

## Chapter 10

# Reinforcing the Building Blocks of the Economy



*“Birmingham will be the vital core  
of a healthy, prosperous region  
that retains our best and brightest,  
and attracts the best from all over  
the world.”*

GOALS	POLICIES FOR DECISION MAKERS
<b>education and workforce development</b>	
<b>All students graduate from high school prepared for post-secondary or career technical education.</b>	<ul style="list-style-type: none"> <li>• Expand access to affordable, high-quality early childhood education.</li> <li>• Strengthen P-12 career education.</li> <li>• Improve educational quality and management effectiveness and efficiency in the P-12 system.</li> </ul>
<b>A workforce development system that is well-coordinated, user-friendly, adaptable, and responsive to both jobseekers and employers.</b>	<ul style="list-style-type: none"> <li>• Ensure that the regional workforce development system meets Birmingham’s unique needs.</li> <li>• Increase engagement by the business community.</li> <li>• Improve coordination and integration of services.</li> </ul>
<b>Supportive services are in place to assist workers in achieving career success.</b>	<ul style="list-style-type: none"> <li>• Address gaps in services that prevent otherwise job-ready workers from obtaining and maintaining employment.</li> </ul>
<b>entrepreneurship and small business development</b>	
<b>A strong entrepreneurial environment that supports new business ventures and small business growth.</b>	<ul style="list-style-type: none"> <li>• Increase financial resources, services, and physical infrastructure that attract and support the development of startup and early-stage high-growth firms.</li> </ul>
<b>Opportunities for all residents with entrepreneurial skills and talents to develop successful businesses.</b>	<ul style="list-style-type: none"> <li>• Support the sustainability and growth of small and micro-businesses.</li> <li>• Expand access among minority-, women-, and disadvantaged enterprises to government and corporate procurement opportunities.</li> </ul>
<b>talent attraction and retention</b>	
<b>The City of Birmingham is a community of choice for highly-skilled entrepreneurs and professional and technical workers.</b>	<ul style="list-style-type: none"> <li>• Increase employment and entrepreneurial opportunities for local college and university graduates.</li> <li>• Provide incentives for talented young adults to locate in Birmingham.</li> <li>• Make quality of life improvements that are important to talented young adults.</li> </ul>
<b>business environment</b>	
<b>Government policies, programs and processes related to business are efficient, fair and transparent.</b>	<ul style="list-style-type: none"> <li>• Review and reform the city’s business regulations and processes to make them more business-friendly.</li> <li>• Target city incentives to businesses and development projects that will do the most to further the city’s economic development.</li> <li>• Increase city interactions with the business community to identify and resolve issues in a timely manner.</li> </ul>

GOALS	POLICIES FOR DECISION MAKERS
<b>land and infrastructure</b>	
<b>Vacant industrial sites and buildings are prepared for new uses consistent with shifts in the city’s economic base.</b>	<ul style="list-style-type: none"> <li>• Develop better information about the city’s commercial and industrial property inventory.</li> <li>• Prioritize property and infrastructure investments to align them with current and emerging demand for commercial and industrial property.</li> <li>• Develop new mechanisms to permit the city to respond in a timely and flexible manner to the property and development needs of businesses.</li> </ul>
<b>Modern infrastructure meets business needs at a competitive cost and with a minimum of environmental impact.</b>	<ul style="list-style-type: none"> <li>• Ensure sufficient investment in both publicly and privately developed infrastructure to maintain and improve the quality, capacity and efficiency necessary to meet current business needs and capitalize on emerging economic opportunities.</li> </ul>

## findings

The superintendent of Birmingham City Schools has a reform agenda (e.g., career academies).

The Education Foundation advocates for and financially supports public education reform initiatives.

There is a range of public and community-based adult education programs.

The city has many colleges and universities with diverse career development and training offerings.

Workforce Investment Act (WIA) and JobLink Career Centers provide basic career services.

The new Region 4 Workforce Development Council is charged with improving effectiveness and coordination of the system.

An emerging entrepreneurial “ecosystem” includes early stage financing, mentoring, professional services, specialized space, and entrepreneurial education.

Technical assistance and networking resources for small businesses include Birmingham Business Resource Center, Construction Industry Authority, South Regions Minority Supplier Development Council, and Main Streets Program.

A number of public-sector financing sources exist, including BBRC and RPC loan programs.

The city has a low cost of living with a wide range of cultural, entertainment, and recreational offerings.

96% of African-American owned firms have no employees and annual average revenues of under \$20,000 (2007).

Professional development opportunities are available through local universities.

A new airport terminal and cargo expansion with customs facilities is under construction.

The region is served by four major rail lines and a new Norfolk Southern intermodal hub.

I-22 is expected to be completed in 2014.

High fiber capacity for data-intensive facilities is available.

## challenges

Expanding access to early childhood education.

Improving high school completion rates.

Strengthening connections between the P-12 system and post-secondary education.

Coordinating and integrating the fragmented workforce development system.

Engaging more employers with the workforce development system.

Expanding the availability of high-quality, licensed child care.

Expanding access to job-related transit.

Attracting local entrepreneurs to commercialize university research.

Increasing availability of “proof of concept” funding for product commercialization.

Increasing access to private financing for minority-owned businesses.

Overcoming growth barriers for minority-owned businesses.

Overcoming limited success so far in attracting young professionals into the City.

Making the city licensing and procurement processes more user-friendly.

Increasing the supply of development-ready industrial sites.

Brownfield remediation of priority commercial and industrial sites (e.g., Ensley Works).

## A. What the Community Said

- P-12 education
  - > Enhance curricular offerings
  - > Improve staff and teacher capabilities
  - > Engage businesses in career exploration and exposure activities
  - > Provide trade schools and apprenticeships
  - > Increase the number of students entering post-secondary institutions
- Business environment
  - > Streamline the process of starting a business and doing business with the city
  - > Provide incentives to startups and other small businesses
  - > Provide incentives for vacant or derelict property renovations
  - > Establish a business retention service
  - > Develop technology parks
  - > Establish a microloan program
  - > Make existing programs and incentives more transparent
- Public transportation
  - > Provide more frequent and reliable service with posted schedules at stops
  - > Develop premium transit options
- Quality of life
  - > Develop more public green spaces
  - > Expand cultural offerings
  - > Create more livable neighborhoods with urban amenities
  - > Improve public safety
  - > Develop attractive business districts
  - > Repair urban infrastructure
  - > Make the city more pedestrian- and bicycle-friendly
- Image enhancement
  - > Increase marketing activities to the region and beyond
  - > Dispel negativism and misinformation in the surrounding region
  - > More effectively showcase the city's assets; highlight positive developments

## B. Recommendations

The development of Birmingham's economy is shaped by its "economic building blocks." These include its human resources, entrepreneurial climate and incentives, physical infrastructure, economic institutions, and general quality of life. Strengthening these economic building blocks is an essential focus for economic development success, with a particular emphasis on building the community's "human capital."

### goal 1

All students graduate from high school prepared for post-secondary education.

#### POLICIES

- Expand access to affordable, high-quality early childhood education.
- Strengthen P-12 career education.
- Improve educational quality and management effectiveness and efficiency in the P-12 system.

The quality of public P-12 education in Birmingham must be of great concern to all who want the city to progress economically. With workforce skills increasingly critical to attracting and retaining industries with well-paying jobs, the ability to educate residents to succeed in middle- and high-skill careers has become essential to increasing the city's economic prosperity. The foundation of success in the workforce is completion of P-12 education with the basic skills required to obtain a post-secondary career credential. Students who fail to graduate from high school or who graduate without basic skills are likely to be seriously handicapped in efforts to continue their education and obtain well-paying jobs or to remediate educational deficiencies and develop solid career skills later in life.

In recent years, the Birmingham school system has been seriously challenged in its effort to fulfill its critical educational role. According to federal education statistics, the high school completion rate (i.e., students receiving standard high school diplomas) for students entering the ninth grade ranged from 39 to 61 percent between

1998 and 2008. In 2008, the last year for which national statistics are available, the completion rate was 40.8 percent compared to a national average of 71.7 percent. Moreover, the system is losing students at a steady pace. Between 1998 and 2008, enrollment declined by an annual average rate of 3.3 percent. This roughly parallels the rate of decline of families with children 5–19 within the city, suggesting that many families are leaving the city in search of better educational opportunities for their children.

A curriculum audit released in 2011 by Phi Delta Kappa International, a highly-respected professional association for educators, underscores the formidable management challenges the school system faces related to improving student performance. Among the audit’s findings: the system’s strategic plan is incomplete—action steps to implement the plan have not been developed; evaluations do not hold teachers and principals accountable for student achievement, and personnel evaluations do not result in meaningful professional development activities; there is no comprehensive curriculum management plan in place; and the system lacks a comprehensive student assessment and program evaluation plan to guide decisions for improving student achievement.

The school system has yet to achieve universal enrollment in its pre-K program. Studies have shown that early childhood education, including pre-K programs, reduce the need for special education and grade repetition, and increase overall educational attainment levels.

The system is also experiencing serious fiscal pressures. Declines in state funding because of overall reductions in state education spending as well as declining enrollments have required substantial budget cuts. And the overcapacity in the system caused by declining enrollments has exacerbated budgetary pressures by creating excessive facilities costs. The Phi Delta Kappa audit concluded that, even with the planned or proposed closure of 13 schools, the system would remain one-fifth over capacity. In early 2012, Superintendent Dr. Craig Witherspoon proposed and Mayor Bell endorsed a ballot initiative for a \$3 million property tax increase that would raise \$9 million annually to fund expansion of the International Baccalaureate programs and pre-K, foreign language and fine arts programs. In mid-2012, the State of Alabama Board

of Education assumed financial oversight of the school district.

There has been a broad and growing recognition among parents, government officials, civic leaders and the business community, not only in the city but throughout the region, that the city’s schools must be dramatically improved. Under the administration of Superintendent Witherspoon, whose tenure began in March 2010, significant efforts have been initiated to achieve this objective. These include:

- Expanding the availability of high quality public pre-K to increase school readiness throughout the system.
- Establishing career academies at six of the city’s seven high schools, each initially focusing on one of the following career areas: engineering, health science, architecture and design, urban educators, hospitality and tourism, and business and finance.
- Intensively target students not performing at grade level to bring them up to or beyond expectations.
- Establishing a program that allows high school dropouts to come back to school and earn a standard diploma.
- Successfully applying for acceptance of Ramsay High School and the elementary and middle school grades at Phillips Academy into the International Baccalaureate Program.
- Expanding advanced placement programs in middle and high schools.



**Woodlawn High School hosts the “Academy of Business and Finance.”**

- Launching a Parent University to get parents more involved in both the schools and their children's education.
- Establishing a professional development program for school principals.

The school system is being supported in these initiatives by the recently established the Birmingham Education Foundation (ED). ED was established to advance the agenda developed by “Yes We Can! Birmingham,” an extensive community process aimed at developing a widely shared community vision for improving the quality of public education. ED’s priorities closely track the Superintendent’s reform agenda. These include: parental involvement; college and career focused high schools; professional development for school leaders; and expanding advanced placement course offerings. ED has engaged in a major fundraising campaign to support these initiatives.

The Birmingham Business Alliance, through its Blueprint Birmingham, is also taking on a higher-profile role in working to improve the region’s underperforming school systems, including Birmingham’s. It is supporting the Birmingham City Schools in developing the career academies, and also has plans to establish a Regional Education Partnership to increase the involvement of the business community in strengthening lagging school systems.

In addition to these recent initiatives, there have been ongoing efforts to promote community and business involvement with the school system. The school system’s Partners in Education program develops partnerships among students, volunteers, schools, and local organizations. The school volunteer program recruits, trains and places volunteers to work with students in grades pre-K through 12, primarily during the school day. Organizations involved with the program include the Birmingham Council of PTAs, Junior Achievement of Birmingham, the City’s Department of Youth Services, the BBA, and several area businesses.

The school system also works in partnership with local higher education institutions. It has established dual enrollment programs in some subject areas with Lawson



***Birmingham schools partner with higher education systems in the region.***

State and Jefferson State community colleges. And UAB’s Center for Community Outreach Development offers science enrichment programs to students at various grade levels.

Strong efforts to sustain and expand these existing and new initiatives will be required among all segments of the community in order to support the Board of Education and Superintendent to achieve the high-performing school system needed to ensure career success for all Birmingham residents, particularly the economically disadvantaged, and provide the skilled workers needed by “next economy” businesses.

## STRATEGIES

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### **A. Support the preschool and P-12 school system to ensure that all students graduate from high school with the basic skills and competencies needed to obtain a post-secondary credential.**

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#### **ACTIONS**

##### ***1. Complete the initiatives developed by the Birmingham Education Foundation in collaboration with the Birmingham City Schools.***

These initiatives are a high priority of the Birmingham City Schools and have gained broad business and community support, in part through the efforts of the Education Foundation. It is critical that they be successfully implemented in order to maintain the

positive momentum that has begun to form around academic improvement and pave the way for additional initiatives. With the leadership and coordination of the School Superintendent and the Education Foundation, the business and higher education communities must find ways to maximize their support of and engagement with these efforts.

**2. Develop an early childhood education initiative that serves all pre-K students with public, philanthropic, and business support.**

In light of the strong evidence of the importance of early childhood education to success in later grades, the community should support the Birmingham City Schools to expand pre-K education to all four-year-olds. If sufficient public funds are not available, the business and philanthropic communities should make local funding commitments to leverage funding from national philanthropic organizations or the federal government. The local business and philanthropic communities should also work with the recently formed Alabama School Readiness Alliance to address the issue on the statewide level.

**3. Develop a program to train parents on enhancing the education of their children.**

A program should be developed to train parents on enhancing the education of their children. The program would include in-home assessments and would result in parents who can help their children learn to read and who offer the academic encouragement necessary to the long-term academic success of all children.

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**B. Support high-quality career education and work experience programs for every student through engagement with the P–12 school system.**

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**ACTIONS**

**1. Establish a business-school partnership that fully engages the skills and capacities of the business community in providing career exploration opportunities, contributing to curriculum development, and advising on management practices.**

In the longer run, the Education Foundation and the city’s business community should work with the school system through its Partners in Education program to

develop a comprehensive plan to draw on the expertise and resources of the business community to support the schools in a wide variety of roles. While there is no one model for such an effort, there are numerous examples of successful business-school partnerships throughout the country that the planning process can draw upon.

Initial action steps should include establishing the Regional Education Partnership proposed in the Birmingham Business Alliance Blueprint, conducting a comprehensive audit to identify options for business participation and support of the school system, including career exploration, mentoring, internships, curriculum development, and management advice, and developing structures to solicit and manage business participation in school activities

**2. Strengthen public school-higher education partnerships.**

The school system and the area’s higher education institutions, particularly its two community colleges, Lawson State and Jefferson State, should work together to expand dual enrollment and early college high school programs. In addition, the school system and UAB should work to expand their relationships to support educational improvements, particularly through UAB’s Center for Community Outreach Development, Center for Urban Education, and Center for Educational Accountability. The school system could also engage with area business schools to study and improve management practices, and work with all higher education institutions to expose students to career opportunities that rely on successful completion of post-secondary education.

Initial action steps could include establishing a collaborative of the Birmingham City Schools and local higher education institutions under the leadership of the Birmingham Education Foundation to identify, plan, and implement P–12—higher education partnerships, identifying opportunities to increase dual enrollment and early college high school programs, Identifying opportunities to use university expertise to strengthen school management, operations and curriculum, and jointly developing proposals for national philanthropic and federal funding of innovative programs.

## goal 2

A workforce development system that is well-coordinated, user-friendly, adaptable, and responsive to both job seekers and employer.

### POLICIES

- Ensure that the regional workforce development system meets Birmingham's unique needs.
- Increase engagement by the business community.
- Improve coordination and integrating of services.

The workforce development “system” consists of the various public, non-profit, and private for-profit entities that organize, fund, and deliver workforce training and career education to workers primarily beyond high school age. While not a system in the strict sense of the word, it is a collection of diverse, often loosely connected organizations that together are responsible for the efficient functioning of the local and regional labor market by supplying workers with the skills needed to meet the needs of employers. This function plays a critical role in economic development by supporting business development and growth and providing residents with career development tools and job opportunities matched to their highest abilities.

Entities within the Birmingham area’s loosely defined workforce development system play distinct roles that collectively are expected to ensure that the system meets the needs of workers and employers in an effective and efficient manner. The key actors in the system and the roles they play include the following:

**Planning and Policymaking.** During the past several decades, the federal government, supported by state governments, has sought to promote the development of a better-functioning workforce development system by creating a planning and policymaking infrastructure. Since 1998, this has taken the form of federal funding for regional workforce investment boards, which are charged with developing workforce development plans for their regions and funneling federal, state and local workforce development funding to organizations and programs to

achieve these plans. In Alabama, however, WIBs have been largely supplanted by Regional Workforce Development Councils that serve ten multi-county regions covering the state. In the Birmingham area, the Region 4 Workforce Development Council serves Jefferson County and five other counties: Shelby, Chilton, St. Clair, Blount, and Walker. While most of the state’s WIBs have been dissolved, the Jefferson County WIB and one other WIB serving Mobile County continue to function. Consequently the Region 4 Council and the Jefferson WIB have somewhat overlapping planning and policymaking functions with respect to Birmingham and the rest of Jefferson County.

Among the responsibilities assigned to the Region 4 Council by the state are assessing current and future workforce needs and establishing a strategic plan to meet capacity and skill development and training needs; partnering with workforce development service providers, especially two year colleges, in planning and developing actions to address specific workforce development priorities; assist in evaluating the service delivery structure and coordination among entities; and coordinating planning with economic developers and elected officials to ensure that workforce development strategies support economic development goals. The Council is overseen by a board of directors comprised of a majority of private sector employers, and staffed part-time by the BBA’s Vice President for Education and Workforce Development.

The Jefferson County Workforce Investment Board has similar responsibilities specific to Jefferson County, including planning, coordination, monitoring, and evaluation of workforce development services. It is managed and staffed by the Jefferson County Community and Economic Development Department. Like the Region 4 Council, it is overseen by a majority private sector board of directors.

**Job Readiness and Placement.** Alabama’s One-stop Career Center System has one full-service Career Center in downtown Birmingham and satellite centers at Lawson State Community College’s Wilson Road campus and Jefferson County Community College’s Center Point Campus. Career Center services for jobseekers include access to a resource room with relevant information and job search tools, staff assistance with job search and resume

preparation, workshops on job search and interviewing techniques, adult basic education and basic computer classes, and access to the state's JOBBS database of job listings. Services to employers include office space for interviews, pre-employment screening, and the use of the JOBBS database to post job listings.

The full-service Career Center works closely with the Jefferson County WIB's Intensive Services Center, which works with clients requiring more intensive services. The Intensive Services Center provides career testing and counseling, supportive services referrals, and adult basic education, and can provide clients who are most in need of career skill development with Individual Training Accounts, which can be used to pay the costs of training by certified providers. It can also subsidize on-the-job training for newly hired workers.

A number of community-based and faith-based organizations also provide job readiness and placement services, including Beginning Bridge Outreach Ministry, Pathways, the Salvation Army, and others.

**Career Education and Training.** Birmingham has many public and private educational institutions providing a wide range of career education and training programs. Perhaps the single most important sources are the area's two community colleges, Lawson State and Jefferson State. In addition to their standard associate's degree programs, both colleges have specialized workforce training programs. Lawson State's Business and Information Technologies, Career Technical, and Health Professional divisions all offer certificate and short certificate programs. Jefferson State's Center for Community and Corporate Training Education and Center for Professional, Career and Technical Education provide educational and workforce training programs that are designed to prepare students for immediate employment and upgrade current worker skills.

The city also has a number of private higher education institutions focused on career training programs of two years or less. These include ATHENA, Diverse Community Network Inc., Jeremiah's Hope Skill Center and others. Some nonprofit organizations also provide short-term job training, including Birmingham Health Care, the Dannon

Project, which is targeted to ex-offenders, the Homeless Veterans Program, and others.

The Region 4 Workforce Development Council makes competitive grants to community colleges for training programs for certain targeted industries and occupations with funding from the Governor's Office of Workforce Development.

The colleges and universities in the city and county also make a key contribution to career education for highly-skilled workers. While UAB is the most prominent, these also include Birmingham-Southern College, Samford University, Virginia College of Birmingham, Miles College, University of Phoenix-Birmingham, Herzing University, and Birmingham School of Law. The area's two community colleges, Lawson State and Jefferson State, offer associate's degrees in a wide range of fields in addition to offering shorter-term career training.

**Employer-based Training.** Two employer-based training programs are offered at the state level. The Incumbent Worker Training Program, administered by the Office of Workforce Development, assists employers with expenses associated with new or upgraded skills training of full-time, permanent employees. The Alabama Industrial Development Training (AIDT) Program administered by the state's Community College System, provides industrial training, usually cost-free, for new and expanding industries in the state.

**Adult Basic Education (ABE).** Adult basic education programs typically assist adults trying to earn their GED, but also sometimes provide other programs such as English for Speakers of Other Languages (ESOL) and basic computer training. A variety of public and nonprofit organizations offer ABE programs, including the Birmingham City Schools, the area's two community colleges, and nonprofit organizations including Birmingham AIDS Outreach, the Hope House, and M-Power Ministries Men's and Women's Job Corps.

**Out-of-school Youth/Young Adult Programs.** A number of GED and career training programs for out-of-school youth are funded by the Jefferson County WIB. These

include programs offered by St. Vincent’s-Jeremiah’s Hope Academy, United Cerebral Palsy of Greater Birmingham, Diverse Community Network, Inc., Aletheia House and others. Other organizations offering these programs include Futures, Inc., Heritage Center, Hope House, Birmingham Youth Build, and others.

While Birmingham clearly has an extensive inventory of workforce development resources, a number of challenges must be addressed in order for the system to more effectively meet the needs of workers and employers.

- **Addressing Birmingham’s unique workforce development needs in the context of the emerging regional workforce development architecture.** While regionalizing workforce development planning and policymaking through the state’s Workforce Development Council structure has some benefits, in the case of the Region IV Council it could also lead to insufficient attention to the unique workforce needs of Birmingham and Jefferson County. Jefferson County’s employment is about three-quarters of the total region’s and Birmingham’s alone is about one-half. Birmingham in particular has an industry and occupational structure that differs significantly from the rest of the region’s, with its higher concentrations of industries such as health care, tourism, certain professional services, and the emerging life sciences and digital technology sectors. This calls for more focused workforce development planning and policymaking for Birmingham within the regional structure.
- **Strengthening the linkages between workforce development and economic development.** Economic developers and workforce developers need to strengthen communication channels to identify and respond to immediate needs of specific businesses as well as longer-term trends in workforce demand in a timely fashion.
- **Increasing coordination and integration of workforce development and related services.** Many jobseekers, particularly those with significant barriers to employment, need access to a continuum of services to successfully obtain and maintain employment. Workforce development providers acknowledge that systems need to be put in place to strengthen relationships among service providers. One particular need is for stronger integration of adult basic education and career training.

- **Improving the flow of labor market information.** Labor market data provided by the Alabama Department of Industrial Relations is very limited. The Department provides only the most basic industry-specific data at the county level and no such data at all at the city level. The Region IV Council and the Jefferson WIB must therefore develop their own sources of information by increasing information-gathering from economic development professionals, as noted earlier, and directly from local employers (e.g., through an expanded business retention and expansion program). They should also explore the use of proprietary data tools that provide more detailed data on trends and projections in industry and occupational employment. One example is new data products that analyze job postings to provide real-time labor market information.
- **Addressing funding limitations.** Federal and state support for workforce development is declining, leading to staff cuts at career centers and in some programs just as the need for workforce development services has been growing. The fiscal challenges facing Jefferson County could also lead to reductions in workforce development staffing. Led by the Region 4 Council and the Jefferson WIB, efforts are needed to develop more cost-effective approaches to service delivery and to identify additional local public, business and philanthropic funding sources to compensate for federal and state funding cuts.

## STRATEGY

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- A. Strengthen post-secondary education and adult workforce development systems and more closely align and coordinate elements of the system to enable workers to develop and update career skills to obtain living-wage jobs and meet employer needs for high-quality workers.**
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## ACTIONS

- 1. Establish a workforce development collaborative that brings the business community, local community colleges and other workforce development service providers together to improve coordination, provide more efficient and accessible services, and identify and fill service gaps.**

While there are many organizations in the Birmingham area providing career education and workforce training services, the workforce development system as a whole is highly fragmented and not sufficiently connected with and responsive to employers and jobseekers. The area needs a more robust organizational mechanism to coordinate workforce development services and connect the workforce development system with employers. The success of such an initiative will depend on the leadership and active involvement of the employer community.

The Region 4 Workforce Development Council is considered the region's lead workforce development organization by the state, but covers six counties, which makes it difficult to focus on the specific workforce development needs of the city. The Council could be called upon to establish a collaborative body to focus on Birmingham and Jefferson County, which would work with the Jefferson County WIB, the career centers, community colleges and other career training providers, ABE providers, economic development organizations, and employers to address workforce development needs specific to Birmingham and Jefferson county. The Mayor's Office of Economic Development, as the agency with primary responsibility for business recruitment, retention and expansion in the city, should be a member of the collaborative.

The collaborative's initial action steps should include developing mechanisms to obtain accurate, timely information on current and emerging trends in labor demand for the city and county, conducting an inventory of providers to determine overall system capacity and to identify areas of poor coordination or overlap, and developing a plan for streamlining and improving integration of services and responding to changing demand in a timely manner.

Efforts in Mobile, the only other county in the state with both a Workforce Investment Board and a regional Workforce Development Council (WDC), could serve as a model for this initiative. The Mobile County WIB and the Southwest Alabama WDC are in the process of creating an umbrella nonprofit to oversee county-level workforce development policy making

and services. One of the key drivers of this effort, in addition to improving coordinating and responsiveness to businesses and jobseekers, is to create a mechanism to obtain non-governmental funding to augment workforce development services.

## **2. Integrate adult basic education and career training services.**

One specific problem that needs to be addressed is the disconnect between adult basic education and career training. While in theory, these two components of skill development should be integrated, their reliance on different funding streams and accountability to different state agencies makes service integration difficult. As part of the collaborative described above, community colleges and other career training providers should work with adult education providers to address this problem. One possible model is LaGuardia Community College's (Long Island City, NY) GED Bridge to College and Careers program. The program extends and contextualizes instruction so that students learn the GED curriculum as well as more rigorous college-level material focused on specific career skills in health care or business.

Initial action steps could include establishing a working group of ABE and career training providers, exploring alternative models for integrating ABE and career training, identifying opportunities to obtain national philanthropic or federal funding for a pilot program, and designing and implementing a pilot program.

## **3. Develop sector-focused training initiatives.**

In industries with large number of employees and common skill needs, a sector approach to training should be pursued. This involves organizing employers in a particular sector to work with career training providers to develop training curricula that are more responsive to employer needs and more flexible in shifting to meet changing needs. This approach could be particularly applicable to the health care industry because of a relatively small number of larger employers. The sector approach has been promoted and supported nationally by a number of business and workforce organizations, and there are many successful models of initiatives specific to the health care sector as well as other industry sectors.

**BOSTON HEALTHCARE TRAINING INSTITUTE**

*Led by Jewish Vocational Services, the Healthcare Training Institute provides a continuum of career advancement services—workplace education, college transition, coaching and student support, pre-employment training and placement—and allied health and nursing pathways with major healthcare employers. Key goals of the institute are to help low-income workers and community residents improve their skills, enter college, and fill vacancies in high-demand occupations offering family-sustaining wages, and institutionalize relationships with colleges that will enable continued skill development and career advancement. Partner organizations include several major area hospitals, a nursing home, a home health agency, and two community colleges.*

Initial action steps could include convening major employers in the health care industry to explore pursuing a sector approach; establishing a leadership group; recruiting employers and training providers to participate; and establishing a planning process to design the initiative.

**4. Develop local funding initiatives to compensate for significant cuts in federal workforce development funding.**

Federal funding, the primary source of funding for workforce development, has been declining and is likely to decline further if anticipated budget reductions materialize. At the same time, training needs are, if anything, increasing. Local workforce development service providers should look for ways to increasing efficiency by increasing coordination, consolidating services and administrative functions, and reducing duplication. Nonetheless, additional funding is likely to be needed to meet employer needs. The Jefferson County Workforce Development Collaborative described above should work to obtain national philanthropic funding and seek additional support from local employers.

Initial action steps could include establishing a fundraising committee to seek non-traditional funding sources, seeking national philanthropic or federal funding for innovative initiatives, and engaging in discussions with employers about their willingness to supplement public funding for certain types of services.

**goal 3**

Supportive services are in place to assist workers in achieving career success.

**POLICY**

- Address gaps in services that prevent otherwise job-ready workers from obtaining and maintaining employment.

Career skills and even a concrete job opportunity are not always enough to enable jobseekers to obtain work. Key supportive services are also needed, notably quality, affordable childcare and transit services for workers who cannot afford private transportation.

Single parents and families with two working parents need affordable, quality childcare from infant to pre-K. According to Childcare Resources, the nonprofit organization that provides childcare information, education and resources for the Birmingham region, 60 percent of women with children in the area's workforce need childcare. Yet the organization also reports that the availability of slots in licensed childcare centers in the region has been falling. Statewide, the number of licensed centers declined by over half between 2000 and 2011. And the cost of licensed childcare is often beyond the reach of low- and moderate-income parents. The average cost of care in a licensed child care center in Jefferson County was \$6,461 in 2010. While childcare subsidies are available from the state Department of Human Resources, funding and the number of families receiving subsidies have been declining, resulting in long waiting lists. Childcare Resources has a supplemental subsidy program, funded with private and local government dollars, but it has a waiting list of over 200. The shortage of night-time child care is also an issue.

Poor access to transit is also a serious problem for low- and moderate-income workers without private transportation. A recent study by the Brookings Institution's Metropolitan Policy Program found that the Birmingham-Hoover MSA ranks 94th of the 100 largest metropolitan areas in the percentage of the working age population with access to transit. According to the study, 32 percent of Birmingham-

Hoover metropolitan area residents have access to public transit, but even allowing for a 90-minute commute, a typical commuter can reach only 23 percent of the area's jobs via transit. And according to U.S. Census data, only 0.6 percent the MSA's working-age population uses transit to commute, ranking it 49th of the 50 largest metropolitan areas. Most of these transit users are low-income, with nearly 62 percent earning less than \$15,000.

## STRATEGY

### A. Expand and improve services essential to supporting employment, notably transportation and child care.

#### ACTIONS

##### 1. *Develop initiatives to reverse the decline in licensed child care providers and improve the quality of pre-school programs.*

Quality child care is essential to working parents and also helps prepare young children for entry into the educational system. Consequently, the business community has a strong stake in increasing the supply of quality child care. Childcare Resources, working with the employer community in the city and region, should develop an initiative to address this issue. One possible model is First 5 Solano, a partnership between the local economic development corporation, educational institutions and human service providers in Solano County, California. This organization has developed a comprehensive initiative not only to provide quality child care for infants and toddlers, but to provide a range of human services and parental support.

Initial action steps could include establishing a working group to plan an initiative under the leadership of Childcare Resources, exploring alternative models, developing a plan and determining funding needs, and establishing a partnership to lead the initiative.

##### 2. *Develop transit services that serve the commuting corridors most heavily utilized by Birmingham residents.*

(See Chapter 12, pp. 12.38–12.42.)

## goal 4

A strong entrepreneurial environment that supports new business ventures and small business growth.

#### POLICY

- Increase the financial resources, services, and physical infrastructure that attract and support the development of startup and early-stage high-growth firms.

Creating a strong entrepreneurial environment is important in three ways: 1) it supports the creation of new companies that expand economic base industries, creating new jobs and wealth; 2) it provides a path to economic opportunity for individuals who have the skills and motivation to operate their own businesses; 3) it sustains businesses that sell goods and services to residents and visitors across the city's many neighborhoods, enhancing the quality of life.

The term "small business" is a broad characterization that encompasses different types of businesses. These include new business ventures with a proprietary product or technology and the potential for rapid growth, small and micro-businesses selling a range of established products and services, and street-level business that serve neighborhood commercial districts. Efforts to support entrepreneurship and small business development must recognize that a supportive environment has a different meaning for each type of business.

As Birmingham has begun to spawn more technology-based, potentially high-growth startup companies, an entrepreneurial "ecosystem" that supports the establishment and growth of such companies has begun to emerge. Key elements of this system include the following.

**TechBirmingham** was formed in 2002 to "lead, support, and coordinate the startup, attraction, growth, retention and expansion of technology-based businesses, investments, and jobs." It promotes networking and learning among technology entrepreneurs through its TechBirmingham e-newsletters and events such as TechMixers, TechMixer

University, and an annual Birmingham Startup Summit. It is also involved in initiatives to improve Birmingham's image as a location for technology-based businesses, increasing the availability of investment capital, and increasing the technology workforce.

The **Innovation Depot** is an award-winning 140,000 square foot technology incubator. As of early 2012, it housed 84 companies with 460 employees in fields including life sciences and information technology. In addition to low-cost space, it provides a range of services to tenant companies including assistance with business plan development, identification of qualified employees or partners, evaluation of IT infrastructure needs and assistance in maintaining current systems, arrangements with local law and accounting firms to provide free or discounted services, and introduction to the regional business community for possible partnerships and opportunities. It also provides space for other business assistance organizations and various educational and networking events.

The **Birmingham Venture Club** holds regular speaker and networking events. It also organizes an annual Entrepreneur Accelerator Program, in which 14 entrepreneurs are selected to participate in a three-month program focused on leadership development and entrepreneurial networking. Participants attend educational sessions and build relationships with other entrepreneurs as well as funders, mentors and other leaders that help grow businesses.

**Capital sources** targeted to technology firms, including:

- The **Birmingham Angel Network**, a group of informal investors that provides seed financing and technical assistance to startups with high growth potential. Investors typically make equity investments in the \$300,000-500,000 range. It also teams entrepreneurs with mentors who are experienced executives or entrepreneurs, helps them fill gaps in their management team, and links them with institutional investors for second-round funding.
- The **Birmingham Technology Fund**, a \$21,900,000 venture capital fund specializing in privately held companies that are commercializing technologies developed at

various academic and other research institutions in the State of Alabama, with a primary focus on medical and life sciences technology developed at the University of Alabama at Birmingham. The fund was initially capitalized by the University of Alabama System and the Health Services Foundation and is managed by the local investment firm Greer Capital Advisors.

- Birmingham-based **Harbert Venture Partners**, which, with over \$150 million in committed capital, provides growth capital to early stage information technology and healthcare companies primarily across the Southeastern U.S.
- The Regional Planning Commission of Greater Birmingham's **Accounts Receivable Revolving Loan Fund**, which provides low-cost, short-term working capital loans of up to \$25,000 to tenants of the Innovation Depot and the Bessemer Business Incubation System.
- Other local non-traditional institutional investors and non-local venture capital investors.

**Professional firms** that specialize in services to startup and early stage technology firms. These include law firms Balch & Bingham, Bradley Arant Boult Cummings, Dominic Feld Hyde, and Maynard Cooper & Gale. The advisory firm Nuvault Financial provides consulting services in finance, accounting, and operations, and introductions to strategic partners and investors.

**Entrepreneurial education** programs at area colleges and universities, including UAB's School of Business, Samford University's Brock School of Business, and Birmingham-Southern College's Stump Entrepreneurial Programs.

The BBA Blueprint identifies two major action items to expand support for regional entrepreneurship. These are: 1) development of entrepreneurial districts supported by growth of research/resource centers and facilities; and 2) develop a small business seed capital fund to provide early stage investment.

Building on Birmingham's emerging entrepreneurial ecosystem to expand its base of technology and other high-growth firms will require addressing a number

of challenges, many of which were discussed in the life sciences research and commercialization sections of Chapter 9 (pp. 9.17–9.20):

- The limited availability of state incentives for private investment in research and technology transfer relative to many other states.
- Limited availability of proof-of concept funding for pre-startups or startups commercializing new technologies.
- The limited number of local entrepreneurs with the skills to move life sciences technologies into the commercial marketplace.
- The negative image of the region, both internal and external, which hampers the ability to attract research and entrepreneurial talent.
- The lack of appropriate space in Birmingham to retain technology firms as they move beyond the startup stage.

## STRATEGIES

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### A. Strategically invest in initiatives to strengthen the entrepreneurial “ecosystem” that attracts and retains talented entrepreneurs.

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#### ACTIONS

##### **1. Develop initiatives to attract entrepreneurs to Birmingham to form new companies.**

The city has many of the pieces of the entrepreneurial “ecosystem” in place or in development. What is most lacking, according to many organizations that work with and support entrepreneurs, are the entrepreneurs themselves. The city needs to more effectively promote itself as a place of entrepreneurial opportunity. The city, through the Mayor’s Office of Economic Development (OED), working with the local entrepreneurial community, should develop a branding and marketing campaign designed to present Birmingham as a desirable location for entrepreneurship. This could include marketing efforts, relying particularly on social media, promoting business media coverage, and events that showcase the local entrepreneurial community

such as business competitions and awards. It could also include developing an entrepreneurial ambassador program that would connect prospective entrepreneurs with local entrepreneurs to provide information and candid insights about the city from peers. Finally, the city could consider allocating a portion of its incentive funds to provide small cash grants (e.g., \$5,000–\$10,000) to startup and early stage companies locating in the city. The funding would serve more to show the city’s interest in welcoming new entrepreneurs than to meet major financing needs.

Initial action steps could include establishing a working group of OED and representatives of entrepreneurial assistance organizations such as TechBirmingham and the Innovation Depot to develop the initiative, researching alternative models, designing the initiative with professional assistance, as appropriate, and obtaining funding commitments from city and private sources, including risk financing sources and professional services firms that target services to high-growth firms.

##### **2. Develop a master plan for the downtown Entrepreneurial District.**

See Chapter 11, p. 11.15.

##### **3. Include City participation in the public-private partnerships to support local technology commercialization (such as the i2i initiative) through infrastructure investments and development incentives for the Entrepreneurial District and contribution to a community-based innovation fund and proof-of-concept fund.**

See Chapter 9, p. 9.18–9.20.

## goal 5

Opportunities for all residents with entrepreneurial skills and talents to develop successful businesses.

### POLICIES

- Support the sustainability and growth of small and micro-businesses.
- Expand access among minority-, women-, and disadvantaged enterprises to government and corporate procurement opportunities.

Just as anywhere in the U.S., most businesses in Birmingham are small by any definition. Nationally, approximately 80 percent of all firms are non-employer firms, meaning that they have a sole proprietor with no employees. Among firms with employees, over 99 percent have fewer than 500 employees, the definition of “small” established by the U.S. Small Business Administration. Ninety-five percent have fewer than 50 employees, and 55 percent have fewer than five employees.

Minority-owned firms tend to be even smaller than white-owned firms. Data from the U.S. Census Bureau’s Economic Census, last conducted in 2007, show that in Birmingham, 96 percent of African-American-owned firms are non-employer firms compared to only 61 percent of white-owned firms. And among employer firms, African-American firms have an average of only seven employees compared to 20 employees for white-owned firms.

In addition to resources supporting the development of high-growth early-stage businesses described above, Birmingham offers a number of resources to support its broader small business community.

The **Birmingham Business Resource Center (BBRC)** offers training programs, often in partnership with the U.S. Small Business Administration and the A.G. Gaston Conference, helps businesses secure business financing, and refers businesses to accountants, consultants and other private technical assistance providers, often on a pro bono or reduced-cost basis.

The **Small Business Development Center (SBDC)** at Lawson State Community College provides assistance to existing and prospective small business owners, including individual counseling workshops covering a variety of business skills, and assists businesses to access appropriate forms of financing. This SBDC is not affiliated with the Alabama SBDC Network.

The **SBDC at the Innovation Depot** provides similar services as the Lawson State SBDC. It is a satellite of the University of Alabama SBDC in Tuscaloosa—Birmingham does not have its own full-service SBDC as part of the Alabama SBDC Network.

The **Central Alabama Women’s Business Center** provides similar services as the SBDC’s but is targeted to women-owned businesses.

In furtherance of its mission to revitalize neighborhood commercial districts, **REV Birmingham** offers an Entrepreneurial Workshop Series to entrepreneurs and small business owners on topics like business plan development, marketing, accounting and HR. MSB works one-on-one with business owners to solve problems and pursue new opportunities for their businesses. MSB guides business owners to financing sources, incentives and through City processes like Design Review. MSB has opened and maintains two Business Resource Centers, one in the Ensley community and the other in the Woodlawn neighborhood.

The **Birmingham Construction Industry Authority (BCIA)** establishes voluntary goals for minority and disadvantaged business participation in construction projects for signatories to the Birmingham Plan-Construction Industry agreement and assists minority and disadvantaged business enterprises in the construction field to improve their capacities to bid on construction contracts. The BCIA’s services include a wide variety of education programs, individualized technical assistance, liaison between MBE/DBE contractors, general contractors and projects developers, and certifying firms as MBE/DBE enterprises.

The **South Region Minority Supplier Development Council**, an affiliate of the National Minority Supplier Development Council, facilitates relationships between corporations,

educational, governmental and health care entities and certified MBEs. The Council conducts the MBE certification process that qualifies firms for bidding on procurement contracts with MBE status.

The **Real Business Solution Center** is a new web-based business assistance tool that offers a wide variety of resources, including group purchasing discounts, bid bulletin boards, career development tools and a buyer-supplier database. Fee-based one-on-one coaching can also be arranged through the site. Future plans include listings of corporate bidding opportunities in addition to the government bids already available, and business workshops and seminars.

Small business loan programs:

- Birmingham-based **Foundation Capital** provides long-term, subordinated fixed-rate financing through the SBA 504 program in conjunction with loans by banks and other private lenders.
- **Seedco Financial** has three loan programs targeted to women and minority-owned businesses: a small business loan fund that provides loans of \$50,000 to \$250,000, a microloan fund that provides loans up to \$50,000, and a short-term loan program in partnership with the U.S. Department of Transportation that provides up to \$750,000 in short-term working capital for qualified disadvantaged small businesses. Seedco is also collaborating with the City of Birmingham to develop a short-term contract financing program targeted to MBE/DBE construction firms.
- **ACCION** has an office in Woodlawn and is engaged in providing small business loans.
- The **Mayor's Office of Economic Development** provides low-interest financing in the \$100,000–1,000,000 range for economic development projects that create jobs or eliminate blight.

While these resources are substantial, economic development professionals and small business service providers believe that the environment for small and minority businesses is not as favorable as it could be. Among the limitations and gaps identified:

- The level of minority business formation and growth is considered disappointing in relation to the city's large minority population. The city has only about 20 African-American-owned firms with 10 or more employees. Expanding the minority business base would increase local employment opportunities and build community assets.
- While efforts to support more government and corporate procurement among minority firms have been ongoing, organizations assisting minority contractors note that the level of contracting activity has not reached its full potential.
- Support for the development of micro-businesses is limited. Especially given the preponderance of non-employer firms among minority firms, more targeted assistance to address the unique challenges of firms with five or fewer employees is needed.
- Small and minority business assistance resources are not sufficiently coordinated. More can be done to integrate services among providers to meet the full range of needs of business clients in a more efficient and user-friendly manner. One of the BBA's Blueprint Birmingham's action items is to implement a program in the Birmingham region to better coordinate regional small business support services.

## STRATEGIES

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### A. Strengthen the network of entrepreneurial education and business assistance programs.

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#### ACTIONS

##### **1. Increase university engagement with the Birmingham Small Business Development Center, under the auspices of the Alabama SBDC Network.**

The Birmingham area has been without a locally-based full-service SBDC since UAB ended its relationship with the program. Normally, SBDCs are located at universities with post-graduate programs such as business and engineering because they can rely on faculty and students to support their activities. The Alabama Small Business Development Center Network, which operates the Birmingham SBDC at the Innovation Depot as a branch of the UA Tuscaloosa SBDC, should work with

the area's universities and other local higher education institutions to develop a network of faculty and students from local higher education institutions to augment the services of SBDC counselors through specialized assistance such as market and competitive analysis, and product and process improvement. In the longer run, the Network should consider re-establishing a full-service SBDC in partnership with a local university if warranted by increased demand for SBDC services.

**2. Establish a micro-business program to provide small-scale financing and technical assistance to businesses with 0-5 employees.**

As noted, the major of local small businesses and the vast majority of minority-owned businesses are made up of a single proprietor with no employees. Many of these firms need to strengthen their basic business skills if they are to grow or at the minimum provide a solid income to their owners. Programs tailored to the particular needs of these micro businesses are needed. A new organization, ACCION Texas Alabama, an affiliate of ACCION USA, which has sponsored and supported affiliates throughout the U.S., has established Alabama operations at an office adjacent to REV Birmingham's Main Street office in Woodlawn. ACCION provides microloans and technical assistance to its clients. As the program becomes established, the city should work with it to develop additional forms of business assistance tailored to serving the city's microbusinesses. This could include using new forms of media to reach a broader clientele or sponsoring events specifically tailored to businesses in the 0-5 employee range

**3. Implement the Birmingham Business Alliance Blueprint Birmingham plan to improve coordination of regional small business services.**

The Blueprint envisions establishing a Birmingham Regional Enterprise Council to augment and better

coordinate regional entrepreneurship and small business assistance services.

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**B. Strengthen and more effectively coordinate assistance for minority, woman, and disadvantaged businesses seeking access to government and corporate procurement opportunities.**

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**ACTIONS**

**1. Establish a minority business accelerator through a collaboration of existing business assistance organizations that is targeted to established minority businesses that need to build management capacity to successfully bid on government and corporate procurement contracts.**

Existing organizations that assist minority businesses with government and corporate procurement should collaborate to establish a minority business accelerator. This would be an intensive technical assistance program targeted to a small number of businesses who are deemed most likely to succeed with government and corporate procurement but still need improvements to contracting skills and general business practices in order to bid successfully on contracts and obtain needed financing. Joint development of this initiative by existing organizations would also encourage them to better coordinate their services. Two potential models are the Minority Business Accelerator 2.5+ in Cleveland (see inset) and the recently launched Contractors' College in New Orleans.

Initial action steps could include forming a working group of business assistance organizations that assist minority businesses in contract procurement;

**CLEVELAND MINORITY BUSINESS ACCELERATOR 2.5+**

*The Minority Business Accelerator 2.5+ is an initiative of the Commission on Economic Inclusion, a program of the Greater Cleveland Partnership. It focuses on growing the size, scale and infrastructure of African American- and Hispanic-owned enterprises (MBEs) with annual revenues of at least \$2.5 million in Northeast Ohio. It works with the corporate community and the public sector to determine the demand for business-to-business opportunities. It then uses that demand to identify*

*MBEs for participation. Participating MBEs are provided with business development services to ensure that they are ready to respond to business opportunities that the program identifies in the corporate and public sectors. These include readiness assessment, growth plan development, infrastructure and staffing development, certification, bonding, and access to capital. Between April 2008, when its first deal was announced, and December 2011, the Accelerator closed a total of 155 deals valued at \$148 million.*

researching alternative models; and developing a management, programmatic, and funding plan.

**2. Capitalize a public-private working capital fund to provide short-term contract financing.**

As noted, the city is already working with Seedco Financial to capitalize such a fund. Seedco should work in partnership with existing procurement assistance organizations and could be an important financing source for businesses in the proposed minority business accelerator program.

**goal 6**

The City of Birmingham is a community of choice for highly-skilled entrepreneurs and professional workers.

**POLICIES**

- Increase employment and entrepreneurial opportunities for local college and university graduates.
- Provide incentives for talented young adults to locate in Birmingham.
- Make quality of life improvements that are important to talented young adults.

The ability to retain and attract professional, creative, and entrepreneurial talent will be a key factor influencing Birmingham’s economic development. New talent brings new ideas, skills, energy, and ways of thinking that will invigorate the economic landscape, particularly in knowledge-based and creative industries that are the key to Birmingham’s economic future.

Data indicate that while the rest of the Birmingham region may be holding its own in attracting and retaining talent, the same cannot be said of the city. A recent study of U.S. Census data ranked the Birmingham MSA 6th in the percentage growth of residents with a college degree between 2007 and 2009 (because of the short time frame, these data should be interpreted with caution with respect to longer-term trends). However, another study of Census data found that Birmingham was one of just two metros nationally to experience a decline in the number of 25- to 34-year-olds with a college degree living within three miles of the central business district between 2000 and 2009. Even cities that lost

far more population overall than Birmingham saw increases in the number of college-educated young people living in their downtowns.

Representatives of local young professional organizations cite a perception of limited job opportunities as well as limited access to information about these opportunities as part of the difficulty in attracting and retaining young talent. Another issue is Birmingham’s indistinct image. Local commentators have noted that, while outsiders do not necessarily view Birmingham negatively, neither do they have a positive image that would draw them to the city.

Young professionals who live in or near the city see many positives that the city can use as a selling point. This includes the low cost of living, particularly housing, the wide range of cultural, entertainment and recreational offerings, and the opportunities for civic engagement. But while they enjoy the city, many also choose not to live here, citing limited housing choices and the poor quality of the public schools, for young families or those who expect to be forming families soon, as key factors.

The city has a number of organizations that provide young professionals with networking, leadership development, and civic engagement opportunities. These include the BBA’s Young Professionals Roundtable, Rotaract Club of Birmingham, Young Professionals of Birmingham, Birmingham Urban League Young Professionals, and Young Professionals United. These organizations could be mobilized around a more robust effort to brand and market Birmingham as an attractive destination for young talent.

**STRATEGIES**

**A. Develop new initiatives that focus on retention of local college graduates.**

**ACTIONS**

**1. Expand contacts between the business community and local college students through internship, mentoring, and networking opportunities.**

The best way to attract and retain talent is to provide good job opportunities. In the long run, Birmingham should strive to develop the knowledge industries

that provide high-quality jobs. In the short run, it can undertake initiatives to market the city’s best qualities and help connect young professionals with jobs that already exist. One way would be to develop more internship, mentoring and networking opportunities for local college students through a business-higher education partnership. Such a program would help students to become more aware of local job opportunities and to develop relationships in the business community that would help them find good jobs when they graduated. As an initial action step, the Mayor’s Office of Economic Development, the Birmingham Business Alliance, and local higher education institutions could form a working group to develop the program.

- 2. Develop an incentive program to encourage graduating students to stay in the City of Birmingham, which could include partial tuition rebates, student loan deferrals, or “urban homesteading” grants.**

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## **B. Target marketing of Birmingham’s assets and positive qualities to young adults.**

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### **ACTION**

- 1. Develop a marketing campaign targeted to young professionals using frequently updated social media and internet-based platforms, highlighting the City of Birmingham’s employment, cultural, social, entertainment, and service opportunities.**

This would be similar to the marketing program developed for entrepreneurs described under Goal 4. The city should work with young professionals’ organizations to implement this initiative.

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## **C. Create downtown and neighborhood environments that are attractive places to live, work, and play.**

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### **ACTION**

- 1. Consider the lifestyle preferences of young professionals in housing, urban design, transportation, and recreation planning, particularly with respect to downtown and adjacent neighborhoods.**

See Chapters 7 (Goal-3.A.2, Goal-7.C.2) 8 (Goal-3.G.1), and 11(Goal-2.D).

## **2. Improve the quality of life through investments in education, arts and culture, and recreation.**

See Chapters 5 (Goal-1.A, Goal-2.C, Goal-3.A&B), 8 (Goal-3.C.1), and 11 (Goal-3.A.1&2, Goal-3.B.1, Goal-3.C.1, Goal-3.D.1).

## **goal 7**

Government policies, programs and processes related to business are efficient, fair and transparent.

### **POLICIES**

- Review and reform the city’s business regulations and processes to make them more business-friendly.
- Target city incentives to businesses and development projects that will do the most to further the city’s economic development.
- Increase city interactions with the business community to identify and resolve issues in a timely manner.

Businesses interact with local government in a wide variety of transactions, including various forms of business assistance and regulations. The City must ensure that its policies and practices are efficient, fair, and transparent while at the same time protecting the broader public interest. It must also develop and maintain a strong capacity to reach out in support of existing businesses. Experience has demonstrated that effective business retention and expansion programs are among the most important tools of economic development.

The primary source of business assistance within the City of Birmingham is the Mayor’s Office of Economic Development (OED). Among OED’s functions are: business recruitment; business retention and expansion; administering the city’s 10,000 acre Enterprise Zone; offering a number of federal, state, and local economic development financing programs; administering the city’s Foreign Trade Zone; and offering sites to new and expanding businesses at city-owned industrial parks. It partners with other regional and local organizations in many of these activities, including the Birmingham Business Alliance, REV Birmingham, Urban Impact, the

Birmingham Construction Industry Authority, and the Jefferson County Development Authority.

The city uses incentives in some instances for business recruitment, retention, and expansion. These are typically in the form of sales tax rebates over a period of years and, in some cases, cash grants. The city conducts economic impact analyses before deciding to grant incentives in order to ensure that they have a strong positive economic impact on the city. It also includes claw-back provisions if employment goals are not met.

Other city agencies that interact with businesses include the Finance Department's Purchasing Division, which handles bids on city contracts; the Finance Department's Tax and License Administration Division, which handles licensing applications; and the Department of Planning, Engineering and Permits, which handles development permit and zoning applications.

A review of the city's business policies and practices, primarily through discussion with city and regional economic development officials and business representatives, suggests a number of issues that need to be examined and addressed:

- City licensing, procurement and regulatory processes are often complex and difficult for small firms to navigate.
- Business representatives report that inspections required to obtain certain licenses and permits sometimes involve considerable delays and inconsistencies.
- The city is sometimes slow paying contract invoices, creating cash flow problems for small firms lacking access to lines of credit.
- Business costs tend to be higher than in nearby jurisdictions, such as license fees. At the same time, the City provides amenities not available elsewhere as well as the advantages of clustering. Evaluation of the most effective balance is needed.
- The city lacks a single user-friendly web portal with comprehensive information for businesses.
- The city's criteria for granting incentives lack transparency and may appear somewhat arbitrary to members

of the business community. A public review of current incentive policies to ensure that they target the most productive forms of development and are closely aligned with the city's top economic development priorities may be appropriate at this time.

## STRATEGIES

### A. Streamline, simplify, and make more transparent business regulatory, development permitting and procurement processes.

#### ACTIONS

##### 1. Establish procedures to make city interactions with businesses, including licensing, permitting and procurement, more user-friendly.

The city could take a number of steps to achieve this objective. This could include: developing processes to coordinate permitting functions among city departments; creating an ombudsman's position to guide businesses through city regulatory processes; establishing a procurement assistance office to provide information and technical assistance to businesses interested in bidding on city contracts, and to certify companies as "bid-ready;" establishing on-line systems to help businesses track the status of licensing or permitting applications, and identify issues that require resolution; and providing customer service training to employees of the departments involved. The city could also consider providing expedited or more intensive assistance to businesses and development projects aligned with city priorities, such as those locating in

#### **IMPROVING CUSTOMER SERVICE FOR LICENSES AND PERMITS IN NEW ORLEANS**

*The City of New Orleans in 2012 commissioned a customer service survey of citizens who had applied for licenses or permits and conducted a survey of national best practices. Four out of ten respondents ranked the City's performance as low. As a result, the City developed and is implementing a plan to improve service for permits and licenses.*

[www.neworleanscitybusiness.com](http://www.neworleanscitybusiness.com), "Survey results lead city to place emphasis on customer service"

Strategic Opportunity Areas or meeting green building standards.

As a first step, the city should establish an inter-departmental task force under the Mayor's leadership to examine business licensing, procurement, and contracting processes. The task force could conduct a customer service survey of current and past business participants in these processes to identify issues in need of resolution; consult with local business organizations and public management experts; and identify best practices in licensing, permitting, and procurement processes from other cities. Based on this research, the task force could then develop a set of recommended improvements for review by the Mayor.

**2. Improve the City's website to make business-related information more accessible and user-friendly.**

The website should establish a distinct "for business" section that includes information on the city's demographics and economics, business organizations and events, a sitefinder for available real estate, city and state programs and incentives, and business regulations and licensing/permitting processes, and linkages to social media.

- > Establish a business website development working group.
- > Review websites in other cities to identify best practices in design and functionality.
- > Determine what information should be on the website.
- > Hire a web designer with relevant experience and work closely with him/her to customize the website to the city's needs.

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**B. Develop clearer criteria for city assistance to businesses through incentives and financing, with a focus on supporting catalytic investments.**

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**ACTION**

**1. Develop a more targeted incentive program with clearer criteria for incentive award.**

In order to ensure that incentive funds for business recruitment, retention and expansion have the greatest impact on the local economy, the city should consider

additional criteria that would limit its direct cash incentives to high-impact businesses.

This could include targeting these incentives to:

1) businesses in important existing and emerging economic base industries that primarily "export" their products outside the city, "importing" income and thus fueling further economic growth; and 2) businesses that, while not necessarily economic base industries, are catalytic in nature, e.g., anchor businesses locating or expanding in distressed neighborhoods or businesses developing key parcels that will spur additional business and residential investment.

Sales tax rebates, the City's most frequently used financial incentive, can be offered to a wider range of businesses. Even in these cases, however, the criteria for offering these incentives should be made clear in order to avoid perceptions of inequity or favoritism and to shield the city from an unsupportable number of incentive requests.

As initial action steps, the city should develop a list of target industries, with a focus on key economic base industries that export products and services outside the region and are particularly critical to the city's economic growth, and develop a clear definition of what constitutes a catalytic project for neighborhood revitalization. The city can then publish these criteria to make clear which businesses and projects are eligible for cash incentives and should also provide a written record of incentive decisions available for public review.

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**C. Improve responsiveness of local government to business issues and concerns.**

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**ACTION**

**1. Expand the city's business retention and expansion program.**

The Mayor's Office of Economic Development, the Birmingham Business Alliance, and REV Birmingham all share in business retention and expansion efforts. Efforts to increase existing business retention and reach a wider base of businesses are constrained by staff limitations. One solution would be to recruit a staff

**GROWTHFORCE, CINCINNATI USA REGIONAL PARTNERSHIP**

*GrowthForce, the Partnership's Business Retention and Expansion Program, is led by a Regional Business Retention Committee (RBRC), an all-volunteer group of 40 business leaders and representatives of public economic development organizations. With staff support from the Partnership, the RBRC meets with business owners to discuss their growth plans, opportunities and challenges, and apply these findings to meet the company's specific needs. The roughly 30-minute*

*in-person visits are used to document the current status of the business, better understand the overall business environment in the region, identify areas of concern, and link businesses with needed resources. In 2010, the RBRC surveyed 406 businesses employing more than 32,000 workers. In 2011, the Partnership launched an early-warning network to assist at-risk businesses with a \$250,000 grant from the Ohio Department of Development.*

of trained volunteers, particularly from the ranks of retired business people. Another would be to rely on web-based tools to conduct business outreach. Other measures should include improving data collection tools and developing a robust response system that involves referrals to a large base of partner organizations to address specific business issues along with timely follow-up to ensure that issues are successfully resolved. The Cincinnati USA Regional Partnership's business retention and expansion program is one example of a program that has successfully made extensive use of volunteers (see inset).

In addition to business retention and expansion support, program staff should conduct "exit interviews" with businesses that have decided to leave the city in order to identify the reasons for these decisions. The information obtained from these interviews will provide valuable intelligence that will help the City improve its business assistance programs, public investments, regulatory processes, and tax and fee structures.

**2. Conduct a business environment study.**

The City should conduct a study of key factors influencing the business environment, including taxes and fees, regulatory compliance, land, transportation and utility costs, labor costs and skill levels, and quality of life, to assess its competitive position relative to other communities in the region as well as other Southeastern and South Central U.S. peer cities such as Nashville and Memphis. The study will help the City identify both its competitive strengths and weakness and focus on addressing issues that will strengthen its competitive position.

**goal 8**

Vacant industrial sites and vacant buildings with development opportunities are prepared for new uses consistent with shifts in the city's economic base.

**POLICIES**

- Develop better information about the city's commercial and industrial property inventory.
- Prioritize property and infrastructure investments to align them with current and emerging demand for commercial and industrial property.
- Develop new mechanisms to permit the city to respond in a timely and flexible manner to the property and development needs of businesses.

Local and regional economic development professionals note that Birmingham has a limited amount of real estate available for industrial development. Prominent sites that offer development opportunities include 164 un-leased acres at Jefferson Metropolitan Park at Lakeshore, the 27-acre Trinity Steel site and acreage around Birmingham-Shuttlesworth International Airport owned by the Birmingham Airport Authority. The largest site with development potential is the 600-acre Ensley Works owned by USS Real Estate. While the city and the property owner have had discussions about redevelopment of the site, no concrete plans have materialized. One key issue is said to be the cost of environmental remediation.

Future demand for industrial real estate in Birmingham will be strongly influenced by the evolution of the city economy. Demand for large tracts of industrial land is likely to be limited, with major manufacturing plants strongly favoring suburban or rural greenfield sites. Conversely, growing research, technology, advanced manufacturing, and professional services industries are likely to require smaller sites and more surrounding amenities. Planning for future real estate needs and site-specific infrastructure investments should take these changes into account.

Inventorizing the city’s brownfield sites and assessing remediation needs can make an important contribution to expanding the supply of developable sites in the longer run. The more these and other industrial sites can be made “development-ready,” the more options the city will have for offering sites to new, relocating and expanding industrial firms. This will also put the city in a stronger position to compete for these firms with suburban locations, including potential new development sites along the planned Northern Beltline.

## STRATEGY

### A. Work in partnership with private landowners to develop reuse plans and secure needed funding for site preparation and property investments

#### ACTIONS

**1. Develop an inventory of vacant and underutilized industrial buildings and sites, including brownfields sites.**

Innovative uses for brownfields and other underutilized sites should be explored, such as “brightfields” solar arrays and intensive, soil-less food production such as aquaponics. .

**2. Conduct a market study to assess the level and nature of demand for industrial property within the city.**

The results of the study should be used to identify priority sites for marketing, brownfields remediation, infrastructure investment and, potentially, acquisition and site assembly.

**3. Establish a citywide entity, such as a redevelopment authority, to work with property owners and/or community and economic development agencies in developing industrial site reuse plans, including brownfields assessment and remediation. (See Chapter 8, pp. 8.12–8.14.)**

This entity could assist property owners and agencies through means such as obtaining brownfields assessment funding, providing development incentives, marketing, and making public infrastructure investments. It could also undertake site acquisition and improvements in appropriate circumstances to respond to specific development opportunities.

**4. Target priority sites for public infrastructure improvements.**

Initial action steps should include identifying sites with the greatest potential for short-term development and determining likely uses based on market trends, identifying public infrastructure investments that would improve site marketability, and prioritizing these investments in capital improvement plans.

In instances where market conditions are most favorable, the City should make “speculative” site preparation and infrastructure investments to make the sites ready for immediate development.

## goal 9

Modern infrastructure meets business needs at a competitive cost.

#### POLICIES

- Ensure sufficient investment in both publicly and privately developed infrastructure to maintain and improve the quality, capacity and efficiency necessary to meet current business needs and capitalize on emerging economic opportunities.

The availability of modern transportation infrastructure to move goods and people efficiently, and reliable and cost-competitive utilities including telecommunication, electricity and water to meet business needs, are all important to Birmingham’s economic development. Some transportation infrastructure issues were addressed earlier in this section. This included the discussion of

transportation infrastructure related to the distribution industry in Chapter 9, and the discussion of workforce transit needs under Goal 3 of this chapter. A broader discussion of transportation policy and investment needs can be found in Chapter 12.

A few other infrastructure issues related to economic development should be noted:

- The improvements to Birmingham-Shuttlesworth International Airport recently completed or currently underway should position it to accommodate further growth in air passenger and cargo traffic for several years to come. While these additional capacities should be marketed by the Airport Authority, additional growth in traffic will be largely determined by market forces and the business models of air passenger and cargo carriers.
- The location of five data centers at the JeffMet Lakeshore Industrial Park demonstrates the role of high fiber capacity in attracting data intensive industries and facilities. It will be important to ensure that the city stays ahead of the curve in offering state-of-the-art broadband services needed by firms in digital media, data management and other growing technology fields.

## STRATEGIES

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### A. Promote needed investments by public utilities in energy and telecommunications infrastructure.

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#### ACTION

1. *Continue relationships with public utilities, telecommunications providers and industry representatives to identify emerging needs.*

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### B. Complete transportation improvements that position the Birmingham region as a Southeast regional distribution center.

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#### ACTIONS

1. *Develop transportation infrastructure to support the expansion of the distribution sector.*

(See Chapter 9, pp. 9.12–9.13.)

2. *Collaborate with the Metropolitan Planning Organization (in the Regional Planning Commission of Greater Birmingham) to develop a freight transportation improvement plan that relates specifically to facilitating the movement of goods through the city (including developing truck routes to minimize conflicts with residential neighborhoods and other traffic), promote regional distribution activities, and work with appropriate agencies to implement the plan.*

(See Chapter 12, pp. 12.43–12.44.)

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### C. Improve transit options for local commuters, particularly those in low-income neighborhoods.

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#### ACTION

1. *Develop a dedicated transit funding source to support improved public transit services between city neighborhoods and local and regional employment centers.*

(See Chapter 12, pp. 12.38–12.42.)

## C. Getting Started

ACTIONS	RESPONSIBLE PARTY
Complete implementation of initial Birmingham City Schools reform agenda.	School Superintendent; Educational Foundation, BBA, Mayor’s Office of Economic Development (i.e., enlisting business support)
Develop initiatives to strengthen P-12–higher-education partnerships.	Education Foundation
Establish a Jefferson County Workforce Development Collaborative.	Region 4 Workforce Development Council; Jefferson County WIB; Mayor’s Office of Economic Development
Develop a child care initiative.	Childcare Resource Center; BBA, Community Foundation of Greater Birmingham; Superintendent of Birmingham Schools
Re-establish a local Small Business Development Center.	BBA; Mayor’s Office of Economic Development, business assistance organizations
Establish a micro-business program.	BBA; Mayor’s Office of Economic Development
Establish a working group to revamp economic development marketing, with focus on economic base industries and entrepreneurial and professional talent attraction and retention.	Mayor’s Office of Economic Development; BBA, business and professional organizations
Develop an initiative to link local college students with employment and entrepreneurial opportunities.	BBA; Mayor’s Office of Economic Development; local higher education institutions
Conduct a customer-service survey of city licensing and permitting performance.	Mayor’s Office of Economic Development; other city agencies
Revamp the City website, especially the business section.	Mayor’s Office of Economic Development; Office of Public Information
Conduct an inventory of industrial sites and buildings	Mayor’s Office of Economic Development; Department of Planning, Engineering and Permits
Develop professional development programs for teachers to help meet the changing demands of the workplace.	Superintendent of Birmingham Schools; Educational Foundation; Region 4 Workforce Council