

Chattanooga NAACP

The Unfinished Agenda

Segregation & Exclusion in Chattanooga, TN and The Road
Towards Inclusion

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Introduction

In 1968, the Kerner Commission analyzed the issues associated with hundreds of urban riots during the summer of 1967 and concluded thusly: “Our nation is moving toward two societies, one black, one white—separate and unequal.” After that, the U.S. government embarked on a war against poverty. It opened up communities to racial integration. School systems were, in many cases, forcibly integrated. The number of African Americans who completed college and attained a middle class lifestyle grew. Yet, over the last 25 years, many public school systems have resegregated; levels of poverty within pockets of predominantly African American communities remain incredibly high. In the past, economic growth has been viewed as the panacea for overcoming community decline. Hundreds of millions of tax dollars, private investments and foundation grants have been dedicated to rejuvenating Chattanooga’s economy, its downtown, and its amenities to create a city that is the envy of mid-sized cities across the country.

Chattanooga’s renaissance was not by chance. Civic leaders had a vision and they pursued it with fidelity and vigor for over 20 years. Strategic alliances were made, political will was galvanized, and financial resources were allocated to transform downtown and the riverfront. The process is ongoing, and if national and international exposure is any measure of success, Chattanooga is succeeding beyond expectations. Despite our success, the echoes of “separate and unequal” reverberate. This report focuses on communities where separate and unequal are the norm. We believe that isolation by race and class leads to bad outcomes for all Chattanoogans. Community crime and violence dominate in the news cycle. And that distracts us from the roots of Chattanooga’s problem: too many people are not sharing in the success of Chattanooga.

Research shows that many cities are becoming more segregated by social class—divided by educational attainment, occupation and income.¹ This geographic sorting has consequences. It affects our perceptions of law enforcement, the quality of our schools, the safety of our streets, levels of community reinvestment, access to healthcare and the viability of our local economies. North Chattanooga, downtown and the Southside are all thriving while Alton Park, Westside and parts of East Chattanooga are surviving. This is not by chance. In this report, we will highlight growing inequality in Chattanooga. Our goal is to drive an inclusive community dialogue to create a more just city—a city where a child’s zip code is not his or her destiny.

The Roots of Exclusion

As Figure 1 below shows, the roots of Chattanooga’s segregated communities are deep. The map highlights those areas that were “redlined” by the Homeowners Loan Corporation (HOLC) in 1939. The areas highlighted in red were considered the most risky areas of investment. Redlining deprived these communities of reinvestment, creating concentrated enclaves of poverty and isolation. The areas of Hill City in North Chattanooga, Westside, Alton Park, Clifton Hills and

¹ Florida, Richard and Charlotta Melander. 2015. Segregated City: The Geography of Economic Segregation in America’s Metros. Martin Prosperity Institute. Available at: <http://martinprosperity.org/media/Segregated%20City.pdf>

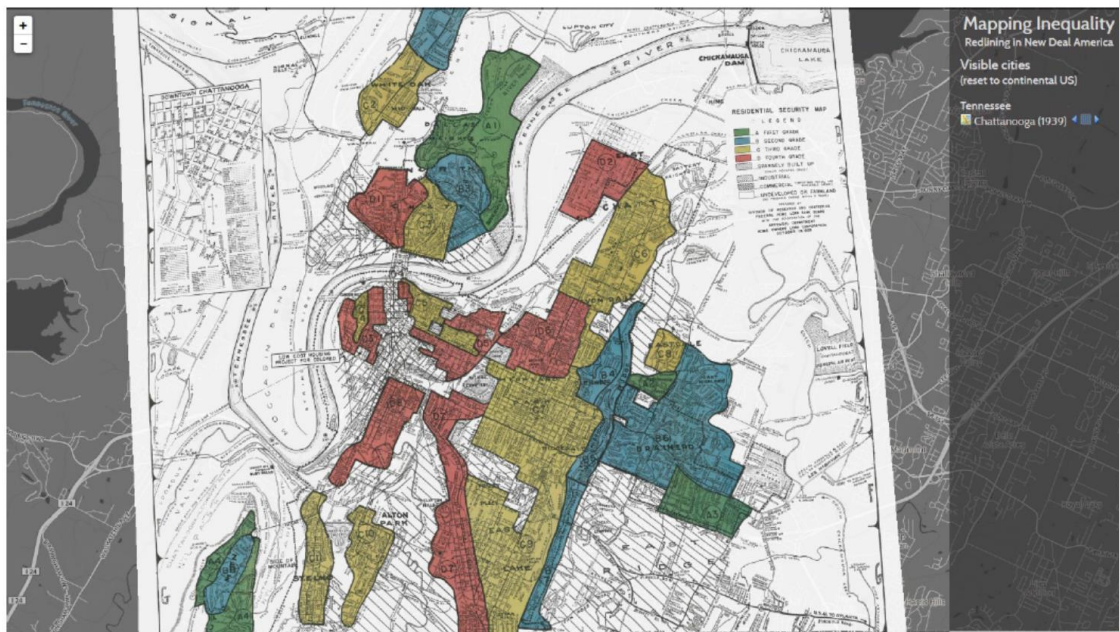
East Chattanooga were clearly redlined. Other communities were rated “third grade” (yellow on the map) and also considered high risk. Many of these communities have changed tremendously over the last 75 years, but several of these communities remain mired in poverty.

The HOLC map identifies a future “Low Cost Housing Project for Colored” at College Hill. Today, many of the redlined communities continue to struggle with a few exceptions. In areas that benefitted from direct subsidies made by local government, nonprofits and civic leaders, redevelopment has blossomed in the last 20 years.

Cameron Hills, once redlined, is now a LEED certified campus for Blue Cross Blue Shield of Tennessee. North Chattanooga benefitted tremendously from investments in Waterfront Park. Similarly, the renaissance of Southside included redevelopment of an elementary school, targeted investments in local infrastructure and loan programs to attract artists supported by various nonprofits and foundations. Local government has actively used payment-in-lieu-of-taxes (PILOT) agreements to attract businesses and investments back to the city. Despite all of these projects and programs, African Americans in Chattanooga remain outside looking in. Many African Americans who used to live in Hill City, Cameron Hills, Southside and North Chattanooga have been either forcibly removed or displaced by gentrification.

Figure 1: HOLC Redlining Map

Chattanooga Redlining Map: 1939 Homeowners Loan Corporation



Source: http://dsl.richmond.edu/holc_national/

With dedication and deliberate policy choices, Chattanooga’s civic leadership has changed conditions in many neighborhoods on the HOLC map. For example, North Chattanooga, downtown and Southside continue to gentrify. As Table 1 shows, the number of African Americans living in and near downtown has steadily declined since 1990 while the number of whites living in the heart of the city has increased. In the 1960s, advocates referred to the process associated with federally driven urban renewal as “Negro removal.” Today, the gentrification process is driven by market forces that reflect *deliberate policy choices*. Leaders strategically implemented programs and policies aimed at attracting creative class types such as artists, coders, and entrepreneurs. Hundreds of millions of dollars were invested in riverfront and downtown development to create the infrastructure deemed attractive to tourists and creatives. The investments worked.

Table 1: Population Change by Race Downtown, 1990-2013

Year	White Population	Black Population
2013	4,880	2,358
2010	3,463	2,297
2000	2,550	3,623
1990	2,402	3,720

Source: U.S. Census Data from Social Explorer.

In the communities in and around the downtown core, the number of whites increased from 2,402 in 1990 to 4,880 in 2013 (103 percent). Simultaneously, the number of African Americans in these neighborhoods decreased from 3,720 to 2,358 (-36 percent). The renaissance of downtown Chattanooga is an example of how deliberate policy decisions can radically alter conditions on the street. New restaurants seemingly open every week in trendy neighborhoods. The demand for artisan coffees, organic cuisine and fresh baked goods contributes to Chattanooga’s hip vibe. In fact, during the writing of this report, Chattanooga was voted Outdoor Magazine’s “Best Town” based upon internet voting.

The investments made in and around downtown have not been replicated in other low-income neighborhoods. In communities within blocks of downtown, poverty remains the norm. Coffee shops, new restaurants and Crossfit training facilities are not breathing new air into the local economies. Children are not attending private academies. Rather, they grow up in neighborhoods of concentrated poverty. They go to school with mainly poor children. The adults in their lives are not working at VW. In these communities, civic leaders are perceived unresponsive, and law enforcement is tasked with punitively reacting to the “problems” associated with poor people.

When the status quo fails to work for individuals, new structures based upon different rationalities are created. We see this every day in Alton Park, East Chattanooga, and West Chattanooga where underground economies thrive in the absence of functional markets; where relations with police and elected officials are frayed; where schools tend to struggle to meet basic benchmarks; where petty disputes escalate to shootings. A complex set of structural economic forces, cultural adaptations and benign neglect have contributed to the maintenance of marginalized communities that are mired in violence and poverty.

The Past as Prologue?

Given current discord in African American communities in Baltimore, Cleveland, Madison, Ferguson and New York, to name a few, civic leaders would be naïve to think it couldn't happen here. The conditions in some Chattanooga neighborhoods rivals those found in racially, socially and economically isolated Baltimore neighborhoods. A community dialogue is needed to honestly discuss conditions in ALL of Chattanooga. This should be led by local residents, religious leaders, community organizers, nonprofits and residents typically left out of policy discussions.

After the hundreds of urban riots in 1967, the Kerner Commission surveyed residents in 23 cities. Researchers classified survey responses into levels of intensity.

First Level of Intensity

1. Police practices
2. Unemployment and underemployment
3. Inadequate housing

Second Level of Intensity

4. Inadequate education
5. Poor recreation facilities and programs
6. Ineffectiveness of the political structure and grievance mechanisms.

While the nature of the problems has changed, are the first level of intensity factors identified in 1968 still relevant in 2015 Chattanooga? Community relations with police are in flux, but they could be better. Too many African American males are incarcerated or in the system. And, the disproportional suspension of African American children in public schools contributes to the school to prison pipeline. Rates of unemployment and underemployment are incredibly high in racially isolated, impoverished communities. The destruction of public housing and the lack of adequate, affordable replacement homes have not been resolved. Gentrification has displaced thousands of African Americans from stable communities such as Hill City in North Chattanooga.

Among those variables identified as second level of intensity by the Kerner Commission, barriers remain. The Hamilton County Department of Education, despite sustained and genuine efforts to improve high poverty schools, is not producing enough college ready or workforce ready African American graduates. Recreation facilities are serviceable and all residents can benefit from many of Chattanooga's free amenities. African Americans tend to distrust political leaders because things rarely change for the better in their neighborhoods. When communities are improved, African Americans are displaced. When new job opportunities such as Volkswagen arrive, too many African Americans lack the requisite skills to compete. When new revenues are proposed to improve public schools, county commissioners vote no. Overall, the issues identified in 1968 remain relevant.

Worlds Apart

Baltimore and Chattanooga are not really comparable given differences in history, size and leadership. However, leaders in Chattanooga would be well-served to analyze the conditions in highly segregated, high poverty Baltimore neighborhoods like Freddie Gray's. The opportunity structures and daily experiences with formal authority systems such as City Hall, police, the courthouse and schools in these communities are radically different than those found in the typical residential enclaves of college educated professionals in Baltimore. Data from Baltimore's Indicator Project highlight conditions in Freddie Gray's segregated community:

- Life expectancy: 69 .7 years
- Number of banks: 0
- Percent College Graduates: <5 percent
- Adults on parole/probation: 10.4 percent
- Unemployment rate: 22.7 percent
- Households without an automobile: 58.2 percent
- Grade 9-12 students chronically absent (>20 absences): 43.4 percent
- Properties vacant or abandoned: 34.3 percent
- Residential sales for cash: 92.5 percent (slumlords)
- Children living below poverty: 47.6 percent

Source: http://bniajfi.org/community/Sandtown-Winchester_Harlem%20Park

In Sandtown, citizens rely on pawnshops and other exploitive lenders for financial transactions because there are no banks. The life expectancy, 69.7 years, is much lower than both the city and national averages. Levels of educational attainment are low and this is reflected in high unemployment rates and low incomes. High percentages of children live in poverty and blight is pervasive. Residents lack their own transportation to access potential jobs outside the community. The majority of residents rent and they are marginally attached to the mainstream economy. They typically do not have savings accounts, 401ks, pensions or other things most middle income American families take for granted.

Chattanooga Neighborhoods: On the wrong side of the Gig

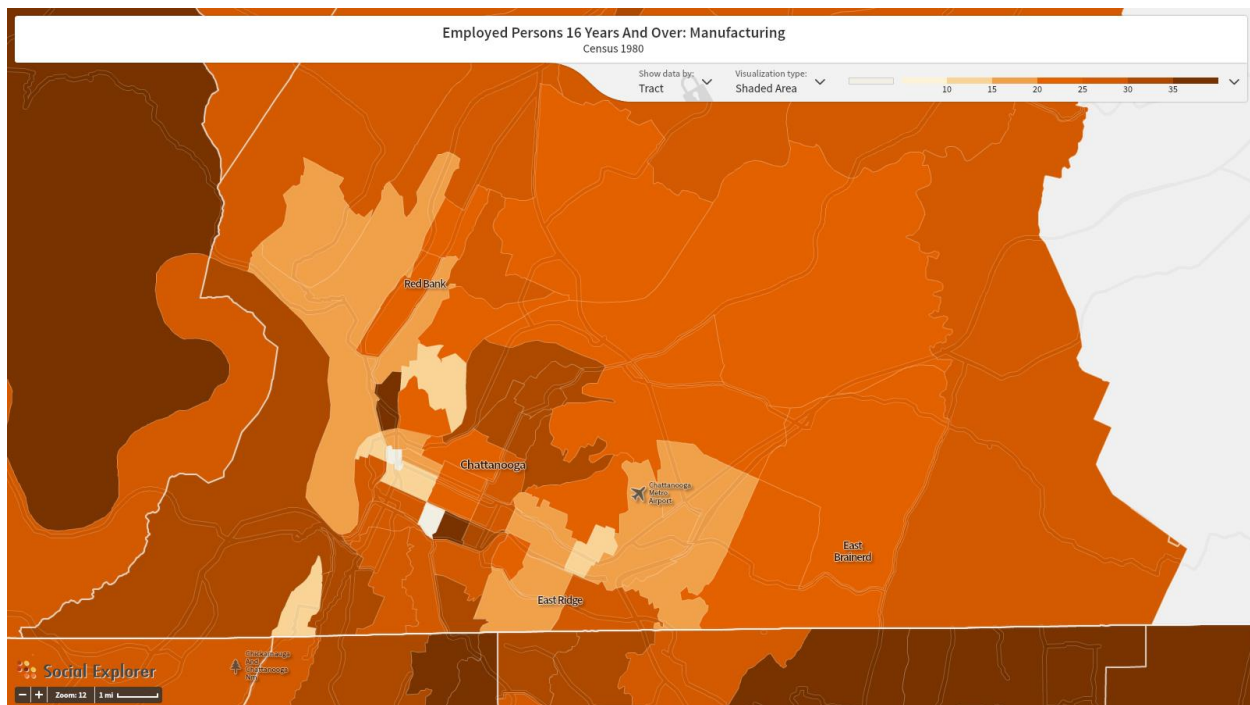
The industrial era in Chattanooga was characterized by iron and steel, and the railroad was a line of demarcation between the haves and the have-nots. The railroad was the lifeblood of the local economy—moving resources and products to markets. On one side of the tracks lived the affluent and on the other side of the tracks lived the laborers. Communities on different sides of the track had separate schools, separate churches, and separate economies.

We now live in a postindustrial era that is sometimes referred to as a knowledge economy. It is different in the sense that “talent” is rewarded over brawn. Talent extracts higher compensation than traditional manufacturing labor in the industrial sector. The infrastructure needed to unleash tornadoes of innovation is no longer made of steel, it's made of fiber optic cable.

The structural changes that have occurred in Chattanooga's economy in the last 40 years are astounding. Maps 1 & 2 show the percentage of the workforce employed in Manufacturing in 1980 and 2013. In 1980, roughly one-quarter of all occupations were classified as manufacturing. Almost 40 percent of employed adults in Hill City worked in manufacturing occupations in 1980. Across urban neighborhoods 20 to 40 percent of the jobs were in the manufacturing sector.

The Equality of Opportunity Project recently released data on the impacts of growing up in individual counties and commuting zones on future income.² For example, if a child were to grow up in a low-income family in the Chattanooga metro area instead of an average place, he/she would make about 8.7 percent less at age 26. The average level of household income at age 26 is \$26,000, so 8.7 percent loss translates to -\$2,262 of less income. For a child from a higher income family, he/she would make about 2.2 percent less at age 26 (about \$676 less than the national average place). These data highlight the limits on economic mobility faced by low income children who grow up in the Chattanooga region.

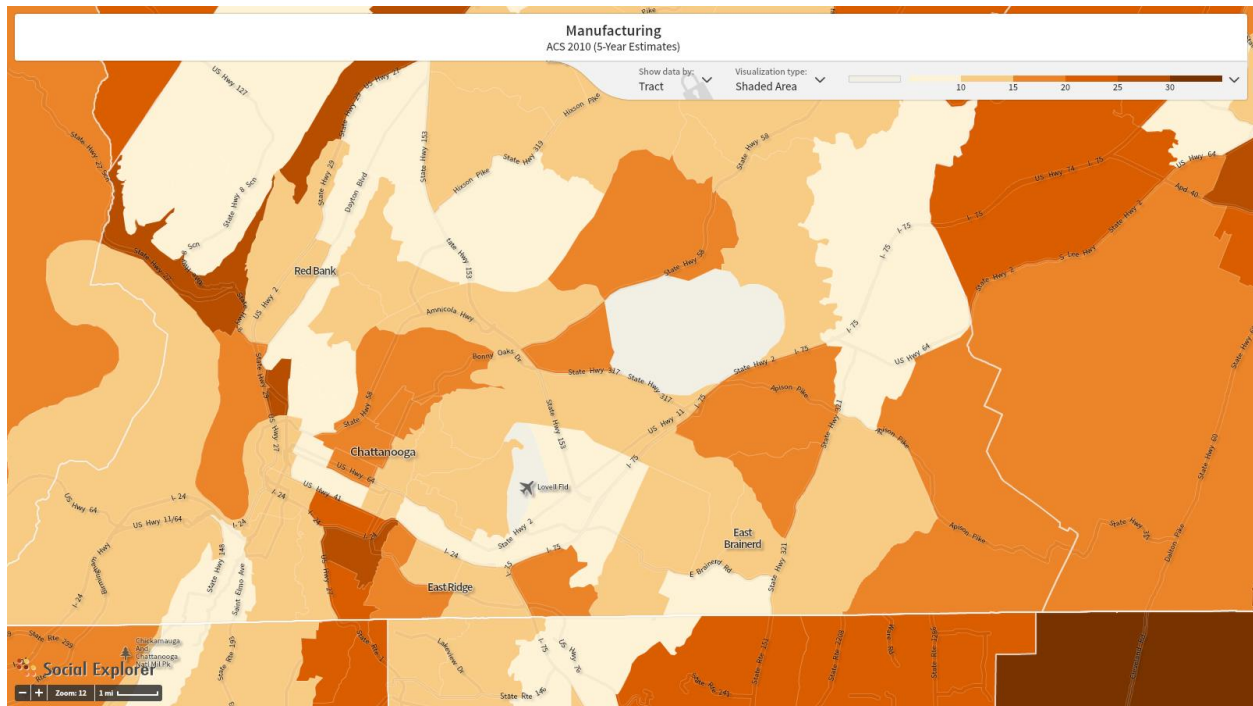
Map 1: Chattanooga Manufacturing Employment 1980 by Census Tract.



Map 2 highlights the complete transition of the local economy over the last 35 years. Overall, manufacturing now accounts for about 12.5 percent of all jobs in Hamilton County, and the darker colors (higher concentrations) tend to be concentrated in suburban and exurban locales. The types of jobs that provided livable wages and working class lifestyles have eroded; this has had dramatic impacts on low-income communities.

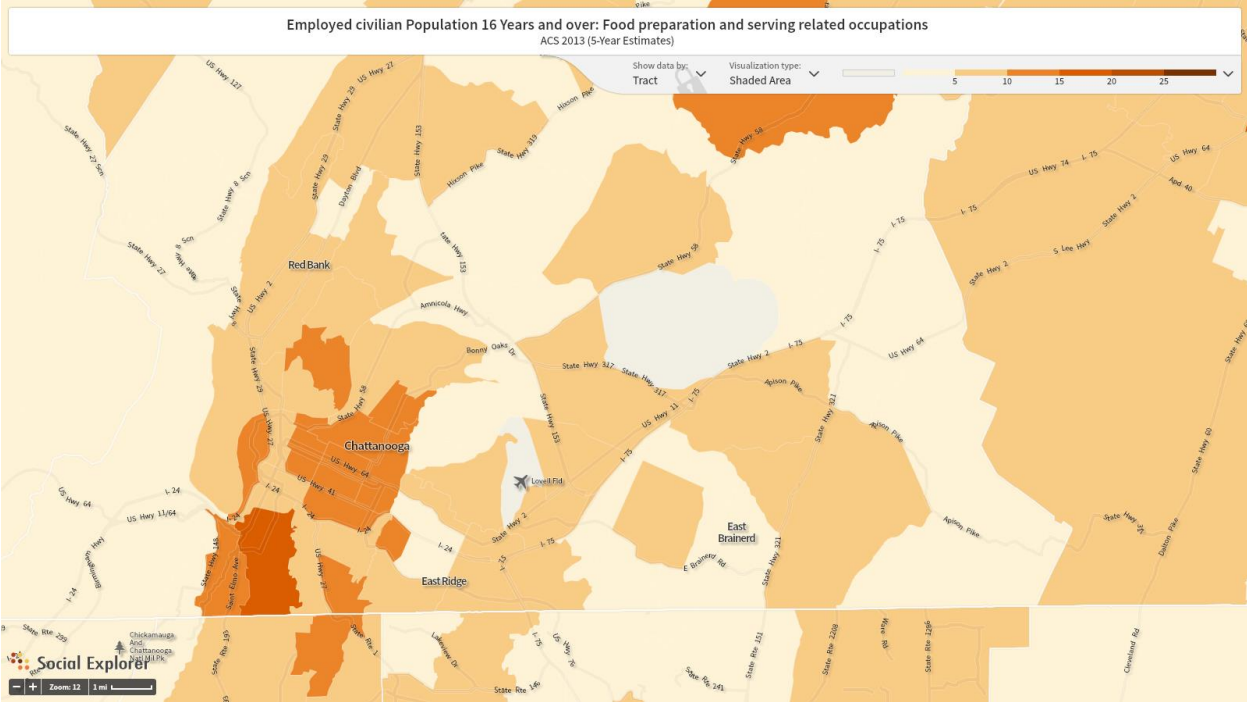
² Chetty, Raj and Nathaniel Hendren. "Causal Effects, Mobility Estimates and Covariates by County, CZ and Birth Cohort." The Equality of Opportunity Project. Available at: <http://www.equality-of-opportunity.org/index.php/data>

Map 2: Chattanooga Manufacturing Employment 2013 by Census Tract



Manufacturing jobs have been replaced with higher paying white-collar jobs that typically require a college education or lower paying service-sector jobs. In some Chattanooga neighborhoods, there are more adult high school dropouts than college graduates. As Map 3 shows, the relative percentage of jobs in food preparation and service related occupations are high in and around downtown. In Alton Park, about 16 percent of employed residents work in these type jobs. In East Chattanooga neighborhoods, the percentage employed in these occupations ranges from 12-14 percent. There is nothing wrong with these jobs. However, they typically pay employees lower wages, offer fewer hours and rarely include high quality fringe benefits.

Map 3: Chattanooga Food Preparation and Serving Related Occupations 2013 by Census Tract



A closer look at the local economy shows an imbalance in the types of employment available to individuals and within communities. The highest paying jobs that require more education and training are filled disproportionately by whites. For example, 42 percent of white employees in Hamilton County work in Management, Business, Science and Arts classification. These are higher-paying, white collar positions. As Table 2 shows, hourly and annual average wages are quite strong in this classification. About 22 percent of African Americans are employed in this job classification.

Table 2: Chattanooga Region Employment in Management, Business, Science and Arts

OCCUPATIONS	Job Data		Hourly Wage		Annual
	Total	Median	Mean	Mean	
Management	11,590	\$14.65	\$19.25	\$40,030	
Business & Financial					
Operations	7,970	\$27.26	\$30.11	\$62,630	
Computer & Mathematical					
Occ.s	3,250	\$34.14	\$34.59	\$71,960	
Architecture & Engineering	4,380	\$36.83	\$38.14	\$79,340	
Education, Training & Library	11,550	\$21.02	\$20.59	\$42,830	
Healthcare Practitioners &					
Technical	16,510	\$26.24	\$32.33	\$67,240	

Source: Bureau of Labor Statistics. May 2014 Metropolitan and Nonmetropolitan Area occupational Employment and Wage Estimates. Chattanooga, TN-GA.

Service Occupations as defined by the U.S. Census includes jobs in healthcare support, food preparation, grounds cleaning and maintenance, and personal care and services. These jobs typically require less formal education and this is reflected in wages. Twenty-seven percent of African Americans compared to 15 percent of whites work in Service occupations. Table 3 highlights the range of wages for employees in this sector. Service jobs are more likely to be part-time and they generally lack upward mobility.

Table 3: Chattanooga Region Employment in Service Occupations

Occupations	Job Data	Hourly Wage		Annual
	Total	Median	Mean	Mean
Healthcare Support	6,160	\$12.55	\$13.97	\$29,060
Protective Service	4,970	\$16.31	\$16.75	\$34,840
Food Preparation & Serving	20,710	\$8.82	\$9.34	\$19,430
Building & Grounds Cleaning & Maintenance	7,770	\$9.11	\$10.53	\$21,890
Personal Care & Service	5,540	\$9.17	\$10.78	\$22,420

Source: Bureau of Labor Statistics. May 2014 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates. Chattanooga, TN-GA.

Similar patterns emerge in Construction and Maintenance employment. Over 8 percent of white employees work in this sector compared to almost 4 percent for African Americans. Annual mean wages for these types of blue collar jobs range from \$25,760 for construction laborers to \$47,000 for electricians in the Chattanooga region. Similar patterns exist in the Production, Transportation and Material Moving classification used by the Bureau of Labor Statistics. Twenty-three percent of African American workers compared to 9.8 percent of white workers are employed as bus drivers, truck drivers, packers and package handlers. The mean annual wage in this sector is \$31,630.

The structural imbalance in the workforce creates barriers to entry into the more lucrative jobs associated with the knowledge economy. In many urban communities, small numbers of adults have completed postsecondary degrees or certifications. In fact, there are typically more adults without a high school diploma than with a college degree in Chattanooga’s poorest neighborhoods.³ The employment options for these adults are limited to service jobs and production sector jobs. In both cases, the wages are rarely high enough to support a family.

Today’s Choo Choo is the Gig

Chattanooga is an excellent example of how the gig is the new railroad. It is part of Chattanooga’s brand and it is a central component of downtown’s growth strategy. The Enterprise Center rightfully touts the success of Cherry Street, Warehouse Row, Miller Park, the Camp House, Arts Build, the Museum’s Mural program, the Tomorrow Building, and the Gig Lab. These are great accomplishments that enhance the quality of life for those whose cultural affinities and disposable income empower them to enjoy Chattanooga’s success. But, how have those projects benefitted residents in Alton Park, East Chattanooga, Westside and other low-

³ See additional maps in the Appendix.

income communities? How will residents from these communities benefit from all the success happening in certain parts of Chattanooga? What tangible benefits will accrue to a high school dropout who has been in and out of the criminal justice system? These questions have not been asked or answered by the proponents of the Gig City.

The talent economy is much different than the industrial economy. An individual's ability to plug into the potential opportunities in the tech-defined work place defines her or his relationship with the new economy. On one side of the gig, technology is a disruptive force of productivity that creates new opportunities for knowledge workers. Many of these knowledge workers enjoy urban living and have been pioneers in gentrifying neighborhoods.

On the wrong side of the gig, technology is a disruptive force of productivity that contributes to lower wages and social immobility. The number of manufacturing jobs in the Chattanooga region dropped from 46,000 in 1990 to about 31,000 as of November 2014. While the region lost 15,000 manufacturing jobs the population grew by 117,000.⁴ The number of regional jobs in leisure and hospitality grew from 17,000 to 27,000 during the same time period. These jobs partly service the needs of the talent economy.

Unfortunately, service jobs are often not gateways to the middle class. Chattanooga has tremendous potential to leverage the Gig to improve opportunities for those on the wrong side of it. Granted, many committed groups and civic leaders are pursuing digital equity initiatives and working with schools and low-income children through organizations like Code for America. These are piecemeal initiatives. Creating opportunities for all Chattanoogaans to flourish in the knowledge economy will require real investments in public education. At this time, such investment seems unlikely: "We're not going to raise property taxes," Coppinger told the Times Free Press. "I've always said time and time again, it would only be a last resort to raise property taxes" (Chattanooga Times Free Press, May 27, 2015).

Elected officials and civic leaders have spent lots of time and hundreds of millions of dollars to lure railroad-dependent industries to Chattanooga. Perhaps it is time they focus equal attention on moving long-time residents from the wrong side of the Gig to the right side of the Gig.

A Rising Tide for Some

Within some Chattanooga neighborhoods, the barriers facing residents who seek the American dream are similar to Sandtown in Baltimore. As Map 4 illustrates, poverty rates for African Americans in Chattanooga neighborhoods are extremely high. In Chattanooga, 36 percent of African Americans live in poverty compared to 14.5 percent of whites. Two-thirds of African American residents of Alton Park (Census Tract 19) live in poverty. In contrast, Map 5 shows that poverty rates for white households are quite low, especially in the suburbs. These disparities highlight the socioeconomic gulf that exists in Chattanooga.

⁴ Despite the loss of manufacturing jobs, shift-share analysis shows that Chattanooga's manufacturing sector has outperformed the nation in terms of job creation.

Map 4: Black Poverty Rates by Census Tract, 2013

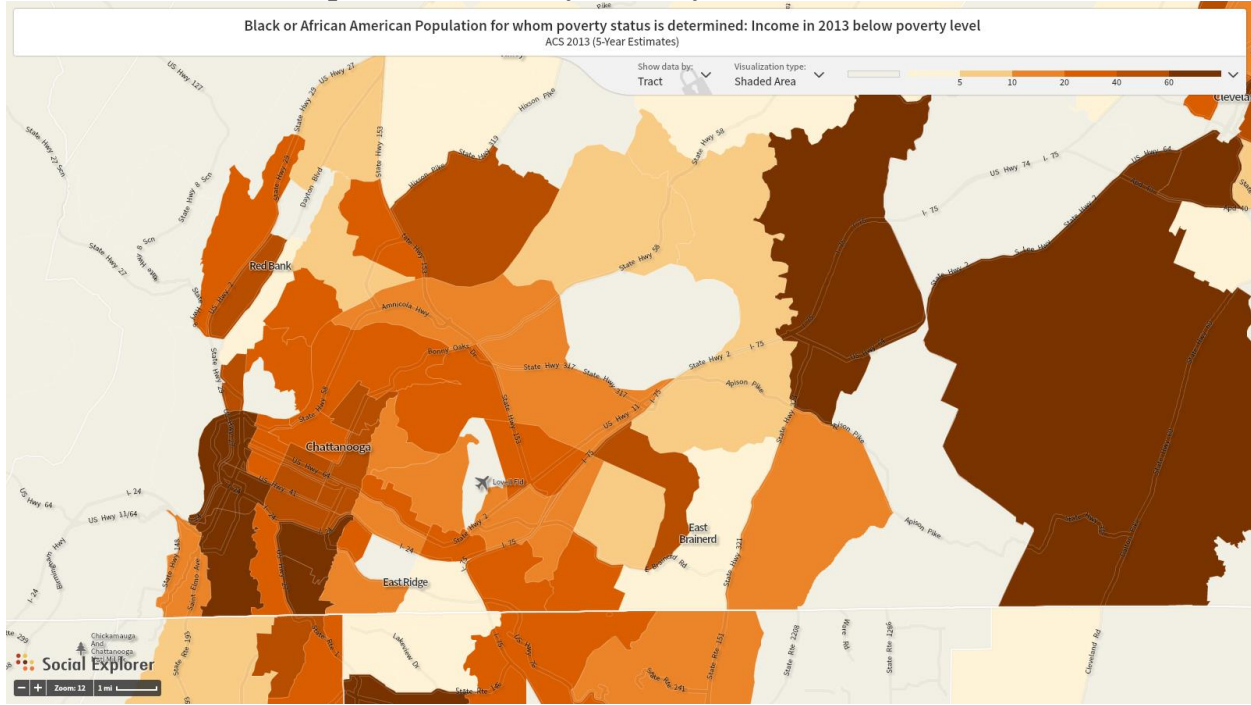


Table 5: White Poverty Rates by Census Tract, 2013

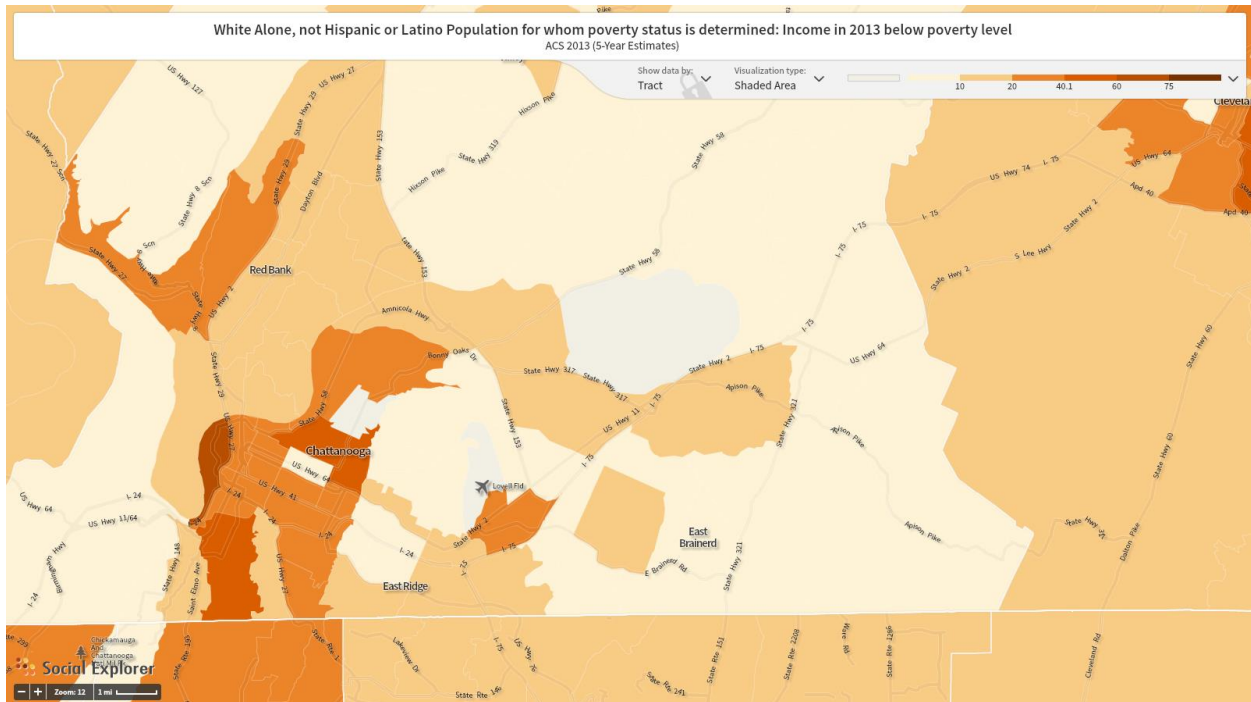


Table 4 shows that the percentage of families living in poverty has steadily increased from 1990 through 2013 *despite* the city’s renaissance. This is an alarming trend because it suggests the rising tide of economic success in the city has not raised all boats. For both African Americans and whites, rates of poverty have increased in Chattanooga and Hamilton County over the last 15 years. Unfortunately, large segments of the local population—especially African Americans—have not experienced the fruits of economic development and growth.

Table 4: Chattanooga & Hamilton County Poverty Status by Race and Age, 1980-2013

Year	Chattanooga City			Hamilton County		
	White	Black	Under 18	White	Black	Under 18
2013	14.5%	35.5%	38.1%	10.7%	32.2%	25.3%
2010	13.1%	32.0%	32.0%	9.7%	29.1%	22.1%
2000	11.0%	28.5%	27.4%	7.9%	26.8%	17.0%
1980				9.0%	31.9%	19.8%

Source: U.S. Census Bureau and Social Explorer.

More pronounced in Table 4 is the increasing percentage of all children under the age of 18 who live in poverty. In 15 years, the percentage of Chattanooga children living in poverty increased from 27 percent in 2000 to 38 percent in 2013. The childhood poverty rate has also grown in Hamilton County, but not as fast. Researchers have highlighted the negative impacts of poverty on school readiness, high school completion and college and career readiness.⁵ Local leaders are well aware of the insidious impacts of childhood poverty on future outcomes. Yet, much public policy tends to focus on containing the “problem” through the criminal justice system. Keep in mind, this is not solely an African American problem. The rise in childhood poverty at the county level suggests that class differences are hardening and widening to include more Hispanic and White children.

Separate and Unequal

The conditions in Chattanooga differ by address and race. We aggregated census data for 11 low-income neighborhoods—we’ll call this city Old Chattanooga—to isolate the socioeconomic differences in the city. In census tracts where the poverty rate is 40 percent or greater, the total population is about 27,580. In Old Chattanooga, the average poverty rate is 63.5 percent. The racial balance in Old Chattanooga is 73 percent African American and 26 percent white. Childhood poverty is the norm in Old Chattanooga, and that has tremendous implications for the future.

Table 5 shows that overall median household income levels in Old Chattanooga is relatively low. Yet, even within Old Chattanooga, median income for white households tends to be higher. For example, in Census Tract 20—which includes Southside—the median household income for

⁵ Isaacs, Julie B. “Starting School at a Disadvantage: The School Readiness of Poor Children.” Brookings. Available at, <http://www.brookings.edu/research/papers/2012/03/19-school-disadvantage-isaacs>. Ratcliffe, Caroline and Signe-Mary McKernan. Child Poverty and Its Lasting Consequence. The Urban Institute. Available at, <http://www.urban.org/research/publication/child-poverty-and-its-lasting-consequence>

African Americans is about \$50,000 less than that of whites. The socioeconomic difference, literally within blocks, is staggering.

In terms of housing, rates of home ownership in Old Chattanooga are low. Traditionally, housing has provided an avenue to wealth through the accumulation of equity that is then passed on to children. In Old Chattanooga, home ownership is the exception and not the rule. Given that such a high percentage of residents are renters, we calculated the rent burden for households in these neighborhoods. The U.S. Housing & Urban Development agency defines unsustainable rent burdens as follows: “Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.” In every neighborhood except Southside, renter households devote more than 50 percent of their income to rent. The income and housing data demonstrate how vastly different Old Chattanooga is to the Gig City.

Table 5: Select Income & Housing Data for Impoverished Chattanooga Neighborhoods

Tract:	Median Household Income			Housing	
	White	Black	Overall	Owner Occupied	Rent Burden
11	34,476	16,788	18,583	37.3	66.7
12	31,228	20,436	21,890	37.9	54.3
13	30,925	18,864	24,455	46.2	63.9
14	27,443	17,083	23,841	38.2	73.8
16	9,670	8,989	9,194	0.0	52.31
19	13,750	13,956	13,773	32.1	55.96
20	62,639	11,487	19,072	29.6	40.6
24	28,586	28,217	29,293	47.4	71.63
25	31,620	15,142	21,410	36.1	52.78
26	25,000	14,388	19,467	30.1	61.41
122		17300	17,067	34.1	66.05

Source: U.S. Census, ACS 2009-13 5-Year Estimates & Social Explorer.

Rates of African American unemployment in Old Chattanooga are extraordinary. In Westside (Tract 16), 40 percent of African Americans in the workforce are unemployed. In Alton Park, 34.5 percent of African Americans are unemployed. The lack of employment shows up in the percentage of households with annual incomes less than \$25,000. The vast majority of households do not have incomes exceeding \$75,000 per year. Roughly three-quarters of households in Alton Park get by on less than \$25,000 per year. In Hamilton County as a whole, 27 percent of households earn less than \$25,000 and 30 percent earn more than \$75,000 annually. Maps 5 and 6 show the geographic distribution of households in Hamilton County where the median household income is less than \$25,000 per year. They show a pattern of concentrated poverty surrounded by suburban affluence.

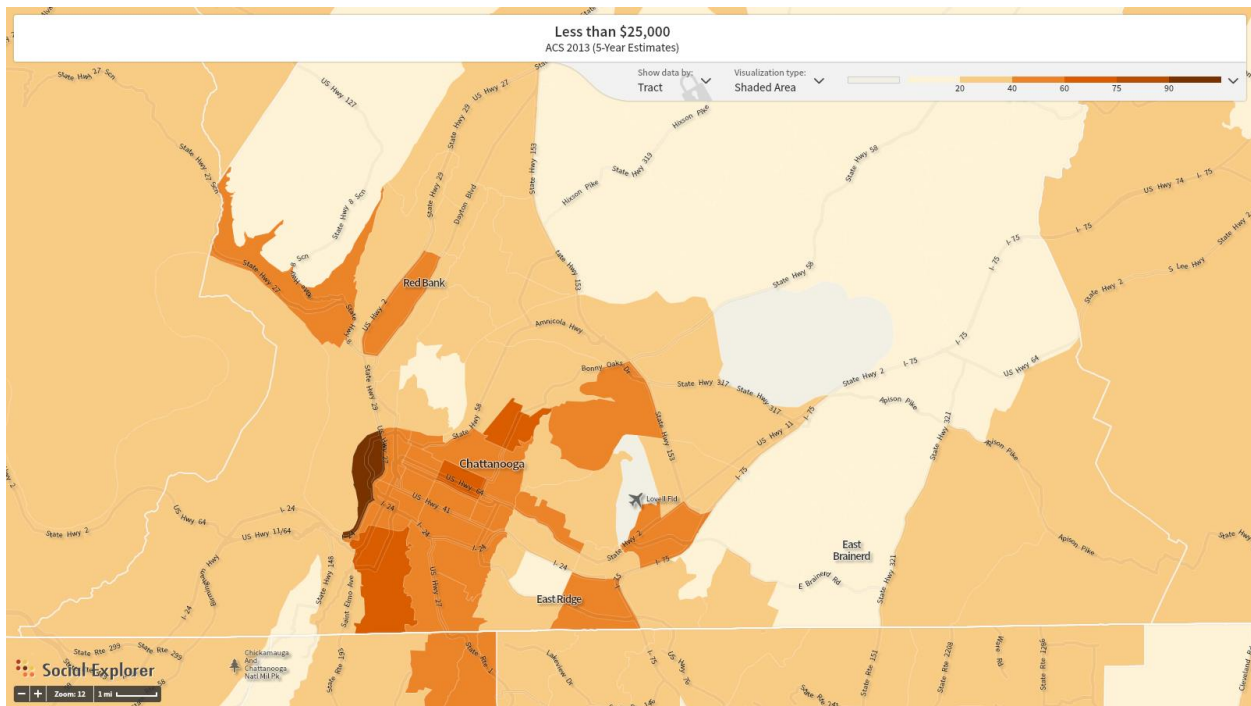
Table 6: Unemployment & Income for Impoverished Chattanooga Neighborhoods

Tract:	Black Unemployment*	Household Income	
		Less than \$25,000	More than \$75,000
11	15.3%	60.2%	10.8%
12	34.3%	51.4%	8.0%
13	20.9%	41.4%	9.0%
14	24.8%	53.7%	10.0%
16	39.8%	94.4%	0%
19	34.5%	74.1%	6.7%
20	21.7%	55.1%	18.3%
24	39.1%	43.3%	14.7%
25	30.1%	55.9%	8.4%
26	8.2%	58.3%	7.8%
122	32.0%	63.8%	2.5%

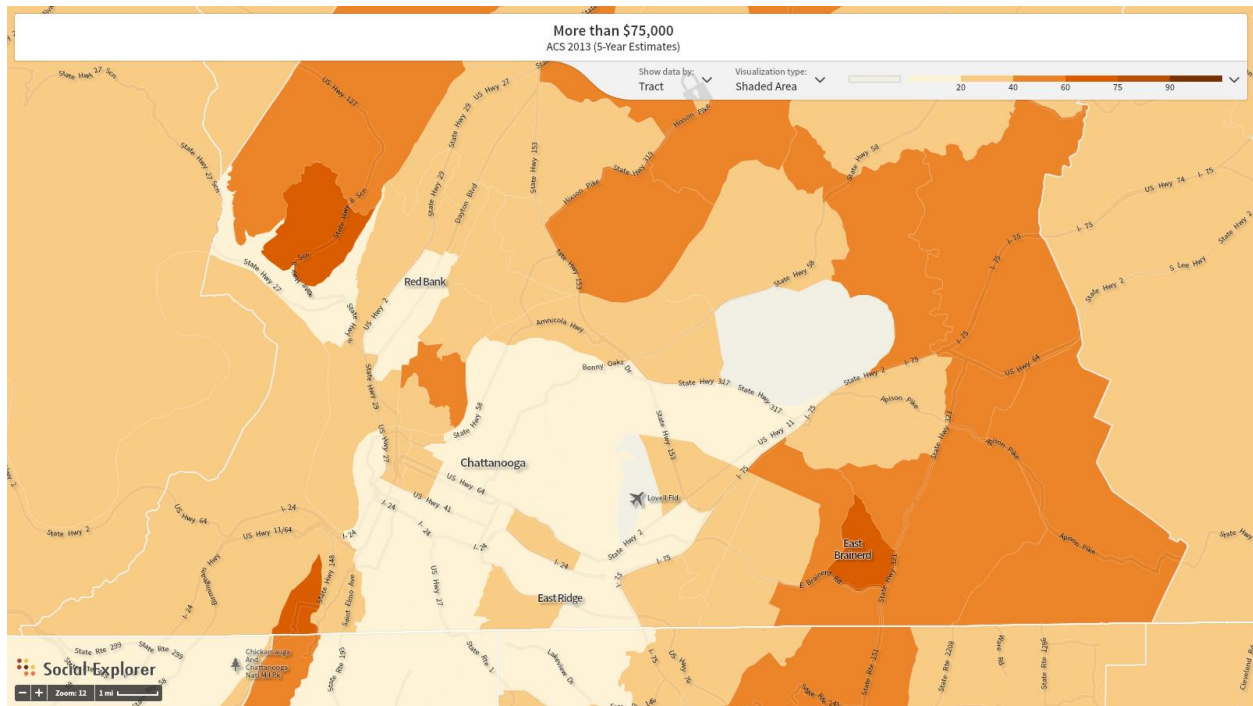
Source: U.S. Census, ACS 2009-2013 5-Year Estimates and Social Explorer.

*Black unemployment rates come from ACS Table S2301.

Map 5: Median Household Income Less than \$25,000



Map 6: Median Household Income Greater than \$75,000



Public Schools & Private Schools

Education data demonstrates how uneven TCAP scores are by race and school location. We will not focus on test scores in this report. Rather, in this section we will focus on separate school systems and how that contributes to antipathy for public education. The public/private school dichotomy is of particular interest because it undergirds inequality in the city. Private schools are exclusive spheres that are not reflective of demographic shifts in the country, state and city. And, more importantly, they contribute to a widespread philosophy that new tax revenues for public education are a political non-starter. When a family invests \$10,000-\$25,000 in private school tuition, they are probably less likely to support tax increases for public schools. Those parents have opted out of the public system, and they do not want to spend one additional dollar on funding the education of others.

The National Center for Education Statistics chronicles how more and more public school children live in poverty. The report states:

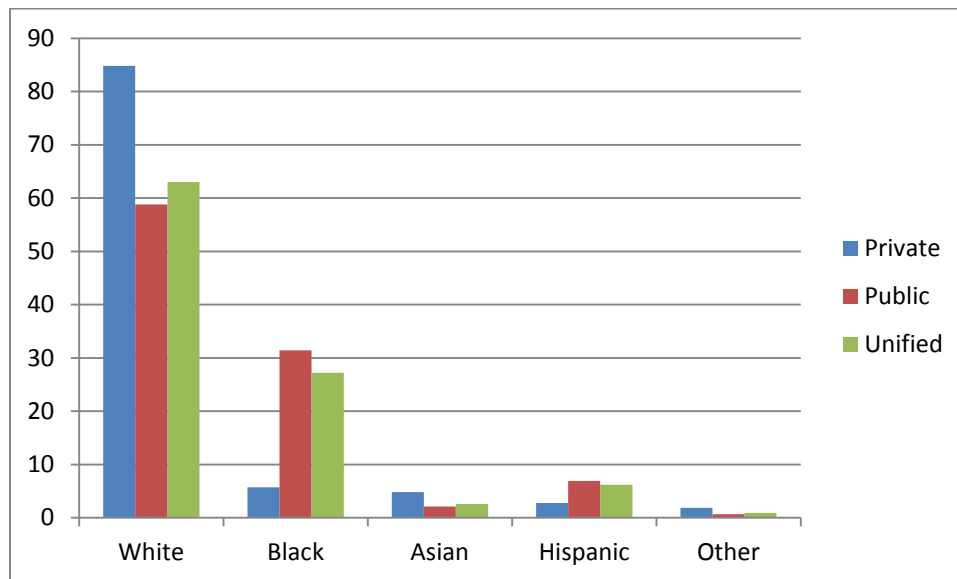
“Research suggests that living in poverty during early childhood is associated with lower than average academic performance that begins in Kindergarten and extends through elementary and high school. Living in poverty during early childhood is also associated with lower than average rates of school completion.”

In Hamilton County, several elementary, middle and high schools are full of children living in poverty—schools where more than 90 percent of students receive free and reduced price lunches. In Hamilton County, about 16.2 percent of school-aged children attended private schools in the 2012 school year. Among white school-aged children, 22 percent attended private schools

compared to 3.4 percent of African American school-aged children. Thirty percent of Asian school-aged children attended private schools as did 7 percent of Hispanics.⁶

Figure 1 shows the racial composition of public and private schools in Hamilton County (2012 school year). We included a category “unified” that aggregates both private and public school students. For private schools, 85 percent of students were white, 5.7 percent were African American, 5 percent were Asian, and 3 percent were Hispanic. Among public schools, 59 percent of students were white, 31 percent were African American, 2 percent were Asian and 7 percent were Hispanic. Overall, in the unified category, the racial breakdown would be 63 percent white, 27 percent African American, 2.6 percent Asian, and 6.2 percent Hispanic.

Figure 1: Racial Composition of Hamilton County Schools: Public & Private



Source: U.S. Department of Education, National Center for Education Statistics, "Private School Universe Survey (PSS)", 2011-12.

Public Health Insurance & Private Health Insurance

In this section, we examine the association between where you live and the type of health insurance you have. In majority African American neighborhoods, 46 percent of individuals have private health insurance and 20 percent of the population is uninsured, as shown in Table 7. The remainder is insured through the public system. In neighborhoods where the white population is 80 percent or higher, 75 percent of individuals are insured through the private system and 11 percent are uninsured. Additional maps in the appendix illustrate the geographic distribution of these neighborhoods. In general, communities in and around the urban core have higher concentrations of African Americans while suburban neighborhoods are more likely to be populated by whites.

⁶ Private and Public School Demographics come from the National Center for Educational Statistics (NCES).

Table 7: Rates of Insurance Coverage by Racial Concentration

Neighborhood Type	Total Pop.	Private Ins.	Uninsured
80% or Greater White	169,600	74.6%	11.5%
50% or Greater Black	53,004	46.1%	20.0%

Source: U.S. Census. American Community Survey, 2009-2013 5-Year Estimates. Health Insurance Coverage, Table DP03.

Different Worlds, Different Norms

As the data examined in this report makes clear: where you live, where you go to school, where you work, and how much you earn has a big impact on opportunities and quality of life. In the absence of functional markets, pathologies fill the void. Chattanooga is investing heavily in initiatives to decrease neighborhood violence and senseless shootings, to improve public schools, and to build community cohesion. It's great to use resources for these purposes, but these investments seem out of synch with a larger, more holistic vision to transform low-income communities.

We aggregated and geocoded data from the Chattanooga Times Free Press shootings database for 2013. Each shooting was then linked to a Census Tract and we calculated a nonfatal shootings per 10,000 residents rate. Table 8 shows that the highest rates of nonfatal shootings occurred in racially concentrated African American neighborhoods. In neighborhoods that experienced a nonfatal shooting in 2013, neighborhoods with 50 percent or higher African American populations had 95 shootings—17 per 10,000 residents and three times higher than in neighborhoods with less than 25 percent African Americans. Researchers have found that exposure to extreme violence contributes to already high burdens of toxic stress in impoverished communities. The impacts are most severe on children.⁷

Table 8: Nonfatal Shootings by Neighborhood Racial Concentration, 2013

Black Population		Total	Percent	Nonfatal Shootings	
Percent	Number	Population	Black	Number	Per 10,000 Residents
<25%	3,366	23,314	14.4%	12	5.15
25-49%	5,588	17,333	32.2%	15	8.65
50%+	40,152	55,829	71.9%	95	17.02

Source: 2013 Nonfatal Shootings. Chattanooga Times Free Press.

The officers who respond to shootings and other crimes in the most impacted communities do not reflect the racial concentration of impoverished communities. According to Diversity Reports provided by the Chattanooga Police Department, the percentage of African American sworn officers has decreased from 22.5 percent (99 officers) in 2000 to 17.6 percent (86 officers) in 2015.

⁷ See Chapter 3 of Robert Putnam's book *Our Kids: The American Dream in Crisis* for a good overview of this issue.

Inequality is Pervasive

How unequal is Hamilton County? Chattanooga? To answer these questions, we borrow from a Brookings study that finds inequality to be more pronounced in larger cities than the U.S. overall. Berube and Holmes analyzed nationwide data and found: “Across the 50 largest cities, households in the 95th percentile of income earned 11.6 times as much as households at the 20th percentile, a considerably wider margin than the national average ratio of 9.3.” We replicated this analysis for Hamilton County and Chattanooga and the results were similar for each jurisdiction—economic growth and development has yet to trickle down to those in the lowest income quartile.

Table 9 shows the distribution of County and City income by quartile and share, the Gini coefficient, and the ratio of the top 5 percent to the lowest quartile. The Gini Coefficient is used by researchers as a proxy measure for levels of inequality. If all the income in Hamilton County were earned by one person and everyone else earned nothing, the coefficient would be one. If everyone in Hamilton County earned the same amount, the Gini coefficient would be zero.⁸ In Hamilton County, the Gini Coefficient improved from .49 to .48 between 2007 and 2013. For comparative purposes, the Gini Coefficient in Hamilton County is similar to Knox (.48), Shelby (.50), Davidson (0.49), and Bradley County (.46).

At the city level, the Gini Coefficient increased slightly from .49 to .50 between 2007 and 2013. The Gini Coefficient varies in Tennessee cities. In 2013, it was .50 in Memphis, .49 in Knoxville, .47 in Nashville, .44 in Murfreesboro and .33 in Cleveland. The Gini Coefficient is not related to the health of the local economy. For example, the low coefficient in Cleveland might indicate that the distribution of earnings is less skewed than in larger cities, but perhaps concentrated poverty is high there. The point is, the Gini Coefficient is not shrinking in Chattanooga as new jobs and development increase.

Table 9 shows that the Hamilton County median household income of the lowest quartile grew from \$18,885 in 2007 to \$18,946 in 2013 in real dollars. The aggregate share of income accrued by the lowest quartile dropped from 3.5 percent to 3.2 percent in the same time. The percentage of aggregate household income going to the top 5 percent grew from 23.5 percent in 2007 to 23.9 percent in 2013—an increase of \$5,670 compared to \$61 for households in the lowest quintile. In Hamilton County, the median household income of the top 5 percent was 9.16 times the income of the lowest quintile.

For Chattanooga, the data and trends are similar. The share of aggregate household income that went to the lowest quintile dropped from 3.5 percent in 2007 to 2.9 percent in 2013. The share of aggregate income that went to the top 5 percent dropped from 24.6 percent in 2007 to 24.3 percent in 2013. A deeper inspection of the data reveals that the share of aggregate income accruing to the top quintile (top 20 percent) grew from 52.1 percent in 2007 to 52.6 percent in 2013. In Chattanooga, the median household income of the top 5 percent was 9.33 times more than the lowest 20 percent in 2007, and that grew to 9.90 in 2013.

⁸ LePore, Jill. “Richer and Poorer: Accounting for Inequality.” Available at: <http://www.newyorker.com/magazine/2015/03/16/richer-and-poorer>

Table 9: Trends in Income by Quintile: 2007-2013

Hamilton Co.	Lowest Quintile		Top 5 Percent		Gini Coefficient	Ratio: High/Low
	Median Income	Share	Median Income	Share		
2013	\$18,946	3.2	\$173,502	23.9	.48	9.16
2010	\$19,024	3.3	\$172,622	23.7	.48	9.07
2007	\$18,885	3.5	\$167,832	23.5	.49	8.88
Chattanooga						
2013	\$15,252	2.9	\$151,054	24.3	.5	9.90
2010	\$15,405	3.2	\$146,510	23.6	.49	9.51
2007	\$15,006	3.5	\$140,127	24.6	.49	9.33

Source: U.S. Census, American Community Survey and Social Explorer.

The data presented in this section suggests that economic development and growth has primarily benefitted the highest income households in Hamilton County and Chattanooga. The median household income of Chattanooga's top 5 percent increased \$10,927 between 2007 and 2013. For households in the lowest quintile, real income grew \$246. When inflation is controlled for, both the top 5 percent and the bottom 20 percent lost purchasing power over the last several years. The equivalent purchasing power of \$140,127 in 2007 would be \$157,438 in 2013 dollars; the estimated income of \$151,054 is 96 percent of the inflation-adjusted figure. For the lowest quintile, \$15,252 is 90 percent of the inflation-adjusted value of \$16,850. In other words, the poor are getting poorer at a faster pace than the top 5 percent.

Moving Towards Inclusion: It Could Happen Here

In the current urban climate, many leaders are asking the question "could it happen here?" The socioeconomic conditions and lack of opportunities in isolated Chattanooga neighborhoods breed resentment for elected officials, the criminal justice system, and the police. Given the right spark at the wrong time and Chattanooga could be on the national and international evening news like Baltimore, Ferguson, and Cleveland. Then again, it could happen in almost any U.S. city where multiple generations of people are socially isolated, economically marginalized and excluded from most policy decisions made on their behalf. The frequent shootings in Chattanooga are a microcosm of a larger, more intractable community development crisis.

In 1980 nobody thought it could happen here--Chattanooga was a dirty, dying industrial town. But, local leaders had a vision. Resources were mobilized on behalf of resurrecting the city. The vaunted *Chattanooga Way* was used to bring elected officials, foundations, nonprofits, business leaders and regular citizens together to tackle an audacious problem. The strategy worked. It *has* happened here.

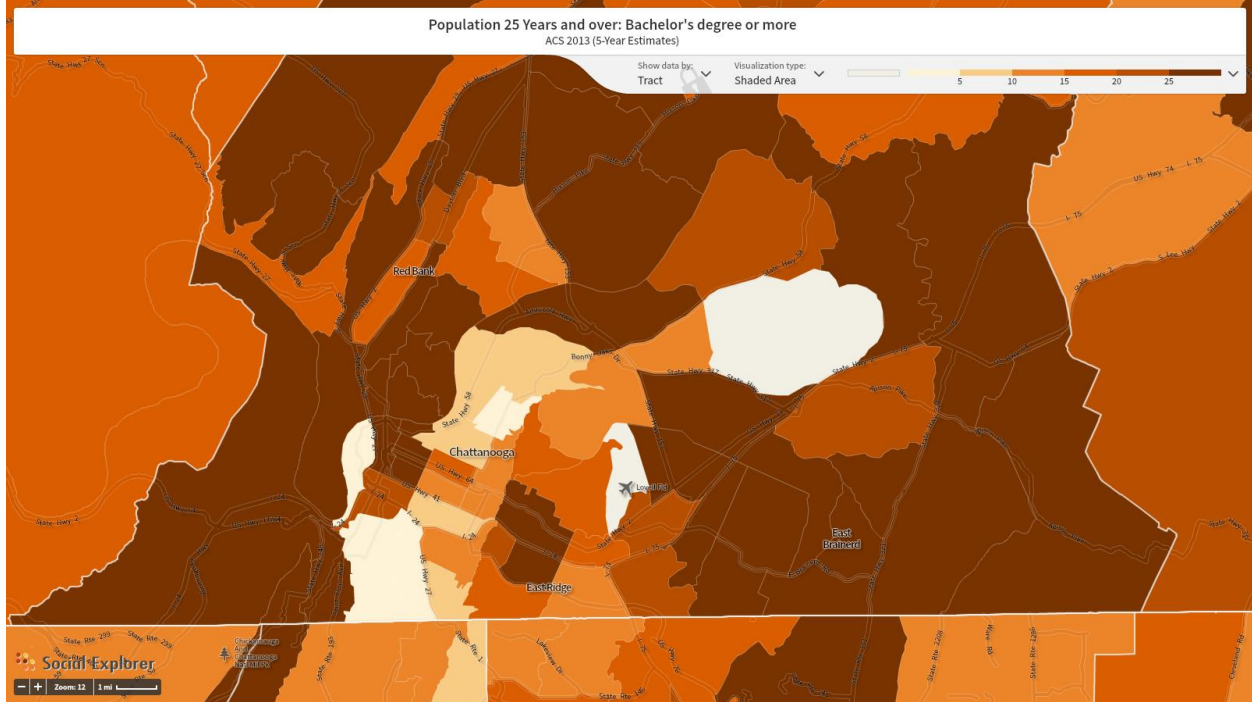
Yet, too many residents and leaders think it can't happen here. We can't develop a more socially just and equitable economy. We can't have the best public schools in the south. Remember, Chattanooga's growth and radical restructuring are the result of *deliberate policy choices* by past and present leaders. When it comes to racial inclusion and social justice, though, we don't think outside the box. We continue to ignore the problem and hope that new opportunities will trickle down to residents in Alton Park, Westside, East Chattanooga and other impoverished

neighborhoods. The evidence presented in this report suggests otherwise. Poverty has gotten worse, not better. Social distance has grown greater, not closer.

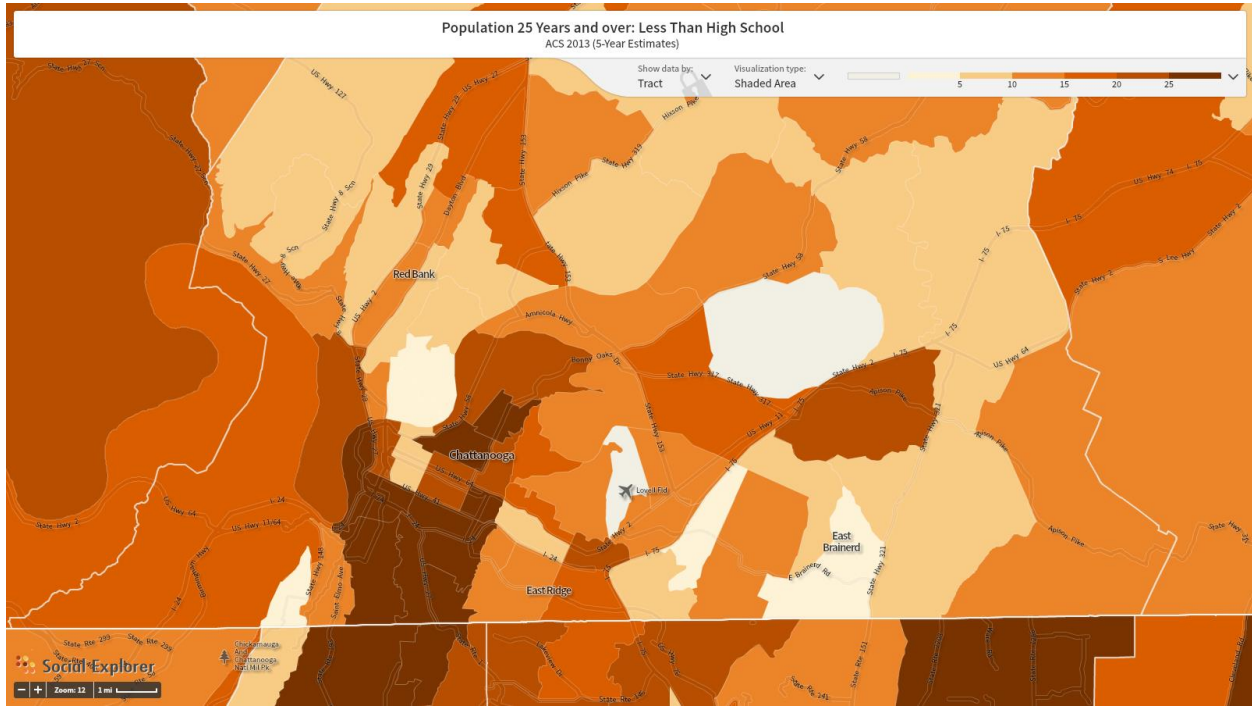
That same level of commitment, stubbornness and determination that transformed Chattanooga's downtown is needed to lift all boats in Chattanooga. We believe it can happen here. Moving forward, the Chattanooga NAACP will attempt to build a community dialogue with elected officials, government agencies, nonprofit leaders, churches, parents, grandparents and concerned citizens to develop a strategic plan for Chattanooga's African American community. The themes highlighted in this report suggest that the legitimate community development needs have not been adequately met by the status quo. We need fresh ideas, new voices and the type of innovative thinking that characterized Chattanooga's transformation from a dying industrial city to the vibrant community it is today. Only this time, we need to be inclusive.

Appendix: Additional Maps

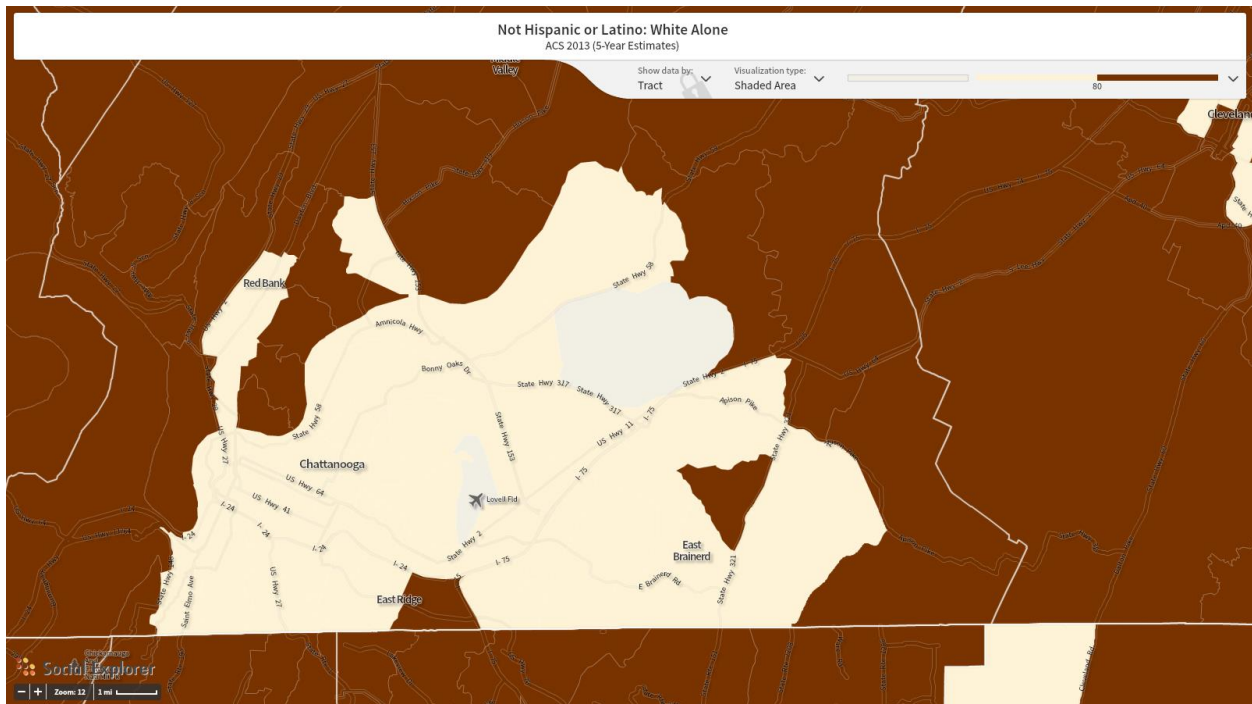
Appendix Map 1: Educational Attainment, Distribution of Adults with Bachelor Degree or Higher



Appendix Map 2: Educational Attainment, Distribution of Adults With Less than High School Diploma



Appendix Map 3: Hamilton County Census Tracts: 80 Percent or Higher White



Appendix Map 4: Hamilton County Census Tracts: Majority African American

