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WEBINAR

LEVERAGING THE POWER OF ECONOMIC DYNAMISM IN
AMERICA'S COMMUNITIES OF COLOR

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P R O C E E D I N G S

MS. HENRY-NICKIE: A warm welcome to our viewers this afternoon. I'm Makada Henry-Nickie, a Governance Studies fellow in the Race, Prosperity, and Inclusion Initiative here at Brookings.

I am joined today by a distinguished group of speakers to discuss what we hope is a next pillar of the post-COVID recovery. And, that is, restoring economic dynamism in minority communities across the U.S.

I want to just say that now, while today's discussion is focused on entrepreneurs, and new workers, new economic development frameworks, we are, by no means, ignoring the plight of small businesses which by any estimate are continuing to struggle.

Yelps Economic Impact Report last fall estimated that 60% of shuttered businesses are now permanent closures. And the authors of a recent Brookings paper estimated that bankruptcies are expected to top the 2019 filing rate by 140%. Within two weeks of the second round of the Paycheck Protection Program, 900,000 businesses received loans.

All that collectively states that we're seeing a destructive picture of economic destruction, Congress, the Trump administration, and the Biden administration have enacted defensive measures to stem these losses. But startups and the growth potential they have to offer are missing from the build back America framework.

Countless studies have made it abundantly clear that new companies are not job creators. So without policy source store entrepreneurial dynamism, particularly in minority communities, we are likely to see yet another jobless recovery much like we saw in the Great Recession.

Without new businesses, technology and innovation could be stifled and remain concentrated in affluent communities. So we hope that today's discussion will remind policymakers of the need to focus on the creation part of the recovery, as much as they focus on advancing defensive policies and to offer thoughts on the way forward.

Well, I am pleased to welcome my panelist, Hadiyah Mujhid. Hadiyah is the CEO and founder of HBCUvc, a non-profit that is dedicated to changing how investment capital is formed and allocated to benefit historically underestimated groups. She is both a tech founder and software engineer

and is obsessed with leveraging technology entrepreneurship for economic inclusion. Welcome, Hadiyah.

Michael Brown is joining the panel today. I'm excited. Michael is currently the director of the Nevada Governor's Office of Economic Development. He previously served as director of Business and Industry, where he promoted a robust, diversified, and prosperous economy for all Nevadans. Welcome, Michael.

Next, we're joined by Sean Arian. Sean currently serves as the executive director of LA-tech.org, a non-profit coalition of tech companies to expand economic opportunity for LA's disconnected communities. Sean, thanks for joining us.

And, finally, we have got my colleague, Andre Perry. Andrea is a senior fellow in the Metropolitan Policy Program here at Brookings and a scholar-in-residence at American University. His research focuses on race and structural inequality, education, and economic inclusion.

So before we get started, I want to review a few of our housekeeping rules. I plan to moderate a 40-45 minute discussion with our panelists; then I'll open the discussion to our virtual audience. We want to hear from you. So, please, send us your questions via email at events@brookings.edu or you can Tweet us your questions @BrookingsGov.

So, with further ado, I'll turn to jump right in. And, Andre, I'll start off with you. Now you have written extensively on the issue of missing generations of Black businesses. According to the latest census data, of the two million Black-owned businesses in this country, just 124,000 are employer businesses; that's just 6.2%.

Now there is no arguing that the universe of Black-owned businesses is small, but they play an outsized role in producing quality jobs in their local economies, especially when they survive and grow into employer firms.

So how do we solve this conversion problem, Andrea? How do we convert 1.9 million people who are sole proprietorships -- excuse me -- into employer firms. How many of them do we need to convert? Is there some sort of industry composition dynamic in the background that's feeding this imbalance?

I know you have got lots of views. So tell us how should we be thinking about Black

startups ion this moment?

MR. PERRY: My microphone, I'm turning on. First of all, we need to recognize all the entrepreneurs who are essentially out of work during this Mardi Gras day. We need to uplift this day.

Because, in actuality, this is an important day for many Black businesses: bead makers, crews, and a lot of people are losing business. But I'm going to celebrate them anyway during this Mardi Gras day. So happy Mardi Gras.

As you stated, the more than two million in sole proprietorships, if we could find a way to convert them to employer businesses, meaning, businesses with more than one employee, we would add significant revenue, jobs to the economy.

But that would require us to move -- if we would move 800,000 of those sole proprietorships, then we could reach into employer businesses, then we would essentially be at 14% of the number of business would be employer businesses which would match the percentage of us in the United States.

Now that's going to be hard for a number of reasons. One, so many sole proprietorships are in gig economy. So we have a lot of Uber, Lyft drivers, and other areas. But we also have a lot of barbershop owners, other -- beauty salon owners, other types of businesses that we could scale up.

The top three industries for non-employer businesses are personal and laundry services. They actually are up with more 500,000 businesses across the country. And then we have transit and ground passenger transportation coming in next, and then administrative and support services.

And we know that those are not near the top revenue-generating firms of the utilities -- and, by the way, the utilities there are only 18, count them, 18 Black-owned businesses in utilities; and then you have certain tech industries, manufacturing.

These are the areas that we need to see growth. And so there should be an effort to increase the number of sole proprietors into employer business, but also to convert those employer businesses that are 10, 20 deep to double them.

But there is only one way to do that and that's to invest in Black businesses. The one area that we're certainly lacking is in capital. Most people actually start their businesses using the equity in their home, or some other form of personal wealth. But because of the lack of wealth, we have fewer

businesses and we have less ability to scale up those businesses.

And so there is no way around it. We, first of all, need to remove the drags of racism that preclude us from us from getting capital, and then we've got to find a way to repair. And that means figuring out ways to invest in Black and Brown business owners.

MS. HENRY-NICKIE: Yeah, that makes sense. Now, Hadiyah, I want to bring you in here. You not only have a fascinating professional background, right, software engineer, tech founder, which you lead an incredibly innovative organization that's tackling some of these challenges that Andre alluded to, sourcing capital, identifying promising businesses that can grow, scale and convert into employee-owned businesses -- I'm sorry -- employer firms.

So most of our viewers clearly haven't heard about HBCUvc. So tell us a little bit more about, you know, its mission, what particular gaps does your organization's work fill, and why the need to anchor around HBCUs?

MS. MUJHID: Absolutely, thank you for having me. So, ultimately, our mission is to remove some of the systemic barriers that prevent access to capital for Black Indigenous and Latinx entrepreneurs. The way that we do this is, we look at the current demographics of the venture capital industry, the industry which is investing the money and deploying the money into entrepreneurs.

And we recognize that there are some biases in the industry, especially when they have to make decisions at such a early stage to the entrepreneurs that they may not know, so their personal biases may come into place.

So the way that we are addressing this is increasing the representation of the decisionmakers, the check writers in the industry so that they are reflective of the communities that need the utmost support.

One of the reasons why we anchored our programming around historically Black colleges and universities is that they are, you know, centered in the locations where African-Americans live, where 55% of African-Americans in the United States reside in the Southern part of the United States.

And not only that, but HBCUs have been a key throughout the history of the United States in serving as a, basically, a social mobility vehicle for African-Americans. So this is why in our programming it's key that we anchor around HBCUs and are inclusive to the people, the students, the

talent that come out of HBCUs.

MS. HENRY-NICKIE: Yeah. I'm going to push you a little bit more there to tell us about the sort of industry mix. So Andrea, I mean, in his overlay talked about this over-indexing, if you will, of Black-owned businesses, in laundry and personal services, and we know the potential for that to convert to employer firms is pretty low.

And so what we really want to see is more of our sole proprietorships or Black-owned startups emerge in the tech and manufacturing sectors. How do you identify, you know, those kinds of high growth, high potential startups in your work? Tell us a little bit about your search strategy there.

MS. MUJHID: Yes, for us it is, you know, identifying the problem solvers, identifying those who are leveraging technology to solve a global and mass problem. And, you know, for us it's not that the talent is not there or the entrepreneurs aren't there, they are often there. That's one thing that's very innate to the Black communities; that we're always problem solving and we're always being entrepreneur sometimes out of necessity.

The biggest gap that we see in that, you know, we'll start to solve our own problem but the gaps, in terms of access to capital so that we can grow that business into a large firm that could grow to, like, these technology firms that employ 8,000 people. So that's the gap that we see.

MS. HENRY-NICKIE: Makes sense. Director Brown, I'd love to bring you in here -- Michael -- sorry.

MR. BROWN: That's okay.

MS. HENRY-NICKIE: (Laughter) From your vantage point here, you're the decision maker, you consume the research that Andre and others put out and you appraise inspiring models, like, Hadiyah's shop; then you've got to sort of figure out if and how to implement any of this in your state.

Before the pandemic, Nevada's minority-owned businesses seemed to me to have hit their stride. Right? Between 2012, 2018, the number of Hispanic-owned firms increased by an astonishing I think 40%. The state is incredibly diverse demographically and spatially.

But, of course, it's highly concentrated in terms of its industries. I know that your shop has recently completed an economic inventory, per se, and that some of that work involved, like, potentially surfacing new industries. Can you help? Can you walk us through that (inaudible) process?

MR. BROWN: Certainly. Well, first, you know, Nevada is also home to Brookings Mountain West and we're appreciative to have them present in our state and they're great advisors to us.

The first thing we have to do is try to rescue the small businesses that are currently stranded. And if I had been more clever, I would have called it Project Dunkirk because we created a program of \$100 million that Governor Sisolak and our legislature authorized to help small businesses in the state. And we prioritized DBE business, and we have the applications and we're in the process of rolling out like a \$100 million, \$48 million of that to DBE businesses.

We partnered with the Urban Chamber, and the Latin Chamber, and the other diversity chambers to make sure the coaching and the navigation was there to help those small businesses.

In our research, one of the things that we discovered was that so many small businesses in Nevada, it was multiple small businesses, multiple gigs that have been put together.

And we recognize that first we have to try to save those with these little, like, the little small ships were sent to rescue the soldiers. These \$10,000 grants that we're giving, you know, we're trying to rescue as many of those businesses as possible.

We included faith communities. We included non-profits that are operating in those communities because we need to make it a holistic approach to help all of those businesses; and so that relief effort is underway.

Now, as we look forward, in doing this, the state treasurer and I, who partnered on this, for compliance reasons, we decided to look at every single application. And if we found a business that we didn't understand, we phoned them. And he and I have talked to probably 2,000 small businesses in the last couple of weeks and really came to understand the challenges that they have as small businesses.

And I think the first realization is running a small business takes a lot of time. And so we have prioritized in our legislature having the lieutenant governor take a stronger leadership role in this area.

And then, finally, what I'm looking at is economic development tends to be tilted towards the privileged class, you know, high tech, sophisticated companies coming in to a state, seeking abatements and incentives.

And Ken Evans, who leads our Urban Chamber, he challenged me the other day, you know, what can we do, you know, to connect our small businesses to these big tech companies that are coming?

Well, while I have leverage, while I have leverage to the abatement and incentive process, I am going to be sitting down with those businesses and saying, "Okay, you know, we welcome you to Nevada, but we want to see a supply chain that taps into our small businesses. We want to see formal hiring."

I have a wonderful woman on my staff that's going to lead this effort. Because we do have the leverage at that moment to, as we embrace them into Nevada, to link them to the communities, the minority communities, that need that extra help and need that leg up. And that's an initiative I'll get underway shortly.

MS. HENRY-NICKIE: Oh, excellent.

MR. PERRY: Can I add to that And, first of all, Michael, you have a word processor in your background. That is amazing. (Laughter)

MR. BROWN: Oh, even better, listen, it's an IBM Selectric typewriter, 3000 mechanical.

MR. PERRY: That is a typewriter, wow. I digress, but I just want to pick up. Government agencies have a large role in this. Oftentimes, they set the bar particularly around their procurement rules and regulations.

So this is the time we really do need government and private industry to set better levels for their supplier diversity requirements because that can be certainly an incentive and a lever that will lead to the investment in Black-owned firms so that they can then participate in these -- to become suppliers.

MR. BROWN: And I'll tell you, you know, coming from the private sector, I was shocked at how silo government was when I got inside. And even within my own unit, I had this PTAC unit that was working on procurement, linking small businesses to defense contracts.

And I said to him last week, why can't your professionals work with the tech companies and others who are relocating here and do the same thing for them and then navigate that process? And that's what I want to get underway.

MR. PERRY: Yeah And that's the kind of activity we really do need other government agencies to participate in. And Hadiyah had also mentioned that many of these Black businesses are in majority Black cities.

MR. BROWN: Yeah.

MR. PERRY: And so that's just another area. Again, how can we leverage rules and regulations for municipalities and states and the federal government to encourage more investment into Black-owned firms to encourage the scaling up of sort?

So, yeah, I just wanted to make sure we said that. Because we clearly need a new regulatory environment and it can't just be about investment, private investment, and other forms of investment. We also need for governments to encourage this type of activity.

MS. HENRY-NICKIE: I think that's an excellent point, and I know Michael has thought more about this. There is this default posture of government agencies as though they're so risk adverse. And they almost sort of seem like private capitalist of private venture capital firms that are trying to ensure that they don't lose their money and not balancing the needs of the people which is more of a social mission.

So how do we sort of figure broadening that idea of risk so that we that we can free up the kinds of capital that we need to see flowing into minority communities?

Sean, I want to bring you in here. We have talked about people, and jobs, and a lot of what we're seeing in the census is that people are on the move, companies are on the move, and some of that movement and migration is coming into Nevada.

But we need to sort of figure out how to center people in this conversation, right? After all, we care about the job creation potential of new firms and new business or industries and that means workers.

But we risk rebuilding the status quo, whether it's in Nevada, or in a startup scene in Chicago or Baltimore, underrepresented workers lose out to the privileged class, to borrow Michael's term, especially minority youth,

So, you know, tell us how LA-Tech, like, how do you sort of tackle this challenge, especially in the midst of, you know, an endemic, or sort of critical learning losses? Community college

enrollment is down 10.1%. Overwhelmingly, Black and Brown students will be part of that sort of fallout.

We don't have any data yet on high school dropout rates, but my guess is the data will just as bad. So we need a theory of change. Tell us about LA-Tech's theory of change. And how do you guys move non-traditional youth into tech pipelines? You have had a long history of doing that work.

MR. ARIAN: Thank you, Makada. Yeah, so, like I said, I'm executive director of LA-Tech.org. And, basically, what LA-Tech.org is we're a relatively new organization founded by CEOs of some of the big tech companies here in Los Angeles, the idea of how do we create -- how do we invest in economic opportunity in LA's disconnected communities.

Before that, I was executive director of an organization that did -- acted as sort of a workforce intermediary. And I think, you know, the thing that we asked ourselves is -- I think it was a little bit different that sort of led to our programs is:

A lot of times when people are looking at, you know, underrepresented groups or these disconnected communities and they ask themselves, you know, what skills do people need to get access to jobs in these growing industries, like, tech or others?

And, instead, we asked ourselves, which I think naturally lead you to the supply side of the labor markets. Right? You start focusing on community colleges, or your colleges, or your training institutions, or things like that.

What we did is we took a step back and asked little bit of a different question which was, basically, well, how do you actually get a job, right? So it's inclusive of those things of the supply side. But, really, where it ended up making us focus was a little bit more on the demand side of the labor market.

And I think similar to what, very similar to what Hadiyah was saying is then you run into some of these very systemic barriers to access -- particularly for people -- and we are (inaudible) from disconnected communities, right, disconnected from opportunity, right? Because we know the talent is equally distributed, but the opportunities absolutely, absolutely are not.

So when we looked at some of those systemic barriers to access on the demand side, so what were the companies doing that were keeping young people from these communities to getting access? Because we know the talent is there, right? It's like hidden in plain sight.

And we found, for one, there is a great amount of bias against talent sources or where a lot of these young people come from, largely, Black and Brown communities, but as you mentioned community colleges, right?

In Los Angeles County, we have 400,000 community college students right now today, and almost none of them have access to these growing jobs in the tech community, right? And, number two, we found there is this -- you know, a lot of tech companies use this excuse of pipeline; there is no pipeline. Right? And, again, part of that is because of their bias against certain talent pools.

But another is we kind of call it the front door/back door problem in that with a lot of companies the -- you know, if you want to apply for a job there, you are required to go to submit your application online and the algorithm decides if you're going to see a person or not.

And so, for a lot of people that essentially, like, locks them out. Whereas, at the same time, we know that for a lot of our companies, up to 60% and 70% of the jobs can be filled by people who have a personal connection. Right?

They call it an internal referral in a lot of these companies. And those folks typically look like the people who are already at the companies. Right? So it just perpetuates what they already have.

And when you ask, okay, well, what happens, like, what is the third big barrier is, essentially, if you think about how you get a job, right, it's the alumni associations, and the great career services offices, and your social networks, and all of these other things, all of this invisible infrastructure that sort of privileges the people who are already in these companies is non-existent for the students that we work with. Right? So whether they're at community colleges, or other things, they just don't have access to those.

So, the third thing that -- that was the third big barrier that we found. So what our organization does is we partner with the workforce intermediaries, the training providers of the community college system here in Los Angeles, the workforce system, the government workforce system here in Los Angeles, community-based organizations that work with systems involving young people, those are the folks we partner with; they are the talent scouts in our mind.

And then what we do is we bring the tech community in and we try to break down those barriers around perception by having employees of a lot of our companies do work with those young

people from those communities by helping those young people develop their networks and building.

I think, Makada, in a conversation we had you coined the term "the synthetic social networks" that match the networks that a lot of the people who are in the industry already have by giving them access to work-based learning, giving them access to internships, giving them access to essentially information that they need to, in the sort of experience-based learning, that they need to get access to the industry.

MS. HENRY-NICKIE: Yeah. I love LA-Tech's story. Thanks, Sean. Hadiyah, I wanted to ask you about the startups or young firms that you work with. But you're pretty much on the cusp of the kinds of employer firms we hope that we'll eventually scale into employer firms and have Sean's -- you know,, his clients, and other underrepresented people become a part of their workforce.

Are there more promising, or probably more mature firms thinking of what they might look like as employer firms? Are they engaging with these kinds of conversations around equity? How might we source and value talent differently such that we be more inclusive in who we are able to hire, who we're able to see in our pipelines?

MS. MUJHID: Thank you. We do a lot of work with employers, specifically, we see firms and employers and some startups who are looking to build pipelines or create opportunities for people who are complimentary to their firms. You know, going back, I second everything that Sean said.

But, you know, one of the things that stands out to us is right now the tech innovation ecosystem is rigged (phonetic) and in a certain privilege, as Sean mentioned, that these communities that are not connected have access to.

And so when we talk to -- you know, even if we're successful in creating a large pipeline of talents, you know, you get there and the first question -- this is the feedback that we get a lot of times -- is, one, when we ask why they wanted to work here, we didn't get a sense that they really knew.

And for us, you know, I think about my own cultural background and upbringing and being a new college grad and if I sat across an employer who said, "Why do you want to work here?" Right? You know, I think there are certain cultures that do not align passion and purpose with employment. Right?

And so I think that that's a huge blinder. And so when I had to go and sit in front of an

employer and ask, "Why do I want to work here?" My initial thought was, like, you guys are paying, right? Like, I'm here because I need a job, I need the money.

But, instead, happened to kind of, like, anchor in some type of, you know, system of, like, "Oh, your mission is really interesting," when I was never, you know, from my cultural background, I was never taught to align career objectives with, like, personal passion.

And I think that that is a -- that is somewhat of a privilege that a lot of the communities in tech and innovation have, you know, and they anchor in that. And it's not inclusive to other cultures who do not think about their career and their professional alignment in that way.

MS. HENRY-NICKIE: Okay. Michael?

MR. BROWN: Yeah.

MS. HENRY-NICKIE: I know that in your GOED recently, you guys are thinking about, hey, how can we sort of capture all of these opportunities that are shifting out of California, and whether it is through, you know, your ideas around taking tax incentives and really saying to companies, if you want to get this it's not another Amazon HQ2 deal. You're going to have to work for this.

Create some supply chain feedback. And in there you're going to support not to only existing small businesses but also, sort of, this sort of new creation. But you are going to have to contend with this sort of competition between -- to attract these industries, you've got to have a competitive workforce.

How do you think about balancing the future workforce needs of Nevadans against this risk or liability of having to import a workforce to stand up these kinds of new companies that are important to your tax feed?

MR. BROWN: I don't to import a workforce. We have got a talented workforce here. I want to find opportunities for them; 60% of Nevadans, the occupations in Nevada need more than a high school degree and less than a four-year degree.

We are a state where community colleges can play an absolute vital role. Brookings Mountain West has made recommendations in this area. The governor has signaled the legislature that he's willing to go as boldly in separating out the community colleges into a separate system if need be.

This is an area where we will be spending policy space in it. I am pleased to be doing

that. I'm a 30-year Washingtonian and proud to say a graduate of Luray County Community College. I have worked for three Treasury secretaries. And before I came West -- and I'm pleased to be a graduate of a community college and understand the vital role they play, both as an emergency responder and for first generation Americans and for our minority communities as they attempt to move forward.

So we will be doing a lot of activity in that space. We don't want to import a workforce. We have a talented workforce. I have a concern that we may see a structural realignment in our gaming sector and I need to make sure that we have opportunities for those folks -- so with the reshoring plans of American manufacturers.

And I will say this: Since inaugural day, I have received multiple inquiries from Fortune 500 companies looking to relocate into the Pacific time zone, looking to sort out their logistics. We're well-positioned for that and they want to talk about workforce, and they want to talk about the talent that's here.

I also had the advantage, it's 17% of Nevadans were born elsewhere, and so they have come here to make a new life. They're driven to make a new life here. And so I want to create the opportunities for them.

MS. HENRY-NICKIE: Andre, let me get you to chime in here. So, Michael, I think a lot of states would die to be in your position right now, having 14 -- you know, 100 or 500 companies calling them to think about relocating. But a lot of times, you know, we, in the Black community, we're up against a numbers game, we're small, 13% of the population, 124,000 employer businesses.

And so it's hard to convince policymakers, or even the private business community that there is productive capacity in Black communities. How should we sort of think about changing this conversation, Andre?

MR. PERRY: Well, yeah, there is a couple of things here, one, that we did a study not that long ago, where we looked at the quality of businesses in Black communities. We scraped all of the Yelp data and we controlled for a lot of in the neighborhood conditions because we wanted to get an apples-to-apples comparison of businesses across the United States.

And what we found is that after scraping the Yelp data, we found that Asian, Black- and Brown-owned businesses actually score higher on Yelp than their white counterparts; after you control for

sector it's even.

The reason why I say that is that Black, Brown and Asian businesses don't want for quality, so we have quality services. Now Yelp, it's very good when it comes to restaurant and service industries, not so good when it comes to the other sectors.

But we can use it as sort of a proxy for understanding what our -- well, not our ancestors -- what our elders used to say. They used to always say, "Our ice is just as cold." And so in many communities, we're essentially losing out on talent because we're not patronizing those businesses.

Now I just want to put out just a few stats here. If Black businesses were, Black sort of employer businesses, were the equivalent of the Black population there would be 800,000 more businesses in the economy overall.

If Black businesses increase their average revenue to the level of non-Black businesses, we would add close to more than -- close to \$700 billion, If the average employees per Black firm increased to 23, which is the non-Black average, we would add 1.6 million jobs.

We would add to the entire economy if we only recognized the talent in our communities and invested in them. So we are a small percentage overall. But if you're talking about New Orleans, where 60-something percent of the city, when you're talking about Atlanta, where 50-something percent of the city, when you're talking about Detroit, where 70% of the city, and that lack of investment is actually throttling those entire regional economies.

And then, one other, this point I have got to make Because we have to remove this assumption that there is this idea that workers have to come in fully trained in order to produce once they get the job. That is a recent phenomenon. Before businesses took pride in the training of their employees.

And I remember, and this is going to -- I'm going to be dated -- you know, I learned how to program on a Atari 800 XL, where you didn't get that learning in school; you didn't get that learning -- Makada is looking at me, like, what's an Atari? (Laughter)

You're, like, is that a -- Atari what? (Laughter) You know, an Atari 800 XL, and so many of my peers essentially got jobs. They went on to do great things without these expensive four-year degrees.

Now, remember, there was a time when the tech sector took pride in saying, you don't have to go to Stanford; you don't have to go to MIT to give you what I need. We'll give you the opportunity.

And that's what we need to do today. We have talent, we don't investment, but we still need to figure out ways for mainstream institutions to train the talent that's ion their midst.

MS. HENRY-NICKIE: That's a fantastic point. I could not have made it better myself. Sean, you, at LA-Tech, you guys do this work. I mean you bump up against the stereotypes all of the time.

We have talked a lot about community colleges here. But to Andre's point, it is we're chasing after the 23% or 24% of people who have a bachelor's degree. In fact, a lot of them are ladened with debt and for a fair number of them the degree ain't working in the first place.

So how do we convince external companies and whether it's a -- you know, a scaling company or not, to think about valuing and training workers? And this is not a conversation about only people of color, but there are millions of qualified people, but for the last mile of training can't show up in a pipeline.

What kind of work does LA-Tech do to fill those gaps? You know, help us kind of figure out what new models should we be looking to help change this tired old conversation around?

MR. SRIAN: That is really a great point. I mean I can tell you the one thing I have heard from recruiting departments, HR departments, and companies after we develop programs with them, the one thing that is almost universal is they will say, wow, these students have really exceeded my expectation, right, almost to a tee.

Like I said, our students they come from community colleges, they are largely Black and Brown, they're almost all from a low-income background. Many of them have been -- systems involved where they have been in foster care, or have had dealt with issues around homelessness, or food insecurity.

But when given an opportunity, and when given access to ways to sort of get access to these jobs, they usually always step up to the plate and are -- you know, and are just as good, and, in some cases, better than where these companies are traditionally recruiting from.

So, you know,, and I agree with Andre. I mean it's, like, the -- it's almost like people have blinders on, right? There is all of this amazing talent in the community. We refer to it sometimes has hidden talent. But it's, like I said, it's hidden right there in front of them. Right?

It's, like, it's like hidden in plain sight. So, you know, I think a lot of what we do is -- you know, and we're very numbers-driven -- is the first thing that we look at is -- in terms of why we do the work we do -- is we did a study with -- to look at, like, what difference does it make to get young people from where they are, from these disconnected communities into a job in tech, like, what's the differential?

And we found that if they get the median job in LA County versus getting them into tech, it's a \$2 million differential in lifetime earnings for them. Right? So that's \$2 million invested in them and their families in their communities over their lifetime for each person, single persons, that you divert from a non-tech pathway into a tech pathway in Los Angeles County. Right?

And as a "by the way" to Andre's previous point, you know, we are comparing apples-to-apples, that's people of color in the tech industry. If you compare them to white men in the tech industry, it's a \$2.4 million differential. Right? So if we equalize them with white men in the tech industry, it would be about \$2.4 million.

So, like, starting from that point, we look at this as saying, this is probably -- this investment in these young people is probably the biggest, we get some of the biggest return in our investment that you could possibly imagine, right, the relative investments that you're making in them that are small compared to the return that you get in terms of investment in them and their communities over their lifetimes.

So, you know, and we have also found, you know, in my current organization and the previous one I worked with is, in 2019, just last year, we didn't have COVID, right, we had about 250 young people that ended up in paid internships at tech companies in LA that year; 40% of them converted to work afterwards, so to paid work afterwards, part-time or full-time paid work.

And the difference, by the way, did not, it made no difference if they were -- had been systems involved before, it made no difference, you know, what their background was. It's an amazing conversation rate and just shows that, you know, that these communities are often overlooked or ignored or incredible reservoirs of talent here in LA and our companies have shown that.

I think the investment though that you need to think about is, everybody only thinks about jobs, or they only think about internships. When I think you need to expand, you know, where do people pick up this experience that then allows them to get access to that job?

And I think the thing that people don't focus on that people who are in these companies already get is essentially access to the industry before they have to have a job, before they have to go to their interview.

So, you know, in the industry parlance they call that work-based learning. But if you think about it, it's activities that introduce young people to careers in technology.

It's activities that allow those young people to explore careers in technology, that allows them to do job preparedness training, you know, as some of the young people we work with often have never done a job interview before. Right?

They don't know that companies are interviewing for a cultural fit, or as, Hadiyah said, you know, that they're -- you know, that you have to show your passion for their business. They don't know any of that until they get access to the industry to be able to develop that.

So, in terms of the numbers we have looked at, again, in 2019, we had about 5,000 students that had access to those touch points with industry. So they had some activity with one of our companies.

Our goals over the next two years are to try to bring a thousand young people of color from disconnected communities into tech companies as interns, as paid interns, and then have about 20,000 young people in Los Angeles take part in some activity with one of our tech companies -- so career awareness, exploration, job readiness, everything from, you know, mentorship to mock interviews, so just all along those lines.

And I think, you know, the way you have to -- you have to hold industries' feet to the fire. Because when they say, when they complain about the pipeline issue, you can say, are you investing in internships?

Are you investing in using your volunteer hours and your corporate social responsibility to send your employees into these communities to introduce these young people to these careers, allowing them to explore the careers?

Are you putting mentoring opportunities? Are you just doing hackathons at Beverly Hills High School? Are you also doing it at Crenshaw High School? Right? I mean those are the questions that we need to hold our companies' feet to the fire on.

MS. HENRY-NICKIE: Yeah, I know.

MR. PERRY: Can I just add one quick point to that? I completely agree with everything Sean said. In addition, we need to give employers exposure to students. That's what's also missing that many employers have never touched, talked to, been, worked with people of color.

And so what they are really fearing is they fear the cultural differences not the talent. If you have worked in any kind of immigrant space, or any space where you really see, or talk with and work with people who are not from the country you are, you quickly understand that intelligence doesn't have an accent. Right?

You quickly learn that your tattoos, your hair, that it doesn't matter. But when it comes to workers in particular industries it's almost as if, let's lean on the finishing schools of college to vet these people instead of engaging in a way that you can really see if a person has talent.

And I know there are employers out there, if they would just train themselves not to see talent in such a limited way, they would quickly see that there is all of these -- the pipeline equivalent is full, waiting.

MS. HENRY-NICKIE: To that point, Andre, I want to get Michael's response, so that's exactly the question. We have been talking about workers and new jobs. And there has been this implicit assumption that we're talking about prime age -- you know, people of prime working age and also younger workers.

But, in Nevada's case, you have got an entire industry that, you know, where hospitality workers, a fair share of them are older workers, they are over-exposed to, as hospitality work.

Michael, how are you thinking about places and spaces and new opportunities for older workers?

MR. BROWN: Well, before I touch that, let me get back to -- this is a point of great leverage. This area of economic development, private activity bonds, all of the tax abatements and incentives, it tends to function in this little twilight zone between the private sector and the public sector,

and it's very 19th hole of a golf course.

So I didn't come out of that world, and I didn't believe in it, and my governor is a former county commissioner. And so we started immediately pressing folks about hiring, and about community commitment, and about salaries, and about veteran hiring. And we started doing it on housing projects and then it extended into this area.

Government has incredible leverage to produce change here. And the power in these kinds of economic development opportunities rests on our side, you know. These companies are seeking, perhaps, abatements and incentives of a state's revenue sources; they need to go the extra mile.

And so I think that I would challenge people to challenge their economic development authorities. Many of the folks that I have talked to, they view community redevelopment and community support as kind of outside their purview that they should just be trying to bring new businesses to Nevada or to their state, and then hopefully everything sorts itself out.

That's not enough, you know. Our next round of applications will include questions where we want them to detail their corporate social responsibility programs, their hiring programs, their diversity measure. Because I think the power rests on our side if we're willing to exert it and come out of that little 19th hole of a golf course culture in this area.

As for senior workers, you know, we have a large senior population here. And research from your institution, from Brookings, also shows we have one of the widest cultural gaps in America with folks over 65 largely being a large white population, and folks under 18 being largely communities of color.

And so, you know, this is a constant challenge. Now the nature of a lot of Nevada's state working is it does provide opportunities for seniors, particularly those who might be semi-retired to find work. But, obviously, the first thing we have to do is get folks back to work after the pandemic's over.

Now I think we're going to look -- I think going forward, we're going to look at our economy and everything is going to be framed as pre- and post-pandemic. And I think looking into the rearview mirror is not going to get you where you need to be, and I'm hoping that '21 is that pivot year.

But the lessons that I have taken away is that Conine, our state treasurer, and Governor

Sisolak, you know. We have really come to understand the fragile nature of our minority communities and we're going to do everything we can to fix it, help it.

MS. HENRY-NICKIE: I appreciate that. I want to pivot now and give our audience a chance to chime in here. Hadiyah, Nigel is asking: How would the inclusion of a national skills training program grow in -- program into the Biden Racial Equity Initiative helps sole proprietorships and grow Black businesses?

I would sort of reframe that and ask you: Would a national skills training program be helpful to the businesses that you work with in your, you know, VCU collaborative and your ecosystem?

Andre, there is a question for you about your book, right. So, East Liberty in Pittsburgh, you feature that case study on that city. What lessons can be drawn from the reinvention of East Liberty, and how might they be applied to other regional economic efforts, particularly, those that rely on competing for what is considered a rare and highly-skilled portion of a population?

And then, Michael, I'll pivot to you on: What are municipalities doing to support the rise of independent workers and empowering those without network or network capital?

And, Sean, this is going to be a rapid round here. I want you to sort of speak to this question that we received that I thought was really interesting: How can studies and states provide training and jobs for undocumented workers in the absence of immigration reform?

MS. MUJHID: Do I kickoff?

MS. HENRY-NICKIE: Yep, sure.

MS. MUJHID: So my question has to do around, I guess, the benefit, or will a national skills program or retaining effort work? And I need to really respond with a resounding "no."

And I want to anchor it, go back to what Andre said, in terms of anchoring it on the industry and the employers who are making the decisions right now. And I don't want to us to skirt around the racism, the systemic racism that exists.

And Andre mentioned this when he talked about getting the employers to see that there is a limitation that change my mindset in terms of how they see this talent coming in. You know, I think the industry really has to hold on to this feeling that right now there is a moral imperative, and both an economic imperative, to truly understand that, you know, go beyond the talk and take serious action.

This is not a problem that was created by the Black, Indigenous or Latinx communities. Obviously, we're here because it impacts us, but this solution does not fall on our shoulders to solve. And so I turn that back directly to the industries and the employers to make this change to really take systemic action towards removing the barriers.

MS. HENRY-NICKIE: Anyone can feel free to jump in to --

MR. PERRY: I was asked the question about my hometown, Pittsburgh, and a community that I went to school in and lived nearby in East Liberty. When I was growing up, Google was not in Pittsburgh, it was a Nabisco cookie factory. And up the street, closer to my home, it was actually Westinghouse, the engineering firm.

And so I want to remind people that Black communities have always lived next to tech firms and high growth sectors in a lot of places. And just to remind people that proximity does not necessarily lead to improvement.

And we have seen this time and time again, cities giving away the farm to recruit a big tech company with hopes that the current workers will see quality of life improvements. The reality is in Pittsburgh and in other cities service work, or working class work actually saw a decrease in wages, as a result.

And so if we were to do it all again, I would say invest in those budding companies in your town, instead of giving all kinds of tax incentives to companies to come in. I certainly think there are times we should import talent.

I'm an academic. We do it all of the time in colleges, in think tanks, we import talent. But when it comes to industry and communities, you almost have to have a certain percentage of your community working in those industries for it to really benefit the overall community.

And so I would say, don't give away the farm. I would say, use those incentives and resources to invest in companies that are homegrown. And this is another thing I have to, I mean, be clear, this goes back to piling on. We have got remove the drags of racism that prevent people from getting the opportunity.

Again, looking at the builders profile that the Gallup company produces, they found that Black, Brown, Asian and white communities do not differ at all when it comes to the profiles of

entrepreneurs in your community, meaning that there is -- if all things were equal, you would probably see the same amount of entrepreneurs from a Black community as a white community, which tells you there is something else blocking that path.

And so, instead of assuming that we have a pipeline problem, we should not and we should continue to press to remove the drags of racism to prevent that talent from becoming business owners.

MS. HENRY-NICKIE: And Sean?

MR. PERRY: I think -- who was next, Sean or -- yeah.

MS. HENRY-NICKIE: Sean or Michael, it's --

MR. BROWN: I'll go. You know I grew up in the Cleveland area. And, you know, everything you try to do in the Cleveland area involves, you know, 45 other municipalities. I'm fortunate now, in Las Vegas, that you basically can get four people in a room and you have the metropolitan area.

And so some of the workforce, particularly, programs are much better execute at the local level. The state government has struggles to get out of its way in this space, but the local governments can operate much more flexibly in that space.

And I think Bruce Katz at Brookings has outlined, you know, the advantages that exist in that area and they really need to be there to support them. We have some CARES Act dollars to deploy something called Skills Match, which is a program that allows folks to put all of their skills in and align it up with job opportunities, you know.

And we also took some of the CARES Act dollars and put it into our community colleges for workforce training in that area. You know, while these federal resources are there, we need to make use of them. We are prioritizing building an office in the State Treasurer's Office to win more federal grants and bring them to Nevada.

We have always been a bit adverse to that and we need to change that philosophy because the money is going to get spent. We need to ensure Nevada gets its fair share. And I agree, you know, on abatements and incentives, the power is on the state's side, use it while you have the leverage.

MS. HENRY-NICKIE: Thank you.

MR. ARIAN: And I just can't agree more with Andre and Hadiyah, just in terms of the issues surrounding, I don't feel like we need new training programs, or a national training program.

I feel like if we start to break down the barriers, these sort of systemic barriers, you know, these that are there that those will -- the training institutions will start to change in response to that.

And right now=, you know, a lot of this, you know, I think, as Andre was saying, exposure to new talent sources, exposure to people from these communities, I think are the things that will help, you know, move us towards -- to a new place. Because I think, like, with us, a lot of our work is we're -- you know, it's, basically, how do we create community organizers inside tech companies, right?

So how do we convert employees there into advocates for these communities? Because that's the only way that things are going to change.

So a lot of what we have focused on in the past to that point is getting employees from our tech companies into the communities, working with our young people, and then they are the ones that usually go back to their companies and then go to their HR departments or their recruiting department and say: I want my next intern to come from, you know, L.A. City College or from, you know, some of the other schools that we work with.

So that's number one. To the question you asked around undocumented workers or undocumented students, it's a difficult question. I mean, here in California, you know, most of our educational institutions, public educational institutions, whether it's community colleges, or state universities have a lot of undocumented students that are there.

We, you know, with our programs, we try to make sure that they still get the same access to industry, as everybody else does -- you know, we -- until the point that at which they are applying for a job, in which case, you know, that it becomes an issue.

So for all of our work-based programs we even have, for example, an academy we do with Snapchat, and we have structured it as a scholarship, as opposed to a job. Because we have had a few undocumented students who have been part of that program, just to make sure that they have that opportunity.

We have a number of students that are part of the DACA program, who have come through and gotten access to work in some of our companies. Honestly, though, if you're talking about

employment, you know, that it becomes really difficult.

I feel like, you know, at that point, entrepreneurship is probably, you know, a path that I think I have seen a lot of young people in California take when those other opportunities aren't available to them.

MS. HENRY-NICKIE: Thank you, Sean, very sobering note to end on. I will say that I want to echo your point, Hadiyah's point, Andre, and certainly Michael's here. We have got a moral and economic imperative to reinvent our communities.

But, as Michael said, looking into the review mirror will mostly result, in my view, in rebuilding, you know, the structural inequities and disadvantages, the structural advantages of the privileged class.

So we have got an enormous opportunity in front of us. It's either we do it now, or it never gets done. The kinds of business losses, whether it's large corporate firms, or small businesses that we have lost, we need to replace those businesses with new opportunities and outcompeting between states and communities to get the -- you know, the remaining sort of firms, that's not going to work.

We have to be inclusive about our way forward and we can't tiptoe around structural racism and building a national skills program is not going to solve it either.

I feel like we're out of time. It looks like we are out of time. I want to say a hearty thank you to the panelists. Thank you, Andre, Hadiyah, Sean, and Michael, for joining. And thanks to our viewers for tuning in.

We didn't get to a lot of the questions, but I hope that you guys continue to engage with us. Please continue to Tweet us your thoughts, your comments, and your questions to @BrookingsGov.

Once again, thanks so much. It has been a fantastic discussion.

MR. PERRY: Happy Mardi gras.

MS. HENRY-NICKIE: Happy Carnival. (Laughter)

MR. PERRY: Carnival.

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