FORWARD CITIES

About Forward Cities:

Forward Cities was launched in 2014 as a partnership among four cities: Cleveland, Detroit, New Orleans, and Durham. Recognizing its efforts as a test-case for mid-sized cities, support came from the Kresge and Case Foundations and numerous local funders as well as national partners including the Aspen Institute, the Urban Institute, and ScaleUp Partners. That effort yielded multi-city convenings with representative cross-sector leaders from and in each of the four cities, a national learning platform and toolkit, numerous place-based inclusive innovation efforts that continue to flourish, and ongoing connection and collaboration between the cities including a broad adoption of the Racial Equity Institute that was introduced in Durham and has now worked with over 2,000 leaders across New Orleans and Cleveland.

In its third year, Forward Cities worked with a state-wide network of partners to launch a similar learning collaborative across North Carolina in five geographically and demographically diverse communities (three urban and two micropolitan/rural) through InnovateNC. This effort produced four convenings of cross-sector community leaders, five site visits, a state-wide learning platform with community-building tools, and local Innovation Councils in each city. The Councils developed 3-year strategic plans and launched a set of pilot efforts to strengthen the local innovation ecosystems, and influenced the drafting of the proposed NC Community Innovation Fund – a publicly funded multi-million dollar grant program out of NC Commerce to stimulate and sustain local innovation economies in under-connected micropolitan/rural communities and metro neighborhoods.

The success of Forward Cities sparked the interest of CEOs for Cities, a seminal U.S. urban leadership network that has engaged some of the best urban leaders in the country since 2001. The leaders of CEOS for Cities began a series of meetings with Forward Cities and from that sprung an agreement to merge the two organizations. This new collaboration, welcomed by all parties, expands Forward Cities into a network of 33 cities nationally. Through its merger with CEOs for Cities, Forward Cities is now the largest and most dynamic city learning network in the country focused on advancing inclusive innovation and shared prosperity.

Member Cities

Arlington, TX	Cincinnati, OH	Quad Cities, IA	Tulsa, OK	Richmond, VA

Houston, TX	Cleveland, OH	Des Moines, IA	Boston, MA	Greenville/Greer, SC
Irving, TX	Columbus, OH	Grand Rapids, MI	Greensboro/High Point, NC	Miami, FL
Waco, TX	Dayton, OH	Detroit, MI	Wilmington, NC	Phoenix, AZ
Indianapolis, IN	Toledo, OH	Milwaukee, WI	Pembroke, NC	New Orleans, LA
Hamilton County, IN	Knoxville, TN	Topeka, KS	Wilson, NC	
Columbus, IN	Memphis, TN	St. Louis, MO	Asheville, NC	

Christopher Gergen is the CEO and co-founder of Forward Cities – a national learning collaborative of 33 cities focused on building more inclusive innovation economies that also helped launch InnovateNC – a similar multi-city learning collaborative in North Carolina. He is also a founding partner of HQ Community, the largest entrepreneurial co-working community in North Carolina including HQ Raleigh, HQ Greensboro, HQ Charlotte, Think House and Duke TeachHouse as well as the founder of Forward Communities, a non-profit that has launched community-based efforts to develop and scale high-impact social entrepreneurs including Bull City Forward in Durham, NC, Queen City Forward in Charlotte, NC, and Moore Forward in Moore County, NC. Additionally, Christopher is a fellow and faculty member with Duke University's Innovation & Entrepreneurship initiative, co-author of the nationally acclaimed book *Life Entrepreneurs: Ordinary People Creating Extraordinary Lives*, an alum of Leadership North Carolina (class 24) and a 2013 Henry Crown Fellow at the Aspen Institute. Other entrepreneurial endeavors for Christopher include co-founding SMARTHINKING, a venture-backed on-line tutoring company that grew to over 1,000 universities before being acquired by Pearson in 2011, and Café Nunoa – a bar, restaurant, live music venue in Santiago, Chile that Christopher started when he was 24. He lives with his wife and two children in Durham, NC.

I: Framing the issue: The American Dream

The American Dream evokes America as a land of opportunity - a **place** in which everyone has the freedom and opportunity to achieve success, regardless of background, race, or socioeconomic status, and a **belief** in upward mobility where each generation will be better off than the previous (1).

> A growing middle class is in many ways the embodiment of The American Dream.

- Middle class means the middle range of the income distribution—from about two-thirds (67%) to double (200%) the overall median household income (2). In Ohio, the median income of a family of four is $54,037 (3), which implies a middle class income range of $36,025 to $108,074.
- Middle class households are not rich, but they have some economic security—through health insurance, savings, or access to other essential services, such as education, child care and transportation (4). They may own their home, which is likely their largest asset (5). Middle class households who are financially stable do more than just make ends meet. They have some cushion to buffer from a financial shock, such as loss of wages or a medical event, through personal savings and an ability to borrow on credit (6). For those who are teetering on the edge of just barely being middle class, financial stability and economic mobility are paramount.

> A growing middle class is critical for the renewed prosperity of our communities and nation.

A growing body of research reveals that:

- A strong middle class enhances the economic performance of nations and regions. Contrary to the traditional view that greater equality is only possible by sacrificing growth, more recent evidence shows that income inequality has a negative impact on economic growth (7). Equality and economic performance are complementary not opposing forces. Policies and strategies that promote trickle-up economics—by building out the economy from the middle—are needed to foster a shared prosperity (8).
- Contrary to a growing middle class, rising income inequality and a hollowing of the American middle class has proceeded steadily for several decades in the U.S. (5). As elaborated in several recent reports (9) and a growing body of academic work (10), inequality erodes the middle class, restricts economic mobility and stymies economic growth. There is substantial geographic variation nationally and regionally (11), including within Ohio (12).
- Acquisition of knowledge and skills is crucial to economic progress. To be most effective, access to high-quality education must be broadly available in the population. Concurrent with growing income inequality in the U.S., educational outcomes have also become more unequal (4).

II: Our vision: Equitable growth to promote shared prosperity and a resilient middle class

We start with the American Dream of upward mobility and the belief that a growing middle class is a pillar of the American Dream. By middle class we mean not just middle income, but also (i) access to the basket of goods, services, and opportunities that are associated with a middle class lifestyle, including adequate health care, child care, education, housing and transportation, and (ii) sufficient economic security—through a stable income, access to liquidity, savings for emergencies, a retirement plan—to buffer shocks and enable economic decisions over a longer time horizon.

At the heart of this approach is the goal of creating a future of shared prosperity through equitable growth—i.e., broad based growth that fosters economic mobility and reduces income inequality. Strategies that promote equitable growth are both pro-growth and pro-equity. This is motivated by the notion that greater equity is essential for sustained economic growth and the resilience of the middle class over the longer run.

III: Our approach: Strategies to "grow the middle"

Our overall approach is aimed at generating innovative ideas to increase the net income of households through strategies that increase the income or reduce the expenses of households in the short run, and that stabilize and expand the middle class over the longer run. We emphasize two pathways to growing the middle class:

> **PATHWAY #1: Greater upward mobility of lower income people** who are without the economic securities of the middle class.
>
> **PATHWAY #2: Greater stability for those middle class individuals who are economically vulnerable** and are at risk of falling out of the middle class.

In the initial phases of this work, we seek highly innovative strategies that have the strongest potential to meet a specific goal:

> Raise the net incomes of 10,000 households by 10% by 2020 in targeted Ohio communities.

These strategies can focus on households, communities, or employers, or may be a hybrid approach that combines these in creative ways:

> **HOUSEHOLDS: People-based strategies** that seek to directly increase income or reduce expenses. These may include direct payments that reduce expenses and facilitate income growth and stability, such as housing or child care subsidies; strategies to reduce household debt, e.g., through assistance with student loans or mortgages; or strategies that protect households from financial shocks, such as increased savings and access to liquidity.
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> **COMMUNITIES: Place-based strategies** that seek to increase household net incomes through investments in a particular neighborhood or community. These may include investments in transportation, infrastructure or facilities that increase the accessibility of jobs or services; or investments in community based organizations that link residents to education, workforce training programs and employment opportunities.

EMPLOYERS: People or place-based strategies that seek to increase household income by growing local businesses, employee job skills or entrepreneurship. These may include business incubators, local business retention/expansion initiatives, and public investments, e.g., in education, technology, or infrastructure, that will spur a "crowding in" of private investment.

We will use this guiding framework to develop a solicitation process that will inspire a range of creative thinking and effective partnerships between academic communities and engineers, scientists, policymakers, investors and community advocates. Proposals will be grounded in research and development across public, private and nonprofit sectors. We will cast a broad net to surface a multitude of innovative ideas and then work with proposal teams to further develop and hone ideas. From many ideas, ten proposals will be further developed and three selected for potential investment.

ENDNOTES

(1) In a 2009 nationwide survey (1), when asked about this term, Americans replied with aspirational statements such as "Being free to accomplish almost anything you want with hard work" and "Being able to succeed regardless of the economic circumstances in which you were born." Economic Mobility Project 2009. "Opinion Poll on Economic Mobility and the American Dream." Washington Pew Charitable Trusts

(2) Pew Charitable Trusts Accessed online 5/8/2018 http://www.pewresearch.org/fact-tank/2016/05/11/are-you-in-the-american-middle-class/

(3) U.S. Census Bureau, American Community Survey, 5-year Estimates. Accessed online via QuickFacts 5/6/2018. https://www.census.gov/quickfacts/fact/table/franklincountyohio,OH/PST045217

(4) Boushey, H. and A. Hersh 2012. "The American Middle Class, Income Inequality, and the Strength of Our Economy: New Evidence in Economics." The Center for American Progress Accessed 4/28/2018 online https://www.americanprogress.org/issues/economy/news/2012/08/31/35920/about-the-middle-class-series-at-the-center-for-american-progress/

(5) Pew Research Center 2015 "The American Middle Class Is Losing Ground: No longer the majority and falling behind financially" Washington, D.C.: December. Accessed online 4/29/2018 http://assets.pewresearch.org/wp-content/uploads/sites/3/2015/12/2015-12-09_middle-class_FINAL-report.pdf

(6) A recent survey of U.S. households finds that about 30 percent of middle income households (with annual incomes between $50,000 and $75,000) are unable to come up with $2,000 in an emergency to cover a financial emergency. These households are described as being financially fragile, lacking access to savings or the ability to borrow. Gupta, R., A. Hasler, A. Lusardi, and N. Oggero "Financial Fragility in the US: Evidence and Implications." Global Financial Literacy Education Center. Accessed online 5/7/2018 https://www.nefe.org/Portals/0/WhatWeProvide/PrimaryResearch/PDF/Financial-Fragility-Final-Report-04-15-2018.pdf?ver=2018-04-16-105237-563 The ability to borrow on credit has greater volatility for US households than income volatility and is a primary determinant of household consumption (Fulford, S. 2015 How important is variability in consumer credit limits? Journal of Monetary Economics, 72 42-63.)

(7) This is a growing body of research in economics and other social sciences. For example, see Benner C. M. Pastor 2012. Just Growth: Inclusion and Prosperity in America's Metropolitan Regions. New York Routledge, Cingano, F. 2014. "Trends in Income Inequality and its Impact on Economic Growth", OECD Social, Employment and Migration Working Papers, No. 163, OECD Publishing, Paris. http://dx.doi.org/10.1787/5jxrjncwxv6j-en. Partridge, M. 2005 "Does Income Distribution Affect U.S. State Economic Growth" Journal of Regional Science 45 (2): 363-94. Eberts, R., G. Erickcek, J. Kleinhenz. "Dashboard Indicators for the Northeast Ohio Economy: Prepared for the Fund for Our Economic Future," (Federal Reserve Bank of Cleveland, 2006, Working Paper No. 06-05)

(8) Stiglitz, J. 2016 Rewriting the Rules of the American Economy – An agenda for growth and shared prosperity. The Roosevelt Institute. Accessed online 4/29/2018 http://rooseveltinstitute.org/wp-content/uploads/2015/10/Rewriting-the-Rules-Report-Final-Single-Pages.pdf

(9) For example, Boushey, H. and A. Hersh (2012) and Stiglitz (2016)

(10) Earlier work includes: Acs, G. and S. Zimmerman. 2008. U.S. Intragenerational Economic Mobility from 1984 to 2004: Trends and Implications. Economic Mobility Project, Initiative of the Pew Charitable Trusts Accessed 4/29/2018 online: https://www.urban.org/sites/default/files/publication/31316/1001226-u-s-intragenerational-economic-mobility-from-to-.pdf More recent work includes: Chetty, R., N. Hendren, P. Kline, and E. Saez. 2014 Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States. The Quarterly Journal of Economics 129, no. 4: 1553–1623. Chetty R. and N. Hendren. 2017 The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates. NBER Working Paper No. 23002; Corak, M. 2013. Income Inequality, Equality of Opportunity, and Intergenerational Mobility. Journal of Economic Perspectives 27(3). 79-102. Corak, M. 2012. How to Slide Down the 'Great Gatsby Curve' Inequality, Life Chances, and Public Policy in the United States. December 2012. The Center for American Progress. Accessed 4/28/2018 online. https://cdn.americanprogress.org/wp-content/uploads/2012/12/CorakMiddleClass.pdf; Saez, E. and G. Zucman. 2016 Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data. The Quarterly Journal of Economics, Volume 131, Issue 2, 1 May 2016, Pages 519–578.https://doi.org/10.1093/qje/qjw004

(11) Chetty et al. (2014)

(12) Chetty and Hendren (2017)