



EXECUTIVE SUMMARY

The Future of Economic Development
for African Americans in the Chicago
Metropolitan Area: The Next Ten Years

February 2008





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The Future of African American Economic Development in the Chicago Metropolitan Area: The Next Decade

and

Chicago Urban League-Nielsen Poll

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In July 2007 the Chicago Urban League embarked on a research study to analyze the impact which African American economic development will have on the city's global economic position over the next decade. Previous studies have raised the importance of this question but few have explored it in detail.

Research from many sources, including *The Global Edge: An Agenda for Chicago's Future*, by The Chicago Council on Global Affairs and the Brookings Institution's *Blueprint for American Prosperity* highlight the pivotal role metropolitan areas will play in the economic future of the nation, and point to an urgent need for policies of inclusion as a strategy for economic growth. For Chicago to retain its competitiveness in an accelerating international race, the city must find ways to nurture the economic potential of all of its communities.

By far the largest source of untapped economic potential in metropolitan Chicago is the 1.1 million African Americans who make up 37 percent of the city's population. Cook County, home to approximately 1.4 million African Americans, has the largest population of African Americans of any county in the United States. While a thriving middle class and professional class exist here, a large economic underclass and substantial numbers of the lower middle class face a threatening economic future caused by lack of access to quality education and good jobs. The financial successes and failures experienced by this labor force over the next ten years are likely to either stimulate Chicago's economic engine, or put brakes on it. This is a report about stimulating economic success.

This study is intended to highlight the need for a unified, coordinated economic development plan for African American Chicago. While this study provides a preliminary roadmap, it is also intended to create dialogue. Solving the economic problems defined here and strengthening the communities in need will bring tangible benefits to the entire region, including:

- increased outside investment
- business proliferation
- rising educational achievement
- higher property values, stabilized neighborhoods

- better jobs closer to underutilized labor
- lower incarceration rates for African American males
- greater tax receipts
- increased tourism
- lower unemployment and heightened workforce productivity

In this study, the importance of investing in underserved communities is more about driving regional prosperity than assessing social problems. The argument we make here is not that the city should rescue its economic underclass, but rather that the city, her leaders and regular Chicagoans need to align behind policies and practices that enable prosperity for both African Americans and for the region as a whole. The levers to that broader prosperity are neither prohibitively expensive nor politically out of reach.

The precise path of economic development over the next decade cannot be known, of course, but we can better prepare ourselves for what may come by developing strategies to succeed across a wide range of possibilities. To better understand how African Americans will fare in the city's global future, the Chicago Urban League employed a widely-used business strategy tool known as scenario-planning. Scenario-planning enables organizations to prepare for the future by helping them anticipate ways change may unfold. To this end, the Chicago Urban League consulted Global Business Network, a premiere scenario-planning firm which has developed strategies for clients ranging from the World Bank to the California Energy Commission to the City of Newark. To generate the scenarios, Chicago Urban League and GBN conducted three focus groups consisting of thought leaders drawn from Chicago's business, academic, government and civic institutions. The focus groups provided initial insights about four very different possible futures for Chicago. These four scenarios are detailed within this document. The focus groups also identified the most critical drivers of change for African Americans. Those drivers are:

- Access to and improvements in quality education
- Support for African American entrepreneurs with access to investment capital
- Improvement in workforce development
- Skillful management of globalization trends
- Enhancement of political alliances
- Changes in perceptions of the Black community (internal and external)
- Retention of community resources (people and institutions)

As a companion research piece to complement the insights from the scenario study, the Chicago Urban League commissioned the Nielsen Company to conduct a poll of African Americans on perceptions of their economic future.



Combining the results of this Chicago Urban League-Nielsen Poll with the insights from the focus groups, the Chicago Urban League has developed a sharp picture of the opportunities and obstacles facing African American economic development.

Two key drivers of change emerged: Educational Achievement and Entrepreneurial-Workforce development. Education is critical because it is a strong determinant of individual and family income and a powerful predictor of personal success in an increasingly competitive economy. Economic Entrepreneurship is essential because it is a primary source of jobs in African American communities and its significance has traditionally been underestimated by policy analysts. Workforce development is critical because consistent employment, wage levels and quality of work can undermine or strengthen families, schools and communities.

This nexus is critical to Chicago Urban League's finding that a key to unlocking the puzzle of inner city poverty is that improvement in Educational Achievement and in Entrepreneurial-Workforce development must happen simultaneously and in a complementary manner, both in the short term and the long term. While many previous studies have called for educational reforms, and many more have called for economic stimulus, the notion that education must precede increased success in economic development has the effect of overlooking important family stability issues in the adult population that undermine the foundation for successful education of children. Children are indeed the future, but they grow from family conditions of today. Children who live in conditions of poverty and unstable home environments made so by unemployment or underemployment often do not have the kind of support they need to truly benefit from educational opportunity. Emotional challenges, lack of proper schooling, and experiences in unsafe environments undermine the fragile combination of curiosity, determination, and encouragement that underlie academic achievement.

Respondents to the Chicago Urban League-Nielsen Opinion poll recognize this quite clearly. 85% named a "stable home environment" as the most important factor in determining how well a child does in school, and 20.3% (the largest bloc) selected "inattentive parents" as the main barrier to kids in their community achieving a high school diploma. Understanding the personal views held by African Americans of their economic future and how these problems play out in their daily lives provides valuable feedback that Chicago Urban League used to frame the problems and solutions.

It is the hope of the Chicago Urban League that all who read the study are inspired to think about the future, discuss its implications, and use any insights and inspirations to contribute ideas that will make Chicago a better city for all of its residents. The initiatives that we endorse here are offered in a collaborative spirit. Many of them reflect policies that are already being advocated by other

organizations. To these we lend our support. For other initiatives, Chicago Urban League will take the lead and we ask the support of our friends and partners, both old and new. Though this report is focused on African American economic potential, the Chicago Urban League understands that economic growth for Chicago's African American community is supported by connections to all of Chicago's residents. It is with this positive and mutually beneficial intent that this report is being shared.

This brings us to a core question; perhaps the most important question. Will the city, its leadership, its African American citizenry, and its private sector and civic community find the know-how, the political will, and the resources to address its economically lagging communities? These are the most critical questions facing Chicago as it moves forward into this crucial decade. The Chicago Urban League believes that this study points the way to solutions.

Below are summaries of the four future scenarios developed, results of the Chicago Urban League-Nielsen Poll, and policy endorsements and recommendations made by the Chicago Urban League to address the economic development needs of African Americans. We hope that this study will inspire our present partners and friends to continue their great work, and we hope it will inspire others to join us as we go forward with a clearer understanding of what Chicagoans must do together to make our collective future a more prosperous one.

Summary of the Scenarios

FOUR DIFFERENT POSSIBLE FUTURES FOR CHICAGO ARE:

- A) A world in which Chicago makes solid investments and improvements in its public education, but does not have increasing resources to put into workforce or entrepreneurial development. Business remains in old growth sectors with little growth in new sectors benefiting Chicago's African American community, resulting in a slow exodus of the middle class.
- B) A world in which Chicago makes growing investments in its public education system with good results. The City also finds support for developing its workforce and attracts investment, entrepreneurs and energy. These coordinated strategies pay off. Chicago's African American community participates and benefits from the growing opportunities, generating renewal in traditional and new neighborhoods, strengthening their economic power and the city's overall economic output.

- C) A world in which Chicago is unable to increase investments in its public education system and sees further decline. Workforce quality declines and the environment for entrepreneurs and investment goes sour. Chicago's African American community declines in number and splits between an inner city poor and a suburban middle class. High rates of poverty and incarceration persist.
- D) A world in which Chicago puts a priority on economic growth and attracting global investment. It fails to improve its public education system, being satisfied with serving only the best and brightest. Chicago's African American population declines as others move in. A core of the talented and wealthy remains in the city with the very poor, but the middle class shrinks dramatically.

Chicago Urban League-Nielsen Poll of African Americans

Summary of Findings:

Outlook:

- African American Chicagoans have a very positive outlook on their own future. Nearly three-quarters (73.4%) feel that ten years from now they will be better off than their parents were. About 14% indicated they would probably be in about the same position as their parents and 9% believed they would be worse off.
- African-American Chicagoans take responsibility for their own role in their economic future. When asked who they believe is responsible for their economic success, 63.9% answered "African Americans themselves." But they also see a need for tools to achieve that success.

Education

- Education is a strong and recurrent theme in connection to achieving a strong economic future:
- 54% named "education" as the most important factor in getting a good job.
- But confidence in public education is low. Only about 25% agreed that the public education system provides a quality education to all students. Nearly 45% disagreed.

Entrepreneurship and Jobs

- Entrepreneurship and worker supports were strong and recurrent themes in connection to achieving a strong economic future:
- 36.3% identified a need for more bank investment in African American businesses and 22.1% called for more training of entrepreneurs. 52.7% of respondents said they would like to start a business in their community if barriers for start-ups were lowered.
- 79% said they would like to provide goods or services if the Olympics come to Chicago.

Role of Family and Home:

The importance of the family and home environment to economic and educational success ranked highly:

- A stable home environment was cited by 85% as the most important factor in a child's academic growth.
- 20.3% named "inattentive parents" as a main barrier to kids in their community achieving a high school diploma.

Reducing Crime and Incarceration

- More than 75% say mandatory drug treatment instead of jail time for non-violent offenders would help.
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- 68% say laws that reduce or eliminate barriers for ex-offenders to obtain public assistance, public housing, or certain jobs would help communities.

Summary of Priority Policy Responses

What follows is a short list of priority policy responses and strategies that Chicago Urban League endorses that will help steer the city and its African American community to economic success in any future that may emerge. Some of the responses here represent areas of work where other organizations are already engaged. Others represent areas where Chicago Urban League is currently engaged, or is prepared to commit resources and provide additional supports immediately, working alone or through partnerships.

1. *Increase state-paid percentage of public school funding, raise per pupil funding to foundation level or higher, and reduce reliance on property tax to bring about greater suburban-city funding equity.*
2. *Expand and deepen public-private collaborations between Chicago Public Schools and businesses, including direct partnerships that align students, workforce education and jobs in growth sectors of economy. Support CPS in developing more career academies that are market driven, with strong industry connections and recognized credentialing curriculum that prepare students for college or work.*
3. *Strengthen math and science curricula by providing incentives to math and science degree-holders to teach in urban schools; continue to strengthen pre-K education.*
4. *Increase teacher training and principal training, work more closely with universities to attract advanced degree-holders to teach in urban environments; raise pay for effective teachers in high-need schools and subject areas.*
5. *Build neighborhood support of schools and increase student and school performance by aggressively expanding parental engagement initiatives, parental supports and community schooling programs.*
6. *Establish a Chicago Mind Trust that offers privately-funded fellowships to education entrepreneurs who develop initiatives that transform educational quality.*
7. *Substantially increase availability of contextualized learning programs that improve math and reading skills while providing critical work-training; provide direct financial support to help community college students with transportation, books, child care, etc.*
8. *Strengthen state and local economic incentives that encourage businesses to locate in high-poverty census tracts and/or near affordable housing and public transport.*
9. *Create new mezzanine financing products that are guaranteed by government and funded, in part, by minority participation, and used to strengthen and support the growth of small, minority-owned businesses.*

10. *Include a mentor-protégé component to all government contracts and financing that exceed a specified threshold. Require winning bidder to participate with a small business in a related field.*
11. *Create inter-governmental response team that serves as client relationship managers who streamline access to governmental services and financing for businesses and investment community. Raise minority workforce and business participation goals on large capital projects such as the Olympics, provide more apprenticeships for minorities, particularly in construction.*
12. *Engage churches as equity partners in creating investment pools to finance start-ups and business expansion. This can work with urban infrastructure bank, as identified in National Urban League's Opportunity Compact, using federal bonds to rebuild schools, streets, community centers, and other employment-generating work in low-income neighborhoods.*
13. *Attract new corporate investment by branding Chicago worldwide as business-friendly metropolis and epicenter of African-American entrepreneurial dynamism.*
14. *Expand and proliferate business incubators similar to Chicago Urban League's Entrepreneurship Center. Use CUL as convener among businesses, pension funds, venture capital firms, universities, and civic institutions to develop strategies for investing in targeted initiatives.*
15. *Create formal business networks to facilitate joint ventures between minority enterprises and majority firms.*
16. *Invest in and support improvements in media imagery of African Americans through black-owned media properties.*
17. *Expand "no-entry" options for juveniles (such as Juvenile Intervention and Support Center); increase funding to local communities to rehabilitate at-risk juveniles (Redeploy Illinois). Mandate treatment rather than jail for non-violent offenders, and build closer partnerships between government, employers, community colleges and community-based organizations to oversee assistance for ex-offenders.*

18. *Build on dedicated and comprehensive programs supporting African American males, such as Chicago Urban League's Initiatives for African American Males (I AM).*
19. *Tighten links between employers and local universities by funding new local scholarships and creating school to work pathways to retain exceptional students.*
20. *Increase Chicago Urban League's role as a convener between philanthropic, government, private sector and civic stakeholders to coordinate inclusive and equitable policies in education, workforce and entrepreneurship.*



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