



Durham Forward



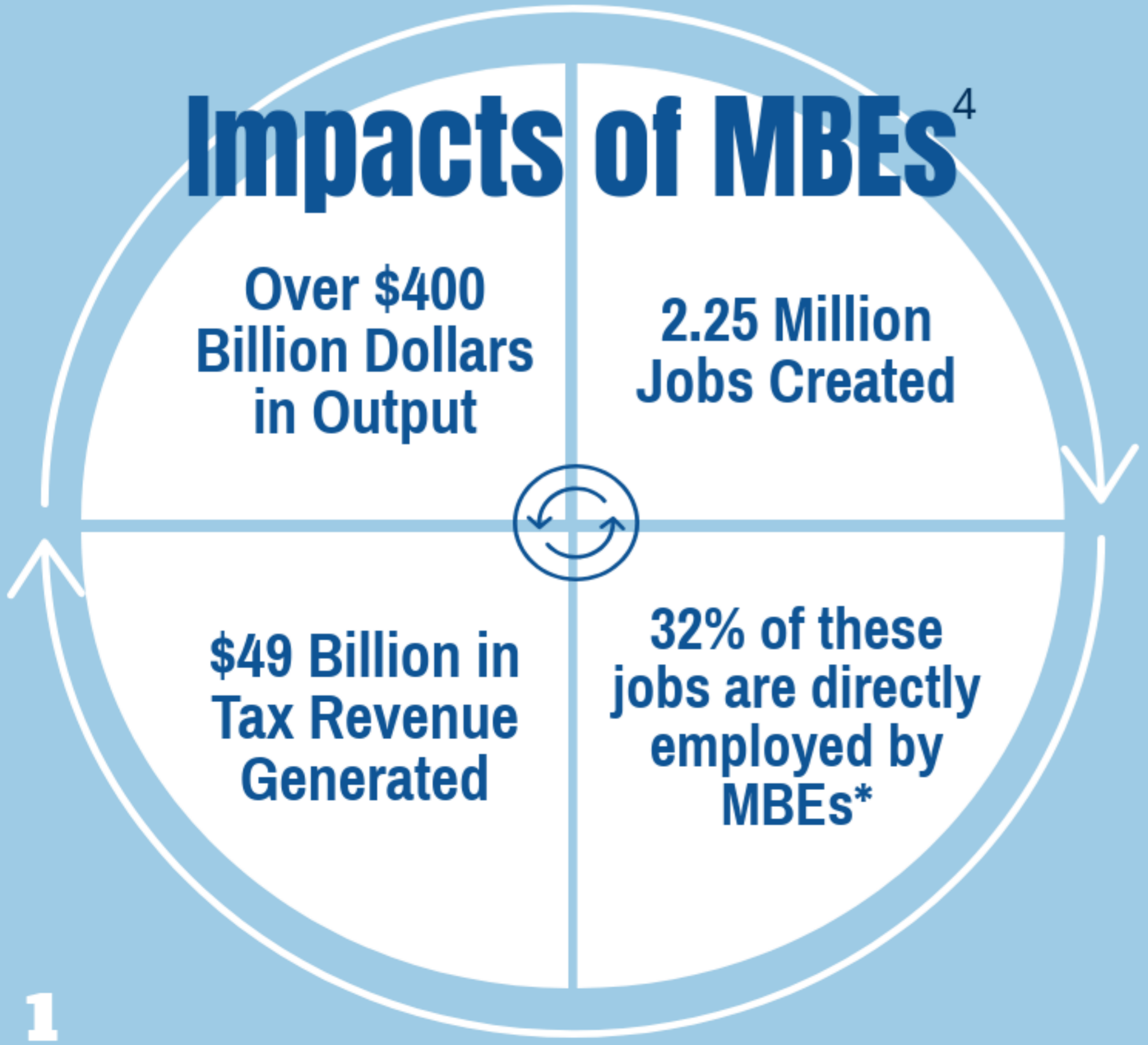
Developing a Nonprofit for Minority Economic Development

Without deliberate action, minority communities in Durham are likely to be left out of the economic growth and development that has occurred over the past several years. Cities similar to Durham have been able to pursue equitable development by deliberately dismantling barriers and expanding opportunities for low-income communities of color. Thus, Durham should follow suit and create a nonprofit alliance in order to create institutional support and mentorship opportunities for Minority Business Enterprises (MBEs). Durham's nonprofit should incorporate elements from similar organizations in New Orleans and St. Louis.

Background Information

In order to maximize the economic potential of individuals, cities, and the nation, policymakers must focus on equitable development. According to a study from the National Minority Supplier Development Council (NMSDC), MBEs are responsible for creating 2.2 million jobs in the United States and contribute over \$400 billion in economic output.¹ Additionally, these same minority suppliers generate close to \$49 billion in tax revenue, benefitting local, state, and federal governments.² Despite this, the economic potential of minority communities remains an untapped source of new business growth, tax revenue and jobs—all of which will bolster the growth of local economies and improve economic equity.³

Considering the demographic makeup of the Durham community and recent economic developments, increased focus on inclusive economic growth is imperative. Durham's population is 48 percent white, 39 percent black or African American, and 12.3 percent other minority races.⁵ However, less than 4 percent of businesses downtown and across Durham are minority owned.⁶ The employment rate⁷ and median household income⁸ of Durham residents are increasing. Nonetheless, income inequality continues to rise.⁹ In 2016, approximately 16 percent of occupied housing in Durham County was affordable to a three-person household,¹⁰ while 16.3 percent of the population were living under poverty.¹¹ Gentrification is also a growing issue, affecting minority businesses. Durham's population is growing and the city is redeveloping, but MBEs are having difficulty surviving the new competitive market. Pre-revitalization in 2004, just 5 percent of downtown businesses were minority owned. However, a decade later when city redeveloped, the number has dropped to 3.5 percent.¹² Since then, there have been a growing number of MBEs, but they are in need of proper funding and support from the city of Durham.



Policy Options

New Orleans Business Alliance for Economic Development (NOLABA)

NOLABA is the official economic development agency for the City of New Orleans and represents a potential model for Durham's own plan to establish a similar agency. Founded in 2010, the organization is made up of a coalition of business and civil leaders, including a cross-section of leaders on the board of directors.

Members of the board include the Mayor of New Orleans as well as various representatives from different industries across the city.¹³ Internally, the organization is divided into industry "clusters" including advanced manufacturing, "bioinnovation" and health services, and sustainable industries.

Like Durham, New Orleans is a predominantly minority city, and thus the organization views equity "as a growth strategy".¹⁴ NOLABA is working to achieve this goal by establishing workforce training programs, increasing the capacity of minority businesses through mentorship programs, and increasing the market share of minority businesses by working with anchor institutions, such as universities and hospitals, to increase suppliers and shift procurement spending.¹⁵ NOLABA enjoys support from banks, private foundations, major Louisiana athletic teams, and various other local and national investors.

St. Louis Minority Business Council (SLMBC)

SLMBC aims to create an inclusive business climate for MBEs in St. Louis, serving as a possible example for Durham.¹⁶ By acting as both a business ally and active participant in the St. Louis region's economic growth, the Council hopes to make purchasing from MBEs a common corporate practice. SLMBC achieves its goal by: 1) Assisting MBEs build capacity and accelerate business growth; 2) Providing leadership training and education opportunities for MBE leaders; 3) Advocating for economic impact of utilization, support, and growth of MBEs, as well as policies that will yield positive effects for the MBEs.¹⁷

Ultimately, SLMBC's primary goal is to increase the money spent with minority vendors and assist member corporations in establishing the highest-quality diversity procurement programs.¹⁸ A few of SLMBC's key partners include the St. Louis Regional Chamber and the Minority Business Development Agency (as part of the U.S. Department of Commerce).

Similar to Durham, St. Louis' minority communities are disconnected from the economic drivers of the city's entrepreneurial innovation ecosystem and available business resources.¹⁹ By advocating for MBEs, SLMBC has successfully tapped into the immense economic opportunity offered by minority communities.



Policy Recommendation:

Use Elements from NOLABA & SLMBC to Develop Durham Nonprofit for Minority Economic Development



Given Durham's goals outlined in the Office of Economic and Workforce Development's Built2Last Report, the City of Durham should develop a nonprofit for minority economic development, incorporating elements from both NOLABA and SLMBC. Durham should adopt the following structural, operational, and programing components:

- ➔ Establish a Board of Director composed of City of Durham officials and leaders of banks, corporations, law firms, and foundations—each with a vested interest in the nonprofit's mission and demonstrated financial investment. Additionally, the Board should have MBE representatives.
- ➔ Divide the nonprofit into “industry focuses”, allowing small businesses and partners the opportunity to specialize and build coalitions across industries.
- ➔ Create a mentorship program focused on helping small business owners obtain diverse sources of capital, opportunities for growth in access and capacity, and develop sustainability.
- ➔ Build partnerships with anchor institutions: Duke University, North Carolina Central University, Durham Technical Community College, and Duke University Hospital
 - ➔ According to NOLABA, “Anchor institutions are notable for their stability, expenditure, projects job growth, and amount of jobs accessible to those with an associate’s degree or less.”²⁰
- ➔ Help businesses recruit the best employees by connecting them with workforce development organizations focused on work-readiness training, connecting workers of all skill-levels and backgrounds to employers across multiple industries.
- ➔ Act as political advocates for MBEs, elevating policies that support their success.

These are several key components we recommend for a Durham nonprofit aiming to advocate for the deliberate inclusion of MBEs and equip them with the skills and resources needed in pursuit of greater economic development for minorities. We expect that Durham will be able to effectively develop and implement this model, given its elements' success in similar cities.^{21, 22} It is essential that the City of Durham take on this program in order to drive citywide prosperity.

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