CONGRESSIONAL BLACK CAUCUS

TECH2020

S.M.A.R.T. INVESTMENT PRINCIPLES FOR AN INCLUSIVE TECH ECONOMY

May 2018 * Congressman Cedric L. Richmond, CBC Chairman

Shared Prosperity in Tech

The American economy and our communities are stronger when everyone benefits from shared prosperity. However, income inequality, low household wealth, worker displacement and low resourced communities threaten the growth of the technology industry and our economic stability.

While the CBC celebrates the growth of the tech industry and the innovations it produces, the Caucus is concerned that the industry's lack of Black representation leaves talent on the field that can fuel greater discoveries and keep the industry's competitive edge. Studies have shown that greater racial and ethnic diversity leads to more productive teams and higher financial returns.

Additionally, with the enormous wealth that is generated by the tech industry concentrated with a relative few, the industry risks a greater backlash from the community and scrutiny from legislators and regulators. Income inequality and concentrated wealth lead to economic instability in consumer driven economies.

From its founding 47 years ago, the Congressional Black Caucus (CBC) has emphasized the importance of industry and government working together to build an economy where everyone has a fair shot to achieve the American Dream. So, the CBC developed a set of principles to guide S.M.A.R.T. growth in the technology industry that is shared widely in diverse communities and parts of the country. Success will require business, government, and nonprofits working in partnership to support an innovative economy that is built to last.

Congresswoman
Barbara Lee (CA)

Co-Chair
CBC Diversity Task Force

Congressman
G. K. Butterfield (NC)

Co-Chair
CBC Diversity Task Force

Barriers To An Inclusive Tech Economy

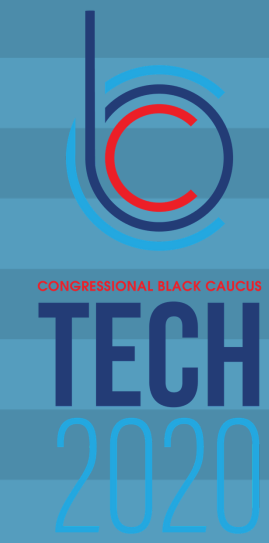
1. LACK OF BLACK REPRESENTATION

While companies insist they are committed to diversity and inclusion, the reality is that representation of African American employees at all levels of top technology firms remains disproportionately low.

* 83% of the tech executives are white. (Equal Employment Opportunity Commission)

* 76% of technical jobs are held by men. (Atlassian Survey)

* Black computer science and engineering graduates are less likely than white and Asian ones to go into tech jobs. (NY Times)



2. LACK OF INCLUSION

Recruitment of Black employees at all levels of the company, from entry level to the Board of Directors, is just the first step. It is critical that the industry supports pay equity and works to eliminate discrimination.

* 40% of underrepresented men and 36% of underrepresented women reported leaving their company due to being treated unfairly. (Kapor Tech Leavers Study)

* Black people are still paid $6,000 a year less on average than their white counterparts for doing the same job. (Hired State of Salary Report)

3. LACK OF SHARED PROSPERITY

Global Income Inequality is Getting Worse

* The top 1 percent consumed 82 percent of all the wealth created in 2017. In other words, more than $8 of every $10 of wealth created last year went to the richest 1 percent. (Oxfam)

*Black and Latino families could hit zero wealth by 2053. (Institute for Policy Studies)

Tech Valuations Continue to Grow

* The five most valuable tech companies were worth more than $3 trillion in 2017. (TechCrunch)

* The ten biggest U. S. tech companies are expected to make $1 trillion dollars in sales this year. (CNBC)

* Some tech companies make more than $1 million per employee. (Visual Capitalist)

Prosperity in Tech Not Shared by All

*The average tech employee salary is estimated at $159,600 and the average income of Blacks in San Francisco is estimated at $29,500. (SF Gate)

Low-Income People Face Higher Housing & Transportation Costs

* The median renter in the bottom quartile had just $488 left each month after housing costs, 18% less, adjusted for inflation, than they did in 2001. (Harvard's Joint Center for Housing Studies)

* Commute times for higher-income earners has not changed much between 2004-2014, but commute times for lower income workers continue to increase. (Zillow)

* The cost of commuting for the working poor consumes roughly 6% of their income, double that of high income workers. (Metropolitan Policy Program for the Brookings Institution)

Meanwhile, industries that have traditionally sustained low income and middle class families, from retail to transportation, are being disrupted and workers are being displaced.

Venture Capital Backed Investment Highly Concentrated

* Two thirds of all venture capital backed investment across the United States is concentrated in the Bay Area and the Boston-New York-Washington D.C. Corridor. (City Lab)

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S.M.A.R.T. Investment Principles

S — Support STEAM Education & Job Training

M — Make Tech Available & Affordable

A — Address Economic Stability of Communities

R — Recruit & Retain Black Talent

T — Target Investment in Diverse Companies & Communities

S.M.A.R.T. Investment Principles

SUPPORT STEAM EDUCATION & JOB TRAINING

- Invest in quality educational programs in underserved areas creating longitudinal programs that go beyond short-term coding camps or hack-a-thons.

- Invest in retraining displaced workers, workers transitioning from other careers, and people without college degrees get the skills and certifications needed. Also, companies should invest in training teachers, nonprofits, and community leaders to train others. Advocate for state standards for technical competency to help build minimum standards and access to technical education across states.

MAKE TECH AVAILABLE & AFFORDABLE

- Invest not only in Internet access, but also affordability, for homes and small businesses in underserved communities.

- Provide affordable access to and training on the hardware, software, and other technology that will ensure that schools, Black owned small businesses, and local governments can thrive.

- People who participate in the "sharing economy" should not only earn money from wages and tips, but also have the opportunity to get a share of the equity that is increasing in value based off their labor.

ADDRESS ECONOMIC STABILITY OF COMMUNITIES

- The tech industry must lead public-private partnerships where tech companies work government to invest in affordable housing, quality education, public transportation, healthcare, and public safety so communities can thrive. Displacement of residents, dramatic increases in housing costs, increased income inequality, and uneven economic development do not have to be the result of growth of tech companies in communities.

RECRUIT & RETAIN BLACK TALENT

- The tech industry is making little progress at increasing Black representation and inclusion in the industry. At the same time, a sense of belonging in the companies, pay equity, and retention of Black employees require greater attention. The tech industry must work together to develop best practices for recruiting, retaining, and creating a sense of belonging for Black employees in the industry.

TARGET INVESTMENTS IN DIVERSE COMPANIES & COMMUNITIES

- Increase investment in hiring minority-owned businesses as contractors and suppliers to help these businesses grow and create jobs in traditionally undeserved communities. Tech companies should also provide technical assistance to Black owned businesses to build capacity and scale to meet the needs of the industry. The companies also should break down contracts into smaller components so small businesses can compete for part of a larger RFPs or collaborate to bid on contracts jointly.