

Developing an Inclusive Economic Recovery Strategy for the SCAG Region

Work Plan & Draft Framework

Jenna Hornstock, Deputy Director of Planning, Special Initiatives

Presentation to the Special Committee on Equity and Social Justice

January 27, 2021

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Agenda



- Inclusive Economic Recovery Strategy (IERS) Work Plan
- Baseline Data
- Draft Guiding Principles
- Draft Focus Areas
- Discussion questions
- Next Steps

The Team

SCAG Staff

- Jenna Hornstock, Deputy Director for Special Initiatives
- Alisha James, Community Engagement Specialists

Consultant Support

- Estolano Advisors

Academic Support

- UC Riverside Center for Social Innovation

Technical & Advisory support

- Charles T. Brown, Wallace Walrod (SCAG Chief Economist), SCAG economist bench, Special Committee on Equity & Social Justice

Inclusive Economic Recovery Strategy (IERS) – Work Plan

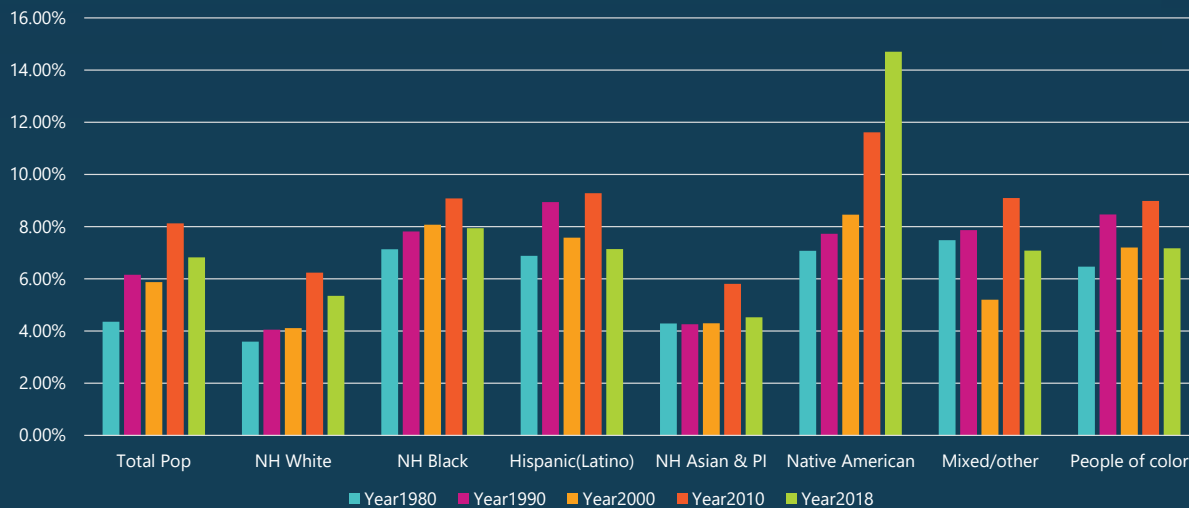


Baseline Data – SCAG Region

National Equity Atlas

SCAG Region Baseline Equity Indicators

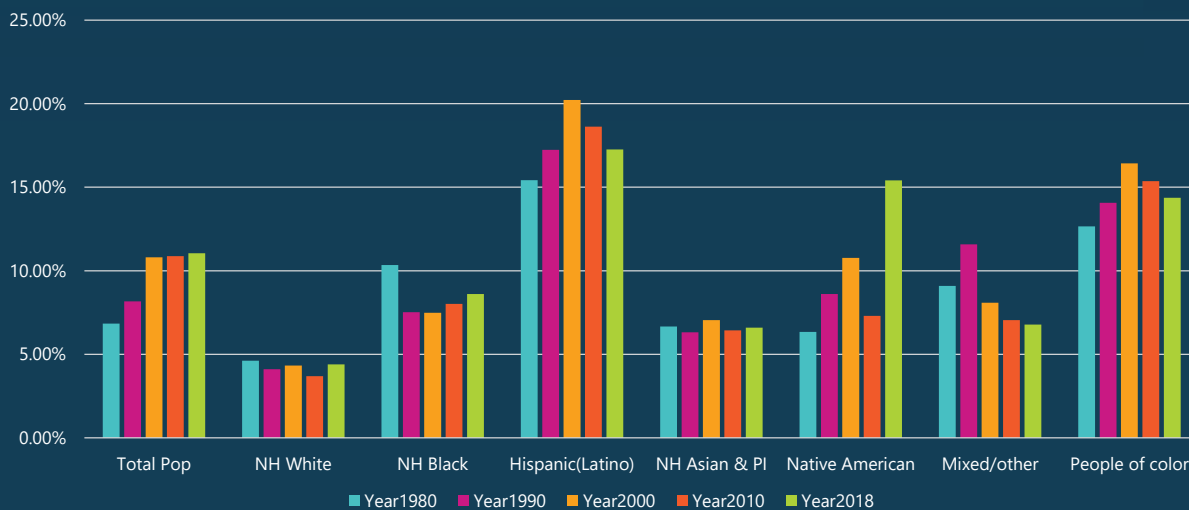
Unemployment Rate, SCAG Region (1980 – 2018)



While the disparity in unemployment between the White population and People of Color (POC) has shrunk, the unemployment rate for POC is still 38% higher.

SCAG Region Baseline Equity Indicators

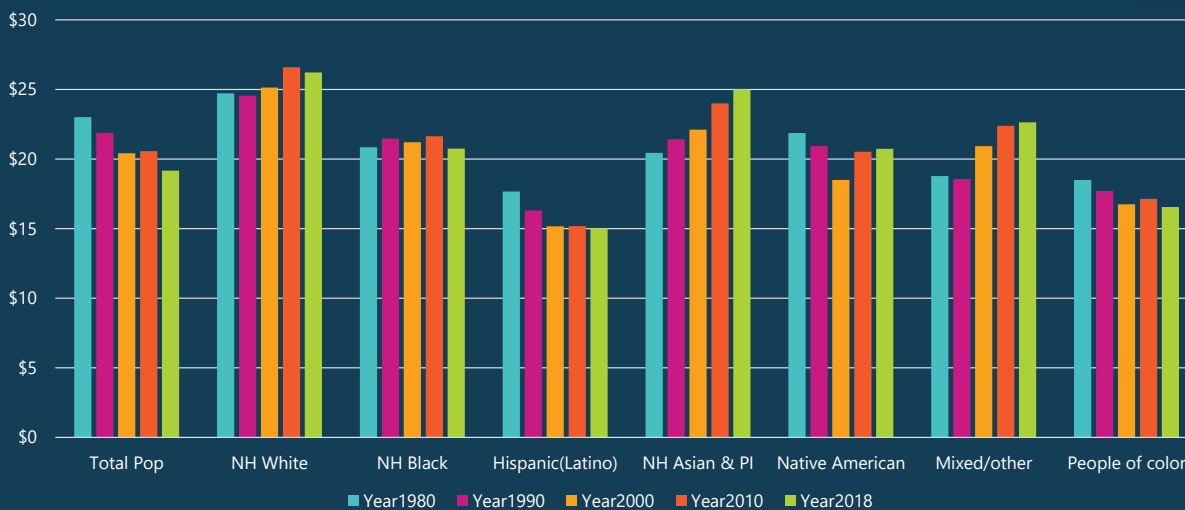
Percentage of Working Poor in the SCAG Region



For all races, the percentage of Working Poor has increased in the SCAG region; People of Color are Working Poor at rates 3 times as high as the White population.

SCAG Region Baseline Equity Indicators

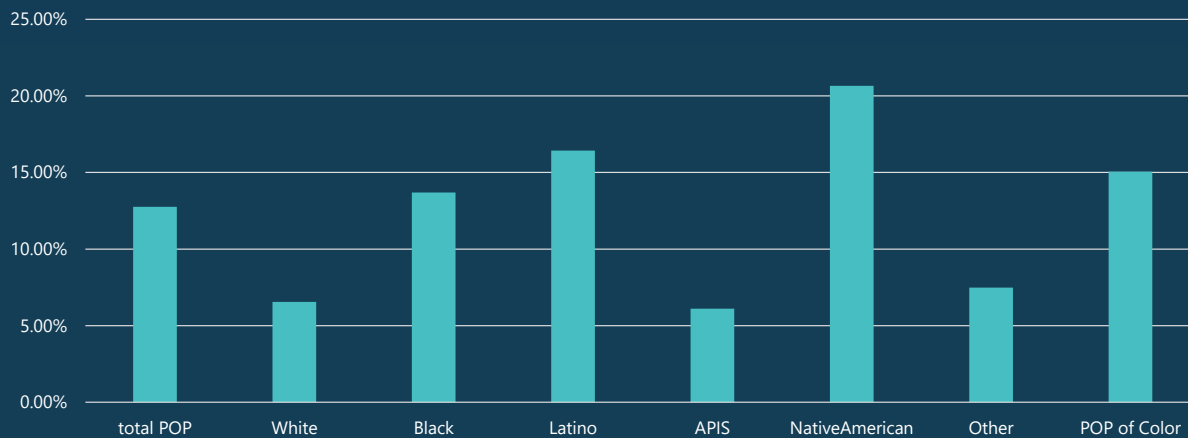
SCAG Region Median Hourly Wage (2010\$)



The Median Hourly Wage for POC was 75% that of the White population in 1980; in 2018 it had decreased to 63% of the median wage for the White population.

SCAG Region Baseline Equity Indicators

Percentage of People Living in High Poverty (> +30%) Tracts, SCAG Region (2017)

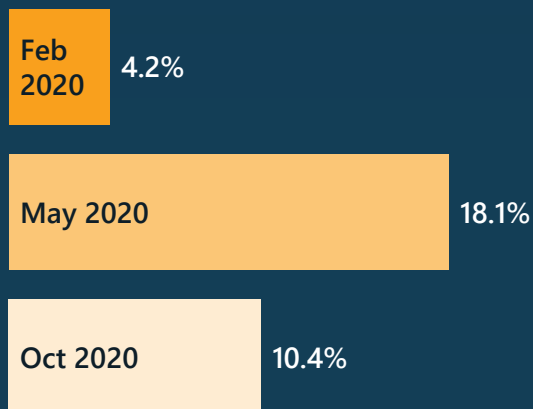


In 2017, 20% of the SCAG region's People of Color lived in high poverty census tracts, compared to 9% of the white population.

Baseline Data – SCAG Region

Economic Indicators Post-COVID

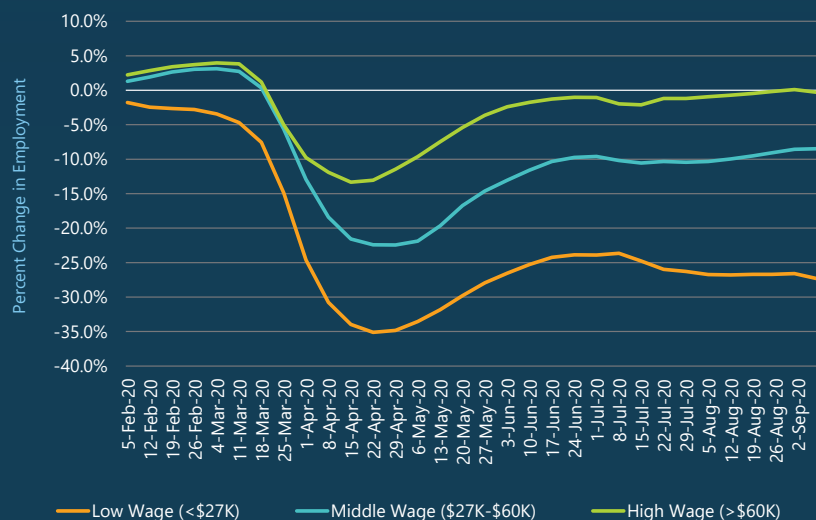
SCAG Region Overview



SCAG Region Unemployment

- Sectors with the largest employment losses between February and April 2020:
- Leisure and Hospitality: -45.4%
 - Other Services: -27.3%
 - Information: -22.7%
 - Nondurable Goods Manufacturing: -17.4%
 - Retail Trade: -17.2%
- The Beginnings of a Recovery — SCAG region recovered 1,100,600 jobs between April and October 2020, led by:
 - Leisure and Hospitality: +36.3%
 - Construction: +15.0%
 - Retail Trade: +14.7%

SCAG Region Economic Performance



- Before the pandemic, SCAG median household incomes region grew to \$76,981 by 7.1% in 2019, faster than the national rate.
- Lower-income SCAG residents saw higher employment losses between January and April and will likely see a slower recovery.
 - Low Income (<\$27,000) saw jobs losses of 35.1%
 - Middle Income (\$27,000-\$60,000): -22.4%
 - High Income (>\$60,000): -13.0%

The Business Case for Racial Equity

The average earnings of persons of color in the U.S. are 63% of the average earnings of Whites of the same age and gender — roughly \$25,000 per year versus \$40,000 per year.

Raising the average earnings of people of color to match those of Whites by closing gaps in health, education, and opportunity would generate an additional \$1 trillion in earnings, a 15% gain.

* Data from *The Business Case for Racial Equity, A Strategy for Growth*, by Ani Turner (Altarum) WK Kellogg Foundation, 2018

Under current consumer spending patterns, \$1 trillion in higher earnings would translate to an additional \$800 billion in spending...”

To address racial inequalities by 2050, would result in an additional \$2.6 trillion in spending, including \$330 billion annually on food, \$860 billion on housing, \$90 billion on apparel, \$440 billion on transportation, and \$130 billion on entertainment.

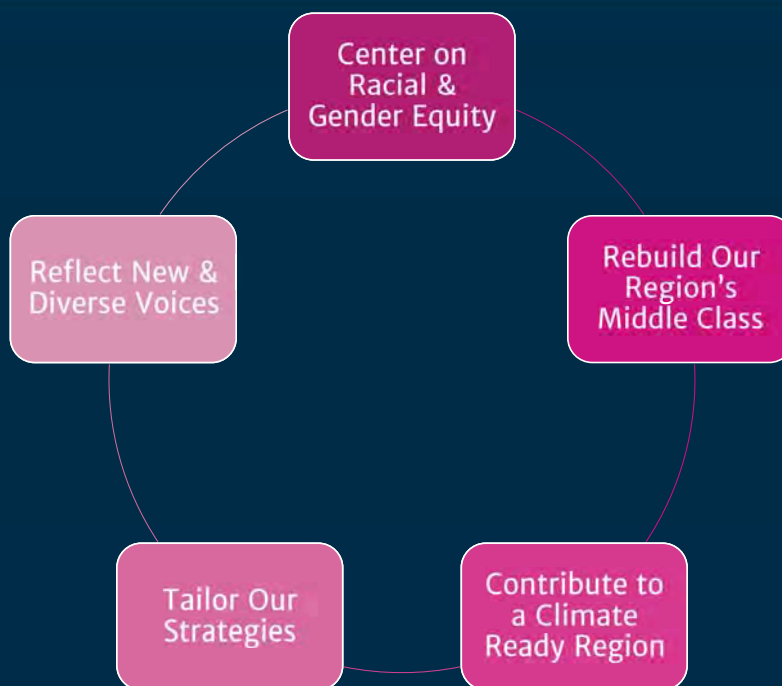
* Data from *The Business Case for Racial Equity, A Strategy for Growth*, by Ani Turner (Altarum) WK Kellogg Foundation, 2018

Our estimates show that closing the earnings gap for people of color would increase federal tax revenues by \$450 billion and state and local tax revenues by \$100 billion annually.

* Data from *The Business Case for Racial Equity, A Strategy for Growth*, by Ani Turner (Altarum) WK Kellogg Foundation, 2018

Inclusive Economic Recovery Strategy Draft Guiding Principles

IERS – Draft Guiding Principles



Inclusive Economic Recovery Strategy Draft Focus Areas

IERS – Draft Focus Areas



Questions for the Special Committee

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- Given where you sit within your sector, what do you see as **your sector's role in building an inclusive economy?** What needs to be done to close the racial equity gaps within your sector/field?
- What is **one key thing SCAG can do** to support your sector address these needs and narrow disparities? Consider the five levers SCAG has (policy advocacy, funding advocacy, TA, convening, data).
- Of the things needed to close the economic disparities, **what are things that the sector can do or change** to advance an inclusive economy?

Next Steps

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Questions? Comments?

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