Improving Opportunities for Economic Mobility
New Evidence and Policy Lessons

By Raj Chetty

The American dream is a complicated concept, but I’d like to distill it down to a simple statistic that we are able to measure with data: the probability that a child born to parents in the bottom fifth of the income distribution makes the leap all the way to the top fifth of the income distribution.

In the United States, children born to parents in the bottom fifth of the income distribution have a 7.5 percent chance of reaching the top fifth. That compares with about 9.0 percent in the United Kingdom, 11.7 percent in Denmark, and 13.5 percent in Canada. When some people initially see these numbers, they sometimes react by saying, “Even in Canada, which has the highest rates of upward mobility, the rate of success doesn’t look all that high. You only have a 13.5 percent chance of reaching the top if you start out at the bottom.” It is important to remember that, unfortunately, no matter what you do, you can’t have more than 20 percent of people in the top 20 percent. As such, these differences are actually quite large. One way to think about it is this: Your chances of achieving the “American dream” are almost two times higher if you’re growing up in Canada relative to the United States.

These differences across countries have been the focus of much policy discussion. But what should also be given attention is that upward mobility actually varies substantially even within the United States. In recent work, my colleagues and I calculate upward mobility for every metro and rural area in the United States using anonymous earnings records on 40 million children and their parents (Chetty et al. 2014).

What results from that analysis is a map (Figure 1) that shows the geography of intergenerational mobility in the United States. In this map, we’re computing the same statistic mentioned previously: your chances of reaching the top fifth of the national income distribution conditional on starting in the bottom fifth for 741 metro and rural areas in the United States.

What you can see in this map is that there is substantial variation in the United States. For places in the top decile—the lightest colored places on this map—your odds of reaching...
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Improving Opportunities for Economic Mobility

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the top fifth conditional on starting in the bottom fifth exceed 16.8 percent, higher than the numbers we saw for Denmark and Canada. In contrast, at the other end of the spectrum—the darkest red colors—in the southeastern United States, for instance, that number is lower than 4.8 percent, which is lower than any developed country for which we currently have data. To provide an example, if you’re growing up in San Jose, your odds of moving up the income ladder are three times as high as if you’re growing up in a place like Charlotte or Atlanta or Indianapolis.

What’s even more striking in some ways is that a lot of this variation is extremely local. While in this map you initially see the broad regional variation, let’s take the case of the Washington, D.C., metro area, which on average has an 11 percent rate of upward mobility, and look now at the data by county (Figure 2).

You can see that if you’re growing up in the city of Baltimore, you unfortunately have only a 3.5 percent chance of making that leap from the bottom fifth to the top fifth. That compares with 4.7 percent in D.C. If you go to some of the more suburban counties, you see much higher rates of upward mobility: Prince George’s County, 9.2 percent; Charles County, 14.2 percent. This illustrates that even in areas that are quite near each other, you see substantial differences in rates of social mobility in the United States.

Now, naturally the question of interest both to academics and policymakers is why does upward mobility differ so much across areas and, ultimately, what can we do about it? The first clues for us as researchers came from the fact that this spatial variation emerges at very early ages. In high mobility areas like Salt Lake City or San Jose, children from low-income families are more likely to attend college, and they’re less likely to have a teenage pregnancy. By the time they’re 16, 17 or 18 years old, a lot of these...
patterns have already emerged. The reason that’s important is that it points to factors that affect children not just once they’re in the labor market but before they start working. It suggests that childhood environment could be extremely important here.

Further evidence for that view comes from families who move across areas. In recent work, my colleague Nathan Hendren and I looked at families who move across areas to document the importance of childhood environment (Chetty and Hendren 2015). The first thing we show is that the 10-year-old in proportion exactly to that 5-year age gap, because that 5-year-old has an extra five years of exposure to the better environment. We find very clear evidence of linear childhood exposure effects, suggesting that each year in a better childhood environment really matters.

Further evidence for the importance of childhood exposure comes from the Moving to Opportunity experiment. In a reanalysis of data from that experiment, my colleagues and I found that moving to low-poverty census tracts at a young age has substantial impacts on children’s long-term success (Chetty, Hendren, and Katz 2015). It increases their earnings in adulthood by 30 percent, makes them more likely to go to college and so forth.

What is it that places like Salt Lake City or San Jose are doing to generate such high levels of upward mobility? Or at a more local level, Charles County versus the city of Baltimore—who are the differences in the characteristics of these places? We’ve looked at several factors and identified five strong correlates of upward mobility.

The first is the degree of segregation in an area: More mixed-income communities tend to produce better outcomes for kids from disadvantaged backgrounds. The second is income inequality: Areas with less income inequality tend to have higher rates of upward mobility. The third and fourth factors come from the sociology literature. We find that areas with more stable family structures—in particular, areas with fewer single parents—have substantially higher rates of upward mobility. Areas that are more socially cohesive, with large amounts of social capital, also have much higher rates of social mobility. Finally, as you might expect, areas with better public schools tend to have much higher rates of upward mobility.

Lastly, I want to provide a different perspective on why we should be interested in social mobility. The traditional argument for greater social mobility is based on principles of justice, the principle of the equality of opportunity. But improving opportunities for upward mobility can also increase the size of the economic pie, coming back to a point that has been made by Federal Reserve Board Chair Janet Yellen (2015).

In ongoing work, we are studying the lives of inventors—measured using patent records—in the United States. We find that a child’s probability of becoming an inventor is strongly related to his or her parents’ income: Children from rich families are 10 times as likely to become inventors as those from lower-income families. Further examination of these data suggests that a large portion of this innovation gap can, once again, be attributed to differences in childhood environment and exposure between low- and high-income families. These results imply that improving opportunities for social mobility could ultimately increase the rate of innovation in the economy and thereby benefit everyone, not just disadvantaged children. Hence, increasing mobility is of interest not just from the perspective of justice but also from the perspective of economic growth.

Let me conclude by briefly summarizing a couple of policy lessons. First, it’s critical to tackle social mobility at a local and not just a national level. Let’s focus on specific cities such as Atlanta or Baltimore and on neighborhoods within those cities. Second, the childhood environment seems particularly important. Improve neighborhoods and schools; jobs certainly matter, but
ladders to opportunities start before children begin to work. Third, and most broadly, as I hope I’ve illustrated, harnessing big data to evaluate policies scientifically and measuring local progress and performance can be incredibly valuable.

Raj Chetty is a professor of economics at Stanford University. His current research focuses on equality of opportunity: How can we give children from disadvantaged backgrounds better chances of succeeding?

This article is reprinted from Economic Mobility: Research & Ideas on Strengthening Families, Communities & the Economy, which is available to view or download at www.stlouisfed.org/community-development/publications/economic-mobility.

REFERENCES


CDAC SPOTLIGHT

What Next? Succession Planning for Nonprofits

By Andy Fraizer

At Prosperity Indiana (formerly known as the Indiana Association for Community Economic Development (IACED)), we believe wholeheartedly in the importance of planning ahead. We regularly develop strategic plans for member organizations and operate our own organization under a current board-approved plan that ultimately informs every staff member’s annual work plan to ensure the greatest level of staff and organizational capacity, service delivery and attainment of our otherwise lofty goals. Recently, we added to our practice the development (and maintenance) of a succession plan. We believe the two plans should work hand-in-hand to direct and protect the future of an organization.

The reason is simple: Nonprofit turnover is high and up to half of executive transitions fail. For leaders serving in new roles, estimated failure rates in the first 18 months range from 38 to 50 percent. One would assume that the leaders included in these statistics were hired into executive positions because they showed past success and great promise to perform well in their new role. These statistics are almost certainly not the result of organizations making poor hiring choices. According to Douglas Riddle from the Center for Creative Leadership in “Executive Integration: Equipping Transitioning Leaders for Success,” failure happens when effective executive transition plans are not in place. And because employee turnover has become more frequent as the workforce has changed, it is more important than ever to address this concern before it becomes an issue.

Prosperity Indiana has a well-tenured staff in comparison to historical retention. The staff has also grown and become more hierarchical in nature. While these attributes make us stronger than ever, they can also make us more vulnerable. Although we do our best to create systems to make the organization continue to run, independent of who is in a certain position, we are not naive about the fact that certain aspects of who we are and what we do have been etched out by the individuals in various positions of leadership. We also recognize that every staff member can’t know all of the intricacies of each person’s duties as well as who to contact and what to do in their absence.

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Andy Fraizer is the executive director of Prosperity Indiana (formerly the Indiana Association for Community Economic Development (IACED)). He is responsible for all aspects of Prosperity Indiana’s operations, including administration, program development, budgets, personnel, public policy and public relations. Previously, Fraizer was director of community development for the city of Indianapolis. He was responsible for initiatives to produce and improve access to affordable housing, reuse abandoned properties, revitalize commercial districts, improve access to jobs and amenities, beautify communities and engage residents.

Fraizer is a member of the Community Development Advisory Council (CDAC) for the Federal Reserve Bank of St. Louis. Other community involvement includes serving as chairperson of the Federal Home Loan Bank of Indianapolis Affordable Housing Advisory Council, treasurer of the National Alliance of Community Economic Development Associations, board member of the Community Investment Fund of Indiana, member of the IFF Community Advisory Committee, and chairperson of the Indianapolis Board of Zoning Appeals Division 3.

Fraizer earned a bachelor’s degree from Indiana State University in secondary education and political science and a master’s in public affairs at Indiana University-Purdue University Indianapolis. He was a 2007 Fannie Mae Fellow in the Senior Executives in State and Local Government program at the Harvard Kennedy School, and a graduate of Achieving Excellence, an executive education program developed by NeighborWorks America in partnership with the JFK School of Government.

CDAC members are experts in community and economic development and financial education. They complement the information developed through outreach by the Eighth District’s Community Development staff and suggest ways that the St. Louis Fed might support local efforts. A list of current members is available at www.stlouisfed.org/community-development/community-development-advisory-council.

What Next? Succession Planning for Nonprofits
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Two succession planning philosophies exist: leader development and replacement. Leader development is focused on raising up leaders from within—creating and maintaining a pipeline of leadership by intentionally focusing on individual skills, competencies and abilities; developing talent over time; planning to cover key management and program roles; and implementing strategies to support plans. As a result, even when a departure is unexpected, the organization is poised for operational success.

Replacement is also a valid plan. But because of the reactionary nature of the replacement approach, even organizations that planned to respond this way may deal with some of the same struggles as those that had no plan at all. The replacement philosophy is focused on doing just the essentials to keep an organization going by figuring out who knows how to do certain functions, who understands immediate needs, and how to meet needs and commitments in an effective and timely manner until a successor is found. The benefit to planning for replacement rather than not planning at all is that there is less of a scramble to assign temporary roles.

Succession planning should not be considered just a tool for reacting to a staff member or executive director leaving the organization; it is a practice for sustaining healthy organizations. In completing its succession plan, Prosperity Indiana directors had to identify not only the tasks but also the skills needed to assume the roles of others in the event of a staff change. We can now build leadership and professional development plans for staff around the identified needs. While succession planning is most helpful in a proactive sense for the “what if”

HOPE of Evansville, a Prosperity Indiana member located in southern Indiana, operated under this same premise for more than a year prior to their executive transition. While Tom Coe, the executive director for 10 years, retired in October 2015, his successor—Josh Case—was hired as assistant director in July 2014 in anticipation of Coe’s transition. Then, in October, Case was named executive director and Coe became the housing development director to further ensure continuity and a successful transition. Coe remained on staff until September 2016.

“My transition into my current role was smooth and effective because HOPE had a plan,” said Case. “In partnership with the board of directors, Tom Coe knew he was leaving and planned ahead. They conducted a search. When I was selected as the ideal candidate, they created a new and specific position for me in order to assist with the transition. Since I was new to HOPE and had a lack of experience in a few areas, this helped me come on board and immediately take over the areas in which I had experience while simultaneously taking the time I needed to learn and develop in the areas in which I had less experience. Time, patience, flexibility and oversight from the leadership at HOPE helped me adjust well to this new role.”

St. Louis Fed might support local efforts. A list of current members is available at www.stlouisfed.org/community-development/community-development-advisory-council.
situations within an organization, it is also beneficial to the company’s professional and interpersonal well-being because such planning drives leadership development. Healthy organizations must be just as intentional when developing leadership as they are when overseeing programs and finances.

Another practice that drives healthy organizations is strategic planning to guide the next three to five years of organizational operations around SMAART (specific, measurable, aggressive yet achievable, relevant and time-bound) goals. Prosperity Indiana worked with HOPE of Evansville this year to develop just that type of planning for the organization to direct its near-term future with its new director at the helm.

Aside from having a plan that was outdated by about 10 years, Case had a number of reasons to develop a new plan. He said developing the strategic plan was an important part of shifting the direction of the organization to match his new vision while taking into account the rest of the staff’s and board members’ perspectives. Through the strategic planning process, HOPE staff and board members together established five goals, each with three to six strategies for achieving those goals, as well as action steps that will have assigned responsible parties, deadlines and metrics for measuring success.

“The transition of leadership naturally comes with opportunity, and different leaders are going to have different visions for how they want to run an organization and where they want to take it. I got to see Tom work for a year and see how he did it. I would think, ‘I like how he does this, and this is what I want to do differently,’” Case said. “Seeing where I wanted the organization to go, I needed a formal process to do that and I needed everyone to buy into it. We wanted everyone on board and involved in the process, and a plan is the perfect vehicle to come at that change.”

Case added, “I think it’s really easy to say you have the board officers and executive staff on board, that you all have a vision of where you want to go. But every staff member had something to add. Plus, it benefits them to go through the process. It was cool seeing staff members and board members really interacting for the first time—identifying together what our mission is and where we want to go. It helped break down those walls.”

Register Now for the Fed’s 2017 Community Development Research Conference

Registration is now open for the 10th Federal Reserve community development research conference, March 23-24, 2017, in Washington, D.C. This event will explore how strong foundations can help kids and their communities thrive, and will spotlight high-quality, emerging research into the economic and social aspects of kids’ lives. Learn more and register at http://ow.ly/9FQ2306kdDM. #CommDev2017

Housing Market Conditions Report—2016:Q3

The St. Louis Fed’s Housing Market Conditions report provides a snapshot of conditions in the U.S. and in the Eighth District states and MSAs. View the most recent report, as well as archives of previous reports, at www.stlouisfed.org/hmc. You’ll also find Housing Market Perspectives: On the Level with Bill Emmons, an analysis of the quarterly report by Bill Emmons, an assistant vice president and economist at the St. Louis Fed.

USDA Investment in the Delta

HOPE (Hope Enterprise Corporation and Hope Credit Union) joined U.S. Department of Agriculture (USDA) Rural Development, Mississippi’s congressional delegation, Bank of America and the National Cooperative Bank to announce a $40 million investment in the Delta region by the USDA Community Facilities Relending Program. HOPE will receive $40 million in low-cost, long-term capital to re-lend to hospitals, schools and other vital municipal and nonprofit facilities in small, rural communities. Also serving the Delta, Southern Bancorp Community Partners received a $10 million allocation from USDA. For more information, visit www.rd.usda.gov/files/RD-CFRe-LendingOctober2016.pdf or http://hopepolicy.org/blog/breaking-barriers-usda-investment-in-the-delta-demonstrates-power-of-working-together.

Investment in Rural America

The USDA has announced the launch of a new private investment fund with the potential to inject $100 million into growth-oriented, small businesses across rural America. The McLarty Capital Partners (MCP) Rural Business Investment Company (RBIC) will be the fifth RBIC that USDA has helped to initiate since 2014. The initiative is part of USDA’s ongoing efforts to attract private sector capital to investment opportunities in rural America to help drive more economic growth in rural communities. Information is available at http://www.usda.gov/wps/portal/usda/usdahome?contentid=2016/10/0222.xml&contentidonly=true
Memphis Fights Blight: Collaborating to Win the Battle Against Vacant and Abandoned Property

By Steve Barlow

In March 2016, Neighborhood Preservation Inc., a policy advocacy nonprofit focused on vacant and abandoned properties in Memphis, Tenn., held the inaugural Blight Elimination Summit at the Cecil C. Humphreys School of Law at the University of Memphis. (See photos below). The event featured the release of the Memphis Neighborhood Blight Elimination Charter—a landmark 23-page document that lays out a shared community vision of making Memphis blight-free for good. The charter states: Every neighborhood in Memphis and in Shelby County has the right to be free from the negative impacts and influences caused by vacant, abandoned, and blighted properties.

The charter outlines our community’s core principles related to blight and nuisance property abatement, and establishes a clear starting point for getting down to the hard work of cleaning up our city. The Blight Elimination Summit featured a number of innovative and successful efforts in Memphis and Shelby County that respond to the serious challenges presented to neighborhoods when owners of real estate walk away without looking back. (See photo on Page 10.) A short video describing the challenge of blighted property in Memphis was produced for the event (viewable at vimeo.com/159494677).

Many of the projects that were discussed at the Blight Elimination Summit were a long time in the making, while some were just starting. This article briefly describes some highlights of what the people in Memphis have been doing together to solve the challenge of blighted and abandoned property in our city.

Data First

The charter planning team recognized that data about the inventory of blighted properties in Memphis was the starting point for developing intelligent strategies to address the challenge. In response to the demand for a better understanding of this inventory, Neighborhood Preservation Inc., Innovate Memphis and the University of Memphis Center for Applied Earth Science and Engineering Research launched the Memphis Property Hub (the Hub). Memphis’ first data intermediary, the Hub provides local blight fighters with a central, regularly updated online warehouse for specific information about each of the 243,053 parcels in the city of Memphis. The Hub was developed in partnership with Case Western Reserve University and modeled after Cleveland’s Northeast Ohio Community and Neighborhood Data for Organizing (NEO CANDO) data warehouse.

The Hub includes data gathered from the Bluff City Snapshot, a comprehensive parcel-by-parcel survey conducted in 2015 by the city of Memphis (see Table 1). Teams photographed and graded each property in the city. The Memphis Parcel Survey—a Memphis-specific smartphone app—was used to collect data
on the properties. The completion of the Bluff City Snapshot generated a wealth of useful data and actionable information that will aid in the development of strategies to respond to blight in Memphis.

**Take it to Court!**

The charter planning team recognized that code enforcement officers who enforce compliance with property maintenance ordinances are the community’s first line of defense; improving code enforcement in Memphis was included at the top of the list of priorities. Best practices for restructuring code enforcement and improving the department’s efficiency have been adopted in Memphis. Mayor Jim Strickland, who took office at the beginning of 2016 and endorses the charter, appointed a subject matter expert as director of code enforcement. Work to modernize the property maintenance laws of Memphis is now underway, and for the first time in our community’s history, all anti-neglect enforcement operations for residential, commercial and industrial property are directed by a single leader with years of hands-on experience.

For the first time in our community’s history, all anti-neglect enforcement operations for residential, commercial and industrial property are directed by a single leader with years of hands-on experience in this complicated field.

Memphis and Shelby County have long boasted one of the most innovative specialty courts in the nation—the Shelby County Environmental Court, designed to handle property neglect and housing cases and presided over by Judge Larry E. Potter. Beginning in the spring of 2015, the city of Memphis entered into a unique partnership with the Cecil C. Humphreys School of Law at the University of Memphis and established the Neighborhood Preservation Clinic. Under the direct supervision of clinic faculty, upper-level law students get hands-on experience representing the city in lawsuits filed in Environmental Court against the owners of blighted and abandoned properties. Clinic students handle all aspects of the lawsuits—which assert claims under the Tennessee Neighborhood Preservation Act—from preparation of the initial complaints to conducting hearings and status settings during weekly court appearances. Throughout the semester, clinic students participate in a classroom seminar and make community presentations focused on the complex legal, economic and social issues surrounding real property abandonment and neglect.

This partnership has recently grown to include a neighborhood preservation fellow. Resident at the law school and funded by the city, the fellow has added terrific depth to the clinic team and enabled it to further enhance its efforts to combat blighted properties in Memphis through the vehicle of litigation. (See photo on Page 10.)

**Policy Advocacy Work**

Neighborhood Preservation Inc., the Community Development Council of Greater Memphis, the city of Memphis, Shelby County Government, the Greater Memphis Chamber and a host of other allies in the fight against blight have been working collaboratively for several years to improve and streamline the delinquent property tax foreclosure process in the state of Tennessee. The most recent legislative session resulted in a great leap forward, reducing the amount of time it takes for property tax collectors to reclaim and reuse abandoned real estate in Memphis and other cities in Tennessee. Due to collaborative planning and joint advocacy, the shortest possible path from tax delinquency to tax sale—as well as placing the property into the hands of someone who will maintain the property and pay taxes—has been reduced from approximately six years to 18 months.

Neighborhood Preservation Inc. and its partners also worked diligently to establish a new City of Memphis Land Bank Authority (known locally as the Blight Authority of Memphis), authorized by state law in 2015 and formed in Memphis in November 2015. This new quasi-governmental agency is charged with the reclaiming and reuse of vacant and abandoned property in the city of Memphis; TABLE 1

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Blight Indicator</th>
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<tbody>
<tr>
<td>1</td>
<td>Litter</td>
<td>23,802</td>
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<tr>
<td>2</td>
<td>Overgrown vegetation</td>
<td>12,234</td>
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<tr>
<td>3</td>
<td>Trash</td>
<td>8,066</td>
</tr>
<tr>
<td>4</td>
<td>Dumping</td>
<td>911</td>
</tr>
<tr>
<td>5</td>
<td>Fallen tree(s)</td>
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<tr>
<td>6</td>
<td>Abandoned vehicle</td>
<td>2,029</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>48,452</strong></td>
</tr>
</tbody>
</table>

NOTE: These data, along with many other objective data points, are available in the Memphis Property Hub.
Memphis Fights Blight

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Neighborhood Preservation Inc. and the Community Development Council have committed startup funds to hire a highly skilled executive director.

In all that we do, Neighborhood Preservation Inc. seeks to make our vision for a blight-free Memphis a reality. The scourge of blight has many sources and causes; it will not be remedied in a single year or a single political cycle. For the first time in Memphis’ history, however, myriad partners from throughout the public and private sectors understand the depths of the crisis and its daily impact on the safety, prosperity and quality of life of our citizens. We are acting strategically, but with urgency, by collaborating around implementing innovative, smart programs and policies. Together, we can make Memphis blight-free for good. To learn more, visit Neighborhood Preservation Inc. at npimemphis.org. The Memphis Neighborhood Blight Elimination Charter is available at memphisfightsblight.com.

Steve Barlow is president of Neighborhood Preservation Inc. and an attorney with Harkavy, Shainberg, Kaplan & Dunstan in Memphis, Tenn.

Teach For America: An Economic Boost for Rural Mississippi Delta Communities

By Charles King

The Delta region of the United States is perhaps best known for its many cultural contributions: the blues and B.B. King, literary giants like Tennessee Williams and film greats like Morgan Freeman.

Yet myriad issues (chief among them low incomes and a lack of access to adequate educational opportunities) create a system that impedes the region’s ability to capitalize on its brilliance or grow a sustainable workforce. It is a system that stifles economic development.

Some communities in the Mississippi Delta see opportunities for change by welcoming new residents. Teach For America-Mississippi (TFA-MS), part of a national corps who commit to teaching in low-income schools, has been developing classroom leaders for the state for over two decades. This year, the program supports nearly 200 corps members (first- and second-year teachers) in 23 largely rural Mississippi school districts. These teachers do not all come from traditional education programs, but have distinguished themselves by their leadership; they would be competitive as applicants for many of the nation’s top graduate schools and fellowship programs. Some are from out of state; many grew up here. But they have decided to come to or stay in Mississippi so that they can have an impact. This steady force of college-educated, often early-career talent is a boon in a rural, aging and depopulating state.

LEFT: Dangerous nuisance properties dot the landscape of inner city Memphis. Neighborhood Preservation Inc. is focused on practical policy solutions to make Memphis blight-free for good.
RIGHT: Judge Potter in Environmental Court with Spring 2016 Neighborhood Preservation Clinic students.

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The impact of the corps members is multifold. Their students consistently achieve about 1.3 years of annual academic growth, which puts them on a path to choice and opportunity that can shift life trajectories. But in addition to cultivating educational opportunities for students, the majority of corps members choose to live and participate in the communities where they teach. This results in the creation of new businesses and jobs to serve the demands of a young, educated workforce.

One example of such growth is Yazoo Pass, a coffee shop in Clarksdale, Miss. The owner, John Cocke, opened the internet café-style coffee shop and eatery (the first and only one of its kind in the area) because TFA-MS corps members noted that this was one amenity that would retain them in the community long-term. It’s a lively hub frequented by corps members, their students and the whole community.

And that kind of long-term commitment is the key to continued economic growth in the Delta.

In Cleveland, Miss., approximately 35 miles south of Clarksdale, two TFA-MS alums opened Delta Dairy, a favorite local frozen yogurt shop. Located in the main business district of Cleveland, Delta Dairy hires summer employees to staff the storefront—jobs that otherwise would not exist.

Alumni of TFA-MS lead key local organizations, such as the Mississippi River Marathon (a project that has an annual million-dollar impact on the economy in and near Greenville, Miss.), Delta State University’s Bologna Performing Arts Center, and the Delta Center for Culture and Learning (an academic center that shares Mississippi’s story and promotes regional tourism). These organizations all support tourism in the Delta—one of the three top industries in Mississippi.

This dual impact—on both the educational and economic growth of the Delta—has not gone unnoticed. This fall, TFA-MS, the Hearin Foundation and Delta State University (DSU) partnered and launched the TFA Graduate Fellows Program. Each year the program will support and develop a cohort of social entrepreneurs who enroll in the DSU graduate program of their choice (from MBAs to master’s degrees in community development and school leadership). The fellowship is not only incubating new ventures in Mississippi to improve the quality of life and economic well-being of our citizens, it is providing incentive for talented young entrepreneurs to stay in a largely rural state.

Two well-known advocates for public education, Jim and Donna Barksdale, are strong supporters of TFA-MS. The Barksdales are residents of Jackson, Miss., and Jim is the former president and CEO of Netscape. According to Jim, “It starts with the public schools. Fix them and you get the economic development you want.”

As an example, Barksdale cites the choice by a new corporation, bringing over 1,000 new jobs to Mississippi, to establish operations in Hinds County. The schools that will serve new employees earned an A rating from the state.

Despite the success TFA-MS can show, this year a lagging state economy has resulted in a severe, 66 percent cut in public funding to the organization. As a result, the number of total teachers dropped from 269 last school year to 196 this fall.

Programs like Teach For America can boost educational and economic growth in Mississippi. But they require increased private and sustainable public financial support, as Barksdale notes. “Show me a man’s checkbook stubs and I will show you where his heart is,” he says.

Charles King is the managing director of growth, development and partnerships for Teach For America-Mississippi. For more information on Teach For America, visit www.teachforamerica.org.
Resources

Exploring Innovation in Community Development Webinars

This webinar series from the Community Development department at the St. Louis Fed allows community development professionals from across the Eighth Federal Reserve District to connect with industry experts to hear and discuss current developments and initiatives. Topics vary and are of interest to economic development professionals, financial institution representatives, community advocates and policymakers. Recent sessions include:

Financial Capability and Inclusion
• Part 1—Promoting Financial Capability in the Workplace

• Part 2—Leveraging Strategies and Tools to Empower Youth
• Part 3—Tools and Strategies to Promote Personal Savings

Both the audio and the presentation for all sessions are archived at https://bsr.stlouisfed.org/EI_CDAudioConference.

The Quarterly Debt Monitor


Following the Money: An Analysis of Foundation Grantmaking for Community and Economic Development

Foundation grants are an important source of funding in the community and economic development field, but do small and economically distressed metro areas get their fair share? To find out, the Federal Reserve banks of Atlanta and Philadelphia developed an interactive data tool to analyze grant funding across hundreds of U.S. cities. More information is available at www.frbatlanta.org/community-development/data-and-tools/following-the-money.aspx.