



COVID-19 and the Birmingham economy

Assess, mitigate, and recover

1

Scale of the crisis

2

What matters for recovery

3

How to "Rebuild it Right"

Business activity and labor markets are experiencing a historic free fall

Q2 GDP

-12% to -34%

Q2 Unemployment rate

8.5 to 17%

Birmingham is battling the crisis on two fronts

COVID-19 cases



Birmingham-Hoover MSA

1,402

As of April 30

COVID-19 deaths

Birmingham-Hoover MSA

58

As of April 30

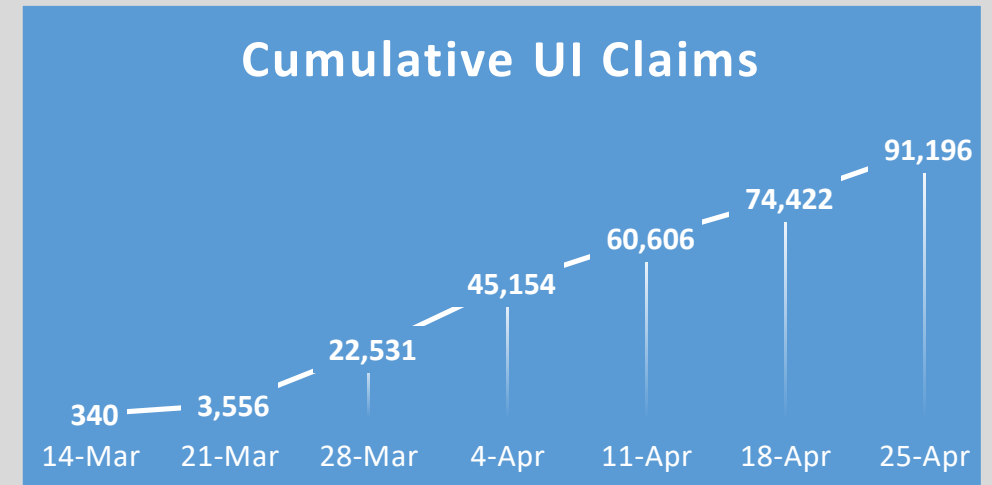
Unemployment claims



Birmingham-Hoover MSA

91,196

March 14 to April 25



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Recovery
agenda: “Rebuild
it Right”

“Safeguard lives and livelihoods” – economic recovery will not occur without virus suppression and expanded testing

Imperatives

1

Safeguard our lives

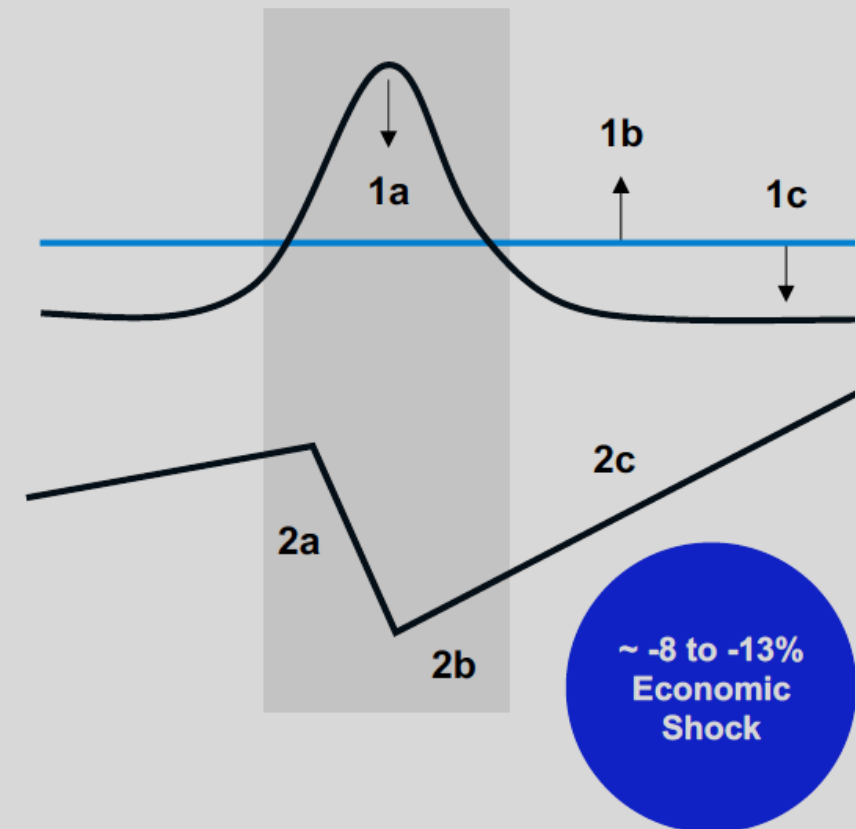
- 1a. **Suppress the virus** as fast as possible
- 1b. **Expand treatment and testing** capacity
- 1c. **Find “cures”**; treatment, drugs, vaccines

2

Safeguard our livelihoods

- 2a. **Support people and businesses** affected by lockdowns
- 2b. **Prepare to get back to work safely** when the virus abates
- 2c. **Prepare to scale the recovery** away from a -8 to -13% trough

“Timeboxing” the Virus and the Economic Shock



Several economic and social factors matter for economic resilience

Industry Mix

“measures of economic dynamics—the ability of a local economy to “rewire” by **reallocating resources** in response to economic shocks—emerge as important predictors of performance.”

Partridge, M., & Tsvetkova, A. (2017). Road to despair and the geography of the America left behind (No. 2054-2017-6005).

Equity

“**income inequality** increases a region’s risk or vulnerability to recession shock”

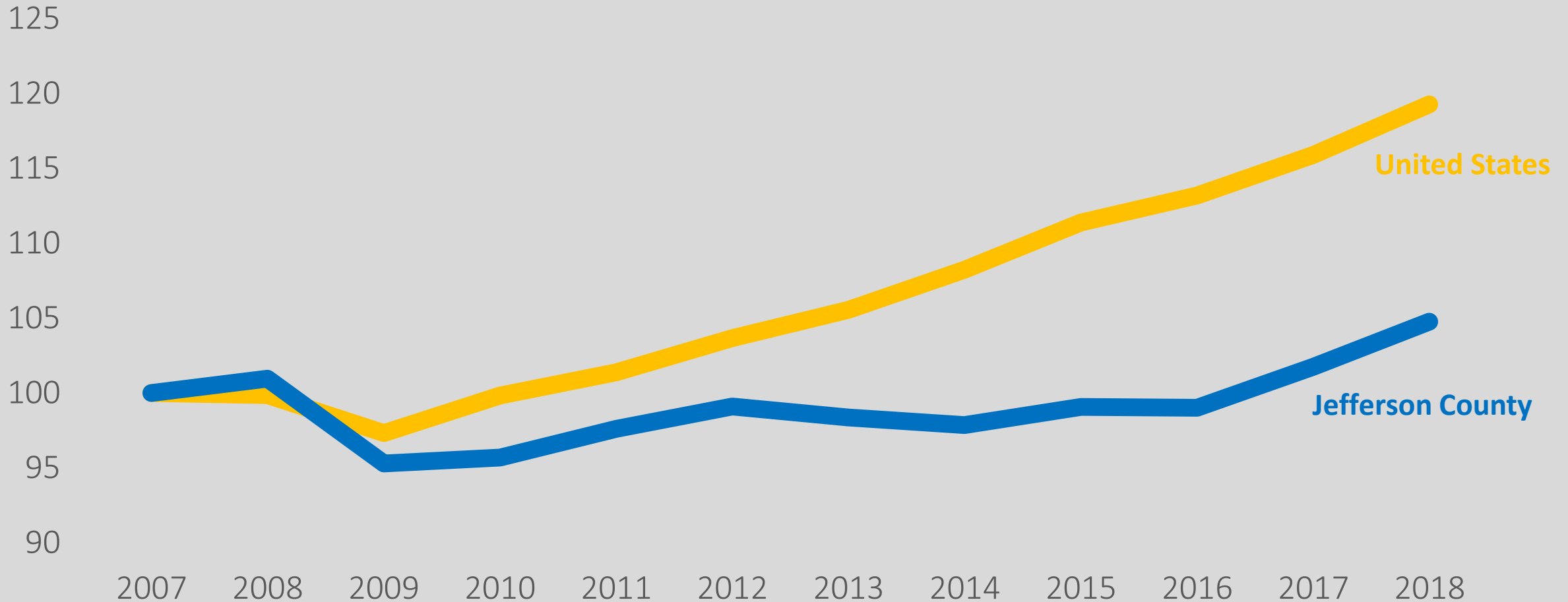
Lewin, P. A., Watson, P., & Brown, A. (2018). Surviving the Great Recession: the influence of income inequality in US urban counties. *Regional Studies*, 52(6), 781-792.

Cohesion

“measures of social cohesion, including **residential segregation**, fragmented **metropolitan governance**, and sharp difference in **city-suburb poverty levels**, all play a role”

Benner, C., & Pastor, M. (2015). Equity, growth, and community: What the nation can learn from America's metro areas (p. 364). Oakland, CA: University of California Press.

Birmingham's economy was not resilient in the wake of the Great Recession. The community cannot afford another "lost decade"



Birmingham's economy is not overly reliant on vulnerable industries

Share of **workers** that are vulnerable

36th
out of top 100 metro areas

total vulnerable
workers **107,331**

Share of **small business** that are at immediate or near-term risk

48th
out of top 100 metro areas

total at-risk small
businesses **13,535**

But inequality is potentially a rate-limiting factor for the recovery

Change in **poverty rate**: **+1.5%**

52nd

out of 53 large metro areas, 2008-2018

Minority **business ownership** disparity ratio: **0.28**

98th

out of top 100 metro areas

$$\text{Disparity ratio} = \frac{\text{Share of business owners that are minority}}{\text{Share of population that are minority}}$$

Government fragmentation and social segregation may limit shared understanding and effective collaboration

“Fragmentation has led to a decline in Birmingham’s prominence and its ability to lead the region.”



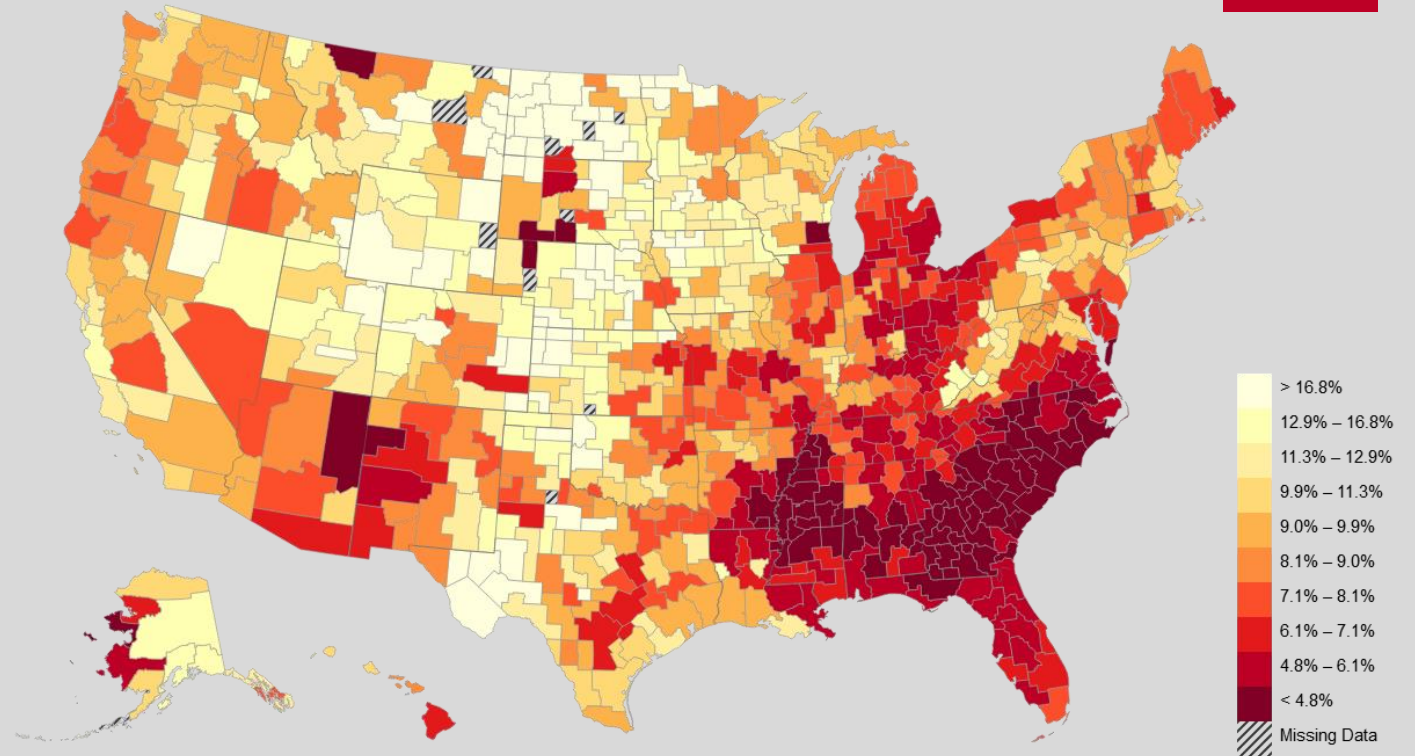
Chances of reaching the top fifth starting from the bottom fifth

Perceived mobility in Alabama:

16.2%

Actual mobility in Alabama:

5.2%



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Recovery
agenda: “Rebuild
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Birmingham's leaders have rightly been focused on assessing and mitigating economic damage



Surveying

Community Outreach

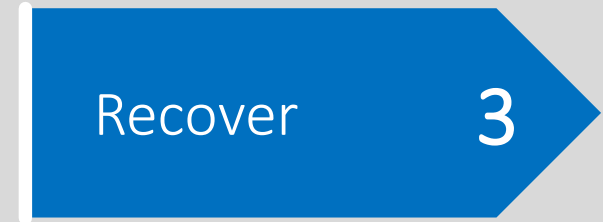


Food security

Rent relief

Unemployment insurance

Small business stabilization



Industry resilience

Worker reskilling/upskilling

Neighborhood small business advancement

Now is the time to focus on the drivers of an inclusive recovery

Job creation



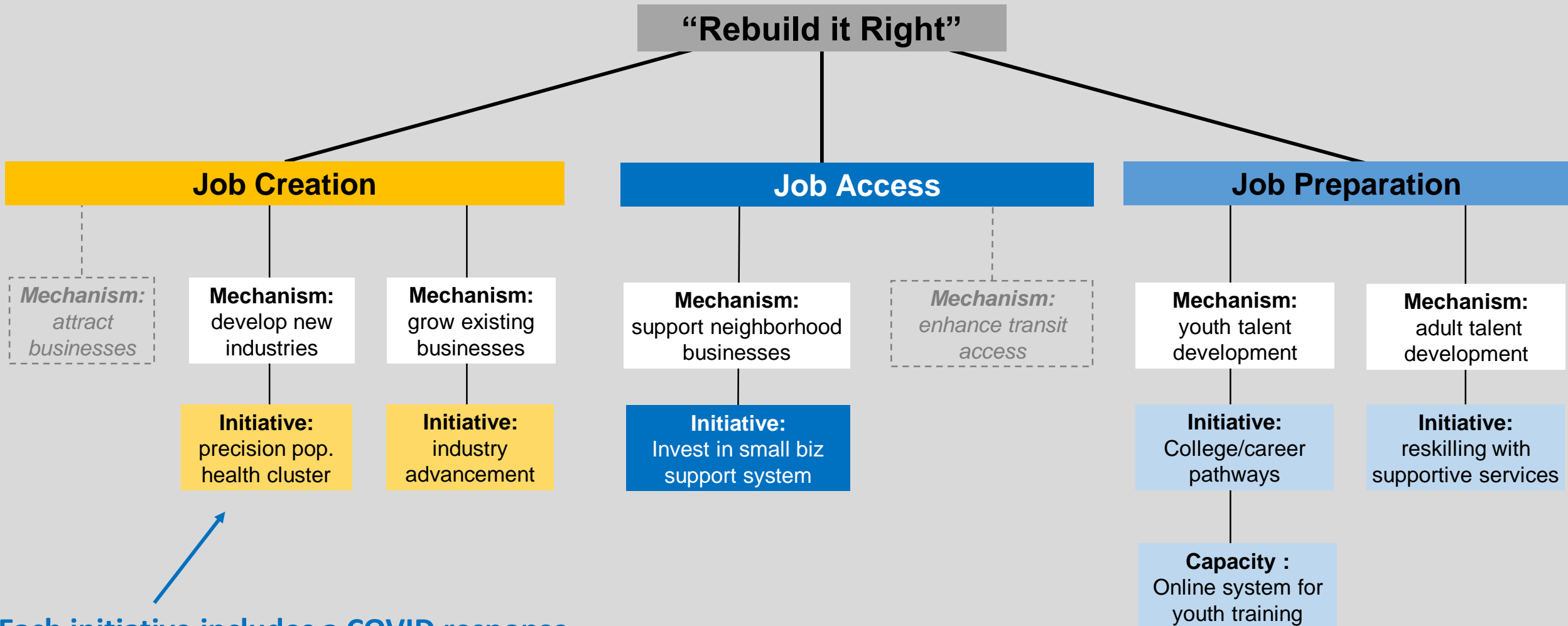
Job preparation



Job access



Recovery strategy should connect near-term resilience with long-term transformation



Each initiative includes a COVID response and a long-term, goal-driven strategy.

Recovery strategy must fully leverage federal stimulus

Paycheck Protection Program - \$660 billion

- Uses: Small business loans
- Amount: \$4.8 billion in loans for AL through 4/16

Coronavirus Relief Fund - \$150 billion

- Uses: public health response; economic support
- Amount: at least \$115 million for Jefferson County

CDC Grants - \$1.5 billion

- Uses: public health response
- Amount: \$8 million for AL

Economic Development Administration - \$1.5 billion

- Uses: economic adjustment strategies
- Amount: Potentially \$20 million for AL – roughly \$5 million for Birmingham MSA

Community Development Block Grant - \$5 billion

- Uses: small business support; housing; community needs
- Amount: \$3.5 m for City of Birmingham; \$1.4 m for rest of Jefferson County

Reimagine Workforce Preparation Grants - \$125 million

- Uses: rapid reskilling, entrepreneurship training
- Amount: Under 10 grant awards, range is \$5-20 million

Major additional needs

1. Local and state relief – between \$700 billion and \$1 trillion until 2022
2. Worker reskilling - \$50 billion
3. Broadband/technology access

Precision population health cluster development

Rationale

Birmingham needs a new industry to fuel high-quality job growth; other regions have huge advantage in innovation sector generally, so need to make a bet on building a cluster around a specific, unique technology area.

Approach

Combine two key UAB specializations – precision health and population health/health disparities – to spur firm and job creation via coordinated strategies: community health outreach, workforce development, data infrastructure to support innovation, startup support.

COVID response

Community health workforce trained for COVID recovery can transition to health coaching roles – key for building dataset for precision health applications.

Federal resources

Coronavirus Relief Fund; CDBG grants; CDC grants

Model or best practice

Philadelphia: CEO Council for Growth created Health Care Innovation Collaborative; one outcome is \$6m fund for health IT startups

Pittsburgh: Health Data Alliance enables collaboration between UPMC, CMU, Penn Hospital System, with commercialization support from Pitt Ctr for Commercial Applications of Healthcare Data

Boston: MassBio proposes building high-quality, secure, curated health data platform to attract and grow digital health companies

Rewiring the labor market for adults

Rationale

While Birmingham has invested in youth skills and apprenticeships, it has a large low-wage adult workforce and lacks a flexible system for re-skilling (as COVID will reveal). There are many programs; need now is for coaching/navigation for workers and technical assistance for businesses.

Approach

Deploy career navigators to targeted communities to connect or reconnect adults to training opportunities and ensure completion. Create coalition of companies committed to reshaping hiring, training, and promotion practices to ensure successful absorption of new talent.

COVID response

Community health workforce trained for COVID recovery can connect people to online training opportunities during recovery, and transition to permanent career navigator roles in long-term.

Federal resources

Coronavirus Relief Fund; DOE Reimagining Workforce Preparation Grants

Model or best practice

Nashville: Reconnect Navigators at three community colleges provide coaching/resources to adult students; Chamber trained 160 Reconnect Ambassadors to reach into communities and connect adults to programs

HireReach (Grand Rapids): cohort-based technical assistance program to help companies adopt evidence-based hiring practices; evidence of reduced turnover, increased hiring time, diversified workforces

Support neighborhood small businesses

Rationale

Birmingham's small business providers have come together to mitigate the worst of the crisis. New efforts will be needed to help neighborhood-based businesses recover, and help stabilize communities, maintain jobs, support the fiscal base, and help build pathways to self-sufficiency.

Approach

This investment will re-organize the small business development system around four services (capital, learning, networking, placemaking), all coordinated and oriented towards minority entrepreneurs and minority-owned businesses to maintain and grow vibrant neighborhoods.

COVID response

Awareness building, technical assistance, and lending through PPP have created significant small business engagement and new opportunities for collaboration among providers. New investments in CDFIs.

Federal resources

Paycheck Protection Program, CDBG, Coronavirus Relief Fund

Model or best practice

Detroit: TechTown (similar to Innovation Depot) provides centralized, open office hours that connects neighborhood entrepreneurs to a free Professional Services Network (legal, accounting, marketing architecture and design services).

Cincinnati: Minority Business Collaborative brings together 9 organizations over 10 years to support entrepreneurs of color. Includes the Minority Business Accelerator, which connects entrepreneurs of color to major corporates to help them hit procurement goals

Brookings' COVID-19 research and data

For more information:

<https://www.brookings.edu/product/metro-covid-19/>

An aerial photograph of the Birmingham, Alabama city skyline, featuring a mix of modern high-rise buildings and older brick structures. The image is overlaid with a semi-transparent blue filter. The text is positioned in the upper left quadrant of the image.

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