

America's Tomorrow: Equity Is the Superior Growth Model



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Features

New Orleans Fast-Tracks Equitable Transit Investment



Workers place concrete for new track.

Barbara Major thinks of transportation as more than a way to help people get around. As one of the nation's largest public investments, it can be a powerful engine for equitable economic growth.

Major led a remarkable turnabout in the way the New Orleans Regional Transit Authority (RTA) awards millions of dollars in contracts, to make sure small businesses owned by people of color and women have a fair chance to compete. Under a new policy based on an explicit commitment to equity, RTA has dramatically increased contracting with these firms — from 11 percent of all investments to 31 percent, or \$17 million last year.

"The concept of equity is more than a social or moral issue," said Major, chairwoman of the RTA governing board. "It is, in fact, a strategy for economic growth and development."

In Brief

Live in San Francisco? Apply Here

In just two years, the City of San Francisco has dramatically increased local hiring on public works projects – from 20 percent of hours in 2010 to 32 percent in 2012 – according to a recent [city report](#). That means up to \$10 million in additional income for local workers, 80 percent of whom are people of color. What caused this turnaround? In 2010, a coalition of community groups worked with the city to replace good faith efforts with a mandatory [local hiring policy](#).

Stop the Bleeding

Foreclosures resulted in a loss of \$200 billion in household wealth in 2012, with communities of color hit the hardest, finds a new [report](#) by the Alliance for a Just Society. But this bleeding of wealth could end. If the 13 million homes that are still underwater had their mortgages reduced to their current value, it would add \$100 billion to the economy and create 1.5 million jobs.

Minneapolis Expands Equity Goals

Leveling the field

As a federally funded transportation agency, RTA is required by law to operate a program for "[Disadvantaged Business Enterprises](#)," or DBEs in government lingo. The aim is to level the field for vendors and suppliers who have traditionally faced barriers to, and discrimination in, contracting.

From 2001 to 2009, RTA set an average annual goal of spending 22 percent of contract dollars with disadvantaged businesses. Although that was fairly modest in a city where African Americans represent 30 percent of business owners and more than 60 percent of the population, the agency consistently fell short. Only 11 percent of contract dollars went to disadvantaged businesses over those nine years, adding up to \$14 million in lost opportunity, a 2010 [study](#) found.

RTA was hardly alone in underperforming. A recent [report](#) from the U.S. Government Accountability Office revealed that more than half of all state transportation departments failed to meet their goals for contracting with disadvantaged businesses. Nationally, less than 10 percent of federal transportation contracts went to DBEs.

But RTA decided it needed to change. In 2011, RTA revamped bidding and contracting policies and procedures with an eye toward fairness and inclusion. The agency set the ambitious goal of 30 percent DBE participation, and surpassed it within a year. Nor did RTA stop there. An [environmental justice policy](#) revised in March embeds equity principles in transit planning, service improvement, and public participation.

"This sends a signal to the larger community about what is possible," Major said. She calculates that if every public agency in New Orleans committed to a DBE contracting goal of 30 percent, \$1.8 billion in economic opportunity would flow to disadvantaged businesses and their local communities.

"Imagine \$1.8 billion dollars being spent right here, right now, with local small businesses," Major wrote in a call to action to city leaders. "Would our neighborhoods be blighted or would we have the dollars to invest in our communities? Would our streets need fixing or would we have the local tax revenue to support a smooth ride? Would 33 percent of our children live in poverty?"

Last summer, the City of Minneapolis established a first-ever policy to promote racial equity in employment (read the article on that policy in a previous [America's Tomorrow newsletter](#)). Now, the city has made a [commitment](#) to increase the number of businesses owned by women and people of color on small contracts, from a current rate of less than 3 percent to a goal of 25 percent.

Keys to success

The agency's experience provides a roadmap to greater equity in public investment, with four important guideposts:

1. *Commitment from top leadership.* Major began by commissioning an in-depth study that documented the agency's poor performance in fair contracting, identified barriers facing DBEs, and recommended strategies for improvement. This process helped educate the Board of Commissioners not only about the need to open up opportunities broadly, but also about the benefits for small businesses, the transit agency itself, and the local economy.
2. *Community engagement.* In rewriting its contracting manual, agency leaders held roundtables and focus groups with small business owners, and established prime contractors and others "to make sure we had policies that were meaningful and made sense," said Judith William Dangerfield, director of small business development at RTA. As a result, the new policy received wide community support.
3. *Rules with teeth.* Federal law grants allowances for "good faith efforts" that fail to turn up qualified disadvantaged businesses to serve as sub-contractors. Recognizing that government agencies and prime contractors have historically used this provision to skirt DBE requirements, RTA redefined good faith in terms so strict that anyone who follows them is likely to find and hire qualified disadvantaged businesses.
4. *Transparency and accountability.* Agency leaders report on their progress toward DBE goals through a monthly column in the *New Orleans Tribune* and on the RTA website.

A centerpiece of the effort is a new Small Business Development Program to help DBE's take on big roles, initially in smaller projects. The program guides owners through the often baffling intricacies of procuring prime contracts. RTA currently has 10 small business projects. Nine are led by women or people of color, among them Keely Thibodeaux, an African American architect. Her New Orleans-based firm, Landmark Consulting LLC, has a \$230,000 contract to lead the architectural and engineering work in the renovation of a

historic transit maintenance facility.

She has subcontracted with two other small businesses and a large black-owned firm that is mentoring hers — and she believes that's largely why she landed her first RTA contract.

"We decided to share the work with other DBEs," Thibodeaux said. "That was a real benefit to everybody. It's the way it should be, and it's the way our company is going to build capacity to lead to more big government projects."

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New State Laws Raise Floor for Home Care Workers



Home health care workers and supporters in Minnesota.

More than 100,000 domestic workers could see higher paychecks and better working conditions under new legislation in several states. Together, the laws signal growing momentum in the national movement to create millions of good jobs and reverse longstanding inequities for America's fastest-growing workforce.

[Minnesota](#) recently passed legislation allowing both home health care workers and day-care workers the right to form unions, and Vermont passed a similar bill for home health care workers. These laws are projected to add more than 30,000 workers to bargaining units in those states.

[Hawaii's](#) legislature has approved a Domestic Workers Bill of Rights, extending the state's minimum wage and basic protections to a workforce not covered by federal wage and overtime rules. Hawaii is only the second state to enact such

a bill, after New York in 2010. California will likely follow with similar legislation later this year, which would benefit more than 100,000 workers.

All these actions reflect a growing awareness that better wages and working conditions — including opportunities for training and advancement — are critical not only for a marginalized workforce made up largely of immigrant women and women of color, but also for the economy as a whole. Roughly two million workers provide child care, health care, personal care, and other assistance in homes. Their ranks are projected to increase by 70 percent this decade to meet the demand of the retiring baby boomer generation for in-home support.

Each recent statehouse victory is the result of tremendous efforts by community organizations, labor unions, and elected leaders who recognize that we cannot afford to allow our fastest-growing industry to remain one of the lowest paid. In Minnesota, for example, poor job quality has not only hurt workers, but also is leading to a [statewide care workforce crisis](#). The industry has an annual turnover of nearly 50 percent due to low wages, making it difficult to find and keep good workers. Extending basic protections to these workers — from minimum wage and overtime pay to the right to form a union — will create better jobs, more industry stability, and better service and care for everyone.

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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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