Sustainable Communities Series

Key Strategies to Advance Equitable Growth in Regions

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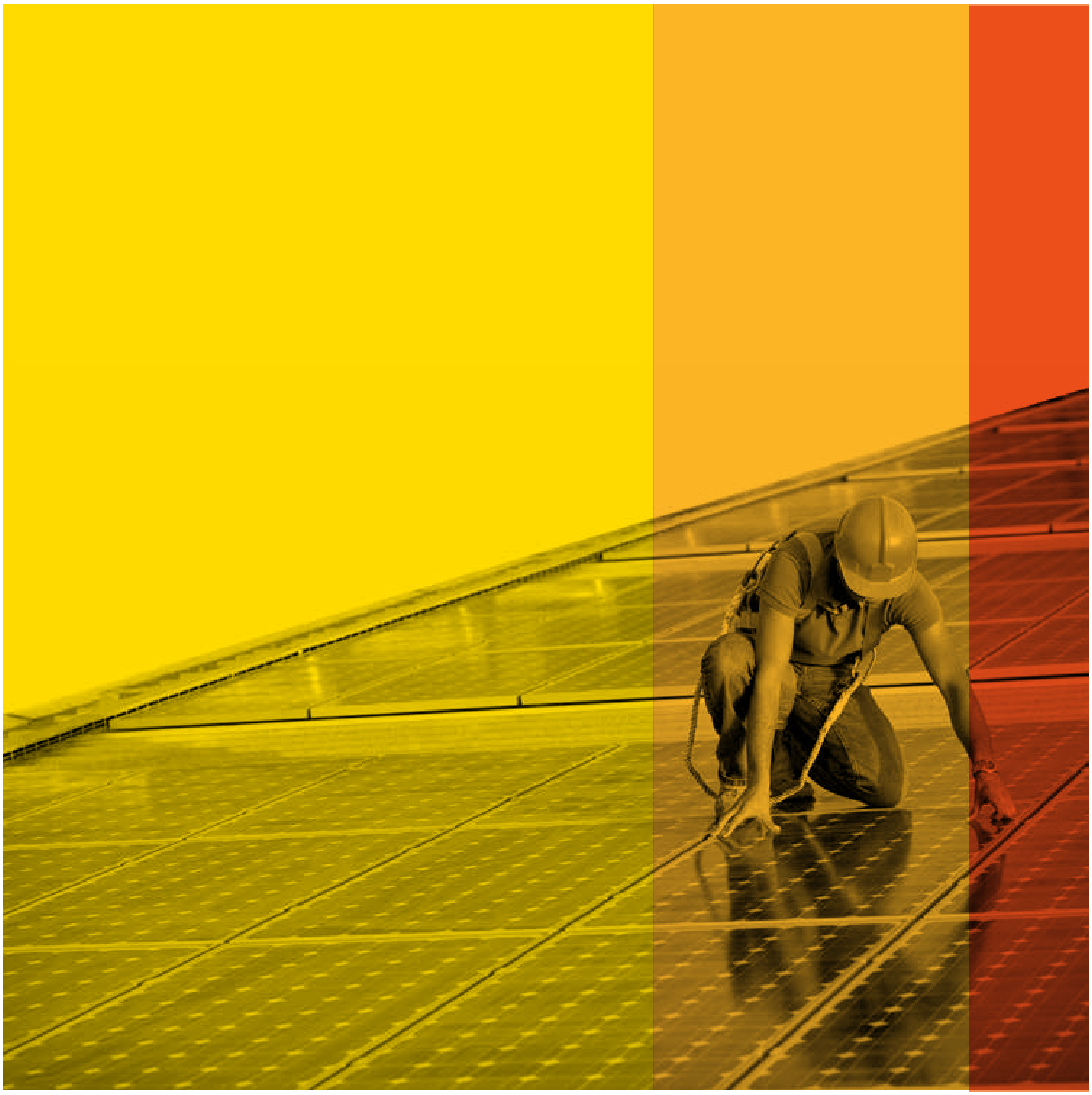

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Key Strategies to Advance Equitable Growth in Regions

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Contents

The Economic Imperative of Equity

The United States is in the midst of dramatic economic and demographic changes. While the country has regained a large portion of the jobs lost in the recent recession, many workers never returned to the labor force. The economy is not growing middle-wage jobs, and wages have stagnated as the problem of inequality continues to grow. Racial inequities in income, employment, and opportunity are wide and persistent. Economists from the International Monetary Fund, the S&P 500, and elsewhere warn that this rapidly increasing inequality impedes economic growth and competitiveness, threatening national prosperity.[1]

Meanwhile, the country is undergoing a demographic transformation in which the very same racial and ethnic groups who have long been left behind are quickly growing in number and population share. Already more than half of all babies born in this country are of color and more than half of students in public schools are of color. By 2029, the majority of the young workforce will be of color. And we will be a majority people-of-color nation by 2044.

Amidst these societal transformations, we need a new economic growth model that is driven by equity: just and fair inclusion into a society in which all, including all racial and ethnic groups, can participate, prosper, and reach their full potential. An equitable growth model would produce growth and equity, growing new jobs and new businesses while ensuring that all—including low-income people and people of color—can fully participate in generating that growth and fully share in its benefits.

Reducing inequality and creating opportunities for all to participate in building a stronger economy is not just the right thing to do—it is fundamental to the economic future of cities, regions, and the nation. Research from the University of California at Davis and the University of Southern California shows that greater economic inclusion and reduced inequality bring about more robust growth.[2] Equity is an untapped source of economic growth: eliminating racial income disparities could add $2 trillion to the national gross domestic product every year.[3]

Achieving equitable growth in cities and regions will require a new set of tools, innovative leveraging of resources, and unprecedented levels of collaboration. Equitable growth requires redefining who participates in the economy—and who shares in the gains—across the spectrum, from home-based micro-enterprises to high-growth businesses and export-oriented sectors that are driving global economic activity. At the business level, companies can adopt fair hiring practices, such as eliminating questions about a job candidate's criminal record in the job application. At the local level, cities can pass ordinances to raise the minimum wage or adopt zoning that preserves industrial land in communities in need of well-paying jobs. Regionally, transportation investments can prioritize affordable, efficient, and safe transportation that connects low-income communities to quality jobs.

This guide presents key strategies that local communities, cities, and regions can pursue to advance equitable growth. The strategies are grounded in the stories of more than 100 residents and leaders around the country who labor daily to create a strong, healthy economy for all. Their work is highlighted throughout this guide, and can be found in the America's Tomorrow newsletters at www.policylink.org/americastomorrow.

What Is Equity?

Equity means just and fair inclusion. An equitable society is one in which all can participate and prosper. The goal of equity must be to create conditions that allow all to reach their full potential. In short, equity creates a path from hope to change.

Why regions? Coordinating local stakeholders to achieve shared prosperity

How can the vision of equitable growth—growing new jobs and new businesses while ensuring that all can fully participate in generating that growth and fully share in its benefits—be achieved?

Equitable growth has to start with a focus on regional impact. As the scale in which economies are organized, regions are critical for developing the right set of policies, investments, incentives, and strategies to guide a new growth model. People oftentimes live in one place and commute to another city or county to work. Businesses will have clients and supply chains spread throughout a region, not to mention around the globe. Regions account for 85 percent of the U.S. population and nearly all population growth.[4] Today, more than ever, people of color, immigrants, and low-income residents reside not only in central cities, but also the surrounding suburbs and exurbs.[5] Even as more low-income workers and people of color move to the suburbs in pursuit of quality schools and decent homes, the jobs are not necessarily following, making regional cooperation across jurisdictions essential to implementing an equitable growth strategy.[6] The economy is regional, and equitable growth must likewise be pursued through regionally coordinated strategies.

Achieving regional economic outcomes will take action and leadership at multiple levels: regional agencies and organizations, city and county governments, nonprofit business and worker support organizations, community-based organizations and equity advocates, and the business community. At each level there is an important role to be played to set the table for equitable growth.

- **Regional agencies and organizations:** Every urbanized area with a population greater than 50,000 has a federally mandated and funded metropolitan planning organization (MPO); there are currently 342 MPOs around the country. MPOs serve several functions. They receive and distribute federal transportation dollars to fund the streets, highways, and transit systems that connect a region together, and they plan for future transportation investments. These functions have a tremendous impact on the region's economy. Investing in a new transit line can help workers who live along that line access more jobs, or get to their job faster and easier than before. And the transit line itself creates many jobs in designing, building, operating, and maintaining it. Regionally coordinated planning helps shape where new businesses will locate and what kinds of industry the region will grow. MPOs and other regional agencies, like councils of governments, establish regional leadership, convene local players to build a shared narrative, set goals and establish policies guiding regional growth, and track regional performance. In each of these roles, these organizations can and should prioritize advancing equity as an economic imperative for their regions by disaggregating data, engaging diverse communities, and practicing inclusive governance.

- **City and county governments and agencies:** From New Orleans to New York, mayors are calling for economic development strategies that reduce inequality and racial disparities. Cities in particular have perhaps the most tools within a region to grow their economies, whether through traditional economic development strategies such as tax incentives, business improvement districts, and business technical assistance offices, or through their other functions such as zoning codes, the use of redevelopment or other financing mechanisms to prepare land for economic activities, or investments in education and workforce training. Workforce investment boards, while established through federal legislation, are organized at the county and local levels to train and connect workers with job opportunities.

- **Nonprofit business and worker support organizations:** In addition to public agencies, a range of nonprofit organizations provide direct services and support for both business owners and workers. Many have been able to have an oversized impact on growing a more equitable economy with tiny budgets and few staff. Business support organizations (BSOs) help entrepreneurs and small business owners connect to the right resources to start or grow their businesses, whether that means access to capital, legal help to incorporate, or help finding the right physical space for the business. Local job-training and placement organizations help residents get the skills they need to be competitive in a 21st century labor market. Worker organizing groups, such as labor unions and worker centers, strengthen the voice of low-income workers and help a region grow its economy by increasing the incomes of low-wage workers.

- **Community-based organizations and equity advocates:** Community-based organizations and equity advocacy groups are essential to developing strategies that involve the deep participation and partnership of communities that have historically been left out of the mainstream economy. These organizations can help direct a process to determine which strategies are most important for advancing equitable growth in a specific community. No equitable growth strategy can succeed without the leadership of those who are intended to benefit from it.

- **The business community:** Five out of six workers are employed in the private sector. As such, business leadership on growing good jobs and hiring people with barriers to employment is essential to the success of equitable growth strategies in a region. Business groups, such as local chambers of commerce or business associations, can help make the business case for how equity can help a business's bottom line and grow the economy overall. New kinds of business associations, such as green business councils and local economy advocates, are also broadening the range of employer perspectives in support of equity goals.

The strategies presented in the next section are grounded in the work already happening in over 40 cities and regions to connect low-income people and communities of color to the economic mainstream. They reference important policies and actions at the state and federal levels that would impact local and regional equitable growth.

This guide is a tool for equity advocates, progressive business leaders, elected officials, and government staff to use in developing their own agendas to lead with equity in order to achieve economic growth and prosperity for all residents. It is meant to enhance conversations between various stakeholders, not to replace it. It can help provide a common language to use when talking about what a region needs, and provide a menu of ideas that other cities and places have tried to achieve equitable growth. Ultimately, the best solutions for a community will come from the deep knowledge that its own residents, workers, and local business owners have accumulated from years of work.

Strategies to Advance Equitable Growth

This section contains a menu of key strategies that cities and regions can employ to advance equitable growth. These strategies are organized into seven categories:

1. Grow industries and businesses that create good, accessible jobs.

2. Support entrepreneurs of color and business ownership in low-income communities.

3. Leverage regional investments and planning for equitable growth.

4. Remove barriers to employment: criminal records, undocumented status, and structural racism and implicit bias.

5. Raise the floor on existing low-wage work.

6. Connect workers to job opportunities in good careers.

7. Strengthen the pre–K-to-career education pipeline.

Not all of these strategies will be the right fit for every city and place; specific strategies should be developed and implemented through partnerships with local stakeholders, including community-based organizations and equity advocates, city and regional agencies, workforce programs, schools and educational institutions, unions and worker centers, and the business community. These stakeholders can help identify key criteria necessary to focus on which strategies will have the greatest impact. Essential questions to ask include the following: Which communities have been historically excluded from the mainstream economy? What barriers do these communities face today? What strengths exist in these communities that can be built upon? Are there laws or policy barriers that prevent a particular strategy from being implemented? What funding sources are available, and how can they be used?

Grow industries and businesses that create good, accessible jobs

Nationally, unemployment has dropped to nearly pre-recession levels. But in too many places, the jobs have not yet arrived. In many states, Black, Latino, and other communities of color face unemployment rates more than double that of White communities.[7] The jobs that have been created pay lower wages, provide fewer benefits, and offer more limited career opportunities than the jobs that were lost during the recession.[8] This has accelerated the "hollowing out" of the economy, with fewer and fewer middle-wage jobs, a large and growing number of low-wage jobs, and a smaller number of high-wage jobs that require a four-year college degree or higher level of education to obtain.

Data question: Is your region growing good jobs? Find out job and wage-growth data with the **National Equity Atlas** at nationalequityatlas.org/indicators?ind=7211.

The endangered middle-wage jobs are important to regional economies for two reasons. First, these jobs pay well enough for workers to provide for their families—buy a home, send their kids to college, and save for retirement. In other words, these jobs create the middle class that is able to buy and invest in the things that keep the economy growing. Second, these jobs provide a crucial step in the career ladder from entry-level, low-wage work to high-wage jobs. Without middle-wage jobs, the engine of economic mobility breaks down.

The reasons for the decline in middle-wage jobs are many, and reversing this trend is a challenge that cities and regions have grappled with for years. Here are a set of strategies to support the growth of businesses and industries that provide good job opportunities for all workers.

1. **Identify and grow industries of opportunity.** Industries of opportunity have three important characteristics. (1) They have growth potential in your region. (2) The jobs they create pay higher wages, provide more benefits, and offer better career opportunities than the region on average. (3) The good jobs in the industry have a clear career pathway into them and/or require less than a four-year college degree.

The first step in pursuing this strategy is to analyze your regional economy to identify what the industries of opportunity are and where they are located in relation to where low-income workers live. Once the industries have been identified, target economic development programs and resources that support the growth of inclusive businesses in these industries of opportunity.

Nonprofits and regional agencies in the **San Francisco Bay Area** have collaborated to develop several strategies to grow more good jobs in the region. In 2012, equity advocates produced a report that identified the region's industries of opportunity, and analyzed the transportation linkages that connected workers in low-income communities to workforce training programs and job opportunities in these industries. Called Moving to Work, the project included a series of recommendations for each of the industries of opportunity they identified, such as health care, energy, and advanced manufacturing.[9]

2. **Target economic development programs and resources to grow high-road, inclusive businesses within industries of opportunity.** High-road, inclusive businesses are located in low-income communities, hire locally, provide good jobs and career opportunities, and provide ownership opportunities for people of color and people from underrepresented communities. By targeting these types of businesses, cities and regions can ensure that public resources are being used to support businesses that create good jobs, and can create a "race to the top" for other businesses to improve their employment practices as well.

   These targeted programs can take on a number of different forms, such as low-interest business loans, subsidized technical assistance programs and business improvement districts. Tax incentives are a potentially powerful tool. Every year, cities and states spend billions of dollars by allowing some companies to pay lower taxes in exchange for creating or keeping jobs in the community. Too often, tax incentives are given without a commitment that the jobs created will go to local residents who need them, and oftentimes are made without any mechanism for cities to recover the foregone tax revenue if the businesses don't create the jobs they promised. However, some cities are starting to change this, and are requiring businesses to hire locally and pay good wages in exchange for tax incentives.[10]

   In 2013, **Austin, Texas**, passed a landmark ordinance that requires companies receiving tax incentives for new development to guarantee fair wages of at least $11/hour and other protections for construction workers. Companies can become eligible for an increased tax subsidy by meeting additional requirements. The ordinance came about after years of organizing by the **Workers Defense Project**, made up of mostly Latino men in the construction industry who face some of the most dangerous working conditions in the country. It is supported by local contractors who already treat their workers well because it requires their competitors to do the same.[11]

3. **Incentivize regional cooperation for business growth and retention through anti-competition agreements, co-branding, and revenue sharing.** In most places, the economy is regional—people may live in one city or county and work in a different one, and firms buy and sell goods and services to each other across the metropolitan area. However, the revenues that cities receive from business activity usually stays in the city where the business is located, regardless of where their workers live or whether the business relies on services in other cities. As a result, cities have a strong financial incentive to try to attract businesses to their city, and will oftentimes use costly incentives and subsidies to attract businesses from neighboring cities.

   However, several regions demonstrate the potential of local cooperation to pursue business growth for shared prosperity.[12] In **Denver, Colorado,** the regional economic development corporation requires all local members to sign a code of ethics to promote the region as a whole and share information about companies looking to move to the region or within it.[13] In Minnesota's **Twin Cities**, individual cities contribute 40 percent of the growth in their property tax base to a regional fund, which then redistributes these revenues to communities with lower land market value. The program, which has been in place since 1971, has significantly reduced revenue disparities between cities and creates a disincentive for competition between cities for new commercial development.[14]

4. **Ensure good jobs are created in places accessible to low-income communities.** Strategies to promote the creation of middle-wage jobs need to consider where those jobs are created within a region. Are the jobs located in close proximity to neighborhoods with high unemployment or within genuinely effective transit access? Are businesses hiring from these communities? While federal and state programs such as Empowerment Zones and Enterprise Zones have been designed to incentivize businesses to locate in low-income communities, evaluations of these programs have shown mixed results.[15] Newer initiatives have learned from these past mistakes to create programs that show promise of greater success.

   For example, **Inner City Advisors** provides high-quality business consulting services to support the growth of small- and mid-size companies located in high-unemployment areas of the **San Francisco Bay Area**. In 2013 alone, they created or retained 2,700 jobs with an average hourly wage of $14.50; half of the jobs also provided health care. Over half of the businesses the advisors supported are owned by people of color, and two-thirds of the companies they work with have made a commitment to hire people with barriers to employment.[16]

5. **Leverage the economic power of anchor institutions, local governmental agencies, and other major employers to grow good jobs locally**. Anchor institutions are the large organizations, most often public or nonprofit, that are largely anchored in place—colleges and universities, hospitals and health-care facilities, utilities, faith-based organizations, museums, and arts centers. Many have been around for decades, even centuries. Often they are located in or near downtown districts that have experienced dramatic economic and demographic changes. Universities and medical research centers in particular contribute to regional economies through new technologies and businesses that are developed by their faculty, staff, and students, as well as through investments they make in their surrounding neighborhoods. Along with local government agencies and other large businesses, anchor institutions are major employers in many cities and regions and make purchases and have service contracts with other local businesses. All of these factors can be leveraged to grow good jobs locally.[17]

   In 2014, **New Orleans Mayor Mitch Landrieu** announced an **Economic Opportunity Strategy** to connect unemployed Black men to real employment opportunities at the local universities, health systems, and the airport through workforce training programs and the development of new worker cooperative businesses that could provide goods and services to these anchor institutions. The strategy came about after local groups and Loyola University released a report in 2013 finding that 52 percent of Black men in the city did not have work, and involved extensive surveying and outreach to Black men in the community.[18]

6. **Support federal policies and programs to grow good jobs.** While some actions at the local and regional levels show some promise of growing good jobs, many of the most successful job growth strategies will require strong federal and state actions. For example, the federal government can encourage quality job creation by prioritizing full employment in Federal Reserve fiscal policy, negotiating trade deals that will be fair for American workers, and committing to redirect savings from reduced military spending to necessary investments in roads, transit, water systems, and internet infrastructure.[19]

Support entrepreneurs of color and business ownership in low-income communities

Business ownership by people of color and low-income residents is vital to growing a more resilient and stronger economy. Business ownership is an important way to build wealth for individuals and keep wealth in communities. Small, locally owned businesses return three times as much back to the local economy as large, national chains.[20]

Communities of color in particular are well-positioned to start and grow businesses. Entrepreneurship rates among people of color and women are high—Black women in particular are starting new businesses at six times the national average.[21] Supporting the growth and stability of businesses owned by people of color and women helps create wealth opportunities for these entrepreneurs and leads to job opportunities in communities of color.

For some, business ownership may be preferable to the barriers they face when applying for a job (for more on how to remove barriers to employment, see the section "Remove barriers to employment"). Importantly, businesses owners who have faced discrimination or barriers oftentimes create welcoming workplace environments for others with similar experiences. However, there is highly unequal access to the resources and supports needed to start and own a business, whether it's access to the right kind of capital at a fair price, or access to information on how to grow a business. Below is a list of strategies to help expand business ownership opportunities in low-income communities and communities of color.

1. **Identify gaps and barriers in the entrepreneurial ecosystem and leverage private and philanthropic dollars to address them.** Not everyone is born to be an entrepreneur, but too often those with the drive and creativity to start their own businesses face insurmountable hardships. By using data, interviews, and surveys with business support organizations and business owners, regions can help business owners from low-income communities and communities of color succeed, and identify where regulatory barriers are unnecessarily hindering their growth.

   In **Detroit, Michigan**, a group of local and national foundations have come together to support entrepreneurship and job creation in the region. Called the **New Economy Initiative**, they conducted an analysis of the entrepreneurial ecosystem and found that, while Black Detroiters and women had some of the highest rates of entrepreneurship in the country, their businesses had one of the lowest rates of growth nationally. Through interviews with over two dozen business support organizations, they determined that lack of access to affordable capital, underresourced business technical assistance in the neighborhoods where these businesses were located, and challenges finding commercial space were the three biggest factors hindering the growth of Black- and women-owned businesses, and they created a new grant fund in 2015 to address these barriers.[22]

2. **Promote socially responsible business structures: B Corps, L3Cs, worker-owned cooperatives, and social enterprises.** Socially responsible businesses can help make a region more economically resilient: they invest more in their local communities, they make less risky business decisions, and they perform better during economic downturns than their counterparts.[23] Several new legal structures have been developed to make it easier for businesses to be more socially responsible. A new structure, known as Benefit Corporations (B Corps), allows a business to consider community benefits in addition to profits—20 states have passed B Corps legislation, and there are currently more than 1,000 registered B Corps, including well-known companies like Ben & Jerry's and Patagonia.[24] The low-profit, limited-liability company (L3C) is another new corporate structure intended to make it easier to direct philanthropic investments to companies with a social mission. Ten states have passed L3C legislation.[25]

   Worker-owned cooperatives, employee stock-ownership programs (ESOPs), and social enterprises are additional business options to increase wealth and employment opportunities in communities that have historically been shut out of the economic mainstream. In worker-owned cooperatives, each worker is also an owner in the company and has a voice in the management and business decisions of the company, as well as a share of the profits generated each year. Jessica Gordon Nembhard, an associate professor at John Jay College, has traced the history of Black-owned cooperatives to the years following slavery through to present-day businesses such as Cooperative Home Care Associates in the Bronx.[26] Worker-owned cooperatives have grown rapidly in recent years, particularly in immigrant communities.[27] Social enterprises are usually nonprofits that use a mix of incomes from earned revenues and grants to provide job training and work opportunities for people with barriers to employment. A 2015 study found that every dollar invested in a social enterprise returns $2.23 in social benefits and cost savings from reduced reliance on safety net programs.[28]

Cities and regions can support the adoption of these business models in their communities by creating educational materials for people looking to start a new business, allocating resources to develop more of these businesses, and creating procurement preferences.[29] **New York City** allocated $1.2 million in its 2014 budget to support the development of worker-owned cooperatives in low-income communities and communities of color, building off of successful efforts to create cooperatives in places like the Bronx and Far Rockaway.[30] The City of **Madison, Wisconsin,** has allocated $5 million over five years in its Capital Improvement Plan to support cooperative business development.[31]

3. **Support micro-enterprises and small businesses with low barriers to entry.** Micro-enterprises may be tiny, employing one to five people, but they carry a big economic punch. One out of every six people in the labor force owns a micro-enterprise.[32] And because they have lower start-up costs, usually under $35,000, they are more accessible for low-income entrepreneurs than other kinds of business ventures. However, because of their size, they oftentimes operate mostly without the supports that larger companies receive from cities and states.[33]

   For more than 20 years, the **Neighborhood Development Center** (NDC) has been working with low-income residents of urban neighborhoods to develop talent through training, financing, technical assistance, and business incubators in Minnesota's **Twin Cities.** They have trained more than 4,000 low-income people of color to write business plans, financed nearly 500 businesses, and launched over 1,000 businesses. These efforts have had widespread community impacts: NDC graduates employ 2,280 individuals, and more than 80 percent are people of color; 60 percent of the businesses are in buildings that were formerly vacant; and these businesses are returning $64 million to their communities in payroll, taxes, and rent each year.[34]

4. **Expand access to affordable capital for entrepreneurs of color and women to fill gaps in traditional capital markets.** Numerous studies show that businesses owned by people of color, and particularly women of color, have a harder time getting a loan or equity investment than their White and male counterparts, and the capital they do get is on less favorable terms. This hurts businesses at every stage of growth, and has only worsened since the recession as small business lending has slowed down and has yet to fully recover.[35]

   Micro-lending through loan organizations like **Accion** and crowdfunding through online platforms like **Kickstarter** have started to open up access to capital for business owners who cannot easily access mainstream capital markets. Since 2011, the federal **Healthy Food Financing Initiative** has distributed more than $100 million in grants and leveraged more than $1 billion in investments and tax incentives to provide capital for over 100 businesses and projects in low-income communities and communities of color that improve access to healthy food.[36] Some states and cities have created their own programs to fund local healthy food ventures.

5. **Leverage the economic power of anchor institutions, local governmental agencies, and other institutions to grow local and targeted businesses.** Anchor institutions and public agencies are not only major employers in many cities and regions, they also spend millions and sometimes billions on procurement and service contracts—these dollars can be spent in the local economy to support the growth and success of local, targeted businesses that provide good jobs. They accomplish this in a number of ways, such as setting local procurement and contracting goals and providing information and incentives for procurement staff to meet those goals, as well as direct technical assistance to local businesses to help them successfully compete on bids.[37]

The **University of Pennsylvania** in Philadelphia has developed an initiative to increase spending with diverse businesses. By improving their contracting practices and support services, they have been able to increase their spending with minority-owned, women-owned, and disabled veteran-owned businesses from $2 million to over $100 million a year over a 20-year period.[38] The university also refers businesses to the Wharton School's Minority Business Enterprise Center for technical assistance in becoming qualified as vendors with the university.[39]

6. **Strengthen existing local businesses in low-income communities and communities of color receiving new public investments.** Businesses owned by people of color in urban commercial districts face particular challenges as new investments in light rail and other infrastructure create disruptions during construction, and oftentimes lead to higher rents and a loss of their customer base as these new investments attract new residents with higher incomes—a process known as gentrification.[40] Freeway and public transit investments in particular have had a poor historical record of fatally disrupting some of the most vibrant Black commercial districts in the country. These businesses are vital to neighborhood economic stability, providing job opportunities, local goods and services for residents, and cultural cohesion and identity. Strategies to retain and strengthen local businesses should be a part of any city or regional infrastructure investment strategy in urban areas.[41]

   In 2014, a new light rail line opened in the **Twin Cities,** connecting downtown Saint Paul and Minneapolis. More than 1,000 small businesses—many of them owned by people of color and immigrants—operate along the light rail corridor, and their ability to stay in the neighborhood was threatened by the project. Although the long-term impacts of the new light rail line are still uncertain, most of the businesses were able to survive the construction phase of the project due to a $16 million package, created by the regional planning agency, the two cities, local foundations, and other sources, to provide forgivable loans, technical assistance, marketing support, and other resources for the businesses.[42]

7. **Focus on high-growth businesses.** Often, business development and entrepreneurship strategies in low-income communities and communities of color focus on businesses with low barriers to entry and few opportunities for growth. Business support strategies should include high-growth businesses owned by people of color, such as businesses with the ability to gross $2 million to $100 million a year.

   In **Portland, Oregon**, the Portland Development Commission runs an annual competition called the Startup PDX Challenge to encourage the growth of early-stage companies with significant growth potential. The competition started in 2013 with six winners, who were each awarded funding and support valued at $50,000. In 2014, they launched their first **Inclusive Innovation challenge**, which focuses on entrepreneurs from underrepresented communities.[43]

Leverage regional investments and planning for equitable growth

Transportation investments and regional planning for growth management, sustainability, and the fair allocation of affordable housing can have profound impacts on the strength and trajectory of a region's economy. Regional planning organizations play a fundamental role in shaping where and how these investments occur, and therefore in the direction of economic growth for the region. Investing in a new transit line helps workers who live along that line access more jobs, or get to their jobs faster and easier than before. And the transit line itself creates many jobs in designing, building, operating, and maintaining it. Regionally coordinated growth management and guidance of public capital investments help shape where new businesses will locate, and what kinds of industry the region will grow.

Regional institutions, such as metropolitan planning organizations, councils of governments, and others, establish regional leadership, convene local players to build a shared narrative, set goals and establish policies guiding regional growth, determine where and how regional transportation dollars will be invested, and track regional performance with disaggregated data. In each of these areas, they play an important role in shaping economic growth. Below are several strategies to leverage regional investments and planning for equitable growth.

1. **Maximize the local economic benefit of public projects through targeted hiring and contracting.** U.S. cities and regions invest billions each year in roads, trains, sewers, and other basic infrastructure. Targeted hiring and contracting programs maximize the local economic impact of these investments by keeping those dollars local and in the communities that can benefit the most.

   The U.S. Department of Transportation (DOT) encourages regions to target businesses and workers for transportation projects. For more than 20 years, the DOT has required state and local transportation agencies to establish participation goals for disadvantaged business enterprises (DBEs)—businesses owned by women, people of color, and other "socially and economically disadvantaged individuals"—on projects that receive DOT funding. However, states have not been effectively measuring whether or not they are meeting these goals in their actual project spending.[44]

Some cities and regions are taking the initiative to set and meet their own ambitious contracting goals. The **New Orleans Regional Transit Authority** has increased its spending with DBEs from 11 percent to 31 percent in just a few years. In order to meet the higher goal, the staff focused on doubling their list of certified firms through strong outreach to new and existing minority-owned businesses, explaining the benefits of certifying as a DBE, and providing small business training in partnership with local organizations.[45]

While DOT has encouraged targeting of businesses for transportation projects, it had not allowed targeted local hiring of workers on those projects. In 2015, after years of advocacy from transportation equity and worker justice organizations, the department established a new pilot rule that allows targeted hiring of local workers and workers who face barriers to getting a job, opening up new possibilities to expand economic opportunities for low-income residents and people of color.[46] Due to fierce advocacy by former **Los Angeles** Mayor Antonio Villaraigosa, the county secured approval in 2012 to include local and targeted hiring in a policy that now covers 12 transit expansion projects. It requires that 40 percent of the work hours go to workers living in economically disadvantaged zip codes, 10 percent of the hours go to disadvantaged workers, and 20 percent of the hours go to apprentices. The policy is now being applied on the $2 billion, 8.5-mile Crenshaw/LAX Transit Corridor Project light rail line through South LA, and reports from November 2014 show that the contractor is exceeding the requirements, with 58 percent participation from workers living in economically disadvantaged zip codes.[47]

2. **Invest in pre-apprenticeship training.** On average, each $1 billion invested in public infrastructure creates 11,000 jobs, many of them in well-paying construction careers. These new jobs can be real opportunities for those facing high unemployment rates, such as young people and Black and Latino communities. But oftentimes low-income residents who have attended poor-performing schools are not prepared for what they will need to succeed in these jobs. Pre-apprenticeship programs have proven to be effective at teaching math, reading, safety, and other skills needed to prepare participants for construction careers. Several cities and states have dedicated a percentage of public infrastructure project dollars to pre-apprenticeship programs to help young and low-income workers access good careers in the building trades.

   In 2006, local community groups in **St. Louis, Missouri,** worked with the **Missouri Department of Transportation** to create a new workforce development program on a $500 million interstate highway project. The program included a set aside of ½ of 1 percent of the total project cost ($2.5 million) to fund local job-training programs so that local residents could get hired on the project. The Missouri Department of Transportation created an advisory committee consisting of representatives from community groups, contractors, and government agencies to identify the programs. They were able to fund three pre-apprenticeship programs in St. Louis that trained over 500 residents, nearly half of whom were placed in jobs either on the project or in the community.[48]

3. **Prioritize investments that will increase economic opportunities for low-income communities.** Transportation infrastructure is the backbone of regional economies, from the rails and roads that allow us to move goods within and between regions, to the transit systems that get workers to their jobs quickly, safely, and affordably. A 2015 study found that commute time is the single greatest barrier to escaping poverty.[49] Regions should prioritize investments that will support the growth of well-paying jobs, and that will increase access to these jobs for unemployed residents and low-income workers.

   Using funding from the U.S. Department of Housing and Urban Development's Sustainable Communities Initiative, several local groups in the **San Francisco Bay Area** developed a framework for improving economic opportunity for the region's low- and moderate-wage workers. Called the **Economic Prosperity Strategy**, this plan was developed with input from several hundred workshop participants and nearly 700 low- and moderate-wage workers. It provides analysis and recommendations for regional planning and investment strategies to advance economic growth, economic security for low-income residents, and pathways to middle-wage jobs for low-wage workers. Released in 2014, the plan is being used to inform the next round of regional transportation investment by the metropolitan planning organization.[50]

4. **Develop regionally coordinated land use plans that support transit-oriented jobs and housing in job-rich areas.** Regionally coordinated land use planning can increase workers' access to jobs by preserving industrial land uses and encouraging new commercial developments to open near transit infrastructure. It can also require or incentivize more affordable housing production in job-rich communities through funding set-asides for affordable housing production and conditioning a community's access to regional grants on adequate zoning for multifamily homes.

The **Fair Housing and Equity Assessment** is one tool that regions can use to determine what actions are needed to advance access to affordable housing in communities rich with jobs and amenities.[51] Both **Boston** and **Chicago's** regional fair housing assessments included support for new affordable homes around growing job centers in order to attract more employers to the area.[52]

5. **Ensure infrastructure investments are paid for equitably**, without an undue burden on low-income communities and communities of color. As federal funding sources have stalled under the weight of political gridlock, many cities and regions have turned to local taxpayers and the private sector to fund necessary infrastructure projects. However, regions must consider who will ultimately pay for these projects, and who will benefit the most. For example, sales taxes tend to be regressive, meaning that low-income people will pay more of their income than high-income earners because low-income residents spend more of their paycheck every month.

   If your region is considering private investment or public-private partnerships, it is important to implement best practices to maintain public ownership of assets and assume only an appropriate level of risk for taxpayers. The recent Chicago parking meter privatization fiasco and other disastrous attempts at public-private partnership has increased public scrutiny of these types of projects. [53] But innovative infrastructure financing partnerships can lead to progressive, equitable outcomes. In **Rialto, California**, a union-based investing company has helped finance essential water system upgrades while creating good jobs for the community. The city maintains ownership of the system through the 30-year life of the contract, which is expected to create over 400 jobs in the construction trades.[54]

6. **Increase diversity in the public workforce and contracting.** Jobs paid for by the public sector—whether at public agencies or a private business in a government contract—make up a significant number of jobs in many cities. Jobs in the public sector tend to pay living wages, have less discrimination in pay or promotion based on race or gender, and are more likely to be unionized jobs than those in the private sector overall. Local governments and agencies should commit to maintaining high job standards and union representation within their own workforce, and extend these standards to private businesses with whom they contract. In addition, they should diversify agency staffing at all levels so that the demographic composition is reflective of the community as a whole.

   Since 1985, **Minnesota's Department of Human Rights** has set goals for employment of women and people of color in state-funded construction projects for each metro and county. The goals apply to contracts in excess of $100,000 and to employers with more than 40 full-time employees. The hiring goals were updated in 2012 to reflect the growing diversity of the state; for Ramsey and Hennepin counties, which include the Twin Cities, the target participation is 32 percent for people of color and 6 percent for women.[55] In 2012, the City of Minneapolis became the first city in the nation to adopt a resolution to promote racial equity in employment, including government jobs, promotions, and contracts.[56]

Remove barriers to employment: Criminal records, undocumented status, and structural racism and implicit bias

Even as many cities are slowly gaining more jobs, unemployment remains stubbornly high for some residents who face barriers to employment, whether because of a prior criminal conviction, immigration status, structural racism, or other barriers. These barriers to employment disproportionately harm communities of color, and they are holding back the economic growth potential of the nation's cities and regions. For example, if people of color had the same income and employment distribution as White residents, the gross domestic product (GDP) of the nation would be $2.1 trillion greater.[57]

> **Data question:** How much greater would your region's GDP be if there were no racial disparities in income and employment? Find the answer in the **National Equity Atlas** at nationalequityatlas.org/indicators?ind=7261.

This guide highlights ways to close the opportunity gaps in business ownership, access to well-paying jobs, and education and skills. This section focuses on ways to remove three specific barriers to employment: a criminal record, undocumented immigration status, and structural and institutional racism. While these three barriers are prevalent in many parts of the country, not all communities face the same barriers to getting and keeping a job. It's important to know which barriers to employment are significant in your region and communities.

Reduce the impact of the criminal justice system as a barrier to employment

About 70 million Americans, disproportionately Black and Latino, have conviction records that prevent them from finding employment. Many employers regularly pass over job candidates with a criminal record—this is so common that there are several job search sites dedicated to helping people with criminal convictions find employers who will even consider their application. Of the roughly 700,000 people who are released from state prisons annually, as many as 75 percent will still have no job a year later. This hurts both the person trying to reintegrate into society, and the economy overall. A 2011 study found that putting just 100 formerly incarcerated people back to work would increase their lifetime earnings by $55 million, increase their income tax contributions by $1.9 million, and boost sales tax revenues by $770,000, while saving $2 million a year by keeping them out of the criminal justice system.[58]

Evidence like this has persuaded dozens of states, cities, and even private companies to remove barriers to employment for people with criminal records. Here are several examples describing how to accomplish this.

1. **Evaluate and reform laws, policies, and practices that disproportionately criminalize Black communities and communities of color.** Over the last 30 years, the number of people incarcerated has increased dramatically, largely for nonviolent offenses. Black and Latino men have been disproportionately affected by laws that criminalize minor offenses, but cities and states are starting to change these laws. In 2014, **Californian voters passed Proposition 47,** which reclassifies six low-level nonviolent crimes, including drug possession, shoplifting, and check forgery, from felonies to misdemeanors, and reinvests the savings in school programs, substance abuse and mental health treatment, and reentry support.[59]

2. **Strengthen and expand workforce training opportunities for people returning from prison.** Programs that help people returning from prison find a job have proven to be effective at helping them reintegrate into their communities and lower the chances they'll end up back in prison. Since 2007, **RecycleForce in Indianapolis, Indiana,** has provided transitional jobs and training for more than 600 people returning to communities from prison. The workers, 79 percent of whom are Black, earn $10.10/hour and receive assistance to find housing, pay child support, and navigate the extensive requirements of parole. Nearly two-thirds find unsubsidized jobs afterwards, and their rate of returning to prison (recidivating) is half that of those who don't go through the program. As a social enterprise, the program is funded through both sales revenues and public grants.[60]

3. **Address hiring biases against people with criminal records**. Some employers are perhaps wary about hiring someone with a criminal record, but a growing number of companies are proactively looking for opportunities to provide a second chance to people who have served their time.

In **Grand Rapids, Michigan**, two local companies—**Cascade Engineering** and **Butterball Farms**—are working with the community college and other organizations to not only hire people released from prison, but also to encourage their business peers to do so as well. The initiative, called 30-2-2, seeks to get 30 companies to hire two people who've been formerly incarcerated, and track their progress for two years, to build the business case for hiring these workers.[61]

4. **Pass legislation or company policies that "ban the box" asking about conviction history on job applications for both private and public employers.** "Ban the box" policies remove questions about prior convictions from job applications, allowing an applicant to present his or her qualifications first. Nationally, more than 10 states, 60 cities and counties, and major employers like Walmart and Target have banned the box.[62] A study of Hawaii's 1998 ban the box law found it lowered the rate of repeat offending by 57 percent. Since the **City of Durham, North Carolina,** passed a ban the box policy in 2011, the proportion of new hires with a criminal record has increased from 2 percent to over 15 percent, with no increase in workplace crimes.[63]

5. **Create and expand support programs for minor offenders to address root causes**. The expansion of the criminal justice system has meant that, for many communities, police and prisons are used to address a range of social problems, from mental illness to drug addiction to poverty, when social services and other interventions would be a more effective and affordable solution. **In King County, Washington,** a collaboration of law enforcement agencies, public officials, and community organizations came together in 2011 to create the **Law Enforcement Assisted Diversion** (LEAD), a program to redirect people engaged in drug or prostitution activity to community-based services, including housing, health care, job training, and treatment for drug addiction and mental illness. A third-party evaluation found that the program reduced arrests by 58 percent over a five-year study period.[64]

Ensure immigrants can fully participate in the economy regardless of documentation

An estimated 11 million undocumented immigrants live in the United States, collectively making up about 5 percent of the total labor force.[65] Millions are pushed into low-wage jobs because of their legal status, and face wage theft and other labor violations.[66] Yet despite these challenges, undocumented immigrants have higher than average rates of entrepreneurship and contribute significant tax revenues—$10 billion in local and state taxes in 2010 alone.[67] While real immigration reform and a pathway to citizenship can only happen at the federal level, many cities and regions are taking the initiative locally to ensure immigrants can fully participate in the economy, regardless of documentation. Here are several steps that regions can take.

1. **Create a municipal ID program.** The latest and largest city to create a municipal identification card that does not require documentation of legal status is **New York City**, but other cities from New Haven, Connecticut, to Oakland, California, have also created programs. In 2007, **New Haven** became the first city to issue a municipal ID card as a strategy to protect and integrate its growing immigrant population into the community. The card provides access to a host of services, from banking to checking out library books, to more than 10,000 residents.[68]

2. **Launch a Welcoming America campaign to promote cultural competency, language access, and a welcoming environment.** Facing population loss and economic decline, cities like **Dayton, Ohio,** have actively recruited immigrants to move to their communities to buy homes and start businesses.[69] The **Welcoming Tennessee Initiative** was launched in 2005 to counter anti-immigrant backlash in response to a rapidly growing immigrant population (the third-fastest growing in the nation). Using dinner conversations between long-time residents and immigrants, billboards, and other community strategies, the initiative successfully defeated English-only referendums and has helped hundreds of immigrants feel welcome in their new home state. Since then, the project has inspired a national Welcoming America initiative, with affiliates in 17 states and 50 cities and counties.[70]

3. **Limit the participation of local law enforcement with Immigration and Customs Enforcement**. Three states and over a hundred local jurisdictions have passed laws or policies that limit their role in enforcing federal immigration laws.[71] Local participation in programs like Secure Communities is both costly for local taxpayers and can create unsafe conditions for crime victims who fear reporting to local law enforcement.[72]

4. **Expand state programs to be accessible regardless of immigration status.** Several states including California and Illinois have expanded access to in-state college tuition fees, low-cost health care, and a state driver's license to undocumented residents. Due in large part to the advocacy of the **Illinois Coalition for Immigrant and Refugee Rights,** the state of Illinois created the nation's first **Office of New Americans** in 2005. The office has helped tens of thousands of immigrants access vital services like health care and education as well as apply for citizenship.[73] The state passed the Illinois DREAM Act in 2011, making it easier for undocumented students to access college.[74] **California** began issuing driver's licenses to people without documentation in 2015; in the first two months of the program, over 130,000 licenses were granted under this new program.[75]

5. **Support federal efforts to expand pathways to citizenship**. Over 30 mayors, along with the National League of Cities and the U.S. Conference of Mayors, have signed a national call to action to promote welcoming and inclusive cities through federal action on immigration reform. The coalition, called **Cities United for Immigration Action,** is led by Mayor Bill de Blasio of New York City and Mayor Eric Garcetti of Los Angeles.[76]

Take proactive measures to eliminate structural racism and implicit biases against people of color

Structural and institutional racism and implicit biases in the workplace make up one of the most significant barriers to employment, and one of the hardest to measure and address. One possible indicator is to measure racial disparities in the labor market. In **Baltimore, Maryland**, for example, the **Opportunity Collaborative,** a grantee of the U.S. Department of Housing and Urban Development's Sustainable Communities Initiative, conducted a survey of over 1,000 job seekers and found that Black respondents were disproportionately affected by other barriers to employment like lack of affordable transit options, high costs of job-training programs, and having a criminal record.[77] These barriers, along with other factors, contribute to a Black unemployment rate that is more than 50 percent greater than the region's average. To better understand issues, communities can take the following actions.

1. **Disaggregate regional data** by race, ethnicity, and nativity in order to create a common understanding of racial disparities in the economy and racialization of employment outcomes. The National Equity Atlas (nationalequityatlas.org) is a tool developed by PolicyLink and the USC Program for Environmental and Regional Equity (PERE) that helps regions zero-in on the racial inequities that are holding their economies back. The **Portland Development Commission** has used data from this site to prioritize social equity outcomes in their 2015-2020 draft strategic plan.[78]

2. **Work with major employers to report on employee data by race and gender at all levels of the company.** Just as regionally disaggregated data can spur regional action, a company's employment data can build the case to change hiring or retention practices. Several technology companies have made commitments to recruit and retain more women, Black, and Latino employees after disclosing company data that verified their lack of diversity.[79] The CEO of **Intel** has committed $300 million to increase the company's diversity by investing in engineering scholarships, among other strategies.[80]

3. **Build authentic relationships with residents of color and increase their voice in decision-making bodies.** Oftentimes, those who are most impacted by local policies do not have a voice in making those decisions. But there are several examples of initiatives that are starting to change this.

Since 2010, Urban Habitat's **Boards and Commissions Leadership Institute** has been training leaders from underrepresented **San Francisco Bay Area** communities to serve on decision-making bodies. The institute empowers residents to become leaders on the issues that have the most direct impact on their neighborhoods: transportation, housing, jobs, and more. Graduates have won 35 seats on priority boards and commissions, including planning commissions, housing authorities, and rent boards. The program is being replicated in the Twin Cities, Sacramento, and elsewhere.[81]

4. **Evaluate all policies for racially disparate outcomes and prioritize policies and investments that will likely decrease racial disparities.** In 2010, **King County in Washington** adopted an ordinance to use the principles of "fair and just" to guide every aspect of work across all departments and activities, from community engagement and planning to budgeting, staffing, and day-to-day operations. An **Equity Impact Review Tool** helps staff answer these questions: What is the impact on equity? Who is affected? How can we do better? Staff use this tool to understand the racial and economic impacts of their programs, and orient their activities to achieve equitable opportunities for all people and communities.[82]

5. **Conduct trainings in public agencies on race, equity, and implicit bias, and provide incentives for trainings in private companies**. According to the Center for Social Inclusion, implicit bias "refers to the way people unconsciously and sometimes unwillingly exhibit bias toward other individuals and groups."[83] Implicit biases can lead to real harm in communities of color and undermine efforts to achieve equity.[84] **King County** has conducted implicit bias trainings for agency staff, and has developed an **Implicit Bias Toolkit** to facilitate these trainings and conversations in other public agencies.[85]

Raise the floor on existing low-wage work

Wages have stagnated over the last three decades for all workers except those at the very highest level of income earnings. Low-wage occupations like home health aides and retail work are the fastest-growing jobs in the country. In addition to low wages, many workers are facing unpredictable work schedules and unstable job prospects, as more and more employers turn to contractors, temporary employees, or just-in-time scheduling. However, as MIT business professor Zeynep Ton explains, these tactics are bad for workers, bad for business, and bad for the economy overall.[86] Poor working conditions lead to increased worker turnover, which costs the employer in both time and money to find and train someone new. When workers' wages are low, more of their income has to go to basic necessities like rent, food, and health care, leaving less money to purchase consumer goods that drive economic production, or to invest in a new business venture or continuing education. Workers of color, women, immigrants, and workers with lower educational attainment are overrepresented in low-wage jobs, which creates ripple effects throughout these communities in particular. Improving wages and working conditions is one of the best ways to expand economic opportunities to these groups of workers and reduce inequities in a region's economy.

Data question: What share of workers in your region earns at least $15/hour and how does this vary by race and gender? Find out with the **National Equity Atlas** at nationalequityatlas.org/indicators?ind=26521.

Below are a range of strategies to raise the floor on existing low-wage work, from passing new ordinances to strengthening worker rights to leveraging public investments in order to improve wages and working conditions. In addition to the strategies listed below, there are dozens more that can be used to address challenges in specific industries.

1. **Increase the minimum wage and pass earned sick leave.** Over a dozen cities and states have passed minimum-wage increases over the last few years, and many have eliminated the lower minimum wage for tipped workers. Prominent companies like Walmart and Ikea have voluntarily raised wages for their lowest-paid workers to $10/hour, citing the business benefits of reducing worker turnover. Research from the University of California at Berkeley Institute for Research and Labor Employment shows that the benefits of local minimum-wage increases do not impede job growth, and will disproportionately benefit workers of color, who are overrepresented in low-wage jobs.[87]

Some cities and states have also passed laws to enact earned sick day ordinances, and federal legislation is gaining momentum.[88] Requiring employers to allow workers to accrue sick days is both a public health concern in industries where workers interact with the public (such as restaurants) and an economic cost as some workers are forced to leave the workforce in order to care for a sick child or loved one. Private companies can also create similar policies for their supply chains; Microsoft recently announced it will require all its suppliers to provide a minimum of 15 days of paid leave per year.[89]

A common challenge with local minimum-wage laws is that they can create significantly different wage structures in adjacent cities or counties, and sometimes even within the same shopping mall.[90] Some cities may be concerned that raising the minimum wage or passing an earned sick leave ordinance may cause businesses to move out of the city, or deter new businesses from locating there. While research shows this is not a common response by businesses, some cities aren't taking the chance. In the **Washington, DC,** metropolitan area, **Montgomery** and **Prince George's County** joined together with DC to pass similar minimum-wage increases at the same time to address concerns that a higher minimum wage would persuade a company to move to a neighboring county.[91]

2. **Encourage fair scheduling.** Many retail and restaurant workers have little or no control over their work schedules, and are oftentimes given less than a week's notice about their schedules. Unpredictable scheduling makes it difficult for workers to plan for childcare or other needs, and contributes to economic instability for working families.[92] The practice has grown as more employers adopt just-in-time scheduling, which sets employee hours based on last-minute determinations of consumer demand on a given day.[93] Nearly one in five workers today have unstable work-shift schedules.[94]

   Concerned with the rise in unpredictable scheduling practices, the city of **San Francisco** passed a first-in-the-nation **Retail Workers' Bill of Rights** for an estimated 40,000 chain store and restaurant workers. The legislation, passed in 2014, requires employers to post work schedules two weeks in advance and to pay workers for subsequent schedule changes. It also encourages businesses to increase hours for existing part-time workers before hiring additional part-time workers.[95]

3. **Build worker power.** Historically, good union jobs in sectors like manufacturing and government have provided a pathway to the middle class for many workers, particularly Black workers. Being in a union increases wages for Black workers by over 15 percent, and by nearly 12 percent for workers overall.[96] Although more than one-quarter million workers in the private sector joined a union in 2013, a recent Supreme Court ruling and the expansion of state right-to-work laws have curtailed this momentum in some states and industries. In addition to traditional rank-and-file organizing, worker centers, such as Restaurant Opportunities Center United, the National Domestic Workers Alliance, and others, are proving to be innovative strategies that build worker power and win better wages and working conditions in some industries.

   In **Florida**, the **Coalition of Immokalee Workers** has improved wages, safety, and overall working conditions for 30,000 tomato farmworkers in an industry that was once called ground-zero for modern slavery by a U.S. attorney. Tomato farmers have found they benefit from reduced turnover and higher productivity from their workers.[97]

4. **Increase job-quality standards with living-wage ordinances.** Local and regional governments collectively spend significant amounts on contracts and services locally, which can be leveraged to increase job-quality standards. Living-wage ordinances set a wage floor for companies that provide services or have a contract with a city or public agency. A living-wage ordinance is an effective way for a city to use its own contracting power to support good jobs in their city. Because it only applies to companies that do business with the city, it is oftentimes politically more feasible to set these wages higher than a minimum wage, which applies to all businesses.

   In **San José, California,** the city passed a living-wage ordinance in 1998 for all workers of companies that have contracts with the city. The living wage is pegged to the cost of living in the city, and is now at over $17/hour, including health benefits, as housing and living expenses in the Bay Area have skyrocketed.[98] In 2014, **New York City** Mayor Bill de Blasio both expanded the number of workers covered by the city's living-wage provisions and raised the actual wage from $11.90 to $13.13/hour. The living-wage expansion is estimated to cover 70 percent of all jobs at companies that do business with city agencies and boost the annual gross income for a minimum-wage worker by over 60 percent. Roughly 18,000 workers should see their wages increase.[99]

5. **Support community benefits agreements for new development.** Many cities and regions are experiencing a new explosion of housing and commercial development, particularly infill development in downtowns and areas near transit. This new growth does not automatically translate into good jobs for local residents. The construction jobs to build these new projects do not necessarily get filled by local residents or lead to good careers in the building trades. Much of the new commercial development is for retail and restaurants, which pay lower wages than average. By creating more low-wage jobs, these developments may undermine economic growth and worsen inequality.

   Community benefits agreements can ensure that new development leads to the creation of good jobs and other local benefits. Community benefits agreements are signed contracts between developers and community groups that outline a set of standards for a specific project. These standards may include affordable housing, local hiring for both construction and permanent jobs, a funding commitment for workforce training programs to prepare local residents for jobs, and wage and worker standards.[100] Project labor agreements are similar, and include building trade unions.

When the **West Oakland Army Base** closed in the 1990s, it eliminated hundreds of good jobs adjacent to a historically Black community. After nearly 20 years of planning, the City of Oakland adopted a plan to turn the former base into a transportation and logistics center. The first $500 million phase will include 1,500 construction jobs and another 1,500 permanent positions. A coalition of faith leaders, unions, youth organizers, and others worked with the city to create a good jobs framework for both the construction and permanent jobs on the site, including a policy that employers cannot pre-screen job applicants for prior criminal records, as well as a living-wage minimum of $11.70/hour plus benefits. The project broke ground in late 2013.[101]

6. **Support federal efforts that will raise the floor.** While a growing number of cities and states are taking action to raise wages, improve working conditions, and raise standards in low-income professions, the role of federal policy should not be ignored. Federal legislation to raise the minimum wage to $12/hour by 2020 and to provide fair scheduling and paid sick leave are being proposed in Congress this year. In 2013, the U.S. Department of Labor issued a rule to extend overtime pay to domestic workers, who were excluded from basic labor protections under the federal Fair Labor Standards Act, though that rule is now being held up in the courts. The federal government can also encourage wage increases by promoting full employment through the Federal Reserve Bank monetary policy and public works projects to create jobs for unemployed workers. Local and regional stakeholders can advocate for these and other actions at the federal level to raise the floor for low-wage workers.[102]

Connect workers to job opportunities in good careers

Developing a robust system to keep workers' skills sharp and connect to job opportunities helps workers advance in their careers and solves a fundamental challenge to growth that every business faces: finding the right person, at the right time, with the right skills. Forty percent of U.S. companies reported difficulty filling jobs in 2014.[103] Companies lose an average of $14,000 for every position that goes unfilled for three months or more.[104] Workers also suffer from lower wages than they might otherwise earn if they found the right job in a good career.

The federal Workforce Innovation and Opportunity Act (WIOA), passed in 2014, along with a growing number of innovative workforce training and job-placement programs, has created new opportunities for cities and regions to connect workers to job opportunities in good careers. WIOA presents a new opportunity for regional coordination and planning across various stakeholders, including workforce training organizations and industry employers, in order to create career pathways into good jobs for workers who need them. The Act directs workforce training dollars to low-income adults and youth who lack work skills or have other barriers to employment, and increases the amount of eligible funding available for proven strategies like apprenticeships and on-the-job trainings. Although still in its earliest phases of implementation, WIOA enables city and regional workforce investment boards to strengthen programs that increase economic opportunities for people who have faced barriers.[105]

Some strategies to connect workers to job opportunities in good careers are listed below.

1. **Develop and expand effective, sector-based workforce training and job-placement programs in industries of opportunity**.[106] Effective job-training and placement programs share a number of characteristics that have been found to be "best practices" over time. They take a dual customer approach, serving the needs of both companies that are looking to hire workers with specific skill sets and workers who want to become or stay competitive as technologies advance and the labor market changes. They target specific industries and occupations in their training programs, in recognition that the skills a competitive job candidate needs are not the same everywhere, while building universal "soft" skills such as strong communication skills and networking to ensure workers will have the agility to change careers as labor market needs change.[107] They often use methods for "concurrent enrollment" to give nontraditional students success at both academic preparation and industry-specific skills at the same time. They also engage industry leaders in both designing and funding the programs so that the curriculum will be responsive to industry changes in skills and technologies.

   Workforce dollars are not infinite, requiring careful analyses of a region's economy to understand where there will be growing demand for talent in specific fields that will also provide good jobs and careers for workers.

   In **Baltimore, Maryland**, the existing strength of medical research institutions has created a growth opportunity in biotechnology for lab technicians in a variety of medical and health-related industries. Biotechnology and medical research accounted for one-third of new jobs over the last decade. But these jobs are oftentimes out of reach for people with less than a college degree. The **BioTechnical Institute of Maryland**, based in **Baltimore**, prepares low-income, mainly Black high school graduates for competitive careers in leading labs in the region. More than 75 percent of its 300 graduates have gotten jobs in laboratory settings, and roughly 40 percent of graduates have gone on to pursue advanced degrees.[108]

2. **Connect youth entering the workforce to job opportunities and career paths.** Perhaps the most lasting effect of the recent recession on the economy today is from the stilted economic opportunities left for young people who have entered the workforce since 2008, either during the recession or after. Unemployment rates for workers under the age of 25 are the highest of any age group.[109] Not having access to a good job early in life can have long-lasting impacts including lower earnings, higher public expenditures, lower tax revenues, and lost human potential.

   A dedicated effort to connect youth from low-income backgrounds to good jobs and career pathways will likely pay dividends to a region for decades to come. One effort that is demonstrating results nationally is **Year Up**. Started in **Boston, Massachusetts,** in 2000 by a former corporate executive, Year Up trains over 2,000 low-income young people a year nationally and places them in good jobs with 250 corporate partners, from JP Morgan Chase to Coca-Cola. The paid year-long program provides six months of training in both technical and professional skills. The students are then placed in six-month internships with top companies. About three-quarters of the students are Black or Latino, and 85 percent go on to college or full-time employment after completing the program. To achieve their goal of reaching 100,000 young people, Year Up has begun pilot programs with three community colleges.[110]

3. **Encourage apprenticeship programs and other paid job-training programs connected to career opportunities.** Workers who want to advance their careers often face a double bind: they don't have the training and skills to be competitive in the job market or advance their careers, but they cannot afford to take time away from their current job and responsibilities to get the training they need. This is why paid training programs, connected to a clear career opportunity, can be so successful at moving participants into well-paying jobs. They provide practical skills and training, and tend to have higher graduation rates than unpaid programs, since participants get to earn while they learn. Recognizing the success of these kinds of programs, the federal Workforce Innovation and Opportunities Act has significantly increased funding and prioritized these types of job-training programs.

In the state of **Washington,** a unique partnership of labor, government, business, and nonprofits is providing training and apprenticeships for tens of thousands of home-care aides—one of the fastest-growing, lowest-paid occupations in America and a field vital to job creation and economic growth, especially in immigrant communities and communities of color.

The **SEIU Healthcare NW Training Partnership** trains 40,000 aides a year in 200 classrooms across the state and online, offering instruction in 13 languages. The partnership also runs the nation's first registered apprenticeship for more advanced training. It has won praise from the White House for committing to serve 3,000 apprentices annually in five years, up from 300 now.[111] By earning certification while strengthening their capacity to handle the increasingly complex needs of clients, graduates of the training partnership can command higher pay, opportunities to advance, and greater respect for their work.

4. **Incentivize employers to implement career ladders that help low-wage workers to move into higher level positions.** Large employers can oftentimes meet their labor needs by training and promoting workers from within. Developing internal career ladders can be a win-win-win by reducing costly turnover for companies, moving lower income workers into higher paying positions, and opening up entry-level positions to residents with less experience who are looking for a job.

   In **Baltimore,** a nonprofit partnership of health-care providers, local agencies, foundations, and others came together in 2005 to address labor shortages in the health-care industry by expanding the skills of incumbent workers. The **Baltimore Alliance for Careers in Healthcare** (BACH) identifies training needs for both entry and incumbent workers to move up rather than out of an organization. They provide one-on-one coaching with individual workers, as well as a summer internship program for high school students to get them interested in a career in health care. More than 400 workers have participated in their incumbent worker career coaching program, 40 percent of whom have advanced to new jobs.[112]

5. **Connect unemployed workers to the jobs created by new development** through targeted hiring, local hiring, community workforce agreements, and community benefits agreements. These agreements, described in more detail in the section "Raise the floor on existing low-wage work", send a clear signal to developers, contractors, and other employers of a new development project that hiring local residents is a priority for the community. By outlining expectations up front and creating a transparent process to monitor hiring opportunities as a development progresses, these types of agreements can save time, money, and political strife for residents, the city, and the developer alike.

   In **Detroit, Michigan**, the city council is considering new legislation that will require developers of projects that receive public investments to sit down with local residents to develop a community benefits agreement that will include a local hiring agreement and a clear process for how the developer can fulfill this commitment. By creating a city wide ordinance requiring all publicly subsidized projects to undertake the same community process, it creates transparency, predictability, and clear communication lines between developers and local residents.[113] Similar local hiring agreements in **Portland, Oregon,** and **Oakland** and **San Francisco, California,** have significantly increased the number of local residents from low-income communities and communities of color who have been able to gain local job opportunities.

Strengthen the pre–K-to-career education pipeline

America's future jobs will require ever-higher levels of skills and education, but education and job-training systems are not adequately preparing workers of color—who are growing as a share of the workforce—to succeed in the knowledge-driven economy. By 2020, 43 percent of jobs in the United States will require at least an associate's degree or higher level of education, yet only about a quarter of Black, Latino, and Native American workers are prepared for these jobs.

Data question: Do workers in your region have the education needed for the jobs of the future? Find out if your region has an education readiness gap by using the **National Equity Atlas** at nationalequityatlas.org/indicators?ind=7231.

Closing wide and persistent racial gaps in educational attainment will be key to building a strong workforce that is prepared for the jobs of the future. Strategies to close these gaps begin before formal schooling, and continue through post-secondary education. Below are several strategies to strengthen the cradle-to-career education pipeline.

1. **Expand access to high-quality universal preschool**. Lifelong success starts early. Investments in quality early education yield large benefits later, including increased high school graduation rates, lower rates of incarceration, and higher incomes. For every $1 invested in early childhood education, $8.60 returns to society.[114] While students from disadvantaged backgrounds benefit the most, all students see benefit from high-quality early education programs.

   In **San Antonio, Texas,** a sales tax approved by voters in 2013 is funding a dramatic expansion of high-quality preschool throughout the city. Championed by then-mayor Julian Castro, the ⅛ penny sales tax garnered significant support from the business community, which saw it as an essential piece to building a workforce pipeline for the knowledge-based economy that is taking root in the city. Two years into implementation, the program is serving over 1,500 students, most of whom attend for free.[115]

2. **Support cradle-to-career wraparound supports**. Early childhood supports go beyond education to include wraparound supports for parents and the community where a child grows up. Nearly 20 years ago, the Harlem Children's Zone in New York City set out to prove that young people from low-income backgrounds can succeed by engaging youth and their families from birth through college.

   Promise Neighborhoods is an interdisciplinary, place-based, federal initiative modeled after the success of the Harlem Children's Zone. More than 30 communities have been awarded federal Promise Neighborhoods grants to ensure that all children receive the educational, health, and community supports needed to successfully transition from cradle to college and career. The **Chula Vista Promise Neighborhood**, for example, brings together 28 local agencies to coordinate services and resources for more than 1,500 students and provide parents with health and literacy classes through the Universidad de Padres.

3. **Improve academic excellence in the public K-12 system for all students**. Excellent schools both make it easier for companies to attract and retain workers with children and create a pipeline of future skilled workers for a region. However, many schools do not get the funding and support they need to prepare students for success. School funding has declined in recent years, most notably in communities where there is a large or growing age gap between older White voters and younger families of color.[116] New studies show that increased school funding for low-income students results in additional education, higher incomes, and reduced poverty rates for those students.[117]

   When Elizabeth Dozier became the principal at **Fenger High School** in the **south side of Chicago,** Illinois, less than half of the entering freshmen were projected to graduate from high school. Today, the dropout rate is 3 percent, and 90 percent of freshmen are on track to attend college. This turnaround came about through a combination of strong leadership and a $6.4 million federal investment in intensive support services including trauma therapy and restorative justice that dramatically reduced violence and arrests and allowed students to focus on their academic success.[118]

4. **Reform harsh, zero-tolerance school discipline policies to keep youth in school and on track to graduate**.[119] School suspensions starting as young as the age of three years disproportionally target Black and Latino boys. These school discipline policies have been shown to be highly disruptive to a student's learning experience and dramatically increase the chances that he or she will drop out of school before graduation. The economic costs of this are dramatic—eliminating zero-tolerance discipline policies could cut the dropout rate in half for young men of color, increasing their lifetime earnings and adding $9.6 billion to the economy.[120]

   Many schools are reversing their harsh, zero-tolerance discipline policies, recognizing the harm it causes to the student, the community, and the overall economy. The **Los Angeles Unified School Board** passed a School Climate Bill of Rights in 2013, after a student- and community-led campaign raised awareness of how disciplinary policies were disproportionately harming students of color. The bill of rights bans suspensions of students for "willful defiance," limits the role of police in school discipline, and commits to restorative justice and other alternatives to suspensions.[121]

5. **Implement and expand academic support programs for students pursuing a postsecondary education**. Even after a student graduates high school, many are not adequately prepared by their schools to pursue a two-year associate's degree or four-year bachelor's degree. While community colleges do not have minimum qualifications to register, many students who need additional reading and math skills find themselves in uninspiring remedial classes and drop out before they can move into career-relevant coursework.

   Two innovative programs on opposite coasts are dramatically increasing student success for those who need additional education supports. **Washington State**'s community colleges have developed a nationally recognized model, **I-BEST**, for combining remedial and academic education in one classroom so that students can learn basic skills while also gaining work-relevant expertise.[122] The **City University of New York** (CUNY) has been able to nearly double graduation rates for low-income students through a program called **Accelerated Study in Associate Programs**, which provides financial support, mentorship, and other supports to help students complete a degree in three years.[123]

6. **Ensure access to affordable higher education for all.** Public universities, once the great driver of economic mobility, today look more like an elite club. Tuition costs have increased dramatically, keeping many low-income students and students of color from applying to schools they know they cannot afford, even when they have the academic achievement to get in. Student debt is on the rise; the total outstanding student debt today is over $1 trillion. More than 40 percent of Black families carry student debt—at an average of $10,000.[124]

   These trends threaten the future economic competitiveness of the nation. More and more, companies demand skilled workers. Forty-three percent of jobs will require an associate's degree or higher by 2020. Yet low-income residents and people of color are locked out of these opportunities because they cannot pay the entrance fee. Today, only roughly one-quarter of Black and Latino Americans have an associate's degree or higher.[125] Increasingly, companies will have a hard time finding the workers they need. Those workers with degrees will bring with them a large student debt burden, reducing the amount of their income they can spend on things that drive local economies, like buying a home or consumer goods.

   A few states and regions, recognizing the danger that the high cost of higher education poses, have started to take action. **Tennessee** has announced two years of free community college to every high school graduate, which President Barack Obama highlighted in his unveiling of a federal initiative to expand free access to community colleges. In **Michigan**, the **Detroit Regional Chamber** administers a program to provide free tuition for an associate's degree or technical certificate for all students who graduate from a Detroit public high school.[126] Illinois, California, and 16 other states have lowered the cost of attending public university for undocumented students by extending in-state tuition to these students.[127]

Conclusion

Equitable growth is not only an economic imperative, but also a force that is already changing regions and individuals' lives. In dozens of cities and regions around the country, people are launching businesses, educating workers, and passing new policies that are demonstrating for the nation what is possible. This guide is intended to provide a blueprint for equitable growth by presenting key strategies to grow an equitable economy, inspired by the efforts of more than 40 cities and regions that are already innovating for equitable growth. These strategies are a starting place to assess both what a region is doing well and ways in which it can do better. As a nation, our economic future will be bright or dim based on the decisions and investments made today.

Appendix: Examples of Regional Equitable Growth Plans

One of the challenges facing regions is how to align local efforts to achieve regional impact. Over the last several years, PolicyLink staff have worked with many grantees of the U.S. Department of Housing and Urban Development's Sustainable Communities Initiative. These grantees include regional governments, equity advocates, business communities, local governments, and other stakeholders who promote regional equity and broadly shared prosperity.

In the last five years, several of these grantees have developed regional strategies to grow a more equitable economy and connect workers to good jobs. Here is a list of some of those plans.

San Francisco Bay Area Regional Economic Prosperity Strategy: This is an in-depth report on improving economic opportunity for lower wage workers by advancing pathways to middle-wage jobs, economic growth, and economic security. It is available at www.spur.org/publications/spur-report/2014-10-01/economic-prosperity-strategy.

Baltimore Opportunity Collaborative Workforce Plan: This plan is actually three studies combined into one. The first is the "Baltimore Regional Talent Development Pipeline Study," which assesses future demand for workers in the region's main industries and the pipeline of education and training available to prepare workers for those jobs. The second study, "Barriers to Employment Opportunity in the Baltimore Region," identifies barriers that keep low-skilled adults from finding a job, based on survey responses from over 1,000 active job-seekers. The final study is the "Baltimore Region Workforce Development Strategic Plan," which outlines the region's vision for workforce development and strategies to get there. All three studies and additional information are available at www.opportunitycollaborative.org/workforce-plan/.

Twin Cities Corridors of Opportunity: Launched in 2011, the Corridors of Opportunity initiative focused on building out the regional transit system and nearby developments to benefit people of all incomes and backgrounds. An evaluation of the initiative found that it was able to advance several equitable growth strategies, including support of diverse and locally owned small businesses during light rail construction and delivery of workforce services to long-term unemployed residents along a light rail corridor. The **Partnership for Regional Opportunity** grew out of the Corridors of Opportunity initiative, and aims to enhance the region's competitiveness by improving the economic prospects of low-income people and low-wealth communities. More information is available at www.corridorsofopportunity.org.

Rhodemap Rhode Island Economic Development Plan: This plan, adopted by the State Planning Council in December 2014, provides data on how the state's population growth is driven by people of color, and the opportunity this presents. One of the plan's six goals is to "foster an inclusive economy that targets opportunity to typically underserved populations," and it includes strategies to help people overcome barriers to employment, promote economic inclusion within areas with high opportunity, and build diversity into state government. In alignment with this plan, Governor Lincoln D. Chafee issued an executive order in 2013 to increase diversity among government employees and contractors. The order led to the creation of the state's Office of Diversity, Equity, and Opportunity, which will be opened in 2015 with a $1.1 million budget and a goal of ensuring fair hiring and inclusion in all aspects of government.[128] Read the entire plan at rhodemapri.org/edplan.

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