

Community Economic Development Committee

Considerations for ARPA Funding Priorities

June 15, 2021

About



Greater Seattle Partners
City of Seattle OED
City of Portland
Elevate Akron
Indianapolis Chamber
State of Oregon

Contact: ryan@rmdonahue.com

BROOKINGS

Projects:

Minneapolis, Denver, Grand Rapids,
San Diego, Indy, Nashville, Birmingham

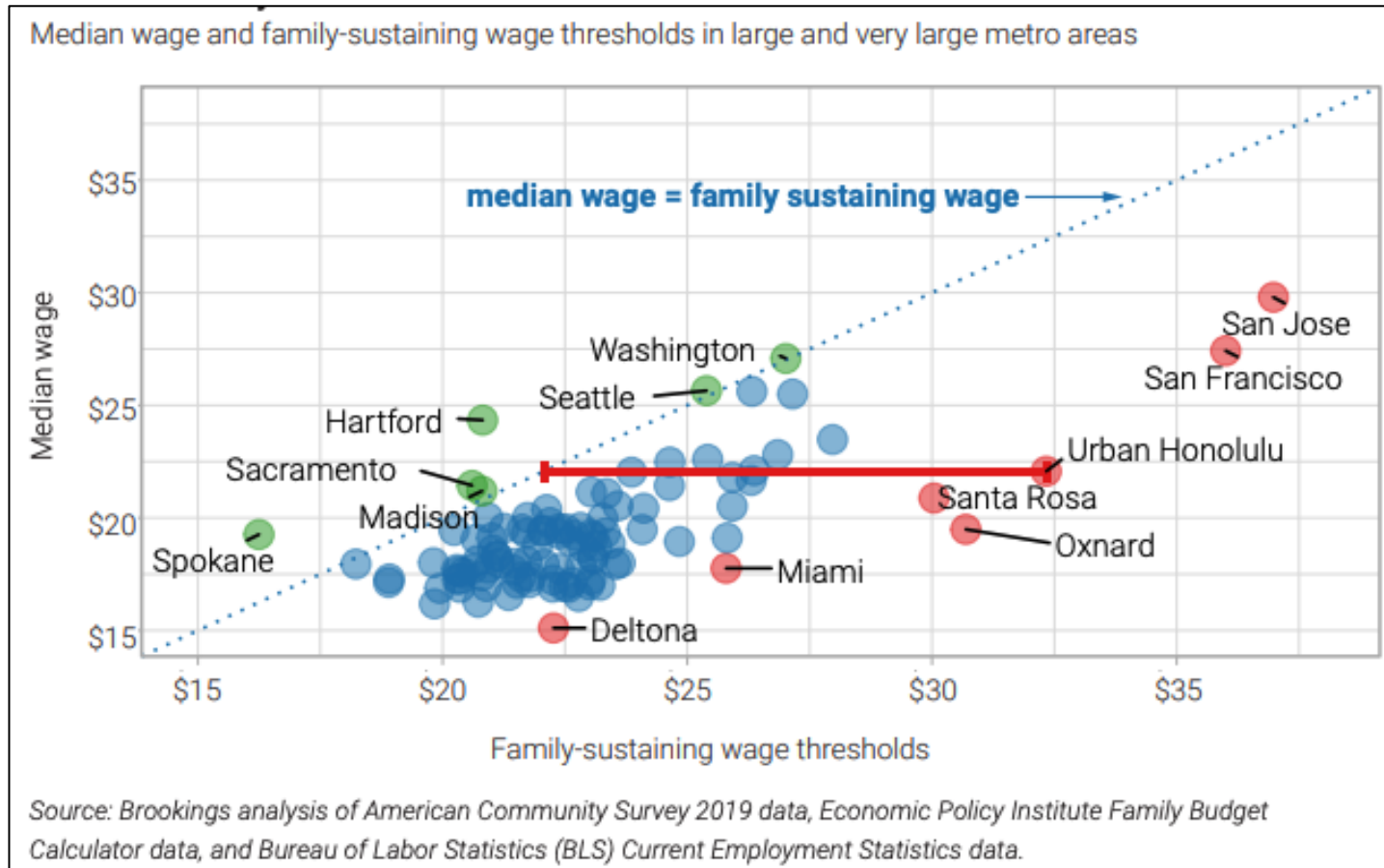
Research:

Covid recovery, cluster initiatives,
inclusive growth, exports

Outline

- 1. Defining the problem**
- 2. A model of equitable economic development**
- 3. Potential responses to invest in**

Defining (what isn't) the problem



Takeaways:

Seattle metro area is 1 of just 5 large metros nationwide where median wage = family-sustaining wage.

Seattle metro area is not even close to San Francisco. We have choices.

Seattle metro area should seek to connect more people to the engines of its economy.

Defining the problem

Covid revealed weaknesses and inequities in the economy - recovery requires confronting these.

1. Not enough opportunity

Pre-covid, **46%** of the workforce in Greater Seattle was out of work or low-wage jobs. (860,000 people in total.)

Pre-covid, number of young firms grew by **only 8%** in Greater Seattle, versus 25% in Denver, 30% in Nashville, 47% in Austin.

2. Inequitable access to opportunity

Jobs: Greater Seattle ranked in the **bottom third** of large metro areas for Black and Hispanic representation in tech jobs and management roles.

Businesses: only **8%** of high-growth firms owned by people of color (who are 35% of the workforce).

Geography: Greater Seattle ranked **49th of 53** large metro areas for progress on geographic inclusion.

A model for equitable economic development

1.

Job creation

Creating more good jobs, by creating and growing innovative firms/industries.

- Scale-up firms in key industries (i.e., the Rad Power opportunity)

2.

Job preparation

Developing skills relevant to good jobs via high-quality, intensive "earn and learn" programs.

- Investments of \$10-\$20k in 6-12 month programs w/ wrap-around supports

3.

Business practices

Helping firms adopt new practices around people, policy, procurement.

- Management is a technology.

4.

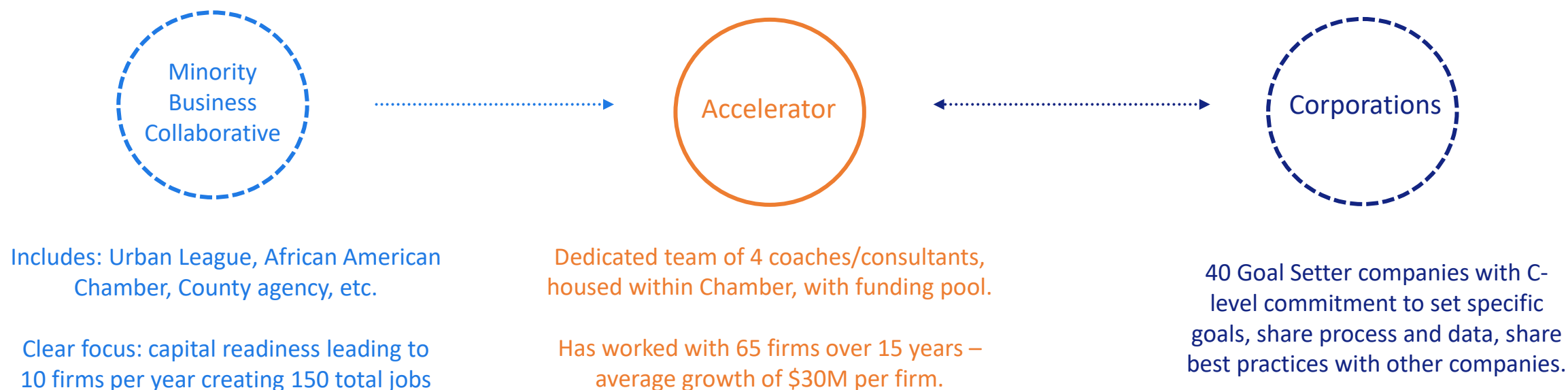
Access to opportunity

Access to jobs, access to wealth-building opportunities.

- Wealth-building broader than entrepreneurship + homeownership.

Potential investments – job creation

Coaching, capital, and connections for high-potential firms – the Cincinnati model.



Note: implementation in Seattle would look different – Ascend (UW) and Impact WA as technical assistance providers; Business Impact NW and Craft 3 as capital providers...

Potential investments – job preparation

Extend the reach and increase the diversity of existing high-impact programs.

Example: Year Up

Impact: rigorous national evaluation finds *“earnings gains among the highest ever found in a high-quality [study] in the field of workforce development.”*

Challenge: participants in this and similar programs need to take 6-12 months off, earning no income. Minimal upward mobility after initial earnings gains.

Opportunities

New occupations? Could Seattle de-risk entry into new fields that provide more opportunity?

New businesses? Could Seattle subsidize participation by smaller firms?

More supports? Could Seattle help replicate the Ada approach – low-interest loans, subsidized childcare, etc.?

Potential investments – access to opportunity

Widen the aperture beyond small business creation

**Example: Worker Ownership Initiative,
Minneapolis-St. Paul**

Nexus Community Partners: team of four consultants who work with firms before, during, and after co-op conversion.

City of Minneapolis: co-op technical assistance program (C-TAP) covers the cost of 50 hours of one-on-one consulting for aspiring or current co-ops.



Potential impact: 20 co-op conversions per year.

More productivity, business retention, more democratic economy, more equitable wealth creation.

Potential investments – access to opportunity

Portland's Community Investment Trust is a unique but replicable model:

- Mercy Corps and two impact investors bought commercial property in gentrifying neighborhood
- Local residents buy shares (\$10 to \$100 /mo) to own building in 3yrs (62% women, 49% immigrants)
- Building is leased by primarily minority-owned businesses and nonprofits



Parting thoughts

1. **Need offense as well as defense:** can't just stabilize, need to proactively create new jobs and opportunities in the advanced economy.
2. **Need to operate at scale:** link with regional systems to operate at scale of thousands, not tens or hundreds.
3. **There are investment-ready opportunities:** being developed here and across the U.S.