

AN INCLUSIVE AND EQUITABLE DEVELOPMENT GUIDE

VIRGINIA TECH OFFICE OF ECONOMIC DEVELOPMENT

This guide aims to introduce organizations and regional partners to the topic of economic inclusion and growth in their communities and describe how regional economic strategies can eliminate barriers that are hindering inclusive growth. Promising practices, prominent definitions, and a list of resources from relevant literature will be included in this report.

Equitable economic development unlocks the full potential of the local economy by dismantling barriers and expanding opportunities for low income people and communities of color. A stronger, more competitive community can result from accountable public action and investment. Quality jobs can grow entrepreneurship, ownership, and wealth giving the opportunity for expansion.

PolicyLink. Equitable Economic Development: The Why and the How



PolicyLink. Equitable Economic Development: The Why and the How

RESOURCE LINKS AVAILABLE IN THE FOLLOWING AREAS:



Racial Equality & Shared Prosperity



Aspiring Examples



Strategies & Models of Inclusivity



Tools & Tips

A more inclusive regional economy can:



maximize the talent and entrepreneur bases



diminish hostilities that fray social and political cohesion and good governance



minimize the fiscal and social costs of exclusion

Bookings. Opportunities for Growth Report

Communities that offer greater equality of opportunity often achieve greater economic growth as a result. Areas of education and skill development, innovation, entrepreneurship and spatial access to opportunities benefit when extended across all individuals. Local communities will have a better chance of addressing today's defining economic challenge by fostering an environment that allows for better collective decision-making to shape the economic future.

Economic development organizations have an opportunity to more strategically address barriers to inclusive growth. It is consistent with their function of coordinating action and correcting local market failures to facilitate economic growth. Communities can build a diversified investment portfolio for their economic future when growth and productivity are lifted and economic and racial exclusion is avoided.

Bookings. Opportunities for Growth Program

Five Principles of an Inclusive Economy

Participation

Individuals who are able to fully participate in economic life and have a greater say over their future. There is transparency around common knowledge of rules and norms for individuals to start and maintain a business, find a job, or engage in markets. Technology is more widely distributed and promotes greater individual and community well-being.

Equity

Opportunities are available to more individuals to enable upward mobility, including poor and socially disadvantaged groups. People have equal access to a more solid economic foundation, including adequate public goods (i.e. public transit), services (i.e. education) and infrastructure (i.e. clean air and water).

Growth

The economy is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity. Quality employment opportunities are growing leading to greater incomes, especially for the poor. Economic systems are transforming for the betterment of all, including poor and excluded communities. Economic growth and transformation are captured by traditional economic measures (i.e. GDP) and novel measures that capture overall well-being.

Stability

Individuals, communities, businesses and governments have a sufficient degree of confidence in their future and an increased ability to predict the outcome of their economic decisions. They are secure enough to invest in their future and increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

Sustainability

Economic and social wealth is sustained over time (including human produced and natural capital); maintaining inter-generational well being. Decision-making must incorporate long-term costs and benefits, in addition to short-term gains.

Rockefeller Foundation. 5 Characteristics for Inclusive Economy

Definitions

Inclusion actors:

key organizational coalitions that can ensure inclusive growth operate locally leading the nation's bottom-up fight against social inequities.

Growth actors:

organizations such as economic development groups or business leadership groups that focus on the overall growth of local economies.

Economic inclusion:

reflects the ability of residents with lower incomes to contribute to and benefit from economic prosperity.

Racial inclusion:

reflects the ability of residents of color to contribute to and benefit from economic prosperity.

Urban. Measuring Inclusion in America's Cities

"Insufficient inclusive growth costs the U.S economy more than **\$500** billion dollars every year."

Bookings. Opportunities for Growth Report

There are three sets of barriers where economic development organization and communities can have an impact:

1. **Dynamism** barriers that inhibit the process of firm creation and expansion that fuels employment and productive growth.

Example: support entrepreneurs and business services by streamlining permit processes and regulations and coordinating with incubators, clusters groups and extension partnerships.

2. **Skills** barriers that inhibit individuals from gaining the knowledge and capabilities to fill good-paying jobs and reach economic self-sufficiency.

Example: motivate employers to invest in workers and help employers determine the skills they need by implementing policies that promote pre K-12 education and workforce development and eliminate other work barriers (e.g. childcare, criminal records, etc.)

3. **Access** barriers that isolate individuals in particular communities from economic opportunity.

Example: promote physically accessible locations by promoting helpful land use and zoning reforms and supporting transit investments. Capitalize on place-conscious strategies with community development organizations, planning groups and transportation agencies.

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"the annual social cost of a young person being disconnected from work and education is nearly **\$38,000** or **\$530,000** over a lifetime."

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Aspiring Examples

California

California launched High Road Kitchens to address the idle status of restaurants and the large need for food relief during the COVID pandemic. Using a combination of government wage subsidy dollars and private philanthropy, restaurants can be awarded \$18,000 - \$25,000 if they commit to serving meals using a model that allows some community members to subsidize others' meals, through both pick up and delivery; feed thousands of low-wage workers as well as health care workers and others in need; and employ service workers.



During 2020, when restaurants are offering limited service, One Fair Wage will provide these employers with its 'High Road Training and Technical Assistance' program, complete with financial modelling tools and case studies of other successful employers. The program shows employers how to move profitably to livable wages while also increasing race and gender equity and also equity between 'front' and 'back-of-house' workers.

High Road Kitchens. Brookings, Local Recovery

North Carolina

Open for Business was launched by the city of Charlotte to support the city's small businesses throughout the pandemic and recovery stages. The initiative consists of a two-phase strategy: "Survive" and "Thrive." The Survive phase centers on several programs that will support small businesses during the pandemic and initial reopening; its efforts aim to establish an information-sharing online platform, enlist ecosystem and partner support, provide access to capital, and strengthen workforce readiness.



In the Thrive phase, the focus is placed on workforce resiliency to address unemployment, as well as business innovation and resiliency to make sure small businesses are prepared for future challenges anticipated with the pandemic. Workforce resiliency will focus on reducing unemployment by putting residents back to work through skills training and job placements.

In responding to the COVID-19 crisis, Open for Business has recognized the importance of an equitable response to ensure that all small businesses have access to resources. In distributing their Partner Support Grant, some of the highest funding awards went to the Charlotte Mecklenburg Black Chamber of Commerce, the Latin American Chamber of Commerce, and the Women's Business Center of Charlotte. Of the program's Access to Capital funds, microbusinesses received 93%, Black business owners received 54%, and young businesses between zero and seven years old received 53%. Considering that structural racism has limited the number of small businesses in the U.S. economy and that the youngest businesses drive the nation's net job creation and productivity growth, supporting the most vulnerable small businesses is imperative in achieving a thriving recovery.

Brookings, Two-part plan for Saving Charlotte, N.C.'s small business

Michigan

In 2018, Talent 2025, a group of 100 CEOs from the West Michigan region, and West Michigan Works!, a local workforce agency, collaborated to launch HireReach, a three-year initiative that recruits, trains, and advises employers to hire entry-level and middle-skill talent using an evidence-based selection process. Their model increases the accuracy of candidate selection, which in turn strengthens the quality of the employer's workforce and reduces turnover. It also mitigates biases in the hiring process by using a data-driven approach to assess candidates fairly and objectively.



Mercy Health's implementation of the evidence-based selection process that is now the basis of HireReach's program resulted in a 23% reduction in first-year turnover, a 16% reduction in time to fill, and a doubling of the racial/ethnic diversity of the workforce.

Brookings, Evidence-based Selection Process in West Michigan