—reflective of the community—can set a vision for inclusive growth, mobilize action, and track progress across three critical inputs to inclusive growth: job creation, job preparation, and job access.

- **Focusing action with eight regional priorities and four initial investments.** Prosper has agreed on a set of regional priorities and an initial portfolio of catalytic initiatives that, if executed over a significant time period, can make the tipping point a reality. Prosper will initially focus on four initiatives:
 - **Birmingham Promise initiative:** Invest in youth college and career pathways through the Birmingham Promise scholarship and apprenticeship initiative.
 - **Business advisory service initiative:** An intensive, customized business advisory service that enhances technology adoption, productivity, innovation, and job creation in tradable small businesses.
 - **HealthTech initiative:** A new initiative to make Birmingham a center of health technology solutions through investments in growth entrepreneurship, talent, and community engagement.
 - **Black-owned business acceleration initiative:** Build and grow more businesses in the Black community by connecting Black entrepreneurs with the coaching, capital, and resources they need to thrive.
- **Aligning and scaling investment to achieve measurable impact.** Prosper will deploy a financing plan for private, public, and philanthropic leaders to fuel the change and hold itself and its partners to account.

Prosper priorities and initiatives

Pillars	Priorities
Job creation	Create and grow more startups
	Help 'missing middle' small businesses innovate and grow
	Accelerate growth in HealthTech cluster
Job preparation	Invest in college and career pathways for Birmingham's youth
	Help displaced workers get back on their feet through in-demand training
Job access	Connect people without cars to jobs
	Build and grow more businesses in the Black community
	Bridge the digital divide

Prosper initiatives:

1. Business Advisory Services	2. Health Tech Initiative	3. Black-owned Business Acceleration	4. Birmingham Promise
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