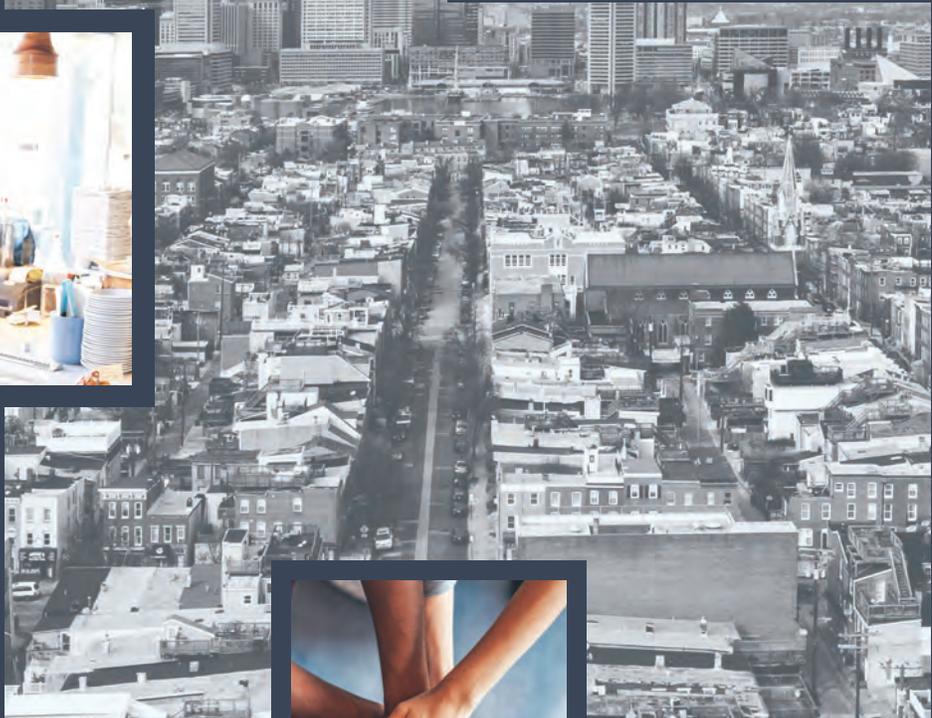


COLLECTIVELY WE RISE

The Business Case for Economic Inclusion in Baltimore

JUNE 2018



Baltimore Integration
 Partnership

ABOUT THE BALTIMORE INTEGRATION PARTNERSHIP

The Baltimore Integration Partnership (BIP) is a collaborative partnership of anchor institutions, funders, community-based nonprofit organizations, and public agencies. These entities came together in 2010 to compete for national funding from Living Cities to expand, strengthen, and sustain the economic inclusion work unfolding in Baltimore and, through those efforts, establish economic inclusion as the business “culture of norm” in the region. Since 2011, with funding from Living Cities and other sources, BIP has played a major role in advancing the economic inclusion work in the city and region. The BIP is hosted by the Association of Baltimore Area Grantmakers. www.baltimorepartnership.org

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BALTIMORE INTEGRATION PARTNERSHIP GOVERNANCE BOARD MEMBERS

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- Kurt Sommer, *Director, Baltimore Integration Partnership*

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EXECUTIVE SUMMARY

A CITY OF CONTRASTS

Baltimore, a city known for its charm and quiriness, has strived to transition from its industrial past to be a leader in research, technology, healthcare, education, and innovation. It has attractive neighborhoods, acclaimed restaurants, and gleaming waterfront business districts, as well as world-renowned medical institutions. Civic and political leaders have led a multi-decade battle to generate new economic growth, beginning with the rebirth of the Inner Harbor and spreading outward from there. There are billions of dollars in new investments underway in schools and public infrastructure, as well as new residential and commercial development.

But Baltimore is also known for its stark contrasts. While some progress is undeniable, Baltimore also struggles with high poverty, declining population, crime, and school performance—as well as experiencing the civic disturbances and unrest following the 2015 death in police custody of Freddie Gray. These factors weaken confidence in the city, and Baltimore continues to lose residents, ranking second in population decline among U.S. counties in 2017.¹

The contrast between the ongoing economic investment and growth and the poverty, violence, and crime afflicting many Baltimore neighborhoods is striking. This disparity represents a fundamental challenge that must be addressed if Baltimore is going to achieve its full potential. That also requires understanding underlying causes that have contributed to Baltimore’s poverty, crime, and social unrest.



The Historic Roots of Poverty and Economic Inequity in Baltimore

The current concentrations of poverty in certain African-American neighborhoods in Baltimore, and the deep frustrations and economic barriers that the residents in those neighborhoods experience, can be directly traced to practices and trends that have fostered discrimination and disinvestment for over a century.¹ They include redlining policies and practices by governmental and financial institutions dating back to the early 1900s that curtailed investment in communities of color; urban renewal and highway construction projects during the 1950s, 1960s, and 1970s that disproportionately sliced up African-American neighborhoods; de-industrialization and shifting patterns of job growth that limit employment opportunities in the city; and changes in

criminal sentencing policies that greatly increased incarceration rates, particularly among people of color. Another factor has been under-investment and insufficient accountability in the Baltimore public school system, so that while high school graduation rates have increased in recent years, many graduates lack the skills needed for work.

These discriminatory policies and harmful practices have resulted in profound economic and social inequities between Baltimore's persons of color and its white residents in educational attainment, employment, income, health, and wealth creation. The disparities contribute to multi-generational poverty and diminish the vitality of many of Baltimore's neighborhoods of color.



Baltimore's "Highway to Nowhere," a 1.4-mile stretch of expressway built in the 1960s and 1970s, destroyed 971 homes, 62 businesses, and one school, displacing African-American residents from West Baltimore.¹

¹ See: Axelrod, Joseph M. "I-170, Pulaski St. to Pine St. Baltimore: Draft Environmental Impact Statement," August 25, 1971. Fee, Elizabeth, Linda Shopes, and Linda Zeidman, *Baltimore Book: New Views of Local History*, Temple University Press: Philadelphia. 1993.

Economic Inclusion: A Strategy to Address Patterns of Discrimination and Disinvestment and Promote Opportunity for All

The 2015 unrest after the death of Freddie Gray, and the crime surge that followed it, hurt perceptions of the city and made clear that the economic health and vitality of the region is deeply dependent on expanding economic opportunity and quality of life for all its residents.

To accomplish this, what is needed is a concerted effort across the city and region to promote **economic inclusion**. Economic inclusion works to have the entire community—including businesses, anchor institutions,² government agencies, neighborhood organizations, and civic leadership—take proactive steps to identify and remove barriers that have denied segments of the population, and particularly persons of color, pathways to opportunity and economic advancement.

Economic inclusion can take many forms, but often involves improving access to education and employment for individuals who are unemployed or underemployed. Economic inclusion activities particularly focus on increasing access to good jobs—those providing family-sustaining wages and benefits and that offer career advancement. Economic inclusion efforts can also foster entrepreneurial opportunities and promote access to capital and markets, for people of color, women, and/or individuals with disabilities interested in starting or growing their own businesses. The efforts can also include making improvements in infrastructure and services in poorer neighborhoods to make them more appealing and to attract private investment, both of which will increase economic vitality and quality of life.



“ ... When one looks around at the needs of the city [of Baltimore], it’s clear that one of them is more jobs for community residents. And the Freddie Gray incident and the trouble which followed reminded us of the need to accelerate our [economic inclusion] efforts. It is in everyone’s best interest to get people loitering off the streets and into jobs. It used to be described as a ‘social good,’ but we now know it goes beyond that. We understand that if you don’t act, the consequences can be devastating, in terms of the negative impact on the city and its residents, and on local businesses, and on the perceptions of the city ...”

KEN GRANT, Vice President, Supply Chain Management,
Johns Hopkins Health System

²“Anchor institutions” include entities such as universities and healthcare institutions that are rooted in the local community and, because of their size and/or permanence, play a significant role in the local and regional economy.

Focusing on the Business Case for Economic Inclusion

Unlike previous reports discussing economic inclusion in Baltimore, this report concentrates on the business case for economic inclusion, demonstrating how helping to expand economic opportunity can also assist existing businesses and anchor institutions grow their own brands, markets, and sales. The business case this publication presents, and the economic inclusion strategies that are recommended, are based on the perspectives and experiences of a broad array of Baltimore businesses and anchor institution leaders already engaged in economic inclusion work. Drawing from those perspectives, this report provides evidence of how **it's in the economic self-interest of every business and anchor institution in greater Baltimore, regardless of its size or focus, to adopt economic inclusion practices as part of its standard business approach.** The potential benefits to a business or anchor institution from economic inclusion activities are varied, including more positive community relations, greater customer and employee satisfaction, better capacity to attract talent and successfully build a diverse workforce, wider access to vendors, and increased responsiveness from government officials. Economic inclusion activities also contribute to creating a more vibrant local and regional economy and, for some businesses, a wider customer base.

“You ignore economic inclusion at your peril ... If you think folks not having economic opportunities is not impacting your business, then you're not paying attention. Try to have a business in the Harbor [district] with a curfew in place, or a ballgame with no fans. And who is going to buy your goods and services if people don't have jobs?”

GEORGE KLEB, Executive Director for Housing and Community Development, *Bon Secours Baltimore Health System*



Baltimore has a thriving and growing waterfront that was sparked in part from the opening of Harbor Place in 1980 and now anchors the downtown business district, hotels, stadiums, and tens of thousands of jobs and residents. Beyond the Inner Harbor, Baltimore City has billions of dollars of investments underway in new schools, infrastructure, and the construction of new office and residential buildings.

Acknowledging Existing Economic Inclusion Efforts in Baltimore

Economic inclusion efforts have been happening in the Baltimore area for years, with a substantial increase over the last decade. Many such efforts were spurred by advocacy by neighborhood and faith-based leaders from Baltimore's communities of color. That advocacy, directed at developers, businesses, and anchor institutions, was undertaken to ensure that all segments of Baltimore, including its residents and neighborhoods of color, will benefit from development projects and other investments. For example, such efforts led to economic inclusion plans negotiated for the Harbor Point and Port Covington developments that provide a range of employment and business opportunities for persons of color, as well as investments in neighborhood services and expansion of educational and training programs.

This report provides profiles of a variety economic inclusion efforts undertaken in the Baltimore area, focusing particularly on efforts in which businesses and/or anchor institutions have played a central role, and discussing the challenges, strategies, and results of those efforts.

This examination makes clear that any Baltimore-area business or anchor institution, regardless of its size or the resources available to it, can make a concrete contribution to economic inclusion. The specific nature of the economic

inclusion activities being pursued will of course be shaped by the type of business entity or anchor institution involved and the opportunities available. Nonetheless, the examples provided in this report demonstrate that, if a business or anchor institution is fully committed to the economic inclusion activities, positive outcomes can be achieved.



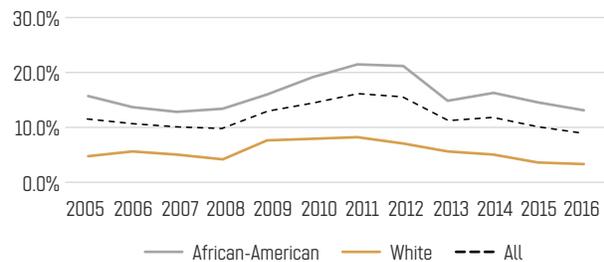
Telesis Corporation's Barclay/Midway/Old Goucher mixed-income and mixed-use development project has transformed eastern central Baltimore with 400 new and rehabbed housing units including affordable and market rate rental and homeownership options. The development team worked closely with area residents and community organizations, incorporating inclusion strategies including hiring and contracting.

Taking Economic Inclusion Efforts to Greater Scale

After reviewing the various examples of economic inclusion activities profiled in this report, a businessperson might ask: "With all the efforts that are already underway in the city and region, why should more businesses and anchor institutions get involved?" The answer lies in the data: **Substantial disparities continue to exist between Baltimore's persons of color and the white population relative to education, employment, economic opportunity, and income.** Two key statistics follow:

- From 2005 to 2016, a period that included both the Great Recession and the city's gradual economic recovery, the unemployment rate for Baltimore's African-American population has remained significantly higher than the unemployment rates for white residents. In 2016, according to the American Community Survey's annual Census data, the unemployment rate for Baltimore's African Americans was 13.2% compared to 3.4% for white residents.

Baltimore City Unemployment Rate
ACS Census Data | 2005-2016



Source: U.S. Census American Community Survey

- By 2012, African-American businesses represented nearly half of all Baltimore businesses. However, those businesses employed only 2% of the paid employees in Baltimore and accounted for only 1.4% of all sales. This suggests that the vast majority of the African-American

businesses in Baltimore are severely under-resourced and struggling to access markets.

2012 Percent share of White-, Black/African American-, and Minority-owned businesses in proportion to all businesses

GROUP	NUMBER OF FIRMS	EMPLOYMENT	SALES
Publicly held and other firms not classifiable by gender, ethnicity, race, and veteran status	4%	66%	71%
White	44%	28%	25%
Black/African American	46%	2%	1.4%
All Minority Businesses	54%	5.9%	3.7%

Source: U. S. Census Bureau, Survey of Business Owners, 2007 & 2012
See Appendix 2 for full data and analysis. It is available at www.baltimorepartnership.org.

These indicators make it clear that **more needs to be done** to expand economic inclusion in the Baltimore region. And there is room for expansion. **To achieve the scale and level of effort necessary to “move the needle” in reducing disparities and eliminating equity gaps, many more business entities need to be involved.** This report makes the case for all businesses and anchor institutions in the Baltimore region to join in this work—for the good of the city and region and to foster a thriving economy in which all can benefit.

“... I believe that there is opportunity through our collective efforts to make a real impact and to be successful in addressing these systemic problems that have contributed to holding the region back. We can make a difference in the city and region to provide economic opportunity for people who didn’t have access before. One institution or business alone cannot change the landscape, but working together, Notre Dame of Maryland and the other anchors and businesses, alongside city and community partners, can succeed in making the city more equitable ... and people will want to come here and stay here because it’s safer, healthier, and a job hub. Through collective impact we can put Baltimore City on a path of economic inclusion and growth that no one of us could do alone ... We can collectively rise together.”

GREG FITZGERALD, Chief of Staff, Notre Dame of Maryland University

Reassuring Lessons from the Baltimore Economic Inclusion Experience

Businesses or anchor institutions that are considering economic inclusion activities are likely to have concerns about what will be entailed and how it may affect their bottom line. The good news from the Baltimore examples profiled in this report is that **businesses and anchor institutions can engage in the economic inclusion work without negatively affecting their bottom line.** In fact, the examples in this report show that economic inclusion actually has the potential to improve the bottom line for a business or anchor institution.

A business or anchor institution thinking about engaging in economic inclusion activities may also worry about particular aspects of the work—such as in procuring services from local or minority-owned firms, or in conducting local hiring. For example, some business persons may cling to an assumption that using minority-owned or women-owned firms as vendors or contractors will cost them more, or that those firms cannot provide desired quality. However, the profiles in this report, including those of enterprises that spend millions of dollars on goods and services from minority- and women-owned companies, **conclusively demonstrate that using those firms does not have to increase costs or hurt quality.**

A company or anchor institution may also be concerned about finding qualified local job candidates. The business leaders interviewed for this report acknowledged the challenges that may be entailed, at least initially, in establishing mechanisms to recruit qualified applicants from Baltimore's neighborhoods. But they also stressed that, depending on the employment positions to be filled, there are likely to be many fully qualified workers in Baltimore's communities of color, as well as individuals who could become qualified with some training. The business leaders also noted that effective community-based organizations and workforce training programs are available to work with both businesses and local job seekers. Many of those community organizations and workforce programs can also collaborate with businesses in providing ongoing support services for local residents once they are placed in employment, to foster job retention and reduce turnover.

Baltimore business and anchor institution leaders conceded that their economic inclusion activities have involved some amount of trial and error. But they also offered words of encouragement to their peers. They emphasized that there is substantial experience to draw on for guidance and entities that can serve as partners in the process.

SUCCESSFUL USE OF “DIVERSE” SUPPLIERS

In recent years, Baltimore Gas and Electric (BGE) has dramatically increased its utilization of suppliers who are minority-owned, women-owned, or service-disabled veteran-owned businesses. In 2009, only 10% of BGE's spending went to such “diverse” suppliers, but by 2016, through intentional efforts on BGE's part, the portion of spending to those suppliers of goods and services had risen to 27%. BGE's 2016 spending with diverse suppliers included \$75 million spent with Maryland-based firms and \$43 million with Baltimore City businesses. According to Calvin G. Butler, Jr., Chief Executive Officer of BGE, the utility was able to boost its use of these diverse firms without increasing the costs of the purchased goods and services. Moreover, Mr. Butler reports that, over its last four years, BGE has achieved its highest quality ratings relative to financial performance, reliability of services, and customer satisfaction.



Calvin Butler, Chief Executive Officer of BGE

The Importance of Working with Community Partners

According to the business and anchor representatives involved, an essential factor in the successes of Baltimore's economic inclusion and neighborhood revitalization activities has been the involvement of community partners in the design, implementation, and monitoring of those efforts. The businesses and anchor representatives readily admitted that no matter how well-intentioned they were, they could not understand as well as the affected neighborhoods and residents the various barriers that had to be overcome to make those inclusion activities and community initiatives successful. Nor, without the input and active involvement of community stakeholders, could they properly frame the appropriate strategies and actions to respond to those barriers. Consequently, the businesses and anchor institution representatives recognized that it was vital to have ongoing participation by residents, community-based organizations, faith-based groups, and other neighborhood stakeholders in the design and oversight of economic inclusion and revitalization efforts.



Community partners, including workforce development organizations, can support and train local residents to meet hiring needs. Captured above are anchor institution human resource representatives working with participants of Humanim's Administrative Assistant Training Program.

Expanding Regional Collaboration in the Economic Inclusion Efforts

Business and anchor representatives interviewed for this report also stressed the need to expand economic inclusive activities across the region, reflecting that 83.4% of the job growth in the metropolitan Baltimore area over the next decade is projected to occur in the suburbs. Consequently, regional approaches to expand public transportation options and networks of support services are essential to ensure that persons of color, regardless of where they live in the Baltimore area, can access those jobs.

It is also imperative to appreciate that **the principles of economic inclusion and equity are relevant to all communities—urban, suburban, and rural.** That view is supported by a variety of economic assessments concluding that the regional economy and quality of life will improve, and that all residents will benefit, if there is greater economic inclusion throughout the Baltimore metropolitan area. To do that, more regional collaboration and coordination will be necessary. To that end, this report offers suggestions for building and strengthening regional partnerships to promote that collaboration and coordination. We also outline a variety of other recommendations for expanding economic inclusion efforts in the Baltimore area.



A MICA representative at the Baltimore City Chamber of Commerce and BIP Vendor Fair in January 2018

SUMMARY OF RECOMMENDATIONS

The first set of recommendations is aimed at businesses and anchor institutions that have not yet been actively involved in economic inclusion efforts. For those businesses and anchor institutions, we offer suggestions for starting and ramping up economic inclusion efforts—based on insights of senior management from a variety of Baltimore businesses and anchor institutions.

Recommendations for Businesses and Anchors

1. Make an explicit commitment to diversity and take proactive, intentional steps to help close the equity and opportunity gaps that Baltimore’s African-American workers and minority-owned companies face.

- The leaders of the business or anchor institution should establish clear, quantitative targets for the organization relative to increasing employment opportunities for Baltimore-area residents who are persons of color and individuals who are facing employment barriers, and/or for engaging in increased procurement from minority-owned business enterprises and women-owned business enterprises (MBEs/WBEs) and small Baltimore City firms.

- The leaders of the business or anchor should also ensure it has sufficient data infrastructure to track progress relative to the targets that are created and should establish a schedule for regular performance assessments to promote organization-wide accountability.

2. Become familiar with the tools and resources available to assist Baltimore businesses and anchor institutions.

- Among the available tools are a directory providing profiles of 49 workforce development programs and providers serving Baltimore City, and a listing of intermediaries and databases that can assist in identifying minority-owned firms and local companies to provide goods and services.



Johns Hopkins University and Health System, some of whose representatives are pictured above at a jobs fair, have set clear inclusion targets through their HopkinsLocal Program and have reported transparently on their results annually.

Visit www.baltimorepartnership.org to access those and other materials.

3. Explore collaboration with individuals, organizations, and partnerships to advance economic inclusion work. A business or anchor institution might collaborate with:

- Workforce development service providers and the Baltimore Workforce Development Board;
- Business assistance programs and organizations;
- The *BLocal* initiative (for businesses),³ and the Baltimore Integration Partnership (for anchor institutions).
- Chambers of Commerce, the Greater Baltimore Committee, and other business sector associations, particularly those that have a regional perspective.
- Community-based organizations, faith-based organizations, resident associations, and civic leaders.
- Government officials.

All employers embracing economic inclusion should track the diversity of their workforce relative to entry-level, mid-level, and senior positions, as well as for the turnover in those positions. They should also have the staff responsible for hiring, promotion, and disciplinary decisions undergo training on implicit bias. Moreover, following such training, employers should review their hiring and personnel policies to eliminate any policies or practices that, however unintentionally, create unnecessary barriers for persons of color or contribute to implicit bias. Finally, businesses should identify career advancement strategies for their workers, particularly for those employees in entry-level positions.



Maryland New Directions has organized job fairs for the community in 2017 and 2018 with employers and workforce development partners.



Kaiser Permanente is playing a growing role supporting economic opportunities through their national commitment to purchase more than \$1 billion annually from diverse suppliers as well as locally through the Future Baltimore initiative in partnership with Bon Secours, Inner City Capital Connections Greater Baltimore, and the Mayor's Office of Small, Minority and Women-Owned Businesses.



The Baltimore City Chamber of Commerce partnered with the BIP for this vendor fair in early 2018.

³ *BLocal* is a collaborative effort of more than 25 Baltimore area organizations—including large and small businesses from a variety of business sectors—that have joined together to expand efforts to build, hire, and invest locally. Collectively, the *BLocal* partners aim to invest \$69 million over three years into local and minority-owned, women-owned, and disadvantaged businesses.

Recommendations for Public Officials and Other Baltimore Stakeholders for Broadening Economic Inclusion

State and local leaders including public officials have undertaken a wide range of activities to encourage and support economic inclusion. At the same time, the businesspersons and community stakeholders interviewed for this report identified additional things that Baltimore stakeholders should do to promote economic inclusion. They include:

1. Emphasize regional economic inclusion strategies, starting with expanding regional transportation options.

- One clear area of need is improving regional public transportation to increase residents' ability to reach family-supporting employment opportunities throughout the region. Second, expand the institutional infrastructure and operational capacities needed to grow and sustain the economic inclusion work with a broader set of employers and investors across the region.

2. Focus on economic development and small/minority business development.

- Increase procurement from local and minority-owned firms, unbundle contracts to create more opportunities for smaller firms, and be more transparent with procurement goals and reports on results achieved.
- Provide more financing and mentoring for business start-ups and small business capitalization, especially for minority-owned firms, and create funding streams to support business development programs.
- Develop new strategies and tools to connect qualified businesses to supply chain needs, including the use of business databases, pitch events, mentoring, sector focused accelerators, and networking.
- Strengthen the inter-connections of the Baltimore area's business development programs and workforce development programs, to increase the capacity of these efforts to complement and reinforce each other.
- Continue to make improvements to MBE/WBE certifications through increased collaboration between local and state government officials, including adopting uniform definitions and standards across jurisdictions. The lists of MBE/WBE vendors should also be expanded to include a broader array of goods and services desired by businesses.

3. Increase workforce development resources and employment opportunities.

- Identify and pursue strategies to expand resources for training programs and support services to generate a more-skilled and job-ready Baltimore-area workforce.

The expansion efforts should build on proven, effective program models such as the One Baltimore for Jobs (1B4J) initiative and the Employment Advancement Right Now (EARN) Maryland program. The efforts should also be targeted to growth sectors and to industries that offer jobs with family-sustaining wages and benefits, as well as career advancement opportunities.

- Increase programming and resources and refine policies to expand workforce development and employment opportunities for individuals with a criminal background.
- Strengthen collaboration with regional business and community partners to improve communication and dissemination of information on job openings, qualifications for



Baltimore City government plays a critical role in catalyzing workforce, community, small business, and economic development strategies that benefit city residents, businesses, and neighborhoods.

such jobs, and workforce development resources (such as the BIP workforce directory) that are available.

- Expand the focus on employment opportunities for youth, including approaches that integrate demand-driven workforce development strategies and positive youth development such as mentoring and on-the-job training.

4. Identify and take steps to increase the economic inclusion results and community benefits derived from development and revitalization projects in Baltimore.

- Create a more predictable and transparent set of economic inclusion and community benefits standards for businesses and developers that receive public subsidies such as tax increment financing (TIF) awards.
- As part of the public approval process for development projects, set explicit standards for developers relative to community engagement and economic inclusion.
- Develop a framework with construction and community development leaders to align public and nonprofit workforce development resources to support economic inclusion outcomes for construction projects of all sizes. (Current inclusion policies primarily focus on larger projects.)

5. Expand the use of local and state tax policies to promote economic inclusion.

- Create tax incentives for buying or producing locally made products.
- Redirect a portion of the Baltimore City PILOT (payment in lieu of taxes) fees paid by anchor institutions to a fund to provide seed funding and grants to help businesses and anchor institutions undertake economic inclusion efforts as well as capital projects in distressed neighborhoods.
- Offer reduced property tax rates to businesses, and reduced PILOT fees to anchor institutions, in return for achievement of specified economic inclusion metrics that reflect concrete results for residents and other community stakeholders.



The State of Maryland is a significant investor in workforce, economic development, and community development efforts in Baltimore City. It also sets the rules for procurement processes by state agencies as well as colleges and universities that are part of the University System of Maryland.

ABOUT THIS REPORT

This report is aimed at a variety of audiences. First, it is intended for the region's business sector, including both firms and "anchor institutions" such as universities and health-care entities rooted in the local community and playing a significant role in the local and regional economy. The report can also benefit public officials and other policymakers in the Baltimore region, whose actions can have a substantial impact in fostering economic inclusion efforts. And around the country, many other communities focused on economic inclusion can learn from this report.

This report highlights key arguments and evidence underlying the business case for economic inclusion and offers recommendations for action steps. The report provides details regarding the economic inclusion efforts that have already occurred in Baltimore, the challenges that have been encountered in those efforts, and the strategies that have been successfully used by businesses, anchors, community

partners, and government officials to overcome those challenges. The report is organized around three general topics: the what, why, and how of economic inclusion:

- The **what** of economic inclusion: Chapter 1 describes in more detail what we mean by "economic inclusion" and how this topic has become such an important issue for Baltimore.
- The **why**: Chapter 2 discusses why economic inclusion matters to individual businesses and local anchor institutions, as well as to the city of Baltimore and the region.
- The **how**: Chapters 3 through 5 explain how businesses and anchor institutions, working both individually and collaboratively, can successfully incorporate economic inclusion activities into their business practices. These sections also describe strategies that local and state government officials have used to expand and promote economic inclusion.



The Washington Monument in Mt. Vernon overlooking the Baltimore City Correctional Center, Johns Hopkins Hospital, and east Baltimore.



Chapter 1

WHAT IS ECONOMIC INCLUSION—AND WHY IS THIS CONCEPT SO IMPORTANT FOR BALTIMORE?

This chapter provides a full definition of economic inclusion and discusses its relevance to Baltimore City and surrounding region.

The fundamental importance of economic inclusion to the economic health and vitality of Baltimore is being recognized and embraced by residents, civic leaders, businesses, and institutions across the city and region. For example, the 2015 report of the Baltimore Metropolitan Council’s Opportunity Collaborative emphasized the need to address the region’s structural barriers and its growing economic and social disparities, calling those disparities “a central challenge to the long-term sustainability and health of the greater Baltimore region.”ⁱⁱⁱ

A variety of businesses, anchor institutions, community organizations, and public officials are re-doubling their efforts to use their resources and influence to foster greater economic opportunity for those that have been denied such opportunities in the past.

As an example, in recent years, Baltimore Gas and Electric (BGE) has dramatically increased its utilization of suppliers who are minority-owned, women-owned, or service-disabled veteran-owned businesses. In 2009, only 10% of BGE’s spending went to such “diverse” suppliers, but by 2016, through intentional efforts on BGE’s part, the portion of spending to those suppliers of goods and services had risen to 27%. BGE’s 2016 spending with diverse suppliers included



2 AM Bakery makes the “World’s Best Carrot Cake” while training and employing individuals with a criminal background.

\$75 million spent with Maryland-based firms and \$43 million with Baltimore City businesses. According to Calvin G. Butler, Jr., Chief Executive Officer of BGE, the utility was able to boost its use of these diverse firms without increasing the costs of the purchased goods and services. Moreover, Mr. Butler reports that, over its last four years, BGE has achieved its highest quality ratings relative to financial performance, reliability of services, and customer satisfaction.

This effort and many others like it have achieved some very promising results. But the challenge now is on how to take those efforts to even greater scale.

HIRING AT NOTRE DAME OF MARYLAND UNIVERSITY

As part of its economic inclusion efforts, Notre Dame of Maryland University entered into a partnership with Humanim, a local social services provider with strong connections to Baltimore's neighborhoods. Humanim worked with local hospitals and universities to design and operate an office-skills training program for individuals who face social or economic challenges. Greg FitzGerald, the Chief of Staff in the university's President's Office, hired his new administrative assistant from among the recent graduates of this collaboratively crafted program. Mr. FitzGerald interviewed two graduates referred by the Humanim program, and found both to be highly qualified. He made his selection and was able to complete the hiring process in one week, an unusually quick timeframe.

Defining Economic Inclusion

“Economic inclusion” refers to sets of policies and practices adopted by businesses, government, and other community and regional institutions to create equity of opportunity for all members of society, so they can participate in all facets of the economic life of their community—as employers, entrepreneurs, employees, and customers. The goal is to ensure that individuals from all social, ethnic, and racial backgrounds and income levels can have the chance both to fully participate in the economy and to reap the benefits.

Efforts to promote economic inclusion are designed to address historic patterns of disinvestment and discrimination and to eliminate barriers to opportunity. These barriers have arisen from past and current practices and policies by individuals, businesses, and institutions that reflect intrinsic bias and/or reinforce negative, unfair stereotypes.^{iv}

In many cases, the individuals, businesses, and institutions engaging in biased behavior may be unaware of their biases and how they affect their actions and decision-making. Whether intentionally or not, those practices and policies deny persons of color and other impacted groups an “even playing field” for pursuing economic advancement and a better quality of life. For example, if all the current employees of a business are white, and the business seeks new employees largely through the professional and social

networks of its existing employees, the odds are that very few persons of color will have the opportunity to obtain employment at that company.

Economic inclusion efforts can include many strategies and activities, often focusing on improving access to educa-



The University of Maryland Medical Center hosted the itWorks Patient Care Training in partnership with Bon Secours Community Works. The program was funded by Bon Secours and Central Scholarship. All 20 graduates passed their National Board Certification and 90% of the graduates have been hired at the medical center.

tion and employment for individuals who are unemployed or underemployed. To foster real economic progress, however, such individuals need to be able to access not just any job, but “good jobs”—those providing family-sustaining wages and benefits and offering career advancement. Accordingly, economic inclusion efforts particularly focus on expanding the supply of good jobs and career ladders. In addition, economic inclusion efforts can involve fostering entrepreneurial opportunities and promoting access to capital and markets for people of color, women, and/or individuals with disabilities interested in starting their own businesses. The efforts might also include making improvements in infrastructure and services in poorer neighborhoods to make those communities more appealing and improve the quality of life there.

To understand why such economic inclusion efforts are relevant to Baltimore, it’s crucial to examine some of the practices, policies, and trends that have negatively

impacted residents and neighborhoods of Baltimore over many decades.



Kylie Patterson, Senior Advisor for Local Economic Inclusion at Johns Hopkins University, encourages businesses to “commit, define, measure, report on, and improve” as they take steps to advance economic inclusion.

The Historic Roots of Poverty in Baltimore

Patterns of poverty in Baltimore are the cumulative result of a variety of policies, practices, and trends fostering discrimination and/or disinvestment for over a century, including:^v

- **Red-lining:** In 1910, Baltimore promulgated the nation’s first racial zoning law,^{vi} and its exclusionary impact continued until the 1960s, as banks and other financial institutions refused to lend in neighborhoods that public officials (both federal and local) identified as having “undesirable racial concentrations.”^{vii} These practices made it extremely difficult for neighborhoods of color to attract investment. In addition, the redlining practices (which also included deed restrictions and covenants by builders) meant that African Americans and other people of color were denied opportunities for homeownership and wealth-building.
- **Urban renewal and highway construction projects:** During the 1950s, 1960s, and 1970s urban renewal and highway construction projects sliced already struggling Baltimore neighborhoods into pieces, further eroding their viability. From 1951 to 1971, an estimated 80 to 90 percent of the families displaced in Baltimore to build new highways, schools, and housing were African-American.^{viii}
- **De-industrialization and the loss of manufacturing jobs:** The 1970s and 1980s saw manufacturing jobs moving to the South, and subsequently overseas, for cheaper

labor costs. The decline of decent blue-collar jobs in Baltimore meant that lower-skilled Baltimore workers had worse employment prospects than prior generations.



This former factory located near Hollins Market in West Baltimore housed an embroidery business and then a screen printing business. After the property sat vacant, Cross Street Partners redeveloped it through financing from the Reinvestment Fund. Tenants include the University of Maryland Baltimore BioPark and Baltimore Community Lending.

- **Insufficient investment in the public school system:** Over decades, funding for the Baltimore City public school system failed to meet growing needs, leading to aging facilities and inadequate educational programming and rigor. This translated into many students going through that system who did not get the educational and vocational preparation required to successfully compete in the new economy. A recent report by the Baltimore Workforce Funders Collaborative, Baltimore’s Promise, and Job Opportunities Task Force found that one in five young people ages 16 to 24 in the Baltimore City are disconnected from work and school. This includes about 18,000 young people.^{ix}
- **Suburban job growth and declining city population:** Since 1990, the six suburbs of the Baltimore metropolitan area added more than 315,000 jobs and 538,000 residents, reaching totals of 963,062 jobs and 2,184,222 residents. In Baltimore City, on the other hand, employment has fallen from 430,974 jobs in 1990 to 335,218 in 2016, while the city’s population has fallen from nearly 1 million in 1950 to 614,666 as of the last census. Baltimore employment is showing some signs of a rebound. Over the last six years, for example, the city has added over 17,000 jobs. However, 83.4% of new jobs over the next 10 years are expected to be created in the suburbs.^x
- **Changes in criminal sentencing policies and the “criminalization of poverty”:** In the 1980s and 1990s, changes in criminal sentencing policies led to vastly increased rates of incarceration, disproportionately

impacting individuals of color. Moreover, after completing their sentences, these formerly incarcerated individuals face ongoing barriers to obtaining and sustaining employment due to their criminal records, exacerbating the adverse economic effects on their families.^{xi} For families of those who have been incarcerated, the resulting short- and long-term loss of household income has a profound and lasting impact.^{xii}

According to a recent report by the Job Opportunities Task Force (JOTF), Maryland’s laws and legal practices also work against the interests of the state’s poor in a variety of other ways, through such things as cash bail requirements, civil asset forfeitures, driver’s license suspensions for non-payment of fines, and the use of arrest to collect debt. These policies and practices either unnecessarily penalize the poor, or lead individuals to be unnecessarily arrested, charged with a crime, or imprisoned because they are poor and therefore unable to satisfy the demands of the law. These policies and practices also disproportionately impact people of color.^{xiii}

- **Subprime markets and predatory financing practices:** In a modern variation on red-lining, some financial institutions continued to engage in systematic discriminatory practices by steering minority borrowers in Baltimore into subprime markets and high-cost loans and charging them excessive fees.^{xiv} Such practices were particularly prevalent in the years leading up to the Great Recession, which started in 2007 with the U.S. subprime mortgage crisis.^{xv}

The Fallout from Disinvestment and Discriminatory Practices

Each of these negative forces have tended to disproportionately impact, time and time again, the same neighborhoods of color in Baltimore. This situation is cogently described in Emily Badger’s April 29, 2015 article (Workblog, *The Washington Post*):

“It’s no great surprise that Baltimore’s deeply troubled neighborhoods today are many of the same ones that were deemed ‘undesirable’ 75 years ago ... Researchers at Virginia Commonwealth University’s Center on Society and Health have found that Baltimore neighborhoods that were redlined in the 1930s still have lower rates of homeownership and college attainment and higher rates of poverty and segregation today—as well as worse health outcomes ... We don’t acknowledge that people who are poor were

denied the chance to build wealth. And we don’t acknowledge that the problems we attribute to poor neighborhoods reflect generations of decisions made by people who have never lived there [i.e., in those neighborhoods].”

The cumulative impact of these discriminatory practices and policies that have fostered disinvestment can also be seen in citywide statistics that show profound economic disparities by race and ethnicity in Baltimore City, and “make the case” for inclusive economic growth. The following shows 2014 data for Baltimore City from PolicyLink’s National Equity Atlas for economic measures that help to define an individual’s or household’s quality of life:

- **Concentrations of high poverty:** 13.1% of Baltimore City’s African-American residents, and 7.3% of its Latino residents, live in high-poverty neighborhoods, whereas only 3.2% of its white residents live in such neighborhoods.
- **Education levels:** By 2020, 47% of all jobs in Baltimore City will require at least an associate’s degree. In 2014, 59% of the city’s white U.S.-born residents possessed at least an associate’s degree, but only 18% of the city’s African-American U.S.-born residents did so. Among the city’s Latino population in 2014, 46% of those that were U.S.-born had an associate’s degree or higher certification, but only 20% of those who were immigrants.⁴
- **Unemployment:** Below are the comparative unemployment rates for working-age residents of Baltimore City in 2014:



Importantly, these unemployment disparities persist even when controlling for education levels. For example,

the unemployment rate for the city’s white residents who only possessed a high school diploma was 11.9%, whereas for African-American residents it was 17.2%. For those with some college or an associate’s degree, the differences were smaller (10.1% unemployment for whites versus 11.5% unemployment for African Americans), but they increase again when looking at those with a bachelor’s degree or higher educational certification (2.7% unemployment for whites versus 6.5% for African Americans).⁵

- **Median wages:** The 2014 median hourly wage for white workers in Baltimore City was \$25, for African-American workers it was \$18, and for Latino workers it was \$14. As with the unemployment statistics, the differences among groups persist even when controlling for education levels. For example, for full-time workers possessing just a high school diploma, the 2014 median hourly wage was \$18 for whites and \$15 for African Americans. For those workers with some college or an associate’s degree, the median hourly wage for whites was \$20 and for African Americans it was \$18 (for the latter, the same median hourly wage of whites with just a high school diploma). For workers with a bachelor’s degree or higher, the median hourly wage for whites was \$29 and for African Americans it was \$25.

Strengths to Build On

Despite the successive waves of discriminatory practices and policies, Baltimore’s residents of color have shown amazing resilience and perseverance in the face of adversity. One example is the growth in the number of minority-owned businesses in Baltimore. During the height of the Great Recession, the number of African-American businesses in Baltimore City actually grew by more than 60%, from 14,644 businesses in 2007 to 23,600 in 2012.

During this same period, community, faith-based, and political leadership pushed for economic inclusion efforts to

address the systemic barriers experienced by Baltimore’s persons of color. Central to these calls for action was the belief that residents and other neighborhood stakeholders must have a strong voice in defining the focus and overseeing the implementation of those efforts, rather than continuing to have key decisions made by individuals from outside those communities.

⁴ On a somewhat more positive note, analysis of data from another information source, the American Community Survey, reveals that Baltimore City experienced a substantial decline from 2010 to 2015 in the overall number of residents over 25 years of age who lack at least a high school diploma or GED, decreasing from 77,996 to 57,477. One of the largest changes in educational achievement during that period was associated with the proportion of African-American low-income individuals without a high school diploma or GED equivalency. For that group, the share of individuals lacking a high school diploma or its equivalent dropped from 34% to 26%. Source: analysis by Jacob France Institute at the University of Baltimore, using American Community Survey PUMS datasets for the periods 2006–2010 and 2011–2015.

⁵ Note: The National Equity Atlas unfortunately was not able to provide unemployment (or median income) data for Latino residents broken out for various education levels.



Some areas of Baltimore are benefiting from significant investment.

The community voice and demands for action, further elevated by the 2015 uprising following the death of Freddie Gray, have prompted a variety of entities in Baltimore to look for additional ways to leverage their economic resources to create broader community benefit. Among them are Baltimore's anchor institutions. The city of Baltimore is home to 18 healthcare and higher education institutions that are some of the region's largest employers. In fact, Baltimore's anchor institutions include nine of the 10 largest employers in the city, and collectively employ 90,000 individuals.^{xvi} These institutions also spend billions annually on goods and services. As we will detail later in this report, many of these

anchor institutions are actively using their hiring and purchasing power and influence to promote greater economic inclusion and increased opportunities for Baltimore's residents of color.

Baltimore also has a variety of public and private development projects and initiatives planned or underway that can serve as vehicles to promote economic inclusion. Overall, Baltimore is experiencing billions of dollars in recent and planned investment, including:

- An estimated \$816 million in new investment occurred in Baltimore's downtown between 2014 and 2016, with another \$1 billion in investment under construction and \$769 million more in the planning stages.
- Major reinvestment projects are planned or underway in East Baltimore, Uplands, and Port Covington, which together represent billions of dollars in additional investment.
- The City of Baltimore is making a heavy investment in schools and in fixing old infrastructure. Under the \$535 million first phase of the *21st Century Schools Initiative*, the City is committed to the construction and/or major redevelopment of 11 public schools. The City is also investing \$2.5 billion in its aging sewer system to improve water quality.^{xvii}

These development projects and physical improvement efforts offer myriad opportunities to pursue economic inclusion objectives through the jobs that are being created and the goods and services being purchased.

To support those economic inclusion efforts, Baltimore also has a strong cohort of workforce development providers and small business development programs. For example, a recent inventory of workforce development services in Baltimore found that there are 49 public and nonprofit workforce development organizations serving city residents. Collectively, these organizations assist nearly 30,000 adults and youth a year, and provide adult education, general job readiness training, and specialized hard skills training across 34 vocational and industry sectors. In addition, over the past four years, Baltimore stakeholders have created over 30 new business development programs, incubators, financing vehicles, and other tools to respond to small business needs and to facilitate their growth.^{xviii}

Chapter 2

WHY SHOULD BALTIMORE BUSINESSES AND ANCHOR INSTITUTIONS CARE ABOUT PROMOTING ECONOMIC INCLUSION?



This report has been informed by data and insights from a variety of sources, including information obtained through interviews held with a range of community advocates, public officials, and—very importantly—Baltimore-area employers and business leaders who have been engaged in economic inclusion efforts. We conducted interviews with more than two dozen representatives of Baltimore-area businesses and anchor institutions. We spoke with owners and other representatives of small and medium-sized businesses, owners and senior staff of development firms, the leaders of a large utility, the executive staff of a regional business association, and senior staff from a variety of healthcare systems and higher education institutions in greater Baltimore. We discussed the economic benefits the businesses derive from the inclusion efforts as well as the moral imperative underlying the businesses' economic inclusion efforts. That is, such efforts are essential for creating a fair and just society for all residents.

The Benefits of Economic Inclusion

When asked about why their business or institution was involved in economic inclusion efforts, the consistent response from the business representatives who were

interviewed was that such activities will lead to increased economic vitality and growth in Baltimore City and the region, which will benefit everyone. Some employers framed the issue very simply: “As goes the city and region, so goes our business.” In their interviews, the business representatives elaborated on this perspective, and their comments are summarized below:

- **Economic inclusion efforts are central to promoting both the perception and reality of Baltimore as a healthier community, and the city and region as places of opportunity:** The employers emphasized that perceptions of Baltimore directly impact the area’s ability to secure talent and investment. By creating a healthier community by expanding economic opportunity, economic inclusion efforts will make it easier for the area to attract and nurture talented people, including students, faculty, profes-

sionals, and other essential workers. Moreover, if Baltimore is seen as a place of opportunity and renewal (rather than a troubled community), it will add to the area’s competitive advantage and attract greater investment, factors that will benefit all businesses and anchor institutions.

- **Economic inclusiveness can foster productivity and benefits across the city and region:** The business representatives stressed the benefits that will accrue to the city and region through economic inclusion efforts that increase employment and reduce the number of people who require public assistance or are incarcerated. According to those interviewed, a community cannot maximize economic health without doing everything possible to allow all residents to make positive contributions to the local economy.



Four Twelve Development used local hiring through Project JumpStart and recycled construction products from Brick + Board to build these townhomes in Greenmount West.

ANALYSIS OF THE WORKFORCE CHALLENGES FACING THE BALTIMORE REGION

Several recent studies provide important information about the need for expanded economic inclusion to create new job opportunities and increased productivity and prosperity.

- A 2013 workforce development policy analysis prepared for the Baltimore Integration Partnership (BIP) cited a study that used national data to determine how an individual's educational level affects his or her likely net annual fiscal contributions (measured in terms of local, state and federal taxes contributed, minus cash and in-kind transfers for services costs and institutionalization costs).^{xx} At the time of the study, Baltimore had an estimated 90,000 working-age adults who lacked a high school diploma. The paper concluded that if Baltimore maintained the status quo situation, those 90,000 individuals would produce a net drain on local, state, and federal resources of somewhere around \$3 billion in lost revenues, increased service costs, and institutionalization costs over their lifetimes.
- A 2015 analysis by the Justice Policy Institute and the Prison Policy Institute reported that one-third of Maryland residents in state prison were from Baltimore City, particularly from neighborhoods characterized by low educational attainment, poor housing, and high rates of elevated blood-lead levels and addiction. According to the report, Maryland taxpayers spend nearly \$300 million each year to incarcerate people from Baltimore City. The report indicated that, for the cost of sending one person to prison for a year, Baltimore City could pay for half of a high school teacher's annual salary, provide employment training for seven people, or provide a General Equivalency Diploma (GED) course for 37 people.^{xx}
- A 2016 report by the Greater Baltimore Committee's Coalition for a Second Chance looked at the experience of individuals after their release from incarceration. According to the report, most of the individuals released from incarceration return to their former neighborhoods, with little or no employment prospects and limited job skills or training. Given that rates of incarceration are highly concentrated in some of Baltimore's low-income neighborhoods, the implications for those neighborhoods are significant. The report also indicated that the economic and social barriers that these returning citizens experience are often so insurmountable that many return to criminal activity and end up incarcerated again. Such recidivism creates additional burdens and costs, for the individuals and their families, the affected city neighborhoods in which they live, and for taxpayers paying policing, prosecution and corrections costs. Studies have consistently shown, however, that the cycle of recidivism can be broken by providing returning citizens with stable employment as quickly as possible following their release from incarceration. For example, for someone who is employed within two months of release and earning \$10 or more an hour, the probability of re-conviction is only 8%, one third of the probability of recidivism of an unemployed ex-offender.^{xxi}

- **Economic inclusion efforts keep more money in local neighborhoods:** The employers interviewed noted that research has shown that small businesses and minority-owned enterprises (MBEs) are more likely than other types of companies to employ local residents and persons of color. Hiring such residents can mean that more disposable income is spent in local neighborhoods, improving the economic strength and vitality of those neighborhoods. Supporting the growth of small and minority-owned businesses also provides wealth-creation opportunities for their owners. A stronger African-American middle class will also help to stabilize neighborhoods and make Baltimore a stronger city.



Bon Secours Baltimore Health System has developed with partners over 800 units of affordable housing and provides a range of workforce development resources for area residents through Bon Secours Community Works.

PROJECTING THE BENEFITS OF ECONOMIC INCLUSION

Several organizations have analyzed the impact of expanding opportunities for minority-owned firms and improving employment opportunities for workers of color. In 2004, for example, the Greater Baltimore Committee released its report, *Bridging the Gap*. This document reported on a study which assessed the gap between the number of minority-owned firms which theoretically should exist in the Baltimore area (based on regional demographics) and the number that existed in 2004. Based on this analysis, the report argued that there was a “shortfall” of over 13,700 minority-owned businesses in the Baltimore region. The study also calculated the impact on the region of the multiplicative effect of these “missing” businesses (i.e., the shortfall in firms) in terms of employment, local wages, sales, and tax revenues. The study estimated that the 13,700 “missing” businesses would have generated 30,000 more employees in the Baltimore area, \$804 million in additional employee compensation, \$5 billion more in sales, and \$133 million more in annual state and local tax revenues.^{xxii}

In 2011, Associated Black Charities launched its “More in the Middle” initiative, which proposed a variety of strategies to expand the African American middle-class in the region. The initiative’s research had concluded that growth in the African American middle class could transform Baltimore’s economic landscape by saving local government millions of

dollars in services and subsidies and rejuvenating poverty-stricken neighborhoods. According to the research’s analysis, a “renaissance of middle-class African Americans” in Baltimore would:

- Increase the aggregate income of Baltimore City residents by over a quarter;
- Generate tens of thousands of new jobs;
- Significantly improve housing values in the city; and
- Increase Baltimore City tax collections from income and property taxes by over \$270 million.^{xxiii}

In February 2018, the NAACP released its *Baltimore Economic Inclusion Plan*, a report documenting disparities in economic opportunity between the city’s white and minority populations. The report links much of the current racial disparities to the lingering effects of public policies which were once used to reinforce racial discrimination and segregation in Baltimore.

The report also provides recommendations across a variety of substantive areas to eliminate the disparities and, in the process, reduce social and political turmoil and improve the economic opportunities and quality of life for Baltimore’s residents, particularly African Americans. The substantive areas addressed in the plan include housing, education, employment, small business, and criminal justice.^{xxiv}

- **Economic inclusion can help respond to demographic and policy change:** Employers interviewed for this report noted that the Baltimore business sector must identify and cultivate local talent—along with attracting new workers from elsewhere—to have enough skilled workers to grow the local economy and compete globally. The recent changes in immigration policies (which will restrict businesses’ capacity to import workers), and loss of current workers as “baby boomers” retire, are among the factors requiring employers to fully cultivate the local workforce. Interviewees argued that economic inclusion activities can play a significant role in assisting the business sector to meet its labor requirements.^{xxv}

The business representatives emphasized that more avenues for economic opportunity and advancement are absolutely essential for tackling the underlying economic and social problems facing greater Baltimore. The employers also noted that the unrest that followed the death of Freddie Gray

has clearly shown the dire consequences which will result if there is a failure to do so. As Mike Molla, Vice President for Strategic Initiatives at Maryland Institute College of Art (MICA), expressed it:

“As anchor institutions, many of us recognize the need to engage the community deeply and in ways that residents desire. The uprising amplified the critical need for institutions, businesses, and organizations to consider their practices while offering new and innovative connections for shared success and access to opportunities for all residents.”

Ken Grant, Vice President for Supply Chain Management at Johns Hopkins Health System, shared a similar viewpoint: *“... When one looks around at the needs of the city [of Baltimore], it’s clear that one of them is more jobs for community residents. And the Freddie Gray incident and the trouble which followed reminded us of the need to accelerate our [economic inclusion] efforts. It was in everyone’s best interest to get people loitering off*

the streets and into jobs. It used to be described as a 'social good,' but we now know it goes beyond that. We understand that if you don't act, the consequences can be devastating, in terms of the negative impact on the city and its residents, and on local businesses, and on the perceptions of the city ..."

The interviewed employers also recognized that it will take the collective efforts of all stakeholders, across both the public and private sectors and in collaboration with community partners, to generate broader economic opportunity. While recognizing the substantial challenges entailed, the business representatives also expressed optimism about the possibility of achieving real change. For example, Greg FitzGerald, Chief of Staff at Notre Dame of Maryland University, observed:

"... I believe that there is opportunity through our collective efforts to make a real impact and to be successful in addressing these systemic problems that have contributed to holding the region back. We can make a difference in the city and region to provide economic opportunity for people who didn't have access before. One institution alone cannot change the landscape, but working together, Notre Dame of Maryland and the other anchors and businesses, alongside city and community partners, can succeed in making the city more equitable ... and people will want to come here and stay here because it's safer, healthier, and a job hub. Through collective impact we can put Baltimore City on a path of economic inclusion and growth that no one of us could do alone ... We can collectively rise together."

The Benefits from Economic Inclusion Efforts for Individual Businesses or Anchor Institutions

Many of the citywide and regional benefits of economic inclusion efforts described above can only be realized if more businesses and anchor institutions are pursuing economic inclusion efforts over time.

But on a smaller scale, the interviews conducted with employers indicated that individual businesses can achieve a direct, and sometimes immediate, benefit from their economic inclusion practices, even in the absence of other businesses pursuing similar practices. The interviewed employers' arguments include the following:

- **Economic inclusion efforts help a business or anchor institution to establish positive community relationships, which can generate multiple benefits:** Dana Farrakhan, Senior Vice President for Strategy, Community and Business Development at the University of Maryland Medical Center (UMMC), explained the importance of such relations: "If your customer base or constituency is local, and you're interested in building and sustaining your business, you need to have a strong and meaningful relationship with your community." According to the employers interviewed, this is true whether the business entity is a local retailer, a service provider, a utility, or a developer. Even if a business has a customer base that extends beyond the local community, such as the situation for a manufacturer or educational

institution, positive community relationships are often essential to ensuring the smooth, efficient functioning of the business's operations.

One important way for a business or anchor institution to promote good community relationships is through seeking community input into decisions affecting surrounding neighborhoods. Employers can also build a stronger relationship with the community by emphasize hiring local residents and using local vendors and contractors, particularly minority-owned firms.



Maryland Institute College of Art is playing an active role in the North Avenue corridor reinvestment and local purchasing strategies.

Some businesses are bound by certain economic inclusion requirements. For example, in return for receiving state or local funding, a Baltimore development project may be required to achieve certain levels of local hiring and/or MBE/WBE utilization. Similarly, higher education institutions and utilities have had economic inclusion targets established for them by public regulatory agencies and/or by industry associations. While these types of requirements play a role, the businesses interviewed for this report also see intrinsic value in the economic inclusion efforts and view them as part of the business's moral responsibilities. For example, Willy Moore, President of Southway Builders, stated: "When our business was smaller, we did MBE utilization because it was required, but now that we've grown more, it's become more important for us to do it [in order to] be responsive to the community."

Yariela Kerr-Donovan, Senior Director for Strategic Workforce Planning and Development at Johns Hopkins Health System, also noted that as a health care provider, "[i]t's smart business to hire people in your community, people from a couple of blocks away, to support patient care. It also enhances the quality of life in the community."

Economic inclusion activities of some employers interviewed are part of broader efforts to promote revitalization in the neighborhoods close to, or within which, the businesses' facilities are located. These broader engagement and revitalization efforts are especially important for the employers who have a substantial number of workers who live in those neighborhoods. For instance, approximately 40% of the employees at the University of Maryland Medical Center live in Baltimore, and 18% percent are from the economically challenged neighborhoods of West Baltimore. Accordingly, the employers recognize that helping those neighborhoods become healthier also benefits some of their employees.



VSP, a Sinai Hospital department, has a long record of providing vocational and business services, with a focus on helping youth and adults overcome barriers and re-enter the work force. Ivory Williams, pictured above, received training and support from VSP to help him become job-ready after a period of not working due to physical challenges. He was hired into a fulltime job as a courtesy driver on the Sinai Hospital campus. In this key position, Williams is the "face of Sinai Hospital," transporting patients, guests, and visitors between Sinai's campus buildings. "The VSP services really prepared me for employment and made the difference in helping me get back into the workforce," Williams says. "It was life changing for me."

- **A commitment to economic inclusion and community engagement builds employee and client satisfaction:** The employers interviewed for this report stated that their employees express pride in their business's or anchor institution's efforts to help improve the quality of life in surrounding neighborhoods and to promote economic opportunity for community residents. For example, Neil M. Meltzer, President and CEO, LifeBridge Health, discussed the participation of his organization's employees in efforts to hire local residents:

"We have doubled our community-based recruitment events, going directly into our communities with accelerated programs that allow for immediate hiring. We know that our employees are truly our organization's greatest ambassadors, so we bring current LifeBridge Health employees ... to these community events. These employees share their personal experience and offer a genuine perspective to potential new colleagues, which is gratifying for both applicants and the employees themselves, who report a sense of pride and satisfaction with these community connections."

Representatives of the higher education institutions indicated that their economic inclusion activities can help attract faculty and students who, because of research or other professional interests or personal values, may look at a school's commitment to its local community in choosing an institution where they will work or study.

- **Achieving diversity among its workforce and vendors is in a business's self-interest and improves decision-making:** The employers who were interviewed emphasized the fact that, as the regional workforce becomes more diverse, it is imperative for individual businesses and institutions to develop a workplace culture that can take advantage of that diversity for the business to be able to secure the talent that is needed.

In addition, the employers pointed out that a business will get better results when it receives more varied input via a diverse workforce, group of vendors, and/or advisors. According to Alicia Wilson of Sagamore Development, "if you don't have diverse voices at the table, you won't get the best results. A business becomes more successful as a result of diversity of input."⁶ Similarly, Calvin Butler of BGE noted the opportunity to learn from small and minority-owned firms on how the utility can improve its processes:

"At the end of the day, I run a 201-year old company, but we don't know what we don't know. Working with outside diverse suppliers has helped us to think about being more innovative ... it's forced us to get better."

- **Any added costs incurred in using smaller, local firms and/or minority-owned firms as vendors are generally marginal and may be offset vendor responsiveness and quality:** Some employers interviewed insisted that small and/or minority-owned firms do not have to be more expensive than other vendors or contractors. For example, Calvin Butler of BGE commented:

"I believe it's a faulty premise that one has to pay more for working with minority-owned firms and small businesses. The reality is that small businesses, if they're knowledgeable and if they're educated about the procurement and contracting processes, will be more competitive because they lack overhead."

Ken Grant of Johns Hopkins Health System stated:

"We [at Johns Hopkins] have come to the belief that small businesses can provide quality products at a competitive price ... we've worked hard to put the myth that small businesses cannot provide quality services at a competitive cost to rest."



Procurement representatives from Johns Hopkins Health System, Coppin State University, Maryland Institute College of Art, University of Maryland Medical Center, and Kaiser Permanente discuss their purchasing processes and policies at a recent vendor fair with the Baltimore City Chamber of Commerce.



Kenneth Grant and Brian Smith, centered in the photo above, lead procurement for Johns Hopkins University and Health System and are working to leverage institutional spending to grow jobs and businesses in Baltimore.

⁶ This perspective is supported by the research literature. According to an article on a January 2018 McKinsey & Co. report, the global management consulting firm found that companies in the top-quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability. McKinsey & Co.'s research also revealed that not being diverse can hurt a company's performance and bottom line. McKinsey & Co. found that, overall, companies in the bottom quartile for both gender and ethnic/cultural diversity were 29% less likely to achieve above-average profitability than were all other companies in the data set examined. See Jennifer Sharpe, "Workforce diversity can improve company's bottom line," BridgeTower Media Newswires, February 26, 2018.

Likewise, Brian Smith, Chief Procurement Officer at John Hopkins University, found that small and minority firms don't need to cost more for high quality service. According to Mr. Smith:

"The university recently set up an agreement with a small, minority-owned local firm to provide lab supplies. This local firm provides competitively priced items and is one of our best suppliers in terms of service. They also provide support to the YouthWorks summer employment program, supporting Baltimore youth in their exposure to health and life sciences. This one example demonstrates that focusing locally can pay off in dividends as far as product, service and community impact."

Tellingly, most of the employers who were interviewed and that have successfully used small and minority-owned suppliers and contractors **still make their procurement decisions based on the lowest responsive bid received.** That is, the businesses and anchor institutions do not provide a preference for small, local firms or MBEs/WBEs that overrides price. As Ken Grant stated, "the small firm's or minority firm's pricing still has to be competitive—every-one must earn the right [to be a vendor for Johns Hopkins]."

Regarding the quality that can be obtained from using diverse firms for goods and services, Willy Moore of Southway Builders explained that his firm "uses 'rock star' subcontractors who just happen to be minority businesses, and we use them because they are 'rock stars' and because they help us—they're great performers and highly competitive."

Some business leaders also noted that local firms serving as subcontractors and suppliers can often be more responsive than a remote vendor. For instance, if a business is sourcing locally, it may be able to avoid delivery delays or extra charges that would be associated with expedited shipping from a distant supplier.

Several of the employers acknowledged it may take more time to identify qualified smaller local firms and/or MBEs/WBEs, and in orienting them to one's business needs and procurement processes. But the employers also underscored that identifying reliable vendors of goods and service is a normal part of doing business, and therefore the effort involved in identifying and developing relationships with MBEs/WBEs and/or small local firms should be viewed in that context.

Several of the individuals interviewed for this report also argued that building the capacity of local firms and MBEs/WBEs will add to the competition in the marketplace, which will help larger or more established businesses seeking suppliers and subcontractors to secure

the best goods and services at the best price. Increasing the capacity of MBE/WBE enterprises, and the volume of their businesses, will also increase the influence of those minority and female businesspeople in the market place.

- **Providing job opportunities for local residents and individuals with employment barriers may involve extra effort up-front but can result in a significant payback:**

The employers made it clear that a business can achieve a good return on its investment of time and resources spent on recruiting and training local workers. According to the employers interviewed, such activities (and efforts to create advancement opportunities for the employees) contribute to generating a loyal, local workforce for a company or anchor institution. This translates into reduced absenteeism and turnover, which means fewer costs for additional recruitment and re-training. Dedicated employees are also more likely to be committed to ensuring that the business for which they work provides high-quality services and efficient service delivery.

According to the employers, sometimes the most successful hires (in terms of individuals who prove to be dedicated employees) are job candidates that employers typically would overlook or avoid, such as those with criminal records. Gregory Carpenter, whose 2AM Bakery in Baltimore is staffed in part by formerly incarcerated individuals, offered his perspective about those workers:



Vehicles for Change (VFC) and Heritage, part of the MileOne Auto-group, have built a partnership to provide a second chance to those previously incarcerated, while helping to address the transportation needs so vital to the financial independence of low-income families. In the fall of 2017, Heritage and its 18 dealerships awarded 20 cars through VFC to low-income families, many whom are affiliated with area workforce training and support programs. In addition, recognizing the quality of the VFC Full Circle and Auto Repair Training Program which trains individuals returning from incarceration, Heritage is hiring program graduates to help them begin an automotive repair career.

“The [previously incarcerated individuals] whom we hire come with motivation that’s different from regular individuals. They realize it’s a second chance and an opportunity to prove something to themselves and others. We find that these [formerly incarcerated employees] stay

with the job longer—it is gratitude for the opportunity. When you give individuals the opportunity to not have to worry about where the next meal for them or their families is coming from [because they have a steady income]—loyalty comes with that gratitude.”

JOHNS HOPKINS HOSPITAL'S SUCCESS HIRING EX-OFFENDERS

For over a decade, Johns Hopkins Hospital has taken a very intentional approach to employing ex-offenders, and its experience provides concrete evidence confirming the potential benefits of hiring such individuals. In 2016, Pamela D. Paulk, President of Johns Hopkins Medicine International, made a presentation describing the hospital's approach and its results in hiring formerly incarcerated individuals.^{xxvi} Notably, the job application forms used by the hospital's Human Resources (HR) department do not require individuals to indicate whether they have a criminal record, and ex-offenders go through the normal interview process. However, once a candidate is chosen for possible hire, the HR department conducts a criminal background check. If the selected candidate is found to have a criminal record, the hospital's Security department, working with the HR staff, conducts an independent review to assess whether a successful employment placement could be made. The review uses Johns Hopkins' Guidelines for Criminal Background Checks to determine the relevance of an applicant's criminal background to the employment position for which the candidate is being considered. If the applicant is hired, the background file on the criminal history review is kept by the HR department, and the manager supervising the hired individual is notified about the background information only if it is deemed necessary. In addition, when needed, a coach is assigned to the new employee to support the individual's transition to the new job.

Johns Hopkins Hospital has undertaken several follow-up studies regarding the ex-offenders it has hired. A five-year study of almost 500 ex-offenders hired showed a lower turnover for those individuals for the first 40 months of employment versus non-offenders. An additional in-depth study which followed 79 employees with serious previous criminal histories found that 73 of the individuals were still employed at the hospital at the end of the study period, and there was only one involuntary termination. Anecdotal information reported by Paulk also indicates that through September 2016 there had been no “problematic” terminations at the hospital involving ex-offenders.

Johns Hopkins Hospital has identified six factors that it believes accounts for the institution's success with hiring and achieving positive retention results with ex-offenders. They are:

1. Have the support of your security staff.
2. Screen carefully for success.
3. Help referring organizations to build a pre-hire training curriculum to meet your specific needs.
4. Interview candidates prior to the training program as if you were hiring.
5. Use internships as trial employment.
6. Use job coaches to support transition.

Investing in and Supporting Entry-Level Employees Reduces Costs and Creates Benefits: Hiring local residents generates local economic benefits, and investing in them can save employers money and creates broader benefits for employers, employees, and customers. The University of Maryland Medical Center studied turnover costs in 2016 for entry-level employees. The internal analysis found that turnover costs in the institution can reach \$15,000 per entry-level employee, considering training

costs and backfilling employees' salaries until additional staff can be hired. As the hospital employs hundreds of entry-level employees, turnover costs can easily total millions of dollars annually. The study was used to justify the benefits of institutional investments in employee coaching and workforce development supports to reduce turnover and create career ladders.

National studies reinforce UMMC's analysis. A report by the National Fund for Workforce Solutions and Jobs for

the Future as part of their CareerStat series found that investing in frontline workers shows positive results for employers, including lowering health care workforce costs. Additional benefits include improvements to: employee competence and advancement, employee engagement, patient experience, and community impact, as well as quality and safety.^{xxvii}



The University of Maryland Medical Center is working to maintain and exceed its 25% MBE/WBE spending levels for eligible expenses.

- **Economic inclusion can be a key business model element:** For a variety of the employers, the economic inclusion efforts were not just viewed as important, but as **integral to their business model.**

The arguments and evidence presented in this chapter have made it clear that economic inclusion efforts are in the financial self-interest of every business entity in Baltimore, even if those efforts are not absolutely central to a firm’s or institution’s business model.

George Kleb, Executive Director for Housing and Community Development at Bon Secours Baltimore Health System, observed:

“You ignore economic inclusion at your peril ... If you think folks not having economic opportunities is not impacting your business, then you’re not paying attention. Try to have a business in the harbor [district] with a curfew in place, or a ballgame with no fans. And who is going to buy your goods and services if people don’t have jobs?”

Ken Grant of JHHS expressed a similar view:

“... It’s in your interest to ensure that the people living in the surrounding communities of your organization are employed ... I believe people want to work, and the sooner that companies realize that they can make a major impact in helping people to get and keep a job, the better ... Employment, it’s the only way to achieve improvements [in the city]. We are contributing to the community’s problems if we don’t get involved in finding ways to create jobs for people.”

In the healthcare field, for example, changes in the regulatory and funding environment have incentivized healthcare providers to focus on keeping people healthy, rather than treating the sick. According to the health-care institutions interviewed, this means that healthcare providers now must seriously examine and address the “social determinants of health” for their target populations. Research has shown that education levels and employment are among the most powerful factors determining health status. The healthcare institutions understand that they need to move beyond their traditional medical approaches and undertake efforts that will improve the educational and employment outcomes of their target populations. In this context, the healthcare institutions’ economic inclusion activities have become key elements of their business model. For example, Neil M. Meltzer, President and CEO of LifeBridge Health, stated:

“Our purpose statement at LifeBridge Health is ‘caring for our communities together,’ and it is the filter through which we pass every business decision. We know that the health of our communities is only as strong as the wellbeing of its citizens, which includes not only their physical health, but also their success in finding meaningful work and economic opportunity. That is why we believe so strongly in inclusion and partnership [as means to promote more employment and economic advancement opportunities for community residents].”

Chapter 3

WHAT CAN BALTIMORE BUSINESSES AND ANCHORS INSTITUTIONS DO TO PROMOTE GREATER ECONOMIC OPPORTUNITY AND INCLUSION?

For a business or anchor institution interested in becoming more engaged in economic inclusion efforts, a good place to start is to become familiar with existing initiatives. Information about these activities provides insights about economic inclusion practices that have worked for others, and can help businesses and other employers to identify potential partners for future economic inclusion efforts.

This section highlights Baltimore-area businesses and institutions of varying sizes and types. Some of the economic inclusion activities by those entities have begun recently; others have been underway for a decade or more.^{xxviii} The profiles also identify a variety of contexts in which the businesses have carried out their economic inclusion efforts—as a single organization, as a collaboration between a business and a nonprofit entity or involving several businesses or anchor institutions, and as part of a much broader partnership or consortium. **The range of examples demonstrates that, regardless of the nature of a business or an anchor institution, or the resources available to it, successful economic inclusion efforts are possible.**

Profiles of Economic Inclusion Efforts by Small and Medium-Sized Baltimore Businesses

► SEWLAB USA

SewLab is a small, soft goods manufacturer based in Baltimore. SewLab's owners seek to promote economic inclusion in a number of ways, including the use of local suppliers and collaborative efforts with other small Baltimore manufactur-

ers whenever possible. This is part of SewLab's strategy to grow Baltimore's micro-business sector and to attract additional suppliers and complementary businesses to the city. The owners also emphasize the hiring, training, and career advancement of workers from Baltimore, particularly low-

er-income residents and people of color. The owners treat the company as a business incubator, providing opportunities for SewLab's employees to develop their own product lines and spin-off companies. SewLab's owners are also piloting a larger training program in soft goods manufacturing, in partnership with two nonprofits (Seedco and Open Works) and the City of Baltimore's Made in Baltimore initiative. The owners are also pursuing efforts to expand the incubator space available to soft goods manufacturing start-up businesses.



With Johns Hopkins University support, SewLab and Made in Baltimore collaborated on a pilot textile training program in 2017.

► SAA | EVI

SAA | EVI is a private equity firm and developer, headquartered in Baltimore, that seeks not only to meet but to exceed the MBE/WBE participation requirements established by funders for development projects. In addition, responding to the fact that relatively few of the existing developers in the Baltimore area are persons of color, SAA | EVI's owner created an apprenticeship program for minority developers. The firm's owner is also collaborating with the Massachusetts Institute of Technology's Community Innovators Lab to create a framework for assessing developers that highlights a developer's transparency and responsiveness to the communities in which its projects are located. SAA | EVI's head is also looking at developing models of community revitalization and gentrification that avoid displacement of existing residents.

► 2AM BAKERY

This Baltimore bakery, which specializes in fine pastries, was established in 2009 by two partners, one of whom was formerly incarcerated. Understanding the difficulties that individuals released from incarceration face in finding steady jobs, the bakery's owners have sought to create training and

employment opportunities for other formerly incarcerated individuals through their business. In addition to hiring individuals released from incarceration, with funding from the Open Society Institute-Baltimore, the bakery has operated a training program to teach formerly incarcerated individuals to bake and hone their entrepreneurial skills. Begun in 2015, the training program has provided marketable skills and work experience for dozens of individuals released from incarceration.

► CITYWIDE YOUTH DEVELOPMENT-MADE IN BMORE CLOTHING

Citywide Youth Development, a West Baltimore-based organization encourages entrepreneurship education, provides vocational skills training, and supports enterprise development and job placement. The organization serves out-of-school youth ages 14 to 26 and helps them obtain skills in apparel and sorbet manufacturing. Programming linked to *Made in BMore Clothing* offers training in industrial apparel production embellishment techniques, as well as internship opportunities at Under Armour. Job placement opportunities are available at 22 companies identified as potential employers. Products are sold online, at various retail facilities aligned with the Baltimore City's *Made in Baltimore* initiative, and in the organization's *Made in BMore* store in Towson. Through Frozen Desert Sorbet, students are trained in customer service, marketing, budgeting, and entrepreneurship skills, and they sell products at universities, festivals, city pools, and downtown between May and October. In 2018, Citywide Youth Development formed a partnership with the Baltimore Orioles to sell sorbet at Oriole Park at Camden Yards.



Rasheed Aziz, Executive Director of Citywide Youth Development

Profiles of Economic Inclusion Efforts by Larger Businesses and Anchor Institutions

► BALTIMORE GAS AND ELECTRIC (BGE)

In 2009, this utility executed a Memorandum of Understanding with the Maryland Public Services Commission, under which BGE pledged to take proactive steps to increase its use of “diverse suppliers” (i.e., MBEs, WBEs, and service-disabled veteran-owned businesses). To pursue this objective, BGE created its *Focus 25* initiative, which aimed by 2020 to increase the utility’s spending on diverse suppliers to 25% of its total spending for procured goods and services. As part of this initiative, BGE partnered with the Maryland–Washington Minority Contractors Association to help find firms with which the utility would work. The criteria for selecting the diverse firms for the *Focus 25* effort included the firms’ past track record of community involvement. The selected firms were trained on how to do business with BGE and other large companies. The firms also were provided with mentoring and networking assistance. As of November 2017, BGE had completed three rounds of trainings involving 29 businesses from the region; 23 of those firms have provided goods and services to BGE. Through its proactive efforts, BGE increased its spending with diverse firms from 10% in 2009, to over 26% in 2016, and is continuing its efforts under the re-titled *Focus Forward* initiative (re-named because the 25% spending objective had already been accomplished). BGE is also a co-founder and active member of the *BLocal* initiative, which is described later.



Towson University, a BIP partner, and Whiting–Tuner, a member of *BLocal*, are working to incorporate local hiring into the construction of this \$180 million Science Complex.

► BON SECOURS BALTIMORE HEALTH SYSTEM AND COMMUNITY WORKS DIVISION

Bon Secours Baltimore Health System serves the residents of West Baltimore with an array of services contributing to the social and economic viability of the community. Services include a 72-bed acute care hospital (which was first established in West Baltimore in 1919), over 725 affordable housing units in six senior and two family housing centers, and a range of programming for residents through Bon Secours’ Community Works division which serves almost 1,100 residents per year. Community Works’ activities include, among other programming, youth employment and entrepreneurship services, career and workforce development services, and financial coaching and education. Bon Secours has recently expanded its workforce development programs to include nursing training and has hired residents who are graduates.

Two year ago, Bon Secours also established a new initiative focused on formerly incarcerated individuals, because approximately 30% of the re-entry population in Baltimore is returning to the area. The initiative begins working with individuals while they are still in prison and then offers a range of services in the community, including job training and placement, housing, and family reconciliation.

► MICA’S EFFORTS IN THE STATION NORTH DISTRICT

Maryland Institute College of Art (MICA) has over the last decade helped anchor the rebirth of the North Avenue Corridor and the Station North Arts and Entertainment District through community development strategies, capital investment, and local purchasing. MICA has pursued adaptive reuse and new construction along North Avenue through projects such as the Lazarus Center, the Gateway, and the Founders Green. Through investment support, academic programming, and lease commitments, MICA has helped make possible other catalytic reinvestment projects such as the Parkway Theater and Centre Theater.

Local food purchasing has also been a central focus of MICA’s economic inclusion work. Over the last four years, the college and its food service provider Parkhurst have helped numerous local and minority-owned food businesses grow. Social enterprises such as City Seeds (see description below), and businesses such as Woot Granola, Station North Arts Café, Cuples Tea, and Perfections by Allan, and many others, have benefited from food service contracts related to MICA.

MICA's Baltimore-sourced institutional annual food spend has grown from \$62,000 to \$141,000 since 2014.

This past year, MICA launched the Baltimore Creatives Acceleration Network providing strategic and as-needed, just-in-time entrepreneurship support for Baltimore creatives of all disciplines and backgrounds. The program is working to create a stronger, more equitable creative ecosystem and economy in Baltimore by empowering artists as entrepreneurs.



The redevelopment of Centre Theater, led by Jubilee Baltimore, was supported by the commitment of lease space for the JHU-MICA Film Center. The project included local hiring strategies.

► NOTRE DAME OF MARYLAND UNIVERSITY

Notre Dame of Maryland University, a private, Catholic university, has used economic inclusion strategies in hiring, procurement, and community engagement over the past several years. The institution has reviewed and revised procurement processes and coded its procurement data systems to measure spending with local and minority-owned firms, enabling the university to set and track new inclusion goals for spending. Economic inclusion goals have also been applied to a recent renovation project where the university achieved 19% and 21% on local and W/MBE spending, respectively.



Coppin State University used a "first source" local hiring policy during the construction of its Science and Technology building. The \$121 million project, completed in 2015, exceeded its local hiring goal of 30 community residents. In partnership with the Coppin Heights Community Development Corporation, Barton Marlow Commercial Construction and subcontractors hired 77 local workers.^{xxxix}



The University of Baltimore's Flying Fruit Café: The University of Baltimore (UB), in partnership with the University of Maryland Baltimore County's Choice Program,⁷ made a five-year commitment to establish and support The Choice Program's Flying Fruit Café at the UB School of Law. UB has contributed more than \$100,000 to build out the café space and support annual operating costs, such as utilities, security, and maintenance. The Choice Program's youth trainees receive six weeks of classroom-based training, in addition to paid on-the-job training while employed at the Flying Fruit Café. Since the café opened in August of 2015, 143 Baltimore area young people have been trained.

Profiles of Economic Inclusion Activities Conducted by Larger Partnerships

► THE BALTIMORE INTEGRATION PARTNERSHIP

The Baltimore Integration Partnership (BIP) is a collaborative partnership of anchor institutions, funders, community-based nonprofit organizations, and public agencies. They came together in 2010 to compete for national funding from Living Cities to undertake activities to expand, strengthen, and sustain the economic inclusion work unfolding in Baltimore and, through those efforts, to establish economic inclusion as an essential part of doing business in the Baltimore region.

In its first phase from 2011 through 2014, BIP's board included representatives of local, regional, and state agencies; higher education anchor institutions; philanthropies; community-based nonprofit organizations; and a commu-

nity development financial institution (CDFI). BIP worked to reconnect low-income Baltimore City residents (who are primarily African-American) to the regional economy, maximize the linkage between physical and human capital development, and fuel reinvestment in inner-core neighborhoods. BIP's key strategies were:

- *Connecting low-income neighborhood residents to family supporting employment;*
- *Making economic inclusion "business as usual" in Baltimore;*
- *Attracting and deploying capital for building communities and expanding opportunity; and*
- *Aligning and accelerating efforts to achieve scale and durable change.*

⁷ The Choice Program at UMBC is a nationally recognized model for community-based youth advocacy, intervention, and service. Over the course of thirty years, the UMBC Choice Program has served more than 250,000 youth and their families from Maryland's most marginalized communities.

The outcomes achieved through BIP partners' leadership and actions during BIP's first phase include:

- **Specific project-level outcomes:** provision of seed and/or gap financing to 15 development projects resulting in more than \$155 million in investment in housing, retail, and education facility projects; BIP's workforce training fund supported 504 training slots; through the various development projects, training activities, and anchor initiatives, creation of 837 jobs filled by local residents.
- **Completed systems/policy work:** achievement of increased CDFI presence in Baltimore; Employ Baltimore and State of Maryland local hiring Executive Orders; creation of a Maryland Department of Transportation \$1 million workforce training fund; Maryland Department of Housing and Community Development establishment of new Sustainable Communities grant requirements; creation of economic inclusion policies by Johns Hopkins and MICA; and passage and signing of state EARN legislation which generated \$4.5 million in workforce training funding.

BIP's second phase started in 2014 and is ongoing. BIP 2.0 concentrates on leveraging the resources of Baltimore's anchor institutions, both healthcare and higher education institutions. These anchor institutions represent the strongest potential for advancing economic inclusion at a wide scale and positive economic growth for residents and small business owners.

The BIP 2.0 board currently includes 14 anchor institutions (9 higher education institutions and 5 healthcare institutions), as well as representatives of the public, philanthropic, and nonprofit sectors. It is believed to be the largest strategy of hospitals and higher education institutions in the U.S. working collaboratively on economic inclusion. Staff housed at ABAG continue to coordinate and help to mobilize resources for the BIP activities by the anchor partners.

The overall goal of BIP 2.0 is to connect low-income Baltimore City residents to economic opportunity through:

- Increasing anchor institution purchasing from local, small, and MBE/WBE firms;
- Ensuring equitable opportunity in connecting low-income residents to jobs in the anchors and anchor-supporting businesses; and
- Making intentional local investments in real estate and small businesses to generate broader community benefit

Through early 2018, 13 anchor institutions were engaged in workforce development or local hiring initiatives, 13 were pursuing purchasing initiatives, and six were involved in

linking economic inclusion to capital and/or broader community development initiatives. As of June 2018, 12 anchor institutions (including two Hopkins institutions) had set new or expanded economic inclusion goals and two other institutions retain state mandated goals. Of the new or expanded goals, eight institutions have set them for hiring, eight are focused on purchasing, and six are focused on capital or community development investment. In addition, through collaborative work, grant and investment support, and partner leadership, the partners have helped advance six new business development programs; a workforce training program; a social enterprise; a development fund with inclusion goals; implicit bias and structural racism training; four catalytic development projects; and have worked to expand economic inclusion in Baltimore.

Appendix 1, available at www.baltimorepartnership.org, provides an overview of the economic inclusion efforts of each of the anchor institutions participating in the BIP.

▶ **JOHNS HOPKINS INSTITUTIONS: COMMITTING TO ECONOMIC INCLUSION**

The Johns Hopkins institutions—including Johns Hopkins University and Johns Hopkins Health System—serve as a major economic engine for the city of Baltimore. Johns Hopkins is the largest private employer in Baltimore, with over 34,000 regular employees in the city and a major purchaser of goods and services.

The **HopkinsLocal** initiative is one of several initiatives that seek to promote economic growth and employment opportunities in the city. Launched in mid-2015, the initiative represents a firm commitment to increase design and construction contracts going to local minority- and women-owned businesses, expand the number of new hires from struggling city neighborhoods, and to purchase more goods and services from city-based vendors. The initiative also meshes with Johns Hopkins' efforts to support diversity in its workforce and among business partners.

Launching the initiative in September 2015, Johns Hopkins leadership indicated the need for such an initiative had become even more urgent considering recent events in the city:

"Last spring [in 2015], the unrest in Baltimore shed light on the racial and economic disparities that challenge our city and our nation," wrote Ronald J. Daniels, president of Johns Hopkins University, and Ronald R. Peterson, president of Johns Hopkins Hospital and Health System, in a message sent to faculty, students, and staff. "Since then, Johns Hopkins University and the Johns Hopkins Health System have joined with

community, political, and faith leaders to renew and reaffirm our commitment to supporting our city and our fellow citizens. We are redoubling our longstanding efforts, knowing that the health and well-being of Johns Hopkins are inextricably tied to the physical, social, and economic well-being of Baltimore.”

The specific goals of *HopkinsLocal* include:

- By 2018, filling 40 percent of targeted positions from within the city’s most distressed communities.
- Over three years (2015–2018), increasing by at least \$15 million the amount of goods and services the university and health system purchase from Baltimore-based businesses, including those owned by minorities and women.
- By 2018, enlisting at least 24 suppliers from outside the area—that Johns Hopkins will hold accountable—to hire, procure, and invest in the city.
- By 2019, committing at least 19% of design, consulting, and construction contracts to minority, women, and disadvantaged businesses by applying new targets across all Johns Hopkins construction projects.

In 2017, Johns Hopkins issued a progress report on *HopkinsLocal*’s accomplishments during the first year of its activities and showed that the institutions had made important progress toward meeting and exceeding their goals.⁸

Johns Hopkins launched **BLocal**, a complementary initiative to *HopkinsLocal*, in April 2016 in partnership with co-chair Calvin Butler, CEO of Baltimore Gas & Electric. *BLocal* is a collaborative effort of more than 25 Baltimore organizations—for-profit and nonprofit organizations and large and small businesses from a variety of business sectors—that have joined together to expand existing programs or establish new ones to build, hire, and invest locally. Collectively, the *BLocal* partners aim to invest an additional \$69 million over three years into local and minority-owned, women-owned, and disadvantaged businesses. Each *BLocal* partner has made an explicit commitment to what it hopes to accomplish, and the partners have published their *BLocal* commitments on a shared website (at blocalbaltimore.org).

In December 2017, *BLocal* issued a progress report on its first year of operations, indicating that the initiative’s members had spent \$86 million on contracts and procured goods and services with local, minority-owned, and women-owned businesses—exceeding its entire three-year goal. Four of the *BLocal* partners with hiring goals added 470 new employees who live in Baltimore City. *BLocal* partners also invested more than \$12.2 million in programs and organizations serving the Baltimore community.^{xxx}



The BIP Governance Board convenes regularly to guide the initiative, advance inclusion strategies within participating institutions, and to support the expansion of inclusion strategies across Baltimore.

⁸ For more details, see *Year One Progress Report: HopkinsLocal*, Johns Hopkins University & Health System, 2017, at <http://hopkinslocal.jhu.edu/content/uploads/2017/03/HopkinsLocal-Progress-Single-Pages.pdf>

► UMB AND UMMC: COMMUNITY ENGAGEMENT AND ECONOMIC INCLUSION

The economic inclusions efforts of the University of Maryland, Baltimore (UMB) and the University of Maryland Medical Center (UMMC) are occurring within a broader community engagement effort by those institutions in West Baltimore, which includes some of the most economically and socially challenged neighborhoods in the city, with high unemployment and crime rates.

Such community engagement efforts have long been a priority of UMB and UMMC. However, the continuing distressed conditions in West Baltimore and the 2015 community unrest demonstrated more needed to be done. In response, the presidents of UMB and UMMC concluded that, by working together, their institutions could achieve increased impact in the West Baltimore community. With that goal in mind, the presidents directed their staff to collaborate on expanded efforts to improve conditions in West Baltimore.

The key elements of this new initiative were developed through a strategic planning process involving community residents and 53 leaders and staff from UMB, UMMC, and the University of Maryland Medical System (UMMS). Approved in September 2016, the *UMB/UMMC Community Engagement Strategic Plan* calls for staff, faculty, and students to collaborate with community partners to address critical social needs and build and support a healthy, empowered, socially cohesive, and revitalized West Baltimore community. The plan has four inter-related areas of focus:

- Community Health Improvement;
- Education & Youth Development;
- Community Connections; and
- Economic and Community Development.

UMB and UMMC have established explicit targets for what the institutions hope to accomplish over a two-year period in collaboration with community partners. Relative to Economic and Community Development, for example, by the end of the second year of the initiative (in 2018) the institutions want to achieve:

- A 10% increase in new employees from West Baltimore in targeted positions;
- A \$125,000 increase in local catering spending; and
- A \$140,000 increase in revenues for local West Baltimore businesses through the institutions' Merchant Access Program.

The West Baltimore employment goals are being achieved through working with community workforce readiness partners to recruit and train local residents for targeted positions,⁹ and designing and implementing wrap-around services in partnership with community organizations for hard-to-employ individuals.¹⁰ The procurement goals are being pursued in part through a workgroup focused on purchasing as well as mentoring of local minority-owned business enterprises (MBEs) and women-owned business enterprises (WBEs).

Working with the Southwest Partnership, a community group, in January 2018, UMB invested \$1.5 million in a revised Live Near Your Work program, increasing the amount of down-payment assistance grants for UMB employees from \$2,500 to \$16,000. When combined with other sources of funding, nearly 100 homebuyers can receive more than \$18,500 to purchase a home in the seven Southwest Baltimore communities nearest the UMB campus.

The university and medical center have also established goals relative to MBE and WBE spending more broadly. For example, UMB has an MBE spend goal of 29%. The University of Maryland Medical System has a system-wide goal for FY 2017 to maintain at least a 25% MBE/WBE spend participation level relative to eligible expenses, and to strive to achieve an additional 1% increase.

UMMC has used the community engagement and MBE/WBE utilization goals in developing its annual operating plan and reviews progress relative to those goals on a quarterly basis. It also ties employee performance assessments and compensation decisions to the achievement of those goals.

In purchasing, the institutions announced in November 2017 that in fiscal year 2017 UMB and UMMC had collectively spent \$399,000 on catering from small businesses in five targeted West Baltimore zip codes. The combined spending amount was 319% of the \$125,000 target.^{xxxxi}

⁹ UMMC has also created new job positions (e.g., community health workers, peer recovery specialists) specifically targeted for local residents. As part of its West Baltimore efforts, UMB created a community engagement center which serves as the institution's "front door" for interactions with the community. Among the other services offered there, UMB hosts "Workforce Wednesdays" at the center, during which the institution's Human Resources staff work with residents on resume preparation and help them with applying to positions at UMB. If residents qualify for the positions, they are guaranteed an interview.

¹⁰ UMMC also has workforce specialists who not only act as liaisons to the community-based organizations, but also serve as coaches to the new community hires during their first year on the job at UMMC.

► **THE GREATER BALTIMORE COMMITTEE (GBC)**

GBC, a regional organization of business and civic leaders, has supported economic inclusion efforts dating back to 2002, when it commissioned a study examining MBEs and WBEs in the regional economy. The study concluded that MBEs and WBEs were substantially under-represented (see profile of this report on page 28). Since the 2004 study release, GBC has engaged in a series of activities to promote the establishment and growth of MBEs and WBEs. More recently, GBC has focused on connecting individuals released from incarceration to employment. GBC created a cross-sector task force to examine the employment barriers faced by individuals with criminal records and the impact on the regional economy. The task force's 2017 report made a series of recommendations for changes in policies and practices, aimed at both the business community and public officials. The task force is now working to take steps to operationalize the recommendations of its 2017 report.

► **BALTIMORE ALLIANCE FOR CAREERS IN HEALTHCARE (BACH)**

In the wake of the Baltimore uprising, and as an opportunity to meet anticipated labor needs for community-based health-care treatment under the Affordable Care Act, nine Baltimore hospitals came together in 2015 to propose a new healthcare jobs training program.¹¹ This program is targeted to under- and un-employed individuals with high school diplomas or GEDs who live in high-poverty communities in Baltimore City and is designed to prepare individuals for high-demand positions. The program is being led by BACH and is funded by a temporary 2% increase on health care reimbursement rates, which is expected to generate approximately \$6 million, and \$3 million from the participating hospitals. Workforce partners include the Center for Urban Families, BUILD Turnaround Tuesday, Bon Secours Community Works, Penn North, and the Community College of Baltimore County. The program, in its second year, is expected place over 200 individuals in jobs with a strong potential for career advancement in the participating hospitals.

► **THE BALTIMORE METROPOLITAN COUNCIL'S OPPORTUNITY COLLABORATIVE**

The Baltimore Metropolitan Council (BMC) is a nonprofit organization that works with the region's elected executives

to identify mutual interests and develop collaborative strategies, plans, and programs that will help to improve the quality of life and economic vitality of the region. BMC's Opportunity Collaborative was a public-private consortium that developed a *Regional Plan for Sustainable Development (RPSD)*, which was released in mid-2015. The Plan connected traditionally separate regional planning efforts relative to housing, workforce development, and transportation, and outlined new strategies to reduce regional disparities. The analysis identified regional barriers keeping low-skilled adults from finding jobs and advancing into careers that pay a family-supporting wage. The Collaborative also outlined the elements of an educational and training pipeline to meet employers' talent needs and to promote employment opportunities associated with middle-skill jobs in six key industry sectors.

► **HUMANIM'S ADMINISTRATIVE ASSISTANT TRAINING PROGRAM**



Human Resource representatives play an active role in Humanim's Administrative Assistant Training Program

Humanim is a multi-faceted nonprofit organization offering more than 40 programs in the areas of human services, youth services, workforce development, and social enterprises. Humanim created the Administrative Assistant Training Program as a pilot in 2016, in partnership with 10 of the participating anchor institutions in the Baltimore Integration Partnership (BIP) and with funding from the City of Baltimore and BIP. The training program offers a free 13-week course for city residents and other job seekers to prepare them for jobs as administrative assistants. Human Resources

¹¹ The hospital partners that led the effort to create the program include: The Johns Hopkins Hospital, Johns Hopkins Bayview, LifeBridge Sinai, Medstar Franklin Square Medical Center, Medstar Good Samaritan Hospital, Medstar Harbor Hospital, Medstar Union Memorial Hospital, University of Maryland Medical Center, and University of Maryland—Midtown.

representatives of the anchor institutions participate on a steering committee helping to design the curriculum and facilitate job shadowing and mock interviews. Participants are provided soft skills and professional development training, and graduates receive nationally recognized certifications. The program also provides participants with case management and job placement services. Three cohorts graduated from the pilot effort through November 2016, and in 2017 and 2018 the program has continued with funding from EARN Maryland (see description of EARN Maryland on page 61). Twelve of the BIP anchor institutions are now participating in the program, and the anchors have committed to consider graduates of the training program to fill administrative vacancies at their institutions. At the time that this report was being written, several of the anchor institutions, including Notre Dame of Maryland University, Johns Hopkins University, Towson University, Morgan State University, and the University of Maryland, Baltimore, had hired graduates from the training program.

► KAISER PERMANENTE'S AND BON SECOURS' FUTURE BALTIMORE INITIATIVE

In July 2017, Kaiser Permanente, a national healthcare provider with three health facilities in the Baltimore area, announced a commitment of \$1.8 million to launch a revitalization project in partnership with Bon Secours Baltimore Health System and several West Baltimore communities. Called *Future Baltimore*, the initiative is designed to advance health equity and economic opportunity in West Baltimore neighborhoods, and will include the construction of a Community Resource Center serving youth and adults with economic advancement, health, and social services, supported by an array of local partners. The Center will also have a small business incubator to support five to 10 start-up businesses per year. The investment builds on and complements Bon Secours' existing workforce training programs and other community programming. Over five years (2017–2022), the partnership aims to support the establishment of new local businesses, reduce the unemployment rate in the target neighborhoods, and increase the availability of mental health services for residents.

► LOYOLA UNIVERSITY'S YORK ROAD INITIATIVE

This initiative is an outgrowth of Loyola University Maryland's 2008–2013 Strategic Plan. Developed in collaboration with residents and other community partners, the initiative focuses on the Greater Govans/York Road corridor neighborhoods in north Baltimore, adjacent to Loyola's

Evergreen campus. It is an area deeply divided by race and class, with a 10-year difference in life expectancy between the east and west sides of York Road. The initiative seeks to improve the educational development, health, and well-being of community residents and the economic viability of the targeted neighborhoods. Through Loyola's leadership and staffing, the York Road Partnership of businesses, residents, institutions, and other stakeholders has worked on a variety of issues facing the community, including public safety, a lack of fresh and healthy food, youth development and business development. Loyola annually invests \$250,000 to help move forward projects that meet community needs including Fresh Crate, through which Loyola's food service provider has provided over 4,000 pounds of fresh produce for sale in neighborhood corner stores. Other Loyola-supported efforts include a weekly farmers market, a partnership to hire local youth, a commercial corridor plan with the Urban Land Institute, partnership with Kiva and Loyola's business school, a swim program for local elementary students, and continued workshops focused on race, implicit bias, and structural barriers to opportunity.

► EAST BALTIMORE REVITALIZATION INITIATIVE

This initiative began in 2002 as a \$1.8 billion effort to create biotechnology research space, new mixed-income housing, commercial development, and other amenities to revitalize a distressed East Baltimore neighborhood bordering the Johns Hopkins medical campus. Among the key partners in this initiative were the City of Baltimore, the State of Maryland, Johns Hopkins University, and other institutions, including the Annie E. Casey Foundation. Over time the scope of the effort expanded to include, among other things, a new K–8 school and early childhood education center.^{xxxii} As part of the initiative, economic inclusion contracting and hiring goals were established, and between January 2006 and September 2017, the initiative achieved significant results. Over that period, 34% (\$148.94 million) of the \$437.55 million of the initiative-related construction contracts went to MBE firms. A total of \$94.65 million (21.6%) went to Baltimore City-based MBE firms. In terms of overall local contracting, nearly 35.3% (\$154.65 million) of the \$437.5 million in construction contracts went to Baltimore City-based local business enterprises, substantially exceeding the target goal of 20%. Approximately, 30.1% (1,948) of the 6,466 verified workers on the project since its inception were Baltimore City residents. Through September 2017, the project also yielded 283 new Baltimore City hires, of which 188 (66.4%) were from East Baltimore.^{xxxiii}

Other Efforts that Support Economic Inclusion

► HUMANIM SOCIAL ENTERPRISES

Humanim operates several social enterprises established to create new economic opportunities for individuals who have challenges in finding employment. In addition to creating jobs and building a stronger local workforce, these enterprises strengthen the community by solving social and environmental problems through sustainable, market-based solutions. Among Humanim's social enterprises are:

- **City Seeds:** This social enterprise provides quality food and good jobs, while growing Baltimore's local food economy. City Seeds pursues those objectives by sourcing locally, training and hiring individuals with barriers to employment, and supporting local food entrepreneurs. City Seeds' services include wholesale food production, catering, and retail kiosks and cafes selling products at Johns Hopkins University, Maryland Institute College of Art, the Annie E. Casey Foundation, and Kaiser Permanente. The organization also provides training and support to food entrepreneurs through *School of Food*, which offers an industry-specific, technical assistance program. In addition, *School of Food* works to expand the local entrepreneurs' access to larger market opportunities, including sales to anchor institutions. The Baltimore Integration Partnership

(BIP) has collaborated with City Seeds and the School of Food to help make those connections through vendor fairs, "Food Entrepreneur Demo Days," and an ongoing strategy to match the buying needs of anchor institutions and businesses to local and minority-owned firms.

- **Details Deconstruction:** This social enterprise does what demolition cannot—it creates jobs while reducing environmental waste. A labor-intensive, green alternative to demolition, Details Deconstruction adheres to a "triple bottom line" business model that considers social, environmental, and financial impact. Every Details project diverts salvageable materials from overflowing landfills, and creates jobs for skilled crew members who have faced barriers to employment. Details Deconstruction also has a "sister" company, Brick+Board, which processes the salvageable materials from Details' projects for re-sale to construction and renovation projects.

► CENTRAL BALTIMORE FUTURE FUND (CBFF)

CBFF is a \$10 million loan pool established in December 2016 by a group of financial institutions, philanthropies, Johns Hopkins, and the City of Baltimore and administered by The Reinvestment Fund (TRF).^{xxxiv} CBFF is designed to work in



City Seeds' new kitchen is the lead tenant in the East Baltimore Food Hub.

concert with a comprehensive Central Baltimore revitalization strategy to eliminate blight and stimulate economic growth and job creation. CBFF is linked with the Central Baltimore Partnership and provides loans as well as predevelopment and site acquisition resources to developers and building owners who are creating high-impact real estate projects. Borrowers from CBFF must meet economic inclusion goals in their projects relative to MBE participation (a 30% contracting requirement) and local hiring (a minimum of one job for every \$1 million in hard capital costs). At the time of this report, three projects had been financed by CBFF: acquisition and rehabilitation of 12 for-sale homes as part of a mixed-income redevelopment; site acquisition and construction of four for-sale homes; and improvements to artist studios and preservation of affordable artist living space.



The Central Baltimore Future Fund launch event in late 2016.

► GOOD BUSINESS WORKS NETWORK

Launched in 2017, this job-quality project is supporting Baltimore businesses who are “doing well by doing good.” With an initial focus on Baltimore’s retail, restaurant, and home improvement sectors, Good Business Works (GBW) aims to utilize the power of consumer demand to advance employment practices that create value for both employers and workers. The project is engaging with exemplary local businesses who understand that industry-leading wages and benefits, a focus on in-house training and advancement, and support for a diverse employee team ensure the highest standards of quality in products, services, and customer satisfaction. Through community-based marketing and industry-driven technical assistance, the GBW network will work closely with select employers to promote their businesses, overcome challenges, and increase impact. The GBW network is a collaboration of Baltimore-area businesses, nonprofits, funders, and training providers. The lead organization coordinating the network is Civic Works (a community-based nonprofit focused on skills development and community services). This project is supported by the Baltimore Workforce Funders Collaborative (BWFC), a public-private partnership with a mission of advancing labor market prospects of unemployed and underemployed Baltimore residents.



Morgan State University launched the Morgan Community Mile Initiative, a university-community partnership that involves residents, businesses, public agencies, and other stakeholders in making Northeast Baltimore a better place. The University has also been working to move forward the reinvestment of Northwood Plaza (above).

Chapter 4

WHAT LESSONS CAN BALTIMORE'S PRIOR ECONOMIC INCLUSION EFFORTS OFFER US?

Economic inclusion efforts in Baltimore have been occurring in the Baltimore area for decades, although they have grown substantially in both number and scope in recent years. These efforts offer a wealth of insights into common challenges and successful approaches for addressing them. To inform future efforts, both in Baltimore and elsewhere, this chapter highlights some of the key lessons from these prior efforts. It does this by first describing common challenges and then presenting strategies that Baltimore businesses and anchor institutions have utilized to overcome them.

► **CHALLENGE: To get a business or anchor institution to be fully committed to economic inclusion efforts, it is often necessary to change the internal institutional culture.**

According to Ashley Valis, Executive Director for Community Initiatives and Engagement at the University of Maryland, Baltimore, a business or anchor institution needs to “understand the value of using [one’s] hiring and buying power to promote the greater good ... and also needs to understand how to achieve economic inclusion while also paying attention to the bottom line.”

The business and anchor institution representatives interviewed for this report identified three strategies for promoting a necessary cultural shift within their organizations.

- **Provide education on structural racism and equity:**

Businesses and anchors emphasized the importance of educating those within their organizations about implicit bias and how the status quo contributes to structural barriers and discrimination. Anchor institutions, including Loyola University Maryland, MICA, Notre Dame of Maryland University, and Towson University, have brought in consul-

tants to hold formal training sessions on structural racism and implicit bias for their staff, particularly for purchasing managers and Human Resources and other staff who are making hiring decisions.

Individuals attending such trainings generally believe they do not act in an intentionally discriminatory manner. However, the training sessions demonstrate how individuals’ unconscious biases, and institutions’ historic practices, can nonetheless result in discriminatory outcomes. BIP also hired a consultant who assessed the procurement protocols and hiring procedures of the individual anchor institutions to identify specific features of those processes that may create barriers to opportunity for local and minority-owned businesses and residents. Representatives of those anchors commented on the value of that information as a catalyst in “changing the lens” that the institutions’ staff applied to their activities and in creating the moral imperative for the economic inclusion efforts.

- **Ensure leadership’s commitment for economic inclusion efforts:**

Interviews made clear that economic inclusion efforts require the explicit and continuing commitment of the leadership of the business or anchor institution. Accordingly, organizational leaders need to be visibly and actively engaged in promoting and monitoring those efforts to reinforce their importance. Calvin Butler of BGE explained:

“These sorts of efforts have to be led from the top. I’m directly involved [in the Focus 25/Focus Forward economic inclusion initiative], and the vice-presidents know I’m measuring results by department—I know who is contributing to the results ... The initiative is run [on a day-to-day basis] by BGE’s Office of Business Empowerment and my Chief of Staff because we want the team to know that I’m ‘eyes on.’”

Baltimore-area business and anchor institution leaders have communicated their commitment to community engagement and economic inclusion efforts in a variety of ways. For example, President Kim Schatzel of Towson University articulated eight priorities for strengthening Towson University over the next three to five years. Prominently featured as one of the eight is *BTU: Partnerships at Work for Greater Baltimore*. *BTU* (which stands for Baltimore-Towson University) is a community engagement framework to enhance and strengthen the university’s partnerships in Greater Baltimore through coordinating resources, data sharing, determining impacts and outcomes, and rewarding those doing the work.

MICA has had a commitment to community engagement for 20 years. However, when Samuel Hoi became president in July 2014, he believed it was crucial for the college to do more and increase diversity, equity, and inclusion practices in all facets of the college’s operations. President Hoi views those actions as central to MICA’s ability to be a diverse, global leader in design and arts education and a responsible member of the larger Baltimore community. In 2015, President Hoi established a Presidential Task Force on Diversity, Equity, Inclusion, and Globalization (DEIG) to study the issues and led a two-year strategic planning process that sought input from a wide range of college and community stakeholders.

Tanya Edelin, Director, Community Health Strategy at Kaiser Permanente, also emphasized the need for both institutional leadership and organization-wide accountability relative to any economic inclusion activities:

“The path for introducing the concept [of economic inclusion] starts at the top with the president and chief purchasing officers. But the commitment has

to cascade down the ranks, [because] if leadership is engaged but not [people] below that level, the effort is not going anywhere. You need continuing [institutional] commitment to do that hard work, and [for everyone] to be held accountable.”

Even with leadership’s commitment, moving the economic inclusion work forward requires a thoughtful approach by a business or anchor institution. According to Kurt Sommer, BIP Director, leaders of a business or anchor institution should consider beginning the economic inclusion work by focusing on one facet of the organization’s operations, piloting a strategy, and then building out from there based on the experience with the initial efforts.

Based on the experience of the business representatives interviewed for this report, it is also important for leaders of a business or anchor institutions to create an ongoing dialogue with employees that encourages their efforts to change their business processes to foster economic inclusion. Leaders need to recognize that the economic inclusion strategies may not initially work out as intended and may require rounds of refinements to increase efficiency and effectiveness. Because there may be some initial setbacks, leaders of a business or anchor institution need to work with its employees and partners in the economic inclusion activities to manage expectations. It is crucial to avoid a situation where if something initially goes wrong, the individuals involved become discouraged and walk away from future efforts. It is also essential to celebrate when there are successes and innovations and recognize the efforts of the business’s employees and partners.

- **Establish explicit performance measures:** The business representatives also indicated that the establishment of concrete performance measures and targets for the economic inclusion activities was key for creating focus and accountability. As the old adage says, “what gets measured, gets done.” The business representatives also cautioned that it was important to have active monitoring of those measures. That means assessing progress on a frequent basis—quarterly if not more frequently—rather than just at the end of each year.

Several businesses reported that when they began their economic inclusion efforts, they lacked the necessary data infrastructure for tracking results. For example, several of the anchor institutions indicated that they had decentralized procurement systems, so it was difficult to know what was being purchased by the institution’s various departments from different vendors. It therefore became pivotal to those anchors’ economic inclusion efforts to develop the

data capacity to be able to determine on an institution-wide basis which contractors and suppliers were MBEs, WBEs, and/or local firms, and how much (and what types of) goods and services were being procured through those firms. Similarly, for their economic inclusion efforts, the

businesses needed the ability to track which new hires were Baltimore residents (and, in some cases, residents from particular neighborhoods). Although developing those data capacities took time and effort, the institutions understood them to be vital.

► **CHALLENGE: Community engagement and input are crucial elements of any economic inclusion activities. However, many businesses don't know how to engage with the community or worry about unrealistic expectations.**

When asked about recommendations for addressing this challenge, the interviewed businesses suggested the following:

- **Find community partners to facilitate the engagement process:** Community engagement has been an indispensable factor in Baltimore's economic inclusion activities, according to businesses and anchors interviewed.



Project JumpStart, a pre-apprenticeship construction training program, is run in partnership with Associated Builders and Contractors and Job Opportunities Task Force and trains more than 100 individuals a year.

Because resources for economic inclusion activities are inevitably limited, it is essential that they be focused on strategies and services that will have the most impact. The businesses and anchor representatives interviewed readily admitted that, no matter how well-intentioned they are, they cannot understand the challenges as well as the affected neighborhoods and residents do. The best way to determine the right approach is to consult the affected community stakeholders. According to George Kleb of Bon Secours:

“We need to understand the barriers which people face in Baltimore's neighborhoods, and [outsiders] cannot presume to fully understand the issues. [Consequently] there's no substitute for direct communications with

the community, and particularly segments [of the community] that are typically underrepresented, in developing solutions ...”

Tanya Edelin of Kaiser Permanente offered advice on finding facilitators to assist in the community engagement process:

“Some people [in businesses and/or anchor institutions] may be hesitant to engage directly with the community, because of fears that the conversations will derail. But the process can be managed through having a good facilitator. The [facilitator] has to be a community champion, who is focused on the greater good for the community—somebody who is trusted and who has influence in the community.”

For those concerned about the dynamics of community engagement, Dr. S. Todd Yearly, who is Senior Pastor at Douglas Memorial Community Church and has been active in advocating for community benefits agreements for recent development projects, described a more collaborative process that he and other community advocates have tried to follow in their discussions with developers and the private sector.

Dr. Yearly acknowledges that, in the past, developers may have felt “put upon” by what they viewed as unreasonable demands from advocates, while for their part, the advocates felt the community's needs were often being ignored. These conflicting perspectives created an unproductive dynamic in the discussions between the various parties. However, in more recent conversations, Dr. Yearly indicates that he and the faith-based community advocates with whom he has worked have tried to “find the place of ‘overlap’ where everybody involved in the conversations [i.e., the developer, the community representatives, and the public officials] all feel they are making a positive contribution to the development project and the community.” In these conversations around economic inclusion and community benefits, the emphasis is on encouraging flexibility among the parties to “meet in the middle,” find a “win-win” situa-

tion, and through that process, reach agreement on economic inclusion and community benefits activities that “raises all the boats.”

The types of community partners or other intermediaries to be engaged will depend on the economic inclusion efforts being pursued and the populations they target. In the case of a broader neighborhood revitalization initiative, for example, the effort should involve a wide range of community partners, including local elected officials, other recognized community leaders, resident and local business associations, faith-based groups, local service providers, and other community-based organizations. Similarly, a variety of community engagement approaches may be appropriate, including public meetings, community advi-

sory groups, surveys and focus groups, as well as community representatives on any governance board established for the initiative.

If an economic inclusion effort is more narrowly focused, a more narrow set of community partners may be relevant. For example, with a focus on local hiring, the BIP has encouraged its participating anchor institutions and other businesses to build partnerships with Baltimore’s strong nonprofit workforce development providers. These workforce providers can collaborate in recruiting local residents, providing hard and soft skills training for individuals if necessary, and offering ongoing mentoring and coaching to promote job retention.

► **CHALLENGE: Most anchor institutions and businesses have concerns they lack the staffing to undertake economic inclusion activities.**

Suggestions for addressing this issue include:

- **Recognize that a lot can be accomplished with limited resources:** The experiences of the Baltimore businesses and anchor institutions involved in economic inclusion activities have demonstrated that a motivated organization can accomplish much with existing resources. Pursuing these activities relies less on additional staffing and more on the commitment and energy an organization generates. In a few cases, the businesses or anchor institutions have added a staff position (generally focused on overseeing centralized procurement). But for the most part, the Baltimore businesses and anchor institutions have carried out their economic inclusion activities to date with their pre-existing staff levels. They have done this, in part, by re-orienting their procurement and hiring managers to incorporate additional factors relative to economic inclusion into their processes. This approach is consistent with the idea that such considerations are part of the business’s model for achieving overall success and therefore should be viewed as a core business function.

Some business representatives noted that economic inclusion activities can eventually make an organization more efficient or reduce costs. For example, if a business’s employees reflect the local community, the business may be able to attract more customers or provide better customer services or patient care. The business representatives pointed out that they generally don’t undertake these economic inclusion activities all on their own. Instead, they leverage relationships with other organizations to avoid duplication and increase the efficiency of their efforts, an approach which leads to our next recommendation.



The steering committee of Humanim’s Administrative Assistant Training Program, comprised of representatives of area anchor institutions, helps guide the curriculum of the program.

- **Engage in partnerships and collaborative efforts:** Baltimore’s businesses and anchor institutions have found they can increase their impact with limited resources by collaborating with others or as a member in a larger partnership. Such collaborative efforts allow businesses and anchor institutions to learn from their peers about what has worked for others. For example, Neil M. Meltzer of Life-Bridge Health commented:

“Working with the Baltimore Integration Partnership provides us the guidance and peer interaction that helps us to build both our hiring and procurement processes. We are grateful to our colleagues and to the Partnership’s sponsors for investing in [Baltimore] this way.”

Likewise, Mike Molla of MICA commented on the value the interactions among BIP’s partners:

“The [economic inclusion] work of others informs our work and moves it forward—although we may have to adapt their approaches to fit our own institution. The information that we gain through the collaboration also

validates that our struggles at MICA are not dissimilar ... and what we learn from others helps us to set better aspirations.”

Collaborations also promote reflective learning and collective brainstorming about new ideas and innovative practices. The coordination among organizations that occurs in a consortium or larger partnership also helps to ensure that collective resources are used efficiently, which increases their effectiveness and the scale which

can be achieved. Working in a consortium or partnership can also permit a business or anchor institution to engage in key activities—such as supporting efforts to mentor start-ups or minority-owned firms—that it would not have the resources to do in a meaningful way on its own. Collaborations are also frequently able to attract supplementary resources for the economic inclusion activities, such as grants or consultant assistance.

► **CHALLENGE: Businesses report that they experience difficulties in finding qualified local firms and/or minority-owned businesses to provide goods and services.**

Some businesses report that they are not sure where to go to identify qualified local and/or minority-owned firms, or how to find out what the specific capacities and track record of those firms are. The latter information is crucial because, in the absence of reliable data on a potential vendor’s capacity, a business may be reluctant to assume the risks associated with using an untested firm as a supplier of goods or services.

Other businesses say that there are not necessarily local vendors for the specific goods and services that the businesses need. This observation was repeatedly made by representatives of Baltimore healthcare providers and research facilities, which require specialized equipment.



Coppin State University’s Assistant Vice President for Procurement works with participants of the BIP and Baltimore City Chamber of Commerce Vendor Fair in 2018.

Based on their experiences, the Baltimore business and anchors involved in economic inclusion efforts offered suggestions for addressing the challenge of finding qualified local and minority-owned vendors:

- **Connect with entities that can identify, and ideally vet, local and/or MBE/WBE firms:** Both the City of Baltimore and the State of Maryland maintain lists of

certified MBEs and WBEs. A number of the businesses interviewed for this report indicated that they have had good experiences in securing reliable vendors and sub-contractors directly from those lists.

However, some business entities seeking local or minority vendors may want additional assistance and assurances in finding qualified firms. In such cases, one way to do this is to find an entity that has relationships with groups of firms that might meet the business’s or anchor institution’s procurement requirements. In its Focus 25 initiative, for example, BGE partnered with the Maryland–Washington Minority Contractors Association to identify diverse suppliers. Another example is the collaboration between City Seeds/School of Food and a group of Baltimore anchor institutions, in which the former has assisted the latter in finding local food vendors (small businesses, start-ups, MBEs) with whom the anchors could locally source some of their food services purchases. In addition, the BIP has assembled a list of intermediaries who can assist businesses and anchors in identifying local firms and MBEs/WBEs that provide the goods and services being sought.

- **Work collaboratively with partners to build the capacity of small local firms and MBEs/WBEs:** Research has shown that small businesses are the leading source of new job creation and jobs for local residents. Such companies, as well as MBEs and WBEs, also have a strong track record of providing jobs and advancement opportunities for persons of color and women. Therefore, it is logical that building the capacity of local small businesses and MBEs/WBEs should be a priority of any economic inclusion efforts in Baltimore.

But as we’ve already noted, Baltimore businesses and anchor institutions may feel that, individually, they lack the resources necessary for mentoring a small business or an MBE/WBE, or at least more than one or two such companies. However, the anchor institutions and other Balti-

more businesses have found that by taking a collaborative approach to this task, they can assist more small firms and MBEs/WBEs in building their respective businesses.

The text box below identifies several small business development initiatives that Baltimore’s anchor institutions have recently helped to launch.



RECENT SMALL BUSINESS DEVELOPMENT INITIATIVES SUPPORTED BY ANCHOR INSTITUTIONS

In addition to increasing their local and minority business purchasing, Baltimore anchor institutions have worked to significantly boost the capacity of small and minority-owned businesses. Over the last four years, six new business development initiatives have been launched that are expected to serve over 130 businesses in 2018. They include:

- **Local Food Connections (UMB/UMMC—2015):** Supports the economy of neighboring communities in West Baltimore through institutional food purchasing from local businesses.
- **School of Food (Humanim with BIP Anchor Institutions—2016):** Includes a year-long educational curriculum and classes for food and beverage entrepreneurs.
- **BLocal’s BUILD College (BLocal Initiative, with Johns Hopkins and others—2016):** Provides training and mentoring for businesses in the design and construction industries.
- **Goldman Sachs’ 10,000 Small Businesses (with Johns Hopkins/Morgan State and Community College of Baltimore County—2017):** Helps local entrepreneurs create jobs and economic opportunity by providing greater access to education, capital, and business support services.
- **Baltimore Creative Acceleration Network (MICA—2017):** Provides strategic and entrepreneurship support for creative businesses of all disciplines and backgrounds.
- **Inner City Capital Connections (with Kaiser Permanente—2018):** Helps small businesses in economically distressed areas build capacity for sustainable growth in revenue, profitability, and employment.

In addition to these initiatives, Morgan State University, the University of Baltimore, University of Maryland, Baltimore, Towson State University, Loyola University Maryland, University of Maryland Baltimore County, Coppin State University, and Johns Hopkins University also all play ongoing roles in supporting entrepreneurship, business accelerators, and/or expanding small business lending resources.

- **Encourage suppliers and businesses from outside of the region to establish a local facility:** Because of the level of effort and time involved in nurturing a start-up or a small firm, a business or anchor institution may be reluctant to use that approach to create a local source to meet procurement needs. However, if the Baltimore business or anchor institution is already securing goods or services from a supplier from outside the region, it could encourage the outside supplier to establish a facility in Baltimore. Convincing an outside supplier of goods or services that were previously unavailable in Baltimore to establish a local facility could potentially provide many benefits to the economy of the area, including jobs, expanded local purchasing, and real estate development.

Relative to such efforts, Ken Grant of JHHS described some of Johns Hopkins' work to attract firms from outside the region to locate in the city:

"... Right now we're trying to convince small, women-owned, and minority firms to come to Baltimore—we tell them that 'we can direct a volume of work to you if you come to the city.' We're city-focused, [and looking to] create jobs through minority-owned firms, but the outside firms [which we're appealing to] need a level of assurance that the business would be here if they came. Therefore, we're crafting efforts around that premise—so [the businesses that come to Baltimore] will be successful."

- **Require one's existing vendors and contractors to pursue economic inclusion activities:** Baltimore businesses and anchor institutions can apply economic inclusion standards more broadly to their vendors, including those located in the region. As part of its procurement processes, the Baltimore business or anchor institution can ask prospective vendors to take steps, to the extent feasible, to hire local residents, to source locally and/or through MBEs/WBEs when possible, and to mentor local small businesses and MBEs/WBEs. The business or anchor will get the goods and services it desires, and in the process, will also help to strengthen and grow the network of local and MBEs/WBE firms and local job opportunities.

For anchor institutions, encouraging larger vendors to

partner or subcontract with smaller local firms or MBEs can help ensure that smaller businesses can participate in the anchor institution's procurements, since the anchor's volume requirements may be such that a smaller company cannot satisfy them on its own.



Thread Coffee at a Made in Baltimore Food Vendor Fair

Several of the business representatives interviewed for this report mentioned activities in which they were requiring their vendors or contractors from outside Baltimore to engage in economic inclusion efforts to benefit local firms and job seekers. For example, Alicia Wilson described some of Sagamore Development's efforts:

"No local firm could perform a very technical scope of work that we needed for an aspect of our project—so as part of pre-engagement, we asked outside firms [interested in bidding on the work] whether they would be willing to mentor and/or partner with a local firm. The reality was that the firm that was eventually selected was happy to assist. We're looking to scale up this approach in other projects."

In addition, at the time this report was being prepared, Johns Hopkins was in the process of working with two dozen non-local suppliers to create explicit plans for how those suppliers will hire, procure, or invest in Baltimore City over a three-year period.

► **CHALLENGE: Baltimore businesses report difficulties in finding qualified local labor.**

This issue largely relates to employers' ability to find job candidates with the skills they seek—both hard and soft skills. Some businesses also have problems with employee retention—that is, the willingness (or ability) of workers to stick with a job.

The business and anchor institution representatives who were consulted on these topics suggested a variety of strategies:

- **Partner with community-based organizations (CBOs) and workforce development providers:**

To paraphrase how one business owner framed the issue of finding qualified labor: “There’s talent in every zip code—the difficulty is in finding that talent.” One approach is to develop partnerships with CBOs and workforce development service providers that can both identify and help prepare local residents for job openings. Depending on the workforce development provider or CBO, they may also be able to offer ongoing supports and wrap-around services to the local residents placed in jobs, which can be crucial in promoting job retention and advancement.

Dana Farrakhan described how UMMC works with CBOs in recruiting and supporting local job applicants:

“[The Medical Center] does outreach through local workforce development partners ... we cultivate those relationships to create a steady pipeline for job-ready candidates. Our community partners team up with our in-house Workforce and Community Coordinators to shepherd candidates through the job application and on-boarding process at UMMC. The Workforce and Community Coordinators also serve as coaches to the new hires from the community during their first year. And we also provide tuition reimbursement funding for ongoing education and career development after the employee’s first year.”

Similarly, Southway Builders gets a considerable number of its local job candidates through its partnerships with Baltimore workforce training providers like JumpStart, which offers a 14-week construction training program. In addition to providing entry-level construction jobs for the qualified candidates referred from JumpStart, Southway also encourages its subcontractors to consider those individuals for more permanent positions. Willy Moore of Southway Builders outlined the process:

“We hire JumpStart candidates for construction laborer positions on our jobsites ... At every one of our [project sites], we hold weekly meetings with all of the subcontractors ... Ideally, we hope those subs who are looking for more employees will hire those JumpStart candidates. We suggest they observe the workers, and if the subcontractors like the work ethic of an individual [from JumpStart], then we encourage them to hire that laborer. Those subs who are looking to hire new people are always appreciative of having the opportunity to gauge someone’s performance prior to making them an offer and bringing them into their fold.”

Regarding formerly incarcerated individuals seeking employment, the assurances a community program or a

previous employer can offer can be especially important. According to Gregory Carpenter of 2AM Bakery:

“Employers are understandably reluctant to take risks, but when they see someone else [i.e., another employer] has taken the chance and made an investment in a person, they’re more likely to do likewise. We have been able to direct dependable, dedicated, and determined workers [who were previously incarcerated] to other employers, based on those workers’ experience at 2AM Bakery.”

- **Review job requirements and recruitment and application procedures to remove unnecessary barriers:**

The representatives of businesses and anchor institutions who were interviewed noted that many qualified candidates from the local community may not be coming forward because they are unaware of position openings. They also recognize that local residents may not be applying for the available positions due unnecessarily stringent job qualifications or because the business’s application procedures create unintentional barriers.

Relative to hiring local job candidates, the business representatives emphasized that it is not a matter of hiring unqualified individuals, but one of removing barriers that prevent otherwise qualified individuals from applying and competing for a position. For example, Jennifer Stano, the Employment, Classification, and Compensation Manager at Towson University, noted that:

“Many local residents are qualified [for the university’s available positions], but do not have it reflected in their application or resume. At Towson University, our outreach includes working with Baltimore residents on ways to tailor their resumes to reflect the value they bring to the job and to our organization.”

Businesses and anchor institution described a variety of actions taken to make it easier for local residents to seek employment with them. For instance, noting that many Baltimore residents may not have access to a computer but do have smart phones, some businesses have taken steps to ensure their online application processes are smart phone-accessible. Some of the anchor institutions are revisiting the qualifications for their entry-level positions, and at least one institution is considering shifting from academic requirements to competency-based qualifications for those positions. Several anchor institutions, including UMMC, Towson University, and Loyola University Maryland, have also created positions specifically targeted to local job candidates.

- **Invest in entry-level workers:** The vast majority of money spent on the training of workers is provided by the business community itself. However, those monies tend to be spent on higher-skilled or more senior level incumbent employees.^{xxxv} To a great extent, employers look to the public sector—to the public school system and publicly funded workforce development training programs—to provide training that prepares individuals for entry-level positions. Yet employers often express dissatisfaction with the availability, coordination, or adequacy of that training.

According to business and community stakeholders, if employers want better and more coordinated workforce development services for entry-level workers, they “need to have more skin in the game,” in terms of involvement in designing and financing the training efforts. Also, to create incentives for residents to participate in those training programs, employers need to provide some assurances to the graduates of those training programs. This means at a minimum the opportunity for an interview, if not priority consideration for selected job openings.

- **Provide explicit career pathways and advancement opportunities for entry-level employees:** Although motivated to find good workers, some Baltimore employers still may be failing to provide incentives to attract and retain workers. In addition to offering decent starting wages and benefits, employers can create clear pathways through which their entry-level employees can advance.

Jeremiah Jones, whose firm SewLab USA offers its employees an opportunity to work on developing their own spin-off businesses, offered thoughts on this approach: “In the meeting I just left—I was talking to a uniform manufacturer—talking to the floor manager and getting a feel for the business’s hiring [efforts] and what they’re looking for, to find out whether my students [from SewLab’s associated training program] would be a good fit. The manufacturer is having a hard time finding young people who want to come and commit to a job. They’re desperate for help, but not finding people who want to be there ... But for most young people it cannot be just a job, the employers have to put a ‘carrot’ out there. I feel everyone in [SewLab’s training program] has an entrepreneurial pathway in mind, so with this uniform company, I will strike up a conversation about one of our students, and say, ‘if you like her, offer her a contract that says if she commits to a three-year contract, in return you’ll give her access to your equipment on her own time’ [to develop her own sewn products].”



The Jane Addams Resource Corporation, located in Park Heights, provides training and job placement in the manufacturing and construction sectors.



The BioTechnical Institute of Maryland, Inc. fills the need for specialty scientific training of and placement assistance for entry level biotechnicians in Maryland’s rapidly expanding life sciences industry.



NPower, located near the West Baltimore BioPark, trains and prepares young adults ages 18– 25 for careers in the information technology field.

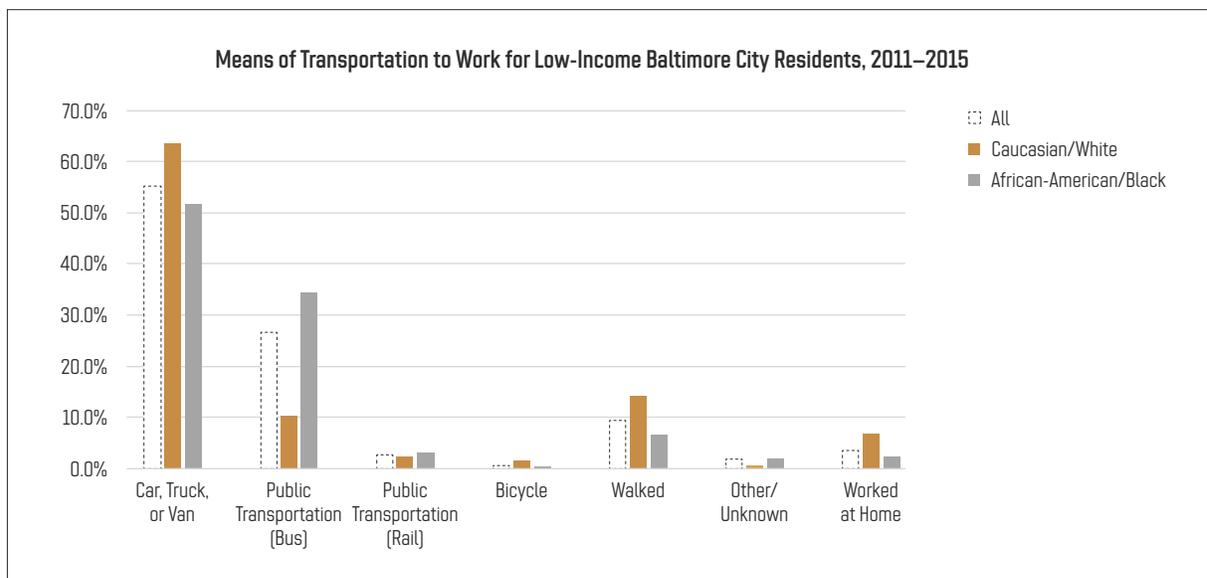
► **ADDITIONAL CHALLENGES:** It is important to acknowledge some challenges have not yet been overcome by economic inclusion efforts in the Baltimore area. These include:

- **Continuing transportation barriers:** A large percentage of the employment opportunities in the region are in the suburbs, and this will continue to be true in the future. For example, data provided by the Baltimore Metropolitan Council’s finds that **83.4% of jobs over the next 10 years in the Baltimore region will be created in the suburbs.**

With limited public transportation options, however, job seekers from Baltimore City (particularly those who do not have access to a reliable car) experience serious barriers pursuing employment options outside of the city.

and other stakeholders in the region have a strong track record of launching pilot efforts that test innovative practices. But even if the preliminary results from these demonstrations are positive, once initial funding for these efforts ends, the efforts often struggle to find entities willing to come forward and sustain the new practices over time and expand them.

- **A lack of visibility and coordination of economic inclusion efforts:** There are a wide range of economic



Source: UB JFI Analysis of 2006–2010 and 2011–2015 Census American Community Survey (ACS) Public Use Microdata Sample.

As shown in the chart above, Baltimore City’s low-income African-American population is much more dependent on public transportation to get to work than their white counterparts. Fully 34% of low-income Baltimore City African-American residents take the bus to work compared to just 10% of white residents.

Finding ways to address and remove transportation barriers that prevent Baltimore City residents from accessing wider employment opportunities is a key element of efforts in the region to promote greater economic inclusion. To date, however, no consensus has been reached on the best approach for addressing the transportation barriers.^{xxxvi}

- **The difficulty of taking promising practices to scale:** The Baltimore region has a historic problem with scaling-up effective demonstration programs. The funders

inclusion activities and initiatives occurring in the region. Some of the business sector stakeholders interviewed for this report, however, feel that these efforts remain somewhat isolated and are not being effectively communicated to the public. In their view, this results in reduced impact.

This report is one step in providing more visibility to the Baltimore economic inclusion efforts taking place. It’s important to emphasize that a key focus of the BIP from its inception has been the promotion of coordination and collaboration among participating institutions and organizations in their economic inclusion activities. However, BIP’s stakeholders recognize that more still needs to be done to establish mechanisms to promote greater coordination among the array of economic inclusion initiatives underway.

Chapter 5

WHAT IS THE ROLE OF GOVERNMENT IN FOSTERING INCREASED ECONOMIC INCLUSION IN THE BALTIMORE REGION?

It is essential to acknowledge the central and indispensable role that government plays in promoting and supporting economic inclusion activities, often serving as an instrumental partner in the initiatives. In this chapter, we examine that subject. We begin by providing an overview of how local and state government acts as a catalyst for economic inclusion efforts and offer an example of a recent Baltimore development project to illustrate government's role. We then profile some of the ways local and state government officials have promoted and facilitated economic inclusion efforts.

Public officials in Baltimore City and Maryland have a deep appreciation of the positive contributions economic inclusion makes to the social and economic health of the city and state. As we have previously noted, addressing barriers of opportunity is both an issue of equity and fundamental fairness, and an issue of economic self-interest.

There has been a wide range of efforts by local and state government, spanning a variety of administrations, to promote greater economic inclusion in the city and region. In many cases, those governmental efforts were a response to advocacy by community leaders and residents. Sometimes representatives of the business sector or anchor institutions also were active in calling for the economic inclusion efforts. In other instances, public officials themselves were the prime movers of the initiatives.

Government has many ways, both direct and indirect, to foster economic inclusion. Public officials can fund specific programs or services, such as workforce training and busi-



Kaiser Permanente partnered with the Mayor's Office of Minority and Women-Owned Business Development to launch Inner City Capital Connections in May 2018 to expand business development programming in Baltimore.

ness development programs, that increase the ability of disadvantaged residents to secure good jobs or help individuals start the own businesses. Government can also use incentives and other approaches to encourage economic inclusion efforts by the private sector. Government can, for instance, make access to public resources for a development project contingent on the private entities conducting local hiring and/or procuring a portion of required goods and services from local firms or MBE/WBEs. Relative to those hiring and procurement requirements, government can also assist the business or developer in identifying local residents who would be qualified job candidates¹² and MBEs/WBEs and other local firms that could provide goods and services. Government officials can also help a business or private institution reach out to and build relationships with community partners and neighborhood residents when the business or institution is considering actions that will have an impact on surrounding neighborhoods.

► PORT COVINGTON DEVELOPMENT PROJECT

One prominent recent example of a publicly assisted Baltimore project that incorporated economic inclusion activities is Under Armour's Port Covington project, which is being led by Sagamore Development. The Port Covington project is a multi-billion-dollar mixed-use waterfront development being built on 250 acres in south Baltimore. The project will involve 12 million square feet of building development, including both commercial space and housing. To help make this development project possible, in September 2016 the City of Baltimore signed legislation that committed \$600 million in municipal bonds toward the Port Covington effort. The bonds are being used for tax-increment financing (TIF) to fund infrastructure for the project, with the bonds repaid through new property taxes. In response to advocacy by a coalition of community leaders,^{xxxvii} Sagamore Development signed a memorandum of understanding which guaranteed local hiring, supplier diversity, and other economic inclusion features. The Community Benefits Agreement includes a 30% local hiring mandate and a commitment that 20% of the housing produced will be affordable housing units. The community benefits deal also includes: \$39 million in direct

benefits to the six neighborhoods surrounding Port Covington; \$55 million in other direct citywide benefits, including workforce development initiatives, education programs, college scholarships, recreation facilities, and youth summer jobs; and \$6 million in incremental costs to pay prevailing wages on the project. In addition to those community benefits, the project is expected to generate thousands of jobs, secure Under Armour's growing presence in Baltimore, and revitalize part of the city's waterfront.^{xxxviii}

The Port Covington Community Benefits Agreement negotiations were informed by the experience of the local faith-based and community leaders in their previous efforts to secure commitments from developers for community benefits on the State Center, Harbor Point, and Superblock development projects.

In discussing these earlier efforts, Dr. S. Todd Yeary, Senior Pastor at Douglas Memorial Community Church, described the process that several faith-based leaders had followed in developing their initial strategies for engaging developers around the topic of economic inclusion and community benefits. According to Dr. Yeary:

"The first thing we tried to do is see if there was an identifiable need [which a development project could address] ... We asked people in the community, 'what was the first level of need,' and it was clear it was the severe un- and under-employment, [especially] among people with low-skills but a high upside ... People said what they needed was jobs. They saw economic projects and development happening [across Baltimore], but there was not a correlation between these employment issues and the focus [of the development projects].

... We also wanted to try to test the demand for jobs—we wanted to quantify how many wanted a job ... [At a 2010 community meeting on jobs] we expected 250 people to come to Union Baptist [church] to demonstrate a measurable level of interest. Instead, 1500 people showed up ... We saw high demand [for jobs] but low opportunity ... We found that people were ready and eager to go to work, and just needed to have someone to help them transition from social dependence—or worse—

¹² For example, when Baltimore's Horseshoe Casino needed to fill 1,700 positions for the facility's opening in August 2014, the City of Baltimore supported a two-day "candidate academy" to identify local residents who could fill some of those positions. The two-day training provided interested residents with in-depth information about the requirements of various casino positions, outlined the pre-employment process, underscored the casino's emphasis on exceptional customer service and prepared candidates for position-specific interviews. Source: KRA/Baltimore Hosts Successful Horseshoe Casino Legendary Academy, KRA website at <https://www.kra.com/krabaltimore-hosts-successful-horseshoe-casino-legendary-academy/>, downloaded February 28, 2018.

to gainful employment. We felt that the development projects occurring might be a gateway [to jobs], perhaps not directly with the developer, but through the residual pieces [i.e., the subcontracts and other work occurring relative to the development].”

While access to jobs was viewed as the top priority, Dr. Yeary indicated that through the work of the community advocates emerged the idea of community benefits agreements that are multi-faceted. That is, in addition to creating job opportunities for local residents, the advocates are looking to the agreements to provide roles that make the community a true partner in the development process and leverage resources to assist in building the capacity of a variety of community entities, including nonprofits, community banks, and local colleges. The underlying premise is to ensure the success and sustainability of not only the development project itself, but also the broader community

adjoining the development.

Obviously, the scope and specific features of community benefits agreements will vary according to the nature and size of development projects. Nonetheless, some city officials have noted that Port Covington and other recent develop projects have been useful in beginning to establish clearer standards for the community benefits and economic inclusion impacts that developers should expect to provide in return for receiving public financing or other forms of public assistance to make their development projects possible. City officials hope that such standards can become the “norm” for all development efforts happening in the city, and not just for the projects receiving public financing.

Below, we profile a variety of other approaches—besides a TIF—used by local and state government to foster economic inclusion efforts by the private sector.

City of Baltimore Economic Inclusion Programs and Tools

► ONE BALTIMORE FOR JOBS (1B4J)

In response to the unrest of April 2015, the Mayor’s Office of Employment Development (MOED), in partnership with Maryland’s Department of Labor, Licensing and Regulation, applied to the U.S. Department of Labor (DOL) for demonstration funds to explore innovative workforce development strategies. MOED was awarded a two-year, \$5 million grant from DOL. With input from community residents, MOED designed One Baltimore for Jobs (1B4J), which targeted young African-American men from distressed city neighborhoods, fusing occupational skills training and support services. Nineteen organizations were funded directly through 1B4J, and more than 50 community-based organizations received assistance through sub-grants. Grantees included 13 organizations that provided skills training in key industry sectors (manufacturing, healthcare, construction, and transportation/logistics) that are growing and offer career pathways. Two 1B4J grantees provided remedial adult education on reading and math skills and four conducted intensive outreach to disconnected residents. These activities helped the local workforce system function like an integrated network. The 1B4J effort met all its performance goals and generated policy changes and new relationships among partners.

► MADE IN BALTIMORE

Made In Baltimore is an initiative of the Baltimore Office of Sustainability. It aims to spur reinvestment in Baltimore City

by growing the market for locally produced goods. *Made In Baltimore* supports Baltimore makers and manufacturers through a local-brand certification program, promotion and marketing events, and business development services. By helping grow local companies that make high-quality products, *Made In Baltimore* supports living-wage jobs that are accessible to all. As of February 2018, over 130 businesses had been certified. In addition, the initiative has partnered with MICA’s bookstore to feature local products to the community and is working with other institutions to do the same.



Made in Baltimore’s 2016 Holiday Pop-Up Shop in Hampden.

► EMPLOY BALTIMORE EXECUTIVE ORDER AND LOCAL HIRING LAW

The Employ Baltimore Executive Order, which Mayor Stephanie Rawlings-Blake signed in June 2011 and that was subsequently revised in 2013, encourages businesses awarded between \$50,000 and \$300,000 in municipal contracts^{xviii} to utilize the Baltimore City’s workforce delivery system to recruit qualified city residents to fill the businesses’ open positions. The Local Hiring Law, which was passed by the Baltimore City Council and took effect in December 2013, requires companies that receive municipal contracts greater than \$300,000 and entities that receive \$5 million in assistance for City-subsidized projects, to take steps to ensure that 51 percent of new jobs created are filled by city residents. This framework has been used to link local hiring to the public school construction efforts and the development of the Horseshoe Baltimore Casino.

► CITY OF BALTIMORE MBE/WBE PARTICIPATION REQUIREMENTS

The City Code directs the City of Baltimore’s Minority and Women’s Business Opportunity Office to establish appropriate MBE and WBE participation requirements in all contracts awarded by the City. The participation requirements vary by contract. In setting the goals for a particular contract the office will consider, among other factors, the contract specifications, the availability of qualified MBEs and WBEs, the level of utilization of such firms in past City contracts of a similar nature, and the adverse impact on non-MBEs and non-WBEs.^{xi}

► BALTIMORE CITY ANCHOR PLAN

In June 2014, Mayor Rawlings-Blake released the Baltimore City Anchor Plan, which announced a partnership between the City of Baltimore and eight anchor institutions to promote community and economic development in three targeted geographic sectors within Baltimore. Each sector had its own action plan that outlined the mutual commitments of the City and the anchor institutions focused on the designated geographic area. Proposed action items for each sector focused on four priority areas: public safety, local hiring, local purchasing, and quality of life.^{xii}

► PUGH ADMINISTRATION ECONOMIC INCLUSION PRIORITIES

Under Mayor Catherine E. Pugh, the City of Baltimore is advancing a comprehensive economic development vision, emphasizing strategies that support Baltimore’s residents and neighborhoods, particularly in the areas of small business development, workforce development, and youth empowerment. The newly formed Mayor’s Office of Small, Minority,

and Women-Owned Business features new staff to elevate the voice of the small business community, restructured City resources and programming to prioritize small business development, entrepreneurship, commercial and “Main Streets” districts, and efforts to grow opportunities for minority and women-owned firms. The City is implementing new practices to recognize and grow the number of City-certified Minority and Women-Owned businesses, examining procurement practices to create more competition in City contracts, and using the hiring and purchasing power of City agencies to train and hire residents and conduct business with local firms. Other unfolding projects include a new partnership with Kaiser Permanente to launch business development programming provided through the Initiative for a Competitive Inner City (ICIC) and the launch of the new Baltimore Business Lending Program administered by local CDFI Baltimore Community Lending.

Workforce strategies are also a priority. During 2017, for example, Mayor Pugh hosted the inaugural Work Baltimore job and resource fair, which included a series of job-readiness workshops and seminars, and linkages to job opportunities with City agencies and other employers. In addition, the City of Baltimore and Baltimore City Community College, in collaboration with the Baltimore City Public School System, are launching the Mayor’s Scholars Program that will give all 2018 Baltimore City public high school graduates the opportunity to attend community college tuition-free beginning in fall of 2018. The Mayor has also directed City agencies to take workforce resources to communities, including the Mayor’s Office of Employment Development’s deployment of the City’s first mobile jobs unit in spring 2018, as well as street-level canvassing of homes and businesses with on-the-spot information for job-seekers, and job fairs for high school seniors and employers.



Coppin State University is building on Mayor Catherine Pugh’s new Mayor’s Scholars Program, which supports students at Baltimore City Community College working towards an associate’s degree. Coppin, one of Baltimore’s two Historical Black Colleges and Universities, announced it would cover tuition shortfalls (after the students have applied for federal student aid) for graduates of the Scholars Program who subsequently attend Coppin to pursue a bachelor’s degree.

State of Maryland Economic Inclusion Programs and Tools

► EARN MARYLAND

Employment Advancement Right Now (EARN) Maryland is a state-funded competitive workforce development grant program that began in 2013 and is designed to help businesses cultivate the skilled workforce they need to compete. EARN Maryland invests in strategic industry partnerships from key economic sectors in every region of the state. The industry-led partnerships develop plans for training and educating the workers and for placing them in meaningful employment. Through those efforts, EARN Maryland not only responds to the demands of businesses for skilled workers but also addresses the needs of workers by creating formal career paths to good jobs, reducing barriers to employment, and sustaining and growing middle-class jobs. EARN also encourages economic mobility for hard-to-serve job seekers through supporting job-readiness training, which may include GED preparation, occupational skills development, literacy advancement, and transportation and child care components.

Since EARN's launch in 2014, \$32 million has been invested in workforce development activities. As of October 2017, 2,767 unemployed and underemployed participants had completed entry-level training programs, and 84% of those individuals obtained employment. A recent study on the economic impact of EARN Maryland found that for every state dollar invested in the program, \$18.97 in additional economic activity is created in Maryland.

► MARYLAND EXECUTIVE ORDER ON USE OF APPRENTICESHIP PROGRAMS AND LOCAL HIRING PLANS IN STATE CONTRACTING

In September 2013, Governor Martin O'Malley issued an executive order that directed certain state entities that procure contracts for construction services to follow new procurement guidelines. The executive order required the agencies to consider using contractors who participate in registered apprenticeship programs. In addition, for public projects or public-private partnerships with estimated costs exceeding \$5 million taking place in high-unemployment areas, the executive order directed state agencies to consider a bidder's voluntary commitment to a community hiring agreement as a selection factor in the procurement.

► DIVERSE SUPPLIER REGULATIONS OF THE MARYLAND PUBLIC SERVICES COMMISSION (PSC)

In 2015, the PSC adopted new regulations encouraging utilities and other companies it regulates to increase their use of

diverse suppliers, defined as minority-owned, women-owned, and service-disabled veteran-owned business enterprises.

► SMALL BUSINESS RESERVE PROGRAM

Created in 2004, Maryland's Small Business Reserve Program supports the growth and success of the small business community by providing small businesses with the opportunity to participate as prime contractors on state contracts. It establishes a unique marketplace where small businesses compete against other small businesses, instead of against larger, more established companies. Under Maryland's procurement law, the SBR Program directs 70 participating state agencies and departments to spend at least 15% of their fiscal year procurement expenditures with qualified small businesses.

► MINORITY BUSINESS ENTERPRISE (MBE) PROGRAM

Maryland MBE regulations direct 70 participating state agencies to make every effort to award an overall minimum goal of 29% of the total dollar value of their procurement contracts directly (to prime contractors) or indirectly (through subcontractors) to certified MBE firms. The participating agencies and departments examine their procurements and set specific minority participation goals on a contract-by-contract basis.

► COMMUNITY DEVELOPMENT PROGRAMS

The Maryland Department of Housing and Community Development administers several programs that provide capital and operating funding to support community reinvestment and economic opportunities. The Community Legacy Program provides funding to local governments and community development organizations to strengthen communities through business retention and attraction, encouraging homeownership and commercial revitalization. The Baltimore Regional Neighborhood Initiative provides capital and operating grants to community development organizations focusing on areas and opportunities where a modest investment and coordinated strategy will have appreciable neighborhood revitalization impact. A new fund, the SEED Community Development Anchor Institution Fund, was created in 2016 to provide grants and loans for community development projects in blighted areas. The state has allocated \$4 million to support an anchor institution community engagement facility.



CONCLUSIONS AND KEY RECOMMENDATIONS

The report has presented a broad range of lessons that can be learned from Baltimore's ongoing economic inclusion efforts. These lessons, derived from the actual experiences of Baltimore businesses and anchor institutions engaged in the economic inclusion work, can be useful in guiding future efforts. Other reports on economic inclusion activities from around the country have come to similar conclusions or made similar recommendations.¹³

One key insight from Baltimore's experience is that training to overcome implicit bias and structural racism enables institutions, businesses, and their employees to better understand and modify policies, practices, and behaviors to address historical dynamics and the racialized context of economic inclusion strategies.

A second key insight is that any Baltimore-area business or anchor institution, regardless of its size or the resources available to it, can make contributions to economic inclusion. The specific nature of the economic inclusion activities being pursued will of course be shaped by the type of business or anchor entity involved, and by the opportunities available at the time. Nonetheless, the many examples provided in this report demonstrate that, if a business or anchor institution is fully committed to the economic inclusion activities, positive outcomes can be achieved.

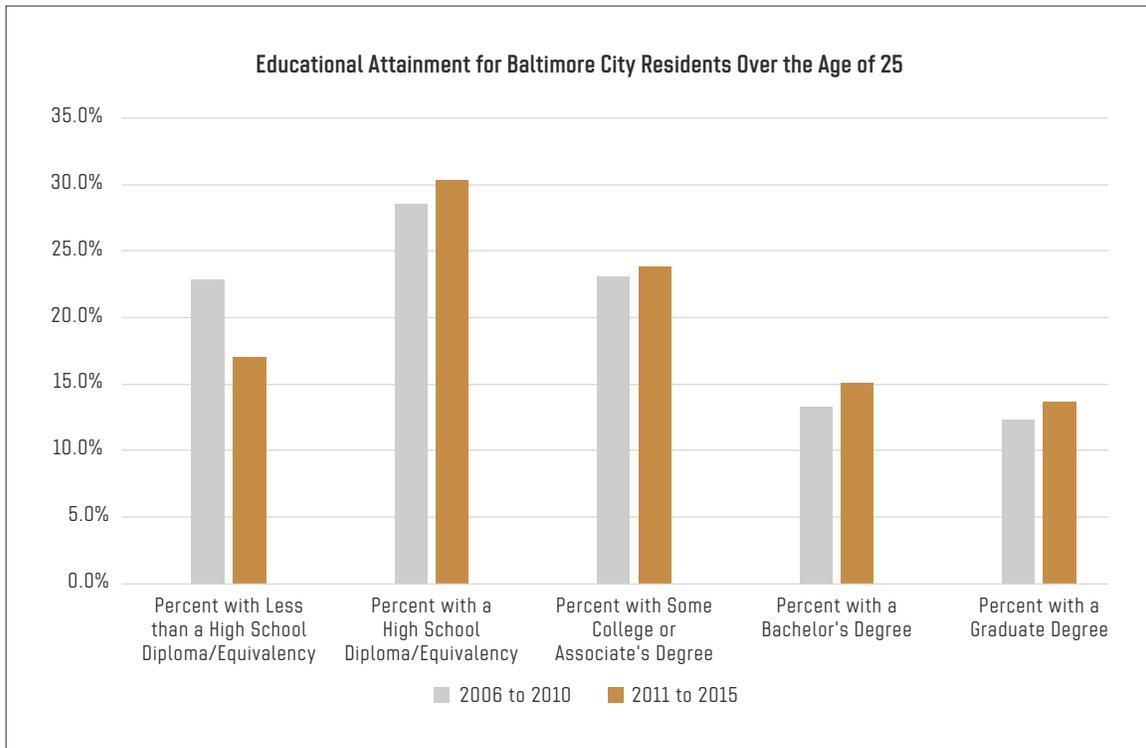
Why Increased Business Engagement and Expanded Economic Inclusion Efforts Are So Necessary

After reviewing the various examples, however, a businessperson might ask: "With all the economic inclusion efforts that are already underway in the city and region, why is the involvement of additional businesses and anchor institutions in similar efforts necessary?" The truth of the matter is that, despite all efforts that have occurred to date and the progress that has been made, there are continuing disparities in education, employment, economic opportunity, and income between the Baltimore area's persons of color and the region's white populations. For instance:

► EDUCATION

While Baltimore City has made commendable progress in recent years in reducing the number of working-age adults who lack a high school diploma or GED (see bar chart on next page), the percentage of the city's low-income African-American residents over 25 years of age for whom a high school diploma or GED represents their highest educational certification remains substantially greater than that for white residents (41.4% versus 27.7%). This is a telling statistic in terms of future employment prospects for those African-American residents.

¹³ Appendix 3 of this report includes a listing of more than a dozen relevant studies from across the U.S. and summarizes their findings and recommendations. It is available at www.baltimorepartnership.org.



Source: UB JFI Analysis of 2006–2010 and 2011–2015 Census American Community Survey (ACS) Public Use Microdata Sample.

► **EMPLOYMENT**

Although unemployment rates in Baltimore City have declined dramatically from the highs of the Great Recession, Baltimore’s African Americans continue to experience unemployment rates that are triple those of white residents. While the unemployment rate for Baltimore’s white residents over 16 years of age in 2016 was less than 4%, the unemployment rate for African Americans in the same age range was over 13%.

Using 2012 to 2016 U.S. Census 5-Year ACS data, if Baltimore City African Americans had the same higher labor participation rate as white residents (67.8% vs. 58.3%) as well as the lower white unemployment rate (5.1% vs. 15.9%),

it is estimated 47,155 additional African-American residents would be working, if all the factors that lead to employment were equalized.

In addition, according to a February 2018 report released by Associated Black Charities, the region’s African-American workers tend to be concentrated in lower-wage, lower-skill occupations and in industries with more turnover. These patterns help to account for the fact that African-American workers in Baltimore City earned approximately half of what white workers earned. Across the Baltimore metropolitan region, the disparity in earnings is somewhat smaller, but still substantial.^{xlii}

2007-2012 Baltimore City Business Communities by Number of Firms, Employment, and Sales

GROUP	YEAR	NUMBER OF FIRMS	PERCENT CHANGE	EMPLOYMENT	PERCENT CHANGE	ANNUAL GROSS RECEIPTS FOR ALL FIRMS (\$1,000)	PERCENT CHANGE
All	2007	42,272	20%	314,323	-6.8%	83,536,324	-17.5%
	2012	50,735		292,707		70,537,363	
White	2007	22,400	No change	85,684	-5.2%	16,055,967	11.7%
	2012	22,400		81,225		17,944,085	
African- American	2007	14,644	61.1%	6,537	-4.4%	871,760	10.7%
	2012	23,600		6,247		964,745	
Asian	2007	2,513	1.3%	5,039	69.7%	927,608	36.0%
	2012	2,547		8,553		1,261,954	
Hispanic	2007	893	71.5%	1,624	-34.1%	375,439	-32.7%
	2012	1,532		1,070		252,480	
Minority	2007	18,052	53.3%	13,147	30.9%	2,194,560	18.1%
	2012	27,673		17,211		2,591,264	
Not classifiable by gender, ethnicity, race, & vet. status	2007	2,679	-21.8%	216,530	-9.9%	65,581,558	-23.5%
	2012	2,094		194,992		50,176,261	

Source: U.S. Census Survey of Business Owners, 2007 and 2012; data analysis by the University of Baltimore Jacob France Institute.

► BUSINESS GROWTH AND STRENGTH

While there has been considerable growth in recent years in the number of African-American-owned and Hispanic-owned businesses in Baltimore, they still represent only a small fraction of total business sales. Between 2002 and 2012, for example, the number of African-American-owned businesses in Baltimore City increased by 61% (from 14,644 to 23,600). However, the cumulative annual gross receipts for the African-American businesses only increased by 10.7% during that period, and the percentage of total citywide sales represented by those businesses barely changed over the decade—from 1.2% to 1.4%. This suggests that the vast majority of the African-American businesses in Baltimore

are severely under-resourced and struggling to access markets. In addition, Hispanic-owned businesses saw annual gross receipts decline significantly, despite the growth in the number of firms. (Appendix 2 provides an analysis of Minority- and Black/African-American-owned Businesses in Baltimore by the University of Baltimore Jacob France Institute. It is available at www.baltimorepartnership.org.)

These statistics and many others make clear that **more needs to be done.**

How Can Other Businesses and Anchor Institutions Get Engaged?

Although the economic inclusion activities of a variety of business entities have been profiled in this publication, they represent a small share of the business community. To achieve the scale and level of effort necessary to “move the needle” in reducing disparities and eliminating equity gaps, many more business entities need to be involved. For the good of the city and region, and to foster a thriving economy in which all can benefit, **it is incumbent upon every Baltimore–area business and anchor institution to do its part in promoting economic inclusion.**

As this report has demonstrated, economic inclusion activities that generate positive results can take a variety of forms. Businesses and anchor institutions can, for example, offer increased employment opportunities to Baltimore’s persons of color and individuals facing challenging employment barriers, or they can work to procure more goods and services through MBEs/WBEs and local firms. Businesses and anchors can also participate in public–private collaborations to advocate for broader improvements to increase economic vitality. Below, we outline key steps that a business or anchor can take to begin economic inclusion efforts.

Suggested Actions for Baltimore–Area Businesses and Anchor Institutions Interested in Economic Inclusion Efforts

The following are recommended steps for a business or anchor institution to take in initiating (or ramping up) its economic inclusion activities:

- **Make an explicit commitment to diversity as a business or anchor institution and take proactive, intentional steps to help close the equity and opportunity gaps that Baltimore’s African–American workers and minority–owned companies experience.** As part of this:
 - Business or anchor leaders should establish clear, quantitative targets relative to providing increased employment opportunities for Baltimore–area persons of color and those facing employment barriers, and/or for engaging in increased procurement from MBEs/WBEs and small local firms.
 - The business or anchor should make sure that it has sufficient data infrastructure in place to track progress toward those targets.
 - Leaders of a business or anchor institution should establish a schedule for regular reviews of progress and performance. These should ideally occur on at least a quarterly basis, and organizations should share the findings with all relevant parties.
- **Become familiar with the tools and resources available to assist Baltimore businesses and anchor institutions in their economic inclusion activities.**

Among the tools that are available are:

- *Workforce Resources in Baltimore: An Employer’s Directory to Support Local Hiring and Workforce Development* (Baltimore Integration Partnership & Central Baltimore Partnership, October 2017): This directory provides profiles of 49 nonprofit and public sector organizations offering workforce development programs and services in Baltimore City. The directory is available at www.baltimorepartnership.org.
- *Resources and Intermediaries to Help Find Local and Minority Business Enterprises* (Baltimore Integration Partnership; updated March 2018): This document lists entities and databases that can assist in identifying minority–owned firms and local companies to provide goods and services. The document provides electronic links to each resource. The directory is available at www.baltimorepartnership.org.
- **Explore collaboration with individuals, organizations, and partnerships that can facilitate and further economic inclusion work.** These could include:
 - Workforce development service providers and the Baltimore Workforce Development Board;
 - Business assistance programs and organizations;
 - The *BLocal* initiative (for businesses), and the Baltimore Integration Partnership (for anchor institutions);
 - Chambers of Commerce, the Greater Baltimore Committee, and other business sector associations,

- particularly those that have a regional perspective;
- o Community-based organizations, faith-based organizations, resident associations, and civic leaders; and
- o Government officials.

All employers embracing economic inclusion should track the diversity of their workforce relative to entry-level, mid-level, and senior positions, as well as for the turnover in those positions. They should also have the staff responsi-

ble for hiring, promotion, and disciplinary decisions undergo training on implicit bias. Following such training, employers should review their hiring and personnel policies to eliminate any policies or practices that, however unintentionally, create unnecessary barriers for persons of color or contribute to implicit bias. Finally, businesses should identify career advancement strategies for their workers, particularly for those employees in entry-level positions.

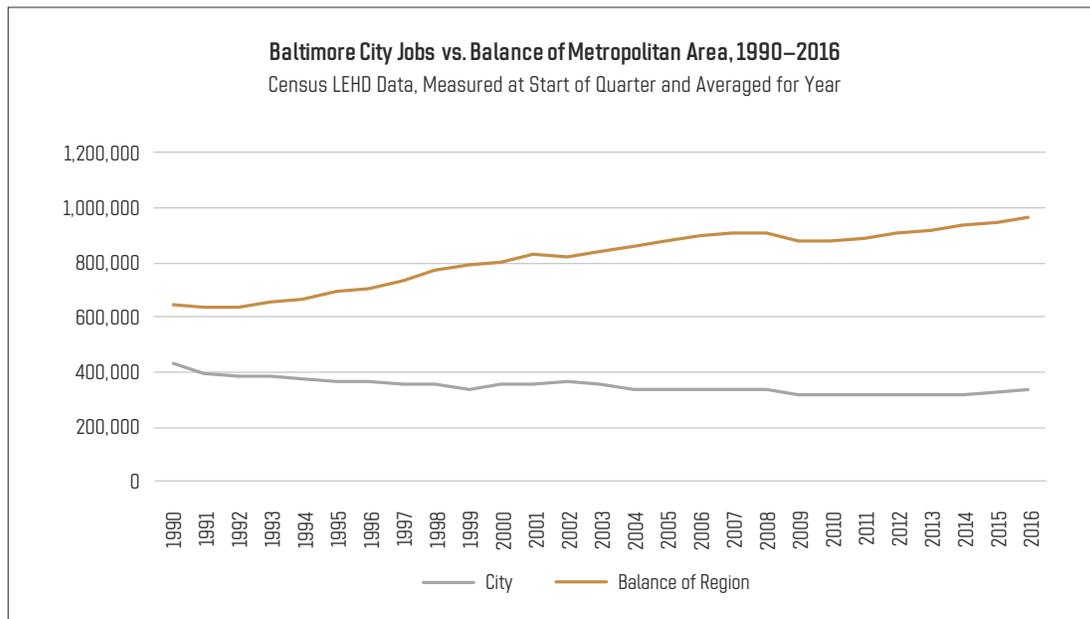
What Additional Actions Can Baltimore Stakeholders Take to Foster Broader Economic Inclusion Efforts?

Economic inclusion efforts undertaken by businesses, institutions, and state and local governments have been effective in catalyzing and supporting a variety of initiatives. However, there are additional things that public officials and other Baltimore stakeholders could and should be doing to promote greater economic inclusion.

- **Place more emphasis on transportation solutions and develop those and other economic inclusion strategies at a regional level**

One clear need is a strategy to improve regional public transportation, which is essential to increase Baltimore

residents' ability to reach family-supporting employment opportunities throughout the region, and particularly the growing job centers outside of Baltimore City. It is projected that 83.4% of future jobs will be in the suburbs where 74% of the region's existing jobs are now located. Consequently, government officials should collaborate with each other and regional stakeholders in taking a much more active leadership role in promoting improvements in regional public transportation.



LEARNING FROM OTHER REGIONS

As Baltimore considers how to engage more employers and investors at a regional level, stakeholders should look at how other regions are tackling this work. For example, in upstate New York, the CenterState Corporation for Economic Opportunity is embedding inclusion work into strategies focused on exports, new technology, and workforce development. In addition, Minneapolis-St. Paul just launched the Center for Economic Inclusion to work to close the area's growing racial and economic disparities. The Minneapolis-St. Paul Center is working with partners that are factoring race, place, and income into multi-sector inclusive growth strategies.^{xliii}

• **Focus on Economic Development and Small/Minority Business Development:**

- Public officials should continue to take steps to increase government and state higher educational procurement from local and minority-owned firms. Public agencies, anchor institutions, and businesses should break down their contracting into smaller procurement opportunities, make their economic inclusion goals public, and regularly release progress reports on their inclusion-related procurement efforts.
 - Businesses, funders, community partners, and government officials should enhance the connections and alignment across Baltimore's growing portfolio of programs for start-up businesses and small business development. Explore ways to provide more financing and mentoring to business start-ups and small businesses, especially minority-owned firms, and create ongoing funding streams to support business development programs.
 - Public and private stakeholders should develop new strategies and tools to connect qualified businesses to supply chain needs, including the use of business databases, pitch events, mentoring, sector focused accelerators, and networking.
- Public officials should continue to make improvements to MBE/WBE certifications through increased collaboration between local and state government officials, including adopting uniform definitions and standards across jurisdictions. The lists of MBE/WBE vendors should also be expanded to reflect a more diverse list of goods and services desired by businesses.
- ### • **Increase workforce development resources and employment opportunities:**
- Public and private stakeholders should collaborate in identifying and pursuing strategies to expand resources for training programs and support services to generate a more skilled and job-ready Baltimore area workforce. The expansion efforts should build on proven, effective program models such as the 1B4J initiative and EARN Maryland. The efforts should also be targeted to growth sectors, and to industries that offer jobs with family-sustaining wages and benefits, as well as career advancement opportunities.¹⁴
 - Business representatives, nonprofits, funders, and government officials should work together to increase programming and resources and refine policies to expand workforce development and employment opportunities for individuals with a criminal background.
 - Public partners, regional business entities, and community partners should collaborate to improve communication and dissemination of information on the job openings, qualifications for such jobs, and workforce development resources (such as the BIP workforce directory) that are available.
 - Stakeholders should expand the focus on employment opportunities for youth, including approaches that integrate demand-driven workforce development strategies and positive youth development such as mentoring and on-the-job training.
- ### • **Identify and take steps to increase the economic inclusion results and community benefits derived from development and revitalization projects in Baltimore. In particular, public officials can:**
- Create a more predictable and transparent set of economic inclusion and community benefits standards for businesses and developers that receive

¹⁴ One possibility would be to establish a City of Baltimore fund similar to the state's EARN program that could support sector-targeted efforts to help residents become job-ready, including assisting residents earn vocational certifications and higher education credentials, to meet employer needs. The new fund could also provide capacity-building supports for nonprofit workforce and small business development programs.

public subsidies, such as tax increment financing (TIF) awards.

- As part of the public approval process for development projects, set explicit standards for developers relative to community engagement and solicitation of community input regarding potential project impacts and economic inclusion.
- Develop a framework with construction and community development leaders to align public and nonprofit workforce development resources to help support economic inclusion outcomes for construction projects of all sizes. At present, larger projects get political scrutiny and negotiated economic inclusion plans, while smaller and mid-sized projects are not a focus for such activities.

- **Pursue a more intentional approach to use local and state tax policies to promote economic inclusion. Public officials can:**

- Create tax incentives for buying or producing locally made products;
- Redirect a portion of the Baltimore City PILOT (payment in lieu of taxes) fees paid by anchor institutions to a fund to provide seed funding and modest-sized grants to help promote the capacity of businesses and anchor institutions to undertake economic inclusion efforts as well as capital projects in distressed neighborhoods; and
- Offer reduced property tax rates to businesses, and reduced PILOT fees to anchor institutions, in return for achievement of specified economic inclusion metrics that reflect concrete results for residents and other community stakeholders.

Conclusion

This report has provided evidence showing how increased economic inclusion can promote a healthier, more robust economy, alleviate social tensions, and improve the quality of life of all residents of the city and region. The report has also demonstrated that businesses and anchor institutions, working on economic inclusion efforts in partnership with each other, with community stakeholders, and with public officials,

can create greater economic opportunities for Baltimore's persons of color and its disadvantaged communities. If enough Baltimore-area businesses and anchor institutions adopt economic inclusion practices, together the collective effort will have a transformative effect, helping the city and greater Baltimore region realize their full economic and social potential.

END NOTES

- i *Baltimore Business Journal*, “Baltimore City was No. 2 across the U.S. for population loss last year,” March 22, 2018.
- ii See, for example, the article by Emily Badger, “The long, painful and repetitive history of how Baltimore became Baltimore,” Workblog, *The Washington Post*, April 29, 2015.
- iii The Opportunity Collaborative, *Baltimore Regional Plan for Sustainable Development*, June 2015, p. 1.
- iv The preceding discussion of the concept of economic inclusion was based on material presented in *Economic Inclusion Leveraging Markets and Entrepreneurship to Extend Opportunity*, by Kim Bettcher and Teodora Mihaylova, Center for International Private Enterprise website, May 26, 2015.
- v Many of the points in this section are derived from Emily Badger’s article, “The long, painful and repetitive history of how Baltimore became Baltimore,” Workblog, *The Washington Post*, April 29, 2015.
- vi See Christopher Silver, “The Racial Origins of Zoning in American Cities,” from Thomas Manning, June and Marsha Ritzdorf (eds.), *Urban Planning and the African American Community: In the Shadows* (Sage Publications, Thousand Oaks, CA), 1997.
- vii Relative to the policies that spawned financial institutions’ red-lining practices: “One of the most heinous of [the discriminatory] policies was introduced by the creation of the Federal Housing Administration [FHA] in 1934, and lasted until 1968. Otherwise celebrated for making homeownership accessible to white people by guaranteeing their loans, the FHA explicitly refused to back loans to black people or even other people who lived near black people. As Ta-Nehisi Coates puts it, ‘Redlining destroyed the possibility of investment wherever black people lived.’” Quote taken from Alexis C. Madrigal’s article, “The racist housing policy that made your neighborhood,” Business section of *The Atlantic* webpage, May 22, 2014.
- Prior to the FHA’s policies, African American residents of Baltimore were subject to local discriminatory housing codes. A notable early code was the infamous Ordinance 610, passed in 1910, that for several years made it a crime for African Americans to live in mostly white neighborhoods. See Jonathan M. Pitts, “NAACP report urges action on economic inequalities in Baltimore,” *The Baltimore Sun* (webpage), February 6, 2018.
- viii Emily Badger, “The long, painful and repetitive history of how Baltimore became Baltimore,” op. cit., p. 1.
- ix Baltimore’s Promise, BWFC, and JOTF, *A Call to Action: Creating New Opportunities for Baltimore City’s Disconnected Youth*, February 2016. Available online at: http://c.ymcdn.com/sites/www.abagrantmakers.org/resource/resmgr/BWFC_2016/A_Call_to_Action.pdf
- x Data source: BIP analysis of Census population data and Census LEHD data. Data projections were provided by the Baltimore Metropolitan Council.
- xi See also Caryn York, “To stem Baltimore crime, invest in jobs,” in the *Baltimore Sun*, December 9, 2017.
- xii See <http://www.bu.edu/sph/2016/06/26/families-and-the-effects-of-mass-incarceration/>
- xiii Job Opportunities Task Force, *The Criminalization of Poverty: How to Break the Cycle through Policy Reform in Maryland*, Executive Summary, January 2018.
- xiv For more background information on this issue, see Ylan Q. Moy, “Wells Fargo, Justice Department settle discrimination case for \$175 million,” *The Washington Post*, July 12, 2012.
- xv Similar predatory practices strategically target low income communities, notably by some for-profit training schools, automobile loan companies, pay-day lenders, etc.
- xvi Source: Baltimore Integration Partnership analysis of Maryland Department of Commerce 2015 data, available online at: <http://commerce.maryland.gov/Documents/ResearchDocument/MajorEmployersInBaltimoreCity.pdf> (Data accessed 2/22/2018.)
- xvii Sources: Baltimore Integration analysis of Econview Data (accessed February 22, 2018); Downtown Partnership of Baltimore, *Downtown Baltimore Development Report*, issued March 2017; Downtown Partnership of Baltimore, *Downtown Baltimore Outlook 2020: Analysis of Market Rate Housing Demand in Downtown Baltimore Neighborhoods and Adjacent Areas*, 2017; also see <http://baltimore21stcenturyschools.org/>
- xviii Source: Schachtel, Marsha, *Baltimore Small and African American-Owned Business Development Ecosystem: Report of An Inventory of Business Development Programs*, Baltimore Integration Partnership and Associated Black Charities, revised January 2014. Report available online at: http://c.ymcdn.com/sites/www.abagrantmakers.org/resource/resmgr/bipWebsiteFiles/EcosystemReport_20140324.pdf (Updated inventory available upon request.)
- xix Martha Holleman, *Building a Bridge to Work (Draft)*, prepared for the BIP Workforce Integration Workgroup and Governance Team, March 24, 2013, pp. 10–11.
- xx Justice Policy Institute and Prison Policy Initiative, *The Right Investment?: Corrections Spending in Baltimore City*, February 2015, pp. 1–4.
- xxi The Greater Baltimore Committee, *A Call to Action: Opening Doors to a Second Chance*, December 2016, pp. 2–4.
- xxii Sage Policy Group, Inc., *Bridging the Gap: An Analysis of Baltimore’s Minority- and Women-Owned Business Communities*, prepared for the Greater Baltimore Committee, August 18, 2004, pp. 8–9 and pp. 27–28.
- xxiii Associated Black Charities, Inc., *More in the Middle Initiative Framework: An Economic Equity Approach to Transformative Change (Executive Summary)*, 2013, p.1; also, Matthew Kachura, *Dashboard Report: Analysis and Metrics of Baltimore City’s African American Middle Class*, Baltimore Neighborhood Indicators Alliance–Jacob France Institute at the University of Baltimore, January 2008, p. 6.
- xxiv NAACP, *The Minority Report: Baltimore Economic Inclusion Plan*, February 2018. Also see Jonathan M. Pitts, “NAACP report urges action on economic inequalities in Baltimore,” *The Baltimore Sun* (website), February 6, 2018, for an analysis of highlights of the NAACP plan.
- xxv Another demographic trend mentioned by one of the developers interviewed for this report is the fact that many millennials are starting to move back to cities because they are no longer satisfied with living in the suburbs. According to the developer, this growing demographic trend is likely to make residential and commercial development projects in Baltimore more attractive to investors. It also means, however, that communities will need to be attentive to the potential displacement that might result from these development projects.
- xxvi Pamela D. Paulk, *The Johns Hopkins Hospital—Success in Hiring Ex-Offenders*, Johns Hopkins Medicine, September 2016.
- xxvii University of Maryland Medical Center, *Entry Level Employee Engagement: Proposed Program Framework*, 2016. Also, National Fund for Workforce Solutions and Jobs for the Future, *Guide to*

Investing in Frontline Health Care Workers, October 2016; available online at: <https://nationalfund.org/learning-evaluation/publications/guide-to-investing-in-frontline-health-care-workers/>

xxviii The economic inclusion activities of some of Baltimore's anchor institutions go back even further in time. For example, Bon Secours' efforts in Baltimore date back to 1907, when the Sisters of Bon Secours established a neighborhood day care center so low-income working mothers wouldn't have their children remanded to orphanages. As another example, twenty years ago MICA's president and board formally added community engagement to the school's mission statement, and created an Office of Community Engagement to spearhead the college's efforts to work with city officials and community partners.

xxix Coppin State University, Self-Study Report to the Middle State's Commission on Higher Education, January 2018. Available online at: <https://www.coppin.edu/download/downloads/id/1486/>

xxx Sources: *Businesses Partnering for Baltimore*, Johns Hopkins, at <http://hopkinslocal.jhu.edu/blocal/> (Downloaded 11/17/17); also, Calvin Butler, Ronald Daniels, and Ron Peterson, "A commitment to 'BLocal' in Baltimore," *Baltimore Sun*, April 7, 2016; BLocal Progress Report, December 2017; also, Sarah Gantz, "Baltimore hiring initiative for local, minority-owned businesses exceeds three-year goal in first year," *The Baltimore Sun*, December 11, 2017

xxxi Sources: *UMB/UMMC Community Engagement Strategic Plan*, September 30, 2016; *Fiscal Year 2017 Impact Report (draft)*, Bill Joyner, Coordinator, UMB-UMMC Local Purchasing Committee; and interview with Dana Farrakhan, SVP, Strategic, Community, and Business Development, UMMC (10/3/17).

xxxii The Annie E. Casey Foundation, *Expanding Economic Opportunity: Lessons from the East Baltimore Revitalization Initiative*, 2015, p. 2.

xxxiii East Baltimore Development Initiative, *EBDI Economic Inclusion Outcomes: January 1, 2006 to September 2017*.

xxxiv The Reinvestment Fund also served as the community development finance organization for the first phase of the Baltimore Integration Partnership, and in that role facilitated financing to 15 development projects which resulted in more than \$155 million invested in targeted Baltimore neighborhoods.

xxxv Apprenticeship programs obviously represent an exception to this general pattern.

xxxvi For example, the Opportunity Collaborative's regional plan for sustainable development discussed transportation barriers and articulated goals for improving public transportation to increase access to family-supporting jobs. However, while the 2015 plan outlined strategies for addressing those goals, to date there has been little follow-up on the plan's recommendations by regional stakeholders. See Opportunity Collaborative, *Baltimore Regional Plan for Sustainable Development*, June 2015, pp. 48-53.

xxxvii See Yvonne Wenger, "BUILD press Sagamore for benefits agreement, studies development cost," *The Baltimore Sun*, July 12, 2016.

xxxviii See WBAL News Radio 1090 webpage, "Rawlings-Blake signs Port Covington TIF into law," September 28, 2016; and Adam Marton, Natalie Sherman, and Caroline Pate, "Port Covington redevelopment examined," *The Baltimore Sun*, August 7, 2017.

xxxix Professional services contracts and emergency contracts are excluded from the provision of the executive order.

xl Periodic fiscal disparity studies conducted by the City of Baltimore support the legality of these MBE/WBE requirements. For example, see NERA Economic Consulting, *The State of Minority- and Women-Owned Business Enterprise: Evidence from Baltimore*, prepared for the City of Baltimore, March 11, 2014.

xli Also, the year prior to launching the Baltimore City Anchor Plan, Mayor Rawlings-Blake released a report by the Mayor's Advisory Council on Minority and Women-owned Business Enterprises that outlined a broad range of recommendations for increasing economic inclusion in the city. The issues addressed by the report included strategic partnerships and capacity building, legal and policy reform, procurement and compliance, prime contracting initiatives, city government culture change, financing for MBE growth and acquisition, and establishment of an overall economic development framework for the city. See City of Baltimore, *A New Day, A Better Way: Rebuilding a Stronger Baltimore Through Economic Inclusion*, April 2013.

xlii See Associated Black Charities, *Analysis of Patterns of Employment by Race in Baltimore City and the Baltimore Metropolitan Region*, report prepared for ABC by Richard Clinch and Jing Li of The Jacob France Institute, February 2018. Also see Loraine Mirabella, "Black worker incomes remain far behind earnings for whites in Baltimore, study shows," *The Baltimore Sun*, April 16, 2018.

xliii See: Amy Liu, "Including Inclusion: A new approach to economic development in Upstate New York," *Brookings*, February 4, 2016. Available online at: <https://www.brookings.edu/blog/the-avenue/2016/02/04/including-inclusion-a-new-approach-to-economic-development-in-upstate-new-york/> And Center for Economic Inclusion Website: <http://northsidefund.org/about/center-for-economic-inclusion/> Accessed on May 8, 2018.



2 East Read Street, 2nd Floor | Baltimore, Maryland 21202
www.baltimorepartnership.org