



*As America continues to become more diverse, the nation's ability to achieve sustained growth and prosperity hinges on how quickly we can erase lingering racial and class divides and fully apply everyone's talents and creativity to building the next economy. Equity, inclusion, and fairness are no longer only moral imperatives—they are economic ones. This document describes our urgent need for an equity-driven growth model and presents a national policy platform for building an equitable economy.*

## **America Needs a New Growth Model**

The nation's current economic model is broken. Three years after the official end of the recession, the jobs crisis continues: nearly 13 million workers remain unemployed, another 11 million are underemployed, and 4 million are stuck in jobs that pay at or below the minimum wage.<sup>1</sup> The financial collapse revealed patterns of slow and unequal growth set in place decades before the recent crisis but masked by the bubble economy. Over the past several decades, economic growth has slowed, racial and income inequality has spiked, economic mobility has stalled, and the middle class has withered. More and more families, even entire communities, have fallen behind with diminishing prospects for catching up. This is true not only for the poorest of the poor but also for lower- and middle-income families, who have seen their incomes stagnate and their quality of life decline. And it is especially true for people of color, who were already behind, then were hit first and worst by the recession, and are not yet catching up in the recovery.

At the same time, the country is undergoing a profound demographic transformation. The very same racial and ethnic groups who have long been left behind in America are quickly growing in number and population share. Last year, the U.S. Census announced a major milestone: more than half of all babies born in this country are now of color. Many more demographic milestones are close at hand. By 2018, the majority of youth will be of color. By 2030, the majority of the young workforce will be of color. And we will be a majority people-of-color nation by 2043.

The decisive 2012 election—and the coalition of Latinos, African Americans, Asians, women, and youth who again turned out in droves to reelect President Obama—was a wake-up call about the political power of America's new demographics. With people of color now representing 28 percent of the electorate (and growing), the road to the White House no longer runs exclusively through white

America. While the multiracial coalition that came together in 2008 and 2012 is far from certain as a permanent fixture in national politics, one thing is clear: no candidate for national office will be able to win without earning support from the communities of color who are driving the nation's population growth.

As we head into 2013 and beyond, the big political question is no longer about winning over voters—it is about crafting a winning policy agenda to build an economy that manifests the potential of all of its people. Policy matters. The decline of the middle class and slow, unequal growth of the past decades were not inevitable. Policies emphasizing deregulation, privatization, a shrunken safety net, and weakened labor laws, combined with globalization and technological change, drove away many of the blue- and white-collar jobs that provided pathways to the middle class, leaving the nation with a burgeoning low-wage sector and a hollowed-out middle.

As the nation bolts toward its multiracial, multicultural future, the federal government must set in place the policy framework to advance a new growth model that is driven by equity—just and fair inclusion into a society in which everyone can participate and prosper. An equity-driven growth model would erase barriers and create real pathways for low-income people and people of color to escape poverty, shape the new economy, enter the middle class, and contribute to growth and democracy. Reducing racial and income inequality is not only the right thing to do; it is fundamental to the economic future of the nation as a whole. Succeeding in the global economy is not a zero-sum game: all of us have a stake in the success of those who represent a growing share of the nation's population.

## **Racial and Economic Inclusion Will Help Foster a Strong Economy and Democracy**

Reducing inequality, growing the middle class, and turning today's youth and workers into tomorrow's skilled workers and innovators are critical to restoring America's growth and competitiveness. Given the nation's demographic transition, its leaders must address the wide racial gaps in educational outcomes, income, health, wealth, and employment that drag down the economy and hold back its potential.

### ***Inequity Hinders Sustained Growth***

The idea that equity is good for the economy is slowly being confirmed by economists, who are increasingly finding that inequality is not only bad for those at the bottom of the income spectrum, but places everyone's economic future at risk. Recent studies suggest that inequality hinders growth and that greater economic inclusion corresponds with more robust economic growth.<sup>2</sup> Last year, the International Monetary Fund released a study that found that inequality matters a great deal when it comes to a country's economic growth. Analyzing more than 100 countries, they found that for every 10 percent decrease in inequality, the length of the country's economic growth cycle increased by 50 percent.<sup>3</sup> Top economists including Daron Acemoglu and Alan Kreuger have been making the case that inequality hampers economic growth and prosperity.<sup>4</sup> Nobel laureate Joseph Stiglitz has been, too, and has been calling for public policy solutions to address inequality in America.<sup>5</sup>

## ***A Skilled Workforce is Critical to the Nation's Economic Future***

Closing the wide and persistent racial gap in educational attainment is the key to building the strong workforce that is the backbone of the American economy. Forty-five percent of all jobs in 2018 are projected to require at least an associate's degree, but among today's workers only 27 percent of African Americans, 26 percent of U.S.-born Latinos, and 14 percent of Latino immigrants have achieved this level of education.<sup>6</sup>

## ***Diversity is Good for the Bottom Line***

Increased diversity can be a tremendous economic asset. America's transformation into a world nation inside its borders can help it better connect to—and succeed in—the global marketplace. Diverse perspectives help teams solve problems, create stronger organizations, and can foster the innovation needed to grow the economy.<sup>7</sup> Research proves that companies with a more diverse workforce perform better than less-diverse companies, with higher revenues, more customers, higher returns on equity and assets, and greater market share.<sup>8</sup> Diverse communities also create new markets by developing new enterprises and providing a significant consumer base for existing businesses. And communities of color are hotbeds of entrepreneurship. Despite lingering barriers to accessing low-cost capital, contracts, mentorship, and technical expertise, between 2002 and 2007, the number of businesses owned by blacks, Latinos, and Asians grew more than three times as fast as white-owned businesses, and revenues grew more than twice as fast.<sup>9</sup> Lastly, as a country with a multilingual and multicultural population with ties to markets in native countries, the United States is poised to communicate with, understand, and respond to potential customers, suppliers, and collaborators across the globe.

## **A Policy Agenda to Grow an Equitable Economy**

The way forward is to adopt a new type of growth model that puts equity in the driver's seat. An equity-driven growth model would be the opposite of the trickle-down model that has dominated for the past decades and which has failed to deliver on its promise of shared economic prosperity. A growth model focused on equity would be a bottom-up growth model: one that expands the economy for all through a razor-sharp focus on the needs of those who have been most left behind.

An equity-driven growth model would focus on growing new jobs and businesses and bolstering long-term competitiveness while at the same time ensuring that all—including low-income people and people of color—participate in creating that growth and benefit from it.

Ultimately, the private sector must take the lead in producing economic growth that is truly inclusive. But leaders in the public and community sectors need to set up the right framework of policies, investments, incentives, and strategies to guide that growth.

Recent reports, such as *Prosperity Economics* by Jacob Hacker and Nate Lowenstein of Yale University and others outline critical policy proposals that move us away from “austerity economics” and toward an approach that grows the economy from the middle out.<sup>10</sup> PolicyLink wholeheartedly endorses these agendas, and believes they move us toward a more equitable economy. In particular, we acknowledge the need for fiscal and monetary policies that address our trade deficit and spur economic recovery, as well as investments in research and development that lead to innovation.

At the same time, more specific policy proposals are needed to ensure that the country is not only growing “out” from the middle, but also growing “up” from the bottom, and that communities of color are a part of that bottom-up growth.

To build an equitable economy, leaders in the public and private sector must recognize our demographic moment, embrace diversity as an economic asset, and prepare today's diverse workforce—and tomorrow's—for the jobs of the future. Policy proposals must be grounded in an awareness of the barriers that hold communities of color back, and articulate clear pathways to greater economic opportunity for workers and entrepreneurs of color. Thankfully, local community leaders have already been innovating the way forward, and federal policymakers and others can learn from their successes.

We suggest seven policy priorities for building an equitable economy, which fall under the broad goals of growing good jobs, building capabilities, erasing barriers, and expanding opportunities:

#### **Grow Good Jobs**

- 1) Maximize the equity and growth returns from public spending and investment.
- 2) Improve the pay and quality of low-wage jobs.
- 3) Expand entrepreneurship among people of color.

#### **Build Capabilities**

- 4) Upgrade the education and skills of our diverse workforce.
- 5) Ensure all children can realize their full potential in the global economy.

#### **Erase Barriers and Expand Opportunities**

- 6) Dismantle racial barriers to economic inclusion and civic participation.
- 7) Create communities of opportunity through place-based strategies and investments.

Below we describe these policy priorities and recommendations in more detail.

#### **Grow Good Jobs**

The federal government must take immediate action to create new jobs that are accessible to communities of color, connect these communities to existing jobs, and elevate the quality of existing jobs. While job creation is essential, it is not sufficient. New and existing jobs need to pay family-supporting wages, offer benefits, and provide opportunities for upward mobility. A low-wage economy drags everyone down and hits people of color hardest since they make up a disproportionate share of the low-wage workforce.<sup>11</sup>

#### ***Policy Priorities and Recommendations:***

- 1) **Maximize the equity and growth returns from public spending and investment.** Every year, the federal government purchases billions of dollars worth of goods and services and invests billions of dollars in the public infrastructure (schools, roads, bridges, transit, health care, water systems, and more) that makes our economy run. These investments touch about 26 million private-sector jobs

and millions more in the public sector, and are a major lever for connecting underrepresented workers to good jobs and ensuring public dollars are building a more inclusive economy.<sup>12</sup>

- **Modernize the nation's infrastructure in a way that rebuilds communities and connects underrepresented workers to construction careers.** Investing an additional \$129 billion annually over the next 10 years to repair the nation's infrastructure would increase economic competitiveness and grow 2.4 million additional jobs per year.<sup>13</sup> To maximize equity, projects located in distressed communities should be prioritized, and underrepresented and unemployed workers should be connected to good jobs by implementing a construction careers program (based on successful models in St. Louis and elsewhere) that creates pathways into careers in the construction field. Senator Kristen Gillibrand (D-NY) introduced legislation in 2012 that can serve as the basis for a federal program.<sup>14</sup>
  - **Develop economic inclusion plans for all federal agencies.** The Office of Management and Budget should require every government agency to draft a plan outlining how its spending choices can maximize local job creation and business development for small, minority- and women-owned firms, and what it can do to eliminate barriers to and create incentives for hiring workers from low-income communities and communities of color.
  - **Enact fair contracting reforms.** Doing well by workers should be a precondition for gaining contracts with the federal government, but many companies working under federal contracts pay low wages and violate wage and safety standards. The federal government should set up a contract framework that favors companies that pay family-supporting wages, provide benefits, hire underrepresented workers, and subcontract with small, minority-, and women-owned businesses. It should also ensure that federal contracts do not go to companies that violate federal labor and civil rights laws.
  - **Leverage the Affordable Care Act to expand economic opportunity.** As millions of Americans gain access to health care through the Affordable Care Act, new workers will be needed to conduct outreach, provide care, and complete all the administrative duties necessary to keep doctors' offices, clinics, hospitals and other health-care settings fully staffed. Job training programs should target the unemployed and help low-wage workers access good, career-ladder jobs.
- 2) **Improve the pay and quality of low-wage jobs.** The federal government plays a critical role in setting employer standards for pay and benefits, but antiquated standards have contributed to declining wages for the lowest-wage workers. Raising the floor for the most vulnerable workers in terms of wages and health benefits, and strengthening unions can help build a bottom-up economy.
- **Increase the minimum wage and adjust it annually for inflation.** Raising the federal minimum wage to \$9.80—as proposed by Senator Tom Harkin last year—would boost the pay of 28 million low-wage workers by \$40 billion, creating more than 100,000 new jobs.<sup>15</sup> If such a measure passed, roughly one out of every three Latino and African American workers would get a pay raise.<sup>16</sup> A minimum wage bill should include a raise for tipped workers too, whose \$2.13 an

hour wage has not increased since 1991.<sup>17</sup> Ultimately, the minimum wage should be raised enough to become a livable, family-supporting wage.

- **Guarantee paid sick days for all workers.** Four in 10 private-sector workers—disproportionately low-wage, African American, and Latino—currently do not earn paid sick days.<sup>18</sup> Congress should follow the lead of Connecticut, San Francisco, and elsewhere and pass legislation guaranteeing that all workers can accrue sick days to help themselves or their family members recover, or access preventive care.
  - **Restore the right to organize.** The decline of unions over the past four decades—resulting in part from weakened labor laws—has played a role in increasing inequality. Congress should pass legislation that makes it easier for workers to hold union elections, extends the right to organize to excluded workers (including home care workers, day laborers, and farmworkers), and penalizes employers who fire or discriminate against workers who attempt to form a union. The Employee Free Choice Act proposed by Senator Ted Kennedy in 2009 could serve as a basis for new legislation.
- 3) **Expand entrepreneurship among people of color.** Because entrepreneurs of color are more likely to hire people of color and locate their firms in communities of color, fostering their startup and growth can create more job opportunities for the groups who need them the most while bolstering the economy.<sup>19</sup> But these entrepreneurs face significant barriers to accessing the capital, information, and training needed to launch, sustain, and expand successful enterprises as well as succeed in high-growth areas of the economy. Federal programs that make capital available such as New Markets Tax Credits and Small Business Administration loans should better target new, minority-owned businesses to provide fair access to credit and foster business growth and development.<sup>20</sup>

### **Build Capabilities**

Human capital was the key to America's success in the industrial era, and it will be even more critical to gaining a competitive edge in the future. Unfortunately, the nation has been underinvesting in human development, particularly in people of color, who are driving population growth and whose ability to contribute to the economy will be increasingly essential to its global competitiveness. We must better equip tomorrow's workers—and today's—with the capabilities they need to succeed in an ever-changing, knowledge-based economy.

### ***Policy Priorities and Recommendations:***

- 4) **Upgrade the education and skills of our diverse workforce.** Federal policy needs to address the gap between the education and skills of workers of color and the needs of current and future employers.
- **Expand job training programs for underrepresented workers.** Federal workforce development and job training programs for low-income adults and youth decrease unemployment and boost earnings, yet funding for these programs has declined over the past three decades.<sup>21</sup> Sectoral

workforce training partnerships (including employers, unions, and education and training providers), apprenticeships in high-growth industries, and programs that blend basic skills instruction and occupational training should be expanded and integrated into the Workforce Investment Act. Congress should also pass a version of the SECTORS Act of 2011, which would provide grants for sectoral partnerships that target underserved workers.<sup>22</sup>

- **Strengthen the community college system.** The nation's 1,100 plus community colleges are a critical gateway to higher education and careers for low-income students, students of color, and first-generation college-goers, but they can only succeed if they have the resources to provide students with the supports they need to complete a degree, and deliver curriculum that links them to good-paying jobs. Federal policy should support proven strategies, including career pathway approaches and community college-employer partnerships, such as those that would be supported by the Community College to Career Fund proposed in the President's 2013 budget to train 2 million workers for well-paid jobs in high-demand sectors.<sup>23</sup>
- **Support the "Linked Learning" model of preparing youth for careers and expand career technical education.** Workforce development strategies need to begin early, to help high school students as well as dropouts get the exposure and training they need to connect to good-paying jobs and careers. The upcoming reauthorizations of the Elementary and Secondary Education Act, Perkins Act, Higher Education Act, and Workforce Investment Act should foster greater connections (linked learning) between the skills needed by industry and high school curriculum and career technical education.

5) **Ensure all children can realize their full potential in the global economy.** Today's youth are tomorrow's skilled workers and innovators—yet children of color (now nearly the majority of all children) face systemic barriers to accessing the education and career connections they need to manifest their potential and thrive in the world of work.

- **Expand Universal PreK.** Early childhood education is one of the most cost-effective investments around, with a much bigger economic payoff than traditional economic development strategies, yet children who are poor or Latino are less likely to go to preschool.<sup>24</sup> The federal government should provide every three- and four-year-old child an opportunity to attend high-quality, full-day prekindergarten.
- **Ensure equitable school financing.** America's public schools spend highly uneven amounts on their students. An analysis by the Center for American Progress found that schools where 90 percent or more students are of color spend \$733 less per student per year than schools whose student bodies are at least 90 percent white.<sup>25</sup> Although school finance is primarily a local and state issue, the federal government can enact reforms to the Elementary and Secondary Education Act to ensure that its funding of high-poverty schools through Title I effectively channels resources to districts serving high concentrations of low-income children.



- **Increase STEM education in underserved communities.** Science and technology are critical to the nation's global economic competitiveness, but people of color are woefully underrepresented in these fields, representing just 9 percent of college-educated Americans in the science and engineering workforce.<sup>26</sup> Federal policy should decrease this racial gap with legislation like the Project Ready STEM Act, which would establish hands-on math and science learning for middle and high school students through partnerships with local community organizations.<sup>27</sup>
- **Establish a Children's Savings Account program for low-income students.** Children's Savings Accounts can address the racial wealth gap by providing children with a small amount of savings at birth that is then matched up to a certain amount every year based on the family's contributions to the account, and then can be used to pay for post-secondary education or sometimes other asset-building investments like homeownership. Federal policy should build on positive local and state experiments in Maine, Oklahoma, and elsewhere and establish a progressive Children's Savings Account program designed to maximize savings for low-income children.<sup>28</sup>
- **Secure and expand the Pell Grant program.** Pell grants are the federal government's most significant contribution to increasing access to higher education for poor students and students of color. This essential program is at risk due to underfunding. Congress must take action to secure the funding needed to sustain the program and increase its maximum award to account for the increasing cost of a college education.<sup>29</sup>

### **Erase Barriers and Expand Opportunities**

Overt racial discrimination and xenophobia—as well as more subtle forms of exclusion such as racial steering in home rental and purchasing—continue to prevent people of color from fully participating in economic and civic life. Knocking down these barriers and building communities of opportunity are essential steps to building an equitable economy.

#### ***Policy Priorities and Recommendations:***

- 6) **Dismantle racial barriers to economic inclusion and civic participation.** Federal action is needed to address a host of barriers that conspire to reinforce racial economic inequities and prevent people of color from contributing their voices to American democracy.
  - **Enforce and expand civil rights and labor rights.** Workplace discrimination, wage theft, and employer retaliation cost low-income workers and workers of color millions of dollars each year.<sup>30</sup> Current laws should be expanded and enforced to protect vulnerable workers. The Equal Employment Opportunity Commission should be properly staffed and resourced in order to enforce existing law.<sup>31</sup> The Fair Labor Standards Act, which covers basic worker protections such as minimum wage and overtime, should be expanded to include all domestic workers, day



laborers, and farm workers. And joining a union should be a civil right and protected under the Civil Rights Act.<sup>32</sup>

- **Support fair hiring of formerly incarcerated people.** For the estimated one in four adults who have a criminal record, finding a job can be an insurmountable challenge.<sup>33</sup> The federal government should pass “Ban the Box” legislation to prohibit employers from asking about criminal convictions until the final steps of a job application process, and create incentives and supports for employers who hire former prisoners.
- **Create a pathway to citizenship for immigrant workers and their families.** In addition to bringing desperately needed relief for an estimated 11 million undocumented workers, a pathway to citizenship would generate \$21 billion to \$45 billion in new earnings over the next 10 years, which would increase our GDP by \$32 billion to \$52 billion.<sup>34</sup> Immigration law must be overhauled in a clear and timely manner to create a pathway to citizenship for all workers and their families, regardless of educational attainment or current status.
- **Protect voting rights.** The 2012 election saw a host of new obstacles such as voter identification laws preventing some Americans from exercising their right to vote, particularly voters of color. The Justice Department should aggressively protect the right to vote and Congress should encourage states and localities to pass election day registration and other steps to ensure that all citizens can easily exercise their constitutional right to vote.
- **Ensure fair housing and fair lending.** Communities of color were devastated by the foreclosure crisis and continue to face barriers to accessing affordable homes in high-opportunity neighborhoods. The federal government must continue to reform the housing finance system to ensure fair, affordable, and sustainable access to credit and homeownership for low-income people and people of color. To advance fair housing, HUD should require every jurisdiction and region to conduct an equity assessment that identifies areas of racially concentrated poverty, and areas of opportunity. In addition, the investment of federal funds should either improve the infrastructure of areas of racially concentrated poverty, or help residents move to opportunity rich communities.
- **Reduce health inequities.** The Affordable Care Act provides a historic opportunity to improve access to health care for the most vulnerable communities and promote community-based prevention strategies that can reduce the health inequities that exist by race, income, and place for many chronic diseases. The Department of Health and Human Services (HHS) should ensure that key equity provisions such as the construction of new clinics and the expansion of Medicaid are effectively implemented. Congress should expand the Community Transformation Grant program for implementation of community prevention efforts. Federal agencies outside of HHS should adopt strategies to ensure their programs improve the health of vulnerable communities by minimizing exposure to toxics and air pollution, considering the health equity implications of infrastructure development, and other steps.

- **Foster meaningful engagement and participation among underrepresented communities.** People of color are vastly underrepresented in key decisions about how federal dollars are spent in their communities. New models that require community leaders' participation on decision-making bodies (such as the Sustainable Communities Initiative described below) can ensure that diverse communities have a say in the investments and developments that will shape their future, and should be widely adopted across federal programs.

7) **Create communities of opportunity through place-based strategies and investments.** In America, your address has become a proxy for opportunity, health, and prosperity. Targeted place-based policy initiatives that draw from local innovations and best practices can rebuild distressed communities into communities of opportunity that provide access to good jobs, transportation, vital services, healthy food, high-quality schools, and safe places to walk and be physically active. This administration should build upon the place-based efforts of the last four years and expand this cadre of successful, result-focused programs.

- **Promote integrated planning for sustainable communities.** Run by an unprecedented formal interagency partnership between HUD, DOT, and the EPA, the Sustainable Communities Initiative (SCI) is fostering collaboration between transportation agencies, local governments, community leaders, philanthropy, and the private sector to create more equitable, sustainable, and economically vital regions. Since its launch in 2009, SCI has been shaping inclusive regional plans, reducing regulatory barriers to equitable development, and catalyzing investment in neighborhoods that need it most. Congress should fully fund SCI to allow new and deeper participation in the program.
- **Expand healthy food retail efforts in underserved communities.** The administration launched the Healthy Food Financing Initiative (HFFI) at USDA, Treasury, and HHS, based on a successful Pennsylvania program, a public-private partnership that resulted in 88 new or improved healthy food outlets, 5,000-plus jobs, and improved access to healthy food for more than 400,000 residents. Demand continues to far outpace available resources, while the food access challenge persists, particularly in low-income communities of color. At scale, through increased appropriations, and through authorization and funding of the program in the next Farm Bill, HFFI can deliver health, economic, and neighborhood benefits to urban, suburban, and rural communities.
- **Expand comprehensive supports for children in low-income communities.** For low-income children to succeed, they need the same supports that middle-class children have throughout their youth. A pipeline of place-based supports in schools and communities—from cradle to career—can improve academic results and allow all children to reach their full potential. The Promise Neighborhoods program (based on the successful Harlem Children's Zone model) should be expanded to additional communities, and any reauthorization of the Elementary and Secondary Education Act should incorporate this focus as well.

- **Target federal investments to the communities most in need of jobs and reinvestment.** A Government Accountability Office review of 80 federal programs aimed to spur economic development activities found that they were not very well targeted to urban or rural communities based on poverty and unemployment levels.<sup>35</sup> The departments responsible for these programs (Commerce, HUD, USDA, and SBA) should evaluate their funding allocation methods and develop strategies to ensure that precious taxpayer dollars go to the communities that need them the most.

## Conclusion

The face of America is changing, and the fate of the nation hinges on how we react to this change. We need a new way forward to integrate everyone into the economy, including the communities of color who are driving our population growth yet have too often been left behind. By embracing these policy priorities, the federal government can begin to implement a new growth model—one that is driven by equity—and steer our country toward prosperity for all.

<sup>1</sup> Bureau of Labor Statistics, U.S. Department of Labor, Employment Situation Summary, January 4, 2013, <http://www.bls.gov/news.release/empstat.nr0.htm>; Bureau of Labor Statistics, U.S. Department of Labor, *Characteristics of Minimum Wage Workers: 2011*, March 2, 2012, [www.bls.gov/cps/minwage2011.pdf](http://www.bls.gov/cps/minwage2011.pdf).

<sup>2</sup> Manuel Pastor, "Cohesion and Competitiveness: Business Leadership for Regional Growth and Social Equity," OECD Territorial Reviews, *Competitive Cities in the Global Economy*, Organisation For Economic Co-Operation And Development (OECD), 2006; Randall Eberts, George Erickcek, and Jack Kleinhenz, *Dashboard Indicators for the Northeast Ohio Economy: Prepared for the Fund for Our Economic Future*, (Federal Reserve Bank of Cleveland: April 2006), <http://www.clevelandfed.org/Research/workpaper/2006/wp06-05.pdf>; Phillipe Aghion, Eve Caroli, and Cecilia Garcia-Penalosa, "Inequality and Economic Growth: The Perspective of the New Growth Theories," *Journal of Economic Literature* 37 (4) (1999): 1615–1660; Alberto Alesina and Dani Rodrik, "Distributive Politics and Economic Growth," *The Quarterly Journal of Economics* 109 (2) (1994): 465–490; William Easterly, "The Middle Class Consensus and Economic Development," *Journal of Economic Growth* 6 (4) (2001): 317–335; Ugo Panizza, "Income Inequality and Economic Growth: Evidence from American Data," *Journal of Economic Growth* 7 (1) (2002): 25–41.

<sup>3</sup> Andrew G. Berg and Jonathan D. Ostry, "Inequality and Unsustainable Growth: Two Sides of the Same Coin?," International Monetary Fund Staff Discussion Note, April 8, 2011, <http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf>.

<sup>4</sup> Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. (Random House, March 2012), <http://whynationsfail.com>; David Madland, *Making Our Middle Class Stronger: 35 Policies to Revitalize America's Middle Class*, (Washington, DC: Center for American Progress, August 2012), [http://www.americanprogress.org/wp-content/uploads/issues/2012/08/pdf/middle\\_class\\_policies.pdf](http://www.americanprogress.org/wp-content/uploads/issues/2012/08/pdf/middle_class_policies.pdf).

<sup>5</sup> Joseph E. Stiglitz, *The Price of Inequality: How Today's Divided Society Endangers Our Future*, (New York: W.W. Norton & Co., 2012); Joseph Stiglitz and Mark Zandi, "The One Housing Solution Left: Mass Mortgage Refinancing," *The New York Times*, August 12, 2012, <http://www.nytimes.com/2012/08/13/opinion/the-one-housing-solution-left-mass-mortgage-refinancing.html?ref=josephstiglitz&r=0>.

<sup>6</sup> Anthony P. Carnevale, Nicole Smith, and Jeff Strohl, *Help Wanted: Projections of Job Requirements and Skills through 2018*, (Washington, DC: Georgetown University, 2010), <http://cew.georgetown.edu/jobs2018/>. PolicyLink/PERE analysis of IPUMS 2009 American Community Survey data on educational attainment by race.

<sup>7</sup> S.E. Page, *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*, (Princeton, NJ: Princeton University Press, 2007).

<sup>8</sup> Cedric Herring, "Does Diversity Pay?: Race, Gender, and the Business Case for Diversity," *American Sociological Review*, Vol. 74, No. 2 (April 2009), pp. 208–22; Slater, Weigand and Zwirlein, "The Business Case for Commitment to Diversity," *Business Horizons* (2008) 51, 201–209.

<sup>9</sup> PolicyLink/PERE analysis of data from the U.S. Census Bureau's Survey of Business Owners, 2002 and 2007, <http://www.census.gov/econ/sbo/>. Data on white business owners are inclusive of Hispanics.

<sup>10</sup> Madland, 2012.

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- <sup>11</sup> Doug Hall and David Cooper, Issue Brief #341: *How Raising the Federal Minimum Wage Would Help Working Families and Give the Economy a Boost* (Economic Policy Institute, August 4 2012), <http://www.epi.org/files/2012/ib341-raising-federal-minimum-wage.pdf>.
- <sup>12</sup> Office of Federal Contract Compliance Programs, *Facts on Executive Order 11246 – Affirmative Action* (U.S. Department of Labor, 2002), <http://www.dol.gov/ofccp/regs/compliance/aa.htm>. As cited in David Madland, *Making Our Middle Class Stronger: 35 Policies to Revitalize America's Middle Class*. (Washington, DC: Center for American Progress, 2012), [http://www.americanprogress.org/wp-content/uploads/issues/2012/08/pdf/middle\\_class\\_policies.pdf](http://www.americanprogress.org/wp-content/uploads/issues/2012/08/pdf/middle_class_policies.pdf).
- <sup>13</sup> Donna Cooper, *Meeting the Infrastructure Imperative* (Washington, DC: Center for American Progress, 2012)
- <sup>14</sup> Advocacy letter from Wade Henderson and Nancy Zirkin, The Leadership Conference on Civil and Human Rights, to the U.S. Senate, March 3, 2012, "Support Moving Ahead for Progress in the 21st Century, MAP-21 (S. 1813): Vote in Favor of Cloture" <http://www.civilrights.org/advocacy/letters/2012/support-moving-ahead-for.html>.
- <sup>15</sup> Doug Hall and David Cooper, Issue Brief#341: *How Raising the Federal Minimum Wage Would Help Working Families and Give the Economy a Boost* (Economic Policy Institute, August 4 2012), <http://www.epi.org/publication/ib341-raising-federal-minimum-wage/>.
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