

An aerial photograph of Boston, Massachusetts, showing the city skyline, harbor, and surrounding water. The image is partially covered by a blue diagonal overlay on the right side.

**EQUITABLE
ECONOMIC
DEVELOPMENT
FELLOWSHIP**

NLC NATIONAL
LEAGUE
OF CITIES
CITIES STRONG TOGETHER

Boston
Peer Exchange Visit
March 29-31, 2017



The National League of Cities (NLC) is dedicated to helping city leaders build better communities.



PolicyLink connects the work of people on the ground to the creation of sustainable communities of opportunity that allow everyone to participate and prosper.



The Urban Land Institute (ULI) has a mission to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

The EED Fellowship is made possible with support from:



The Surdna Foundation seeks to foster sustainable communities in the United States - communities guided by principles of social justice and distinguished by healthy environments, strong local economies, and thriving cultures.

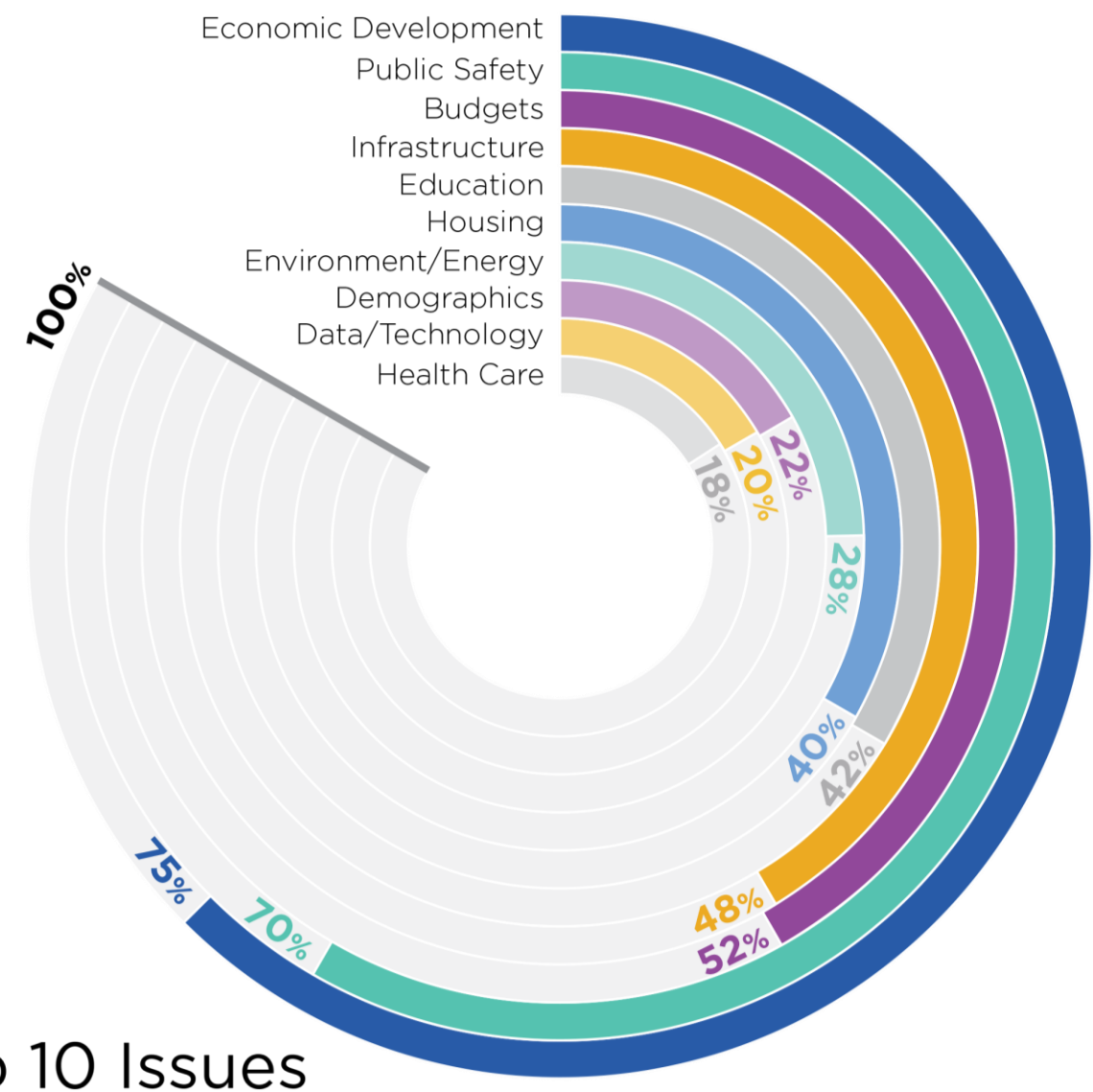


The Open Society Foundations work to build vibrant and tolerant societies whose governments are accountable and open to the participation of all people.

Economic Development: A Top Priority

75%

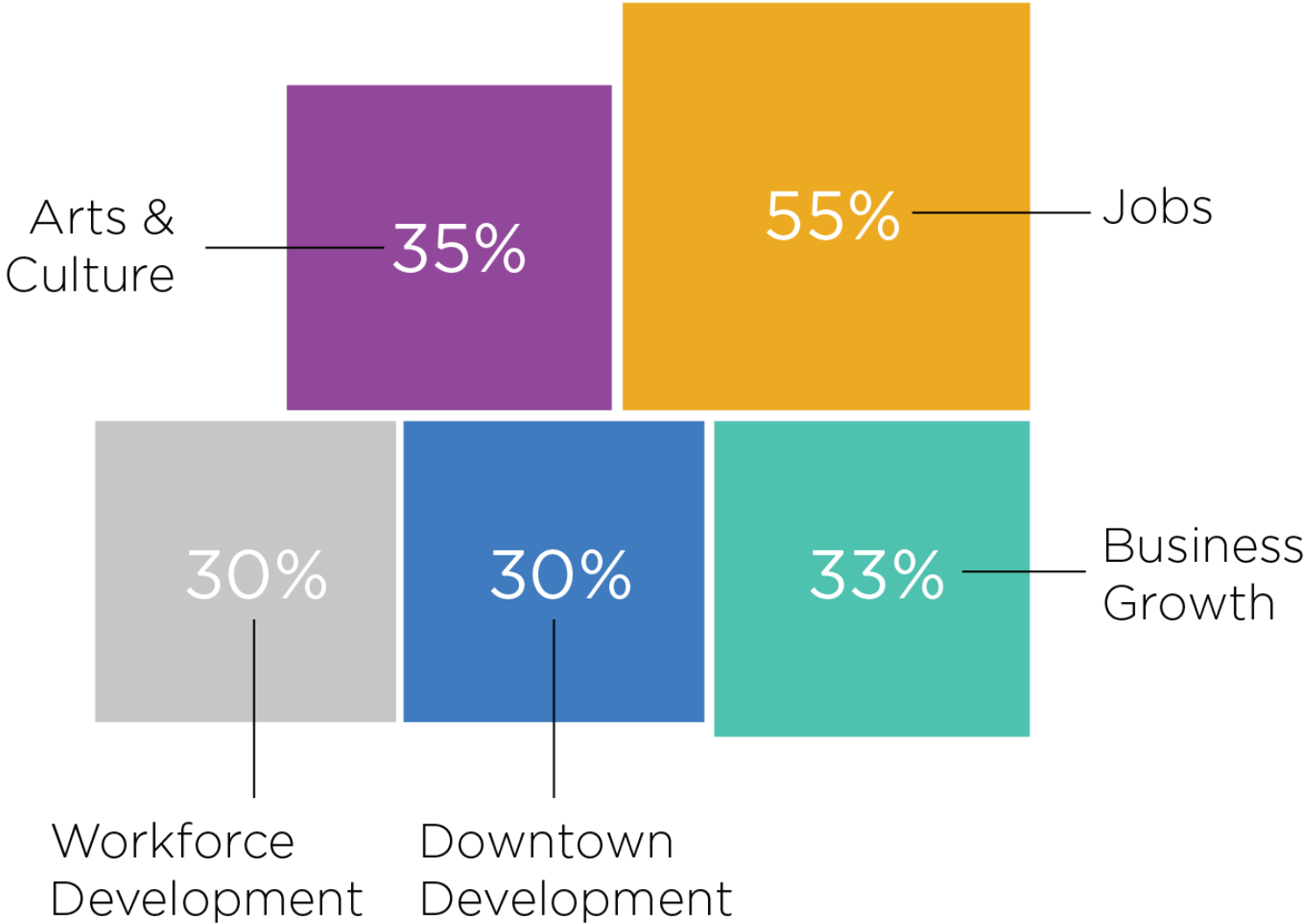
of state of the city
speeches included
significant coverage of
economic development
issues.



Top 10 Issues

Economic Development: A Top Priority

TOP 5
ECONOMIC
DEVELOPMENT
SUB-TOPICS



Equitable Economy: The Challenge

6 in 10

of **U.S. prisoners**
are Black/Latino

*(yet only comprise 30%
of the U.S. population)*



35%

Black or Latino men
won't graduate from
High School

*(80% of White males
will)*



Black and Native
American
unemployment is

2x

that of Whites

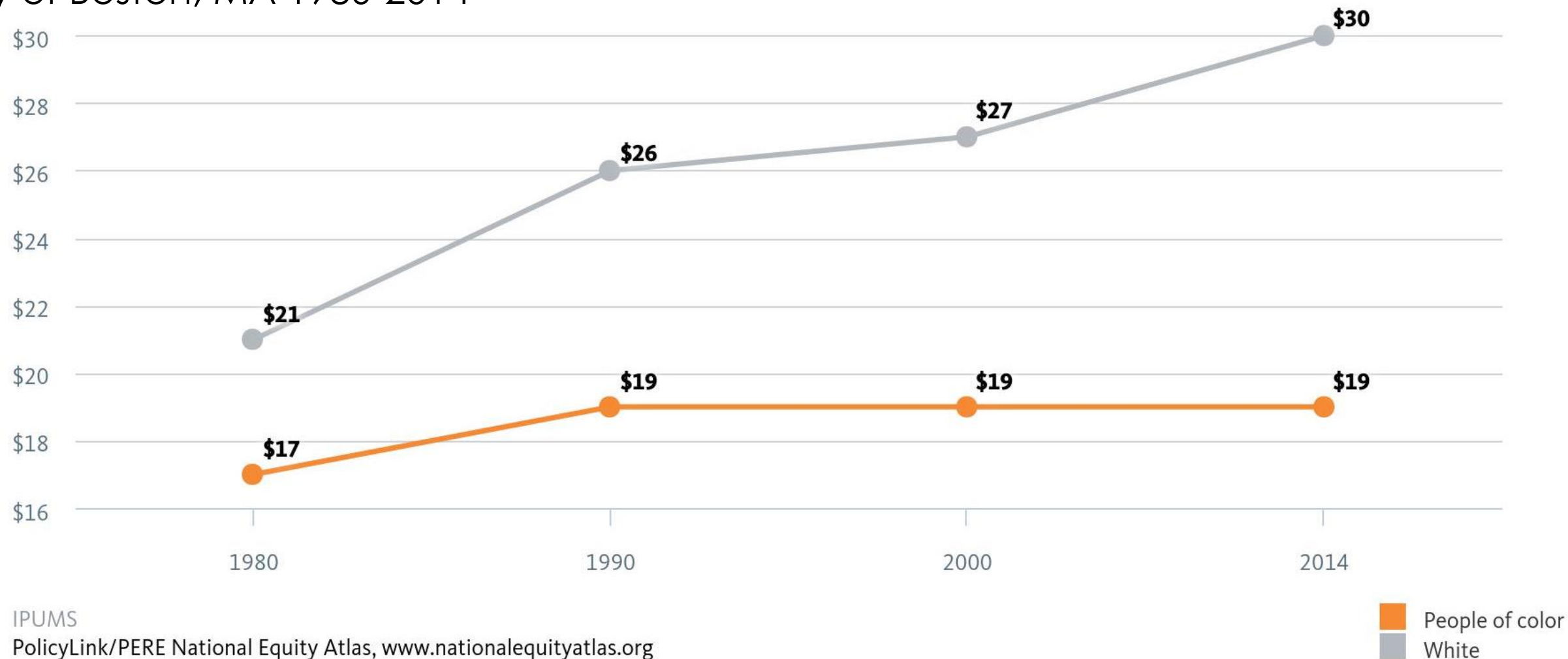
57%

of Blacks and
Latinos spend more
than 30% of their
income on
housing costs



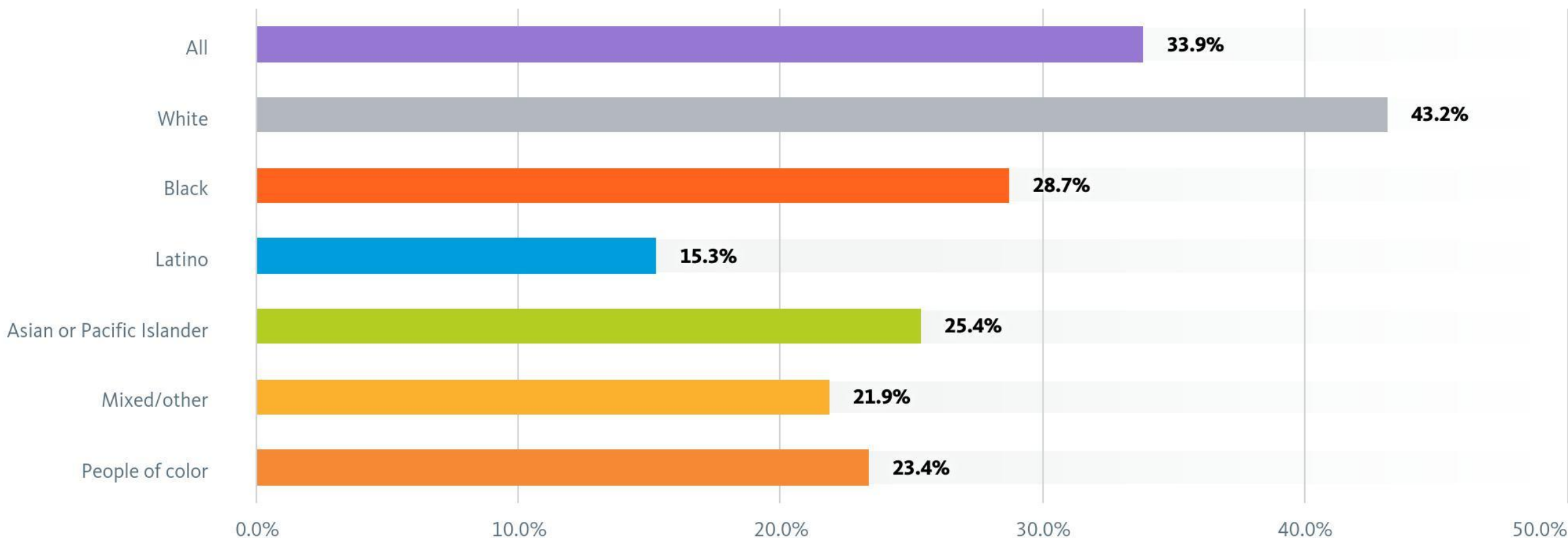
Equitable Economy: The Challenge

Median hourly wage for full-time workers by race/ethnicity:
City of Boston, MA 1980-2014



Equitable Economy: The Challenge

Percent owner-occupied households by race/ethnicity: Boston City, MA, 2014



IPUMS

PolicyLink/PERE National Equity Atlas, www.nationalequityatlas.org



Equitable Economic Development Fellowship



What is Equitable Economic Development?

- Unlocks the full potential of the local economy by dismantling barriers and expanding opportunities for low-income people and communities of color.
- Through accountable public action and investment, it grows quality jobs and increases entrepreneurship, ownership, and wealth.
- The result is a stronger, more competitive city.

Definition developed by:
the EED Fellows
at the June 2016 Fellowship Retreat
in Portland, Oregon

The Panel



The Panel

- **Shevanthi Daniel**, Co-Director of the Cooperative Conversion Program, Democracy at Work Institute, Oakland, CA
- **David Frank**, Economic Development Director, City of Minneapolis, MN
- **Melissa Hoover**, Executive Director, Democracy at Work Institute, Oakland, CA
- **Camille Kerr**, Associate Director, ICA Group, Brookline, MA
- **Ian Lawrence**, Director of Lending, Washington Area Community Investment Fund, Washington, D.C.
- **Joann Massey**, Office of Business Diversity and Compliance Director, City of Memphis, TN
- **Patrick McHugh**, Economic Analyst, Budget & Tax Center, North Carolina Justice Center, Raleigh, NC
- **James Terrell**, Principal Project Coordinator, Community Planning and Economic Development Department, City of Minneapolis, MN
- **Paul Young**, Division of Housing and Community Development Director, City of Memphis, TN

A photograph of a meeting room with several people seated around a table. In the background, a large framed mural depicts a dense cityscape with a park area. A blue diagonal overlay covers the right side of the image, containing a presentation outline.

Presentation Outline

1. Observations

2. Framing Questions

3. Role of the City

4. Project Analysis

5. Focus Areas

6. Conclusions and Homework

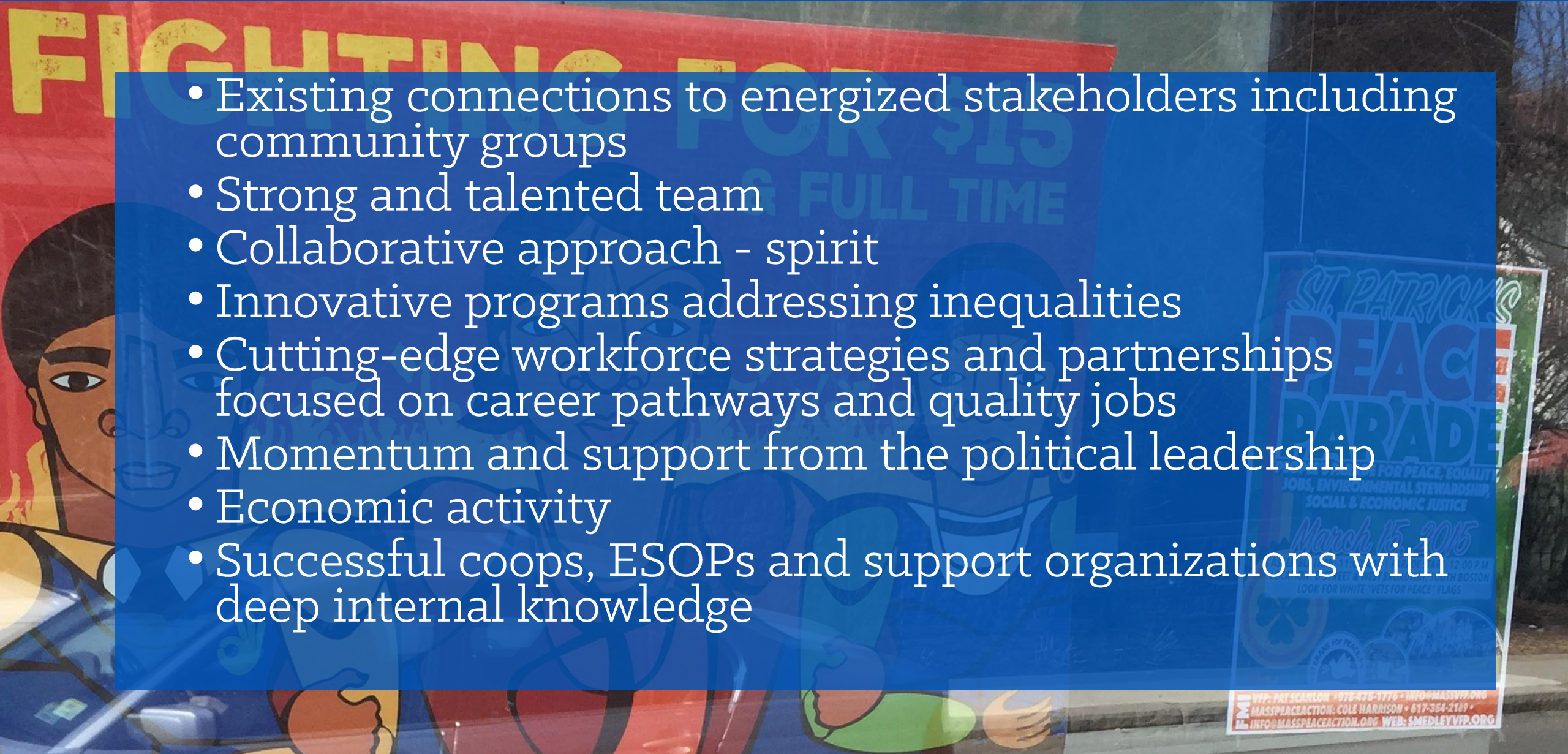
Observations

FIGHTING FOR \$15 & FULL TIME



Observations - Opportunities

- Existing connections to energized stakeholders including community groups
- Strong and talented team
- Collaborative approach - spirit
- Innovative programs addressing inequalities
- Cutting-edge workforce strategies and partnerships focused on career pathways and quality jobs
- Momentum and support from the political leadership
- Economic activity
- Successful coops, ESOPs and support organizations with deep internal knowledge



Observations - Challenges

- Limited awareness among the public and business community
- Need for scope-project clarification
 - Equity value proposition
 - Goals
 - Strategies (conversion vs startups)
- Lack of dedicated city funding
- Need for specialized financial instruments to fund coops and ESOPs
- Small number of current local examples



A group of people are seated in a meeting room, facing away from the camera towards a large mural of a cityscape. The room has a "STAFF ONLY" sign on the wall and a water cooler. A blue diagonal overlay covers the right side of the image, containing the presentation outline text.

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- 2. Role of the City**
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Role of the City

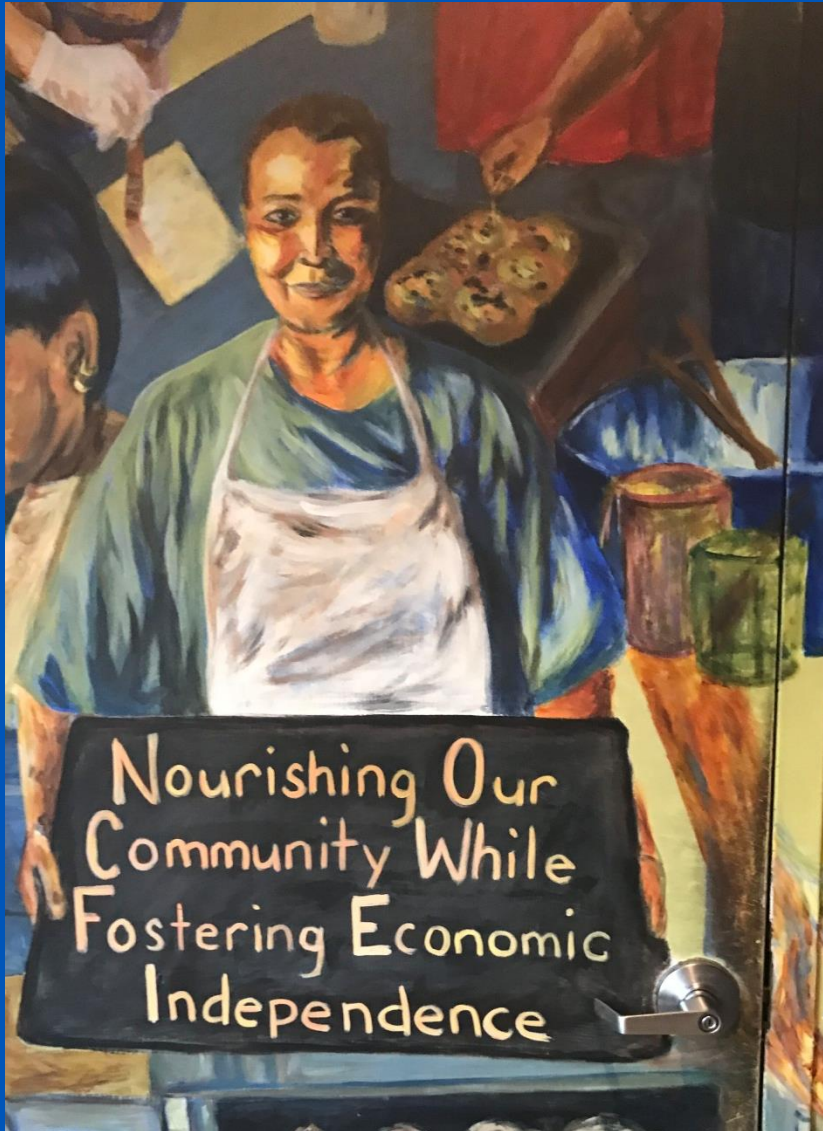
Economy

- › Support continued growth of Boston's strongest sectors and bring new companies to Boston by providing the space, infrastructure, and talented workforce they need to thrive
- › Create an environment where small businesses can start, grow, and scale by establishing a centralized Small Business Center and supporting worker cooperatives
- › Encourage job growth in neighborhoods by increasing access to commercial space, transit connections, and other investments to give employers the room and resources to grow while maintaining the character of the neighborhoods
- › Reduce wealth disparities through Children's Savings Accounts, financial education programs, increased utilization of the Earned-Income Tax Credit, and strengthening citywide procurement targets

Supporting plans include: Economic Inclusion and Equity Agenda; Small Business Plan; 100 Resilient Cities; Boston's Workforce

- Clarify the equity value proposition of worker cooperatives
- Specify the role of the City vs other stakeholders
- Lead by example in procurement

Role of the City



- Clarify and define the desired outcome from more focus on worker cooperatives
- Act as convener, leverage all resources, provide funding, and designate staffing
- Engage outside stakeholders - coops, financing entities, and technical experts- as members of the employee ownership advisory council, advocates, technical assistance, best practice examples, and for additional financial resources
- Provide training for coops and other small businesses on City procurement processes to help them to do business with the City

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Expand your Project Analysis

Building on your existing research, conduct an expanded project analysis to:

- Clarify purpose of the project and potential impact
- Define what kinds of initiatives are the ones that make the most sense given your purpose, the local and national market, and local and national data
- Better make the case. It is beneficial to have more data and research behind it (data and research will inform specific strategies)



Types of Employee Ownership Initiatives

Type	Example initiatives	Investment	Impact
OUTREACH	Education and outreach to public service providers and existing businesses	Very low cost, existing staff time	AWARENESS: Creates long-term pipeline development. Generate momentum and excitement.
START-UP DEVELOPMENT	Funding for TA providers to build start-up worker cooperatives and aggregate existing independent contractors into coops	High dollar investment, greatest risk	ACCESS TO EMPLOYMENT: Creating quality jobs for people of color and low-income workers.
CONVERSIONS	Funding to identify and convert existing businesses	Medium investment	RETAINING BUSINESSES AND JOBS: Keeping local small businesses open and serving their communities.
TECHNICAL ASSITANCE FOR COOPS/ ESOPS	Funding to offer free services to existing coops/ESOPs	Medium investment	GROWTH OF EXISTING COOPS: Create more jobs in co-ops/ESOPs
COOP/ ESOP INCENTIVES	Tax incentives, procurement, CLE / CPE credits	Medium investment	PIPELINE DEVELOPMENT: Encourages people to start co-op/ESOPs on their own

Content Project Analysis

- Greatly expand gathered data on 350+ MA co-op/ESOP companies
- Greatly expand gathered data on 7000+ National co-op/ESOP companies
 - Industry
 - Size
 - Demographics
 - Financial Ratios
 - Points of Common Strengths
 - Points of Common Challenges

Data and research will inform specific strategies.



Content Project Analysis

- Boston landscape
 - Assets and capacity of the small business landscape, current business / industry, landscape, current anchor landscape, community needs, current government programs, resources and gaps in the TA ecosystem for existing worker owned / employee owned businesses
- Needs of these businesses (e.g. fully assess the equity gap for worker cooperatives)
- National initiatives to build employee ownership and worker cooperatives
- Existing / available worker and employee ownership technical assistance organizations available



Additional Considerations - Project Analysis

- Define your metrics / data points
 - What do you think your project can accomplish
- Assess how the potential initiatives will achieve goals that you or your stakeholders will have
 - Vibrant small business ecosystem
 - Create access to employment for those with barriers
 - Retain legacy businesses
- Use publicly available data sources (like SBA) for your research



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Focus Areas

1. Outreach & Marketing
2. Financing
3. Leveraging Existing Programs

Outreach and Marketing

Refine pitch and value proposition for different audiences

Host public events “employee ownership week”

Deepen knowledge of Cooperative, ESOP business forms among business community, associations and unions

Engage consumers through existing employee owned company certification programs

Build an advisory council and expanded sub working groups

Financing

City should not be a direct lender/investor

DEBT

- Loan loss reserve and credit enhancement funds
 - Operating Capital

EQUITY

- Catalyze creation of equity investment pools
 - Patient Capital
 - Growth Capital

Leverage Existing Programs

DEDICATED FUNDING

- Share of IDP developers fees
- Share of economic development incentives redirected to equitable economic development fund
- Leverage federal funds (WIOA, SBA, EDA, CDBG)

BRIDGE EXISTING PROGRAMS

- Dedicated coordinating staff
- Workforce Development - Building Pathways and Operation Exit
- Housing

CONTRACTING

- Streamline procurement processes across City government
- Convene non-governmental anchor institutions to identify opportunities to favor employee-owned companies
- Develop training/resources on contracting with - Governments / Anchor Institutions / Large Corporations

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Homework - Next Steps

1. Define economic inclusion / racial equity value proposition
2. Plan for a roll out event for city programs increasing working cooperatives and ESOPs
3. Internal education – city staff
4. Create the research plan for Project Analysis
5. Form the Employee Ownership Advisory Council and convene a meeting to clarify project goals and strategies

Next Check-in:

Fellowship Retreat: Washington, DC | June 6-8, 2017



Thank You

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CITIES STRONG TOGETHER

Thank you to the following people for assisting our panel:

Shaun Blugh, Office of Economic Development | Alice Brown, BTD | Ed Carberry, UMass Boston | Lauren Costello, Office of Workforce Development | Betsy Cowan, Office of Small Business Development | Karilyn Crockett, Office of Small Business Development | Brian Doherty, Boston Building Trades | Jason Ewas, Mayor's Office Policy Research Fellow | Jessica Feldish, Mayor's Office of Environment | Stephen Gilman, Office of Small Business Development | Andrew Grace, Office of Economic Development | Alex Gray, Office of Workforce Development | Danny Green, Mayor's Office of Policy | Dorian Gregory, CFNE | Jake Hasson, Mayor's Office of Policy | Lor Holmes, Cero | Monica Leitner-Laserna, Chamber of Co-ops | Alvaro Lima, BPDA | Joyce Linehan, Mayor's Office Chief of Policy | Kimberly Lucas, MONUM | Amy Mahler, SparkBoston | Tomas McDonough, Office of Small Business Development | Joshua McFadden, Mayor's Office of Neighborhood Services | Matt Meyer, Chamber of Co-ops | Elizabeth Miller, Mayor's Office of Food Initiatives | Prayas Neupane, Office of Small Business Development | Bill Nickerson, BLDC | Brian Norton, Office of Workforce Development | Trinh Nguyen, Office of Workforce Development Director | John Smith, Mayor's Office of Economic Development Policy Analyst | Aaron Tanaka, Boston Impact Initiative | Ellie Tiglao, Greater Boston Chamber of Cooperatives | David Tisel, LEAF | Natalia Urtubey, Imagine Boston 2030 | Freddie Velez, Operation Exit | Krista Zalatores, Office of Economic Development | Sheet Metal Workers 17 Local Union Training Center Staff and members