APPENDIX 3

Selected National Reports and Reports from Other States Examining Economic Inclusion Issues

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Report Names and Sources	Report Abstract
Gregory Acs, Rolf Pendall, Mark Treskon, and Amy Khare, *The Cost of Segregation: National Trends and the Case of Chicago, 1990-2010*, The Urban Institute, March 28, 2017.	This report examines the regional economic outcomes of segregation, by analyzing data from the 100 most populous commuting zones in the US (basically equivalent to metropolitan areas) for the period 1990 through 2010. The research had three main takeaways: • The country is changing in terms of spatial patterns, but remains starkly segregated in terms of race and income. • There is a real cost of segregation, which varies by race and ethnicity. • Chicago continues to struggle as a highly segregated metro area, a situation which has major effects for all residents. When looking at the effects of segregation on individual race groups, the analysis found that “the clearest story emerges for black residents”: • Higher levels of economic segregation are associated with lower median and per capita income for blacks, and higher levels of black-white segregation are associated with lower black per capita income. Neither economic nor racial segregation is significantly related to white or Latino median income or per capital income levels. • Higher levels of black-white segregation are associated with lower levels of four-year college attainment for both blacks and whites, as well as higher homicide rates. The analysis also concluded that if Chicago could reduce the level of black-white racial segregation to the average level of the 100 largest commuting zones: • Black per capita income would increase by 12.4 percent (i.e., $2,455); • Educational attainment rates for both blacks and white would increase by 2 percent each, with 83,000 more adults completing a college degree; and • The city’s highly documented homicide rate would drop by 30 percent.
Mary Ann Bates, Justina Cross, Ilana Golin, and Elizabeth Redman, *Giving Back and Getting Back: An Analysis of the Return on Investment on Community Investments by Public Universities,* prepared for The Annie E. Casey Foundation in collaboration with Net Impact, 2012.	This report seeks to address the need of public university decision-makers to obtain hard evidence that community investment not only fits within a university’s mission, but also will benefit the school’s “enlightened self-interest.” To provide this “business case,” the report uses the experience of the University of California, Berkeley (UCB) as a case study to develop a methodology which universities can use to quantify the returns from community investment. To quantify the return to universities, the report presents an assessment methodology which draws from break-even analysis, cost-benefit comparisons, and a general evaluative framework that considers both tangible impacts (increased revenues, increased faculty satisfaction, and increased faculty, student and staff retention) and intangible benefits (mitigation of future risks, increased innovation, increased reputation and university rankings, and increased trust and relationship quality). The authors of the report hope the methodology

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	will be used to advocate for smarter community investment that will yield a double bottom line: improved local communities and highly respected, financially sustainable institutions of higher education.
Angela Glover Blackwell, Mark Kramer, Lalitha Vaidyanathan, Lakshmi Iyer, and Josh Kirschenbaum, *The Competitive Advantage of Racial Equity*, FSG and PolicyLink, October 2017.	This report examines strategies for driving innovation and creating business value by advancing racial equity, using examples from 12 leading companies such as Gap Inc., PayPal, and Cigna. The top takeaways from the report are: • By 2044, America will be a majority people of color nation, yet there are enormous inequities that people of color face in health, wealth, employment opportunities, and other areas. The twin forces of rising diversity amidst persistent exclusion form a core challenge that American businesses must address to remain competitive. • Companies can create economic value and advance racial equity by reconceiving products and markets, redefining productivity in the value chain, and strengthening the business context. • To begin this work, business leaders must first develop a deeper understanding of what racial inequities exist and then take a fresh look at every aspect of their business to find opportunities for business innovation that can simultaneously advance racial equity and also benefit the business.
Economic Mobility Project, *Collateral Costs: Incarceration's Effect on Economic Mobility*, PEW Charitable Trusts, 2010.	The data in this report are based on the research of Dr. Bruce Western (Harvard University) and Dr. Becky Pettit (University of Washington). The findings presented in the report include: • Incarceration is concentrated among men, the young, the uneducated, and racial and ethnic minorities – especially African Americans. • Incarceration negatively affects former inmates' economic prospects. • Former inmates experience less upward economic mobility than those who are never incarcerated. • The impacts of incarceration reach far beyond former inmates to their children and families. • A child's prospect of upward mobility is negatively affected by the incarceration of a parent. For each of these findings, the report provides detail quantitative data supporting the finding and measuring the scope and impact of incarceration. The report also offers recommendations for ameliorating the continuing negative impacts for those released from incarceration. Among the recommendation were: • Proactively reconnect former inmates to the labor market; • Enhance former inmates' economic conditions and make work pay; • Screen and sort people convicted of crimes by the risk they pose to society, and divert lower-risk offenders into high-quality, community-based mandatory supervision programs;

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	• Use earned-time credits to shorten prison stays; • Provide funding incentives to corrections agencies and program that succeed in reducing crime and increasing employment; and • Use swift and certain sanctions other than prison, such as short-term jail stays, to punish probation and parole violations.
Ewing Marion Kaufman Foundation, *Including People of Color in the Promise of Entrepreneurship*, <u>Entrepreneurship Policy Digest</u>, December 5, 2016.	This policy brief examines the disparity in entrepreneurship among people of color, as the United States becomes a more racially diverse country. The data presented in the report indicate: • White owned businesses had double the average sales of black-owned, Hispanic-owned and Asian-owned businesses. • Black-owned and Hispanic-owned businesses have higher failure rates than white-owned businesses, in part due to industry differences (i.e., black-owned businesses more likely to be in less successful industries like personal services) and operating with less capital than their white counterparts. Research indicates that access to capital is a strong predictor of start-up success. • Blacks and Hispanics are more likely to be "necessity entrepreneurs" – that is, to create their businesses while unemployed; businesses started by necessity entrepreneurs tend to have less growth potential. • An increase of 10% in the number of employees working at and the number firms owned by people of color could lead to approximately $1 million new jobs for people of color. The policy brief also offered recommendations for policies to close the entrepreneurship disparity gap. • Increase exposure to entrepreneurship: create internship and apprenticeships to help young people of color learn more about entrepreneurship. • Make entrepreneurship support organizations more inclusive: encourage entrepreneurship support organizations, particularly when receiving government funding, to develop metrics to track entrance and retention rates of entrepreneurs of color.
Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, Lareina Yee, *Delivering through Diversity*, McKinsey & Company, January 2018.	The research in this report is based on data on 1,000 companies covering 12 countries, and used two measures of financial performance – profitability and wealth creation. Relative to the business case for inclusion and diversity, among the findings of the McKinsey & Company analysis were: • There is a statistically significant correlation between a more diverse leadership team and financial outperformance. • There is a penalty for opting out of diversity. Companies in the bottom quartile relative to both gender and ethnic/cultural diversity were 29% less likely to achieve above-average profitability than all other companies in the dataset. That is, those firms were not only not leading, but they were lagging.

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	The report also made recommendations for delivering impact through inclusion and diversity. The recommendations include: • Commit and cascade: CEOs and leaders must articulate a compelling vision, embedded with real accountability for delivery, and cascade down through middle management. • Link inclusion and diversity to growth strategy: The inclusion and diversity priorities must be explicitly defined based on what will drive the business growth strategy. Leading companies do this in a data-driven way.
ITASCAproject, *Our regional competitiveness depends on broadening opportunities for a more diverse and inclusive workforce*, March 2016.	This is a report of the ITASCAproject, which is an employer-led civic alliance focused on building a thriving economy and improved quality of life in the Minneapolis-St Paul area. The report examines the challenges of maintaining a vibrant regional economy, and concludes that a central factor will be tapping the full potential of the region's human capital, particularly people of color who are the region's fastest growing population. The report discusses the competitive advantages of a more diverse workforce, including: • Stronger connections to a more diverse customer base • Less groupthink and better decisions • Increased innovation • Better financial results The report also offers guidance on what individuals, organizations, and regional stakeholders can do to build a stronger, more diverse workforce aligned with the region's future employment base.
Janelle Jones, John Schmitt, and Valerie Wilson, *50 Years after Kerner Commission African American are better off in many ways but sill disadvantaged by racial inequality*, Economic Policy Institute (EPI), February 26, 2018.	This report compares the state of black workers and their families in 1968 with the circumstances of their descendants today, 50 years after the Kerner Commission report which had identified white racism and pervasive discrimination in education, employment and housing as the key factors precipitating the civil disorders of 1968. The EPI report provides both good news and bad news. The report indicates that while African Americans are better off in many ways today than they were in 1968, they are still disadvantaged in important ways relative to whites, and in several important respects have actually lost ground relative to whites (and in a few cases, even relative to African Americans in 1968). Key findings include: • African American today are better educated then they were in 1968, but still lag behind whites in overall educational attainment. On a nationwide basis, African Americans have largely closed the gap with white high school graduation rates. African Americans today are also twice as likely to have a college degree as in 1968, but still half as likely as young whites to have earned a college degree. • The substantial progress in educational attainment of African Americans has been accompanied by significant absolute improvements in wages, incomes, wealth, and health since 1968. But black workers still only make 82.5 cents on every dollar earned by white

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	workers. African Americans are 2.5 times as likely to be in poverty as whites, and the median white family has almost 10 times as much wealth as the median black family. • With respect to homeownership, employment, and incarceration, the situation of African Americans has either failed to improve relative to whites since 1968, or has worsened.
Amy Liu, *A new brand of inclusive growth coalitions*, Brookings Institution blog, November 2, 2017.	This brief report focuses on new, diverse coalitions, involving business and civic leaders, social justice advocates, grassroots organizations and community leaders, which are emerging in a number of cities to promote inclusive growth. It presents findings from an assessment conducted in 2017 by Brookings, the Indianapolis Chamber of Commerce, the Nashville Area Chamber of Commerce, and the San Diego Economic Development Corporation on how cities can build and sustain such diverse coalitions. The report highlights several lessons from the assessment: • A new approach demands a new way of understanding the value of inclusion, and development of a data-driven narrative to forge a consensus around the imperative to address inclusive regional economic growth. • No single organization can deliver change, and to achieve meaningful, community-wide progress, organizations will need to step out of their comfort zones. • New awareness ultimately needs to be translated into concrete action.
Minnesota Employment and Economic Development, *Report to the Legislature: Net Impact of Workforce Programs,* January 2017.	This report presents the findings from an analysis of the net impact on earnings from participation in various workforce programs, and derives cost/benefit estimates of those programs to taxpayers and society as a whole. The key findings of the study include: • Compared to observationally similar job seekers who were not engaged in any workforce programs, participants in the Dislocated Worker program, WIA Adult (now WIOA Adult) program, and the state's FastTRAC program (which integrates basic education, career-specific training and support services for working adults) tend to see substantial earnings increases. • The earnings increases are driven by strong increases in employment among participants, suggesting that workforce program participation helps job seekers find work quicker than they otherwise would have.
Joseph Parilla, *Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies*, Brookings Institution, September 28, 2017.	This report explore the connections between economic inclusion and growth in US metro areas, the implications for businesses and workers, and how regional economic strategies can eliminate barriers that are hindering inclusive growth. Key points in the report include: • The US has an advanced economy, but it is not working for all, leading to diminished mobility and rising inequality. • Cities and regions represent a critical scale at which to address those challenges. • Reducing barriers to economic opportunity in US metro areas can enhance economic growth, in part by maximizing the talent and entrepreneur base, and by minimizing the social costs of economic exclusion.

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	• Growth is necessary to make regional economies more inclusive. • Economic development organizations have a role to play in addressing barriers to inclusive growth, including dynamism barriers, skills barriers, and access barriers. They can do that through promoting changes in practices, policies, and partnerships in their roles as regional agenda-setters, conveners, and "collaborator-generals".
Thomas M. Shapiro, Tatjana Meschede, and Laura Sullivan, *Research and Policy Brief: The Racial Wealth Gap Increases Fourfold*, Institute on Assets and Social Policy (IASP) at Brandeis University, May 2010.	This policy brief reports on the evidence from an analysis of data collected on a cohort of families over 23 years (1984-2007). The analysis revealed that the wealth gap between the white and African American families had more than quadrupled (from $20,000 to $95,000) over the course of a generation. Additional findings from the analysis of the cohort data were: • Middle-income white households had greater gains in financial assets than high-income African Americans; by 2007, the average middle-income white family had accumulated $74,000, whereas the average high-income African American family had only $18,000 in financial assets. • In 2007, one in ten African Americans owed at least $3,600, almost doubling their debt burden since 1984. • At least 25% of the African American families had no assets at all to turn to in times of economic hardship.
Ben Siegel and Camila Montejo-Poll, *Policy Brief: Private Sector Efforts to Support Economic Inclusion in Cities*, 21st Century Cities Initiative, John Hopkins University, August 2017.	The policy brief reports on the results of a panel of private sector leaders and nonprofit and academic experts brought together from Baltimore, Chicago, New York, and Washington, D.C. The panel was convened in May 2017 by Johns Hopkins University and the 21st Century Cities initiative to explore the inherent challenges, as well as promising practices and specific recommendations, for corporations seeking to expand economic inclusion in cities. In its recommendations, the policy brief sought to provide a roadmap and key principles for the private sector to follow in efforts to promote greater economic inclusion. The key recommendations were: • Be intentional, starting at the top of the company, followed by widespread adoption across the organization. • Set targets and measure performance to promote focus and accountability. • Establish community partnerships, particularly with "intermediary" organizations such as nonprofit service providers, neighborhood associations, faith-based groups, and community groups that are familiar and respected entities in disadvantaged or excluded communities.