

KELLY REPORT 2018

THE NEW AMERICAN DREAM

Congresswoman Robin L. Kelly represents Illinois' 2nd Congressional District.

Her district includes parts of Chicago as well as suburban and rural areas, and represents a microcosm of the economic challenges and opportunities facing the country. This third Kelly Report will examine how stakeholders should invest in young adults, seniors, our educational infrastructure, urban and rural communities, manufacturing, and the digital sector—to strengthen America's ladder of opportunity, and sustain the American Dream in the 21st century.

This report is dedicated to the universal right to work, and offered with the hope that through economic opportunity, strategic investment, and community engagement—we can expand income, reduce inequality, and extend the American Dream to all Americans.

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Making the Reality of An American Dream for All

Honorable Robin L. Kelly
Member of Congress (IL-02)



The woman that I admired most in this world was my grandmother, Charity Bell Ross. She was bold, beautiful and brilliant. She was also business savvy. One day—shortly after the Second World War—she came home to announce to grandpa that she had just purchased a small grocery store in our neighborhood. “We’re in the grocery business now,” she said to his surprise.

2059 8th Avenue, New York, New York is where grandma and grandpa started “Ross’s Grocery,” the mom and pop grocery store that they would pass on to their son—my father. It’s where grandma’s grit and entrepreneurial spirit created economic opportunity and food security to so many in her Harlem neighborhood. It was where I learned about hard work, what it takes to run a family business, what the price of milk meant to a mother, and what brought joy and concern to the families in my neighborhood. That shop is where the Kelly family’s American Dream began.

When James Truslow Adams coined the term “American Dream” almost a century ago, he described, “a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement.”

This was a dream that gave way to an America that was invested in quality education for our returning veterans and their children. Where the idea of home ownership with a white picket fence became part of our national psyche. The American Dream became woven into our national heritage, it is part of our cultural DNA.

This is our American standard, and we should expect nothing less.

Sadly, for too many families, the American dream has fallen from reach. The fundamental contract that my family enjoyed—that if you work hard and play by the rules, you can make a decent living and provide for your family—has become a thing of the past. Wages for working families have failed to keep up with the rising cost of living, and we now have a system that favors special interests and the wealthy, rather than mom-and-pop on Main Street.

For this third edition of *The Kelly Report*, I wanted to focus on **The New American Dream**.

There is no reason that the national ethos that anyone in this country can rise from their respective circumstances and have a fair and real chance to succeed—should be a thing of the past.

As my grandmother was opening her business 70 years ago, a new America was beginning to thrive with newfound opportunities. An innovative G.I. bill was taking young men who had just stormed Normandy beach, and allowed them to stroll university campuses, get an education, and grow America’s middle class to historic new heights. We had a government where President Roosevelt’s New Deal policies created programs that stimulated the private home building industry and increased the number of American home owners. We had a flourishing manufacturing sector that employed nearly 40% of Americans who were building everything from airplanes to textiles.

Just as the post-War America my grandmother found herself in faced a new and decisive crossroads, we find ourselves at an equally critical moment. We find ourselves assessing our American values, our expectations for our children, and our hopes for our grandchildren. We find ourselves defining our New American Dream.

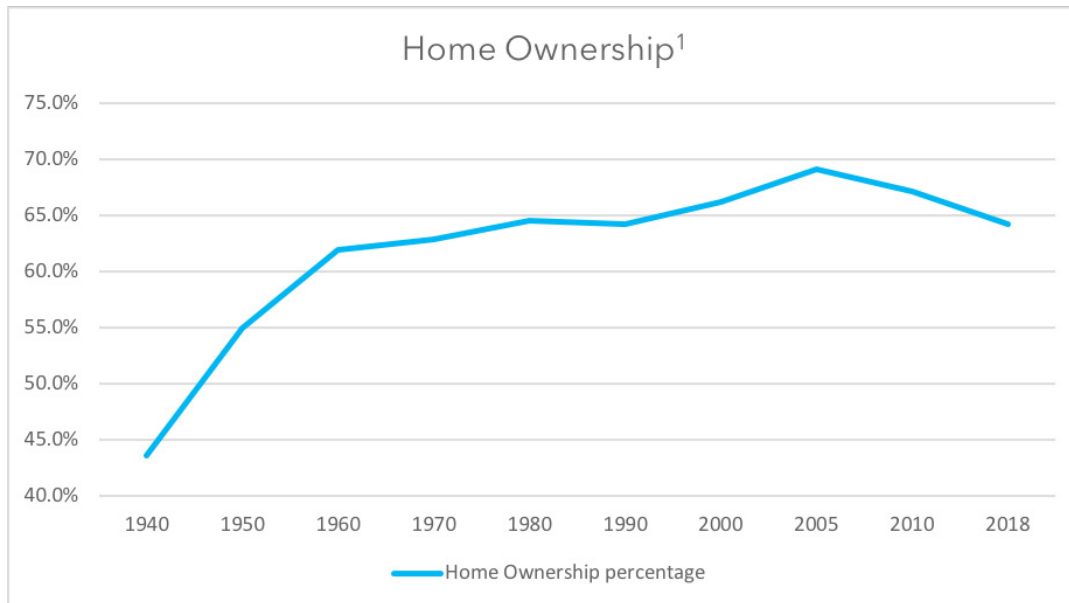
A New American Dream, where communities left in the dark due to economic flight see the light of opportunity with new commercial investment and economic revitalization.

A New American Dream, where workers whose parents and grandparents provided for them on strong wages earned on airplane assembly lines and in textile mills, are able to provide amply for their children and grandchildren, working skilled jobs and building innovative technologies of our new economy that transform the world.

A New American Dream, where this generation’s Charity Bell Ross can leverage federal and community resources; heed her entrepreneurial calling; enter the world of small business ownership on her own, and offer a service to her community while passing on opportunity to her children, changing the course of her progeny for the better, forever.

The Changing American Dream

HOME OWNERSHIP



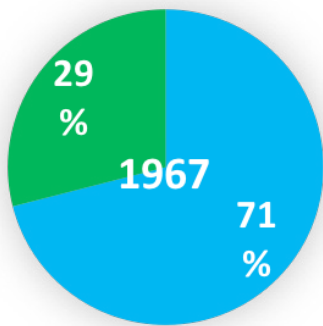
Homeownership rose nearly 20 percent in post-WWII America, but homeownership **has not risen since 1980.**²



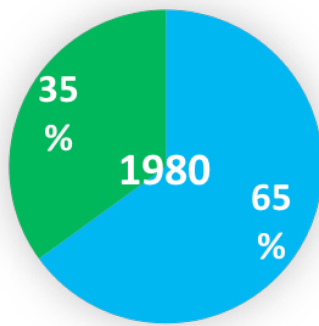
The Changing American Dream

WOMEN IN THE WORKFORCE

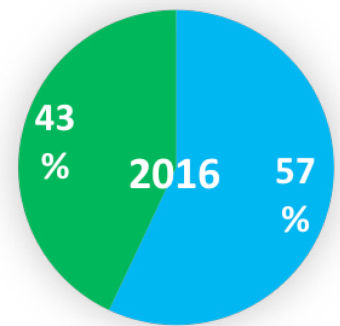
Based on full-time employment³



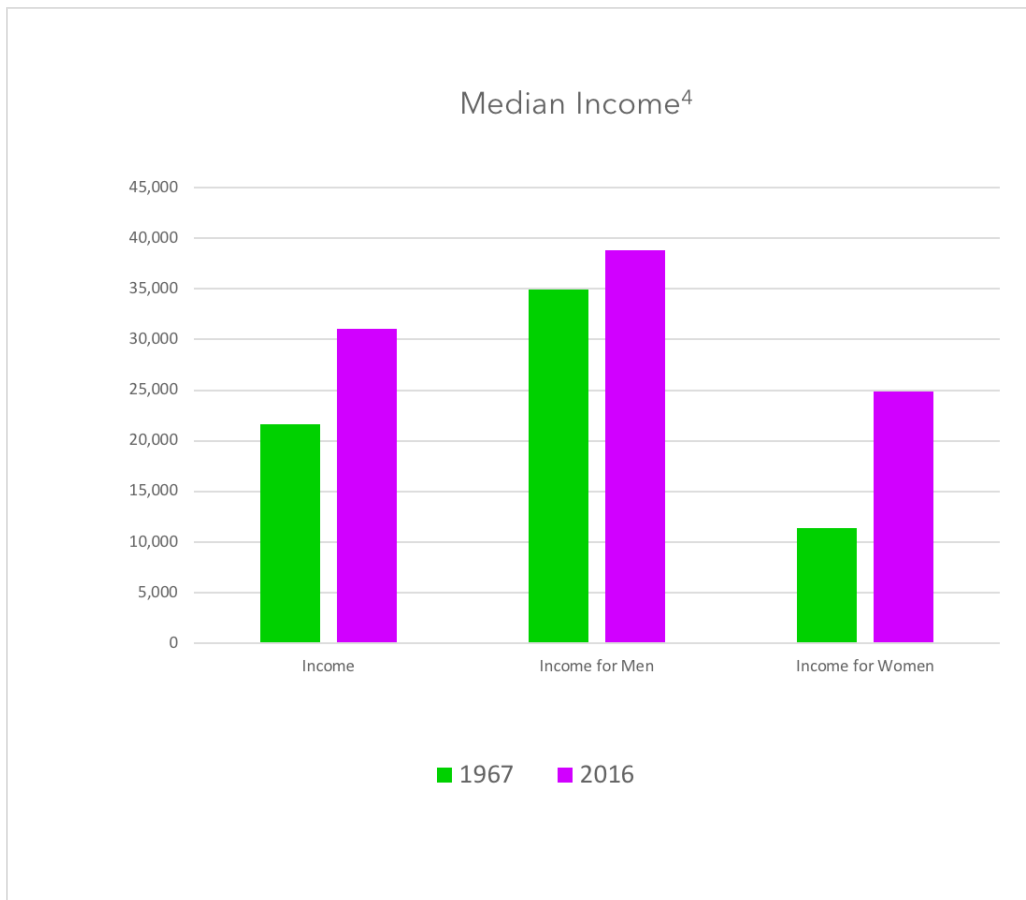
■ Men ■ Women



■ Men ■ Women



■ Men ■ Women



The Changing American Dream

WOMEN IN THE WORKFORCE



8.2 percent of Americans are uninsured today compared to 19.8 percent in the 1960s, but Americans pay 2.5 times more for care.⁷



The cost of a 4-year degree has increased from \$5,160 in 1984 to \$25,409 today. If the cost of college kept pace with inflation, a 4-year degree would cost \$11,548.⁸



Americans are having less children. In the 1950s and 1960s, the average family had about 2.5 children, the number has declined to 1.9 today.⁹



The Changing American Dream

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I Am the New American Dream

Tanya Menendez
Co-Founder & CEO, Snowball



If one was to look at where I was born, the color of my skin, and my gender, statistically, I'm not supposed to be here. I grew up in Hayward, California—a place with a crime rate that is higher than 81% of California's cities—in a low-income area to immigrant parents from Nicaragua and El Salvador. Most of the childhood friends I grew up with didn't go to college, and their parents hadn't gone to college. Some were victims of gang violence, and many lost their lives. Although we grew up just a short drive from Silicon Valley, we were worlds away from the blessings and security that industry has come to symbolize.

I started working as soon as I was legally allowed—around 14 or 15 years old. That was non-negotiable in our household and, my parents instilled an “immigrant work ethic” in me. I learned to value every opportunity this country gave me. We treasured the promise of America and trusted in the ethos that if you worked hard enough, you could have agency over your economic class and educational opportunities.

My father worked in a plastics factory making the actual silicon semiconductor parts in the industry that gave the valley its name. While it wasn't the easiest job, it allowed my family to grow and for my parents to buy a modest house. 20 years later, the Menendez family has come full circle, as I started working in manufacturing with companies just like the ones where my dad worked when he first came to this country.

When I graduated from UC San Diego in 2009, I took a job on Wall Street, working at Goldman Sachs. It was there that I was first exposed to—and became interested in—leveraging technology to help small businesses grow. I became friends with a local entrepreneur who was making leather goods out of factories in Midtown Manhattan. The company started to grow quickly, and she found it difficult to find more local factories with which to partner. This was when I decided to work with a business partner and start a tech company to make it easier for other small businesses to find local manufacturers.

Together, we started Maker's Row at the end of 2012 to connect businesses with manufacturers. Today, it connects over 140,000 businesses with over 11,000 American factories. Through our platform, over 4 million units of different products have been created through Maker's Row. I'm thrilled to be part of the millennial generations innovative change movement that has evolved the American manufacturing industry by leveraging technology to create opportunities for people to chase their dreams.

One of the factory owners on our platform, Suuchi, has seen tremendous success: growing from 0 to 27 workers in one year. The founder of the company has generated over \$1.47 million in revenue, which he mainly attributes to the business flow he has received from Maker's Row. This is an example of the power of technology, and the power of entrepreneurship. Real jobs, scale and global reach. Through Maker's Row, we've seen what happens when people have the tools to chase their passion.

When an American entrepreneur has access to buy from American factories and begins to generate revenue, they support and invest in more American businesses.

I am now in the process of starting a new technology company, Snowball, to address the wealth gap in America. My goal is to create a platform that makes it easy for millennials in America to make the right financial decisions that can lead to creating generational wealth—regardless of socioeconomic background. We are showing people how to get started with investing, how to tackle debt, and how much to save for retirement: everything I wish I had known in my early twenties. This can enhance the ability for all Americans who did not grow up with wealth to find a pathway to stop generational debt and turn it into generational wealth.

The promise of a better future that drove my parents to America is alive. My parents' American Dream was to have financial stability, employment and educational opportunities for my sisters and me. That's the point of the American dream—to surpass all of your family's aspirations, and have the agency to surpass even your own expectations. My American Dream is to create opportunities for others, make a positive impact in the world, and live with purpose. Technology is a great democratizing force and I want to leverage it to empower the next generation of entrepreneurs and the millions of Americans who are pursuing their own American Dream today.

From Appalachia to Anaheim: Laying the Foundation for Workforce Prosperity

Honorable Matt Cartwright
Member of Congress (PA-17)



As our economy changes, our workforce must also change and adapt to meet new demands. Investments in education and community development are the best ways to meet the challenges of the 21st century.

The fates of many of our country's communities remain uncertain as manufacturing and energy production evolve to respond to advancements in technology. Hard-working Americans in coal, oil, and manufacturing face high unemployment rates and limited options for a career shift. The work being done in Appalachia to revitalize distressed mining communities can serve as a blueprint for helping other regions throughout our nation adapt in their own unique ways. The Appalachian Regional Commission (ARC) invests in business development, workforce training, and community-building throughout Appalachia to enhance economic resiliency.

Communities across Appalachia have been using ARC and Abandoned Mine Reclamation Fund grants to spur economic growth by reclaiming abandoned mine land and putting the land to productive use. Innovative reclamation projects include a successful winery in Southwest Virginia, a solar farm in Kentucky, an aquaponics farm in West Virginia, and a commerce and trade park employing 4,500 people in my own district in Pennsylvania.¹ These projects create jobs and revitalize distressed communities, awakening hope for a more prosperous future.

The fates of our country's manufacturing communities also remain uncertain—Americans are facing the impacts of evolving technology, increasing automation, and a growing foreign manufacturing sector. The Manufacturing Extension Partnership (MEP) program supports the small manufacturers who comprise 92% of domestic manufacturing firms and employ 6.4 million Americans.

Through MEP support, these small businesses created and retained over 142,000 manufacturing-related jobs, and added more than \$15 billion to the domestic economy over the past year.² For every \$1,501 spent by the Federal government, MEP is able to create or retain one manufacturing job. And beyond MEP, every dollar spent on manufacturing adds \$1.81 to the economy, which is the highest multiplier for any industry.³

In this era of unrivaled global competition, reviving our country's manufacturing sector will require new approaches. Four-

fifths of manufacturers cite a shortage of qualified applicants for skilled production positions. And over the next decade, 2 million of the 3.5 million essential manufacturing jobs are expected to go unfilled due to a lack of skilled workers.⁴ We must commit to developing a skilled workforce that can adapt to commercial and technological innovations. This Congress, I introduced H.R. 2931, *The Community Economic Assistance Act*, which would attract private sector investors and create incentives for hiring local workers, creating jobs and increasing wages for manufacturing communities.

The energy efficiency and renewable energy sectors are also expanding rapidly—even as the coal industry is contracting—and they need a qualified workforce. But, just like in the manufacturing sector, nearly three-quarters of green jobs employers say that qualified workers are difficult to find.⁵ The Department of Energy reports that over 3.25 million people are employed in green jobs, and that figure will continue to grow as our energy production nationwide changes. Over the last decade, solar power generation has increased by a staggering 5000%,⁶ and, according to the Department of Labor, wind turbine technician is currently the fastest growing job in the nation.⁷ That's why I will also continue to push the *Job Creation through Energy Efficient Manufacturing Act*, which would help businesses pursue energy efficiency projects that would reduce expenses and free up dollars for hiring and expansion.

Our success as a nation will depend on the strength of our educational system and its ability to respond to growing pressures on our country's working families. We must invest in vocational programs and public-private partnerships that fund apprenticeships and mentorships for skilled workers. And we must design programs that will provide the education our citizens need to succeed in these growing careers, including hands-on training that reflects how work is really done. For example, in one school in Pennsylvania, the Dream Factory program allows their middle school students to learn about robotics, engineering, design and programming using 3D printers and other advanced tools to transform their ideas into reality. We need more innovative programs like the Dream Factory to enable our children to be successful in a competitive global workforce.⁸

Successful education and community development programs are not just about fixing things that are broken. They are vital to laying the foundation for prosperity, so that our citizens, entrepreneurs, and businesses can innovate, compete, and create

jobs on American soil for future generations. Our economy and country are not one-size-fits-all, so our policies and programs must be tailored to the specific needs of our regional communities.

I will continue to advocate for increased educational and training opportunities that will give our citizens the tools they need to succeed in an evolving economy. We will need all levels of government to work in close partnership with local communities and businesses to create the progress we need to support our new American workforce.

Americans have made it clear that they are calling for a renewed commitment to educating and rebuilding the workforce of our nation. I hope everyone, working together, will answer that call.

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Will County: A Case Study to Improve the American Workforce

Patricia Fera

Director, Workforce Investment Board
Will County



Since the Recession in 2008, the nation has been faced with the challenge of rebuilding our economy in a rapidly evolving global marketplace. Communities around the country now have the task of determining what programs will promote jobs, businesses, and education. Declining unemployment rates, increased homeownership, and corporate expansion are signaling strong, sustained economic recovery throughout the nation; from recession to resurgence, this recovery is exemplified in Will County. As such, there is extreme optimism among employers and employees alike. As a diverse community, the County is called home by veterans, immigrants, college students, and business owners, with a workforce that continues to grow. Much like all counties across America, we strive to be an attractive place to raise a family, work, and grow businesses.

These encouraging numbers, along with the demographic makeup, mirror national trends in economic growth, making Will County an excellent case study for learning which of these programs are successful at engaging populations still impacted by the Recession. However, what is lost in those booming economic numbers and positive outlooks are the unemployed youth between the ages of 19 and 24, the long-term unemployed, low-skilled adults, and individuals stuck in long-term poverty. These populations were some of the hardest hit in the recession, and in order to promote comprehensive economic recovery, local, state, and national policies must address their unique needs.

A PATH TO RENEWED ECONOMIC GROWTH

Prior to the Recession in 2008, our nation was on its way to sustained economic prosperity. In Will County, for example, employment increased across key industries, including healthcare, manufacturing, and logistics. More people were moving to the County and home ownership trends were exceeding expectations. However, that progress was hindered in 2008 when our country started on an economic slide that impacted virtually every citizen. In 2010, the national unemployment rate reached 9.6%, leaving millions of families and businesses struggling to make ends meet.

Through coordinated efforts from our government, investors, and hardworking Americans, our economy was able to recover and grow. As of April 2017, unemployment in the United States decreased to 4.4%, compared to a rate of 7.4% as recently as 2013. Similarly, because of the policies implemented in Will

County, many stakeholders describe our post-recession recovery as an economic engine. Will County is home to the largest inland container port in North America, creating thousands of jobs by attracting companies including Amazon, Caterpillar, and FedEx Ground. The expansion of businesses, the continued growth in the healthcare sector, the increased building permits, and the wage increases for entry/low skilled occupations all point to the end of the recession. (See tables in Appendix 1 for additional detail on Will County's economic changes.) However, not all population groups are benefiting from this newfound success, as long-term unemployment numbers have not declined significantly and disconnected youth still struggle to find jobs.

BEST PRACTICES DESIGNED TO ASSIST WITH EMPLOYMENT FOR ALL

Employers are posting jobs at a furious rate, and business growth has been steadily expanding. Given this positive trend, it is concerning that large pockets of the County's population still live in poverty, with an observed increase in the poverty rate.

Unfortunately, many Americans who fall into several population groups still face significant employment barriers. Specifically, these groups include:

- **Youth:** those between the ages of 19 and 24 who are unemployed and not in school
- **Long-Term Unemployed:** formerly working adults who have been out of work for more than 26 weeks, or 6 months
- **Low-Skilled Adults:** job seekers whose skills are outdated or non-existent
- **Long-Term Impoverished**

The Recession is still having an impact on these populations, who have unique needs. To address these needs, the best practices that Will County has utilized have been outlined below; these include programmatic elements that would not only benefit the needs of a broader range of applicant groups.

Wrap-around services for youth

Wrap-around services are essential for disconnected youth, those between the ages 19 and 24 who are not in school and are unemployed. These young people need an array of services to find employment or training. For example, a young single mother might need child care and transportation services in order to attend school. These specific needs should be addressed to include youth in education and training programs.

In Will County, Joliet Junior College (JJC) and the Workforce Investment Board's (WIB) Connect to Your Future Program (CYFB) are examples of holistic programs that bring young people successfully into the workforce. Replicable programmatic elements include academic assessment, GED/high school equivalency training, individualized assistance, occupational training, case management, work experience/employment and a host of supportive services to ensure successful program entry, engagement, completion, and employment attainment and retention. Examples include counseling, transportation assistance, child care assistance, and financial aid, as outlined below:

- **Counseling:** Academic and career counseling, advising, tutoring and mentoring, referrals to community counseling, and support providers as needed
- **Transportation Assistance:** \$50 gas cards and/or bus passes are purchased for up to 6 months while attending occupational training
- **Child Care Assistance:** Referral to child care resources
- **Financial Aid:** Tuition assistance/payment for non-financial aid eligible courses and programs, FAFSA completion and submission assistance, coordination with financial aid offices

Targeted programs to assist in navigating services & employment

Long absences from the job market limit many long-term unemployed adults' knowledge of current application processes. In Will County, the WIB has made services available catering to these specific needs including resume development, networking, workshops on applicant tracking systems, and training in social media use such as LinkedIn. Unemployed Americans across the country could benefit from these services.

Industry sector initiatives

By identifying the sectors and target professions that are likely to grow, counties can take steps to utilize their workforce effectively. By looking towards the future, communities can better help the underserved youth and the unemployed fill jobs as they are created in thriving industries.

Will County's WIB employed this strategy and identified four key

industries—healthcare, manufacturing, professional/IT services, and transportation/distribution/logistics—and 55 associated occupations that are expected to flourish. WIB has aligned its programming to encourage careers in these four sectors, and provided improved recruitment, marketing, and program development. Communities nationwide that similarly identify the key sectors and occupations in their areas will be able to better train, support, and utilize the workforce.

Work-based learning and training opportunities

Many businesses have identified an experience gap, in addition to a skills gap, that hinders underserved demographics. In an effort to overcome this gap in Will County, the WIB authorized the use of WIOA funds to conduct an "On-the-Job Training Program." This program provides hiring incentives for local employers to consider applicants who initially lack some necessary skills/experience. Employers receive a wage subsidy to offset the additional training, and employees gain experience in the process.

Additionally, the aforementioned CYFP offers youth opportunities to participate in paid internships and gain experience in their chosen career. Many times, these youth will be hired full-time by the employer after completion of the internship. These training programs could be utilized throughout the country in virtually any industry.

FEDERAL & STATE POLICY ISSUES

Given Will County's success with these strategies, there are several programs that can be replicated and enacted at the federal and state levels of government to include underserved demographics. Both the federal and state governments can participate in carrying out programs to better serve disconnected youth, the long-term unemployed, low-skilled adults, and those stuck in long-term poverty, as outlined below.

FEDERAL:

Wrap-Around Services: Tuition cost is just one barrier for young people who need education and training—many young people with significant employment barriers require additional services to address their unique needs, such as housing, transportation, and childcare services. Some of the services that federal policymakers should invest in to accommodate youth includes counseling, transportation assistance, child care assistance, and financial aid. Increased investment and emphasis on wrap-around services for youth is the only viable solution for those who are disconnected from the labor force.

Funding for Work-Based Learning and Apprenticeships:

Flexibility and adequate funding to provide services are critical to ensure successful implementation of work-based learning opportunities. Work-based learning, apprenticeships, and braided services have become popular in workforce programs, especially at the federal level, as these opportunities can provide invaluable training for both youth and adults. Unfortunately, these programs are very staff intensive and often do not produce the “required” results to meet federal performance requirements. With adequate federal funding, these programs have the potential to thrive.

A recent Executive Order (EO) has expanded apprenticeships, but does not require these apprenticeships to uphold current job quality and equal opportunity standards. It also does not require that apprentices receive wage increases as they move through training. Additionally, this EO proposes eliminating workforce training in next year’s budget. While apprenticeships are a critical tool to help disconnected youth, they will not be effective without an adequate implementation structure.

Streamlined Regulations: To be effective, regulations regarding workforce programs need to be streamlined. Regulations often add hundreds of pages to the Federal Register—this is

frustrating and confusing for local administrators. Local administrators understand and support the need for regulations and accountability, but struggle to comply with limited resources and volumes of regulations. It is often difficult to facilitate coordination when complex, confusing regulations deter participation in programs that would help underserved groups.

STATE:

State Funding: Nearly all workforce programs implemented in many states are used with federal resources—all states must recognize the importance of their talent pipeline and invest in it. Labor is the number one criteria for companies selecting a new location—because of this, states should place greater emphasis on workforce initiatives. While multi-million dollar companies, interested in relocating to a state, receive plenty of attention from state officials, workforce programs are often overlooked. Adequate state funding has the potential to bring all disconnected demographics into the workforce.

APPENDIX 1: Will County: From Growth to Stagnation to Economic Engine Data Tables

PRE-RECESSION (2008)

Will County Population (2005-2008)	7% increase (43,786 new residents)
Will County Employment Growth (2005-2008)	15% increase (28,115 new jobs)
Will County Average Unemployment Rate (2007)	4.8%
Will County Single-Family Home Building Permits (2006)	5,547

RECESSION (2008 - 2011)

Will County Population (2008-2011)	1% increase (9,273 new residents)
Will County Employment Growth (2008-2011)	0.4% increase (793 new jobs)
Will County Average Unemployment Rate (2009)	10.3%
Will County Single-Family Home Building Permits (2009)	466

POST-RECESSION (2013 - 2016)

Will County Employment Growth (2013-2016)	7% increase (15,982 new jobs)
Will County Average Unemployment Rate (2016)	6.1%
Will County Single-Family Home Building Permits (2016)	1,152

Adaptability & Economic Resilience in Middle America: A Message from Mayor Pete

Pete Buttigieg
Mayor, South Bend, Indiana



Like many communities in the industrial Midwest, South Bend has had to adapt to change in order to succeed in a new economic reality.

Our manufacturing-based economy experienced major shocks beginning in the 1960s that led to the loss of a quarter of our population in the decades that followed. In 2011, *Newsweek* named us one of America's "Ten Dying Cities."

Yet today South Bend is growing at the fastest pace in a quarter of a generation. And the economy is in the midst of a swift comeback. Our unemployment rate, which hovered above the national rate for years, now is 4 percent, below the national average. This economic resurgence was propelled by several factors, including our ability to repurpose existing resources; our willingness to be innovative with economic development; our focus on economic inclusion; and our emphasis on responsible public safety. Delivering the promise of the American Dream to the next generation will require continued progress in each of these areas.

First is our ability to repurpose existing resources. We had to come to terms with the need for new industries to take their place along our existing strength in manufacturing. We found ways to make use of the rail lines and roadways that connected our heavy industry to the world, by tapping into fiber optic cable that follows the same right of way. Today, data centers sit where crumbling buildings once stood. The physical component of "the cloud" is right at home in South Bend because of our proximity to the fiber-optic superhighway (and colder temperatures, which are useful for keeping computers cool). No one could have guessed that we could become part of the Silicon Prairie, but staying flexible about industries made it possible.

South Bend also reexamined our use of human capital. The city has a number of colleges and universities, including the University of Notre Dame. We decided to flip the traditional relationship between college towns and their schools. Instead of treating students and faculty only as taxpayers and volunteers, we treat them as subject matter experts, and help them grow. Partnerships with area colleges and high schools send students to one of our South Side neighborhoods, where they engage with residents and use feedback to redevelop vacant lots into environmentally-friendly and productive facilities. We also partner with researchers at area universities to offer South Bend as a test bed for things like next-generation wireless technology.

In addition to repurposing existing resources, South Bend has expanded economic opportunity by approaching economic development from innovative perspectives. For example, we decided to redesign our downtown streetscape, which consisted of multi-lane one-way streets blasting cars through the center of the city with no regard for pedestrian life or business friendliness. The new "Smart Streets" reinstated two-way streets, expanded sidewalks, and installed protected bike lanes. The new streetscape brought in over \$90 million in private investment to the downtown area, an enormous increase over previous decades.

Instead of relying only on tax breaks for the biggest employers, we have embraced place-based economic development, recognizing the importance of a vibrant and livable community. Companies attracted by quality of life are more likely to be in the kind of industries that export goods, not jobs. These results indicate that expanding economic opportunity requires us to look at the whole economic ecosystem.

Intentional economic inclusion is vital in delivering the American Dream to the next generation. *All* must have access to expanded opportunities. Over one quarter of South Bend residents live below the poverty line; within communities of color, those rates are even higher. We must make a concentrated effort to include those who are too often excluded. In South Bend, we've sought to lower barriers by focusing on mobility and access to jobs—for example, becoming one of the first cities to introduce affordable dockless bike sharing.

Through our participation in President Obama's My Brother's Keeper Community Challenge, we've empowered groups that connect employers with potential workers who are unemployed, underemployed, or members of historically underserved communities. The Pathways Program provides training and apprenticeships to place individuals in the fields of health care, manufacturing, commercial driving, and more. Its success testifies to the importance of community partnerships in expanding economic opportunity.

We also take the whole-ecosystem approach to improve opportunity through livability—we recently announced a \$40+ million investment in our parks system, which will improve parks and expand community centers in low-income areas. Additionally, the City has spent over \$10 million to revitalize the

West Side, a working-class neighborhood with a rich cultural history of African American, Latino, and Polish residents. Over \$15 million in private dollars followed the City's investment, and the public-private partnership has continued through things like our matching grant program for exterior building improvements.

Lastly, South Bend's resurgence was made possible through responsible public safety. It's difficult for residents to make use of economic opportunities if they are distracted by worry over their safety. That's why we've committed to improving community relationships with law enforcement through things like the Group Violence Intervention, which connects community leaders with law enforcement and repeat offenders to break cycles of violent crime. We also publish a police transparency hub, which tracks crime rates, uses of force, community complaints, and more, all publicly available, so that the focus is on facts rather than rumor.

South Bend, along with the rest of Middle America, still faces barriers to expanding economic opportunities. Challenges like the opioid epidemic and persistent economic inequality continue to exclude too many individuals from the American Dream. But these elements of growth—a repurposing approach, an innovative mindset, intentional economic inclusion, and responsible public safety—have improved the lives of many South Bend residents during our city's resurgence. Each is an important feature to the overall roadmap of economic opportunity.

Moving the Needle: Using Ideas, Innovation, & Inclusion to Transform Our Communities

Randall Woodfin

Mayor, Birmingham, Alabama



When I campaigned to become mayor of Birmingham, Alabama. In 2017, I had several big dreams. One of them was to build a more inclusive economy in Birmingham.

Over the last decade, Birmingham's economic and population growth have been anemic. And even where growth has occurred, it has not necessarily led to shared prosperity throughout the community. Wages have been stagnant and consumption is often limited to affluent households and neighborhoods. This must change.

I believe that Birmingham can be a laboratory for progress, producing evidence-based solutions to some of our society's most persistent problems. In order to do that, we must move beyond talk and take action.

To move the needle of change, I recently hired a team of talented people to focus on workforce development, small business growth and civic innovation. That team is currently working on four things:

1. We are going to begin tracking data for women-, minority- and disadvantaged businesses to better assist them on various needs.
2. Our new Office of Business Opportunity will work across city departments to modernize the business licensing process and implement best practices to create a supportive small business ecosystem and help reduce or eliminate barriers that make it hard to start or run a business. We will also make it easier to find resources online.
3. With the newly-created Small Business Council in Birmingham, we are going to advance community-led solutions by promoting various conferences, resources and experts to answer entrepreneurs' requests for getting help in coaching, mentorships, networking and accessing capital.
4. We are partnering with the University of Alabama at Birmingham, Jefferson State Community College, Lawson State Community College and several community organizations on Innovate Birmingham, a program to train 925 under- and unemployed youth for high-demand IT jobs in Birmingham. We also plan to look at ways in working with the local school system to improve student access to colleges and careers after high school graduation.

I understand that to learn what works, we, as a city, must boldly experiment with new ideas. I'm all about taking those bold steps. But progress won't happen overnight. It will take time. I'm ready for the journey because I see Birmingham transforming into a national hub for qualified and diverse talent, propelling shared prosperity through innovation and inclusive growth. As a key part of that vision, by 2020, I want Birmingham to be seen as the destination for women and minorities to launch their business because they know that our ecosystem is built for them to thrive.

Birmingham is and has always been a city for builders, from steel mills to startups. I want Birmingham to be a magnet for the next generation of purpose-driven builders interested in spurring innovation and catalyzing entrepreneurship and with the community as they soar to success.

We will get there. Just wait and see.

The Future of the Workforce—Skills: Man vs. Machine

Gabe Horwitz
Vice President
Third Way



If you were a bank teller in the '90s, there's a good chance you were terrified. ATMs were sprouting up everywhere, allowing people to withdraw cash without talking to a soul. Bank tellers, it was thought, would go the way of milkmen, lamplighters, and switchboard operators. But automation didn't kill the bank teller. Bank tellers, in fact, have grown by 2% per year since 2000. While the bank teller's job still very much exists, its actual job functions have changed—as have the skills required to do that job.

Even if you're not a bank teller, you've undoubtedly heard the warnings: the robots are coming to steal our jobs, and soon there will be none left for humans to do. But history tells us that this warning might be sending the wrong message. What we should be scared of is what will happen if we aren't ready to do the jobs of the future.

Automation doesn't mean we need to do away with the concept of working for a living. Technological change has typically been accompanied by new kinds of jobs for humans as machines take over certain tasks. But that doesn't mean thriving in a new era is guaranteed. As Rachael Stephens explains in a recent report, *Automate This: Building the Perfect 21st Century Worker*, newly-created jobs often require different skills—typically requiring higher skills than previous jobs.

Think back to the bank teller. ATMs increased productivity and lowered overhead costs, allowing banks to open new branches, and employing more people. Bank tellers shifted from routine transactions to offering customers personalized advice or providing other bank services. In other words, the job began requiring more advanced personal skills (like communication) and thinking skills (like problem-solving), in addition to digital skills to work with new technology.

Automation affects far more than just your local bank branch. American jobs across the economy could be reshaped, from truck drivers to miners to auto workers. So how can policymakers stay one step ahead of the robots in order to ensure that everyone has the opportunity to earn a good life?

Stephens argues that we need to focus on infusing our workforce with four skillsets that machines can't replicate—skills that give humans a competitive advantage. In particular, people will need to have the (1) personal, (2) thinking, and (3) digital skills that will make them able to learn throughout their careers and thrive

in the new economy. On top of that, (4) training in job-specific skills for certain in-demand occupations could open doors to the middle class for millions.

All of this adds up to two big policy priorities: First, figuring out how to help people expand their skillsets when their jobs are affected, and second, making sure the next generation of workers has the right skills from the outset.

A person who loses their job to a robot tomorrow has few quality opportunities to get trained for a new job, and they probably haven't gotten much training up to this point. Employers have been spending less and less on training their workers, and there are a number of federal incentives currently in place that encourage investment toward robots and away from humans. Employers haven't been the only ones tightening their budgets: federal funding for worker training has fallen steadily since the 1980s. We need to make serious public investments in retraining programs that get workers ready for new jobs, preferably before they lose their job. And we need to encourage investors and employers to do the same.

It's not just about money, though. We need to make sure that the organizations responsible for teaching skills—from schools, to the military, to training programs, and more—are changing with the changing economy. That means linking education with work so that training programs are in sync with what employers are looking for. In a previous Third Way report, we noted that graduates of training programs are more likely to land jobs and earn higher wages when their training is specifically designed to meet the needs of employers. That means we're going to need to rethink what skills we teach, and how we teach them.

It also means rethinking higher education so there is a focus on quality. Too many students who start college never finish, leaving them saddled with debt and no degree to show for it. Meanwhile, the federal government funnels hundreds of billions to schools each year while asking nothing in return in terms of results. We need to increase transparency by guaranteeing consumers have access to detailed information on how well students fare in the job market—better informing their choices before they enroll. We need to focus federal dollars toward institutions whose students are able to graduate, get well-paying jobs, and pay back their loans. We also need to hold institutions accountable for the more than \$130 billion in federal student aid checks they cash annually.

To be sure, automation will drastically change the quantity and types of jobs available in the future. Disruption will be the name of the game—some jobs will decline, others will increase, and some will just change. To ensure workers have the opportunity to earn a good life in this new environment, we need to rethink how they learn and what they learn. When we do that, we truly have a shot at beating the robots.

Editorial note: *This article has been updated from an original version which was published in Forbes on April 11, 2017 and can be accessed at: <http://bit.ly/2yr3McN>.*

E-Commerce: Expanding & Evolving the American Workforce

Dr. Michael Mandel
Chief Economic Strategist
Progressive Policy Institute



We've grown used to thinking of technology as a force for destroying jobs and increasing inequality. The internet is killing the newspaper industry. Netflix killed the video store. Uber and Lyft are coming for the taxi industry. For years, experts have claimed that e-commerce would eliminate the brick-and-mortar store, killing millions of retail jobs. But the case of e-commerce shows that technology, if deployed in the right way, can create jobs and reduce income inequality. This trend offers new opportunities for federal, state, and local policies to improve the well-being of Americans.

This optimistic analysis may come as a surprise to people. After all, the shift to e-commerce supposedly eliminates brick-and-mortar retail jobs, and replaces humans with robots. In recent months, numerous national retail chains have announced layoffs, store closures, and some have filed for bankruptcy.

But those announcements are only one piece of the puzzle.

In fact, we should think of e-commerce as a machine for turning unpaid household hours shopping into paid market work.

American households currently spend 1.2 billion hours per week driving to the mall, finding a parking space, wandering around the aisles, checking out, and driving home (this calculation is based on the American Time Use survey from the Bureau of Labor Statistics).

E-commerce allows some of those unpaid household hours to be shifted to workers in fulfillment centers, who do the "picking and packing" that consumers used to do themselves; and to truck drivers, who now navigate the traffic with multiple packages rather than one package per car or SUV.

As a result, as of July 2017, our research shows that e-commerce has created 400,000 jobs since December 2007, while brick-and-mortar retail has lost 140,000 full-time-equivalent jobs over the same stretch. These new e-commerce jobs have been created around the country, in states such as Indiana, Kentucky, Tennessee, Pennsylvania, and Illinois. In many cases the new fulfillment centers employ 1000, 2000, or even 3000 workers to make sure that packages are assembled and get to where they are going.

These fulfillment centers are typically counted by the govern-

ment statisticians in the warehousing industry. However, they bear the same relationship to ordinary warehouses as jet planes bear to bicycles. Whereas an ordinary retail warehouse is a stopping place for bulk shipments on the way to stores, a fulfillment center dynamically responds to orders from individual customers, integrating in many different vendors.

Fulfillment center jobs require only a high school diploma, but they are hard work, using a mix of cognitive and physical skills not dissimilar to industrial workers. We use a county-level analysis to show that fulfillment center jobs pay 31% more on an annual basis, on average, than brick-and-mortar retail jobs in the same area.

In many areas, this 31% premium for fulfillment center work versus brick-and-mortar significantly closes the income gap, especially since real retail pay has been effectively flat for the past 30 years. **As a result, a bigger share for e-commerce reduces income inequality.**

For example, in Will County, Illinois, there has been a dramatic rise in warehousing employment, from 1200 in 2007 to 6600 in 2016. To a large extent this is the result of e-commerce fulfillment centers springing up in towns such as Romeoville, Joliet, and Bolingbrook, home of a fulfillment center for Swap.com. Workers in the warehouse sector in Will County earn 61% more than workers in brick-and-mortar retailers in the same area, including overtime and bonuses. (This data is based on income reported for unemployment insurance purposes, which means that it is mandated by law).

For the next several years, the number of fulfillment centers around the country will continue to increase, as traditional retailers try to catch up to Amazon. This is an opportunity for localities to attract decent-paying jobs for people with a high school degree.

However, we can't stop there. Over that stretch, work in fulfillment centers will become increasingly automated. The big question is whether the new distribution networks will spur the creation of new businesses, based on new business models, just like the original wave of industrialization did in the early part of the 20th century.

For example, we foresee a surge in small custom manufacturing companies growing up around fulfillment centers—a different

sort of clustering. You would go into a showroom and order a piece of clothing or furniture. The order would be transmitted to the custom manufacturer, who would quickly respond, bring the finished product over to the fulfillment center, and it would be in your hands by the next day.

These very fast and responsive distribution networks would create a sustainable competitive advantage that foreign rivals could not match. Indeed, consumers have shown that they are willing to pay a bit more if they can get what they want tomorrow.

States and localities can adopt policies to stimulate and encourage these sorts of new business models. For example, local development authorities can make sure that space is available for custom manufacturers near the fulfillment centers. Moreover, governments and financial institutions will have to ensure that there are loans available for a wide variety of entrepreneurs to buy the essential cutting-edge machinery. The opportunities are limitless.

Technology & Social Inclusion: Bridging the Digital Divide & Paving Pathways for Tomorrow

Emile Cambry
 Founder, BLUE1647



My name is Emile Cambry. I'm the oldest child of an immigrant from Haiti and an African-American woman on the west side of Chicago. In their youth, my parents endured the frustration of economic hardship and the pain and indignity of racism and anti-immigrant sentiment firsthand. But, they overcame the frustration. They overcame the pain. And they overcame the indignity to become a Doctor and a Nurse. They had the work ethic and the access to opportunity necessary to do what statistics said they never would be able to do.

SUCCEED.

And, they made sure they did everything possible to give my younger brother and sister the opportunities to overcome the obstacles necessary for us to attend top institutions. Thanks to their sacrifice, I was able to study Economics at the University of Chicago and Business at Northwestern University's Business school.

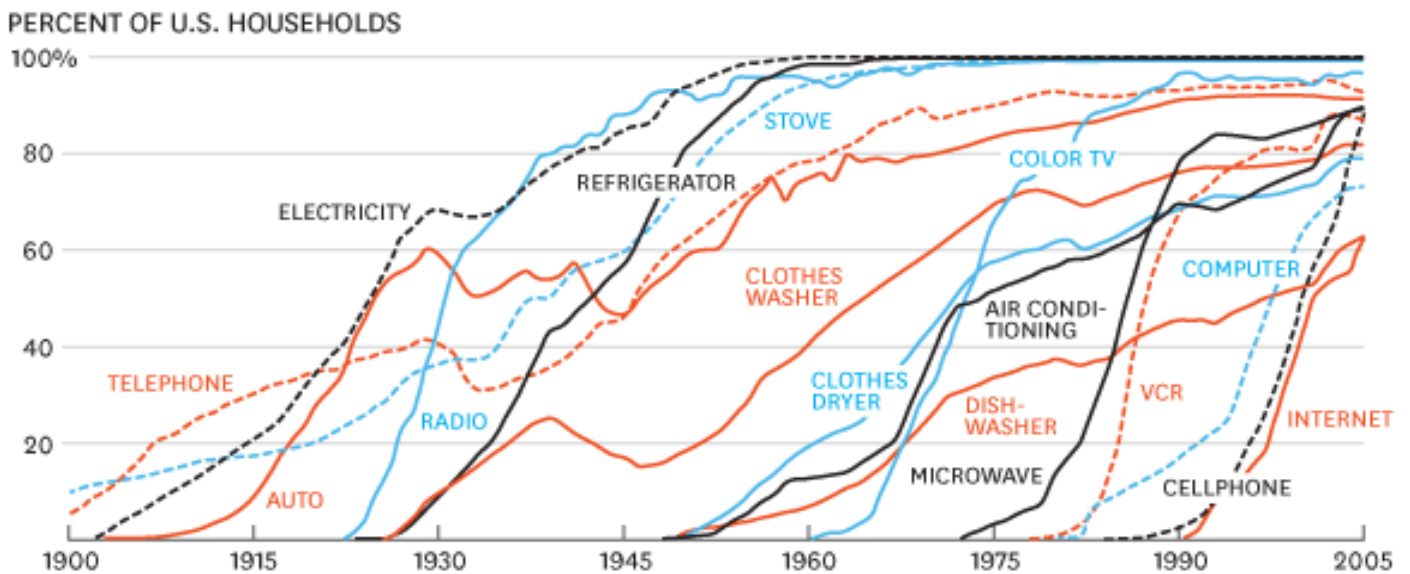
We're at a critical point in our nation's history. Economic wages

are stagnant, or declining in most parts of the country, the decay of communities overturn by the decline of manufacturing has left the most patriotic pessimistic, and we have a country left with few options desperately needing some answers.

Technology is advancing at a faster pace than at any other time in human history. It took over twenty years for the telephone to reach half of households from the beginning of the 20th century. The DVD player sold 350,000 units in the first year, yet the iPad sold over 3 million units within the first three months of being introduced to the marketplace. Netflix went from a DVD-only business to a streaming company with a small base of DVD subscribers virtually overnight.

But there's a backdrop of an upcoming crisis in the bevy of technology jobs that will go unfilled at the current rate of college graduates with technical degrees. According to the U.S. Bureau of Labor Statistics, by the year 2020, there will be one million computer programming jobs in the U.S. that will go unfilled. Our

CONSUMPTION SPREADS FASTER TODAY



SOURCE MICHAEL FELTON, THE NEW YORK TIMES

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educational system and even some workforce development initiatives are preparing individuals for jobs that will not exist in just a few years. Automation and artificial intelligence is right around the corner, but it does not have to seal our fate.

These changes require a radically different approach to economic development.

First, we must remind ourselves that education is a workforce development tool. The reason that we enroll our children in school is for them to gain the requisite knowledge and skill sets to compete in the 21st-century global workforce or to create wealth and jobs through entrepreneurship.

Many underserved communities with a high percentage of underrepresented minorities and our rural areas have been hit the hardest, yet have access to many of the solutions being implemented in many of our major cities. And this is why I founded BLUE1647. We view ourselves as the blueprint of community economic development for the 21st century. Our work focuses on economic justice, an opportunity for more to participate and excel in the innovation economy, typically reserved for very few.

With this in mind, workforce development in a community must begin at the very beginning of a student's educational experience, and it must necessarily contain a robust STEM component with a focus on nurturing 21st-century skills. We built our STEM pathway to demystify the process for the community to benefit from the innovation economy.

Through our comprehensive approach, we have organically created a Pre-K to 12th Grade pathway for students in science, technology, engineering, and math. Also known as STEM. And as we have developed this ecosystem, we have realized that many pieces of the model can be applied to any community in need of economic development. One of our partner companies, Paige & Paxton, provides STEM training for students as young as 4, with a focus on early childhood workforce development.

Our first step to creating this ecosystem was having intentional space. Traditionally, the more affluent areas are the hubs for technology and innovation, but having intentional space in other areas are vital to create an innovation economy. We transformed a former unemployment office into a technology incubator, located on the South Side of Chicago, an unlikely place to begin. But the psychology for the community knowing there was a place that were their Google in their community was powerful for youth and adults alike. We often repeated that innovation can come from anywhere and we brought identical classes, workshops, and events to our space, which you traditionally find downtown. We didn't water anything down because of the demographic, which was essential in building trust to our community. As we grow, we will explore applying New Market Tax Credits for areas in need of our ecosystem.

Our second step which was vital, and became a major part of

our growth is workforce development around technology training. As part of Federal legislation that enabled the White House TechHire initiative, we were able to work with municipalities, government, traditional workforce agencies, and faith-based institutions to identify hidden talent who could participate in our technology training bootcamps.

In St. Louis, we are a partner in the JOBS PLUS program, a Federal HUD program over four years to increase employment prospects in housing developments. The housing development we focused on is the Clinton Peabody development, where before the program started, had 68% unemployment rate, and 93% were led by a single mother. At the development, we are partnered with the St. Louis Housing Authority, the workforce development arm of the city of St. Louis, SLATE, and the NAACP of St. Louis. BLUE1647 installed community wifi, so residents can participate in having internet access, while we focus on bridging the digital divide. We conduct technology classes for adults during the day and provide afterschool technology immersion for youth after school. Our partners focus on placement and case management, and we were able to freeze rent for the community for four years to break the cycle of poverty, because rent has served as a disincentive for residents to pursue further employment prospects. As a partnership, we have exceeded our benchmarks for success. Average income for the community has increased 40%, and enrollments in the job development programs are almost a year ahead of our projected pace.

Another area where policy has been very instrumental is in the JOBS Act in enabling us to create an equity and rewards-based crowdfunding platform, the Blue Fund, to support our entrepreneurs. The JOBS Act was Federal legislation that enabled unaccredited investors to invest in businesses, which is vital for communities where there are a scarcity of investors. Every person could become an investor, and we could leverage communities to take ownership over businesses they wanted to see in their communities. I believe this will be instrumental in accelerating the worker-owned Cooperative Model of entrepreneurship, and is a fascinating way, if applied correctly to ensure the dollar circulates in communities in a sustainable way.

Although we've had some success in bringing together an ecosystem, more incentives and policy changes are needed to incentivize businesses to hire technology apprentices, invest in technology training programs, and provide benefits for fast-growing businesses to set up operations in communities in need of renewal. Many of these communities still have artifacts of a manufacturing sector that has since evolved, but could be repurposed and upcycled into the innovation centers of tomorrow.

The Greatest Generation 2.0: Restoring the Freedom to Dream for Millennials

Honorable Eric Swalwell
Member of Congress (CA-15)



Our nation's challenge is to make sure that the 21st century's good-paying, cutting-edge jobs are available not only in our established technology hubs but in communities all across America, so that everyone can share in the freedom to dream.

As chairman of Future Forum—26 young Democrats who are engaging with millennials on the issues most important to them—I've visited 39 cities across the nation to meet with thousands of people. Too often, the message is the same: Many young Americans feel they're not included in the rich promise of 21st-century jobs.

Millennials are the most diverse and best-educated generation America ever has produced. Yet despite all the tech startup success stories we hear about, it's also the least entrepreneurial generation in American history. It's not for lack of ambition; it's because we've erected too many barriers to their success. Unburdened, this generation could drive our nation to unprecedented heights of success and priority.

To get there, we first must address primary, secondary, and higher education.

Too many Americans—almost a quarter, according to an international study by the Organisation for Economic Co-operation and Development—are not getting the universal basic skills they need as an educational foundation: basic proficiency in literacy and math, along with critical thinking and collaborative skills. We need modern schools in every community to equip America's next generation with the agility of skills the new economy demands. Bringing all students up to a basic proficiency standard by 2030 could add \$27 trillion to our economy by this century's end, the study projected.

And higher education can't require incurring a lifetime of debt for students and their families. We must make tuition and fees free at four-year public colleges and universities for those whose families make under \$125,000, and make two-year community colleges free for all. We must let students refinance their debt at lower rates, and take other steps to make sure graduates aren't so laden with debt that they can't start families, buy homes, or turn their great ideas into businesses.

Yet, even for those who have struggled and succeeded in getting the education they need, the best jobs remain hard to find. At a Future Forum visit this February to Governors State University in

Illinois with Rep. Robin Kelly, a computer-science major named Lyle told us he's concerned about the lack of job opportunities he'll have there when he graduates—a concern shared by too many bright young people I've met in too many places.

Innovation cannot and must not be confined to Silicon Valley and a few other scattered hubs. The 21st-century tech jobs must be more widely and evenly distributed around our country, so that all Americans have a proximate shot at sharing in these opportunities.

So, we need to invest in public infrastructure upgrades, which create jobs for working men and women while providing the foundation for all other commerce. We need to invest in small business development, and in research institutions that develop the breakthroughs that become industries that create more jobs. We need to provide help for entrepreneurs who want to launch businesses in economically distressed communities, as would the bipartisan *Main Street Revival Act*, H.R. 2265. And we need to do more to help connect job-seekers with existing opportunities, as would the bipartisan *Widening Internet Readiness for Employment Development (WIRED) Act*, H.R. 3088.

At the same time, we need to give working Americans the benefits and protections they deserve.

We need paid family leave, and a child-care tax credit, so that parents can balance career and family. We need to make pre-K a universal guarantee. We need health care for all Americans, regardless of means. And we need to protect Social Security and Medicare, no matter what.

We need to do these things everywhere—not just in the coastal innovation hubs where tech and other factors blunted some of the worst of the recession anyway.

That's how our nation will develop, profit from, and reap the rewards of using the next killer app, the next great lifesaving biotechnology breakthrough, the newest frontiers in clean, renewable energy. To own these sectors, we must position ourselves to excel—and that means siting these sectors where our ready, willing and able workforce is.

We don't need empty promises of a return to the jobs of the past. We need to enable the jobs of the present and plan for the jobs of the future. We need to put a little Silicon Valley on every

Main Street.

President Franklin Delano Roosevelt in 1941 outlined four freedoms on which every man, woman, and child should be able to rely: freedom of speech, freedom of worship, freedom from want, freedom from fear.

Our challenge now is to restore a fifth, uniquely American freedom: the freedom to dream. It's the dream that my parents dreamed for me, and that we all dream for our own kids—a chance at a better, more prosperous life, no matter where you hang your hat.

Engaging Communities to Create the Great American City

Teresa Córdova, PhD

Director, Great Cities Institute
University of Illinois at Chicago



The “City of Broad Shoulders” once boasted a manufacturing sector that employed hundreds of thousands of workers and stimulated a multiplier effect that created a flourishing regional economy. With the economic restructuring that began in the mid-1970s, Chicago’s manufacturing sector collapsed, leaving behind devastated individuals, households and neighborhoods. With a new focus on shareholder value, firms, in the name of efficiency, streamlined, merged and outsourced operations. In doing so, workers have been viewed as expendable; as cogs in a machine instead of individuals with individual goals and aspirations.

The deindustrialization of Chicago’s economy resulted in extensive job loss with many workers never returning to the workforce.¹ In the mid-1990s, twenty years after the onset of global economic restructuring, William Julius Wilson wrote about social disintegration as one of the major impacts of such expansive job loss.² Twenty years after Wilson’s study on the disappearance of work, many, if not most, of the neighborhoods that he wrote about continue to face the same conditions of social disintegration associated with widespread joblessness.

Most devastating, is the extent to which joblessness is an entrenched condition that has now faced generations of communities whose previous stability and even prosperity was tied to a vibrant economy that included them.

Massive layoffs continue to characterize the “new” economy and the impacts continue to reverberate. The grandchildren of former factory workers feel the effects of economic policies that left them behind while new wealth is generated on the other side of town.

This is evident when we examine joblessness numbers among today’s teens and young adults. What we find, according to reports from the Great Cities Institute (GCI) at the University of Illinois at Chicago, is that joblessness among young people is *chronic and concentrated* and *comparatively worse* in Chicago than either Los Angeles or New York (See Table 1).³

When we examine figures from 1960-2015 comparing out of school and out of work young adults between the ages of 20-24, we see a steady increase for Black and Latino men, though Black men are the hardest hit (See Figure 1). In 2014 the Chicago Tribune reported that nearly one-half of African American men in Chicago aged 20-24 are neither employed nor in school.⁴

Though that figure improved slightly in 2015, the numbers in the most severely disinvested neighborhoods remain even higher today.

The 2008 recession led to worsened conditions for joblessness rates among teens with no group returning to pre-recession levels.⁵ 16-19 year olds suffered the largest declines in employment to population ratios after the recession, with Latino numbers continuing to decline.

A 2017 GCI report *Abandoned in their Neighborhoods: Youth Joblessness Amidst the Flight of Opportunity and Industry* presented data connecting current joblessness and lower wages to long-term trends in the overall loss of manufacturing jobs from neighborhoods.

In 1947, at the height of manufacturing employment in Chicago, there were 667,407 manufacturing jobs. In 2014, only 110,445 Chicago residents were employed in manufacturing.⁶ These jobs were spread throughout many Chicago neighborhoods particularly in the South and West Sides. In 1980, 26 percent of employed persons worked in manufacturing but by 2014, that number dropped to 10.5 percent.⁷ Latinos had particularly high percentages of young people in the labor force that were in manufacturing and experienced the largest decline over time. In 1960, for example, 58 percent of employed Latino 20-24 year olds worked in manufacturing. In 2015, that number was 10 percent. In 2014, 21.3 percent of jobs in the Chicago area paid less than \$1,230 per month.⁸

It is particularly notable, that in 1960, young people could make livable wages in manufacturing. When controlling for inflation and comparing those wages to current wages in retail, which is where the highest percentage of today’s young blacks and Latinos in the labor force are employed, we see how much higher manufacturing wages were.⁹ In 1960, 49 percent of 20-24 year olds employed in manufacturing earned an annual wage between \$20,000–\$39,000. In 2015, in retail, only 25 percent of workers could earn that much. In contrast, 71 percent of 20-24 year olds in retail earn between \$0 and \$19,999.¹⁰

While manufacturing jobs left most of Chicago’s neighborhoods in large numbers, the decentralization of jobs is further evidenced when we compare all jobs by geographic areas in 1957 to those available in 2015. It seems that jobs have left Chicago’s neighborhoods and are now concentrated in the downtown

“Loop” and northwest suburbs (See Maps 1 and 2).

Access to those jobs is made more difficult with limited transportation options.

A June 2017 Great Cities Institute report graphically shows the comparatively few numbers of jobs available within a thirty-minute public transportation ride in areas where there are high rates of joblessness.¹¹

The economic abandonment that characterizes many of Chicago’s once thriving community areas, particularly those with concentrations of Blacks, are most visible where residential segregation was created with policies of blockbusting and redlining. Instead of economic vibrancy, the near absence of jobs is concurrent with high rates of gun violence, an array of social issues, and limited access to goods and services.

Joblessness is highest in disinvested neighborhoods that were once thriving with economic activity but where there is now fewer dollars circulating through the economy, the small business sector is diminished, few, if any large employers are present, and anchor institutions such as schools, churches, and social agencies, if present, are struggling to survive.

The Great Cities Institute in its series of reports, insists that rebuilding neighborhoods is key in providing jobs and economic opportunities for young people facing chronic and concentrated conditions of joblessness. An array of strategies to revive economically abandoned neighborhoods while also creating opportunities for work, therefore, are worthy of the resources and efforts of policy makers, the private sector and public engagement.

First, attract anchor employers to neighborhoods through incentive packages that might include tax breaks and infrastructure improvements. In return, first source hiring agreements can be established to ensure that residents from surrounding zip codes are the first considerations for jobs. Along these lines, job training programs by the companies can supplement those by community groups that provide a case management approach and the training for the oft mentioned “soft skills.”

Neighborhoods with a thriving small business sector often signals a healthy community. Assisting and incentivizing small business development is another strategy that can spur neighborhood vitality. Among the biggest needs of a burgeoning small business is start-up capital. Current lending practices are insufficient for many in the most disinvested neighborhoods. While credit history may not deem a potential entrepreneur as worthy of a business loan, a friendlier—and perhaps smaller-loan program could.

The Great Cities Institute encourages “enhancing conditions for community led initiatives such as worker cooperatives and small business incubators that harness the skills and talents of young

people, both of which can become the basis for revitalized commercial districts to supply the much-needed access to a wider range of goods and services.”¹²

Workers cooperatives not only build on the collective strength of community assets but provide mechanisms for mutual support and innovation. Small business incubators at the neighborhood scale can be an effective means to help creative residents turn an idea into a marketable good or service; develop a business plan including marketing strategies; assist with financing; and even provide the shared space and equipment useful when someone is trying to get a business off the ground. Community organizations, with partners, can be the mechanism to develop these incubators and can themselves benefit from business plans that envision break-even periods followed by revenue generating activities, which sustain longevity.

While the sector is diminished and smokestacks will not return, investments in advanced manufacturing are a viable mechanism to increase economic activity. Continuing to match employers with individuals; providing training opportunities for advanced manufacturing; creating educational environments that enhance creativity and innovation; and reinforcing mentoring and capacity building programs are among the many strategies that can help bring back jobs and renewed vibrancy to an economically abandoned neighborhood. There are far reaching benefits of stimulating the economy to generate jobs and investing in human capital. The result is a truly Great City.

Table 1: Percent of 16 to 19 and 20 to 24 Year Olds Who Were Out of Work and Out of School by Race/Ethnicity and Gender in the U.S., Illinois, Chicago, New York City, and Los Angeles, 2015

	16-19					20-24				
	U.S.	Illinois	Chicago	New York City	Los Angeles	U.S.	Illinois	Chicago	New York City	Los Angeles
Male										
White (non-Hispanic or Latino)	6.1%	6.0%	6.9%	4.7%	6.1%	13.3%	13.1%	8.5%	12.3%	9.8%
Black (non-Hispanic or Latino)	12.0%	12.9%	16.3%	12.7%	14.1%	29.2%	36.7%	42.8%	28.8%	31.9%
Hispanic or Latino	8.7%	7.0%	7.8%	11.2%	9.7%	16.4%	13.6%	17.6%	21.7%	14.3%
Total Population	7.5%	7.0%	10.0%	9.2%	9.0%	16.3%	17.0%	22.0%	19.4%	14.2%
Female										
White (non-Hispanic or Latino)	5.2%	3.9%	5.7%	3.7%	2.7%	13.5%	10.7%	5.3%	10.8%	9.8%
Black (non-Hispanic or Latino)	8.9%	6.3%	10.0%	10.4%	11.7%	20.5%	28.5%	35.6%	20.2%	25.3%
Hispanic or Latino	8.5%	7.7%	8.6%	9.9%	7.2%	21.3%	19.7%	24.3%	22.4%	19.1%
Total Population	6.5%	5.1%	8.2%	7.4%	6.3%	16.2%	16.1%	21.9%	16.5%	15.9%

Data Source: 2015 American Community Survey, public use files. Tabulations by Great Cities Institute, University of Illinois at Chicago. Table 1 is a replica of Table 4 in GCI's report, *Abandoned in their Neighborhoods: Youth Joblessness amidst the Flight of Industry and Opportunity* (2017)

Figure 1: Percent of 20 to 24 Year Olds Who Were Out of School and Out of Work in Chicago by Race/Ethnicity and Gender, 1960-2015

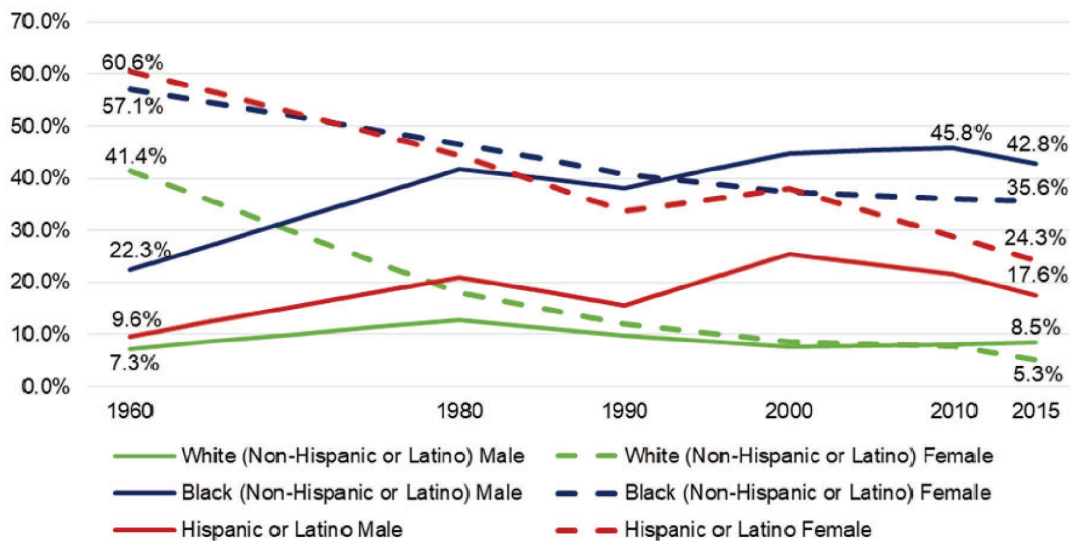
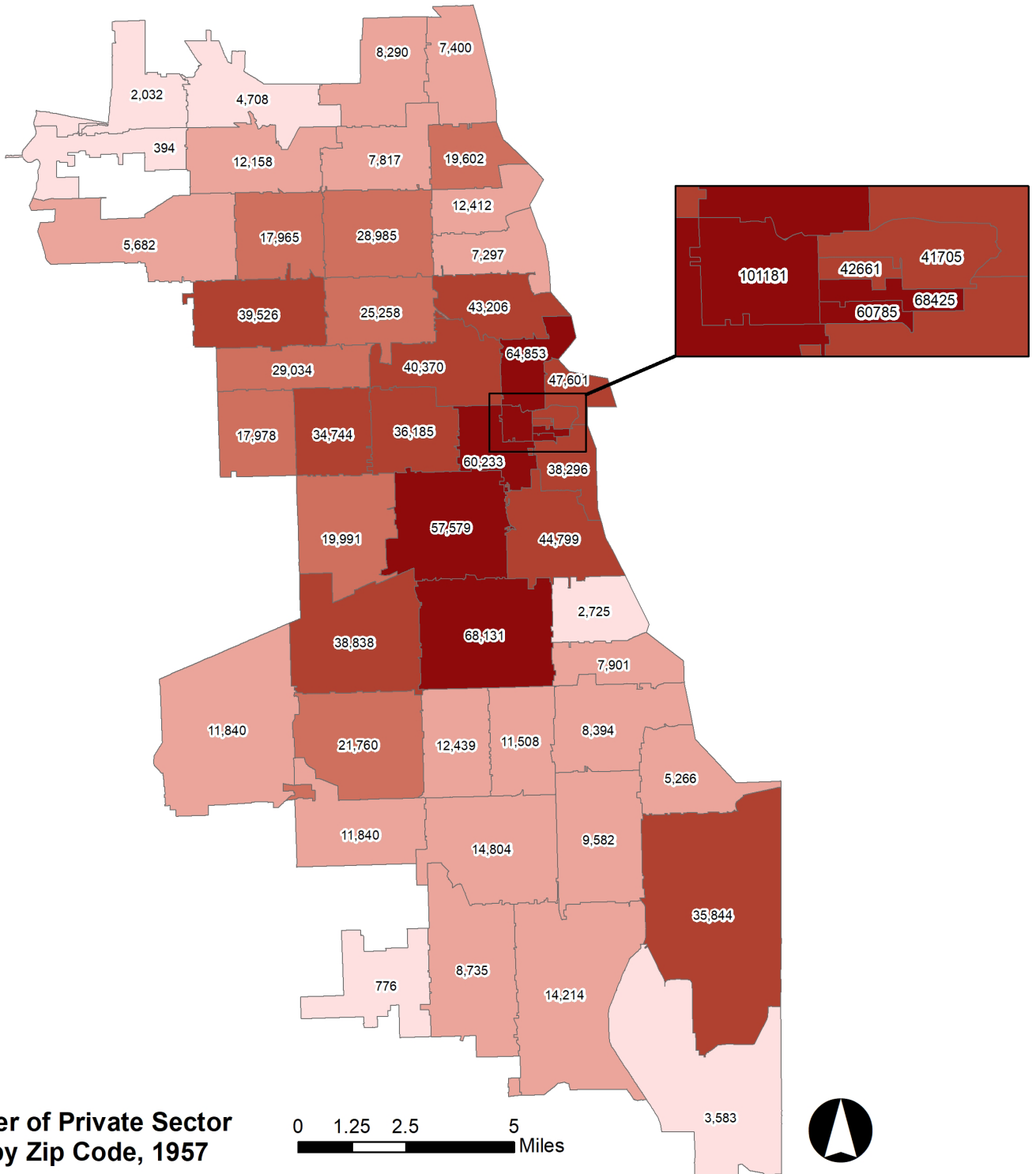


Figure 1 is a replica of Figure 20 in GCI's report, *Abandoned in their Neighborhood: Youth Joblessness amidst the Flight of Industry and Opportunity* (2017)

Data Source: 1960, 1980, 1990 and 2000 Decennial Censuses and 2010 and 2015 American Community Survey, public use files. Tabulations by Great Cities Institute, University of Illinois at Chicago.

Map 1: Total Number of Private Sector Jobs by Zip Code in Chicago, 1957



Number of Private Sector Jobs by Zip Code, 1957

- 394 - 5,000
- 5,001 - 15,000
- 15,001 - 30,000
- 30,001 - 50,000
- 50,001 - 152,016

0 1.25 2.5 5 Miles



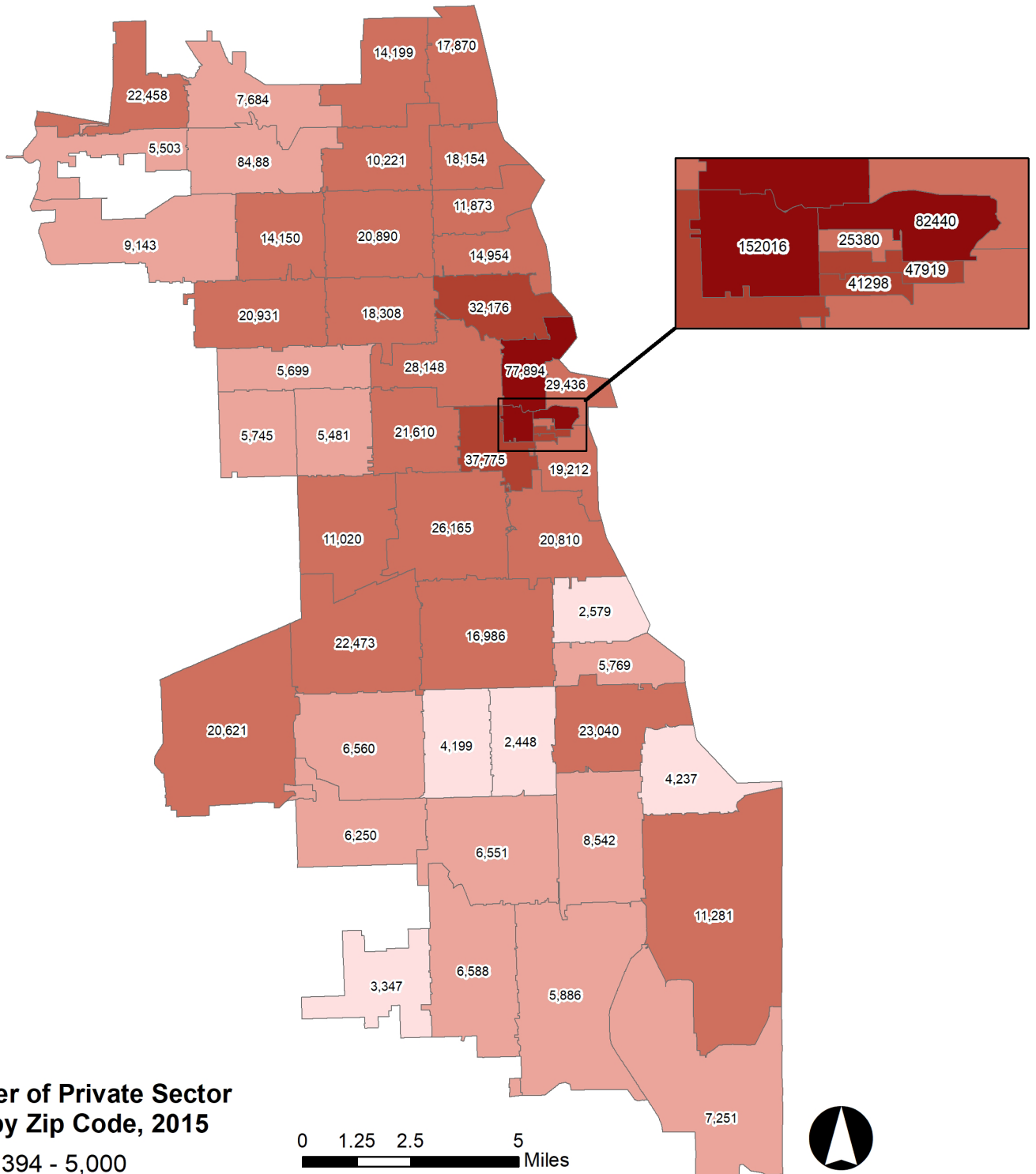
Map 1 is a replica of Map 7 in GCI's report, *Abandoned in their Neighborhoods: Youth Joblessness amidst the Flight of Industry and Opportunity* (2017)

Data Source: 1970 Where Workers Work. Illinois Department of Employment Security.

Methodological Notes: Data is for Employment Covered under the Illinois Unemployment Compensation Act. 2015 zip code boundaries were used and in instances needed to be combined to more closely reflect 1957 boundaries. Data from source was aggregated to 1957 zip code boundaries and these figures do not account for other changes to zip code boundaries over time.

Map prepared by Great Cities Institute (GCI), University of Illinois at Chicago.

Map 2: Total Number of Private Sector Jobs by Zip Code in Chicago, 2015



Map 2 is a replica of Map 9 in GCI's report, *Abandoned in their Neighborhoods: Youth Joblessness amidst the Flight of Industry and Opportunity* (2017)

Data Source: 2015 Where Workers Work. Illinois Department of Employment Security.

Methodological Note: Data is for Employment Covered under the Illinois Unemployment Compensation Act.

Map prepared by Great Cities Institute (GCI), University of Illinois at Chicago.

CHAPTER 4

A RISING TIDE: EQUITY IN THE NEW ECONOMY

Building New Bridges: Equity & The American Dream

Congressman Cedric Richmond Chairman, Congressional Black Caucus (LA-02)



As Chair of the Congressional Black Caucus, I work with my 46 colleagues in the Caucus to explore and pursue solutions to some of the most intractable challenges facing our communities. In the 115th Congress, the Members of the CBC are continuing their traditional role of serving as the collective conscience of the Congress while concurrently advancing new ideas to solve the 21st century's unique problems. Members of the CBC are working to promote a new economic vision that addresses the continued state of economic insecurity faced by many of our constituents.

There are a number of headwinds facing the U.S. economy and many of our African-American constituents are staring down these challenges on a daily basis. It's like they say, when America catches a cold the black community catches the flu. Historically, the Black community has faced institutional hurdles to full access of all America has to offer. From slavery, exclusionary zoning, and denied access to the educational and financial system, Black America has always struggled. Today, that manifests itself with Black Americans having net worth on average 1/10th of the net worth of White Americans, as well as fewer intergenerational wealth transfers of Black households.

To address these concerns, we need a renewed partnership between all levels of government, as well as families, the private, non-profit and educational sectors. We have to address the status quo in a holistic fashion.

We need more investment in education and skills training to help students excel from kindergarten through graduate school to compete in the 21st century labor market. We also have to understand that college may not be for every student, and invest in technical and vocational training as well as apprenticeship programs for the next generation of essential tradesmen.

We must promote more access to capital investments to ensure that families and businesses can borrow to invest in their futures, their homes and their businesses. To accomplish this, we have to support our Community Development Financial Institutions and Minority Depository Institutions. We have to partner with our mission driven lenders as they drive economic activity, wealth creation and job generation in our communities. We should also explore balanced regulatory relief for mission driven institutions that are laser focused on investing in underserved communities. The financial crisis impaired the ability of many Black borrowers to access consumer, mortgage or small business credit. It also

damaged the balance sheets of many mission driven lenders. The necessary improvements in financial regulations in the post crisis environment should be retained but policymakers must review the impact the current regulatory environment is having in lower income and underserved communities. The big banks don't need more bailouts, but Black borrowers need access to the same loan products as their fellow citizens and that is not happening right now. We should examine whether our regulatory environment is properly calibrated to ensure safety while promoting community investment.

We should also explore the opportunities that technological development can bring to community development finance. Tech driven underwriting and consumer friendly platforms are creating new delivery models for financial products. We should work with our established institutions and these new entrants to ensure that the policy environment promotes innovation and partnerships that work to increase lending in underserved communities.

Last but not least we must ensure that small businesses have a partner in their government. Small businesses create most of the new jobs in this country. We can bolster existing programs to increase capital, contracts and counseling that will redound to the benefit of our small firms. Small business success will drive small business profits, which will boost hiring and economic activity, which will contribute to local revenues, feeding the tax base and helping improve a number of other outcomes. Small business growth in our community will help drive significant economic growth and labor market improvements. We must stop providing lip service to this sector and start putting our resources where our rhetoric is.

Our communities are in need of investment and in order to secure it we have to stop pointing fingers and start building bridges. Partnerships that result in channeling capital to underserved families and businesses will end up in real and meaningful results for our neighborhoods. We have to roll up our sleeves and engage in dialogue about the tools we need to advance our economic well-being by building on existing programs that have worked and exploring innovations that can bring fresh thinking to intractable problems. **Let's start now.**

Creating Equal Opportunity in the Tech Economy

Nicol Turner-Lee, PhD

Fellow, Center for Technology Innovation
Brookings Institution



Technology's influence on transportation, health care, education, commerce and manufacturing has resulted in increased consumer efficiencies and more on-demand services emerging from the gig economy. Autonomous vehicles, remote health monitoring, and cloud computing all comprise the various applications and services within the digital economy, while companies that include Uber and AirBnB dominate the digital sharing economy where consumers act as both the recipients and providers of services.

According to a recent study by Accenture, one-fifth or 22 percent of the world's economic output is generated by the digital economy, with investments in the U.S. accounting for 33 percent of its output.¹ The same report estimated that a little over 40 percent of the U.S. labor force and 26 percent of its accumulated capital comes from digital-related activity compared to other countries.² Further, a 10 point increase in digital density is projected to result in a \$368 billion boost to the 2020 GDP.³

Given the exponential growth of both the digital and sharing economies, what skills will be required for participation and how will the future of work be transformed? How will the new economy address the disparities evident in the digital divide? And can the digital and sharing economies work to counter the historical discrimination that stifles equal opportunity and mobility of color?

This article explores these questions and offers recommendations for policymakers to generate both preparedness and fairness within the new economy.

THE GROWTH OF THE DIGITAL ECONOMY

Subtle distinctions exist between the sharing and digital economies that are worth noting. At the core of the sharing economy are exchange activities that transpire between two individuals, for free or for a fee. Despite the use of digital platforms, transactions within the sharing economy happen most often within the physical world, whether through ride-sharing (Uber), home rentals (AirBnB) or employment matching (Task Rabbit).⁴

The nest is much bigger when referencing the digital economy because it not only involves online transactions, but also the skills, equipment and a variety of other goods and services enabled by the internet. These new technology platforms are

helping society solve complex social problems through automation, advance scientific research, and override common understanding through artificial intelligence (AI).

Both the digital and sharing economies require a changing labor force whose skills go beyond traditional workforce expectations. Because technology is changing how work is organized, tasked and even the amount of time working, employees can find themselves in permanent or temporary positions, within centralized or remote locations, and as specialists and generalists on the job. Consequently, workers—despite a greater flexibility in choice—are faced with lower job security, weakened employment protections and the greater need to differentiate their skills within the labor market.

For example, automation through the development of robotics and AI is expected to usher in higher productivity, increased efficiencies, and other end-user conveniences. But, the cost to the workplace will be the number of jobs, skills, wages, and the nature of the work itself.

With the future of work being driven by more networked, collaborative, and fluid environments, how will people of color participate and benefit, especially those that are unskilled in the current workforce?

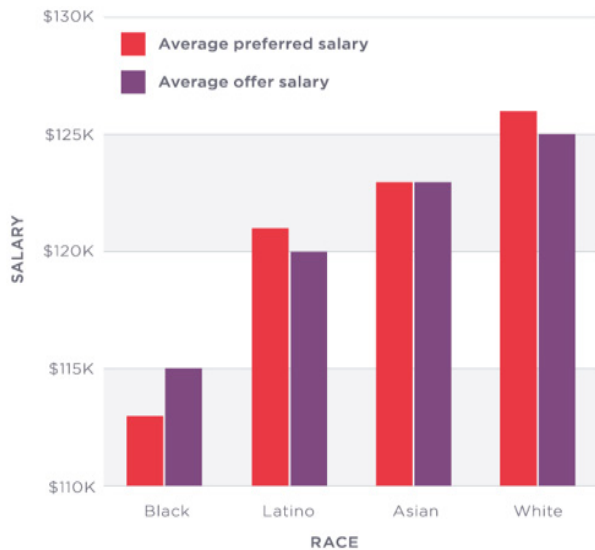
LACKLUSTER DIVERSITY IN DIGITAL INDUSTRIES

Perhaps the largest barrier to entry into the new economy will be the challenges presented by the lack of diversity within these sectors. According to a report by the U.S. Equal Employment Opportunity Commission, the high-tech sector employs a larger share of whites (63.5 percent to 68.5 percent) compared to a smaller share of African Americans (14.4 percent to 7.4 percent). Whites are also more likely to be represented as executives in these companies (83.3 percent) compared to African Americans at a mere 2 percent to 5.3 percent).⁵ According to a recent data from Hired, African American software engineers are paid significantly less compared to other groups, despite receiving compensation beyond their preferred salary (Figure 1).⁶

African Americans and other underrepresented groups also report leaving tech jobs because of toxic workplaces, which are mainly attributed to stereotyping, bullying and other biased company practices, such as lack of advancement and promotion,

pay and work assignments.⁷ This shortfall of inclusive cultures in high tech industries potentially costs the industry \$16 billion a year, a combination of training investments and attrition costs.⁸

Figure 1: Racial Gaps in Preferred & Offered Salary (thousands) for Average Software Engineer



Source: *Hired, 2017 State of Global Tech Salaries*, available at <https://hired.com/state-of-salaries-2017>.

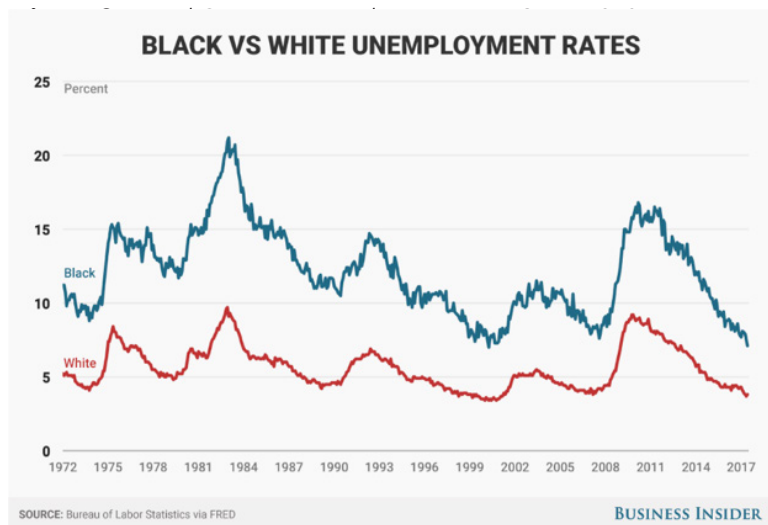
Unfortunately, employees of color are neither identified nor positioned for success in these thriving industries without supported diversity and inclusion initiatives at companies powering the digital and sharing economies. They also lack the professional networks to scout opportunities or secure interviews, which are the direct result of the lackluster diversity and inclusion efforts that exist within these companies.

THE PERSISTENT DIGITAL DIVIDE

However, the lack of diversity in the tech industry is only one part of the problem. Another malady exists when individuals from vulnerable populations are unable to access available, affordable and accessible high-speed broadband services and are locked out of the online services provided by the tech industry. According to 2015 data from the Federal Communications Commission (FCC), 55 million Americans still lack access to the advanced broadband services. This number includes people of color, seniors, people with disabilities, foreign-born, and rural residents.⁹ Pew Research Center found that the number of non-internet adopters increased when analyzed by certain demographic characteristics, such as age, race and ethnicity, household income, educational attainment, and geographic location.¹⁰ According to Pew, 1-in-5 African Americans, and 18 percent of Hispanics do not use the internet compared with 14 percent of Whites and only 5 percent of English-speaking Asian Americans.¹²

Despite historically high rates of smartphone adoption for vulnerable populations, data from the Pew Research Center and the U.S. Census Bureau found that wireless adoption can be hindered by an individual's cost sensitivities and monthly maintenance concerns, especially for low-income consumers that make daily decisions about paying their mobile phones or supporting living expenses.¹²

It is also not coincidental that the populations that are left behind in the digital age closely resemble those impacted by higher rates of unemployment, disparate educational attainment and economic mobility. Despite advances in education for African Americans since the 1970s, the national unemployment rate remains significantly higher for them compared to whites (Figure 2).



SOURCE: Bureau of Labor Statistics via FRED

BUSINESS INSIDER

Source: <http://www.businessinsider.com/black-white-unemployment-gap-2017-7>

Without broadband, African Americans across generations face challenges to exceed workforce expectations. Whether it is the "homework gap" threatening the progress of students in the pipeline who do not have access to broadband at home, the need to apply for jobs online, or connections to online training introducing new skills, broadband connections—and digital literacy—have become critical to participation in the new economy.

Even one's engagement in the sharing economy can be unattainable for vulnerable populations if they do not possess the necessary collateral for participation. Without a smartphone, credit card or bank account, some groups may find it impossible to take advantage of the discounts and the consumer conveniences of companies such as Uber, Lyft and even Amazon.

The multiplier effects of these related costs of digital and social exclusion have negative effects on individuals, households and communities desiring to fully participate and benefit from the new economy. With people of color projected to make up the majority of the U.S. population during this period of digital disruption, it is imperative that their policymakers take into account their experiences to ensure that they are not casualties of the digital revolution.

POLICIES TO FOSTER EQUAL OPPORTUNITIES

Achieving some level of equity within the digital economy requires federal programs and initiatives, alongside congressional intolerance of online discrimination. This article concludes with three recommendations for policy makers interested in fostering equal opportunity in the new economy.

Support and create policies and programs that help vulnerable populations “train up” for placement in new economy jobs.

The skills required in the new economy are much more varied than in other industries. Basic computer skills, including the ability to access information online or use software for non-technical purposes, will be still be needed, even though only 40 percent of today’s workers are adept in these areas. More advanced digital skills, such as programming, coding, website development, software, cloud computing, will also be sought out new industries over the next 5 to 15 years. By 2020, 1.4 million jobs in the U.S. will require computer science and programming skills, but only 400,000 college graduates will have the qualifications to fill them. In 2015, the federal government was even unable to fill 10,000 IT and cybersecurity professional jobs.

Former President Obama established the Computer Science for All Initiative in 2016 that recognized the science, technology, engineering and math (STEM) fields as a “new basic skill” requirement for any student. Through a combination of funding, research, events and other interagency efforts, the initiative appealed to the need for national and global competitiveness and expanded the use of computer science skills beyond tech and into fields like health care and financial services. Policymakers should advocate against the curtailing of these efforts and reinstitute like-minded programs that work to address the skills gap during this critical shift in the labor market.

Congress should take steps to “train up” adult workers on emerging skills. Drivers, retail sales agents, fast food cashiers, office clerks and others will all be at risk of being replaced by autonomous vehicles, cashless stores, and virtual offices. New policies must facilitate workers’ ability to gain the necessary skills to accommodate the changing nature of their jobs so they can move around in the new economy. Recent legislation from U.S. Representative Doris Matsui’s (D-CA), *Innovation Corps Act of 2017*, would provide grants to job retraining programs for workers displaced by automation and allow recent college

grads to have their loans forgiven if they serve as volunteers.

U.S. Representatives Robin Kelly (D-IL) and Tammy Duckworth (D-IL) are targeting community colleges to prepare students for “high-demand” industries, such as manufacturing, clean energy and information technology. Through a competitive grant program, the *Community College to Career Fund Act (CC2C)* would push local small businesses and manufacturers to partner with community colleges to create workforce training programs, which would lead to refreshed skills and better paying jobs.

These programs, and others occurring at Historically Black Colleges and Universities (HBCUs), can cultivate the pipeline of young people for these emerging industries, while ensuring that adults are also not left behind during this digital transition.

Strengthen the Lifeline program and other universal service programs to promote affordable broadband access to and deployment of high-speed networks to all communities.

In 1985, the federal Lifeline program was created to provide low-income Americans with the opportunity to connect to wired telephone service, an essential 20th century communications tool that millions would otherwise have been unable to afford. Administered by the FCC, the program was modified in 2005 to include access to wireless cellular service. In 2016, Lifeline was further modernized to include discounted high-speed broadband as an eligible service. For consumers where the cost of broadband is prohibitive, the \$9.95 subsidy helps eligible subscribers offset mobile and broadband services. Though recent attacks highlight the program’s waste, fraud and abuse, they do not acknowledge the exponential benefit that Lifeline offers to vulnerable populations. According to recent program data, more than 40 percent of older adults are eligible for Lifeline, which would facilitate their essential communications with 911 and other emergency service providers, health care practitioners, family and friends and other caregivers.

Policymakers should ensure that Lifeline, which was started under former President Ronald Reagan, remain a viable resource for households requiring support to get online. Rather than waging attacks on program abuses, policymakers should focus on building out the National Lifeline Eligibility Verifier, established by the 2016 Lifeline Modernization Order, to vet eligibility and streamline procedures so that service providers can deliver the program’s full benefit directly to consumers.

As part a package of bills, Congressman Peter Welch’s (D-VT), *Wi-Fi Capable Mobile Devices Act*, could also address the homework gap by permitting low-income students to leverage their parents’ lifeline internet connection to complete their assignments. U.S. Representative Debbie Dingell (D-MI) introduced the *21st Century Worker Opportunities Act* to offer a credit for adult workers displaced by automation to get broadband access for job re-training and distance learning.

Policymakers must also ensure that universal service funds are used to deploy broadband to underserved communities, especially rural areas. Fifty seven percent of African Americans reside in the South Census Region, according to the 2010 U.S. Census.¹³ In 2012, this region home to 37.3 percent of all Americans and 41.1 percent of the nation's poor people. Providing investments and incentives to expand broadband to rural areas requires a focus on *all* communities, including those with high proportions of people of color, who need to be online for training, remote work opportunities, and educational courses.

As Congress delves into the details of the White House's pending infrastructure plan, they must make sure that their communities are not excluded from the subsidies, incentives, and other regulatory opportunities to advance high-speed broadband networks.

Safeguard against discrimination in the digital economy that further disadvantages people of color from its social and economic benefits.

Finally, big data collected from a consumers' interactions with web sites, social media, e-commerce platforms, vehicles, and elsewhere have value. And this value is often used to achieve breakthroughs in science, health care, energy and transportation and enhancing government services by aggregating the input of citizens.

But cases do exist where big data analytics are used to exclude consumers, leading to the tracking and profiling of individuals based on anything from their online preferences for goods and services to their public opinions. The results of these profiles can lead to denial of credit based on web browsing of payday lenders, or predictive algorithms that try to determine a person's suitability for employment. Online proxies, including zip code, can also extrapolate and eventually exploit an individual's socioeconomic status based on neighborhood, resulting in subjective assumptions about one's lifestyle.

Bias in the digital and sharing economy can also show up when AirBnB hosts were found to reject prospective guests based on race, age, gender and other factors. Or, when researchers discovered that Uber and Lyft drivers were canceling or extending wait times for African American customers in Boston and Seattle because their names were "black sounding," or their profiles triggered a screening process for a ride.¹⁵

Algorithmic bias is yet another form of explicit discrimination surfacing online. In 2013, Google results for searches of "black sounding" names were more likely to link arrest records with profiles, even when false. While computer programmers may not create discriminatory algorithms from the onset, the collection and curation of social preferences eventually become "adaptive algorithms" that embrace societal biases.

In all of these instances, the online economy is not immune from

federal laws that prohibit discrimination. In 1964, Congress passed Public Law 88-52 that "forbade discrimination on the basis of sex as well as race in hiring, promoting, and firing." The Civil Rights Act of 1968 was amended to include the Fair Housing Act, which further prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions to federally mandated protected classes. The Equal Credit Opportunity Act (ECOA) in 1974 prohibits any creditor from discriminating against any applicant from any type of credit transaction based on protected characteristics.

While these laws offer some consumer protections within the new economy, policymakers can work to promote self-regulatory models where businesses identify, monitor, and correct cases of bias that negatively affect the online experiences of vulnerable populations. Google's decision to ban ads that promote payday loans that require repayment within 60 days and loans with interest rates above 35 percent was an example of self-regulation. Facebook's update to its ad policies to prevent race-based targeting, especially those that attempt to include or exclude demographic groups in housing, employment and credit, is another example of how companies are correcting ill-advised practices.

When you reflect on the progress of the digital and sharing economies, one can only imagine their future trajectories. Technology has always been the driver to solve social problems, create more efficiencies, and effectuate change. If the new economy can be more inclusive, it will exceed societal expectations and create a level playing field for all Americans.

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Broadening Our View of Prosperity

John Rogers

Investor, Philanthropist & Founder
Ariel Investments



I was twenty-four years old when I started Ariel Investments in 1983. At the time, a concerted effort in both the public and private sectors to invest in minority communities had empowered minority-owned businesses. Black wealth was growing. Great African American bankers and investors like Earl B. Dickerson of the Supreme Life Insurance Company ensured that minority businesses and communities were on the precipice of reaching historic levels of success. Despite these great gains, we knew it was a long road ahead. While disparities existed in most fields, this was particularly acute in the financial sector.

I was proud to start Ariel Investments: I was a young black money manager in this largely white industry. I was confident that in the years to come, more African Americans would join the ranks in the financial sector, and find new levels of success across industries.

In the '80s and '90s, mayors of large cities like Harold Washington of Chicago and Maynard Jackson of Atlanta fought for inclusive prosperity—economic projects that raised all citizens. Many insisted that anyone doing business in their cities hire a workforce that resembles its residents, so all could share in their city's progress. They recognized that institutional bias and racism were obstacles to overcome.

Three decades later, African American economic achievement has not kept pace. The gains made, and focus on inclusive growth, has all but disappeared. Instead, a focus on modernization, automation, and outsourcing took hold. While many American communities benefited from globalization and technological innovation, minority communities were left behind. In the financial sector, not only has the industry stayed largely white, minority participation has shrunk.

According to the Federal Deposit Insurance Corporation, there were 44 African-American owned banks in 1986. Today, there are only 23. In total, there are only 156 Minority-owned Depository Institutions left. A 2015 study by the Federal Reserve Bank of St. Louis found that between 1992 and 2013, college-educated white Americans' wealth increased by 86 percent, while college-educated black Americans dropped by 55 percent.

It's no coincidence that over the same time period, the coordinated effort to invest in minority communities that motivated me in the early stages of my career disappeared. Sometime in between then and now, public sector decision-makers stopped

caring about this basic fact. Economic growth was viewed as a utilitarian, rather than egalitarian, goal. When our elected officials stopped investing in minority communities, unsurprisingly, the private sector stopped as well.

This was not the America that I envisioned as a young investor 34 years ago.

It is often said that with great power comes great responsibility. It is simply unconscionable that the tremendous wealth and opportunities created in the last two decades—fueled and financed by my industry—have not addressed the growing disparities in our current economic system. It is time we reverse this unsustainable trend. We can do so by following in the footsteps of the great leaders of the past.

We need leadership and courage from our policymakers. As we've seen, the private sector invests following policy outlined by the public sector. It is time for elected officials to commit themselves to serious, and inclusive, community investment programs.

Our government can and should be a leader in investing in minority communities and empowering minority businesses. In 2016, the federal government owed over \$475 billion in contracts for professional services. Only \$45 billion of that went to minority-owned businesses; nearly 25 percent of America's population is non-white, yet non-white businesses represent only 9.5 percent of all federal service contracts. And the dollars that are spent on minority businesses tend to be in fields where the margins are smallest—construction, catering, custodial services. It's clear why minority communities are being left behind: they do not have enough seats at the table, and the opportunities that do exist for them are not in high growth industries or the jobs of the future.

Similarly, hiring minorities or contracting with minority-owned professional services has become an exercise in compliance—more about checking a box than a meaningful attempt to partner with community businesses. Our elected officials should be leading the charge in creating a system that works for all Americans, not just a few large companies. Federal set aside and bridge loan programs not only create a level playing field, but create opportunities that can be a catalyst for community revival.

In their home districts, our elected officials must be committed to change. Policymakers should be bridge-builders in their communities. They should wield this great power to establish partnerships and foster relationships between local anchor institutions like universities, and museums with minority-owned businesses. This simple act alone will give local institutions a stake in the neighborhoods they serve—increasing investment and strengthening our communities. For example, the University of Chicago made it their mission to fulfill its operational needs by partnering with minority and women-owned businesses. The University set up two programs: Direct Connect and the South Side Business Development Initiative. These programs are aimed at connecting minority- and women-owned businesses to the University, and helping expand small businesses on the South Side of Chicago. Through these programs, local businesses have flourished, and improved their operations. Meanwhile, the University has benefited from having a wider array of vendors to choose from to support its operations. Elected officials can bring community stakeholders together that lead to fruitful partnerships like the University of Chicago's.

We need a similar commitment from our policymakers to our students. Everyone knows where the jobs of tomorrow are. They're in Science, Technology, Engineering, and Mathematics (STEM) fields. And, as our economy grows—more inclusively—we will continue to need more young, bright and diverse students to study finance and law. Study after study shows that early exposure to these subjects benefits students by raising their comfort level with the topic and helps prepare them for success. I can personally attest to the power of early exposure. My father sparked my interest when he bought me my first stock on my 12th birthday. This early exposure was critical to my interest, passion, and success in finance.

The inequity in our education system is contributing to disparities in the workforce. In 2017, too many schools still don't have basic resources like computers. Some schools offer all 38 Advanced Placement courses while others only have the ability to offer one. How are we going to graduate students who are ready for 21st Century jobs when they haven't been exposed to the tools used for those jobs? Policymakers must prioritize investing in our students.

If we want the American Dream to be accessible to all Americans, we need to refocus our efforts and broaden our view of future prosperity. We need inclusive leadership now.

Taking Down Barriers to Economic Opportunity

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The central goal of economic policy in America should be to ensure that people have the opportunity to realize their economic potential and to enjoy increasing living standards as the economy grows. This means children must have access to healthy environments and quality education, beginning with pre-school. It means their parents should have access to gainful employment, safe and affordable housing, healthcare, child care, and the ability to comfortably retire when the time comes.

Yet, public policy is increasingly failing to meet these goals, particularly for the least advantaged families. Part of this failure is due to many policymakers' unwillingness to meet the challenges posed by increased inequality, globalization, technological change, and the diminished bargaining power of American workers. And part of it is due to rising conservative ideologies that decidedly take a YOYO—"you're-on-your-own"—approach to the role of government in helping vulnerable people meet contemporary economic challenges.

Instead, policy needs to confront and take down the barriers that present both immediate and long-term obstacles to Americans' economic opportunity. The absence of good-paying jobs in many parts of the country and inadequate safety nets for people who have fallen on hard times. Both restrict incomes today and undermine the long-term prospects of children growing up in families in which it is difficult to make ends meet. Underinvestment in public goods is another opportunity obstacle, especially when children grow up drinking lead-infused water and/or attending school facilities that are failing apart. The opportunity gap will not be fully closed until investments in public infrastructure are dramatically increased.

Expanding access to opportunity requires policies that address these obstacles head-on.

Such policies include but are not limited to:

Direct job creation: Lower unemployment carries substantial benefits not just for job seekers, but also for workers who already have jobs; research shows that tight labor markets boost wages and incomes, especially for workers at the low end of the wage scale. Yet, even as the US economy closes in on full employment, we know that there are parts of the country where job availability is still inadequate.

Subsidized jobs programs, like the 2009-2010 Temporary As-

sistance for Needy Families Emergency Fund, have successfully provided workers with needed income, and evidence suggests these programs—which can fund private-, nonprofit-, or public-sector jobs—may carry long-term benefits for program participants as well. A federal job guarantee, which would involve the government directly creating public-sector jobs, would go one step further and ensure that everyone who wants a job has the opportunity to get one.

Infrastructure investment: America's infrastructure is desperately in need of an upgrade; it is not just our roads and bridges but also our water systems and schools that require repairs and modernization. The American Society of Civil Engineers estimates that we need to invest an extra \$1.6 trillion to move our infrastructure grade from a D+ to a B by 2020. Investments in our infrastructure can be triple bottom line initiatives. Renewable energy projects would not only benefit energy firms and create jobs, but also help the environment, an area in which more rapid action is something opportunities for our children depend upon. It is essential that our public investments benefit us in both the short and long-term.

Every level of government—federal, state, and local—has a role to play in solving this problem. Because infrastructure projects would create jobs, public investment in infrastructure would complement the job creation ideas outlined above.

Expanding the Commerce Department's Manufacturing Extension Partnership (MEP): This program, though small with an annual budget of \$130 million, or .003 percent of the federal government's budget, provides important guidance to small manufacturers who want to try new technologies, take advantage of global supply chains, and connect to research hubs. As our economy becomes more globalized and technologically advanced, it is imperative that the federal government guide and encourage investments in smart manufacturing.

Ensuring affordable health care: Guided by "YOYO" ideology, Congressional Republicans are attempting to very significantly reduce the federal government's role in making sure Americans can afford decent health care. If they have their way, millions of economically vulnerable families will lose coverage and many more will be unable to afford the care they need. This would undermine opportunity in three ways. First, the millions of people losing health coverage under their plan would have worse health outcomes, which restricts opportunities in the near-term

by making it harder for people to look for, get, and hold jobs. Second, throwing millions of people off Medicaid coverage would damage opportunity in the long run; studies show that children who are more likely to be eligible for coverage under Medicaid do better in school, are healthier, and have higher earnings as adults than similar children who are less likely to be eligible. Third, making people rely more on employer-provided coverage reduces opportunities for entrepreneurship; it is much easier for someone to take risks when they have access to health coverage outside employment.

These considerations highlight the need to expand health coverage, not contract it. Other countries already provide universal or near-universal health coverage at a fraction of the cost the United States spends by giving the public sector an increased role in their health coverage systems. One way to start down that path would be to expand Medicare coverage by incrementally lowering the eligibility age.

Other safety net enhancements: Providing people with added income and benefits like nutrition and housing assistance, like providing them with health care, has both short-term and long-term opportunity benefits. In the short-term, extra cash may enable people to afford transportation to a more desirable job, having food accounted for may give them the time and energy to focus on other needs, and having housing assistance may enable them to move into a better neighborhood. In the long-term, children in families that receive these benefits experience less of the toxic stress associated with poverty, and they are better able to take advantage of various opportunities as a result. A large and growing body of research documents how income support provides long-run benefits to kids in families that receive it.

Expansions to SNAP (formerly known as food stamps), the Housing Choice Vouchers program, the Earned Income Tax Credit, and the Child Tax Credit would thus all be helpful in promoting opportunity. Turning the Child Tax Credit into a \$4,000-per-year universal child allowance, in fact, could cut child poverty by half and deep child poverty by almost two-thirds, improving the life opportunities—both present and future—of millions of the nation's children.

Other policies are also necessary, of course. Increased investments in education, from early childhood all the way up to college, are essential. Criminal justice reforms that address policing, sentencing, and prison practices that disproportionately harm the opportunities of Black Americans are also key. By implementing the policy agenda that will take down these opportunity barriers, we can give families who for far too long have been stuck on the wrong side of the inequality divide the chances they need and deserve to realize their potential.

Overcoming Challenges in Women's Entrepreneurship

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What Do We Know About Women-owned Firms in the United States?

Women-owned firms represent an important part of our country's entrepreneurial landscape. According to U.S. Census data, there were almost 10 million women-owned firms in 2012, the most recent year for which data are available. These firms employed roughly 9 million people in addition to the business owner and generated \$1.6 trillion in revenues. As Table 1 (pictured on next page) shows, women business owners made greater gains in terms of number of firms, revenues, and employment than firms overall in the decade spanning 2002 to 2012. Thus, although women are still less likely to choose entrepreneurship as a career path in the United States as is the case in the majority of developed economies worldwide, the percentage of women-owned firms increased to 36 percent of all firms 2012 representing a dramatic improvement over 28.7 percent in 2007.

In spite of these impressive growth rates, however, Table 1 reveals that women-owned firms, on average, continue to be much smaller than firms owned by men in measures of revenue and employment. Although women-owned firms represented 36 percent of all firms in 2012, they accounted for only 4.8 percent in total revenues and 7.8 percent in total employment prompting the Kauffman Foundation's Lesa Mitchell to write:

With nearly half of the workforce and more than half of our college students now being women, their lag in building high-growth firms has become a major economic deficit. The nation has fewer jobs—and less strength in emerging industries—than it could if women's entrepreneurship were on a par with men's. Women capable of starting growth companies may well be our greatest under-utilized economic resource. (Mitchell, 2011, p. 2).

One important reason for the smaller size of women-owned firms is the nature of the industries in which they are concentrated. Although women-owned firms can be found in a broad range of industries, they tend to be more heavily represented in service industries than firms owned by men. This represents both a challenge and an opportunity because firms in this sector tend to have lower levels of sales and employment on average. Reinforcing this point, a recent report by the U.S. Small Business Administration revealed that only 16.1 percent of firms in the 20 industries with the highest level of sales were owned by women compared to 70.7 percent of which were owned by men. Similarly, 25.6 percent of firms in the 20 industries with the

highest employment were owned by women compared with 63.3 percent owned by men. These stark differences highlight the opportunities and benefits of encouraging broader industry participation on the part of women entrepreneurs, not only for the entrepreneurs and business owners themselves, but also for workers, industries, communities, and the economy overall.

What is holding women back from participating more fully in entrepreneurship, from participating in a broader range of industries, and from launching more growth-oriented firms? Our own research conducted while writing *The Next Wave: Financing Women's Growth-Oriented Firms* (Coleman & Robb, 2016) suggests women face barriers in five key areas. These include education, experience, networks, access to financial capital, and social/cultural biases that impede women's access to opportunities and resources. In this chapter, we will review each of these barriers to women's entrepreneurship in the United States and also propose public policy measures designed to reduce or eliminate those barriers.

EDUCATIONAL BARRIERS

Education in and of itself is not a barrier for women in the United States. In fact, recent data compiled by the National Center for Education Statistics reveals that women actually earned a higher percentage of both undergraduate and graduate degrees than men during the 2010-2011 timeframe. During that time, women were awarded 57.2 percent of undergraduate college degrees, 60.1 percent of Master's degrees, and 51.4 percent of Doctorates (National Center for Education Statistics, 2013). These statistics represent a significant gain over the percentage of degrees earned by women forty years earlier, particularly in the case of Master's and Doctoral level degrees.

These aggregate numbers disguise the fact that women and men tend to focus on different fields of study, however. In particular, men are more likely to have degrees in the STEM fields, which include science, technology, engineering, and math. Data gathered by the National Science Foundation shows that in 2010, 36.6 percent of all undergraduate degrees awarded to men were in the fields of science and engineering compared to 27.7 percent for women (S&E Degrees: 1996-2010, 2013). These fields are important, because they are a source of entrepreneurial initiatives in key industries such as computer science, technology, and bioscience. Within the STEM disciplines as

well, many of the sub-fields including mathematics, computer science, and engineering continue to be dominated by men, and studies reveal that women who venture into them often face environments that are unwelcoming and even hostile (Marlow & McAdam, 2013; Ranga & Etzkowitz, 2010). Girls and women who are denied access to education and careers in the STEM fields are also denied economic opportunities that might be afforded by a more level playing field. As an example, name five (or even ten) highly successful high-tech entrepreneurs. Are any of them women? Probably not, which reinforces our point that we need to continue to support women's entry and success into academic fields that have traditionally been dominated by men.

What has led to the change over time in the types of degree programs pursued by women? Many of these gains have come about thanks to educational initiatives focused on attracting girls and young women into the STEM fields at the local, state, and national levels. The National Science Foundation (<http://www.nsf.gov>), in particular, has been instrumental in encouraging and supporting programs designed to attract and engage female students in the fields of science and engineering. Other initiatives have targeted girls at an even earlier age in an attempt to combat gender stereotypes and raise little girls' awareness for the full range of their educational and career opportunities. As more women enter these fields, the power structure will change in ways that will enfranchise and empower the girls and women who follow.

EXPERIENTIAL BARRIERS

Together with education, prior experience is the other major type of human capital and serves as a major building block for entrepreneurial firms. Experience can come in the form of prior work experience in general, experience working in a particular industry, managerial experience, or previous experience in launching an entrepreneurial firm. As in the case of education, women have made impressive gains in the workplace, and the number of women working outside the home has increased dramatically since the Second World War. The Bureau of Labor Statistics reported that women's labor force participation rate was 57 percent in 2014 compared to 32.7 percent in 1948 (*Women in the Labor Force*, 2015). The labor force participation rate for women during the prime working years of 25 to 54 was even higher at 73.9 percent. Significantly, a very high percentage of women with children under the age of 6 are part of the labor force in the United States (64.3%), highlighting the need for accessible and affordable day care and pre-school programs.

Women have also made workplace gains by advancing into managerial roles and are well represented in the middle management ranks of most major corporations. In spite of these gains, however, women are still underrepresented at the most senior management levels. Thus, although women have acquired a tremendous amount of workplace, industry, and middle management experience, they have gained less expe-

rience in making the types of decisions that involve senior level strategic planning and priority setting. To illustrate this point, Catalyst (*Catalyst Pyramid*, 2017), an organization devoted to expanding opportunities for women in business, reported that as of 2017, women held only 5.6 percent of Chief Executive Officer positions and 19.9 percent of Board of Director seats for the Fortune 500 companies. The statistics are particularly troubling given that a growing amount of research highlights the fact that gender diverse teams make better and more inclusive decisions (Catalyst, 2011; Noland et al., 2016).

Women's experiences in the workplace affect their entrepreneurial readiness in other ways as well. Women are significantly more likely to work part-time than men (26% vs. 13%) and to have career interruptions associated with the birth of children and care of family members, gender differences that are often given as a reason for women's lower level of earnings. In 2014 women's median weekly earnings were 83 percent of men's. Disturbingly, statistics show that the gender wage gap persists, even at higher levels of educational attainment. U.S. Bureau of Labor statistics show that women who completed a Bachelor's degree or higher earned only 84 percent of what men with comparable levels of educational attainment earned (*Women in the Labor Force*, 2016). This discrepancy in earnings is important from the standpoint of women's ability and willingness to launch entrepreneurial firms, because the personal financial resources of the founder are a major source of financing for new ventures during the earliest stages of their development. If women have fewer opportunities to accumulate wealth through earnings and advancement, they will be less likely to start their own firms, and, if they do, they will start them with smaller amounts of financial capital.

NETWORK BARRIERS

As in the case of relevant education and experience, having access to the right people and networks is also a key ingredient for entrepreneurial success. An entrepreneur's network can include individuals, groups, organizations, other companies, and, importantly, other entrepreneurs. These various parties, in turn, can provide advice, expertise, contacts, and funding. Strong networks are particularly important for growth-oriented firms that have higher requirements for cash, assets, R&D, and specialized types of employees. From the standpoint of women entrepreneurs, a discussion of network access is warranted, because prior research suggests that women tend to have different types of networks than men. In particular, women's networks tend to be smaller (McPherson & Smith-Lovin, 1982; Ibarra, 1993) and less able to furnish the types of resources and opportunities required to support growth-oriented entrepreneurship.

Federal contracting is an example of one area in which network access is particularly challenging for women entrepreneurs. Each year, the United States government spends billions of dollars on federal grants and contracts for products and ser-

vices that meet its needs and priorities. For 2013, federal grants totaled \$503 billion, and contracts totaled an additional \$460 billion. In 2000, during the Clinton administration, Congress passed the Women's Equity in Contracting Act in response to evidence that women-owned firms did not have equal access to federal contracting opportunities. A final rule for the program was not issued until 2010—10 years later! Subsequently, in 2011 the SBA announced the launch of its Women-Owned Small Business Contract Program to provide greater access to federal contracting opportunities to women-owned firms. That year, a goal of awarding 5 percent of federal contracts to women-owned firms was established by statute, but not achieved. Two years later, under the National Defense Authorization Act of 2013, the SBA announced changes to the Women-Owned Small Business Federal Contract Program designed to provide further assistance to women-owned small businesses in order to help them secure more federal contracts. Finally, in March of 2016, it was announced that the 5 percent goal was achieved in 2015. This is certainly a noteworthy achievement and an important step forward. Given that women-owned firms currently represent over one-third of all firms in the United States, however, the fact that it took 15 years to achieve a target of 5 percent suggests that there is still room for further gains in women's levels of participation.

Networks are also an important source of role models and mentors, individuals who provide not only knowledge and expertise, but also guidance and support through the ups and downs of the entrepreneurial process. One of the best types of mentors is an entrepreneur who has already successfully launched and grown his or her firm. Research using the Global Entrepreneurship Monitor data reveal that nascent women entrepreneurs are significantly less likely to know another entrepreneur than men, however (Klyver & Grant, 2010). Similarly, the Female Entrepreneurship Index collected data from 77 countries in an attempt to identify factors that foster "high potential female entrepreneurs" (Terjesen & Lloyd, 2015). Although the United States received the highest overall ranking with a score of 82.9 out of 100, individual sub-categories within that ranking reflect areas of weakness, one of which was "knows an entrepreneur."

Klyver and Grant offered the following insights based on their findings: *Taken together, these findings suggest that one of the reasons why women are less likely to become entrepreneurs is that they lack entrepreneurial resource providers or role models in their social networks... From a policy perspective, this implies that creating more role models and more ways of connecting women with entrepreneurs could increase women's participation in entrepreneurship* (Klyver & Grant, 2010, p. 222).

FINANCIAL BARRIERS

Women's access to financial capital, or lack thereof, is frequently cited as a challenge for women entrepreneurs in developed economies like the United States as well as in developing economies. This challenge is particularly problematic, because finan-

cial capital is one of the key resource inputs for entrepreneurial firms and is essential for their launch, early stage development, and growth. Prior research suggests that women face both supply and demand side barriers in their attempts to secure financial capital. Supply side barriers include investor preferences for certain types of industries or entrepreneurs, or the existence of networks that effectively exclude women (Brush et al., 2001; Eddleston et al., 2014; Marlow & Patton, 2005). Alternatively, demand side barriers include women's lower predilection for launching growth-oriented firms (Bitler et al., 2001; Coleman & Robb, 2009) combined with higher levels of risk aversion (Allen et al., 2008; Cliff, 1998) and lower levels of self-efficacy (Kirkwood, 2009; Wilson et al., 2007). The combined effects of these supply and demand side constraints are that women launch their firms with dramatically smaller amounts of financial capital than men (Coleman & Robb, 2009, 2016b). This has implications for the ability of women-owned firms to innovate, create jobs, and grow their firms. Consistent with this, women are far more reliant on internal rather than external sources of financing (Coleman & Robb, 2009, 2016b).

In the area of debt capital, studies continue to report women's difficulties in securing bank loans and dealing with lenders. Although a number of studies have found that women are no more likely to be turned down for loans than men, several of these same studies found that women were less likely to apply for loans because they assumed they would be turned down (Cole & Mehran, 2009; Coleman, 2002). Other studies have shown that, even when women are not turned down, the terms of their loans are less favorable than those granted to men (Alesina et al., 2008; Coleman, 2000; Muravyev et al., 2009). More recently, research based on post-financial crisis data show that women in the United States were more likely to be turned down for loans during a period of financial adversity (Coleman & Robb, 2016a). These findings provide some justification for greater fear of denial and higher levels of dissatisfaction with their small business lending experiences for women compared to men (Carter & Rosa, 1998; Constantinidis et al., 2006; Fabowale et al., 1995). They may also help to explain why women continue to use less bank debt than men. Although overt forms of discrimination in bank lending are less prevalent today than they were thirty years ago, more subtle biases in lending practices may still work in ways that disadvantage women. This highlights the need for training designed to make lenders more aware of such biases and ways to overcome them.

Turning to equity capital, gender differences in financial sources and strategies are stark in the sense that women entrepreneurs have traditionally raised almost all of their equity capital internally rather than externally (Coleman & Robb, 2009, 2016b). Alternatively, only a small percentage of women secure financing from angel investors and venture capitalists who often serve as essential sources of financing for growth-oriented firms. The original Diana Project researchers first called attention to this gender discrepancy in equity financing, attributing it to the fact that women are often excluded from venture capital networks

which are predominantly male (Brush et al., 2001; Ibid., 2004). In the realm of angel investing, researchers have also noted a pattern of homophily or the tendency of likes to be attracted to likes (Becker Blease & Sohl, 2007; Harrison & Mason, 2007). Thus, angel investors, the majority of whom are male, are attracted to male rather than female entrepreneurs. One particularly interesting study by Brooks et al. (2014) found that investors preferred pitches presented by men, even when women gave the identical pitch. Further, presentations done by men were rated as being more persuasive, logical, and fast-based than the exact presentation when delivered by women.

These collective findings served as the impetus for a growing number of business female-focused investment funds and enterprise accelerators, such as Springboard Enterprises, Astia and Golden Seeds. Most typically focus on helping high-growth-potential women entrepreneurs prepare for and connect with equity providers such as angel investors and venture capitalists (Coleman & Robb, 2016a). Simultaneously, organizations such as Next Wave Ventures and Pipeline Angels are training and creating networks of women who have both the desire and the financial means to become angel investors, thereby increasing the supply of equity capital flowing to growth-oriented women-owned firms (Coleman & Robb, 2017). Through measures such as these, we have an opportunity to close the equity-funding gap from both a demand and a supply perspective.

SOCIAL & CULTURAL BARRIERS

The United States is a country in which we value and promote equality. Nevertheless, and in spite of their gains in education and workplace experience, women continue to be perceived as being less capable than men. This is true not only in the field of entrepreneurship, but also in many other fields. As an example, a recent *Wall Street Journal* report on “Tech Companies to Watch” (*Wall Street Journal*, June 15, 2017) listed 25 companies that are “young, growing-and the talk of technology”. Although several of the 25 have women founders, every picture in the report was of a group of men. One could only confirm the existence of women founders by reading company descriptions provided in very small print. Feminist scholars have written on the fact that entrepreneurship is typically portrayed as being a masculine domain, peopled by luminaries such as Steven Jobs, Bill Gates, Mark Zuckerberg, and the like. In contrast, women entrepreneurs are much less visible, and less likely to be held up as role models or examples of success. This perception of women and “other” and “less” creates its own set of consequences in terms of gaining access to opportunities and resources (Ahl, 2004). Disturbingly, the perception that women are less capable than men is shared not only by men but by other women as well. A recent study conducted by Columbia University researcher Dana Kanze and others (Kanze et al., 2017) found that venture capitalists (both male and female) asked different types of questions depending on the entrepreneur’s gender. Specifically, male entrepreneurs were asked questions about their firm’s

potential for gains while female entrepreneurs were questioned about their potential for losses. Although the firms in the study were comparable in terms of quality and capital needs, the male entrepreneurs raised five times more than the female entrepreneurs. Based on their results, the authors concluded:

“Both men and women who evaluate startups appear to display the same bias in their questioning, inadvertently favoring male entrepreneurs over female ones.”

(Kanze et al., 2017, p. 5).

In light of the findings from studies such as these, it should not surprise us that women have lower levels of self-efficacy than men. If women entrepreneurs have less confidence in their abilities, they may be less willing to take the types of risks that accompany launching or growing a firm. One study of teens and MBA students found that differences in entrepreneurial self-efficacy (ESE) emerge at an early age. Results from both groups revealed that females had lower levels of ESE than males and were less likely to consider entrepreneurship as a career path (Wilson et al., 2007). Consistent with this theme, a second study found that women had less confidence in their entrepreneurial abilities than men, and that women were even reluctant to call themselves entrepreneurs (Kirkwood, 2009). Measures to celebrate and highlight the accomplishments of women entrepreneurs in a broad range of industries would help to increase the visibility of women entrepreneurs while also putting doubts about their potential and capabilities to rest.

The Role of Public Policy in Addressing Barriers to Women’s Entrepreneurship

Increasingly scholars and public policy makers are applying an ecosystem approach as a means for addressing potential barriers to the launch and growth of women’s entrepreneurial firms. In his landmark article, “How to Start an Entrepreneurial Revolution” Harvard’s Daniel Isenberg lays out the components of a strong entrepreneurial ecosystem, noting that when these various elements work together, they have the potential to “turbocharge venture creation and growth” (Isenberg, 2010). Significantly, Isenberg positions public leaders and governments at the top of his list. He notes that public leaders need to advocate for and “open their doors to entrepreneurs,” while governments need to create effective institutions to promote entrepreneurs and remove structural barriers. Other scholars caution that there is no “one size fits all” approach for developing effective ecosystems and urge leaders and decision-makers to design entrepreneurial ecosystems that do a better job of addressing the constraints faced by women in order to accelerate many of the positive changes that are already underway (Henry et al., 2017). We add our voice to theirs. Although we have made great strides in women’s entrepreneurship in recent years, our work is not yet done. In light of that, we will conclude this chapter with a list of public policy priorities that can benefit aspiring women entrepreneurs by providing the education, experience, net-

works, financial capital, and a social/cultural environment that will help them succeed.

PUBLIC POLICY PRIORITIES:

Education:

- Continue to provide funding and programming designed to encourage girls and women to pursue study and careers in the STEM fields (science, technology, engineering, and math).
- Develop strategies for addressing gender imbalances in incubator and accelerator programs.

Experience:

- Encourage corporations to identify, develop, and advance high potential women candidates into senior leadership positions.
- Increase the number of women who hold Board of Director positions in S&P 500 companies.
- Explore ways to provide accessible and affordable child care to help women and men manage work-life balance.

Networks:

- Develop and promote training and mentoring programs that will help women entrepreneurs achieve their goals.
- Remove barriers to increasing the level of women's participation in federal contracting programs.

Financial Capital:

- Adopt measures to encourage firms and organizations to pay women with the same qualifications and job responsibilities as men equally.
- Develop and promote programs such as Springboard Enterprises and Astia that increase women's access to equity capital.
- Increase the number of women angel investors through programs such as Next Wave Ventures and Portfolia.

Social / Cultural:

- Provide increased media coverage and visibility for successful women entrepreneurs.
- Celebrate and promote female role models for girls and women of all ages.

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Ensuring The American Dream for Every American

Honorable Joe Crowley
Chairman, Democratic Caucus



I've been thinking a lot about happiness lately, and how Americans can obtain and preserve happiness in their own lives. My preoccupation on this topic stems from a seminal event the Crowley family just experienced. My oldest son, freshly graduated from high school, moved out of our home this summer—ready to find his own happiness as a college student.

My wife and I were filled with immense pride as we dropped him off for his first year of school, knowing that moment was the culmination of 17 years of love, persistence, tears, and joy. It was a feeling many American parents can relate to, as great happiness comes from seeing your children grow and succeed.

It is, indeed, the happiness all working families want. And, in many ways, this sort of happiness is what defines the American dream—that fundamental promise of our nation.

To me, the American dream, the pursuit of happiness, comes from being secure in your future. It's believing that opportunities are available if you put in an honest day's work, and that your job will provide for your family. It's trusting that this job will help you send your kids to college and give you security in your retirement. And it's keeping the faith that your children will have the opportunities to find jobs that work for them—jobs that fit into a modern economy, that are compatible with their lifestyles, and that let them live and work where they can remain close to family.

But I fear that the ability to pursue the American dream is becoming ever more elusive for working men and women and the middle class.

Financial instability, rising costs, and changing workforce trends are threatening our American dream. From conversations with my constituents in Queens and the Bronx, and with Americans just like them across the country, I know far too many hard-working families are struggling.

They are struggling to become financially secure, finding themselves with limited choices that force them into underpaying jobs, jobs without good benefits, or that geographically separate grandchildren from grandparents. They face very real problems, such as the crushing burden of student debt, which hampers the ability of our youth to succeed; and the lack of access to key job training tools and education programs, which prepare Americans for the jobs of tomorrow. They worry about skyrocketing costs that make workers choose between making a mortgage

payment and affording a prescription; and crippling child care expenses that force parents to choose between affordability and quality. These struggles are stopping Americans from being able to achieve the new American dream.

This is why congressional Democrats are so focused on expanding opportunities for working Americans—because we have the responsibility as leaders to ensure that every American has the ability to achieve their own version of the American dream.

The House Democratic Caucus has been working tirelessly to advance policies that will help Americans prepare for the new economy and reach the American dream for their families. We are focused on expanding opportunities for on-the-job training and apprenticeships—so the next generation will have access to the same stable good-paying jobs their parents did.

Democrats have also been at the forefront of calls for a massive infrastructure investment for the country. A \$2-3 trillion infrastructure package would give millions of Americans new opportunities as we repair our nation's crumbling roads, bridges, schools, and hospitals. That also means bringing broadband Internet access to every corner of America. Our workforce is becoming ever more reliant on technology. If we're going to keep up with new economy advancements, our students must have access to the Internet, have computer fluency, and even learn to code at the same time they learn to type. The new American dream will be entwined with the amazing advancements scientists, engineers, and researchers discover over the coming decades. We must be prepared to have our students lead the way.

The American dream is also rooted in the ability of workers to retire with confidence—that after years of hard work, they will be able to enjoy financial stability. I've personally proposed legislation to create both universal pension accounts and long-term saving accounts for children so every American worker has this vital asset after a lifetime of hard work. These are the sort of plans that can help ensure all Americans find happiness in both their working years and their retirement.

These are the sort of opportunities I know my grandparents were searching for when they left Ireland for the United States with my young mother in tow. They are the type of opportunities the American dream has always been built on. And they are the opportunities that will help American families find happiness now and for the future—that will secure the American dream for generations to come.

Invest in Education to Fulfill America's Promise of Equal Opportunity

Marc Egan

Director, Government Relations
National Education Association



"Today, education is perhaps the most important function of state and local governments... it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the state has undertaken to provide it, is a right which must be made available to all on equal terms."—Unanimous decision of the United States Supreme Court in *Brown v. Board of Education* (1954)

Federal role in education

The first Elementary and Secondary Education Act (ESEA), the cornerstone of the federal presence in K-12 education, was enacted in 1965 as part of President Lyndon Johnson's War on Poverty. The goal was to give all students equal access to educational opportunities. "As a son of a tenant farmer, I know that education is the only valid passport from poverty," Johnson said. "As President of the United States, I believe deeply no law I have signed or will ever sign means more to the future of America."

Over the years, the law has been reauthorized and renamed many times. The current version, the Every Student Succeeds Act (ESSA), was enacted in 2015 with broad, bipartisan support: the final vote was 85-15 in the Senate and 359-64 in the House of Representatives.

Title I, the first section of the law, is the biggest source of federal funding for education. Most of the programs it supports target economically disadvantaged students and their schools. Nationwide, one in five children under the age of 18 lives in a household below the official poverty threshold—currently, about \$25,000 for a family of four.

In 1975, our nation took a major step forward in fulfilling its promise of equal educational opportunity for all: passage of the Education for All Handicapped Children Act, renamed the Individuals with Disabilities Education Act (IDEA) in 1990. The law assures that children with disabilities receive a free, appropriate public education.

Three out of four students with disabilities now spend part or all of their school day in a general education classroom. Nearly every general education classroom includes students with disabilities. Three decades ago, these same children would have been isolated in separate institutions or simply kept at

home, with little or no chance of ever becoming independent, productive citizens.

IDEA provides that the federal government will pay 40 percent of special education costs, a commitment it has *never* come closer to meeting. Currently, the federal government covers just 16 percent of special education costs.

Budget cuts and sequestration

The Budget Control Act of 2011 slashed federal spending on education and other non-defense discretionary programs through the across-the-board cuts known as "sequestration." Among the hardest hit were children of color—the majority of the U.S. student population since the 2014-15 school year—because they tend to be among the economically disadvantaged targeted by Title I programs.

During the seven years sequestration was in effect, the annual appropriation for Title I failed to keep pace with inflation and the number of eligible children. The cuts were dramatic: public schools across the country received fewer dollars per child in poverty than they received in 2010, nearly a decade ago. For the 2017-18 school year, public schools provided services to Title I students while operating with \$3.7 billion, or 19 percent, less than they got in 2010.

IDEA has also been severely underfunded. Since 2009, the average federal share per child as a percentage of the national average per pupil expenditure (APPE) has declined in every year but one. For school year 2017-18, the average federal share per child as a percentage of APPE was the lowest since 2001.

Each year the federal government fails to fund IDEA fully, it shifts the costs for educating students with special needs to states and school districts. Since 2009, the annual cost shift has averaged about \$19.5 billion.

Where we are today

After years of austerity, Congress passed an FY2018 budget bill that includes long overdue increases in education funding, especially for programs serving the students most in need like Title I, IDEA, 21st Century Community Learning Centers, Career and Technical Education, and Impact Aid. Pell Grants and the Public Service Loan Forgiveness program, both of which help make college affordable, got a much-needed boost. The bill

also reauthorized the Secure Rural Schools program, which had expired two years before.

To meet the needs of today's students, America needs to do much more. We need to increase our investment in early education dramatically. And Congress needs to chart a course toward meeting our nation's funding commitments on core, foundational programs—like Title I and IDEA—that help close opportunity and resource gaps.

At the same time, we need to respect students' civil rights and continue to enforce the federal laws and regulations enacted to protect those rights. The federal government's role in ensuring that schools are free from discrimination has been repeatedly articulated and confirmed: by the Supreme Court in *Brown v. Board of Education*, by Congress in the Civil Rights Act of 1964, and by both the Departments of Education and Justice in their joint 2014 school discipline guidance. That guidance addressed the school-to-prison pipeline by giving states, districts and schools practical tools and guidelines to create safe, supportive, and welcoming environments for all students. Both Departments need to continue to help educators create and maintain safe schools that afford all students equal educational opportunities. Efforts to turn back the clock are misguided. Restoring zero tolerance policies that disproportionately affect children of color is not the way to go.

The grassroots "Red for Ed" movement of educators, parents, and community partners is spreading across the nation. This spring, Oklahoma educators walked out of schools and swarmed the state capital to demand increased investment in public education. Kentucky educators rallied to protest legislative neglect, demand increased investment in schools, and decry a bill that would decimate their pensions. Arizona educators called for increased funding and pay raises. In a massive, sustained show of strength and solidarity, educators walked out in every one of West Virginia's 55 counties for nine days, forcing reluctant state lawmakers to invest in teacher pay and commit to reducing health insurance costs.

In short, educators from coast to coast are delivering the message that all levels of government—federal, state, and local—have a responsibility to do better when it comes to public education. And for good reason: Investing in high-quality education is the best way to strengthen the middle class and restore the American Dream.

KELLY REPORT 2018

R E C O M M E N D A T I O N S

As we consider how to modernize and adapt our economic and social systems to a changing technological landscape, while still protecting the spirit and principles of the American Dream, it's critical that policymakers at all levels, as well as business leaders, act.

Reclaiming the American Dream will require investing in our current workforce, taking a more forward-looking approach to the ongoing technological industrial revolution, addressing social issues of income disparity, and reinvesting in small business owners and entrepreneurs. Doing this requires action at the federal, state, and local level, as well as from the business community.

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FEDERAL

Modernize, Extend, & Enhance Key Federal Workforce & Development Programs

When the House of Representatives passed tax reform earlier this year, we missed many opportunities to modernize and reform our tax code to reorient it to thrive in a modern economy—meaning that tough work remains for Congress. Specifically, Congress must modernize and extend the Work Opportunity Tax Credit, which provides tax credits to small businesses that hire marginalized citizens ready for work such as non-violent ex-offenders, SNAP recipients, and unemployed veterans. Additionally, we can update the New Markets Tax Credit program, which has been a vital tool to attract businesses to open factories, offices, and facilities in low-income communities and hire and train local workers.

Support Investments in Small Businesses & Entrepreneurs

Politicians are fond of saying that small business owners are the backbone of our economy. It is true: 60 million people work for small businesses, they represent one third of total U.S. exports, and small business account for 62% of new jobs created since 1993. It is time we strengthen our spine by promoting policies that encourage venture capital investments in more small businesses, especially those owned and operated by women and minorities. According to *Fortune* magazine, businesses owned by men receive sixteen times the amount of funding received by women owned businesses. This is simply unacceptable. Congress can address this by reforming the Small Business Administration 8(a) and 8(m) programs to allow for targeted, minority stake, investments by venture capitalists.

Making the Internet a Public Accommodation

In 1964, in *Heart of Atlanta Motel, Inc. v. United States* the Supreme Court held that the Congress's authority to regulate

interstate commerce allowed it to require private businesses to abide by The Civil Rights Act, which prohibits discrimination in public accommodations.

Today's economy is vastly conducted over the internet—therefore, Congress must modernize federal civil rights laws to ensure equal access to opportunity without discrimination online. Furthermore, data analytics and quantum computing technologies have the capability to streamline supply chains, increase production capacity, and revolutionize consumer choice. Embedded in this data, however, is personally identifiable information on each one of us. Congress must work with the tech sector to ensure any usage of that data is encrypted and with the consumers' consent, and, any use for microtargeted marketing is not used in violation of federal civil rights or anti-discrimination laws.

Invest in Infrastructure

Members of both political parties have long been calling for a robust federal infrastructure spending bill. Our nation's roads and bridges are certainly in desperate repair, and significantly greater investments in locks and dams, railways, airports, and mass transit systems are needed. This is a burden that will need to be shared at the state and local levels, and with the private sector, as discussed below. The federal government, however, must make two additional essential national infrastructure investments.

First, Congress must invest in telemedicine technologies and an electronic health infrastructure to support it. Provided modern communications technology, it is simply unacceptable that millions of Americans lack access to proper medical care because they live far from a doctor's office. Essential to a strong telemedicine network is expanded investment in broadband technology. A robust federal investment in broadband infrastructure—especially in rural communities—will help reduce the digital divide, and ensure all Americans have opportunity at their fingertips. Over 30% of Americans lack access to broadband services. In our highly digitized economy, it is imperative to have speedy and reliable internet to access essential services.

STATE

Fund Apprenticeship Programs in 21st Century Jobs

Despite a growing, and recovered, economy, many businesses continue to struggle to fill positions because applicants lack the needed training in math or engineering. Meanwhile, a talent pool of potential workers remains unemployed, for lack of adequate training. While policy makers rightfully advocate for college affordability, the fact remains that there is a surplus of good paying jobs for which a college degree is not necessary. To bridge this divide, states should fund training programs, and

offer tax incentives to businesses to offer, apprenticeships and certifications in advanced manufacturing and other 21st Century jobs.

Provide Wrap Around Social Services to Promote Working Parents

Under the original notion of the American Dream, a family of four could live comfortably with one parent working, and one staying at home. That is an outdated model. Today, in many two parent families, both parents work, and, there are many single parent families. The modern American Dream comes in all shapes and sizes. To accommodate this, states must pass labor laws that protect, promote, and encourage working parents by providing wrap around social services like universal pre-K, affordable child care, and mandatory paid parental leave.

Education Reform & Modernization

America's education system was built at a time when students in the South Suburbs of Chicago competed against each other for future career opportunities. Today, these same students are also competing against students in South Carolina, South Dakota, and South Korea. In the modern, digital and integrated economic system, our education system must reflect this reality. States must modernize education standards and requirements, with an emphasis on science, technology, engineering, and mathematics, as well as critical language studies, and expanded opportunity for Advanced Placement Coursework.

Invest in Infrastructure

Transportation infrastructure investment is crucially needed, and will require investments at every level of government, and from the private sector. Much like there is a talent gap, America suffers from a transportation gap as well. Inadequate roadways or limited access to public transportation prevent potential employees from being able to travel to work. State financing of road and bridge repair, and construction of modern mass transit systems, will greatly expand the accessible talent pool for open positions, while creating well paid construction jobs in the process.

LOCAL

Provide Tax Incentives for Business Development

Much like the federal New Markets Tax Credit is a vital program to encourage businesses to make capital expenditures, so too can municipalities encourage business investment—such as relocation, retention, or plant or office expansion—through targeted tax incentives. These tax reforms can be across the board

for all businesses, or a negotiation with a specific firm.

Finance Local Entrepreneurs Through Low-Interest Loans

Another way municipalities can attract businesses, especially entrepreneurs, startups, and small businesses, is through robust low interest loan and grant programs. The return on these investments are potentially exponential. A small loan or grant of a few thousand dollars could be a lifeline for a startup, which could translate to millions in economic activity, tax revenue, and investments in the community for decades.

Form Strategic Alliances with Colleges & Universities for Tangible Research

Colleges and Universities are terrific, but often underutilized, assets for municipalities. As Mayor Buttigieg understands, the University of Notre Dame is an invaluable and irreplaceable asset for South Bend. By partnering with Notre Dame, Mayor Buttigieg's team can collaborate with professors and researchers to conduct field experiments and put their research in practice to promote economic development and technological innovation to create more livable, sustainable, and profitable communities. Supreme Court Justice Louis Brandeis called states "the laboratories of democracy." It is time for our Colleges and Universities to partner with their host cities to make them laboratories of economic innovation.

Invest in Infrastructure

Infrastructure investment, as discussed, must occur at every level of government. City authorities must make bold investments, including those complemented by private sector partnerships, to finance needed infrastructure. Investment in new airports, hospitals, schools, and business districts can be a lifeline for communities. One of my first, and proudest, accomplishments as a Member of Congress was fighting to make the Pullman Historic District a National Monument. Because of that designation, the City of Chicago has been able to turn the Pullman neighborhood a tourist site, which in turn has allowed the City to attract a manufacturer, a major logistics distribution center, and scores of retailers large and small.

BUSINESS COMMUNITY

Diversify the Talent Pool

All too often, future career prospects are determined by a child's zip code. This is simply unacceptable. To complement public investments to expand access to opportunity to traditionally undeserved communities, so too do corporations need to work to create opportunities for diverse applicants. Women, minorities,

and those from economically disadvantaged backgrounds are woefully underrepresented in top industries and top managerial positions. Expanding opportunities for diverse job candidates not only helps them start a better future for themselves, their new perspectives and insights can help firms develop more innovative strategies, and reach new customers.

Engage in Corporate Social Responsibility Programming

While corporate philanthropy and foundations have long been important tenants to business culture and reputations, modern firms are now realizing that working to address pressing social issues and increase profitability are not mutually exclusive. In fact, robust corporate social responsibility programs are essential to the long-term health and success of a business. Our natural resources are finite, meaning businesses must invest in clean and alternative energy to remain viable and profitable. Similarly, rising wealth inequality creates an unsustainable dynamic where people do not make enough money to purchase the products innovative firms are selling. The business community must invest in programming that expands access to opportunity, promotes sustainable communities, and ensures our long-term health and safety.

Reinvest in Consumer-Oriented Research & Development

The tech community must invest in research and development that will advance social progress. Financial services and technology companies are filing thousands of blockchain patents to streamline efficiencies and protect firm data. This same technology, however, can be used to create alternatives to traditional credit checks to verify borrower identity and creditworthiness, and therefore vastly increase accessibility to the banking sector. Similarly, algorithms that are used to streamline supply chains can be used to tackle food desert by increasing access to, and affordability of, fresh produce in low-income communities.

Invest in Infrastructure

Lastly, the business community must be an essential partner in our national effort to rebuild our infrastructure. Financial firms can engage public-private partnerships, and underwriting municipal bond issuances, while construction companies, architects, engineers, and contractors are also essential. The private sector must make financing and building public goods projects priorities to put our country on a path for a more productive and innovative future.

FEDERAL LEGISLATION

The following are ten pieces of legislation currently pending in the House of Representatives which would be positive steps towards advancing the New American Dream:

- H.R. 3839** - Today's American Dream Act (Rep. Robin Kelly)
A comprehensive economic development measure that expands federally funded workforce development programming, community revitalization efforts, and investments in 21st Century careers.
- H.R. 2207** - Community College to Career Fund Act (Rep. Robin Kelly) Amends the Workforce Innovation and Opportunity Act to have the Department of Labor award competitive grants to colleges and universities to provide educational and career training to ensure graduates are work ready.
- H.R.4023** - Developing Tomorrow's Engineering and Technical Workforce Act (Rep. Tim Ryan) Provides grants under the Elementary and Secondary Education Act to states and localities to develop and implement engineering education programs in elementary and secondary schools.
- H.R.1186** - Investing in America's Small Manufacturers Act (Rep. Tim Ryan) Instructs the SBA to guarantee 90% of small business loans and to not charge a guarantee fee for loans under \$350,000.
- H.R.2056** - Microloan Modernization Act (Rep. Stephanie Murphy) Increases the Small Business Administration's microloan lending budget from \$5 million to \$6 million, and allows participating lenders to double their marketing budget so they can provide better education about their loans and technical assistance to prospective borrowers.
- H.R.5042** - Job Creation through Energy Efficient Manufacturing (Rep. Matt Cartwright) Provides funding to promote energy efficient technologies in manufacturing facilities.
- H.R.2931** - Community Economic Assistance Act (Rep. Matt Cartwright) Sets up community economic assistance zones that are eligible for tax deductions and credits. To qualify as a zone the area must have suffered job loss due to trade, be an energy-transition area or be in a low-income community.
- H.R. 3773** - The Child Care for Working Families Act (Rep. Bobby Scott) Grants child care assistance to low and middle-income families earning under 150% of their states median income, ensuring that families pay no more than 7% of their income on child care.

H.R.3895 - Smart Cities and Communities Act (Rep. Suzan DelBene) Requires Department of Commerce, Energy, HUD, Transportation, HHS, and others to establish a program that will promote growth of smart cities by investing in new technologies and cyber security in local communities.

H.R.3129 - The Aiding Development of Vitale Assets in Native Communities and Environments (ADVANCE) Act (Rep. Denny Heck) Requires the Community Development Financial Institutions Fund to provide outreach and training for the New Markets Tax Credit in low-income communities