

## Background

The James Irvine Foundation is committed to helping under-resourced regions of California through its Priority Regions (PR) initiative. This investment strategy contributes to the Foundation’s overarching North Star vision: *A California where all low-income workers have the power to advance economically*. Specifically, Priority Regions supports communities to create more good jobs that enable low-wage workers to advance economically, obtain good jobs, and spread effective approaches to advancing communities’ economies.

Over the last two years, the Foundation has listened and learned from communities and key stakeholders to help refine the Priority Region strategy and inform expansion decisions. In late 2017, the Board approved an 18-month pilot in the communities of Fresno and Salinas and partnered with intermediaries in these regions to test and learn from this strategy. By working with these intermediaries, the Foundation extended grantmaking dollars to smaller grassroots organizations that are connected to residents in the communities they serve. In the summer of 2019, the Foundation hosted a series of [listening sessions](#) with community leaders from Fresno and Salinas about what an inclusive economy looks like, and what it takes to get there. These listening sessions also served to help inform, deepen, and scale the impact of Priority Regions as the Foundation began to consider other cities.



As part of the operationalization of the North Star, the Irvine Foundation underwent a strategy refinement process for the Priority Regions beginning the fall of 2018. In the fall of 2019, the Foundation implemented a landscape analysis to gather additional information from various sources to guide decision-making about the expansion of Priority Regions to new sites in historically underinvested cities. Regions under consideration were identified as high need based on the following criteria; 1) *Community economic statistics* (i.e., Metropolitan Statistical Areas (MSAs) with a Gross Domestic Product (GDP) less than \$50k per capita, MSAs with populations greater than 100k), and 2) *Needs and Opportunities* (i.e., high proportion of low-wage jobs, low-wage industries, economic disparities, existing inclusive economic development efforts underway). Those cities include San Bernardino, Riverside, Bakersfield, Sacramento and Stockton.

The Foundation worked with Engage R+D to conduct a total of 17 interviews with key stakeholders in these potential regions. Stakeholders ranged from “anchor”

### What do we mean by inclusive economic development?

Economic development is a practice that states, cities and communities undertake to strengthen the economy by focusing on economic growth. Economic development investments are mostly focused on education, job creation, training, and using tax incentives to invest in communities (e.g., Opportunity Zones). This practice is traditionally driven by government and private sector leaders, who work with their local businesses and other organizations to improve the quality of life of their residents.

Unlike most traditional economic planning, **inclusive economic development** is described as a practice that is driven by equity, transparency, sustainability and community engagement. This practice often concentrates on place-based “regional” and “community” wealth building that is rooted in local ownership, builds on local assets, includes low-income residents in planning, and maximizes the economic benefits of families from *all* walks of life.

institutions<sup>1</sup>, community foundations, local government, and grassroots and community-based organizations who have been involved in civic and voter engagement, leadership development, and community organizing. The interviews were designed to understand inclusive economic development <sup>23</sup> in each region, specifically (1) learn about current economic planning efforts, (2) understand the assets and barriers to an inclusive economy, (3) identify organizations, institutions, and initiatives that are addressing barriers to economic mobility, (4) understand how community-based organizations, economic policy makers, businesses, and anchor institutions collaborate to build a vibrant economy, and (5) explore how philanthropy can further support these efforts. This learning brief summarizes key takeaways and implications from these discussions and is organized around three broad areas:

1. **Economic development planning efforts.** How are regions' current economic planning efforts prioritizing the needs of workers struggling with poverty? How are local businesses, anchor institutions and community-based organizations collaborating to address barriers to economic mobility?
2. **Facilitators of inclusive economies.** What key factors are needed to create more inclusive economies?
3. **Role of philanthropy.** How can philanthropy advance an inclusive economy in these regions?

Finally, the brief includes highlights from each region, including a few examples of assets and opportunities related to economic development planning. These are not meant to be comprehensive, rather it is meant to feature some of the unique opportunities of each community. We recognize there may be additional and/or newer efforts underway.



## Economic Development Planning Efforts

While the five regions have their own unique historical barriers and opportunities related to economic mobility, they share many similar economic characteristics. People of color experience disproportionate rates of intergenerational poverty compared to their white counterparts and there are high rates of unemployment and low-wage workers, particularly in the agriculture, logistics and food/hospitality industries. Across the five cities there is a history of red-lining and local zoning practices that negatively impact low-income, communities of color. Furthermore, stakeholders shared that low educational attainment, limited educational pathways, rise of the gig economy with income volatility, and high rates of incarceration among people of color have contributed to limited economic mobility.

**Economic development planning efforts currently invest in local business infrastructure, strengthening the workforce, developing future entrepreneurs, and keeping businesses local.**

In all five urban areas, there are several small and large-scale efforts that aim to boost the local economy. These include formal economic development plans and strategies that are led by city government, and workforce taskforces that stem from these larger plans. In some cities, development planning processes consist of investing in large infrastructures with the promise of attracting more commerce and job opportunities by becoming a “destination city.” One stakeholder discussed how their planning process is focused on community ownership vs. community organizing, noting “it’s about individuals inside the neighborhood having community-owned businesses, community-owned

---

<sup>1</sup> Anchor institutions are defined as organizations that are deeply rooted in the community; trusted by residents because they actively listen to those they serve and embed their feedback into programs and practices; have leadership that reflects the community served; have a track record of policy/programmatic outcomes for residents; and are financially stable and primed for increased impact.

<sup>2</sup> The Aspen Institute Economic Opportunities Program, January 2016, [as.institute.org/workinginamerica](https://www.aspeninstitute.org/workinginamerica)

<sup>3</sup> Berube, A. & Irons, J. (2016) Measuring “inclusive economies” in Metropolitan America. <https://www.brookings.edu/blog/the-avenue/2016/05/12/measuring-inclusive-economies-in-metropolitan-america/>

organizations, could be for-profit, non-profit, taking the lead on becoming destination cities” so that community residents are the ones who benefit from the investment.

Some stakeholders also shared current Property Business Improvement District (PBIDs) and demonstration projects in their regions aimed at bringing positive business and economic development into communities by partnering with local businesses, neighborhoods, CBOs and government agencies. Additionally, several of the cities have smaller scale workforce and talent development programs as well as business incubators and technical assistance supports for new entrepreneurs. One stakeholder talked about a local community-driven, co-working and workforce incubator lab, where entrepreneurs come to share their ideas (especially in technology and art). For example, in this lab, entrepreneurial mothers take turns doing child-care for one another so that they can work on their innovations. Finally, a key driver across the regions is education, specifically strengthening the education-workforce pipeline with the funding support such as the California Careers Pathways Trust. Many of these efforts are focused on supporting low-income students of color.

**Economic planning is owned by the regions’ power brokers who tend to function in a “downstream” manner.** The entities currently leading and partnering in the formal planning processes include government, business intermediaries, leading industries (e.g. agriculture and oil), chambers, larger CBOs, and the educational institutions. They are often considered the “power brokers” that are the driving forces behind the decisions made for the community. There is some concern over the “old guard” mentality that fails to fully examine and address economic issues through an equity lens. One stakeholder shared that analysis of economic issues and decision making tends to happen in a “downstream” manner, noting “there is no real shared analysis looking upstream in terms of understanding [the] kind of the policies, practices, investments that have perpetuated or continue to perpetuate inequities.” This downstream analysis limits the appropriate investments and economic opportunities and prevents prioritizing the needs of low-wage workers struggling with poverty. Another interviewee shared the interesting phenomenon of the “new guards” who are millennial tech investors and entrepreneurs “who have moved here and are trying to change and influence things” versus the “old guards” who are trying to hold onto power. This dynamic leads to investment conversations happening primarily between these groups of stakeholders, leaving the residents and community leaders in the most disenfranchised areas fighting to be heard.

“We are looking at how do we create these community-owned environments in which the folks who currently live in those areas are the ones that reap the benefits and the assets from the growth”

– Stakeholder

**Collaboration is stronger among larger institutions and key leaders, and less among smaller CBOs and resident groups.** Collaboration varies across the cities, with some having more formalized partnerships, collaboratives, and taskforces than others. However, there is also the recognition that there are many parallel efforts that tend to work in silos, leaving room for more effective coordination and alignment. As one stakeholder shared, “Not to say that people aren't moving and collaborating, but we still need to spend some time and energy at building up the capacity of folks, understand what collaboration is, and how to do it effectively.” Economic planning “tables” across the regions have been limited to larger organizations and institutions. One stakeholder described collaboration as “grasstops” where “systems leaders talk to other systems leaders.” Smaller grassroots organizations are left out of these planning efforts.

While smaller organizations are left behind, in some cities, their network is getting stronger. A few regions described the CBO network as having experienced considerable growth around power building, organizing, and advocacy. For example, one stakeholder has seen a shift in power building organizations mobilizing together to create change, sharing that CBOs are becoming more astute with the systems change approach, how their work intersects, how other systems intersect, and how that all contributes to economic mobility. “They’re interacting and engaging, understanding those levers and opportunities for change,” the stakeholder share. “They exist at multiple levels and within different jurisdictions.” However, many stakeholders shared there is still room for stronger collaboration between CBOs as well as capacity building to understand how to participate in economic development planning and systems change efforts, versus focusing solely on providing direct services in a narrowly defined space.

### **Authentic community engagement is lacking in economic planning**

**processes.** While stakeholders shared that leaders involved in planning efforts claim to value diverse perspectives and community voice, genuine community engagement remains a challenge. There is limited representation from local, smaller community-based organizations and resident groups that can speak to the needs of all low-wage workers. As a result, the needs of young men of color, women of color, women with young children, and immigrants are often left out of existing economic planning and workforce development conversations. One stakeholder shared, “young men of color, both Latino and African American, are certainly getting left off the radar of getting into college. I don't know how well career and technical education, or apprenticeship programs are serving them, and I don't know how well unions themselves with apprenticeship programs are diversifying.”

“The folks who have been marginalized over the years are actually invited to build out the table...but we’re having to overcome decades of neglect within various communities.”

– Stakeholder

Several interviewees noted that there is a lack of communication and trust between leaders and community residents, which also stems from historically failing to provide appropriate resources and support to low-income communities. As one stakeholder shared, “we're trying our best to get folks to understand that rising tides lift all boats and that in order for this community to get over this hump, folks who have been marginalized over the years are actually invited to build out the table, not just invited to the table, be there at the beginning to build it out ... [but] it is very challenging...we're having to overcome decades of neglect within various communities.” Similarly, another stakeholder noted how leaders in economic planning are “trying to speak to the voice of the disenfranchised community, but then the actions don't always match up by the leadership.”



### **Creating an Inclusive Economy**

Stakeholders shared various issues and challenges to advancing an inclusive economic planning process that prioritizes the needs of low-income workers struggling with poverty. While there are numerous barriers to address, many of the stakeholders shared how their regions are thinking about inclusive economic planning and suggested the following.

1. **A systems approach to economic planning that incorporates an explicit equity lens.** A more holistic and systemic approach to address economic mobility means understanding the intersection of education, government, nonprofits, workforce development, and the criminal justice system. Several regions acknowledged efforts to incorporate an explicit racial equity lens to better understand barriers to economic mobility. This can entail using an upstream root cause analysis to uncover how long-standing approaches may exacerbate practices that continue to leave low-wage workers (especially communities of color) behind. Several regions mentioned the need to build capacity for this type of approach, sharing that “people [do not] understand issues around racial equity and social justice.” Interviewees also mentioned that intermediaries and anchor institutions who convene partners should be willing and able to explore racial equity and demonstrate their ability to incorporate equity into their work.

2. **Stronger collaboration that is inclusive and elevates the power and interests of all partners in the economic development ecosystem.** Stakeholders across the regions see the benefit of strengthening coordination and alignment of the various economic planning efforts by expanding the bench to include more perspectives from the various stakeholders in the community. Rather than working in silos, aligning these systems will help identify how to leverage rather than compete for resources and create stronger solutions, such as more effective education-workforce pipelines that would eventually build a more robust workforce and attract new opportunities. Better collaboration also leads to identifying and sharing power more effectively. For example, one stakeholder stressed the importance of grassroots organizations in economic efforts explaining that while economic planning efforts are currently led by government and business leaders, it is the grassroots organizations that remain most connected to the community. He explains “[its important] to build up the power

**“It’s not just the workforce, but the industries that are established in the community. How do you strengthen those things and create a stronger network and pipeline? We need to show that we are a strong entity and really developing a robust workforce.”**

**– Stakeholder**

of those CBOs and to empower them to continue doing this work even after there is change and even after there is turnover and that recognizing that this work continues beyond elections and beyond people.” While several systems leaders are eager to strengthen collaboration among diverse partners, they are also aware of their limited capacity to effectively bring partners together and raised the need for external convening support.

3. **Authentic community engagement requires representative leadership, incentives, and meeting community “where they are at.”**

Community engagement is important across various sectors and levels, from how elected officials listen to their constituents, to how anchor institutions partner with CBOs and how CBOs partner with resident groups on the ground. Several stakeholders spoke about the importance of leaders and CBOs being “trusted messengers” in order to genuinely engage with the community. This begins with a track record that demonstrates commitment to listening and working with community members and addressing their needs through

practices and policies. It is also about leaders having authentic relationships with the people they represent and serve. One stakeholder explained how leaders typically work for the “other” people, noting “though I see people meeting on behalf of those other people, I don’t necessarily see them in *relationship* with the other people.”

On the other hand, one interviewee highlighted the authentic engagement practice of an executive director of one of his region’s Property and Business Improvement Districts. While this director is a white male serving a primarily Latino community, he has taken the time to learn and speak the residents’ native language and knows every business owner by first and last name. This level of engagement has built trust and credibility, creating great promise for their current development project. Another stakeholder shared how one of their region’s economic development efforts “flipped” their community engagement strategy. Instead of waiting and hoping for community to show up to meetings, they have now incentivized attendance at meetings and created accessible spaces, making childcare available. Additionally, they are now showing up where community residents naturally convene, including hosting meetings at local public housing sites and resident council meetings. Regardless of the leader or organization that is leading economic efforts in the community, a key ingredient is trust and transparency and that takes time. As one stakeholder pointed out, “to me that is so critical, they’d have to be viewed as trusted allies on the ground, so there’s a period of time where you have to build that trust.”



## Role of Philanthropy

1

**Convene and support effective collaboration.** Inclusive economic development efforts should involve stakeholders and institutions across sectors. However, many of these efforts across these regions remain siloed. For example, in some regions, employers are just beginning to be engaged in workforce discussions. Philanthropy can provide convening support so that all community and cross-sector partners are able to come to together, share, learn and align their work. As one stakeholder suggested, “create those spaces for facilitated discussions that allow communities to learn from one another, learn from their challenges, learn from their successes, make those connections to create broader networks.” Most importantly, philanthropy can help community partners connect and build their capacity to collaborate effectively, moving beyond attending meetings to leveraging opportunities to create broader systems change. Finally, funders can do a better job at collaborating with each other by strengthening communication and sharing their related efforts.

2

**Share best practices with the field.** Larger, state-wide funders have a birds-eye view of the various economic development efforts. Funders can bring in their regional or state-wide knowledge to local economic planning efforts and share current best practices. Philanthropy can also utilize its broader influence to help set the tone for what is needed for inclusive economic development processes. More importantly, funders that have aligned their vision with community needs and support systemic change are better positioned to help build the capacity of other regions trying to do this work. Finally, funders can help share promising regional efforts more broadly to bring in more investments and new partnerships to the regions.

3

**Provide capacity building opportunities for community foundations and CBOs.** Smaller community foundations would benefit from professional development opportunities to strengthen leadership and capacity for working within an inclusive economic development framework. As one stakeholder recommended, “Capacity building within each community foundation is a key element of economic mobility. We can speak for days about scholarships, donor advised funds, and even investment returns; but supporting economic development for all residents is not something that has historically been part of our playbooks. I would welcome the opportunity to learn more about the innovative ideas that are being used around the country to support wealth creation and build stronger civic infrastructures.” Additionally, smaller grassroots community organizations and CBOs would benefit from capacity building that would help them build their knowledge about economic development processes and develop skills to actively participate in economic development discussions. For example, philanthropy can support these organizations by providing training on how to use economic forecasting data, learn how to seek capital for projects, and learn economic development practices.

## Concluding Remarks and Next Steps

The James Irvine Foundation continuously seeks opportunities to listen and learn from community stakeholders, particularly when assessing the effectiveness of strategies and future directions, such as the expansion of Priority Regions into new cities. This brief provides insights about the current economic development planning efforts across the regions, highlighting some key investments and initiatives, capacity building opportunities for CBOs, and workforce development efforts, as well as the need for stronger collaboration and community engagement in economic planning processes. The goal is to use these insights to refine and refresh the Irvine Foundation’s strategic investments and expansion of the Priority Regions. For more information about the Irvine Foundation’s Priority Regions grantmaking, contact Senior Program Officer Jessica Kaczmarek, [jkaczmarek@irvine.org](mailto:jkaczmarek@irvine.org).