



**Testimony**

**of**

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**before the**

**Joint Economic Committee**

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**At a Hearing on**

**“Increasing Economic Opportunity for African Americans:  
Local Initiatives that Are Making a Difference”**

Good afternoon. I am Angela Glover Blackwell, founder and CEO of PolicyLink, a national research and action institute advancing economic and social equity by Lifting Up What Works®. In addition, I serve as Vice-Chair of the Board of Directors of the Children’s Defense Fund, I am a commissioner in The Robert Wood Johnson Foundation Commission to Build a Healthier America, and I also serve on the President’s Advisory Commission on Educational Excellence for African Americans. Thank you for this opportunity to speak about increasing economic opportunity for African Americans and the local initiatives that are making a difference in that regard.

**The Nation’s Shifting Demographics**

America is in the midst of a demographic transformation in which people of color, including African Americans as well as Latinos, Asians, Native Americans, and people of other and mixed racial backgrounds, are rapidly becoming the majority. As America

continues to become more diverse, the nation's ability to achieve sustained growth and prosperity hinges on how quickly we can erase lingering racial and class divides and fully apply everyone's talents and creativity to building the next economy. Equity, inclusion, and fairness are no longer only moral imperatives—they are economic ones.

America's demographic shift is profound and unstoppable. In 1980, 80 percent of the population was white. Today, it is 63 percent white and by 2043, the United States will be majority people-of-color. Already, more than half of children under age five are people of color. This shift is happening not only in cities, the traditional bastions of diversity, but also in suburban and rural communities.

Latinos, Asians, African Americans, and other people of color are fueling population growth throughout the country. Projections show that African Americans will grow slightly from 12 to 13 percent of the population from 2010 to 2040, while Latinos will increase from 16 to 28 percent over that time period.

### **Place Matters**

This brisk pace of demographic change stands in stark contrast to the glacial pace America is making to erase its racial divides. Millions of people of color live in neighborhoods that lack the basic infrastructure – good schools, transportation, grocery stores, job opportunities – that everyone needs to be healthy and productive. African Americans go to the worst schools, face the highest rates of joblessness, are concentrated in the lowest-wage jobs, and have the fewest opportunities to move up and enter the middle class. Many historic African American neighborhoods have suffered from decades of disinvestment, and redevelopment efforts too often fail to address the needs of existing residents while making the neighborhood more attractive for newcomers.

Today, where you live is a proxy for opportunity. You are more likely to thrive if you live in a community with parks and playgrounds, grocery stores selling nutritious foods, access to good jobs, public transportation, clean air, safe streets, good schools, ample health care and social services. However, if you live in a neighborhood without these essentials, you are more likely to have poor health and lack the pathways needed to connect to the economy and manifest your full potential in the world of work.

Inequitable neighborhood environments that do not provide the ingredients needed for economic success are at the root of our nation's racial gaps in employment, wages, and opportunity. Eliminating them requires comprehensive policies and strategies that dismantle racial barriers to opportunity, and transform ailing communities into healthy places. These policies and strategies should be targeted to the people and places that need them the most. For example, boys and men of color often suffer the most from lack of opportunity due to structural racism and decades of disinvestment. Federal initiatives

like My Brother's Keeper, that focus on ensuring access to opportunity for African American young men and other young men of color, can go a long way toward connecting these young men to education, meaningful work and the skills they need to succeed.

### **What Can Congress Do?**

How do we ensure that African Americans are able to access what they need to be healthy and productive?

Policymakers and government officials should focus on three key areas:

- First, we need to **connect low-income African Americans to meaningful work**.
- Second, we need to make sure that the **places** where African Americans live are sustainable communities of opportunity that allow everyone to participate and prosper.
- Third, we need to pay attention to **wealth and its drivers**: housing, income, education and inheritance.

#### **1. Jobs: Connecting low-income African Americans to meaningful work**

Local, state and federal governments should also focus on improving the quality of existing jobs and connecting communities of color to these jobs. When new jobs are created, they should be accessible to all, including those who face barriers to employment, such as the long-term unemployed, disconnected youth, people with criminal records, and workers without advanced education or training. African Americans tend to be overrepresented amongst all of these groups.

New and existing jobs also need to be good jobs that pay family-supporting wages, offer benefits, and provide opportunities for upward mobility. A low-wage economy drags everyone down and hits people of color hardest since they make up a disproportionate share of the low-wage workforce.<sup>1</sup> Women of color and tipped workers are disproportionately affected. Women of color currently make up nearly one third of the workforce, are twice as likely as their white female counterparts to be employed in lower-wage sectors such as the service industry, and earn only 70 cents on the dollar earned by male workers in general. Tipped workers have a minimum wage of \$2.13, and are nearly twice as likely to be poor than are non-tipped workers.

One employment area worth noting is publicly funded construction jobs. As older buildings are retrofitted to meet local and state green standards, and new buildings are designed to comply, construction jobs are opening up in cities nation-wide. All federal

agencies have the opportunity to incentivize state and local governments to prioritize local and targeted hiring strategies in order to get more low-income African Americans into high-quality construction careers. These opportunities are available in other industries throughout the country as well: biotech, technology, healthcare and transportation are just a few.

### **Federal Initiatives that Are Making a Difference**

Indexing the minimum wage to inflation, and including tipped workers in the subsequent raise, would be a big step toward providing a living wage to low-income people of color. Raising the minimum wage is good for job growth: the District of Columbia and the 13 states that have raised their minimum wage since January 2014 have seen more job growth than those that have not raised their minimum wage.<sup>2</sup>

One federal initiative, the GROW AMERICA Act, the proposed transportation reauthorization bill submitted to Congress by the Obama Administration in April 2014, has bold, unprecedented provisions allowing for local hire on federal transportation construction projects, and allows for targeted hiring strategies to be implemented that can grow underrepresented groups in the construction trades. During the next 10 years, the transit industry will need to hire and re-train more than three-fourths of the current workforce.<sup>3</sup> GROW AMERICA would allow for the awarding of federally-funded highway or transit contracts,<sup>4</sup> partially on the basis of the extent to which the contractor guarantees that a portion of work hours would be performed by workers from low- and moderate-income households living in communities nearby the project, particularly where the unemployment rate exceeds the national rate. This would provide an important tool for communities that are struggling with high rates of unemployment among workers of color and low-income workers. Such a tool can be used to leverage transportation investments to employ these workers in quality, good-wage jobs in the transportation sector, including construction, operations, maintenance, and repair.

### **Local Initiatives that Are Making a Difference**

#### **Minneapolis, Minnesota: Summit Academy OIC (SAOIC)**

In North Minneapolis, SAOIC is a community-based vocational training and job placement program training local workers for the increasing pool of construction jobs in the region. Minneapolis' construction workforce is predominantly white and aging<sup>5</sup>. As the current workforce prepares to vacate construction jobs, SAOIC is training 450 students per year from low-income communities, to earn GEDs and certificates in construction, nursing assistance and community health work. SAOIC leverages its relationships and agreements with contractors, unions and state agencies to place more

than three-quarters of its graduates in positions immediately upon graduating from the twenty-week training program.

### **Baltimore, Maryland: BioTechnical Institute of Maryland, Inc. (BTI)**

In Baltimore, Maryland, home to one of the largest bioscience clusters in the US, the BioTechnical Institute of Maryland, Inc. (BTI) is partnering with employers to give low-income residents an entry into the bioscience sector. BTI trains local high school graduates for technical positions that usually require college degrees, ending their participation in the program with a paid internship. More than three-quarters of their graduates to date have been employed in skilled entry level jobs with average starting salaries slightly higher than the city's median income. In addition, graduates of the program graduate with credits toward an associate degree, part of BTI's collaboration with a local community college, and 40% of graduates have gone on to earn an associate's degree. Some even go on to four-year colleges.

### **Pittsburgh, Pennsylvania: The Pittsburgh Central Keystone Innovation Zone**

The Pittsburgh Central Keystone Innovation Zone (PCKIZ), a consortium of universities, businesses, government agencies and community organizations brought together by Duquesne University in 2007, is connecting underserved communities to meaningful work in the knowledge-driven and technology economies by increasing the number of startups and relocated firms in the zone. PCKIZ also leverages the economic activity stimulated by the arrival of these businesses to benefit residents of the African American Hill District community, which has not benefited from recent economic growth in the region. The PCKIZ focuses on information technology, advanced manufacturing, nanotechnology, biotechnology, energy, health care IT, and medical devices. The zone has been successful: since 2008, 41 startups have opened in the zone. At least 225 jobs have been created or retained, and 20 percent of the companies are owned by African Americans (versus 10 percent in the region). In 2011, together with community partners, the zone received a grant of almost \$2 million from the federal government through the Jobs and Innovation Accelerator Grant Competition to further this work, specifically in the local energy and health care industry clusters.<sup>6</sup>

### **Oakland, California: Oakland Global Trade and Logistics Center (site of the former Oakland Army Base)**

A massive project to redevelop the shuttered army base in Oakland, California, will create hundreds of good jobs and training opportunities for local residents, under a

landmark agreement crafted jointly by the city, the community, unions, and the developers. A thirty-organization coalition called Revive Oakland led the community campaign to make sure this large-scale development strengthens the local economy and opens opportunities for the people who need them most.

The \$800 million public-private venture is Oakland's biggest development project in decades. It will transform public land the size of 200 football fields into an international trade and logistics center serving the Port of Oakland and supporting the development of a stronger, more globally-connected regional economy. The first, \$500 million phase of the project is expected to create more than 1,500 construction-related jobs over the next seven years, and 1,500 permanent jobs in operations. The agreement, which covers this first phase of the project, guarantees that half the jobs will go to Oakland residents.

The agreement sets the most far-reaching job standards yet for Oakland and for the warehouse industry nationwide. For the first time anywhere, the use of temporary employment agencies to fill warehouse jobs will be strongly limited. This puts the brakes on a growing practice that has reduced wages and job security industry-wide.

The agreement sets several other important standards:

- Formerly incarcerated residents will have better employment prospects, because job applications must “ban-the-box,” meaning that they may not ask about prior convictions. The provision recognizes that local-hire targets must be coupled with rules to “ban-the-box,” or too many people will continue to be left behind.
- Every worker will earn a living wage—currently a minimum of \$11.70 an hour plus benefits in Oakland.
- Twenty-five percent of apprenticeship hours are designated for veterans, ex-offenders, the long-term unemployed, and others facing barriers to employment, and all new apprenticeships will go to Oakland residents.
- A city-run jobs resource center in West Oakland—the low-income community of color adjacent to the project, where unemployment rates run as high as 45 percent—will connect residents to training, pre-apprentice programs, and jobs.

The project also brings environmental gains for West Oakland, including freight rail service to reduce truck traffic and pollution, and the relocation of two recycling plants from the neighborhood onto the site. A community oversight board will monitor compliance.

Coalition members worked with city officials to develop the good jobs framework. What began as a contentious debate painstakingly led to a consensus package of policies adopted unanimously by the city council and used as a framework in negotiations with the developers.

## Cleveland, Ohio: The Evergreen Cooperatives

The PolicyLink report *America's Tomorrow: Equity is the Superior Growth Model*<sup>7</sup> highlights the good jobs being created by Cleveland's Evergreen Cooperatives: "Evergreen Cooperatives is an ambitious, community-based enterprise development model that launches new employee-owned businesses (three to date: Evergreen Cooperative Laundry, Ohio Cooperative Solar, and Green City Growers Cooperative) to supply goods and services to several large anchor institutions in University Circle. The businesses have created dozens of good jobs with benefits and ownership opportunities for local residents, over half of whom have felony records. Richmond (California), Pittsburgh, and other communities are seeking to replicate the 'Cleveland Model.'"

## 2. Place: Building sustainable communities of opportunity

Place-based initiatives get at the heart of these issues by targeting the problems that are specific to local places, harnessing the expertise that already exists on the ground and involving the whole community to invest in its success. Local initiatives are being designed to involve the community as a whole, recognizing that issues in education, transportation, criminal justice and food access, for example, cannot be solved in a vacuum. Meanwhile, the federal government is scaling that approach by funding programs that incentivize this cooperation within communities and regions.

### Federal Initiatives that Are Making a Difference

- Inspired by the remarkable success of the Harlem Children's Zone in New York, where 10,000 black children are receiving the wrap around services, delivered at the neighborhood level, that they need to succeed, the federal **Promise Neighborhoods program**, begun in 2010 by President Obama, works to create communities of opportunity, centered around strong schools, that allow children to learn, grow, and succeed. Promise Neighborhoods wrap children in high-quality, coordinated health, social, community, and educational support from the cradle to college to career.
- The **Choice Neighborhoods program** supports locally driven strategies to address struggling neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Local leaders, residents, and stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, come together to

create and implement a plan that transforms distressed HUD housing and addresses the challenges in the surrounding neighborhood.

- **The Healthy Food Financing Initiative (HFFI)** supports projects that increase access to healthy, affordable food in underserved communities. Through a range of programs at the U.S. Departments of Agriculture (USDA), Treasury, and Health and Human Services (HHS), HFFI expands the availability of nutritious food by developing and equipping grocery stores, small retailers, corner stores, and farmers' markets selling healthy food. Residents of these communities, which are sometimes called "food deserts," typically rely on fast-food restaurants and convenience stores that offer little or no fresh food. Healthy food options are hard to find in these communities or are unaffordable.
- Through the **Promise Zones initiative**, the federal government will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, improving educational opportunities, providing tax incentives for hiring workers and investing in the Promise Zones, reducing violent crime, and assisting local leaders in navigating federal programs and cutting through red tape. The areas selected as Promise Zones have a data-proven record of effectiveness, and will benefit from priority access to already-existing programs and initiatives to strengthen their efforts.

## **Local Initiatives that Are Making a Difference**

### **Minneapolis, Minnesota: The Northside Achievement Zone**

In 2003, the Peace Foundation started a grassroots movement to reduce violence in North Minneapolis. Several years later, that group had evolved into a coalition of community entities and applied for a Promise Neighborhoods Implementation Grant as the Northside Achievement Zone (NAZ). In 2012, the Northside Achievement Zone received the grant and now nine local schools, 27 nonprofit "anchor partners," and other organizations work in concert to support families from before birth through college. The Northside Achievement Zone Promise Neighborhood (NAZ) in North Minneapolis targets the families that have been most left behind and that have not participated in their community's education structure. All of the NAZ partners track their work and success online together via a common system. In addition, NAZ shares barriers and opportunities with funders and policymakers to ensure the best possible policy environment for their work. NAZ's results-focused approach has paid off: housing instability for participating families has been reduced by one-third, and reading and math proficiency for students in the NAZ has improved by 52 percent.

Best Academy (Boys in Engineering, Science, and Technology) Charter School in the NAZ was developed in 2008 in response to the high rate of academic failure of African Americans in the Minneapolis Public Schools, and has produced results: in the 2012-2013 school year, per its annual report, “Best Academy outperformed the Minneapolis Public Schools in math, reading, and science. Best Academy students, which are comprised of about 99% African American students, significantly outperformed African Americans in the city. Best’s performance was almost 100% better in math, reading, and science as compared to other African Americans in MPS schools.”<sup>8</sup> One significant factor is class time: students at Best Academy go to school 195 days out of the year, while Minneapolis Public schools have a 176 day calendar.

### **Oakland, California: Mandela Marketplace (MMPlace)**

The West Oakland neighborhood in Oakland, home to a large African American community, suffers from a lack of supermarkets and places to purchase healthy food. A group of mothers in the neighborhood began to organize to find solutions, and with other partners, eventually created Mandela Marketplace (MMPlace), a nonprofit incorporated to support a community grocery store project. In 2009, Mandela Foods Collective (MFC) opened. This worker-owned enterprise is West Oakland’s only full-service grocery store. Five years later, about 250 customers shop at Mandela Foods Collective daily and it projects \$950,000 in sales by the end of the year. In 2013, MMPlace received a \$400,000 Healthy Food Financing Initiative (HFFI) grant to expand their social enterprise incubation services and develop a revolving loan fund for local food enterprises. Through this grant, MMPlace has funded Mandela Foods Collective to increase sales and consumption of healthy foods in West Oakland, as well as their distribution enterprise, Earth’s Produce Distribution (EPD), to offer an innovative, early-season “Harvest to Market Financing” loan product for small family farmers who have faced challenges in accessing capital in traditional lending markets.

### **3. Wealth and its drivers: housing, income, education and inheritance**

The average difference in net worth between a white household and an African American or Latino household has nearly tripled over the past three decades, reaching \$500,000 in 2010. As the nation’s population moves toward becoming majority people of color, we must create policies that close the racial wealth gap in order to ensure prosperity for all. Understanding the factors that drive the wealth gap<sup>9</sup>—length of time of homeownership, income, education and inheritance—is important.

The key role of homeownership as a driver of wealth for African Americans cannot be overstated. A report by the Institute on Assets and Social Policy at Brandeis University’s

Heller School for Social Policy and Management found that “[o]verall, *half* the collective wealth of African-American families was stripped away during the Great Recession due to the dominant role of home equity in their wealth portfolios and the prevalence of predatory high-risk loans in communities of color.” (Emphasis added.)<sup>10</sup>

Similarly, educational attainment plays a large role in the eligibility of African Americans for the jobs of the future. By 2020, 47 percent of all jobs will require an associate’s degree or higher, but only 28 percent of African Americans have this level of education.<sup>11</sup> Yet African Americans that do go on to higher education find themselves saddled with much more student debt than their white counterparts, are more likely to drop out of a college degree program due to the high cost of tuition and are more likely to take out unregulated private student loans, which carry high interest rates and put these students at higher risk of default once they come due.<sup>12</sup>

The importance of meaningful work with fair wages and benefits is discussed earlier in this testimony, but one model that bears mention as both a source of income and a wealth generator for low-income worker is the worker cooperative. In a cooperative, workers hold all or most of the shares in the company, and almost every worker holds at least one share. Often, decisions are made collectively, and profits are shared, a model that increases the incentive for efficiency and collaboration.

### **Federal Initiatives That Can Make a Difference**

One tool available to federal lawmakers who seek to close the racial wealth gap is the Tax Code. Low-income households and households of color benefit the least from tax incentives for homeownership and higher education.<sup>13</sup> For example, in 2013, the wealthiest 20 percent of households got 70 percent of tax incentives for homeownership and the bottom 40 percent got almost none. Similarly, higher education tax benefits are the largest form of federal student aid and, except for the American Opportunity Tax Credit (AOTC), they disproportionately benefit high-income students.<sup>14</sup> Opportunities for improvement include: converting the home mortgage deduction to a tax credit, so that households could claim it whether they itemize their expenses or not, and expanding the AOTC to reach more low-income students.

Additionally, Congress can support bills that would allow holders of older student debt to refinance their student loans to 3.86%—the same interest rate set in 2010 for federal student loans.

## Local Initiatives that Are Making a Difference

### Tennessee Promise

In Tennessee, Governor Bill Haslam has signed into law a bill that makes two years of community college free for graduating high school seniors.<sup>15</sup> Those who complete two years of community college and would like to go on to four-year school can then participate in Tennessee's transfer pathways program and start as a junior—essentially halving the cost of a four-year degree. Governor Haslam will finance an endowment for this initiative with the state's lottery earnings. Tennessee is currently the only state to offer this benefit to students. Following this model in other states would make an associate's degree more accessible to low-income students of color—thus allowing them to be competitive in the job market.

Thank you again for this opportunity. Please do not hesitate to contact me if you have any questions or need further information.

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<sup>1</sup> Doug Hall and David Cooper, Issue Brief #341: *How Raising the Federal Minimum Wage Would Help Working Families and Give the Economy a Boost* (Economic Policy Institute, August 4 2012), <http://www.epi.org/files/2012/ib341-raising-federal-minimum-wage.pdf>.

<sup>2</sup> Christopher S. Rugaber, "US states with higher minimum wages gain more jobs," *Bloomberg BusinessWeek*, July 19, 2014. <http://www.businessweek.com/ap/2014-07-19/us-states-with-higher-minimum-wages-gain-more-jobs> (last accessed July 25, 2014.)

<sup>3</sup> According to data from the Transportation Learning Center, which tracks worker demand due to expected transit system expansion and worker retirements.

<sup>4</sup> The local and targeted hire provisions for highways contracts are described in Sections 2301 of the legislation. The local and targeted hire provisions for transit contracts are described in Sections 3007 of the legislation.

<sup>5</sup> "Louis King: Prepare the underemployed for jobs that will emerge as workforce ages," *Twin Cities Daily Planet*, February 5, 2013, <http://www.tcdailyplanet.net/news/2013/02/05/louis-king-prepare-underemployed-jobs-will-emerge-workforce-ages>

<sup>6</sup> United States Department of Commerce Press Release, "[New Obama Administration Initiative to Spur Job Creation and Accelerate Economic Growth in 20 Regions across the Country](#)," September 22, 2011 (last accessed on July 24, 2014.)

<sup>7</sup> Sarah Treuhhaft, Angela Glover Blackwell, and Manuel Pastor, *America's Tomorrow: Equity is the Superior Growth Model*, (Oakland, CA: PolicyLink, 2011), page 23.

<sup>8</sup> Best Academy Charter School 2012-2013 Annual Report. <http://www.thebestacademy.org/download.axd?file=2b0a4b28-0153-4b2f-be29-5fda091bf8c7&dndType=Resource>.

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<sup>9</sup> Thomas Shapiro and Tatjana Meschede, “The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide,” February 2013.

<sup>10</sup> Ibid.

<sup>11</sup> Sarah Treuhaft, Angela Glover Blackwell, and Manuel Pastor, *America’s Tomorrow: Equity is the Superior Growth Model*, (Oakland, CA: PolicyLink, 2011).

<sup>12</sup> Sophia Kerby, *Borrowers of Color Need More Options to Reduce Their Student-Loan Debt*, (Washington, DC: Center for American Progress, May 16, 2013, <http://www.americanprogress.org/issues/race/news/2013/05/16/63533/borrowers-of-color-need-more-options-to-reduce-their-student-loan-debt/> (last accessed July 24, 2014).

<sup>13</sup> Heather McCulloch, *Reforming the Tax Code to Build an Equitable Economy*, 2013, <http://accesstofinancialsecurity.org/content/reforming-tax-code-build-equitable-economy> (last accessed July 24, 2014.)

<sup>14</sup> Ibid.

<sup>15</sup> Tennessee State Government press release, “Haslam Signs 'Tennessee Promise' Into Law,” May 13, 2014, <https://news.tn.gov/node/12398> (last accessed July 24, 2014), and Richard Pérez-Peña, “Tennessee Governor Urges 2 Free Years of Community College and Technical School”, *The New York Times*, February 4, 2014. <http://www.nytimes.com/2014/02/05/education/tennessee-governor-urges-2-free-years-of-community-college-and-technical-school.html>.