

# **The ReadyGeneration:**

Millennials of Color and the  
Moment for Equity and Prosperity



Photo: Lex Kennedy





# The ReadyGeneration: Millennials of Color and the Moment for Equity\*

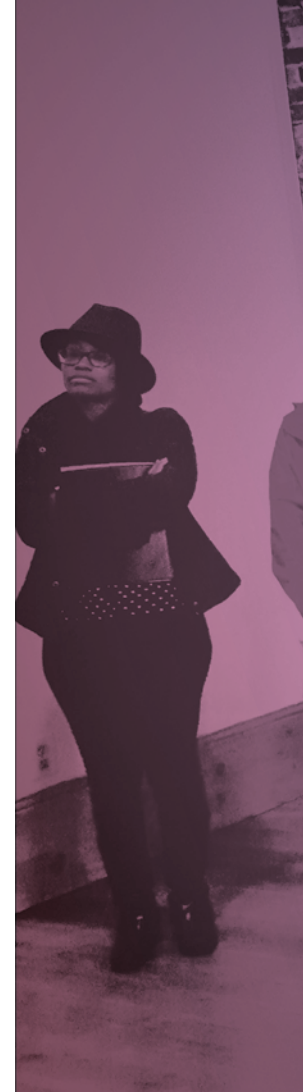
**ON APRIL 29, 2016, BRIOXY CONVENED THE INAUGURAL WHITE HOUSE SUMMIT FOR INNOVATORS OF COLOR.** The event brought together over 100 of the nation's top young innovators of color to develop an action agenda in response to the following question.

*What tools, skills, and platforms must we build in order to ensure that millennials of color, who must shepherd America's economic future, are equipped to lead the nation to continued growth and prosperity?*

The action agenda for millennials of color, which Brioxo has named the Ready Generation, seeks to expand opportunity through four policy areas that are critical to the economic well-being and leadership capacity of millennials of color.

- A. Create a true pathway to citizenship for our nation's young immigrants who are a part of the fabric of America
- B. End the student loan debt trap and restore America's commitment to quality higher education
- C. Expand access to homeownership for young people of color
- D. Invest the capital needed to position young innovators to be the leaders who will help America remain competitive in an evolving, more globalized economy

This working document aims to jumpstart strategy sessions by providing background information on the Ready Generation, making the case for investing in it, and outlining a series of policy ideas. This document and the policy agenda will continued to be refined as part of the Summit follow-up.



## BACKGROUND

America has an incredible opportunity at hand. Millennials—the generation born between 1980 and 2000—currently make up one-third of the U.S. population and are our largest generation. By 2020, they will constitute almost half of the American workforce. The millennial generation is also incredibly diverse and due to its size and diversity, is playing a key major role in America’s shift to a majority people-of-color nation, which the U.S. Census projects will occur by 2044.<sup>1</sup>

These young adults of color—the Ready Generation—represent a tremendous economic asset for the nation. With their tech-savvy and appreciation of diversity and tolerance, millennials are critical innovators who are poised to solve the greatest challenges facing their communities and the nation. Yet they are a largely untapped asset because they face the double whammy of growing up at a time when America’s “opportunity infrastructure”—the supports that all young people need to flourish in the economy—has withered away while economic inequality has skyrocketed. Additionally little progress has been made in dismantling the institutional, structural, and individual racism that perpetuates vast racial inequities in education, health, wages, and more.

The data paint a bleak picture: among 20- to 24-year-olds, 16 percent of Black youth and 10 percent of Latino youth are unemployed, compared with 8.4 percent of their White peers.<sup>2</sup> When it comes to poverty, 32 percent of Black youth, and 21 percent of Latino youth between ages 18-24 live below the poverty line compared to 17 percent of White youth in the same cohort.<sup>3</sup> For those who do make it to college, young people of color take on more debt, reducing the return on investment for a college degree compared to the return their White peers receive. And young people of color remain shut out of wealth-building opportunities: a White person who drops out of high



Photo: Keith Gilmore

school is likely to have a higher net worth than a Black college graduate.<sup>4</sup>

While the net worth of America's 20- and 30-year-olds of color may not seem like a national priority, the decisions we make today about the social and economic well-being of this cohort will define the nation's economy for decades to come. Despite the U.S. being at its most diverse stage in history, racial inequality persists and has real costs. Data from the National Equity Atlas show that racial gaps in income cost the U.S. \$2.1 trillion in GDP in 2012.<sup>5</sup> This is a steep price tag that has literally become unaffordable, as economic inequality now hinders economic growth.<sup>6</sup> America's future depends on creating access to opportunity for the low-income communities and communities of color who are being left behind.<sup>7</sup>




# A Step Forward: Investments in Opportunity for Young People of Color

---

The Obama Administration has taken steps to invest in opportunity for young people of color. Key efforts include:

**DACA** – President Obama took a significant step to advance economic opportunity for millions of young immigrants in 2012 with the announcement of the Deferred Action for Childhood Arrivals (DACA) program. The policy granted two-year, renewable work permits to undocumented youth who arrived before 2007 and were under the age of 16 upon arrival. In 2015 the program was expanded to include the parents of U.S. citizens (and named DAPA), growing the eligible population from 2.6 million to 5.2 million undocumented immigrants. Early research has already demonstrated economic gains from the program. A national survey shows that 69 percent of survey respondents were able to get a job with better pay, 89 percent were able to get a driver's license, 92 percent pursued educational opportunities that they otherwise could not, and the average wage increase for respondents after receiving DACA was 45 percent.<sup>8</sup>

**STRENGTHENING COMMUNITY COLLEGE** – Our community college system is critical to the economic success of young Americans and will remain so for the foreseeable future. Research shows that 2 of 3 Black students and 3 of 4 Latino students go to open-access two-year community colleges while 8 of 10 White students attend selective four-year universities.<sup>9</sup> In 2015, President Obama announced the America's College Promise Act of 2015 (ACPA), aiming to make community college free for all students with at least a 2.5 GPA. Under the bill, the federal government would cover 75 percent of tuition and fees for qualifying community colleges, with a 25 percent match from states. Since the ACPA proposal, many states including Oregon and Minnesota have announced programs or legislation in support of free community college.<sup>10</sup> The President has also taken steps to



make college more affordable including expanding Pell grants, expanding income-based repayment options for student borrowers, and investing in technical and vocational programs that are distinctly focused on employment skills.<sup>11</sup>

**MY BROTHER'S KEEPER** – In February of 2014, President Obama launched the My Brother's Keeper Initiative (MBK). This effort brought together stakeholders across the nation in both the private and public sectors to remove the barriers that boys and men of color face across several developmental milestones in education, health, employment, and community engagement. Over the past two years this project has leveraged over \$500 million in grants and in-kind donations, as well as \$1 billion in financing from banks. An MBK Task Force developed strategies to help federal agencies and more than 200 local communities signed up to participate in the effort.

While not as extensive, the Administration has also increased its efforts to address issues affecting women and girls of color. In 2014, the Department of Justice and Department of Education issued guidance on exclusionary discipline policies and the disproportionate impact on girls of color, as well as guidance on working with girls involved in the juvenile justice system. The White House also leveraged many partners including the National Girls Collaborative and the Center for Gender Equity for Women and Girls in Science to increase opportunities to connect women and girls of color to opportunities in the STEM fields.<sup>12</sup>

Good things  
come to  
those who  
hustle.

#brionylife





# The Work Ahead:

## An Opportunity Agenda for the ReadyGeneration

**WHILE THE OBAMA ADMINISTRATION HAS STRENGTHENED THE OPPORTUNITY STRUCTURE FOR YOUNG PEOPLE OF COLOR,** much more is needed to scale these efforts and position the Ready Generation to lead the American economy. Not only must investments be made today to increase the education and skills of this generation, we must also ensure that young people of color can access market sources of capital that allow them to form stable families and communities, and build generational wealth. We cannot afford for our most educated generation to also be the most indebted generation, or to have a readily entrepreneurial generation locked out of the robust investment capital resources flowing throughout established businesses. New strategies are needed and government must play a role in positioning the Ready Generation to lead us forward. As young people of color become a larger share of America's population and workforce, the critical moment to invest in their future and equip them to reach their full potential—as workers, entrepreneurs, innovators, and leaders—is right now.

Listed below are initial ideas to discuss during the White House Summit.

### **Create a True Path to Citizenship for Young Immigrants**

While DACA and DAPA have served as a step in the right direction, neither program provides a clear pathway to citizenship. In 2015, the U.S. Senate passed a comprehensive immigration reform package that would have provided a pathway to citizenship for 11 million undocumented immigrants, but that package has never been taken up by the House of Representatives. Despite this Congressional gridlock, the executive branch could take the following actions to improve the lives of millions of immigrants and their families.

- **Enact comprehensive immigration reform to ensure that immigrant families are offered safe, simple, and fair processes to apply for citizenship.** Research shows that a comprehensive package that provided multiple pathways to legalization would increase GDP by \$1.5 trillion over 10 years. In the first three years alone, the increased income and increased consumer spending due to legalization would add 750,000 to 900,000 jobs to the economy.<sup>13</sup>
- **Halt deportation by issuing a “parole in place” order for family members of U.S. citizens.** The attorney general has authority to issue parole in place for immigrants who may come into the country on the basis of humanitarian issues or for public benefit. This policy is primarily used for the spouses or family members of U.S. military and was also used for Cuban immigrants who had family members that were U.S. Citizens. Parole in place allows a person who normally would not be eligible to apply for citizenship because they entered the country without documentation the ability to apply for permanent residency.
- **Close family detention centers.** In 2014, three immigrant family detention centers were created after more than 38,000 children and mothers, primarily from Central America, came to the U.S. seeking asylum from organized crime and gang violence which had made their own communities uninhabitable. Conditions in these centers are deplorable, and a federal district court has already ruled that use of these detention centers violates existing immigration law.<sup>14</sup> While the legal battle has been won, the Department of Homeland Security has not yet released these children and families. This process must be expedited and the centers shut down permanently.

### **End the Student Loan Debt Trap and Restore America’s Commitment to Quality Higher Education**

- Millennials are the most educated cohort in our nation’s history, but are saddled with a large student loan debt burden. Thirty-seven percent of households under 40 currently have student debt, a segment that is steadily increasing. Half of students in 2013-2014 took out loans to pay for their education, up from 30 percent in the mid-1990s.<sup>15</sup> Again, the circumstances become more alarming for young borrowers of color. African Americans students are more reliant on student loans to finance their education than any other group. Eighty-one percent of Black bachelor’s degree students at public schools borrow compared to 63 percent of White students.<sup>16</sup> African American and Latino borrowers are more likely to drop out with debt than their White peers, especially at two-year institutions.<sup>17</sup> For-profit colleges



target low-income students—disproportionately students of color—who borrow at the highest rates, paying almost equal amounts for an associate's degree as they would for a bachelor's degree at a public university. More than two-thirds of Black and Latino students at four-year for-profit colleges, drop out with debt.<sup>18</sup> The federal government must reverse these trends and ensure that a college education remains a public good.

- **Tighten regulation of the for-profit colleges.** With notoriously high drop-out rates and poor job placement rates, for-profit colleges should be required to demonstrate success in preparing students for employment in order to continue to receive federal funds. Transparency efforts such as the Department of Education's College Scorecard are helpful; however the federal government still provides funds to fraudulent universities with poor graduation and employment rates. Additionally, the Department of Education should reexamine whether executives from for-profit colleges should serve in a public capacity as an industry regulator, given the potential conflict of interest.
- **Increase public investment in higher education.** The main cause of the student loan debt crisis is the fact that states have significantly reduced funding for public higher education. The Compact for Affordable College, developed by Demos, proposes a tiered funding formula that would use federal match dollars to incentivize states to invest significantly more in public higher education. The proposal also recommends that any debt that





students are forced to take on be gradually forgiven through community service and other opportunities.<sup>19</sup>

### **Expand Access to Homeownership for Young People of Color**

While the media and private business continue to spread the idea that homeownership is no longer necessary for a high quality of life, homeownership continues to be the main way families build wealth. The recession and the foreclosure crisis pushed families of color out of their homes—homes that could have served to transfer wealth to young people of color. The Institute on Assets and Social Policy notes that one of the main drivers of the racial wealth gap—the difference in net worth between households of color and White households—is the length of homeownership.<sup>20</sup> This means that it is not simply owning the home, but owning a home for enough time to build equity that can be used to invest in the future. Seven out of 10 new households will be households of color, so we cannot ignore the homeownership needs of this group. Increased

home prices and a tighter lending market post-recession mean that we must design a completely new way to help young people of color step into homeownership. The federal government should:

- **Incentivize cities to adopt a policy that promotes homeownership for young people of color who would like to purchase homes in the cities where they grew up.** This new strategy could help to retain or grow diversity while strengthening community ties for young people of color who would not only step into home ownership, but would be more likely to step into community leadership as they become stakeholders in their neighborhoods. Research also shows a positive correlation between homeownership and civic participation.<sup>21</sup>
- **Invest in housing counseling specifically targeted to millennials of color.** Families who purchased homes with the support of a HUD-approved housing counseling service were less likely to default on their mortgage payments as opposed to those who purchased directly from lenders. Housing counseling can help to ensure sustainable homeownership.<sup>22</sup>
- **Create a designation that rewards banks via CRA credit for offering quality affordable loans to millennials of color.** Banks already receive credit for lending in low-income communities, but a special designation could move them a step further to offer quality loans to millennials of color who may be locked out of homeownership. This can also serve as a way to incentivize banks to restore ownership to families who were taken advantage of through the sub-prime loan scandal.

### **Invest in Innovators of Color**

- Today economists are engaged in extensive debate about the “innovation economy.” Increased efficiencies, advances in technology, and changes in attitudes toward work place culture have led to drastic changes in the nature of employment. New jobs are being created, especially within the tech sector. However most of employment growth has happened at the very high or very low ends of the wage spectrum. In many ways the innovation economy is driving inequality.<sup>23</sup> As cities look to create innovation hubs to spur economic growth, neighborhoods of color become hot spots for investment and gentrification, and because many of these hubs are focused on tech innovation, significant investments are being made in an employment sector that is not diverse. For example, Blacks and Latinos make up only 5 percent of the tech workforce, and only 2 percent of tech founders and investors, yet they are 30 percent of the overall workforce.<sup>24</sup> This highlights the urgent need to invest in young innovators of color. People of color are leading the nation in entrepreneurship. However access to capital and networks continues to remain the biggest challenges to ensuring business success and growth. Young people of color are in

prime position to take on entrepreneurship, and do not need a lot of capital to do so. A small investment from \$10,000 to \$50,000 can be catalytic for young people of color to codify their ideas, test and grow their business models. We simply need to connect them to the resources to do so.

In 2011 the Obama Administration launched the Start Up America initiative to better leverage government resources to increase access to capital and small business supports for entrepreneurs. This initiative led to the creation of the Growth Accelerator Fund Competition, which has awarded almost \$7 million in funds since 2014 to over 135 startup accelerators throughout the U.S. The first set of 50 grants helped the small businesses that were served by the accelerators collectively raise over \$600 million in startup capital, and helped to support over 5,000 jobs. The federal government has helped to build an ecosystem of supports throughout its agencies to support entrepreneurship and innovation. We must align these resources to the groups who need them the most in communities where our young innovators of color live. Strategies to invest in young innovators of color can include:

- **Expand the Growth Accelerator Fund and Target Millennials of Color.** The success of this program demonstrates a solution to the most critical needs for small business, especially businesses of color: access to a network of peers to share best practices, as well as access to networks of investors. Congress should expand this program and increase funding to culturally competent accelerators that target young entrepreneurs of color in low-income communities.
- **Back Ventures Led by Innovators of Color.** By investing in companies and social enterprises led by innovators of color we can resource the single largest pool of leaders positioned to close the opportunity gap—those who know its challenges first hand. For example, the Impact America Fund supports technology-enabled businesses that empower underserved markets in the sectors of education, health and wellness, and emerging markets. Invested Impact works



with community partners, corporate sponsors, grantmakers, and mission investors to strengthen Baltimore's economic and entrepreneurial ecosystem for underrepresented entrepreneurs and disinvested communities. The CityDibs Fund invests in businesses and home ownership for the #ReadyGeneration in neighborhoods around the country. Each of these companies are led by young innovators of color, and are solving problems in the communities where they, their families, and their peers live.

### **Conclusion**

As we move toward a majority people-of-color nation, young people of color must be able to live in communities of opportunity and must have their leadership and talent at the leading edge of the economy. This is not just for their futures, but for the future of our nation. Investing in millennials of color will not only bolster innovation among this group, it will serve as an accelerant, sparking more innovation in their communities at a faster rate. The potential is great for our democracy as well as our private markets. However this incredible asset cannot be activated without

# References

We are grateful to **PolicyLink** for the editorial support provided in the preparation of this document.

This research was funded in part by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the author(s) alone, and do not necessarily reflect the opinions of the Foundation.

<sup>1</sup> “15 Economic Facts about Millennials,” White House Council of Economic Advisors, 2014 [https://www.whitehouse.gov/sites/default/files/docs/millennials\\_report.pdf](https://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf)

<sup>2</sup> Jon C. Rogowski and Cathy J. Cohen, “Black Millennials in America,” Black Youth Project, 2015 <http://blackyouthproject.com/wp-content/uploads/2015/11/BYP-millennials-report-10-27-15-FINAL.pdf>

<sup>3</sup> Ibid.

<sup>4</sup> Matt Bruenig, “White High School Dropouts Have More Wealth Than Black And Hispanic College Graduates,” Demos, 2014 <http://www.demos.org/blog/9/23/14/white-high-school-dropouts-have-more-wealth-black-and-hispanic-college-graduates>

<sup>5</sup> National Equity Atlas, PolicyLink and the USC Program for Environmental and Regional Equity, <http://nationalequityatlas.org/data-summaries> (accessed March 29, 2015).

<sup>6</sup> Andrew G. Berg and Jonathan D. Ostry, “Inequality and Unsustainable Growth: Two Sides of the Same Coin?,” IMF Staff Discussion Note, International Monetary Fund, 2011 <http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf>

<sup>7</sup> Sarah Treuhaft, Angela Glover Blackwell and Manuel Pastor, “America’s Tomorrow: Equity is the Superior Growth Model,” [https://www.bcsmnfoundation.org/system/asset/resource/pdf\\_file/32/Policy\\_Link\\_-\\_America\\_s\\_Tomorrow\\_.pdf](https://www.bcsmnfoundation.org/system/asset/resource/pdf_file/32/Policy_Link_-_America_s_Tomorrow_.pdf)

<sup>8</sup> Tom K. Wong, Kelly K. Richter, Ignacia Rodriguez, and Philip E. Wolgin, “Results from a Nationwide Survey of DACA Recipients Illustrate the Program’s Impact,” Center for American Progress, 2015 <https://www.americanprogress.org/issues/immigration/news/2015/07/09/117054/results-from-a-nationwide-survey-of-daca-recipients-illustrate-the-programs-impact/>

<sup>9</sup> Anthony Carnevale and Jeff Stroh, “Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege,” Center on Education and the Workforce, Georgetown University, 2013 [https://cew.georgetown.edu/wp-content/uploads/2014/11/SeparateUnequal.FR\\_.pdf](https://cew.georgetown.edu/wp-content/uploads/2014/11/SeparateUnequal.FR_.pdf)

<sup>10</sup> “America’s College Promise: A Progress Report on Free Community College,” Executive Office of the President, 2015 <https://www.whitehouse.gov/sites/default/files/docs/progressreportoncommunitycollege.pdf>

<sup>11</sup> Ibid.

<sup>12</sup> “Advancing Equity for Women and Girls of Color,” White House Council on Women and Girls, 2015, [https://www.whitehouse.gov/sites/whitehouse.gov/files/documents/ADVANCING\\_EQUITY\\_FOR\\_WOMEN\\_AND\\_GIRLS\\_OF\\_COLOR\\_REPORT.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/documents/ADVANCING_EQUITY_FOR_WOMEN_AND_GIRLS_OF_COLOR_REPORT.pdf)

<sup>13</sup> “The Cost of Doing Nothing,” American Immigration Council, 2013 <http://www.immigrationpolicy.org/just-facts/cost-doing-nothing>.

<sup>14</sup> “The Flores Litigation and the Impact on Family Detention,” 2015 <http://immigrationpolicy.org/sites/default/files/docs/The%20Flores%20Litigation%20and%20the%20Impact%20on%20Family%20Detention.pdf>

<sup>15</sup> “15 Economic Facts About Millennials,” The Council of Economic Advisors, 2015 [https://www.whitehouse.gov/sites/default/files/docs/millennials\\_report.pdf](https://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf)

<sup>16</sup> Mark Huelsman, “The Debt Divide: The Racial and Class Bias Behind the ‘New Normal’ of Student Borrowing,” Demos, 2015 <http://www.demos.org/publication/debt-divide-racial-and-class-bias-behind-new-normal-student-borrowing>.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Mark Huelsman. “The Compact for Affordable College,” Demos, 2014 <http://www.demos.org/publication/affordable-college-compact>

<sup>20</sup> Thomas Shapiro, Tatjana Meschede and Sam Osoro, “The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide,” Institute on Assets and Social Policy at Brandeis University, 2012 <http://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf>

<sup>21</sup> “The Social Benefits of Stable Housing,” National Association of Realtors, 2012 <http://www.realtor.org/sites/default/files/social-benefits-of-stable-housing-2012-04.pdf>

<sup>22</sup> Jennifer Turnham and Anna Jefferson, “Pre-Purchase Counseling Outcome Study: Research Brief Housing Counseling Outcome Evaluation” U.S. Department of Housing and Urban Development, 2012 [https://www.huduser.gov/portal/publications/pdf/pre\\_purchase\\_counseling.pdf](https://www.huduser.gov/portal/publications/pdf/pre_purchase_counseling.pdf)

<sup>23</sup> Chris Schildt, “Can the Bay Area Tech Economy Embrace Equity Before It’s Too Late?” New Economy Week, November 9, 2015 <http://neweconomyweek.org/blog/can-bay-area-tech-economy-embrace-equity-it%E2%80%99s-too-late>

<sup>24</sup> Ibid.

# Thanks



THE ANNIE E. CASEY FOUNDATION



GitHub





THE  
**Brioxy**  
SUMMIT

• WHITE HOUSE •

[brioxy.com](http://brioxy.com)