

Inclusive Economies Program: Indicators and Metrics Report

Surdna Foundation

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I. Introduction

In September 2018, the Surdna Foundation (Surdna) launched its recently refined Inclusive Economies (IE) Program, formerly known as Strong Local Economies, which refocused the program's strategies to "fully address issues of race and participation in the current economic structure."ⁱ Following the launch of the revised program, Surdna's IE Team engaged in a thorough process to develop an evaluation framework consistent with the program's new strategies.

This report outlines a set of program indicators that will be used to help the IE Team track progress towards an inclusive and equitable economy and program metrics that will be used to measure the impact of the program's grantmaking.

a. Overview – Inclusive Economies Program

IE has two core strategies for affecting change: Business Start-up and Growth and Equitable Economic Development, with five targeted interventions that direct the program's grantmaking investments. In Business Start-up and Growth there are three interventions: (1) Increase Access to Capital; (2) Reform Procurement Practices; and (3) Improve Business Support Systems. In Equitable Economic Development there are two interventions: (1) Shift the Practice of Economic Development and (2) Advocate for Stronger Labor Standards. Through these five interventions the IE Program seeks to advance three broad outcomes: (1) Expand access to quality jobs; (2) Build income and wealth; and (3) Elevate community voice in decision-making.

Business Start-up and Growth Interventions

Increase Access to Capital will support work that changes the ways investment decisions are made so that there is less racial bias against firms led by people of color.

Reform Procurement Practices will support efforts to shift procurement policies and practices within large institutions and government agencies towards more inclusivity, so that firms owned by people of color have more opportunities to generate revenue and scale operations.

Improve Business Support Systems will fund efforts to increase the quality and size of the ecosystem that supports business owners and entrepreneurs of color.

Equitable Economic Development Interventions

Shift the Practice of Economic Development will fund efforts that increase transparency and accountability in local economic development practices.

Advocate for Stronger Labor Standards will support advocacy and capacity building efforts for stronger labor laws and policy change within the public and private sector.

b. The Role of Indicators and Metrics

The terms "metrics" and "indicators" are defined and used in many different ways that vary across sectors, frameworks, and organizations. Recognizing this, IE has adopted its own definitions and uses for these terms.

Indicators help IE understand the scale and direction of change in the economy in relation to the program's desired outcomes. They are used to help tell a story of how inclusive the economy is (or is not) at a national, regional, or local scale. Indicators can also be used to inform grantmaking.

Metrics help IE capture and understand the impact of its grantmaking. They are used to evaluate both the outputs and outcomes of individual grants.

II. Methodology

In September 2018, Surdna engaged Estolano LeSar Advisors (ELA) to assist with the development of indicators and metrics for the IE Program. Together, they undertook a comprehensive, three-phase process that included research, stakeholder engagement, and internal refinement.

a. Research

At the onset of the indicator development process, ELA conducted a landscape analysis to gain a better understanding of how indicators were being used throughout the field of inclusive economic development. ELA reviewed 20 frameworks created by local governments, research institutions, and foundations that included indicators relevant to IE's five strategic interventions and three desired outcomes and used this research to draft an initial set of indicators that was refined through the stakeholder engagement process with Surdna's key thought partners.

City/Regional Government Indicator Frameworks

1. The Determinants of Equity – King County, WA
2. Minnesota Saint Paul (MSP) Regional Indicators Dashboard – Minnesota-St. Paul, MN
3. Pittsburgh Equity Indicators – Pittsburgh, PA
4. Inclusive Prosperity Dashboard – Washington D.C. Office of the Deputy Mayor for Planning & Economic Development (DMPED)
5. Reimagining the Civic Commons – The JPB Foundation, Knight Foundation, The Kresge Foundation, and The Rockefeller Foundation

Research Groups/Institutions Indicator Frameworks

1. The Anchor Dashboard – The Democracy Collaborative at University of Maryland
2. Green Metrics: Common Measures of Sustainable Economic Development – International Economic Development Council (IEDC)
3. Improving Government Vendor Diversity – Government Performance Lab at Harvard Kennedy School
4. Inclusive Development Index – World Economic Forum
5. Inclusive Growth (IG) Monitor – Inclusive Growth Analysis Unit at University of Manchester
6. Metro Monitor - Brookings Metropolitan Policy Program
7. National Equity Atlas – Program for Environmental and Regional Equity (PERE) at University of Southern California(USC), PolicyLink
8. Opportunities for All – Organisation for Economic Co-operation and Development (OECD)
9. Prototyping Equity – Equitable Innovation Economies Initiative by Pratt Center, Urban Manufacturing Alliance, PolicyLink
10. Redefining Economic Development Performance Indicators for a Field in Transition – Center for Regional Economic Competitiveness (CREC)

Foundations Indicator Frameworks

1. Accelerating Pathways Youth Economic Strategy (YES) Index – Citi Foundation
2. Inclusive Economy Indicators – USC PERE, Everett Program (Rockefeller Foundation)
3. LA2050 Initiative – Goldhirsh Foundation
4. Measuring an Entrepreneurial Ecosystem – Kauffman Foundation
5. Strong Communities Program: Community/Economic Development – Polk Brothers Foundation

b. Stakeholder Engagement

ELA sought the expertise of Surdna's grantees, peer funders, and leading inclusive economies researchers to help test and refine program indicators and metrics. The stakeholder engagement process consisted of 10 individual interviews with key thought partners; one four-hour focus group with 10 grantees; one four-hour roundtable with nine peer funders; and one two-hour video conference with two peer funders. The following individuals provided invaluable feedback and insights to the indicators and metrics development process.

Interviews

1. Ted Archer, JP Morgan Chase
2. Melissa Bradley, Project 500
3. Maureen Conway, Aspen Institute
4. Gary Cunningham, MEDA
5. Wendy Jackson, The Kresge Foundation
6. Greg Leroy, Good Jobs First
7. Emily Garr-Pacetti, Federal Reserve Bank of Cleveland
8. Chantel Rush, The Kresge Foundation
9. Scot Spencer, Annie. E. Kasey Foundation
10. Jennie Vader, digitalundivided
11. Jess Zimbabwe, National League of Cities

Grantee Focus Group

1. Gary Cunningham, MEDA
2. Mercedes Gibson, Greenlining Institute
3. Amanda Joseph, Opportunity Finance Network
4. Thea Lee, Economic Policy Institute
5. Greg LeRoy, Good Jobs First
6. Elmer Moore, Greater Milwaukee Committee
7. Jeffrey Robinson, Rutgers Business School
8. Sarah Treuhaft, PolicyLink

9. Kate Venezia, digitalundivided
10. Jess Zimbabwe, National League of Cities

Peer Funder Roundtable

1. Manuela Buran, Andrus Family Fund (subset of Surdna Foundation)
2. Jeanique Druses, JP Morgan Chase
3. Demetric Duckett, Living Cities
4. Rachel Korberg, The Rockefeller Foundation
5. JaNay Queen Nazaire, Living Cities
6. Emily Garr-Pacetti, Federal Reserve Bank of Cleveland
7. Otis Rolley, 100 Resilient Cities
8. Natalie Self, Kauffman Foundation
9. Miljana Vujosevic, Prudential

Peer Funder Video Conference

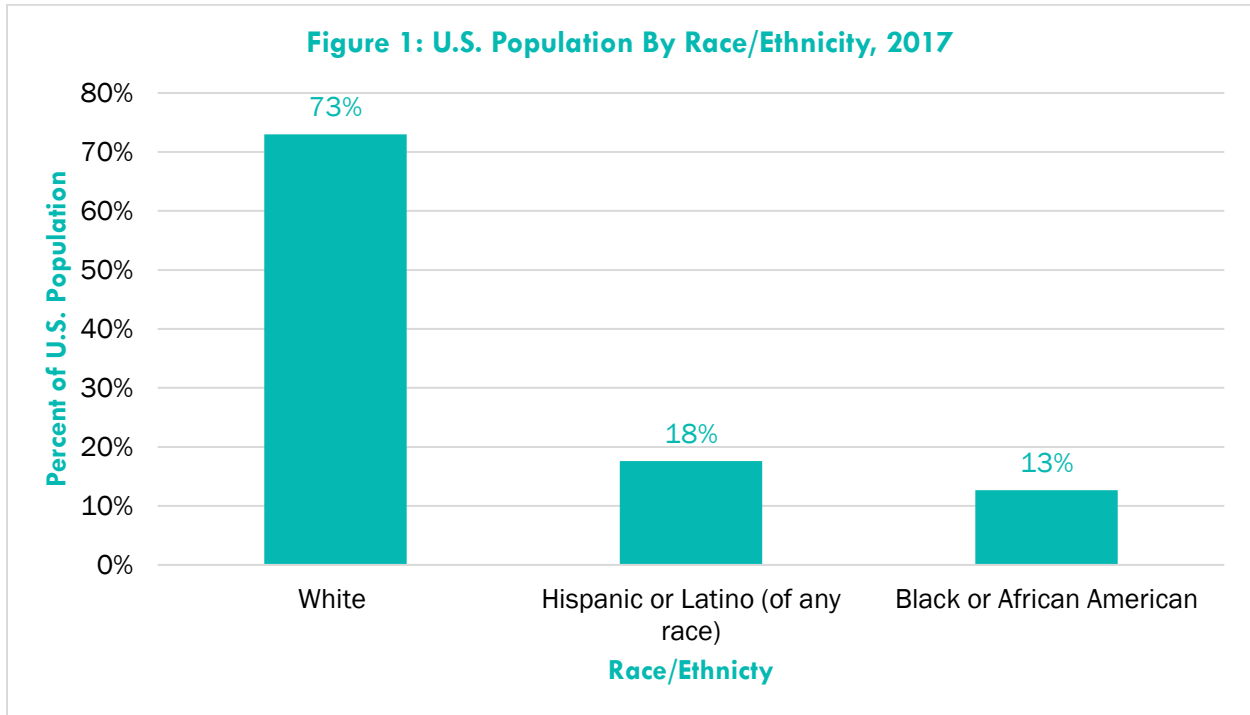
1. Chantel Rush, The Kresge Foundation
2. Scot Spencer, Annie. E. Casey Foundation

c. Internal Refinement

After the completion of the stakeholder engagement phase, the IE Team engaged in a two-day long retreat to reflect on the research findings, preliminary recommendations, and stakeholder input received for program indicators and metrics and to align internally on the vision and execution of the refined IE Program. The IE Team named and connected the assumptions underlying the two strategies of Business Start-up and growth and Equitable Economic Development and defined the types of initiatives the program grantmaking would support under each strategy. They tested the proposed indicators against IE's theory of change and used this analysis to select a final set of indicators and metrics that are most important and relevant to the work they plan to engage in and the results they hope to see. The refined draft indicators and metrics were then presented to Surdna's internal working group and the IE Board Committee for their feedback.

III. Overview: IE Indicators

There are 12 IE Indicators that are organized according to the three desired outcomes of the IE Program: (1) Expand access to quality jobs; (2) Build income and wealth; and (3) Elevate community voice in decision-making. Because progress towards an inclusive economy requires that economic mobility happen in concert with reductions in disparities between racial groups, the **IE indicators assess disparities between White people and people of color in the United States**. The following figure shows the representation of White, Black, and Hispanic in the United States population.



Primary Indicators and Pilot Indicators – The indicator framework distinguishes between two types of indicators based on the data collection effort required. Primary indicators have reputable, consistent, and currently available data that can be disaggregated by geography and race, such as Median Household Income. However, to more fully capture the story that IE seeks to tell, the indicator framework includes pilot indicators that are not currently being tracked consistently by a singular entity but are important for IE to understand, such as Jurisdictions with Paid Sick Leave and Fair Workweek Policies. Pilot Indicators are denoted with an asterisk (*) in Table 1.

Defining and Focusing on Quality Jobs – IE seeks to support greater accountability and higher labor standards in the public and private sectors through efforts such as increasing representation in decision-making and advocacy for better practices and policies. Quality jobs offer living wages, benefits (e.g. health insurance, paid time off), and provide protections for employees (e.g. fair scheduling). Without a comprehensive “quality jobs” data set readily available, the three IE Indicators measure worker earnings and the adoption of key worker protection policies to track the growth of quality jobs.

Building Income and Wealth – IE believes that benefits accrued by one group within a community will also accrue to others, so increasing wealth amongst entrepreneurs of color inheres benefits to community of colors. Indicators within this section measure inputs that are essential to business success (e.g. Confidence in Securing Financing) and desired outcomes (e.g. Median Household Income).

The following table summarizes the proposed primary and pilot indicators. Pilot indicators are identified with an asterisks (*) at the end of the title. This report presents the program indicators, with a brief description of the data point, why it is an important indicator, the data source, and the most recent indicator data.

Table 1: Indicator Summary Table

EXPAND ACCESS TO QUALITY JOBS

Increasing the number of jobs with family-supporting wages, benefits, and worker protections helps working families to more fully participate in the economy.

- 1 Median Weekly Earnings
- 2 Average Salary in Minority-owned Businesses
- 3 Jurisdictions with Paid Sick Leave and Fair Workweek Policies*

BUILD INCOME AND WEALTH

Increasing income and wealth for business owners of color increases their economic and political influence within the current economic system.

- 1 Median Household Income
- 2 Minority Business Enterprise (MBE) Revenue by Race and Gender
- 3 MBE Profitability
- 4 Source of MBE Financing
- 5 MBE Confidence in Securing Financing
- 6 Entrepreneurs of Color Participation in Accelerator Programs*

ELEVATE COMMUNITY VOICE IN DECISION-MAKING

Increasing the representation of diverse and progressive community voices in decision-making increases government accountability and improves economic outcomes for communities of color.

- 1 Diverse Public Sector Representation*
- 2 Regional Economic Policy Transparency
- 3 Trust in Government (Voter Participation)*

IV. Indicators: Expand Access to Quality Jobs

Expanding access to quality jobs focuses on improving the quality of jobs and increasing the number of jobs that are considered good quality jobs. The implementation of higher labor standards and policies such as increased minimum wage, fair scheduling, and paid sick leave are key to creating quality jobs.

1. Median Weekly Earnings

This indicator measures the earnings of wage and salary workers before taxes and deductions, and includes any bonuses, overtime pay, tips, or commissions, usually received. It excludes those who are self-employed.

Why it Matters

It is important to distinguish income from earnings, since income includes money received from non-wage sources such as interest, dividends, gifts, and assistance. Measuring earnings is important in understanding the ability of workers to support themselves through their work. In an equitable economy, there is parity in compensation for workers across race and ethnicity, holding constant factors, such as education level and experience.

Recent Data

2018 Median Usual Weekly Earnings, Current Dollars – Annual Averages, Not Seasonally Adjusted Full-Time Workers, Not Self-Employed, 25 years and over, All Industries, All Education Levels

U.S. Bureau of Labor Statistics, Weekly and hourly earnings data from the Current Population Survey

Table 2: Median Usual Weekly Earnings, Dollars

	Black or African American	Hispanic or Latino (of any race)	White
Men	775	755	1064
Women	683	644	857

2. Jurisdictions with Paid Sick Leave and Fair Workweek Policies*

This indicator measures the number of jurisdictions that have adopted [paid sick leave](#) and comprehensive [fair workweek](#) policies.

Why it Matters

Comprehensive fair workweek polices ensure that hourly employees have healthy, predictable schedules, flexibility in scheduling, and access to full-time work.ⁱⁱ Paid sick day policies provide workers with paid time off to care for their health and the health of their families. These policies offer greater protections for low-wage workers and help create an economy where working families thrive.ⁱⁱⁱ

Recent Data

Paid Sick Leave: [National Partnership for Women and Families](#)

Fair Workweek: [Economic Policy Institute](#)

Table 3: Jurisdictions with Paid Sick Leave and Fair Workweek Policies

	Cities	Counties	States
Paid Sick Leave	<u>California Cities</u>	1. Cook County, IL	1. Arizona
	1. Berkeley	2. Montgomery County, MD	2. California
	2. Emeryville	3. Westchester County, NY	3. Connecticut
	3. Los Angeles		4. District of Columbia
	4. Oakland		5. Massachusetts
	5. San Diego		6. Maryland
	6. San Francisco		7. New Jersey
	7. Santa Monica		8. Oregon
	<u>Other Cities</u>		9. Rhode Island
	8. Chicago, IL		10. Vermont
	9. Duluth, MN		11. Washington
	10. Minneapolis, MN		
	11. Saint Paul, MN		
	12. New York City, NY		
	13. Philadelphia, PA		
	14. Pittsburgh, PA		
	15. Austin, TX		
	16. San Antonio, TX		
	17. Seattle, WA		
	18. Tacoma, WA		
Fair Work Week	1. Emeryville, CA		1. Oregon
	2. New York, NY		
	3. San Francisco, CA		
	4. San Jose, CA		
	5. Seattle, WA		

3. Average Salary in Minority Owned Businesses

This indicator measures the average salary of workers employed by minority-owned firms. It is calculated by dividing the total payroll amount for firms (in dollars) by the total number employees. The data is disaggregated firm size: 1-4 paid employees, 5-9 paid employees, 10-19 paid employees, 20-49 paid employees, and 50-500 paid employees. Paid employees can be full-time or part-time.

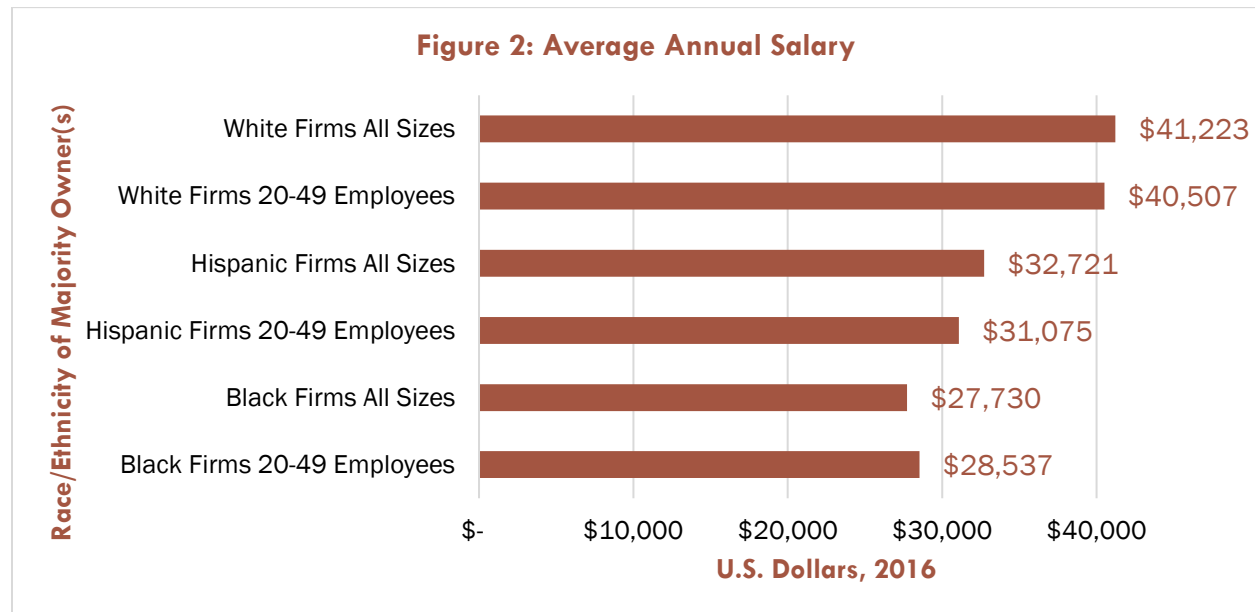
Why it Matters

Salary is one component of evaluating job quality. The number of jobs created by minority-owned firms means little without knowing if those jobs are good quality jobs that pay people a living wage or higher. Building on the assumption that businesses led by people of color are more likely to hire people of color, it is important for Surdna to look at these jobs' wages.

Recent Data

Statistics for U.S. Employer Firms by Sector, Gender, Ethnicity, Race, Veteran Status, and Employment Size of Firm for the U.S., States, and Top 50 MSAs: 2016

U.S. Census Bureau, [2016 Survey of Entrepreneurs](#)^{iv}



V. Indicators: Build Income and Wealth

1. Median Household Income

This indicator measures the sum of money received by all members of a household who are 15 years old and over.

Why it Matters

Median household income is a widely accepted measure of economic inequality within inclusive economies frameworks. Since household income includes non-wage earnings, it can serve as a proxy for measuring the combination of wage-income and wealth. This is important especially for entrepreneurs of color who often face barriers to scaling their business due to lower wealth levels.v

Recent Data

Median Income in the Past 12 Months (in 2017 Inflation-Adjusted Dollars), One-race households
U.S. Census Bureau, [2013-2017 American Community Survey 5-Year Estimates](#)

Table 4: Median Household Income, 2017 Dollars

Black Households	Hispanic or Latino Households (of any race)	White Households
38,183	46,627	61,363

2. Confidence in Securing Financing

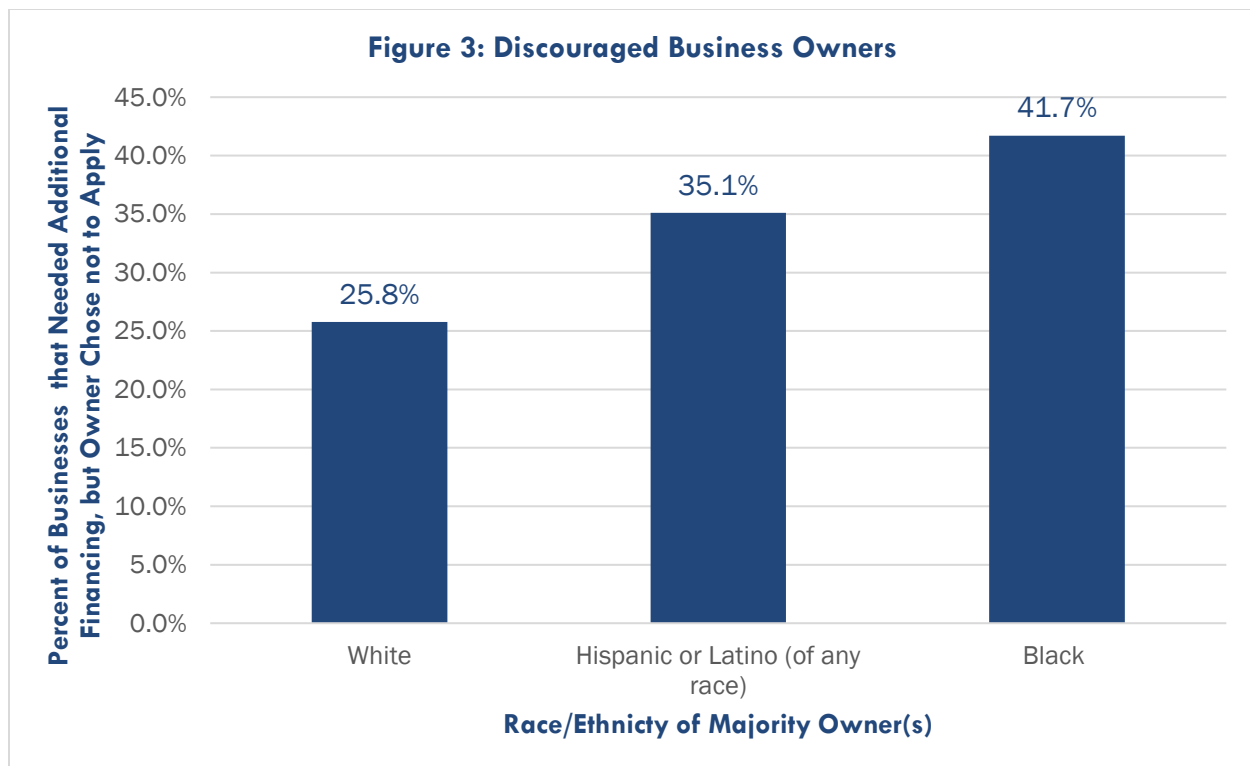
This indicator measures the percentage of entrepreneurs of color that needed additional financing but did not apply because they did not think their business would be approved by a lender.

Why it Matters

This indicator reflects the perceived and experienced fairness in accessing business capital. Entrepreneurs of color face numerous barriers to accessing the capital necessary to grow their businesses. They are more likely to be denied business loans and to be charged higher interest rates on the loans they do receive. Many business owners become discouraged and forego applying for additional financing due to fear of rejection.

Recent Data

Statistics for U.S. Employer Firms by Reasons for Avoiding Additional Financing by Sector, Gender, Ethnicity, Race, Veteran Status, and Years in Business for the U.S., States, and Top 50 MSAs: 2016
U.S. Census Bureau, [2016 Annual Survey of Entrepreneurs](#)



3. MBE Revenue Size

This indicator measures the total sales, shipments, receipts, revenue, and business done by businesses owned by people of color.

Why it Matters

Entrepreneurs of color often go in to industries with low barriers to entry and low growth potential. Tracking the number of businesses owned by people of color that have an annual revenue of \$1 million or more can measure progress towards increasing income and wealth for business owners of color. While revenue does not necessarily reflect a business' sustainability, it does help indicate scale of operations. Revenue is most meaningful when paired with profitability.

Recent Data

Statistics for U.S. Employer Firms by Sector, Gender, Ethnicity, Race, Veteran Status, and Receipts Size of Firm for the U.S., States, and Top 50 MSAs: 2016

U.S. Census Bureau, [2016 Annual Survey of Entrepreneurs](#).

There are over 5.3 Million firms in the U.S. that are classifiable by race, gender, ethnicity, race and veteran status. Of these 5.3 Million firms, a quarter of them have a revenue size that is \$1 Million or more. They can be referred to as "High Growth Firms."

Figure 4: Breakdown of All High Growth Firms by Race/Ethnicity

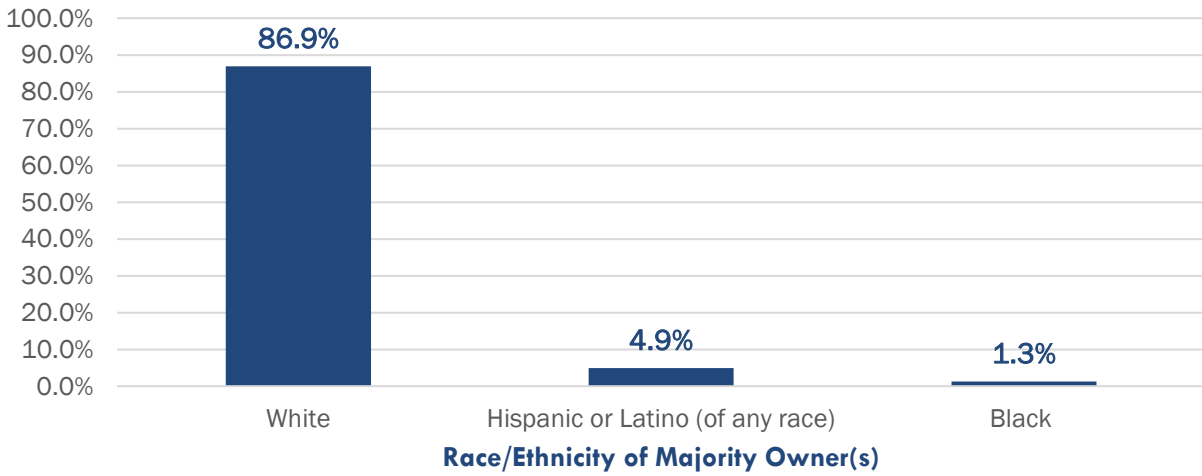
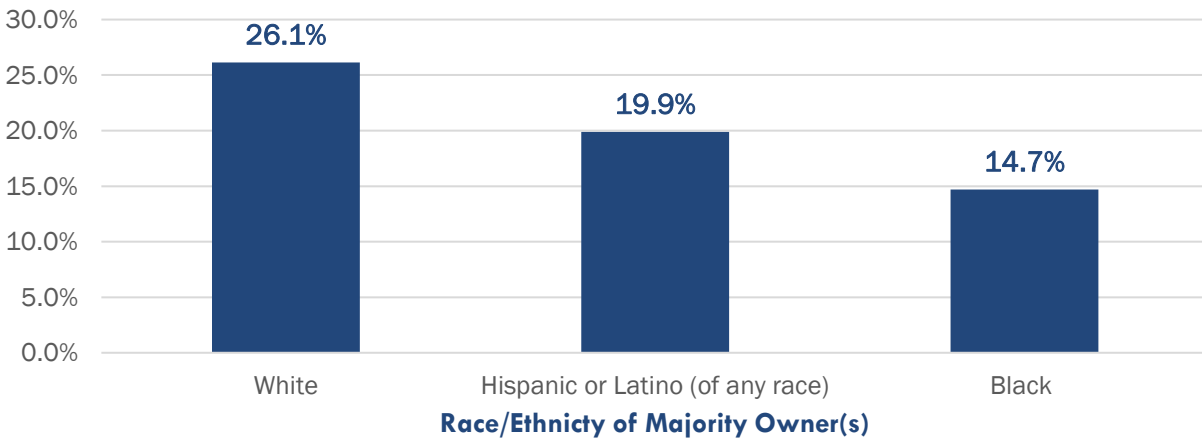


Figure 5: Comparison of High Growth Firms Within Each Racial/Ethnic Group



4. MBE Profitability

This indicator captures the number of businesses owned by people of color that are operating at a loss, operating at a profit, or breaking even.

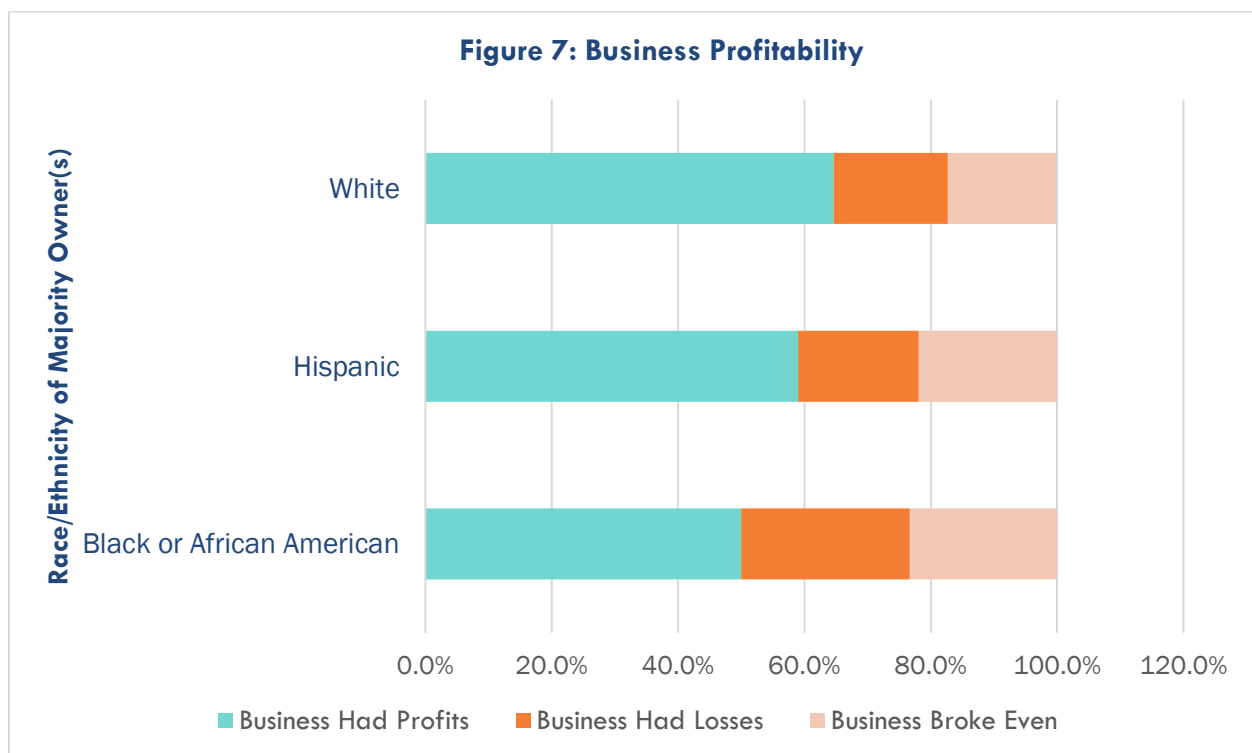
Why it Matters

Profitability is an important indicator to understand the health of a business owned by an entrepreneur of color. It is particularly informative when paired with revenue data. Profitability indicates if a business can sustain itself and grow.

Recent Data

Statistics for U.S. Employer Firms by Profitability of the Business by Sector, Gender, Ethnicity, Race, Veteran Status, and Years in Business for the U.S., States, and Top 50 MSAs: 2016

U.S. Census Bureau, [Annual Survey of Entrepreneurs](#)



5. Source of MBE Financing

This indicator measures the percentage of businesses owned by people of color that are receiving some financing (loans or lines of credit) from large banks, small banks, and online lenders.

Why it Matters

This indicator highlights disparities in how the financial ecosystem is serving business owners of color. While Black, White, and Hispanic business owners apply to large banks at nearly the same rate, the rates of approval for Black and Hispanic business owners is much lower than their White counterparts.

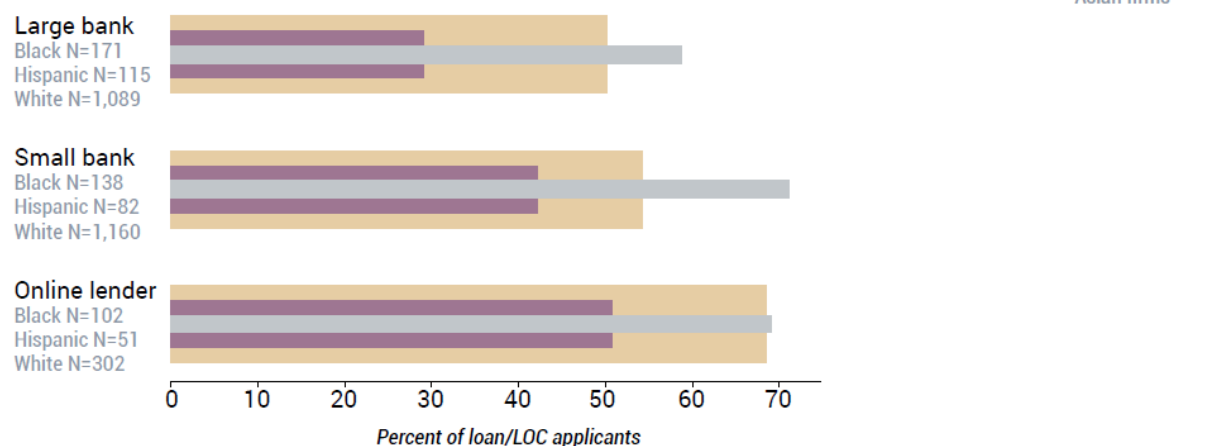
Recent Data

Federal Reserve Banks, [2016 Small Business Credit Survey: Report on Minority-Owned Firms](#)

Figure 7: Percentage of Firms Receiving Some Financing by Source (Federal Reserve Banks)

Hispanic- and black-owned firms reported the highest approval rates at online lenders.

SHARE RECEIVING AT LEAST SOME FINANCING BY SOURCE



6. Entrepreneurs of Color Participation in Accelerator Programs*

This indicator measures the number and percent of entrepreneurs of color who have graduated from an incubator program that get into accelerator programs.

Why it Matters

Incubator and accelerator programs are key components of the entrepreneurial ecosystem. Incubators are for companies at the idea-stage and accelerators take the company's business model to the next level, with financial investment and access to a tremendous amount of resources that help them refine and strengthen their business models. Getting into an accelerator program is an important next step for entrepreneurs graduating from an incubator. However, the rate of participation of entrepreneurs of color in accelerator programs is very low. This is due to a lack of representation within accelerator leadership and a lack of transparency in admission criteria. This makes it easier for investors to pattern-match, which results in continued investment in White male entrepreneurs.

Recent Data

To be developed, likely via surveys of accelerators and incubators. Initiative for a Competitive Inner City (ICIC) is one organization that currently collects this data on a contract basis.

VI. Indicators: Elevate Community Voice in Decision-Making

Increasing the representation of diverse communities of color and strengthening the voices of communities of color in the democratic process are necessary to redirect the use of public dollars to create beneficial outcomes for communities of color.

1. Diverse Representation in Government Leadership*

This indicator measures the representation of people of color, women, and other marginalized communities in decision-making roles within the public sector. This could include those serving (a) on boards and commissions; (b) agency leaders; and/or (c) elected officials.

Why it Matters

Capturing diversity in the public sector is a proxy for the creation of more inclusive government. Increasing representation of communities of color in decision-making roles can help shift the practice of economic development to advance policies that better serve communities of color. Local boards and commissions, both appointed and elected, hold a great deal of influence over government policies and practices that help shape the economy and affect IE's priority communities. To help push cities towards greater inclusivity and accountability, it is imperative that local/regional boards and commissions, local/regional agencies, and elected officials reflect the diversity of the region, and especially the interests of marginalized communities.

Recent Data

To be developed. Collecting this data may be cumbersome depending on the jurisdiction. The data could come from city agencies or collected by local organizations. Minneapolis, for example, conducts a biennial [diversity survey](#) for 18 of the City's development and general advisory boards. The Center on Policy Initiatives, in partnership with the San Diego Leaders coalition, conducted a recent [diversity study](#) of five local boards and commissions.

2. Regional Economic Policy Transparency

This indicator assesses the transparency of state and local economic development subsidies.

Why it Matters

States and cities struggle to be transparent in disclosing information about economic development subsidies and their outcomes. Communities need access to information about public investment decisions, particularly economic development investments, so they can better organize, mobilize, and shape policies, decisions, and outcomes. This indicator indirectly captures advocacy activity as the process-reforms that result in increased government transparency, are usually won through community organizing efforts. This data is captured at the state level, although the data is now a bit outdated, and at the local level.

Recent Data

Local Rankings: Good Jobs First, [Show Us the Local Subsidies](#), 2017. This report analyzes 85 major economic development incentive programs across the 50 largest cities and counties in the U.S. This study was previously conducted in 2013. Good Jobs First found that localities in New York and the city of Austin, TX have good transparency practices, but "fifty programs from 30 localities have no

accessible disclosure of subsidy programs." Table 5 presents the five most transparent localities; Table 6 presents the five least transparent localities; and Table 7 lists the localities with no disclosures.

State Ranks: Good Jobs First, [Show Us the Subsidized Jobs Report](#), 2014. This report ranks states by their economic disclosure practices, but data has not been updated since 2014. Table 8 lists the state rankings.

Table 5: Localities with Most Transparent Programs

Location	Kind of Government	State	Program	Score
New York	City	NY	Industrial Incentive Program	100
Austin	City	TX	Chapter 380/Business Expansion and Relocation Assistance	95
Austin	City	TX	Creative Content Incentive Program	90
Nassau	County	NY	Real Estate Tax Exemption	90
Suffolk	County	NY	Property Tax Abatement	90

Table 6: Localities with Least Transparent Programs

Location	Kind of Government	State	Program	Score
Denver	City	CO	Business Incentive Fund	25
Nashville-Davidson County	City-County	TN	Payments In Lieu Of Taxes (PILOT)	25
Washington, DC	City	DC	Tax Abatement	25
Washington, DC	City	DC	TIF Debt Service	25
Nashville-Davidson County	City-County	TN	Cash Grants for Large Businesses	15

Table 7: Localities with No Program Disclosures

Location	Kind of Government	State	Program
Allegheny	County	PA	Tax Increment Financing
Allegheny	County	PA	Local Economic Revitalization Tax Assistance (LERTA)
Bexar	County	TX	Innovation Fund
Bexar	County	TX	Tax Abatements
Boston	City	MA	Tax Increment Financing
Broward	County	FL	Job Growth Incentive
Broward	County	FL	Local Qualified Target Industries match
Charlotte	City	NC	Tax Increment Grants
Charlotte	City	NC	Business Investment Grant
Columbus	City	OH	Downtown Office Incentives
Columbus	City	OH	Tax Increment Financing
Cook	County	IL	Class 6(b) - Property Tax Incentives for industrial purposes
Cook	County	IL	Class 7(a)/(b) - Property Tax Incentives for Commercial Purposes
Dallas	City	TX	Tax Abatements (Chapter 312)
Dallas	City	TX	Business Development Chapter 380 Grants
El Paso	City	TX	Tax abatement (Chapter 312)
El Paso	City	TX	Chapter 380
Fairfax	County	VA	BPOL Tax Exemption
Harris	County	TX	Tax Abatement

Hillsborough	County	FL	Targeted Redevelopment Program
Hillsborough	County	FL	Ad Valorem Tax Exemption
Houston	City	TX	Tax Increment Reinvestment Zones
Indianapolis	City	IN	Real Property Tax Abatement
Indianapolis	City	IN	Personal Property Tax Abatement
Jacksonville	City	FL	Tax Increment District Infrastructure Development (TID)/ Community Redevelopment Areas (CRAs)
Las Vegas	City	NV	Tax Increment Finance
Los Angeles	County	CA	Personal Property Tax Exemption
Los Angeles	City	CA	Small and New Business Tax Exemption
Los Angeles	City	CA	Entertainment and Multimedia Business Tax Limitations Film Industry Incentives
Miami-Dade	City-County	FL	Targeted Jobs Incentive Fund
Montgomery	County	MD	New Jobs Tax Credit/Enhanced New Jobs Tax Credit
Montgomery	County	MD	Enterprise Zone Tax Credit
New York	City	NY	Industrial and Commercial Abatement Program (ICAP)/Industrial Commercial Incentive Program (ICIP)
Oklahoma City	City	OK	Tax Increment Finance
Orange	County	FL	Community Redevelopment Areas
Orange	County	FL	Property Tax Exemption for Economic Development
Philadelphia	City	PA	Job Creation Tax Credit
Philadelphia	City	PA	Ten Year Tax Abatement
Portland	City	OR	Multiple-Unit Limited Tax Exemption
Riverside	County	CA	Film Incentives

San Antonio	City	TX	Property Tax Abatement (Chapter 312)
San Antonio	City	TX	Economic Development Incentive Fund (Chapter 380)
San Diego	City	CA	Business Industry and Incentive Program
San Diego	City	CA	Business Corporation Program
San Diego	County	CA	Personal Property Tax Exemption
San Diego	County	CA	Reduction and Moratoria (Policy A-124)
San Francisco	City-County	CA	Central Market/Tenderloin Payroll Tax Exclusion
San Francisco	City-County	CA	Net New Payroll Exclusion from the Payroll Expanse
San Jose	City	CA	Negotiated Discretionary Subsidies
Tarrant	County	TX	Tax Abatements

Table 8: State Subsidy Disclosure Scores and Ranks

Top 5 States	Average Score	Bottom 5 States	Average Score
Illinois	65	South Carolina	1
Michigan	58	Arkansas	0
North Carolina	48	Delaware	0
Wisconsin	46	Idaho	0
Vermont	43	Kansas	0

3. Trust in Government* (Voter Participation)

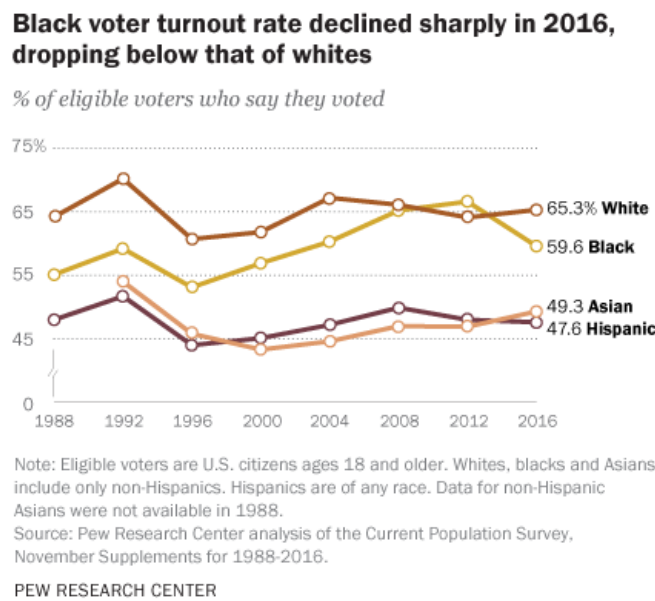
This indicator uses the voter turnout rate as a proxy to measure the percentage of people who trust their government. Over time IE may develop its own pilot indicator for assessing trust in government.

Why it Matters

Participation in elections is a key mechanism for Americans to participate in American democracy and government decision-making. Voting implies a level of trust in the democratic process and the

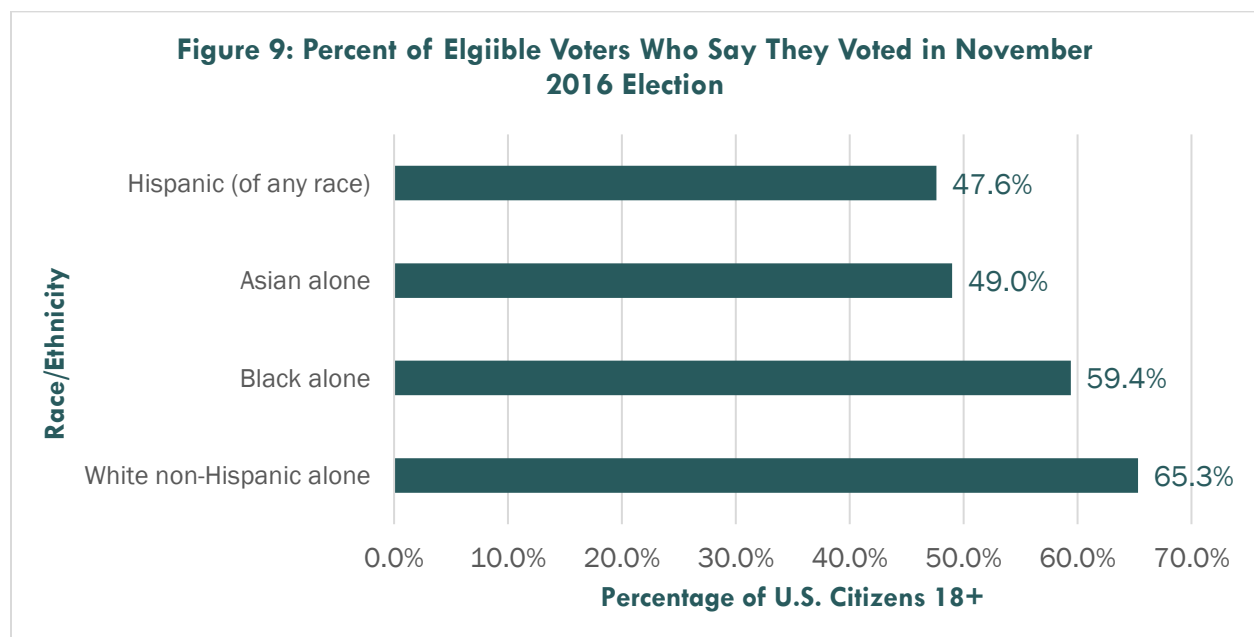
ability to create a representative government. There has been a persistent voter turnout gap between White voters and voters of color over the last 30 years as shown in Figure 8 below. Increased turnout of people of color in elections should increase their collective power to elect candidates that reflect their priorities.

Figure 8: Voter Turnout Rates from 1988 to 2016 by Race/Ethnicity (Pew Research Center)



Recent Data

Short-term: [U.S. Census Bureau, Current Population Survey, November Voting and Registration Supplement](#). Long-term: To be developed, most likely via surveys.



VII. Program Metrics

While the IE indicators are intended to be broad, high-level measures of economic progress related to the program's strategy-level goals, the IE metrics are intended to evaluate individual grants and help Surdna capture and understand the impact of its grantmaking. The program metrics are organized by IE's five interventions. In Business Start-up and Growth there are three interventions: (1) Increase Access to Capital; (2) Reform Procurement Practices; and (3) Improve Business Support Systems. In Equitable Economic Development there are two interventions: (1) Shift the Practice of Economic Development and (2) Advocate for Stronger Labor Standards. Each intervention has four to five metrics, totaling to 24 program metrics. Using a core set of metrics creates greater clarity in the proposal and reporting process for grantees and provides a consistent performance measurement approach for the IE program.

Output and Outcome Metrics

IE metrics include both "output" and "outcome" metrics. Output metrics focus on evaluating the work that grantees will carry out. For example, an output of community benefits organizing is engaged community members. Outcome metrics focus on assessing the results that should be achieved by the grantee. For example, community benefits organizing should lead to an outcome of local policy change. Collecting both output and outcome metrics facilitates a more comprehensive understanding of the impact Surdna's grantmaking has, the effectiveness of existing practices, and the scale of activity in the field.

Kauffman Foundation identifies five key components that both output and outcome metrics must include:

1. *Who* will complete the output or be the beneficiary of the outcome?
2. *What* is the activity or result expected to be achieved?
3. *By when* will it occur?
4. *How much* will be done or accomplished (i.e., a quantitative target)?
5. *How will we know* the result was achieved?^{vi}

Each of the program metrics provided could satisfy the "what" component. As part of the grant reporting process, grantees would be expected to develop the other four components. For example, metric #3 for Improve Business Support Systems could be fully described as follows: *By January 2022 (by when), 80% (how much) of incubator graduates (who) will receive investments from funders (will do what), as measured by number of checks received (how we know).*

Applying Metrics

Although the program metrics presented in Table 9 are more outcome-focused than output-focused, IE anticipates that grantees will report on at least two metrics that from the list of 24, with the option to develop and report on additional metrics that are unique to their work. Alone, pre-determined metrics presume success through certain practices and conditions. Inviting grantees to identify new metrics allows for more experimental grantmaking. This reporting method should build consistency in data collection while making space to learn new approaches grantees are taking.

Table 9: Business Start-up and Growth Metrics

Increase Access to Capital	1	Number and Percentage of investment deals with firms owned by people of color
	2	Dollars invested in firms owned by people of color
	3	Size (range and median) of funding awards to firms owned by people of color
	4	Cost of Capital
Reform Procurement Practices	1	Number of companies and/or public agencies adopting new targeted procurement practices and policies
	2	Contract awarded to firms owned by people of color (size and quantity)
	3	Percentage of contracts with firms owned by people of color
	4	Percent growth in revenue of firms owned by people of color with large contracts
	5	Number of firms owned by people of color that win contracts with cities/large institutions for the first time
Improve Business Support Systems	1	Percent change in diversity of business support organizations
	2	Number of firms owned by people of color accessing two or more programs / services within the ecosystem
	3	Percent of firms owned by people of color receiving investment within two years of program graduation
	4	Percent growth in revenue of supported firms owned by people of color
	5	Change in business confidence of entrepreneurs of color

Table 10: Equitable Economic Development Metrics

Shift the Practice of Economic Development	1	Number of policies adopted to increase accountability and/or strengthen community benefits in economic development
	2	Representation of local populations in local decision-making processes
	3	Change in community understanding of local decision-making processes
	4	Change in local understanding and pressure supporting progressive policies
	5	Number of equity-minded people of color, women, other individuals who apply an equity-lens from marginalized communities in local leadership positions
Advocate for Stronger Labor Standards	1	Change in skills and confidence of economic development practitioners
	2	Contract awarded to firms owned by people of color (size and quantity)
	3	Number of labor standard policies proposed within local government/private sector
	4	Quality of local government infrastructure for labor standards enforcement
	5	Number of community members engaged in labor policy advocacy

VIII. Key Takeaways

IE is the first of Surdna's three programs to develop program indicators and metrics. IE gained significant knowledge and experience that should be shared across Surdna to inform the future development and implementation of the other programs' metrics and indicators. The following key takeaways represent a distillation of lessons learned and salient feedback received throughout IE's three-phase process of research, stakeholder engagement, and internal refinement. Key takeaways are grouped by those that apply generally, specifically to indicators, and specifically to metrics. A summary slide deck of key takeaways is included as an appendix to this document.

Key Takeaways – General

1. **Focus on your story.** Measures provide data to test your investments and theory of change. Do not measure everything. Focus on what is most important for you to know and most meaningful to share with others.
2. **Invest in qualitative data to tell a more complete story.** Quantitative data alone is limiting and should be paired with qualitative data, especially to understand community participation in decision-making. Collecting qualitative data at the indicator-level typically requires investment.
3. **Accept data that is not comprehensive.** Collecting large sets of relevant data points is often difficult and costly. Amass a reasonable sample that allows you to assess a trend. This is especially relevant for state and local level data for indicators.

4. **Coordinate with peers to create real systems change.** Peer funders need to support and leverage each other's past and current investments to better achieve shared goals, particularly in overlapping geographies.

Key Takeaways – Indicators

1. **Include indicators at the regional/local level.** Nuances in data, especially related to job quality and community voice are captured at localized scales. National-level data that is regularly collected, reliably sourced, and disaggregated by race is limited.
2. **Understand time-scale of impact and consider leading indicators.** Indicators for community voice and jobs can change slowly over time. Consider measuring intermediate conditions (or pre-conditions) that have to be in place or be true to achieve population level changes.
3. **Share findings to expand impact of insights gained through data collection.** Indicators and rankings can motivate change in some localities but may also be disillusioning to those without the resources to act.
4. **Collaborate on inclusive procurement data collection.** Kresge Foundation and Annie E. Casey Foundation may be two natural partners for Surdna Foundation in capturing procurement data, particularly from the private sector.
5. **Identify strategic partners for indicator development.** There is interest amongst peer funders in developing guiding principles that could help a small group of funders reach a shared set of indicators.

Key Takeaways – Metrics

1. **Understand the limitations of applying uniform metrics.** Localities have varying market conditions, funding sources, and community infrastructure in place, so desired outcomes should vary by place.
2. **Create opportunity for grantee-developed metrics to supplement core metrics.** Alone, pre-determined metrics presume success through known practices and conditions. Inviting grantees to identify new metrics allows for more experimental grant-making.
3. **Measure *improvements* in job quality.** Reframe “quality jobs” to include and recognize meaningful changes in workers’ experiences. This allows funders to meet business owners of color where they are.
4. **Use the metrics data that is collected.** Metrics can help assess grantee capacity, grantees’ alignment with program priorities, and philanthropy’s impact.
5. **Supplement metrics with neighborhood/individual level data.** Metrics are not always enough to assess the impact of policy change on people’s lives, even at the local level. Pairing metrics data with local data can provide important context for a grant’s performance.
6. **Identify peer funders with shared grantees.** Most of the engaged funders are interested in exploring opportunities to collaborate on metrics and streamline grantee reporting processes.

IX. Conclusion and Next Steps

While the indicators and metrics presented are by no means perfect, they reflect information that IE believes will tell *its* story of inclusive economic change. Tracking the presented indicators and metrics data can create opportunities for Surdna to engage its peer funders and advance the field with a greater understanding of how philanthropy can help drive inclusive economic change.

ELA recommends that Surdna and the IE Team commit to a five-year data collection process and create a workplan for regularly collecting and updating indicator data and disseminating the results.

To learn more about the ways that grantees are carrying out their work, IE aims to develop and implement a mid-year grantee survey, independent of grant reporting requirements and processes, that would be conducted annually, starting in June 2019. ELA will design and implement the grantee survey, analyze the resulting responses, and prepare summary materials that capture key findings from the survey results.

In response to grantees' desires for opportunities to come together and Surdna's commitment to organizational learning, IE will host a two-day grantee convening in October 2019 that brings together its grantees to reflect on the learnings Surdna has gained through the IE metrics and indicators development process, and grantee survey. Grantees will also brainstorm best practices around advancing change related to Surdna's two core strategies: Build Income and Wealth and Shift the Practice of Economic Development. ELA proposes to manage the planning, execution, and required follow-up for the grantee convening.

Appendix

Slide Deck

Indicators and Metrics Development

Key Takeaways from Research and Stakeholder Engagement

Inclusive Economies Program: Indicators and Metrics Development

Key Takeaways from Research and Stakeholder
Engagement



Estolano LeSar
ADVISORS

Presentation Objectives

What We Did

Provide an overview of IE's process for developing program indicators and metrics.

What We Learned

Share key takeaways that other programs could also apply to inform the development and future implementation of metrics and indicators.

What We Can Do Next

Suggest ways for IE to use learnings and newly developed measures to influence the field of inclusive economies, promote internal learning, and bring along peer funders.

Indicators and Metrics: Components of an Evaluation Structure

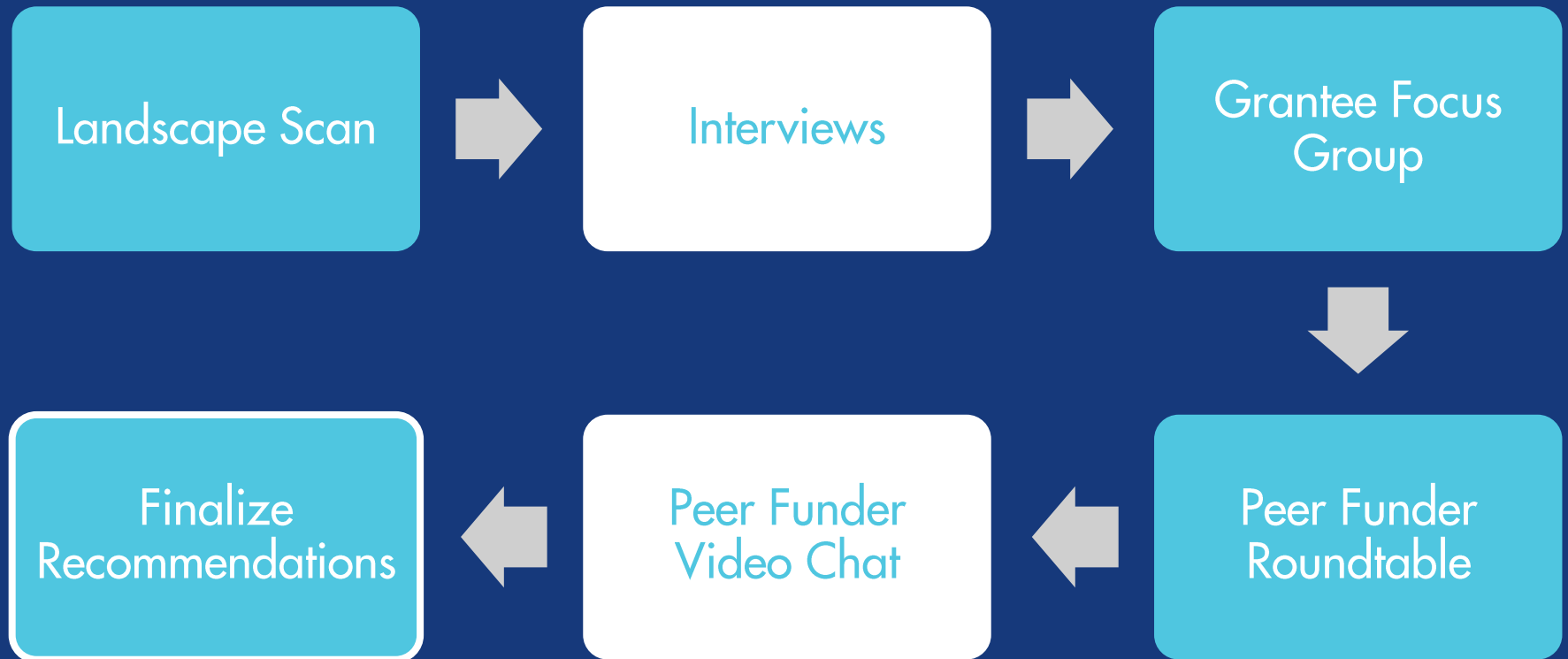
Indicators

- Provide broad, high-level measures of the program's strategy-level goals
- Help Surdna understand the scale and direction of change in our economy

Metrics

- Used to evaluate both the outcomes and outputs of individual grants
- Help Surdna capture and understand the impact of its grantmaking

Process Overview



Background Research

20

Indicator Frameworks Reviewed

3

Framework Types

Local Government

Foundation

Research Institution

Examples

Citi Foundation	The Anchor Dashboard	Reimagining the Civic Commons
National Equity Atlas	Rockefeller Foundation	Brookings Metro Monitor
Kauffman Foundation	Pittsburgh Equity Indicators	Inclusive Growth Monitor

People Engaged



Living Cities	Greenlining Institute	Opportunity Finance Network
JP Morgan Chase	Kauffman Foundation	Economic Policy Institute
Good Jobs First	Federal Reserve	National League of Cities
digitalundivided	Kresge Foundation	Cleveland Federal Reserve
Prudential	100 Resilient Cities	Annie E. Casey Foundation
Project 500	Aspen Institute	Greater Milwaukee Committee
MEDA	Rutgers Business School	The Rockefeller Foundation

General – Key Takeaways

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Indicators – Key Takeaways

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5. **Supplement metrics with neighborhood/individual level data.** Metrics are not always enough to assess the impact of policy change on people's lives, even at the local level.
6. **Identify peer funders with shared grantees.** There is interest amongst most funders in continuing to discuss opportunities to collaborate on metrics and streamline grantee reporting process.

Learnings → Actionable Next Steps

Opportunities for Surdna to Influence the Field

1. Offer grantees a menu of metrics

Objective: Create consistency in data collection and hold space for experimental grantmaking and learning.

Implementation: Grantees select at least 2 program metrics and propose additional metrics to measure for reporting.

2. Institute annual grantee survey

Objective: Learn about the mechanics for how grantees are carrying out their work.

Implementation: Mid-year survey that is independent of grant reporting requirements and processes. There is potential to align with other funders in developing survey questions.

3. Host annual grantee convenings

Objectives: Respond to grantee desire for peer convenings and capture deeper stories about indicators and metrics.

Implementation: Convene grantees from multiple Surdna programs; by geography; by focus area; with peer funders.

Learnings → Actionable Next Steps

Opportunities for Surdna to Influence the Field

4. Collect indicator data consistently for five years

Objective: Capture meaningful shifts, as it may take 3-5 years for indicators to change.

Implementation:

- Collect annual data through staff resources or grantmaking.
- Publish data when there is movement or new developments in the story of an indicator.
- Create a place-based partnership with aligned funders to capture new, smaller scale indicator data.
- Host a 5-year funder convening to reflect on progress towards greater economic inclusion.

5. Share individual-level, on-the-ground stories

Objective: Shift the narrative about people of color's role within the economy and decision-making spaces.

Implementation:

- Collect qualitative data via grantee reporting.
- Share stories about the individual impact of Surdna's grantmaking.

Thank You



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Endnotes

- ⁱ Surdna Foundation, “Inclusive Economies: Program and Strategy Refinement,” 2018.
- ⁱⁱ The Center for Popular Democracy, East Bay Alliance for a Sustainable Economy, ACCE Institute, and Fair Workweek Initiative, “Wages and Hours: Why Workers in Emeryville’s Service Sector Need a Fair Workweek,” 2016, https://d3n8a8pro7vhmx.cloudfront.net/makebankspay/pages/504/attachments/original/1465418932/Emeryville_Fair_Work_Week_Report.pdf?1465418932.
- ⁱⁱⁱ Ibid.
- ^{iv} Data for 2017 and beyond will be captured via new survey: [U.S. Census Bureau Annual Business Survey \(2017 survey\)](#).
- ^v “Executive Summary - Disparities in Capital Access between Minority and Non-Minority Businesses,” U.S. Department of Commerce’s Minority Business Development Agency, 2017, <https://www.mbda.gov/page/executive-summary-disparities-capital-access-between-minority-and-non-minority-businesses>.
- ^{vi} Kauffman Foundation, “Kauffman Foundation Grant Application Guide: Developing Expected Outputs and Outcomes,” 2016, https://www.kauffman.org/-/media/kauffman_org/resources/2016/metricsguidemarch2016.pdf?la=en.

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This report was produced by Estolano LeSar Advisors for the Surdna Foundation.

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