

America's Tomorrow: Equity Is the Superior Growth Model

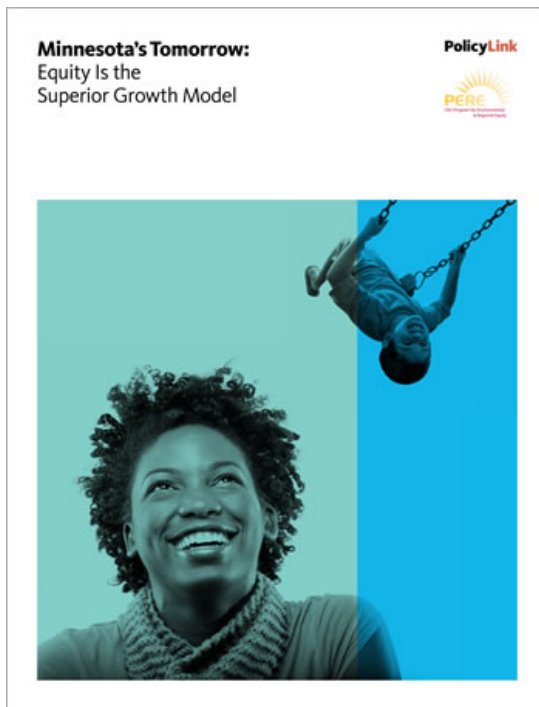


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Features

Driving Equitable Growth in Minnesota



A bus company operated by a nonprofit serving the Hmong community has become a vehicle for equitable economic development in St. Paul, and an inspiring model for harnessing the energies of immigrants and refugees to build all-in cities across Minnesota and the country.

HAP Transportation generates nearly \$1 million a year in revenues, enabling its owner, the Hmong American Partnership, to expand services and business ventures to lead Minnesotans from Southeast Asia, who are often poor, into prosperity. And it is exactly the type of win-win approach that Minnesota needs to secure a strong future as the state grows more diverse, according to a [new report](#) by PolicyLink and the

In Brief

Racial Inequities in Education Hurt Our Economy

A new report from the U.S. Department of Education Office for Civil Rights shows that [black students are disproportionately suspended and expelled](#) — even in preschool, where black students (18 percent of those enrolled) represent almost half of all suspensions. As a nation, we need to invest in the success of these children. Their future is the nation's future. [Read our statement here.](#)

Honoring Cesar Chavez

Just in time for Cesar Chavez Day, celebrated on March 31, [a new movie and book](#) out this week capture the life and work of this important labor organizer and civil rights activist, who co-founded the United Farm Workers union and helped improve working conditions for tens of thousands of mostly immigrant farmworkers throughout the United States.

Transportation for an Equitable Economy

Buses, transit lines, and roads

Program for Environmental and Regional Equity (PERE).

"This is not just about their own economic prosperity, although that's very important," said Mai Moua, acting chief operating officer of the Hmong American Partnership. "When our clients have equitable access to jobs and to building assets, they contribute to neighborhood revitalization and strengthen the greater economy."

Strategies like this are urgently needed in a state where both diversity and inequality are on the rise. In 1980, only 4 percent of Minnesotans were people of color; today the figure is 17 percent and climbing, according to the report. An array of racial, ethnic, and immigrant communities are driving the change. Minnesota is home to the nation's largest Somali community and second-largest Hmong community — 60,000 strong.

Growth in populations of color has largely offset population loss throughout the state and can be an economic asset, but only if policies and investments close wide, persistent racial gaps in income, employment, education, wealth, and health. The PolicyLink/PERE analysis found that eliminating racial gaps in income would have added \$16 billion to the state's GDP in 2011. The gaps are particularly acute for the Hmong, who have one of the lowest rates of educational attainment of any group in the state, and the highest poverty rate at [26 percent](#).

The four-year-old transportation venture is one of a long list of initiatives by the Hmong American Partnership to create opportunities and deliver equity dividends. It capitalizes on the cultural roots of the Hmong, an oppressed ethnic group in Asia with a history of mobility and migration.

With a fleet of 67 buses and vans, HAP Transportation has more than 70 full-time and part-time employees, drawn mostly from the Hmong, Bhutanese, and Karen (Myanmar) communities. Pay is competitive — drivers earn \$10 to \$14 an hour plus benefits, and managers can earn up to \$60,000 a year, Moua said.

"We're working on being the employer of choice for our community," she said. "We want to create a culture that drives toward innovation, high performance, and high impact."

At the same time, drivers are encouraged to consider starting

provide the critical links to jobs and other opportunities. The Transportation Equity Caucus, co-led by [The Leadership Conference on Civil and Human Rights](#) and PolicyLink, brings together a broad coalition of partners to ensure these investments create a more equitable economy. Their new website provides helpful resources and action ideas: [EquityCaucus.org](#).

Grow Good Jobs Locally

Cities and counties are at the forefront of raising the floor on low-wage jobs, according to Ken Jacobs and Michael Reich at the [UC Berkeley Labor Center](#). Read their [latest op-ed](#) and new book, [When Mandates Work](#), on how San Francisco workers and local businesses have benefited from policies that improve wages and benefits.

their own bus and taxi companies, and several have done so. "It's competition for us," Moua said. "But that's OK, because our biggest role is moving people to prosperity."

The impact of the bus venture extends well beyond employees, addressing what the community itself had identified as a major barrier to self-sufficiency and success: lack of transportation. The company transports more than 5,000 children to school, doubling its reach this year by adding 20 St. Paul public school routes. Children now have access to after-school programs they could not otherwise attend, in the hands of drivers who speak their language, and the agency reports a sharp increase in parent engagement in the schools. The vans and buses also transport agency clients to English language classes, job-training programs, and other essential resources. The point is to ensure that transportation is readily available to all who need it.

And thanks to the venture, the Hmong American Partnership's budget has increased by 50 percent during a tough economy. The company brings in unrestricted funds to develop innovative programming to serve a diverse group of 10,000 people annually.

Once a small resettlement agency, the Partnership has evolved to meet the changing needs of its immigrant and refugee constituency by launching programs aimed at creating pathways to economic opportunity. The Partnership offers classes in homeownership and asset building. As it moves toward certification as a community development financial institution, it provides loans to small businesses, from home-based child care operators to hairstylists to restaurateurs.

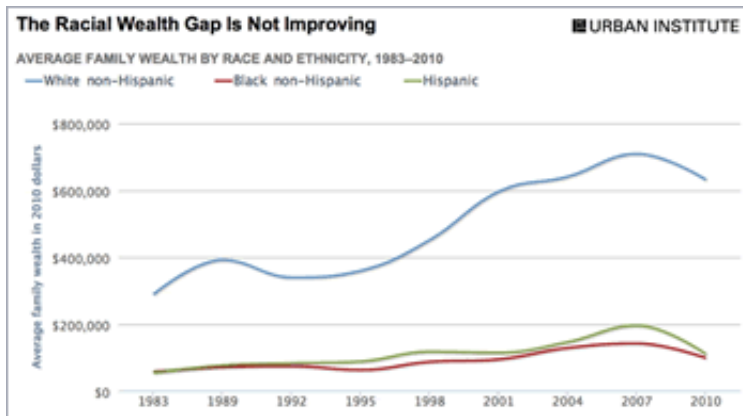
The Partnership also connects immigrants with agricultural training opportunities, for eventual work in farming, [the state's second-largest industry](#), or in nurseries.

Propelled by the success of the bus company, the Partnership is opening an early education center — another venture to create jobs and professional development opportunities while closing the gap in academic achievement. The first class will open in the fall of 2014 with 20 students, two teachers, and an aide drawn from the community. The long-term goal is to expand the program through sixth grade, with jobs for teachers, aides, a cook, an administrator and, of course, bus drivers.

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Access to Financial Security for All

Six Reasons to Close the Racial Wealth Gap Now



Graphic created by The Urban Institute.

The Great Recession magnified and accelerated America's racial wealth gap. The average difference in net worth between a white household and a black or Latino household has nearly tripled over the past three decades, reaching \$500,000 in 2010, and [it is still growing](#). When our nation's fastest-growing populations lack assets to buy homes, open businesses, send their children to college, or tide over their families in an emergency, the whole economy suffers.

Economists, political leaders, and a growing network of equity advocates are recognizing that closing the racial wealth gap is essential for ending generational poverty and building an equitable economy. Strategies that help low-income people of color save and build assets lead to family financial security, neighborhood stability, and long-term economic growth.

Wealth building works. Here are six reasons why:

1. **It spurs business development and job creation.** Access to capital is one of the main factors that determine an entrepreneur's ability to transform an idea into a lucrative business. Entrepreneurs of color receive the fewest business loans, with black businesses receiving the least. In 2013, [African American businesses received only 1.7 percent](#) of all Small Business Administration loans. This is despite the fact that minority businesses are a [hotbed](#) of activity — leading the nation in both business growth and

in exports — and are more likely to hire workers of color.

2. **It increases homeownership.** Homeownership is still the largest driver of wealth for American families, [particularly black and Latino families](#). Home equity provides a financial cushion for retired workers, can be a means to finance education or a small business investment, and can leave a financial legacy for future generations. Sustainable homeownership — achieved through access to credit on good terms and access to homes in stable communities — provides family stability and is associated with better health outcomes.
3. **It creates a skilled workforce.** Higher education is one of the most common indicators for family and community economic health and vitality. For black and Latino workers, a college degree increases their average earnings by [2.5 times](#), compared to those with a high school diploma. At the same time, the cost of college is the largest deterrent to completion. In [one study](#), a representative sample of African American and white youth found that 55 percent of students who had no savings account did not complete college.
4. **It decreases the strain on public assistance programs.** Nearly [two-thirds](#) of households of color do not have enough savings to live above the poverty level for three months if they unexpectedly lost their job. Without this personal safety net, many would be thrust into the welfare system or low-wage jobs. Families with assets and savings have reliable resources to draw from, providing them with the time and space to search for gainful employment.
5. **It reduces reliance on predatory lenders.** Families with assets are less likely to turn to predatory loan options such as payday lenders when they face a financial crisis. Most check-cashing and payday lending companies are located in low-income communities of color and in military communities. They entrap struggling families into cycles of debt, further decreasing their net worth and stripping communities of their wealth. For example, payday lending drained [\\$46 million](#) from the state of Louisiana's economy in 2011.
6. **It helps families retire with dignity and financial security.** As life expectancy in the United States continues to rise, it

is even more critical for families to have pathways to save for retirement. This is especially true for low-income workers who may not have access to financial planners, or job benefits that support retirement savings. In the private sector in particular, there are [significant gaps](#) in access to retirement savings plans. Blacks, Asians, and Latinos, respectively, are 15, 13, and 42 percent less likely than whites to have access to a job-based retirement plan. Retirement insecurity has been on the rise, yet in 2013 Congress made several attempts to cut Social Security benefits and pensions. Social Security alone keeps [44 percent of retired workers](#) out of poverty.

The racial wealth gap did not emerge by chance — it is the result of discriminatory policies and investment disparities stretching back decades. As the nation's population moves toward becoming majority people of color, it is imperative to create policies that close the racial wealth gap in order to ensure prosperity for all. Over the coming months, *America's Tomorrow* will publish articles highlighting the right policies for asset building in underserved communities and will profile successful local initiatives. And just in time for Tax Day, our next issue will explain how smart tax reform can help low-income families build wealth. Look for the ACCESS logo at the top for future stories on building wealth to close the racial wealth gap. Meanwhile, take a look at the PolicyLink [Access to Financial Security website](#) for more information and to send us your story ideas.

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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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