



How Community Partners in Chattanooga, Tennessee Are Working toward an Equitable Workforce System

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Sergio Galeano

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From April 2022 through March 2023, the Federal Reserve Bank of Atlanta's [Center for Workforce and Economic Opportunity](#) participated in the [Reinventing Our Communities \(ROC\) program](#), a place-based economic inclusion program designed to increase equity in the workforce development system in Chattanooga, Tennessee. Through applied trainings, workshops, peer learning, and technical support, the program helped public- and private-sector community partners across Chattanooga work toward:

- Improved community-led collaboration around racial equity and workforce development
- Increased organizational capacity to identify challenges and solutions to advance equity in the workforce system
- Greater understanding of actionable strategies to create sustainable systems-level change across their regional economies

Why is economic inclusion important for our workforce and economy?

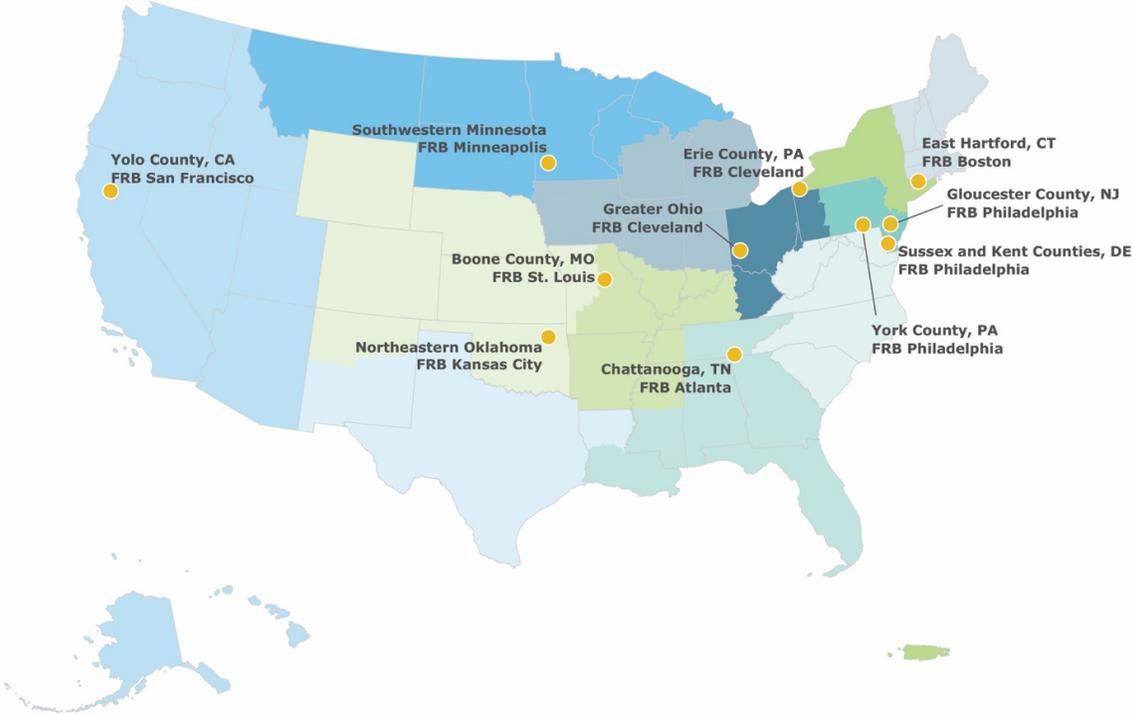
A strong and stable economy is one in which everyone can participate, prosper, and reach their full potential, yet disparities continue to hold back many Americans from achieving equitable economic outcomes. In May 2023, for example, the [unemployment rate](#) for adults 25 years and older was 5.6 percent for Black Americans and 4.0 percent for [Hispanic Americans](#), compared to 3.3 percent for non-Hispanic White Americans. Many employers prioritize [traditional degrees](#) and credentials in hiring and retention practices, placing underserved communities and people of color at a disadvantage. In 2022, only 28 percent of Black Americans and 21 percent of Hispanic Americans [held at least a bachelor's degree](#), compared to 42 percent of non-Hispanic White Americans.

These disparities present a barrier to economic mobility for individuals and families and hamper the economy. [Joint research](#) between the Federal Reserve Bank of San Francisco, Boston University, and Stanford University finds that equalizing labor market outcomes between workers of color and non-Hispanic White workers would have generated a net gain of \$25.6 trillion in gross domestic product between 1990 and 2019.

Economic inclusion is important to the Federal Reserve because it supports its mandate of pursuing maximum employment. It also helps fosters the conditions necessary to ensure that everyone can participate and prosper in a strong and inclusive economy. The ROC program’s goal is to better inform community efforts to strengthen local economies and foster better economic outcomes for all workers.

The Reinventing Our Communities program

Created and led by the Federal Reserve Bank of Philadelphia and supported by staff from across the Federal Reserve System, the [Reinventing Our Communities \(ROC\) program](#) was launched in 2020 with the goal of strengthening local economies by increasing racial equity. It is designed to do this through applied trainings, workshops, peer learning, and technical support. The 2022 program focused on equitable workforce recovery from April 2022 through March 2023. Teams from 11 rural and smaller urban communities across the United States, each composed of six to eight members representing critical voices and perspectives in their local and regional workforce development systems, were selected to participate. Individuals in the cohort represented organizations across public and private sectors, including national and local nonprofits, community-based organizations, civil rights groups, economic development organizations, workforce serving organizations, educational institutions, and small, midsize, and large employers.



Economic inclusion in Chattanooga

The Atlanta Fed’s Center for Workforce and Economic Opportunity supported the 2022 ROC cohort in Chattanooga. The cohort was led by the Urban League of Greater Chattanooga and included the Southeast Tennessee Development District, Benwood Foundation, Hamilton County School District, the

City of Chattanooga, the University of Tennessee at Chattanooga, and Unum, an insurance company headquartered in Chattanooga.

ROC was able to build on the work of Chattanooga's past initiatives to advance racial equity and increase economic mobility, such as its [Minority Business Task Force](#), the Government Alliance on Race and Equity for city leadership, and the mayor's [One Chattanooga](#) strategic framework to advance equitable economic growth.

The Chattanooga ROC cohort is made up of organizations that pursue racial equity as part of their strategic vision and community practice. The Urban League of Greater Chattanooga leads several [racial equity initiatives](#) with local partners. Recent efforts include the launching of its [Center for Equity and Inclusive Leadership](#) and cocreating the city's first [Community Culture Index](#).

Benwood Foundation supports economic inclusion through strategic grant making and community partnerships. Insurance company Unum promotes equitable workforce practices in its hiring and HR policies and actively supports community economic initiatives. Other cohort members, including the Hamilton County School District, the Southeast Tennessee Development District, and the University of Tennessee at Chattanooga, are public organizations that pursue economic and educational goals through initiatives such as community outreach programs.

Outcomes from the Reinventing Our Communities program in Chattanooga

The Reinventing Our Communities program was designed under the guiding principle that structural challenges and barriers are most effectively addressed through community-led collaboration and commitment. The goal was to achieve sustainable progress toward racial equity goals through specific measurable outcomes, consistent community involvement, feedback, consensus building, and an actionable plan that could realistically be implemented given the community's resources and constraints. The ROC program focused on three outcomes for the Chattanooga cohort:

Improved community-led collaboration and peer learning. One of the ROC program's strengths was that it provided a structured convening opportunity for community partners. For many, it was the first chance to formally collaborate on the issue of promoting racial equity in their local workforce systems. One goal that surfaced was the need to arrive at a common consensus on how to define both racial equity and success in achieving racial equity in greater Chattanooga's workforce ecosystem. Answers to these questions would allow the cohort to clearly outline its understanding of current economic disparities and establish clear and realistic goals, keep accountable to agreed-upon metrics, and recruit and engage additional individuals and entities. Aiming to promote and achieve goals through inclusive design, the cohort was deliberative in aligning its strategies and in identifying ways to solicit feedback from various stakeholders.

To engender a culture of peer learning, the Chattanooga cohort hosted a series of "racial equity discovery sessions" covering workforce development. During these discussions, the group learned from one another about various initiatives pursued by the broad constellation of public- and private-sector organizations across the city and county to increase equity in the Chattanooga workforce. These discussions included recognizing gaps in services, identifying underserved populations, and developing innovative approaches to address ongoing challenges. Session participants recognized the need for

ongoing periodic discussions around racial equity in the workforce development system and the need for greater inclusion in these discussions.

Increased capacity. The ROC program also helped organizations build the capacity necessary to address workforce challenges. The cohort recognized the importance of a strong, supportive public sector that had the ability to convene community partners, enact positive policy changes, and support local efforts. The Urban League of Greater Chattanooga and other partners across the cohort recognized how their work and that of the broader nonprofit sector could add capacity to the city of Chattanooga's efforts by helping contribute toward sustainable systems change and long-term strategizing. Most importantly, one of the cohort's foundational strengths would be to provide continuity that could support public sector initiatives and the efforts of dedicated community residents independent from changes in administration at the city, county, or state level.

Development of a multiyear racial equity framework centered on workforce development. The ROC Chattanooga cohort developed a multiyear framework designed to create a shared understanding of racial equity among public and private organizations in the Chattanooga region to improve organizational, educational, and workforce outcomes for minority and underserved communities. The framework, which will be implemented by the cohort's participating members and expanded as new participants sign on, focuses on four core areas:

- **Talent and leadership.** Cohort members agreed to assess whether their organization's leadership reflects the community it serves and agreed to promote equitable recruitment and retention practices to better increase workplace inclusivity and career advancement.
- **Workplace culture.** The cohort will promote the use of workplace engagement surveys within their organizations and encourage survey adoption across the city's public- and private-sector organizations to track progress toward a culture of diversity, equity, and inclusion (DEI).
- **Data collection and transparency.** Cohort members will initiate a community-wide effort to understand how companies, city and state governments, nonprofits, and workforce-serving organizations collect workforce data; promote the disaggregation of such data by race, ethnicity, gender, and other demographic groups; and encourage organizations to implement data and evidence-driven strategies to promote inclusive workforce and business practices.
- **Budget.** Cohort members will solicit feedback and the use of company self-evaluations to better understand their organization's budget and funding streams to ensure that DEI efforts are sustainably financed and that investments and organizational business practices—including contracting, supply, and logistics—are equitably allocated.

Catalyzing strong and stable workforce regions

Economic inclusion is important to a stable and prosperous economy that serves all. The ROC program created by the Federal Reserve Bank of Philadelphia and supported by a network of eight participating Federal Reserve Banks can provide a model for other communities interested in creating a more equitable workforce. Chattanooga's ROC cohort and its partners plan to host periodic meetings where they can engage in ongoing discussions, align strategies and goals, forge community consensus, increase awareness and understanding, and explore access to new resources and opportunities to expand racial equity and economic inclusivity in their region.