

America's Tomorrow: Equity Is the Superior Growth Model

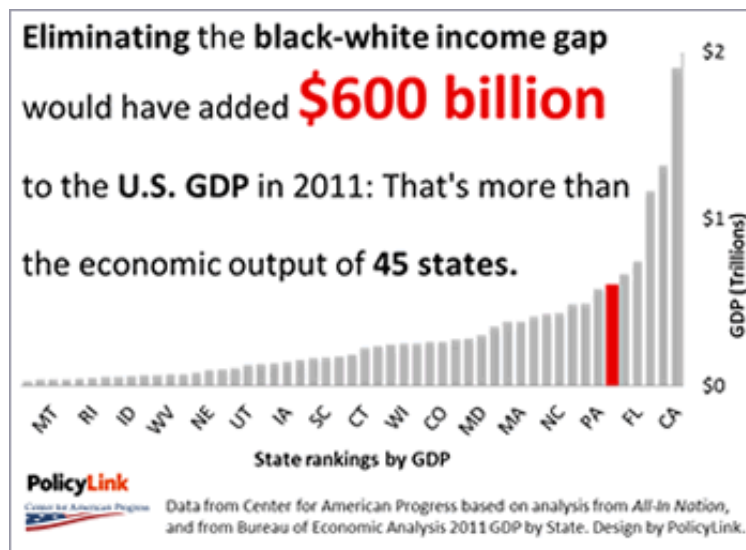


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Features

The Equity Dividend: Building a Stronger Black Economy in 2014



[Click on image to enlarge.](#)

Closing the black-white income gap in America would add over a half trillion dollars to the national gross domestic product (GDP) — more than the entire economic output of North Carolina, Pennsylvania, and 43 other states. But how do we get there? Here are seven strategies to create a stronger and more equitable economy in 2014 by tapping into the strengths of black workers and businesses and addressing their challenges:

1. **Fortify the cradle-to-career pipeline and close the school-to-prison pipeline.** Initiatives like [Harlem Children's Zone](#) and [Promise Neighborhoods](#) are proving that investing in great education from the beginning, along with ongoing wraparound supports for children and their families, leads to lifelong success. But harsh school

In Brief

Upcoming Wealth-Building Webinar: Why a Quality Job is More than just Income

Join PolicyLink and the [Institute on Assets and Social Policy](#) on March 12, 2014, for a dynamic discussion on employment capital — workplace practices that build wealth beyond the paycheck, including paid leave, work schedules, and sick leave. Learn more and register [here](#).

200+ Local Policies to Decrease Inequality

Need some new policy ideas? Look no further than this [new compendium](#) of progressive local policies — like Montgomery County's earned income tax credit, Minneapolis's inclusive hiring targets, and Philadelphia's wage and benefits standards for companies doing business with the city — from our partners at the Center on Wisconsin Strategy (COWS) and the Center for American Progress.

Can Workers Win in the South?

The United Automobile Workers [lost a pivotal vote](#) this month to

discipline and other policies too often push young men of color to disengage from education and drop out of school. Eliminating inequitable school 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](#). Federal policy should prioritize making cradle-to-career pipelines the norm and decriminalizing young men of color. The soon-to-be-announced ["My Brother's Keeper" initiative](#) is a step in the right direction.

2. **Reconnect the long-term unemployed.** Black workers consistently face [unemployment](#) rates twice that of the national average, and are more likely than any other group to face [long-term unemployment](#) (jobless for six months or longer). President Obama's [recent initiative](#) to encourage companies to consider job applicants who have been long-term unemployed could make a real difference in getting black workers back on the job and earning an income. But in light of the sluggish recovery, voluntary efforts are not enough. More funding for job training and policies to increase job access for everyone willing to work should be national priorities.
3. **Grow black-owned businesses.** Black people have one of the highest rates of business starts in this country — African American women in particular are starting new businesses at [six times](#) the national average. But these businesses face significant obstacles to growth, including a lack of access to affordable capital and connections to investors and networks, unfavorable regulations, and a need for business training and mentorship. Dismantling barriers and providing supports for just one out of four black-owned businesses to grow enough to hire one additional worker would add nearly [a half million jobs to the economy](#). Since businesses are more likely to be located in and hire within their own communities, this could potentially cut black unemployment by 25 percent.
4. **Build power among black workers.** Historically, good union jobs in sectors like manufacturing and government have provided a pathway to the middle class for many black families. A new [report](#) from the Center for Economic and Policy Research shows that being in a union increases wages for black workers by over 15 percent, and by nearly 20 percent for black workers with less than a high school degree. Although [more than a quarter million](#)

represent workers in what would have been the first unionized auto factory in the South. Does this loss mean that [unions can't win in the South](#)? Or are new strategies needed? Tweet your thoughts [@policylink](#).

[workers](#) in the private sector joined a union last year, the narrow defeat of the United Automobile Workers in Chattanooga, Tennessee, this month is a reminder of the challenges facing unionization drives in states with hostile political environments. In addition to traditional rank-and-file organizing, innovative strategies to empower workers should be supported, including workers' centers like [Restaurant Opportunities Centers United](#), collaborative partnerships like [Emerald Cities](#), and worker-ownership models like [New Era Windows](#).

5. **Open up access to economic opportunities in high-growth sectors.** The tech sector is creating thousands of good-paying jobs and driving economic growth in many regions with significant black populations, but these communities have been [largely unable to access](#) tech jobs, innovations, and business opportunities. Regional economic competitiveness efforts need to start embracing [inclusion as a growth strategy](#), as leaders in [Northeast Ohio](#) and [Pittsburgh](#) are doing. And initiatives like [Black Girls Code](#) and [Code2040](#) that are training the next generation of coders and innovators need to be brought to scale quickly to keep up with demand.
6. **Build wealth in black communities.** The 2008 recession was the [single largest loss of wealth](#) for black families in recent history. Today, the black-white racial wealth gap is [nearly 20 to 1](#) — for every dollar in wealth that the average white family owns, the average black family owns a nickel. Strategies to [rebuild wealth and economic stability](#) need to target those who've lost the most in this recession by increasing access to affordable, long-term homeownership, reigning in predatory lending patterns, and creating other wealth-building opportunities, such as children's savings accounts and secure retirement programs.
7. **Leverage urban resurgence to grow incomes and wealth.** Millennials' preferences for urban living is fueling new development and raising gentrification pressure in many historically black and low-income urban neighborhoods. In cities like San Francisco and Seattle, where rents have been rising at [three to four times the national average](#), stronger policies are needed to ensure long-time black residents and small business owners can stay and benefit from new investments. At the same time,

much more needs to be done to create strong ladders to opportunity for the many black families moving to [suburban towns and southern cities](#).

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Recipe for Change: LA's Good Food Buying Pledge



Students visit a local farm that sells strawberries to the school district.

If you want to know how a large institution can use its buying power to foster a stronger, more equitable regional economy and expand opportunity for the people who need it most, ask David Binkle. The Los Angeles school district food service director oversees a groundbreaking policy that encourages local purchasing, support for small businesses and farmers, and high-quality job creation.

"You can use the influence of product purchasing to create change," he said.

Spurred in part by a purchasing pledge that is the first in the nation to declare that good jobs are a fundamental ingredient of good food, Los Angeles Unified School District has redirected millions of dollars to area farmers, processors, warehouses, distributors, and workers. The nation's second-largest school district now spends about half its \$125 million food budget locally, double the percentage in 2011.

The economic benefits are rippling through the city, county, and region, according to [a recent series](#) in the *Los Angeles Times*. For example, a district order for four million servings of

baked goods a month doubled the business of Buena Vista Food Products in Azusa, a largely Latino city in east Los Angeles County. The company created 100 jobs last year and invested \$1 million in equipment, the newspaper reported.

The district's purchasing policy grew out of an effort started a dozen years ago to serve healthier foods to students — more than 80 percent of them low-income — in order to reduce childhood obesity. After eliminating milk with added sugar and flavoring and banning soda sales in schools, the district began looking for ways to increase local sourcing of fresh, nutritious fare. Around 2008, the district changed the way it solicits and awards food contracts, and the new process made it easier for local small businesses to win subcontracts.

In 2011, the board of education formalized its preference for local products, defined as products originating within 200 miles. Shortly afterward, the district became the second major institution in Los Angeles, after city government, to sign the "Good Food Purchasing Pledge," developed by the [Los Angeles Food Policy Council](#), a cross-sector initiative to improve access to healthy, affordable, sustainable food. The policy is the most comprehensive of its kind in the country.

While many cities and institutions have adopted food procurement policies focused on better nutrition and local sourcing, the pledge is the first to explicitly tie these goals to local economic development, worker rights, fair wages, and workplace safety, said Alexa Delwiche, the council's managing director.

Drafting such a far-reaching pledge was no easy feat. The council brought together a work group representing diverse interests — including community advocates, labor, farmers, food makers, distributors, environmentalists, educators, and health professionals — to craft a document that embraced the sweeping values of equity, sustainability, and health.

The workforce provision, in particular, surfaced tensions that sometimes arise between support for fair labor practices on farms and support for small, local farmers. An early draft used unions as a proxy for fair labor practices, but work group participants struggled to address concerns that most union farms are large industrial companies that do not necessarily follow strong environmental practices, and most small, local organic farms aren't unionized.

In the end, the pledge takes a tiered approach. It ranks suppliers on a point system, with baseline standards for each of the policy's five value categories: local economies, environmental sustainability, valued workforce, animal welfare, and nutrition. For example, all suppliers are required to follow labor laws. Unionized farms or worker cooperatives earn additional points, as do small local farms with fair-trade certification or social responsibility policies. A small, local, organic, unionized farm scores even higher.

The pledge also gives points to businesses run by women, people of color, and veterans. The system is transparent, and the council is collecting quarterly purchasing records for major commodities, to verify that signers like the school district achieve their commitments to equity, and to economic, environmental, and health goals.

"Our focus has been on public institutions that serve high-need populations," said Delwiche. "We're trying to both transform the food supply chain and create good jobs, while also serving populations that have the least access to highest-quality foods."

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America's Tomorrow highlights campaigns, leaders, policies, reports, and local models that are advancing equity as an economic imperative. It is produced by Chris Schildt, Sarah Treuhaft, Fran Smith, and Ana Louie. To learn more, visit the *America's Tomorrow* [webpage](#).

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