

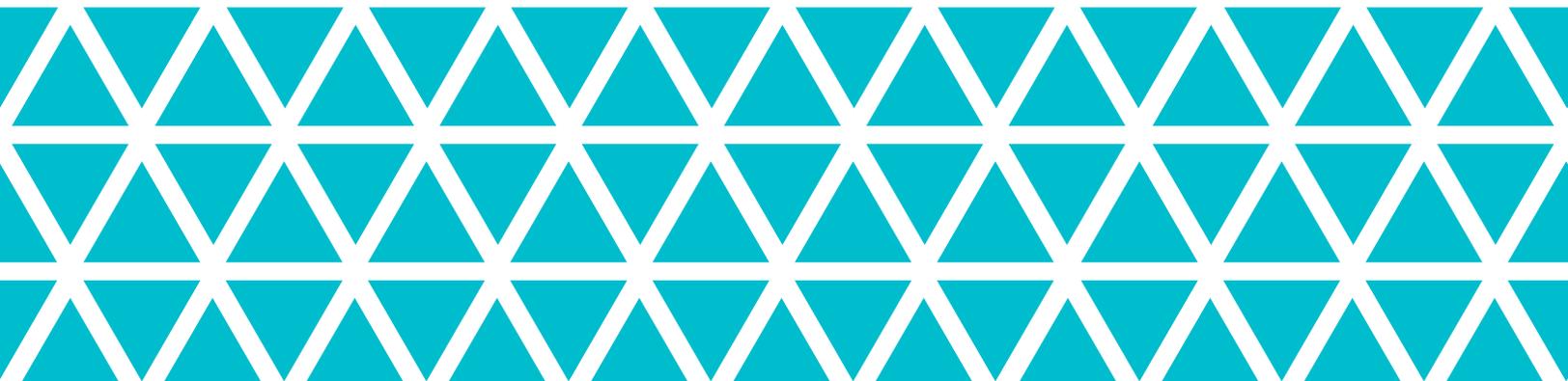
MAYOR MARTIN J. WALSH,
CITY OF BOSTON

ECONOMIC

INCLUSION

+ EQUITY

AGENDA





My fellow Bostonians,

When I came into office in 2014, I knew that the issue of equity was foremost in the minds of many people in our city. For too long, city leadership had not reflected the makeup of the population. This gap in turn reflected a citywide culture of workplace inequity and opportunity gaps that prevented us from fulfilling our potential. I am determined to change that culture for good. With two-thirds of our young people African-American or Latino, our city's future depends on it. We must do more than celebrate our diversity. We must work together to bring real opportunity and prosperity to every corner of our city.

I started out with the most immediate impact under my control – the makeup of my cabinet. I appointed people of different ethnicities to key posts from my Chief of Staff to Chiefs of Economic Development and Health and Human Services. I made our Police command staff a majority people of color for the first time. Since then I have appointed people of color as Chiefs of Civic Engagement, Environment and Open Space, and Superintendent of Schools.

Through the Office of Diversity, we released the first ever Workforce Profile Report to examine the racial and gender makeup of Boston's municipal employee base. In an effort to be transparent about the city's progress towards becoming more inclusive and representative of the population, we are making this information available to the public through a data dashboard that is updated on a constant basis.

Our goal of changing the culture citywide informs all of our policy work, from education and youth programming to workforce training and economic development. With comprehensive planning efforts and implementation strategies underway, we are raising ladders of opportunity for everyone in our city. I also make sure business and nonprofit leaders know that equity is my priority. We are eager to forge partnerships with employers to advance our shared goal of a more inclusive city.

Equity is not only essential to achieving a just society, but it's also a strategic imperative for our economy. America is getting more diverse, not less. And the world is getting ever more connected. Cultural competence and equal opportunity are becoming hallmarks of a strong business climate that can attract global capital and global talent.

I invite you to explore this report and learn more about our work. In many ways, it's a roadmap to a successful future for Boston and America.



Sincerely,

MARTIN J. WALSH

Mayor

City of Boston



Cover photos by Thaddeus Miles,
All other photographs are by the
Mayor's Office photographers

Economic equity is a defining challenge for the City of Boston. We are building the best city in the world both for workers and for businesses. The city is growing at an incredible rate, but we must harness that growth to create a Boston that is inclusive and provides ladders of opportunity for all—women, minorities, veterans, new Bostonians, children, individuals with disabilities, and seniors in every Boston neighborhood.

Boston is currently in the midst of one of the biggest building booms in the history of the city. Generations of inequity, however, have contributed to the fact that Boston's growth primarily benefits those who are already advantaged and excludes our most underserved populations. To attain a healthy economy that is generating more resources for the City and attracting diverse populations we must build an inclusive city with economic opportunity for all. The City must use its available tools to reach those who currently face barriers to participation: lack of qualifications for highly skilled jobs, lack of access to resources and capital for businesses, and rising living expenses which put homeownership out of reach.

While Boston's economy is growing, economic inequity is one of the greatest threats to that growth because it impacts the whole ecosystem of the economy. According to the Brookings Institution, Boston is the most unequal city in the nation, up from third in 2013! Addressing inequity is not just a moral imperative; if there is no resolution, it will tamp our success and growth as a city.

To be successful, the City of Boston will need to work closely with partners in the state and federal government and in other municipalities, as well as private companies and other stakeholders. The City has certain tools in its toolbox it can use to address economic equity and contribute to the future of Boston. The City can create policy, enact regulations, and invest its resources. However, to achieve full equity the City needs the support of state, federal partners, residents, and businesses.

Joining with President Barack Obama, Mayor Martin J. Walsh has made My Brother's Keeper (MBK) a hallmark of the Administration's inclusion and equity agenda. In February 2014, the President launched MBK, a national initiative to address persistent gaps facing youth, especially young males of color. The City of Boston enthusiastically took action, becoming one of the first cities in the country to participate in the President's MBK Community Challenge. In 2014, Mayor Martin J. Walsh established the MBK Boston Advisory Committee, which shaped recommendations for action, building upon best practices towards closing achievement and opportunity gaps. Boston is focusing on three milestones to: 1) Ensure youth graduate from high school ready for college and career; 2) Ensure youth successfully enter the workforce; and 2) Reduce youth violence and provide a second chance. Boston released its recommendations for action in May 2015, and the MBK Boston Advisory Committee and its network of community partners is working towards implementing recommendations to reach these milestones.

Economic Equity is not a standalone issue; it is a common thread that runs through many of the Administration's departments. Mayor Walsh has convened a working group to ensure a coordinated effort to present the Administration's Economic Equity Agenda. Although there are various ways to categorize economic equity, we view the four main themes of our work as *income and employment, wealth creation, business development, and economic mobility for the community and the next generation.*

JOHN BARROS

Chief of Economic Development
City of Boston



A group of people, including a man in a dark jacket and a young boy, looking towards the right in a classroom setting. The man is wearing a dark jacket over a light blue shirt and a pink tie. The young boy is wearing a grey hoodie. Other people are visible in the background, some looking at a phone. The setting appears to be a classroom or a meeting room with a drop ceiling and windows.

**POVERTY CONTINUES TO
BE A PROBLEM IN BOSTON:
FOR THE PAST FOUR
DECADES ABOUT 20% OF
THE POPULATION HAS BEEN
LIVING IN POVERTY.**



EMPLOYMENT + INCOME

Different demographic groups continue to be disproportionately affected by unemployment and insufficient income. The growth of the knowledge economy has increased the opportunities for well-educated workers, while residents with low levels of education are more likely to have low incomes. Personal income and employment are the primary vehicles through which people can move out of poverty. To support a vision where all Boston residents have equitable opportunity, the City is building an inclusive approach to workforce development.



CURRENT EMPLOYMENT + INCOME CONDITIONS

Despite strong overall economic conditions, some Boston residents experience unemployment, underemployment, or incomes below a family sustaining wage. Boston's unemployment rate has fallen and is at historically low levels, with a rate of 4.2% as of November, 2015. However, employment and income disparities negatively impact Boston's youth, people of color, women, foreign born, and those with criminal records.

- Youths can struggle to get started in the labor market and build careers. Young Adults ages 16-24 have the highest unemployment rates at 1.8 times the citywide average.
- The unemployment rate of those with less than a high school diploma is more than double the citywide average, while the unemployment rate for residents with a bachelor's degree or higher is only half the citywide average.
- People of color disproportionately struggle to earn a living. The unemployment rate of Black/African-Americans and Hispanics in Boston is about 1.5 times the citywide average. Hispanic labor force participants have a median income of only \$22,546 compared to \$49,721 for non-Hispanic White labor force participants. Hispanics and Asians have the highest rates of poverty in Boston, 36% and 31% respectively.
- Women, especially single mothers, struggle economically. Among full-time, year-round workers, the median income for women is only 85% of men. Proportionately, more women live in poverty compared to men. Family composition is also closely related to poverty rates: 46.1% of all families with related children under 18 are headed by single female householders and the poverty rate for families with children headed by single mothers is 43.9%.¹
- Foreign-born Boston residents also experience economic challenges. The poverty rate among the foreign born in Boston in 2014 was 27 percent, compared to 21 percent for native-born residents.²
- Reentry to the labor market is difficult after incarceration or court involvement. Many employers conduct criminal background checks, and are wary of hiring candidates with criminal histories.
- Historical patterns of housing discrimination compounded by inequalities in transit and employment access have led to concentrations of poverty in some neighborhoods. For example, the child poverty rate in Roxbury is over 50%.³

In Boston, 21.6% of all residents, and 30% of families with children, have incomes below the poverty threshold. Even many full-time, full-year workers struggle to make enough to support themselves and their families. Figure 1 shows that 26.2% of Boston residents who are full-time, full-year make less than a family sustaining wage.⁴

Non-residents commuting into the city hold 62% of jobs in Boston, and earn 25 percent higher wages on average for full-time work. Lack of education is a major obstacle for residents to attain employment at or above a living wage:

¹ U.S. Census Bureau, 2014 American Community Survey

² Ibid.

³ Ibid.

⁴ The family sustaining wage was calculated by the BRA to reflect the amount that each parent in a two-parent family would need to earn in order to cover all costs of a family of four with one pre-schooler and one school-aged child.

- The growth of the knowledge economy has brought increased opportunities for well-educated workers, but residents with low levels of education are more likely to have low incomes.
- 15% of Boston residents over age 25 lack a high diploma and almost one third of this population lives in poverty.

Education is only part of the story: a BRA Research analysis finds that differences in education and years of work experience explain a little under half of the difference in earnings between commuters and Boston residents.⁵ About half of the remaining gap can be attributed to demographic factors, confirming that the women, racial minorities, and immigrants more heavily represented in the resident workforce face persistent earnings shortfalls compared to White males.

SOLUTIONS + POLICY INTERVENTIONS

Since its creation in 1983, the **Boston Residents Jobs Policy** has stood as the City of Boston's signature policy for ensuring resident employment on city sponsored, privately funded and federally mandated development projects within the city limits. Developers and contractors agree to make best faith efforts to employ 50% residents, 25% people of color and 10% women across all trades and thereby invest directly in populations underrepresented in the construction industry.

Over FY 2014-2015, the Office of Workforce Development (OWD) has funded over 150 community-based organizations to provide a variety of services to Greater Boston's adult residents. These services range from training in hospitality and construction trades to adult **English for Speakers of Other Languages (ESOL)** programs. Over 8,500 Greater Boston adult residents have participated in training, counseling or other educational opportunities with OWD partners.

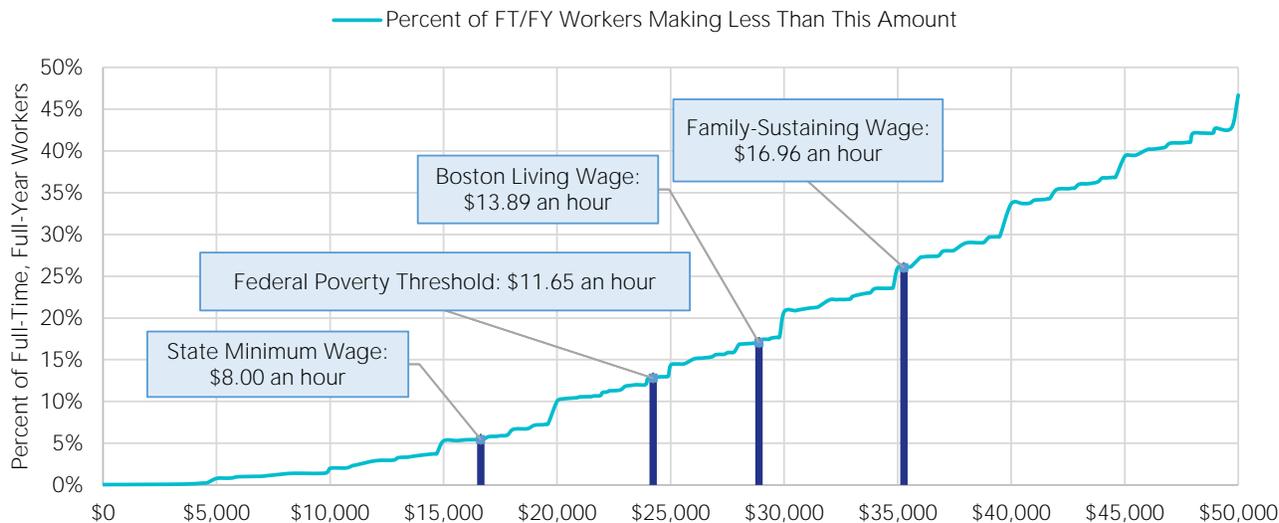
In addition, two American **Job Centers** in Boston provide employment access assistance to job seekers: (1) Boston Career Link, operated by Morgan Memorial Goodwill Industries, and (2) Career Solutions, operated by Jewish Vocational Service, Inc. This past year, these job centers served 16,799 job seekers and over 321 employers.

CAREER PATHS AND EDUCATION CONTINUUM

In addition to other City investments, the Mayor's Office of Workforce Development (OWD) has recently invested over **\$5 million in 69 Boston-area non-profit organizations** through several federal and city funding streams. Collectively these organizations will provide over 3,000 Boston residents with access to employment, education, and financial empowerment opportunities in FY2015-2016. Projected outcomes include employment for more than 900 Boston residents, 300 post-secondary education/training enrollments, increased income for 600 seniors and persons with disabilities, and 185 new high school diplomas.

⁵ Mayor's Office of Workforce Development and Boston Redevelopment Authority Research Division, "Boston's Workforce An Assessment of Labor Market Outcomes and Opportunities", 2016

► FULL-TIME, FULL-YEAR WORKERS MAKING LESS THAN \$50,000 A YEAR, 2014



Source: U.S. Census Bureau, 2014 American Community Survey, BRA Research Division Analysis

Through a six month internship in City Hall, **Professional Pathways** will engage young people with Criminal Offender Record Information (CORIs) re-entering the workforce. This transformative experience includes training in administrative office skills and exposure to public service career paths. Participating individuals gain the professional skills needed for a job in the public or private sector through experience in City government. The City of Boston will “practice what we preach” and be a model for the private sector as it pertains to hiring formerly court-involved individuals. This program will provide key experiences from which formerly court-involved residents are often excluded and allow them the necessary entry level skills to become self-sufficient.

The **State Street Bank/WINS Pathway** reflects a multi-year \$20-million commitment from the State Street Foundation to fund five high-performing nonprofits focused on education and career development. Through this financial support and a collaborative approach, Boston WINS creates career pathways for Boston youth, as well as an emerging supply of sustainable talent that will benefit the entire Boston community.

The Office of Workforce Development along with the Mayor’s Office of New Bostonians will convene a group of policy and advocacy experts, called the **High Skilled Immigrant Task Force** to identify roles for the City and design interventions “to address the underutilization of skilled immigrant professionals.” Thousands of immigrants arrive in the Commonwealth with a high level of training in critical fields. However, due to certification barriers, many languish in entry level jobs while their families and our growth sectors suffer. This task force will be one of the first in the United States at the local level.

In partnership with AAUW, the Mayor’s Office of Women’s Advancement has launched **Work Smart Boston**, an initiative to provide free salary negotiation workshops over the next five years to women in Boston. The goal is to train 85,000 women, half of Boston’s female workforce. Women will learn how to research comparable salaries and make the case for a raise.

EMPLOYER AND INDUSTRY PARTNERSHIPS

Through a \$3 million grant from US Department of Labor’s American Apprenticeship Initiative, the **Greater Boston Apprenticeship Initiative** provide apprenticeships in construction and hospitality. The City has leveraged an additional \$15 million through private and public partnerships. The five year program will build accelerated career pathways from pre-apprenticeship to apprenticeship to higher-paying, diverse job opportunities in the built environment/construction and hospitality industries. 394 participants in the initiative will have access to training opportunities and college credential programs that could increase their earnings from the state’s minimum wage of \$9 per hour to initial union wages of about \$16 per hour or journeyman wages of \$21/hour and higher, depending on occupation and educational attainment. The partners hope to increase the number of people of color and women, groups who have traditionally been underrepresented in skilled labor positions.

A 4-year comprehensive workforce program, the **Skilled Careers in Life Sciences (SCILS) Initiative** provides life science training and job opportunities to 660 income eligible and dislocated worker residents. Partners of SCILS include Boston University, Quincy College, MA Life Science Center, University of Mass, and One Stop Career Centers. OWD, with the Boston Private Industry Council (PIC), has developed partnerships with life science companies and hospitals in the Greater Boston area. These partners have developed a training curriculum that meets needs of hiring managers, internships that allow students to gain valuable experience, and one-on-one mentoring so graduates receive necessary support and guidance as they begin their careers. Recipients of grants have secured medical laboratory tech, manufacturing associate, regulatory assistant, quality control analyst, and clinical research, cell culture, and biomedical lab tech positions. Companies that have hired graduates of this program include Biogen Idec, Beth Israel Hospital, Genzyme, Immungen, Mass General Hospital, Novartis, and Shire. From 2012 to 2015, 470 individuals

SPOTLIGHT: BUILDING PATHWAYS

Building Pathways is a 6-week pre-apprenticeship program that introduces women and people of color to careers in the building trades, followed by a guaranteed placement into an apprenticeship program. The intensive program is a combination of classroom instruction and hands-on occupational skills training with a strong emphasis on career readiness.



enrolled in SCILS, 363 completed training, and 319 entered employment. By the end of 2016, it is anticipated that a total of 475 successful participants from SCILS will have gained employment in the life science and healthcare industries with an average wage of \$21.83.

LABOR COMPLIANCE—WAGE THEFT AND LIVING WAGE

To support and protect low-wage workers, the City is prioritizing labor standards and compliance. Mayor Walsh has issued a **Wage Theft Ordinance Executive Order** (effective January 1, 2015), and is working to expand the **Living Wage Ordinance**.

OWD, in partnership with the MA Attorney General's office, is working on an outreach campaign to direct Boston victims of wage theft to appropriate resources. OWD has developed a compliance plan to address wage theft complaints from intake through mediation or referral to the Attorney General.

OWD also works with the Boston Licensing Board to ensure that wage theft violations are factored into decisions concerning issuance, renewal, or revocation of food or liquor licenses, and that Boston's vendors require wage bond and reconciliations for previous violations.

A full-time worker at minimum wage earns an annual income of \$16,640. The Boston living wage is set at \$14.11 to address the true wage Boston workers need for work to be sustaining. OWD is currently partnering with the Boston Public Health Commission to explore ways to increase the coverage of the ordinance and achieve the resulting positive health outcomes. OWD is also working with the city's independent agencies to accomplish agency-wide adoption of the living wage policy.

MBK BOSTON ON EMPLOYMENT + INCOME

MBK Recommendations in Action:

Increase opportunities for youth employment:

- In 2015, the **Mayor's Summer Jobs Program**, including partner organizations in government and the public and private sectors, provided over 10,000 meaningful jobs for Boston youth.

Enhance re-entry programs to provide individuals with a second chance:

- Since its launch, **Operation Exit** has had two successful classes graduating 30 participants with 25 employment placements in the building trades. It has extended its programming to opportunities in the culinary industry with 5 placements in partnership with NECAT, and the technology industry with a class of 15 in partnership with Resilient Coders.







IN BOSTON, 74% OF PRIVATELY-OWNED BUSINESSES WITH PAID EMPLOYEES ARE OWNED BY MEN. DISPARITIES ARE EVEN GREATER BY RACE AND ETHNICITY.





BUSINESS DEVELOPMENT

Owning a business is a key vehicle of wealth creation and financial independence. A successful business also provides jobs for the community. The City of Boston supports small and local businesses in accordance with our values of inclusion and equity. The City leverages the growing innovation economy to foster the values of business incubation and entrepreneurship.





BUSINESS DEVELOPMENT CONDITIONS

Self-employment and business ownership can be important paths to economic self-sufficiency and prosperity, especially for new immigrants, those lacking educational credentials, and others who may face challenges in the payroll labor market. An environment that supports existing small businesses, encourages small business formation, and provides pathways for residents to achieve self-employment is critical to business development. This support is vital, as many small businesses fail. According to the Small Business Administration, only 73.1% of the small businesses opened in Massachusetts in 2010 survived through 2012.¹

While business ownership can be a powerful tool for advancement, ownership demographics vary. Men are more likely than women to own businesses and much more likely to own larger businesses with paid employees. In Boston, 74% of privately-owned businesses with paid employees are owned by men.² These disparities are even greater by race and ethnicity. Approximately 80 percent of privately-owned firms with paid employees are owned by non-Hispanic Whites.³

In 2014 about 20,000 Boston residents were self-employed.⁴ The self-employed may need assistance in sustaining revenue, taxes, permits, or healthcare. The foreign born in Boston are more likely than native-born residents to be self-employed. While 5.1% of the native-born are self-employed, slightly more foreign-born residents are self-employed (7.1%).⁵ This reflects national trends of strong entrepreneurship among the foreign born.⁶ However, some foreign-born residents may be forced into self-employment by limited English proficiency or lack of educational or professional credentials. Over 20% of foreign-born adults in Boston age 25 and over lack a high school diploma and have limited English proficiency.⁷ These residents may need additional support.



SOLUTIONS + POLICY INTERVENTIONS

The City of Boston is committed to providing capacity-building support to small businesses and particularly those businesses owned by women, people of color and veterans. Through certification, vendor registration and promotional services, the **Small and Local Business Office** equips market-ready businesses with the tools to compete for public/private contracts. In November 2015, Mayor Walsh partnered with Gov-

ernor Charlie Baker to launch a cross-certification agreement between the City of Boston and the Commonwealth of Massachusetts. This agreement further solidifies Mayor Walsh's commitment to streamlining government services and creating more opportunities for local businesses to compete.

Mayor Walsh doubled funding for Office of Business Development's **On-site Business Technical Assistance** program, which provides personalized in-depth assistance to small businesses at their place of business over a 6-month period. Since January 1, 2014, the program assisted 78 businesses, of which 78% were minority-owned, 52% were immigrant-owned, and 52% were women-owned. On average the businesses saw a 30-50% increase in revenue six months after in-depth business operations assistance. The businesses increased the number of new customers and increased the frequency of visits by existing customers. Over 50% of the businesses also accessed other City of Boston and outside assistance such as ReStore, energy efficiency support, and lending. Business owners have reported increased confidence in their ability to manage and grow their businesses, increased understanding of their finances, and increased ability to price their products and services effectively.

As recommended by the Mayor's **Neighborhood Innovation District Committee** in December 2014, the pilot program for the corridor between Dudley Square and Uphams' Corner is a place-based strategy for growing entrepreneurship among local entrepreneurs beyond Downtown and the existing Innovation District on the South Boston Waterfront. The Neighborhood Innovation District is designed to include the "neighborhood" and to provide widespread employment opportunities, not merely to provide good physical space for internet entrepreneurs. It will recognize that entrepreneurship and innovation come in many forms, and that under-resourced neighborhoods are already hubs of creativity, whether or not that creativity has been fully transformed into economic wealth.

The **Roxbury Innovation Center** is a civic experiment that supports local economic development by encouraging innovation and entrepreneurship. The **Venture Café Foundation** enhances and accelerates the innovation process through providing space for individuals and organizations to gather, tell stories, and build relationships, such as Venture Café at the Roxbury Innovation Center. The Venture Café Foundation runs the Roxbury Innovation Center as a mission-driven not-for-profit gathering and event space. It also runs programs that create connections and provide for conversations and events that expand the understanding of innovation and entrepreneurship.

Women Entrepreneurs Boston (WE BOS), is a new City of Boston initiative to support women entrepreneurs by providing the skills, technical assistance and networks they need to launch and grow their businesses. Boston is majority women (52%); however, only 30% of Boston's business are owned by women. Women-led businesses face gender-based challenges including limited access to funding, barriers to scaling, and difficulty finding mentors and networks to support them as they grow.

1 Small Business Administration. "Small Business Profile: Massachusetts." https://www.sba.gov/sites/default/files/advocacy/MA_0.pdf Small businesses are defined as those with less than \$7.5 million in annual sales.

2 U.S. Census Bureau, 2012 Survey of Business Owners, BRA Research Division Analysis

3 Ibid.

4 U.S. Census Bureau, 2010-2014 American Community Survey, BRA Research Division Analysis

5 Source: U.S. Census Bureau, 2014 American Community Survey, Public-Use Microdata Sample (PUMS) BRA Research Division Analysis, excluding unpaid family workers.

6 Tanvi Misra. "Immigrants are a 'significant' entrepreneurial force." CityLab. October 23, 2015. <http://www.citylab.com/work/2015/10/minorities-a-significant-force-in-entrepreneurship-and-job-creation/411976/>

7 U.S. Census Bureau, 2014 American Community Survey, BRA Research Division Analysis



CityStart Boston, a civic startup accelerator, brings together innovators from multiple communities and breaks down demographic, social, economic and geographic barriers to entrepreneurial training and experience. CityStart Boston 2015 events were strategically hosted at Mass Challenge in District Hall in the Downtown Innovation District, as well as at the Fairmount Innovation Lab in Uphams' Corner. The events specifically targeted diverse student bodies as well as community participation from neighborhoods across Boston. One

of the partner organizers who attends many "hackathons" throughout the year noted, "CityStart Boston is one of the most diverse gatherings of individuals I have ever seen at a Hackathon." Over the course of four CityStart cycles, there have been more than 500 participants representing every neighborhood in Boston, and CityStart Boston has served a diverse mix of individuals including minority, immigrant and women entrepreneurs, low/moderate-income residents, community members and residents, students and start-ups.



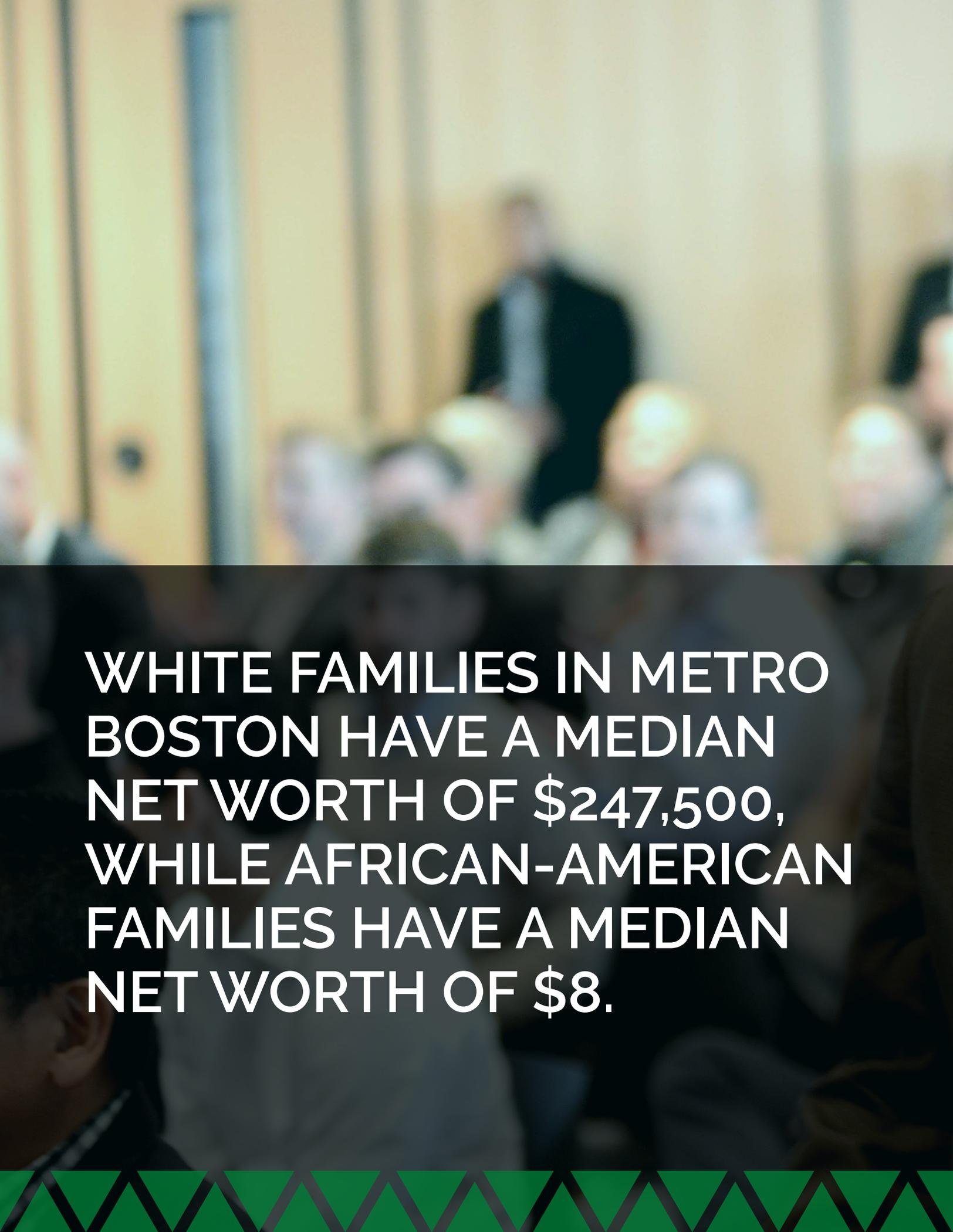
MBK BOSTON ON BUSINESS DEVELOPMENT

MBK Recommendations in Action:

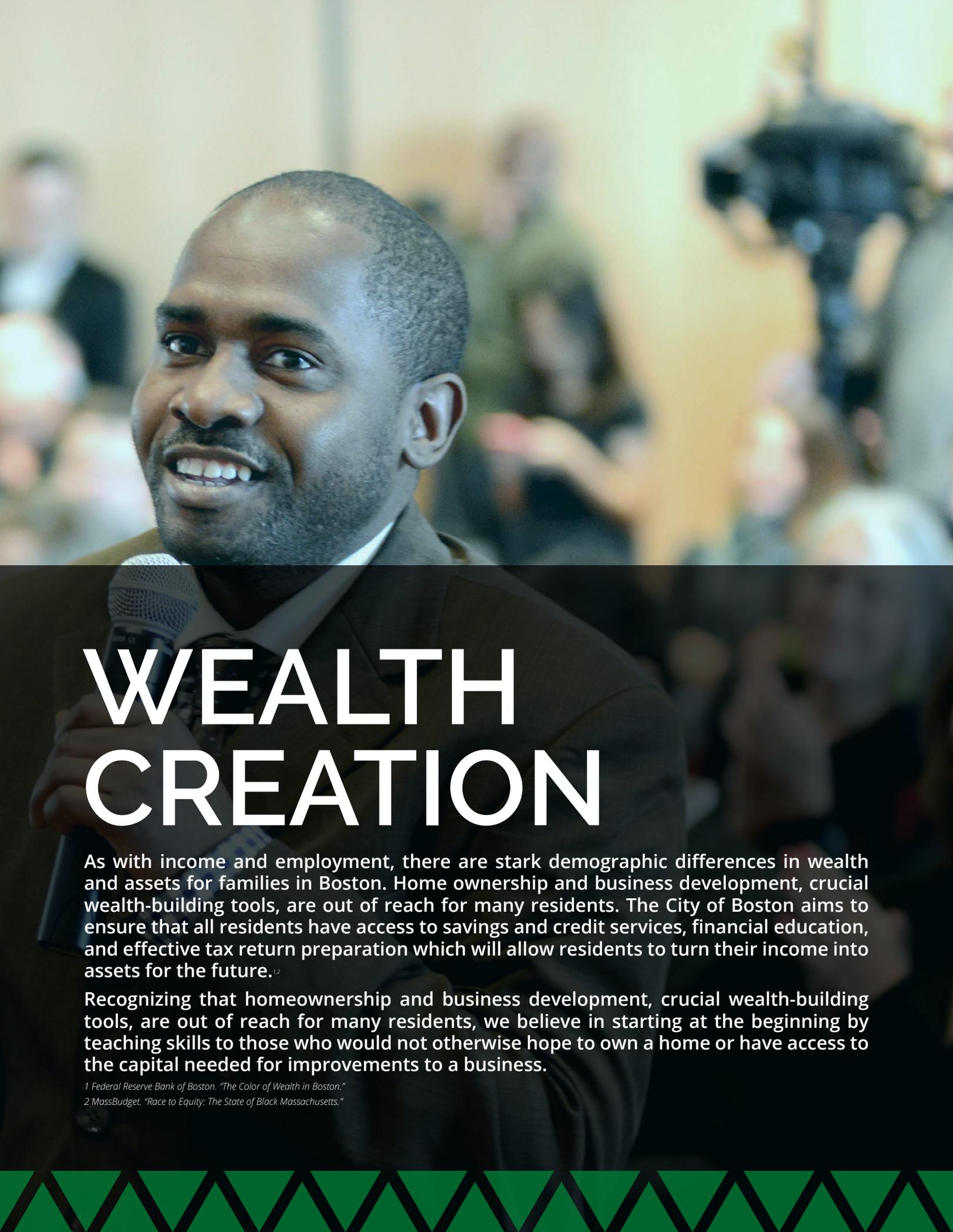
Educate and train industry leaders and elected officials to serve as allies in building a pipeline of talented Black and Latino youth.

- Through **State Street Foundation's Boston WINS Initiative** and in collaboration with local non-profits, State Street has dedicated \$20 million over five years to create a pathway for disconnected youth to enter financial services careers. The Mayor's Education Cabinet is an adviser for this initiative.
- Through the **Connection Center**, operated by X-Cel Education, Boston is developing dedicated school to employer pathways. In partnership with 70 organizations, the Connection Center creates pathways to re-engage disconnected youth and connect them to education and career opportunities.





**WHITE FAMILIES IN METRO
BOSTON HAVE A MEDIAN
NET WORTH OF \$247,500,
WHILE AFRICAN-AMERICAN
FAMILIES HAVE A MEDIAN
NET WORTH OF \$8.**

A photograph of a Black man in a dark suit and tie, smiling and speaking into a microphone. He is the central focus of the image. The background is a blurred crowd of people, suggesting a public event or conference. The lighting is warm and indoor.

WEALTH CREATION

As with income and employment, there are stark demographic differences in wealth and assets for families in Boston. Home ownership and business development, crucial wealth-building tools, are out of reach for many residents. The City of Boston aims to ensure that all residents have access to savings and credit services, financial education, and effective tax return preparation which will allow residents to turn their income into assets for the future.^{1,2}

Recognizing that homeownership and business development, crucial wealth-building tools, are out of reach for many residents, we believe in starting at the beginning by teaching skills to those who would not otherwise hope to own a home or have access to the capital needed for improvements to a business.

¹ Federal Reserve Bank of Boston. "The Color of Wealth in Boston."

² MassBudget. "Race to Equity: The State of Black Massachusetts."

WEALTH CREATION CONDITIONS

Employment, income, and business development are steps in building wealth. Residents with low incomes have inherent challenges to wealth creation that are compounded by lack of access to banking, credit, tax preparation, and investment services. Wealth creation requires access to liquid funds for short-term use and to savings vehicles for long-term asset building. Like employment and income, wealth creation exhibits disparities among demographic groups in Boston. A recent report released by the Federal Reserve Bank of Boston showed Black/African American and Hispanic residents in metro Boston lagging far behind non-Hispanic Whites in rates of ownership in every asset category, with median net worth hovering at or near zero for minority subgroups.¹

SAVINGS AND BANKING

Access to safe, affordable checking and savings accounts is a first step toward the effective management of money for short-term use and longer-term savings. However, low income residents may not be able to afford the bank fees or minimum balances. Language barriers or undocumented immigration status may prevent other residents from accessing banking services. A 2013 FDIC study found that, 6.6% of Boston Metropolitan Statistical Area (MSA) households were unbanked (had neither a checking account nor a savings account) and 15.3% of Boston MSA households were underbanked (had a bank account but also used alternative financial services outside of the banking system).² Estimates by the 2014 Family Assets Count suggest that the city of Boston percentages may be closer to 16% unbanked and 23% underbanked households.³

A family that does not have enough liquid savings to live above the poverty level for three months is considered liquid asset poor.⁴ A 2014 Family Assets Count in Boston found that across the city, 46% of all households were liquid asset poor. Accumulation of liquid assets correlates with education and race. While only 15% of Boston families headed by someone with an advanced degree were “liquid asset poor,” 67% of families headed by someone with only a high school diploma were “liquid asset poor.” In Massachusetts, 30.1% of non-Hispanic White households and 53.9% of households of color lack the liquid savings to cover basic expenses for three months.⁵

FINANCIAL EDUCATION

Language or literacy barriers and lack of familiarity with the U.S. financial system may inhibit some residents from accessing banking or investment services or optimizing their tax

refunds. Some residents may have difficulty completing tax returns and may not receive the refunds or Earned Income Tax Credits to which they are entitled. The Earned Income Tax Credit can be a valuable buffer for many families in poverty—in 2014, the average EITC in Boston was \$2,062. In 2013, about 62,000 Boston federal tax returns claimed the Earned Income Credit, but the IRS estimates that this is only about 80% of the eligible taxpayers.⁶ Tax preparation assistance can be helpful for many low-income families - 8.6% of EITC tax returns in Boston are prepared by volunteers, and additional assistance may help more eligible families to claim their refunds and credits.⁷

DEBT

While savings are an important driver of wealth creation, debt can be a significant barrier. In Boston, student loan debt balances in some areas of the city are more than double the national average, with some Boston zip codes having an average student loan debt balance of more than \$48,542.⁸ Delinquency rates are low for the city; however, they are much higher in Dorchester, Roxbury, and Mattapan. In Suffolk County, the average credit card debt is \$8,206, and 3.1% of borrowers are over 90 days overdue.⁹

HOMEOWNERSHIP

Homeownership is a primary means of wealth creation. However, homeownership is unattainable for those without sufficient income and assets for a down payment. Demographic disparities in income translate into disparities in homeownership, as shown in the figure below. Overall housing costs in the city are rising. Approximately 58% of mortgage payments on housing units in the city exceed \$2,000, while 43% of renters pay over \$1,500 a month in rent.¹⁰

Housing a Changing City: Boston 2030 estimates that 28,400 low-income Boston households are rent-burdened and must pay an unaffordable percentage of their household income for rent. Renters miss out on the wealth creation opportunities of homeownership and a high rental burden precludes other savings and investment.

SOLUTIONS + POLICY INTERVENTIONS

The Roxbury Center for Financial Empowerment serves 4,000-5,000 residents annually, providing 1-on-1 financial coaching services, and free tax preparation via its VITA tax site, as well as career services and income supports. Additionally, the center intensely engages 400 families over the course of 12-24 months with bundled services in income support, career advancement, and financial education. The outcomes for these 400 families will include increases in job retention, net worth/savings, and credit scores.

¹ Federal Reserve Bank of Boston. “The Color of Wealth in Boston.”

² 2013 National Survey of Unbanked and Underbanked Households, Federal Deposit Insurance Corporation (FDIC), <https://www.fdic.gov/householdsurvey/>

³ Family Assets Count. “Financial Insecurity in Boston: A Data Profile.” <http://familyassetscount.org/pdf/Boston%20Family%20Assets%20Count.pdf> October, 2014.

⁴ Ibid.

⁵ 2011 Survey of Income and Program Participation, 2008 Panel, Wave 10. Washington, DC: U.S. Department of Commerce, Census Bureau, 2013. Data calculated by Haveman Economic Consulting.

⁶ Internal Revenue Service

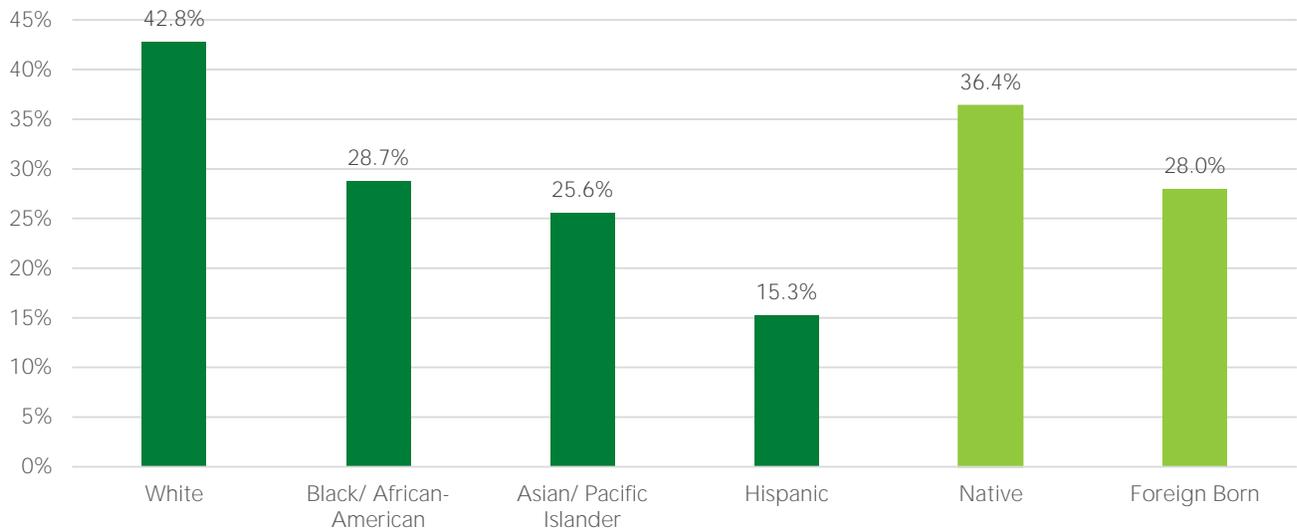
⁷ “Family Asset Count.” <http://familyassetscount.org/pdf/Boston%20Family%20Assets%20Count.pdf>

⁸ MappingStudentDebt.org. <http://mappingstudentdebt.org/#/map-1-an-introduction> (See Footnote for methodology).

⁹ Family Assets Count. <http://familyassetscount.org/pdf/Boston%20Family%20Assets%20Count.pdf>

¹⁰ U.S. Census Bureau, 2014 American Community Survey, BRA Research Division Analysis

► HOME OWNERSHIP BY CHARACTERISTICS OF HOUSEHOLDER



Source: U.S. Census Bureau, 2009-2013 American Community Survey, Public Use Microdata Sample (PUMS), BRA Research Division Analysis. Note: the Householder is one of the adults in whose name the housing unit is owned or rented.

Since its founding in 2001, the **Boston Tax Help Coalition** has prepared more than 150,000 tax returns, generated more than \$215 million in tax funds for residents and recruited and trained over 4000 volunteers. Operations have expanded from serving just 400 taxpayers and returning \$800,000 in 2002, to aiding 12,940 taxpayers and generating over \$22.8 million in refunds and credits in 2015. In 2016, the Coalition is planning to open 36 sites serving 13,256 households and returning \$23.4 million dollars in refunds and credits to Boston’s residents.

With the focus on innovation, the City’s partnership with **SKYLAB** activates the public space at the Bolling Building. SKYLAB itself is a startup and they will convene other startups and established businesses in the Roxbury community. SKYLAB will generate an innovation-based economic renaissance in Roxbury using the latest technologies, strategies and business skills to launch new ventures or sustain existing ones.

The **Young Adult & Credit Building Program** targets young adults between the ages of 18-28 to help them build credit history and positive financial behavior. 150 young adults will participate in introductory workshops, financial coaching, and gain access to a credit building product known as CW-3. This program will be an opportunity for participants to build strong credit scores, familiarity with credit building and saving products, and a way to continue building credit through use of a secured credit card. Another 150 young adults will be part of the control group to evaluate the program’s effectiveness.

Children’s Savings Accounts can help children and fami-

lies save for post-secondary education and develop financial capability. The CSA program will be universal, and will open an account for every Kindergarten (K2) student in Boston’s district and charter schools. The program will launch with a three-year pilot program in Fall 2016 and will begin to scale in Fall 2019.

The Office of New Bostonians and the Office of Financial Empowerment will create “**New Americans Library Corners**” in all 24 branches of the Boston Public Library. These information stations will educate constituents about the naturalization process and financial empowerment services, including asset building strategies. This initiative will work with United States Citizenship and Immigration Services and community partners to organize programmatic activities in the community spaces of the libraries, including citizenship application assistance clinics, immigration legal assistance clinics, multilingual tax law education seminars, credit advising workshops, and financial checkups.

The Office of New Bostonians works with community partners to organize free **citizenship application assistance clinics** for eligible Legal Permanent Residents (LPRs). The assistance also includes encouraging eligible LPRs to apply, screening for eligibility, and help completing fee waivers for low income residents for the cost of the application. A recent study found that naturalization increases annual earnings by an average of 8.9%, or \$3,200; employment rate by 2.2%; and homeownership rate by 6.3%. Further, under the supervision of volunteer attorneys from community partners, constituents obtain

MBK BOSTON ON WEALTH CREATION

MBK Recommendations in Action:

Educate and train industry leaders and elected officials to serve as allies in building a pipeline of talented Black and Latino youth.

- The inclusive model that **SKYLAB**, a programming partner at the Bolling Building, employs through their Educate-Activate-Incubate business Bootcamp and Business Mentoring program supports the MBK mission by providing access to potential entrepreneurs of color.
- Financial literacy education and training are a component of the city's SuccessLink training for Boston youth in the Mayor's Summer Jobs Program.



SPOTLIGHT: MAYOR'S OFFICE OF NEW BOSTONIANS

Immigrants account for roughly 27 percent of Boston's total population. Immigrants may face challenges related to English proficiency, citizenship, employment, and education. Immigrant integration is important catalyst for empowering the foreign born to become active participants in the economic, civic, social, and cultural aspects of the city of Boston.

Proceeds from ONB's We Are Boston Gala, the annual celebration of Boston's diversity, immigrant heritage and contributions, support **English for New Bostonians (ENB)**. ENB, a public-private collaboration founded by the Office of New Bostonians in 2001, increases access to high quality English programs for adult immigrants by providing funding to 25 non-profit organizations in the Greater Boston area, and assists over 1,200 immigrants annually to improve their English proficiency.

The "New Americans Corners" initiative was officially launched on June 16th with the signing of the letter of agreement between USCIS and the Mayor's Office of New Bostonians. These corners, which will be set up in all 24 branches of the Boston Public Library, are meant to serve as information stations for Boston's immigrants and refugees and will offer access to citizenship and other immigration related materials.

In 2015 MONB brought on an Immigrant Integration Fellow to lead the process of transforming the way the office and the City serves and engages the immigrant community. Through the **Immigrant Integration and Empowerment plan** MONB will work with



all City departments to ensure immigrants are included in key decision-making and planning settings and that all policy and programmatic decisions consider the needs of our immigrant residents at every stage.



Equity is a strategic imperative for our economy...it's also essential to achieving a just society.

- Martin J. Walsh, Mayor





**BOSTON HAS THE
GREATEST INEQUALITY IN
HOUSEHOLD INCOME OUT
OF 100 LARGE U.S. CITIES.**

The Annual We Are Boston Gala celebrates diversity, heritage and the contributions of immigrant populations.



ECONOMIC MOBILITY + COMMUNITY STABILIZATION

Economic inequity is a pervasive issue that cannot be solved solely through financial solutions. To interrupt current trends towards greater inequality, the City must support economic mobility and stabilization on the individual, family, and community levels. We must address recurrent issues in education, housing, and re-entry to the workforce in order to impact economic equity.¹

¹ Brookings Institution analysis of 2014 American Community Survey data



ECONOMIC MOBILITY + COMMUNITY STABILIZATION CONDITIONS

Scarce employment and business opportunities and low incomes lead to the accumulation of debt and the lack of opportunities for wealth creation through investments such as home ownership. These problems can compound over years and even over generations, and lead to vast disparities that are correlated with factors such as race and ethnicity. National statistics suggest that households of color have median net worth that is 6-10% the median net worth of non-Hispanic White households.¹ Wealth creation affects intergenerational economic mobility. With rising college costs, families with savings are better able to provide college educations for their children without the burden of crippling student loans. Since wealth creation is correlated with educational attainment, educated parents are better able to afford college for their children. In this way, without policy interventions, disparities in one generation can become magnified in the next.

SOLUTIONS + POLICY INTERVENTIONS

The city affirms the importance of concentrating education, job training, and business development in low-income neighborhoods

1 2013 Survey of Consumer Finances & 2011 Survey of Income and Program Participation, 2008 Panel, Wave 10

to allow for economic mobility on the individual and community levels. In addition, City plans call for over 50,000 units of new housing to ease the demand for housing and improvements in transit access to every neighborhood.²

YouthWorks partners with community based organizations to employ approximately 1,500 youth between the ages of 14 to 21 during the summer months and during the school-year to provide paid work experience in addition to job readiness, mentoring, life coaching and skill development.

The city's **Opportunity Youth** population, youth who are disconnected from school or work, skews heavily toward 20-24 year olds who already have a high school degree – they outnumber dropouts nearly 2.5 to 1. While recognizing the importance of advocating for dropouts and younger youth, the OYC prioritizes serving the larger group of 20-24 year olds who have a high school diploma. Current efforts include opening and expanding a Connection Center (located at Ruggles) to provide case management and connection services for youth.

OWD, Boston Private Industry Council (PIC), and Bunker Hill Community College (BHCC) have come together to pilot the **Getting Connected** program. The pilot works with 125 Boston Public School (BPS) graduates between the ages of 18-24 who attend BHCC. The 12-month program fills a gap in career services by providing personalized career navigation and job preparedness activities, addressing barriers to college completion, and linking youth with employment opportunities to

2 Housing a Changing City: Boston 2030 and GoBoston

MBK BOSTON ON ECONOMIC MOBILITY

MBK Recommendations in Action:

Expand school-community partnerships:

- **Adopt-A-School** initiative will launch formal partnerships with Boston-based businesses in school year 2016 - 2017.
- **Summer Learning Initiative** will serve 10,000 students across 100 sites by summer 2017.
- **Expanded Advanced Work** courses for grades 4-6 beginning the fall of 2016.
- **High School Redesign** continues to engage the community to inform improvements in the BPS curriculum.
- BPS has implemented a recruitment strategy to attract high quality candidates to improve the diversity of BPS faculty and staff.

Collaborate to evaluate and improve housing policies for returning citizens:

- The City of Boston, including the Mayor's Office of Public Safety Initiatives and the Office of Workforce Development, is partnering with **Root Cause** to review available resources, including housing policies, to support returning citizens in Boston.



ensure degree completion and successful job placement.

A new program under the leadership of OWD and the BHA, the **Charlestown Works Center** enrolls 250 public housing residents and connects them to ESOL, adult basic education, and employment and training services. This place-based Jobs Plus Pilot program addresses poverty among public housing residents by incentivizing and enabling employment through income disregards for working families, and a set of services designed to support work including employer linkages, job placement and counseling, educational advancement and financial counseling. These incentives will help foster a culture of work and make working families the norm.

The program has new rent rules and neighbor-to-neighbor outreach—demonstrating how cross-agency partnerships make a difference in the economic prospects of public housing residents. The purpose of the program is to develop locally-based, job-driven approaches to increase earnings and advance employment outcomes through work readiness, employer linkages, job placement, educational advancement technology skills, and financial literacy for residents of public housing.

Awarded by the US Office of Housing and Urban Development, the **CHOICE Neighborhood Grant** links housing with programs that support asset development, employment and education. The target is to assist 209 families with asset building and help them achieve long term economic well being.

Designed to provide a livable wage and career-driven opportunities to a high risk population as an alternative to criminal activity, **Operation Exit** is an intensive training program to prepare participants for an apprenticeship in the Building Trades. Through career readiness and occupational skills training, encompassing classroom, peer to peer mentorship and hands-on learning experiences, Operation Exit provides the knowledge and skills required for participants to apply for and enter into a state-registered Building Trades apprenticeship program. In addition, coordinated case management and placement services assist participants in achieving their career goals. To date, Operation Exit has graduated two successful classes with a total of 30 participants; 25 have been placed in employment opportunities. These are meaningful career opportunities, where participants are able to provide for themselves and their families while charting a path for themselves out of the cycle of poverty and recidivism.

The **CORI Roundtable** brings together representatives of City of Boston departments, community advocates, and re-entry service providers who assist individuals facing barriers to jobs, housing and other opportunities based on their criminal records. The housing and employment subgroup is studying CORI as barrier to housing. This includes reviewing public housing denials of those with a CORI and examining large private housing management company policies.

CONCLUSION



The future of Boston is dependent on how the City addresses economic inclusion and equity. The problem cannot be solved overnight, but the programs outlined here are a beginning. We will continue to work with our partners on the state and federal levels as well as with key stakeholders on economic inclusion and equity to ensure that all Bostonians have access to ladders of opportunity. The Economic Development Cabinet will partner with the Chief Resilience Officer in the development and implementation of Boston's Resilience Strategy as part of 100 Resilient Cities, pioneered by the Rockefeller Foundation. We will work with a broad range of stakeholders to collaboratively identify approaches to advancing economic equity.

Job access, a living wage, financial literacy, and business development all fit together to enable residents to create personal wealth and improved outcomes in economic mobility and community stabilization. City programs mitigate rising inequality and ensure that economic mobility remains possible for all residents. The Mayor's Economic Inclusion Equity Agenda increases coordination among existing programs while providing opportunities for new effective initiatives.



CITY OF BOSTON
Martin J. Walsh, Mayor

