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

www.scag.ca.gov

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

**Research & Inventory of Resources**
- Dec 2020–March 2021
  - Literature review
  - Best Practices/case studies
  - Catalog of economic development organizations
  - Regional, state and federal economic recovery efforts
  - Reference list of public funding sources

**Draft Principles & Framework**
- Jan 2021
  - Baseline data
  - Guiding principles
  - Focus areas

**Small Group Convenings & Survey**
- Feb–March 2021
  - 25–30 convenings
  - Survey
  - Share draft IERS framework
  - Learn about existing efforts
  - Identify targeted policies and programs

**Draft Plan**
- March–April 2021
  - Combine learning from research and convenings
  - Next steps for action—policy, programs, funding
  - Update presentation to Special Committee in March 2021
  - Present final plan at May General Assembly
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.
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.

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

- Center on Racial & Gender Equity
- Reflect New & Diverse Voices
- Tailor Our Strategies
- Rebuild Our Region’s Middle Class
- Contribute to a Climate Ready Region
Inclusive Economic Recovery Strategy
Draft Focus Areas
Questions for the Special Committee

• 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

- 20-30 convenings in Feb & March 2021
- Update report to this committee in March 2021, with draft recommendations for next steps
- Draft the Final IERS Report
- Share the report at the General Assembly in May 2021
Questions?
Comments?