

# America's Tomorrow: Equity Is the Superior Growth Model



January 10, 2013

3

## Features

### The New Face of Ohio's New Economy



Source: Jumpstart, Inc.

Entrepreneurs at Jumpstart's 2011 Northeast Ohio Entrepreneur Expo

Can Greater Cleveland, a longtime symbol of Rust Belt decline, become a model for an equity-driven economy? An ambitious initiative, Launch100, is working to make it happen by creating a pipeline of high-growth companies owned by entrepreneurs of color. Since minority-owned businesses are more likely to hire people of color than other firms, their growth leads directly to more job opportunities for the groups who need them the most.

The project is the brainchild of JumpStart Inc., a nonprofit with a track record for helping technology start-ups take their products to market and create jobs in Northeast Ohio. By mixing classic business development strategies with an explicit focus on inclusion, JumpStart is working to catalyze a regional economic turnaround that includes people of color as leaders and co-creators of the new economy.

"We make sure that all the work we do includes everyone, and

## In Brief

### You're Invited: Equity and the Future of the American Economy

Join PolicyLink, SEIU, and dozens of other equity advocates on February 4 in Washington, DC for a conversation about what policy strategies can advance an equitable economy. Speakers will include *Angela Glover Blackwell (PolicyLink)*, *Mary Kay Henry (SEIU)*, *Jacob Hacker (Yale University)*, *Ai-jen Poo (National Domestic Workers Alliance)*, *William Spriggs (AFL-CIO)*, and many more. Register [here](#).

3

### Inequality Stalls Economic Recovery

Ninety-three percent of economic gains since the Great Recession have gone to America's top 1 percent. How is it possible to have a sustained recovery, given such inequality?

"You can't," says Nobel Prize winning economist Joseph Stiglitz. He explains why in a [video interview](#) with *TIME* magazine.

3

[read less >](#)

historically disconnected communities in particular," says Darris Redus, chief economic inclusion officer of JumpStart.

Launch100 aims to develop 100 minority-owned and inner city-based businesses, each with the potential to create at least 50 jobs and generate revenues of \$15 million or more within five to seven years. The initiative provides intensive, wide-ranging business assistance, including strategic planning, management coaching, and connections to funding sources, investors, and test sites for commercial development.

"It really helped us jump through multiple hoops in a short period of time," says Sean Arnold, CEO of CFRC Water & Energy Solutions, a Launch100 firm.

Developed in collaboration with the State of Ohio, Launch100 is part of a broader JumpStart program called Inclusion Advisors.

### High growth, not just high tech

JumpStart was founded to accelerate the growth of early-stage technology companies in a state that has lost more than a half-million jobs since 2000. The organization has worked with 1,400 entrepreneurs since 2004 and created or retained nearly 2,700 jobs.

Launch100 casts the net wider than technology, to foster more minority-owned start-ups with high growth potential across an array of industries. African Americans and Latinos combined own only 2 percent of tech companies in the 21-county region, according to a June 2012 [report](#) by a Cleveland think tank, PolicyBridge. Nationally, the figure is 4 percent.

Boosting those numbers is critical to spur and sustain equitable growth. But is it enough? JumpStart believes it's also important to engage and support entrepreneurs of color who have innovative, marketable ideas for businesses that can grow quickly and generate good jobs – but who face formidable obstacles to gaining access to business networks, capital, and other vital resources.

Once they overcome the barriers, minority-owned businesses bring economic development to vulnerable communities.

"It's not just about high tech. It's about high-growth opportunities," Redus says.

---

### Register Now for New Partners for Smart Growth Conference

Want to learn about equity as an economic growth model, regional equity indicators, and effective regional equity partnerships? Join PolicyLink at the 12th Annual New Partners for Smart Growth conference in Kansas City, February 7-9, 2013. Register at [www.newpartners.org](http://www.newpartners.org) by January 18 for the early bird rate!

---

3

### How to Grow a Green and Equitable Economy

We all know that cross-sector collaboration is the key to achieving equitable employment outcomes, but how do you actually do it?

Jeremy Hays from Green for All suggests five steps to creating high-road agreements on green economy projects in this [guest blog](#) for Living Cities.

3

[read less >](#)

The first 15 start-ups in Launch100 include a mortgage-processing firm, a meat-processing company, and a maker of a simple showerhead device that saves water and energy.

### **From dream to reality**

Chuck Williams – an African American Ohioan, a veteran of large technology companies, and a weekend tinkerer – invented that showerhead device and is now founder and chairman of CFRC Water & Energy Solutions.

The idea came to him a dozen years ago while traveling for work. Standing under the strong spray of his motel-room shower, he thought about ways to save the precious resource that was literally going down the drain at 2.5 to 4.5 gallons a minute.

As he drove past shuttered factories along the Euclid Avenue corridor of east Cleveland, he thought about fixing that, too. "I remember coming to these areas as a young man – they were busy and alive, part of the auto industry," Williams says. "Now they're like a barren dessert. One of the things that really matters to me is to see young people there having meaningful employment."

Williams fashioned a prototype, found some volunteers to test it, got legal help, and secured a patent. But he lacked the financing and connections to move to the next level. He turned to JumpStart.

The organization connected him with Sean Arnold, an African American businessman who would become the CEO of the company a year later. JumpStart also connected CFRC with Kent State University and Baldwin Wallace University to serve as large beta testers and, if all went well, its initial customers. CFRC has tested devices in showers of a locker room and now has interest from a local manufacturer and a municipal housing authority that oversees 10,000 dwellings.

Launch100 reflects a broad focus on inclusion at JumpStart. As it builds an ecosystem that beckons entrepreneurs, inspires homegrown innovation, and nourishes sustainable growth in Northeast Ohio, JumpStart is looking beyond popular technology clusters, such as energy and biotech, to grow more companies that will create good jobs, useful products, and needed services for low-income communities and communities of color.

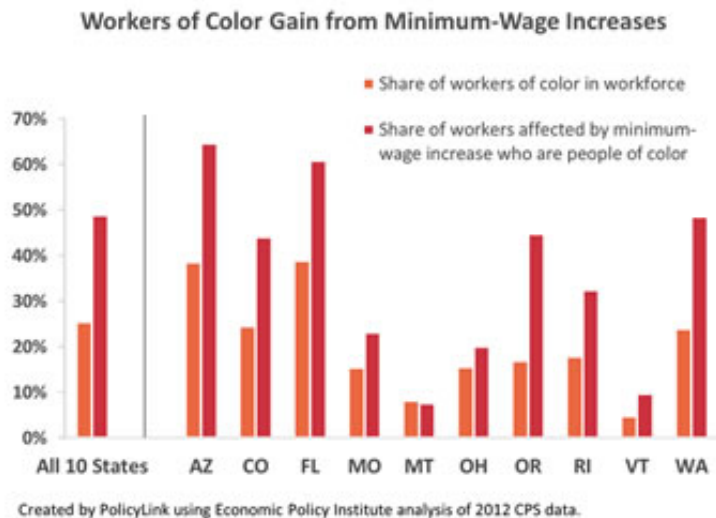
Now, the organization is taking its model on the road, to help other struggling regions tap their entrepreneurial potential and revitalize their economies to create opportunities for all.

"Inclusion is very much the gap everywhere," Redus says.

3

[read less >](#)

## Raising the Minimum Wage Benefits Workers of Color



The New Year brings this good news/bad news story: Workers of color will disproportionately benefit from [minimum-wage increases in 10 states](#) – because they are disproportionately employed in low-paid jobs.

Workers of color represent about one-quarter of the workforce in the 10 states that saw minimum-wage increases on January 1, but nearly half of the 1 million low-wage workers who are affected by the increases. The higher wages will add nearly \$300 million to their paychecks. It will also bolster the economy as workers spend their additional income, creating an estimated [1,500 new jobs](#).

Increasing the pay and quality of the lowest-wage jobs is a critical step toward building a strong, equitable economy. The Great Recession destroyed many middle-wage jobs, and low-wage jobs are taking over and exacerbating inequality, according to [a recent study](#) by the National Employment Law Project.

Raising the federal minimum wage would benefit many more

low-wage workers of color. The \$7.25 minimum wage has not increased since July 2009. Raising it to \$9.80 – as proposed by Senator Tom Harkin last year – would boost 28 million low-wage workers' pay by \$40 billion, creating more than 100,000 new jobs, per [an analysis](#) by the Economic Policy Institute. If the measure had passed, roughly one out of every three Latino (35 percent) and African American (29 percent) workers would get a pay raise.

You can track minimum-wage campaigns and get the latest data and analyses on the [Raise the Minimum Wage website](#).

3

[read less >](#)

---

## Putting Equity in the Driver's Seat for New Transit Projects

In a country where 20 percent of African American households, 13 percent of Latino households, and 12 percent of Asian and Pacific Islander households do not own vehicles, compared with about 7 percent of white households, a new approach to scoring proposals for new federal transit grants has the potential to better connect communities of color to economic opportunities – and build a stronger American economy.

In December, the U.S. Department of Transportation issued [new rules](#) for evaluating proposals for its New Starts program, which awards \$2 billion per year for new transit projects. The rules advance four equity priorities:

1. **Increase mobility for transit-dependent populations**, by giving preference to projects that serve low-income people and people in households without a vehicle.
2. **Foster health and safety**, by considering reductions in greenhouse gas emissions, traffic-related accidents and fatalities, and other hazards, which tend to be more concentrated in low-income communities and communities of color.
3. **Address gentrification and displacement along new transit corridors**, by reviewing the availability of affordable housing and giving preference to transit projects in communities that plan to maintain and expand such housing.
4. **Eliminate the "community bypass" incentive** that resulted

in a controversial New Starts grant for a [light rail proposal](#) in Minneapolis-Saint Paul that would have skirted the area's low-income communities of color.

The National Housing Conference, Enterprise, Reconnecting America, Smart Growth America, and PolicyLink worked together to recommend how the New Starts evaluation criteria could better select new transit projects that promote equity, health, and economic vitality.

The real test of the new approach, of course, will come when the grants are awarded. Will the new rules shift spending and increase transit investments in the communities that need them most? We advocates will be watching.

3

[read less >](#)

*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](#).

**Take the survey!** Tell us what you think about this new sletter.

**Contact Us | [Subscribe](#) | [Unsubscribe](#)**

©2014 PolicyLink. All rights reserved