



***Final Report***

***Celebrating the Past -- Charting the Future  
Omaha's African American Community***

**Pew Partnership for Civic Change**

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## **EXECUTIVE SUMMARY**

### **CELEBRATING THE PAST—**

### **CHARTING THE FUTURE: OMAHA'S AFRICAN AMERICAN COMMUNITY**

While every complicated human situation has multiple causes and outcomes, research and experience show without reservation that lack of jobs; family dysfunction; poverty; and low educational attainment are deadly combinations for losing hope and perpetuating despair. This study, prepared by the Pew Partnership for Civic Change, found that all these factors have affected the African American community in Omaha in greater proportion than whites. These negative social indicators have prevented African Americans from realizing their own potential and have prevented Omaha from realizing hers. This is an issue that all of Omaha must embrace not just African Americans.

Blessed with a diversified economy, the city is geographically and economically positioned to be both a player and a leader in the new economy. Per capita and median household income exceed the national average; more people earn a living wage than the national average; and unemployment is less than the national average. If the analysis stopped right there, it would be correct and defensible. These impressive economic statistics, however, are offset somewhat by two variables that affect low-income people in a significant way: a crime index and a local tax burden that exceed the national averages.

Realizing its promise as a thriving city rests on Omaha's ability to create economic vitality and a quality of life where all people flourish and are contributors to economic and social capital creation. The disparities of the racial divide are evident in every part of Omaha's social and economic structure. Therein lies the Achilles Heel for Omaha. If you are African American and live in Omaha, you are more likely to live in poverty than your white neighbors, your median income is

less than whites and even less than African Americans nationally, and you are likely to pay more for loans if you live in a minority tract. In a study released in July 2008 by the National Community Reinvestment Coalition, Omaha was one of five metro areas where both low-to-moderate and moderate-to-high borrowers in minority tracts are most likely to get higher cost loans than borrowers from non-minority tracts.

While a majority of African Americans live in North Omaha, 40 percent do not. Therefore parallel strategies are needed to address the issues facing African Americans who live in North Omaha as well as those in other parts of the city. Successful strategies will invest as much in improving the prospects of people as they do in improving the prospects of place.

Based on data collected through a national regression model, Thriving Communities™, Omaha has a strong economy and a good quality of life. This analysis suggests that Omaha has all the building blocks in place to go from a very strong community to a national model. What is missing is a laser focus on the issues that affect Omaha's most disadvantaged populations. Often times, when communities are doing well overall, the gaps are missed. The analysis of the 387 cities in the Thriving Communities model shows that the strongest cities in America—those that have the most productive economy and the highest quality of life—do two very significant things. First, they create a vibrant economy of high wage jobs and low unemployment using four interrelated approaches: build on strengths, develop key assets, generate a positive reputation, and attract job generators. Second, they enhance their quality of life by focusing on six key variables: safe neighborhoods, highly educated workforce, healthcare access for all, affordable and available housing, arts and recreation, and civic engagement. While Omaha rates above the national average on most of these variables and the majority of families in Omaha are doing very well, 30 percent of all African American families and 10 percent of all families live in poverty. To fast-forward a generation: 40 percent of all African American children in Omaha live in poverty. Disadvantaged children are less likely to do well in

school; are less likely to continue their education; and are more likely to need intensive social services. If decline of high school attainment was analogous to a decline in manufacturing productivity, Omaha is losing at least one-third of its products during the process. No business concern would stay solvent for long with these kinds of year-to-year losses. The community's ability to attract new businesses and grow existing ones is diminished in the short- and long-term because of this loss of key workforce potential. This could have an affect on the ability of Omaha to maintain its thriving economy and high quality of life.

Where to start? What will change the odds for success for African American families and continue to create a vibrant economy and high quality-of-life for all the citizens of Omaha? Four complimentary areas of intervention have proven to work over time. All must be comprehensive, strategic, and accountable. The recommended interventions are:

**EVERYDAY GOAL: CREATE BRIDGES BETWEEN THE SILOS OF WORK THAT ARE UNDERWAY**

- 1) Work together to meet the challenges of a more prosperous Omaha. Work must mesh in order to have stronger results.
- 2) Forget the blame game or “gotcha” politics; this is a time for a potentially great city to step up and out for all its citizens.
- 3) Avoid bureaucracy but create an organization that can connect the dots. Don't necessarily rely on an existing organization to pick up this function as an add-on. Give the organization some “teeth” to act on behalf of the community.

**SHORT-TERM GOAL: *Develop a Pathway to Educational Self-Sufficiency in North Omaha***

**STRATEGY: COMPREHENSIVE INTERVENTION FOR CHILDREN IN NORTH OMAHA.**

Develop a birth to college plan that assures that children in North Omaha first, and the rest of the city to follow, have what they need to be successful. This would include an integrated system to provide education, health, and enrichment programs at all age levels.

- 1) Create a “Baby Academy” to give children and their parents a good start.
- 2) Insure that all fourth graders are performing at grade level in reading and math by the end of fifth grade.

- 3) Develop a summer eighth grade academy to reach all prospective high school students who are behind academically to help them be ready for ninth grade.
- 4) Design a career institute that moves beyond “trades” to paid apprenticeship opportunities to introduce non-college bound African American students to skills needed for living-wage jobs.

**PRIORITY OUTCOMES:**

1. Insure that expectant mothers receive prenatal care.
2. Develop early interventions so children are ready for school.
3. Provide access to medical/dental care for all children.
4. Prepare young people for work or higher education.

**INTERMEDIATE-TERM GOAL: *Make Omaha the City with the Most Qualified Workforce***

**STRATEGY: REINVENTION OF WORKFORCE DEVELOPMENT TO FIT GLOBAL NEEDS.**

Create a new approach to workforce development that creates a model for the future. System would be seamless with school to work, insure that skills are relevant to next generation job demands, address basic skills and literacy for those who need them, and connect people to jobs available.

**PRIORITY OUTCOMES:**

1. Insure that all high school graduates can read at level.
2. Invest in early childhood learning.
3. Develop community-led apprenticeship programs for all middle school students to provide options and alternative life paths.
4. Improve the high school graduation rate.
5. Prepare the workforce for 21<sup>st</sup> century jobs.

**LONG-TERM GOAL: ACCESSIBLE CREDIT AND ENTREPRENEURSHIP**

**STRATEGY: CREATE PATHWAYS TO ENTREPRENEURSHIP FOR MINORITIES.** Develop strategies to get more African Americans in upper management and business ownership. This builds personal wealth and is a vehicle to grow the larger economy. Eighty-seven percent of all businesses in America were considered a microenterprise. Between 2000 and 2005 these businesses created 900,000 jobs.

**PRIORITY OUTCOMES:**

1. Launch a mentoring and leadership development program that connects business executives and corporations to young, African American employees.
2. Provide technical assistance to entrepreneurs.
3. Develop business skill training for entrepreneurs.

This study looked at every area of life for African Americans in Omaha and much can be done. However these three recommendations must be done immediately. Based on the scope of this study, it is clear that Omaha is poised for change. The answer to the challenge rests in going back to basics: basic learning, basic living conditions, basic nutrition, basic safety, and basic connections to the larger community. These are the foundations of life that allow people not only to exist but also to flourish. They are the first step in the pathway to success. Omaha is the kind of community that can show others how it can be done. That is when a very good city achieves greatness.

## **INTRODUCTION**

This study, prepared by the Pew Partnership for Civic Change, had three purposes: first, to document the challenges facing the African American community in Omaha; second, to determine the impact of these challenges on the community as a whole; and third, to recommend next steps needed for the situation to improve. While there may be disagreement on the extent and cause of the challenges facing the African American community, the fact remains that there are issues to be tackled in more in-depth ways to change long-term results. Research and data provide direction for a strategy for successful change. This is the goal: *Building and securing an economic pathway for Omaha as a world-class city that includes African Americans as an integral part of the journey.*

## **CONTEXT: WHERE WE ARE**

Omaha is a city with a past and a future and that is very good news. Blessed with a diversified economy, the city is geographically and economically positioned to be both a player and a leader in the new economy. Per capita and median household income exceed the national average (1.01 and 1.06 respectively); more people earn a living wage than the national average (1.03); and unemployment is less than the national average (1.01). If the analysis stopped right there, it would be correct and defensible. These impressive economic statistics are offset somewhat by two variables that affect low-income people in a more significant way: a crime index (1.06) and a local tax burden (1.23) that exceed the national averages.

Realizing its promise as a thriving city rests on Omaha's ability to create economic vitality and a quality of life where all people flourish and are contributors to economic and social capital creation. The disparities of the racial divide are evident in every part of Omaha's social and economic structure. Therein lies the Achilles Heal for Omaha. If you are African American and live in Omaha, you are more likely to live in poverty than your white neighbors; if you live in a minority tract you are likely to pay more for loans than whites; and if you are working your median income will be less than whites. The 2006 median household income for African American families in Omaha was \$31,969 versus \$50,673 for white families. The median income of blacks in Omaha is 14 percent less annually than that of blacks nationally. (U.S. Census 2006)

One of three African American families lives in poverty versus one in ten white families. Twenty percent of all children in Omaha and 40 percent of all African American children live in poverty. (U.S. Census 2006)

These facts beg the question: Is Omaha different from other cities in its ability to provide opportunities and embrace different races, ethnicities, and creeds? What has Omaha done to create, foster, or perpetuate this situation? More importantly, what can it do about it? The answers to these questions are more trite than authentic. One could point to history alone—overt racial tension in the

twenties and the sixties were evidence of a city that had neglected poor and minority citizens. Evidence shows that 40 years since the racial unrest of the sixties, the issues facing the African American community are the same—only worse. One could say that the civic, business, and political leadership has focused on the low-hanging fruit of economic development and ignored the necessities of life required by the at-risk populations to participate in the area’s economy and civic life. Still others might say that the out-migration of middle class and higher wage African Americans coupled with too few management and professional opportunities left a black community with economic extremes and a void of civic and economic anchors in the larger community. Other voices might say that the culprit is benign neglect, apathy, or systemic racism. Finally, others could say that opportunities were there but left wanting through lack of skills, education, and motivation by the very people who needed them most.

Probably there is a fraction of truth in all of these answers. But this analysis could find no real evidence that the current plight of the African American community in Omaha rests on one thing alone or that it is significantly different from the racial divides in other cities of its size. What is different is that the community is now looking deeper and more analytically at both the problem and the solution and is willing to invest dollars and time to turn the tide. There is a chance right now to change things.

There are many initiatives and programs directed at improving the future of Omaha’s poorest and most at-risk populations. They include but are not limited to the community development effort led by the North Omaha Economic Development Project, educational attainment and strong youth development championed by Building Bright Futures, mobilization of the community around workforce issues through the Chamber of Commerce, Urban League and others, and the development of partnerships and collaborations to address systemic problems through Empower Omaha. There are also a healthy number of religious organizations, civic groups, higher education

institutions, and youth-serving organizations as well as the public schools that are doing valuable work in the city to create new opportunities and to build the workforce of the future. The challenge going forward is for all of these groups—the city, state, nonprofits, business, religious community, education, and local philanthropy—to work together to invest in the solutions that produce results. In shorthand, solutions will rest on the community’s ability to insure that children have the care they need, that youth have opportunities to find success in the community, in school, and through work, and that adults have second chances at the American Dream. This will not be easy to accomplish. It will be impossible with a disparate, isolated project focus. Changing the future of African Americans in Omaha is about strategy, best practice, and public will.

The time has come to recognize the past and then bring all the efforts together to determine who is doing what, to identify the gaps in services and investment, and to assure results based on research and best practice. It must be clear that what is being done now will reverse the negative trends of the past.

### **CONTEXT: HOW WE GOT HERE**

Before remedies are proposed it is important to have a context of the past and a gauge of the present. An excellent series of articles and reports in the *Omaha World-Herald* over the last year has been a giant step forward in informing the public about the condition of African Americans in Omaha. Topics, ranging from the shrinking middle class to the disparity in income to African Americans who live in poverty, illuminate the challenges before the Omaha community.

Despite the negative indicators, history provides some insight into how the present circumstances emerged. The African American community was established in Omaha around the turn of the 20<sup>th</sup> century when the population of black Omaha was about 3,500. During that period jobs for men were centered around hotels, the railroad, and to a lesser extent the stockyards. African

American women as family breadwinners comprised a larger percentage of the workforce than their white female counterparts usually taking jobs as domestics or other low-wage, low-skill jobs. The 1910 U. S. Census lists the following jobs held by black women in Omaha: four bookkeepers, four trained nurses, three stenographers, and one teacher. While women generally were finding their way in the workforce at that time, considerably more African American women stayed in the workforce longer than their white peers. This, according some researchers, is evidence early on that economic hardships were very real. (Larsen, Cottrell, Dalstrom, and Dalstron, p. 202)

The population and cultural center of Omaha's African American population was North Omaha. In the early part of the 20<sup>th</sup> century blacks lived in South Omaha near the stockyards or in North Omaha. While the earlier boundaries of North Omaha housed the majority of African Americans, today's boundaries and the demographic composition of North Omaha tell a different story. Using the definition that encompasses modern-day borders, (North Omaha is bordered by Cuming and Dodge Streets on the south, I-680 on the north, North 72<sup>nd</sup> Street on the west, and the Missouri River on the east), a portrait emerges. Based on the 2000 U.S. Census, 59 percent of the residents of North Omaha are African American, 29 percent are white, and five percent are Hispanic. Roughly 20,000 African Americans live in other neighborhoods throughout the city. While North Omaha is a big part of the African American story, it is not the whole story. A study of integration patterns in cities across America by the University of Wisconsin-Milwaukee found that 83 percent of Omaha's white population lives on blocks that are 80 percent or more white. For all intents and purposes, Omaha is still segregated by housing. Appendix I is a summary of racial housing patterns across cities.

As in many urban areas, segregation and economics have kept North Omaha poorer and populated with more people of color than other sections of the city and the metropolitan area. This population concentration encouraged the development of North Omaha as the center for arts,

culture, and economics as well as the touchstone for justice and equality. North 24<sup>th</sup> Street was formerly referred to as the “Street of Dreams” by early inhabitants because of the prosperity and hope it evoked. North Omaha attracted big name performers to the Dreamland ballroom and produced many fine musicians, artists, athletes, and businesspeople. It was a community that had promise and dreams despite a national culture of segregation. In the period 1900-1930 there were 100 black-owned businesses in North Omaha, 20 fraternal and civic clubs, and 40 church denominations. There were physicians, dentists, and attorneys that lived in the area. Commerce at that time was steady if not thriving.

The Red Summer riot of 1919, touched off by a false accusation and murder of a black man, and the civil right protests in the sixties mobilized many in the community to advocate for justice and equal rights. The first western chapter of the Urban League was founded in Omaha in 1928; the NAACP was founded 16 years earlier. What is remarkable about the history of the fight for justice is how small in numbers the band of activists was compared to other cities. The black population in Omaha in 1920 was only 10,000. While it had doubled in a decade, it still comprised only five percent of the total population. Juxtapose that number with a southern city like Birmingham in the same period with 70,000 blacks comprising almost 40 percent of the population and you recognize quickly both the odds and the danger that faced the 20<sup>th</sup> century protesters.

A number of things happened between the twenties and World War II that had an impact on the economic and political futures of African Americans in Omaha. In the World War I era self-serving leadership in the black community coupled with a segregated society eroded the political influence that had been gained. While the African American population was increasing primarily because of the hope of a better life by southern blacks looking for employment opportunities at the packinghouses but political and civic influence was declining. In 1920 there were no black teachers in Omaha. (Larsen et al, p. 218)

The Great Depression took its toll on all of Omaha but particularly on the African American community. In 1931 blacks comprised 11 percent of Omaha's workforce but by the next year the percentage was down to four. Since African Americans were often the "last in/first out," unemployed whites were able to claim jobs previously held by African Americans. Patterns began to emerge in the thirties and forties that continue today. Even then the illiteracy rate was disproportionately high. Arrests were higher for African Americans and there were more mothers working outside the home leaving children unattended in some cases.

Dreams turned sour in North Omaha in the sixties when two of the major businesses on 24<sup>th</sup> and Lake closed for good: Skaggs Drug Center and the Safeway grocery store. Business people in the area complained to the city that their insurance was cancelled. While the unrest of the sixties contributed to the decline of business enterprise in North Omaha, it was not the only culprit. The situation in North Omaha today has a solid 40-year history; one could even argue 100-year history. Years of disinvestment and distrust have led to the current conditions. Then Mayor A.V. Sorenson testified before a U. S. Senate Committee after the racial unrest in North Omaha: *The desire for a decent place to live plus the opportunity for a decent job at a decent wage is at the very core and heart of the [Negro] discontent. Deplorable living conditions and social unrest go hand and hand. Substandard housing, high levels of unemployment and poverty incomes make family breakdown and social disorder predictable.* (Larsen, Cottrell, Dalstrom, 2007, p. 357). The 2000 U.S. Census estimates that a third of all families that live in poverty in Omaha reside in three zip codes in North Omaha.

What changed and when? The overlay of racial segregation makes a comparison of reception and assimilation of newcomers to Omaha difficult to gauge. The enactment of the open housing laws in the late sixties created more opportunities for housing throughout the city. So when were things the best? Best compared to what? The newcomers that came to Omaha in the twenties to work with the railroads or in the packinghouses as butchers and boners were better off economically than they

had been in agricultural or domestic work in the deep south. Perhaps the heyday comparatively was around the end of World War II when the economy in general was booming and African Americans benefited from that boom. It is clear in Omaha and everywhere else in America—then and now—that economic downturns hurt the poor worse than others. The same can be said for the best of times and the worst of times for the economic futures of the African American community in Omaha. In general, African Americans have done better when the rest of the economy has done better. That is, until the sixties when the downward spiral and the confluence of unemployment, underemployment, family breakdown, and low educational attainment set in motion a scenario of poverty that has carried until today. History shows, however, that African Americans in Omaha have a proud tradition of work, entrepreneurship, and culture that needs to be lifted up for this generation; that despite well-intentioned interventions over the years, the problems have compounded as Mayor Sorenson’s testimony illustrates; and finally, because of the size and economic prosperity of Omaha these are issues that can be addressed—and solved.

### **IMPACT ON THE LARGER COMMUNITY**

Omaha, like every other city in the United States, has struggled with the push and pull of investments in place or people. With limited budgets and a strained national economy, priorities must be set. Community development experts tout the advantage of one over the other. On the place side it is argued, you cannot expect jobs and retail to come to a community unless crime is low, infrastructure and cosmetic investments are visible, and public transportation is available. The people-side advocates argue that jobs will not come to a neighborhood until safety has been assured, residents are prepared to enter the workforce, and human problems have been addressed successfully. Despite the persuasiveness of both arguments, the answer is both strategies must be

done and their efforts must intersect not just parallel each other. The future of Omaha’s African American community requires a recalibration of the important efforts underway to create a seamless strategy for change that links and complements all the work being done. Metaphorically a multiple programs and initiatives without a unifying thread is like a building without connecting hallways or stairways. Buildings will not work without connectors. Neither will communities.

Strategies also emerge from the data. In general on all the positive benchmarks of the community, the African American population is behind. Table I shows the racial differences on income and employment:

**TABLE I  
DIFFERENCES IN UNEMPLOYMENT AND INCOME**

	Unemployment*	Income	Family Poverty
African Americans	10.5%	31,969	30%
Whites	3.1%	50,622	10%

Source: 2006 U.S. Census

\*Still looking for work

Likewise there are disparities in educational attainment. The high school graduation rate overall for Omaha is projected at 55 percent. African Americans nationally and in Omaha are disproportionately affected by this national crisis with African Americans only graduating on time (if at all) about half of the students who enter in the ninth grade. While school transfers and out-migration affects the numbers some, the fact remains that in 2006, 5,018 students entered the ninth

grade in the Omaha Public Schools and only 3,387 went on to tenth grade. Table II is a longitudinal chart by race of the success rate of eighth graders in finishing high school in Omaha.

**TABLE II**  
**EIGHTH GRADE TO TWELVE COMPLETION BY RACE**

	2003-2004 <u>Eighth Grade Cohort</u>	2006-2007* <u>Graduates</u>
Caucasian	1620	971
<b>African American</b>	<b>1028</b>	<b>501</b>
Hispanic	452	206
Native American	48	1
Asian American	54	38
<b>Total</b>	<b>3202</b>	<b>1733</b>

Source: Omaha Public Schools. 344 students still active in the system and able to graduate.

The dropout problem is most acute between ninth and tenth grades. Appendix II reflects the national trend: only 25 to 75 percent of students graduate from high school on time in the nation’s largest cities.

The problems in educational attainment start much earlier. An analysis done for this study of fourth grade proficiency in reading and math in schools with 50 percent or more African American students and with 50 percent of the students considered economically disadvantaged, showed that more of these children were not at grade level than in schools where students were predominately white and from more economically advantaged families. Appendix IV-VII shows this pattern.

Early interventions for high-risk children pay big dividends. Dr. Jack Shonkoff, director of Harvard’s Center for the Developing Child and a leading researcher in brain development, says that children at most risk are those that come from poor, dysfunctional families: “When you control for income and education, racial disparities disappear. The primary factor [in the success of the child] is

socio-economic status of the family. Where race does factor in is the stress on children from racial discrimination.” (*Solutions for America*. 2008)

Poverty and underachievement costs the nation and communities like Omaha untold millions of dollars. A study done by The Urban Institute in 2007 estimates that the costs of children growing up in poverty costs the nation \$500 billion a year in less productivity, less earning power, demands on social services, crime, and health-related costs. Therefore a city with 19,000 children living below the poverty line can be assured that it is losing the potential and the contributions of its future workforce. What is the effect of this kind of poverty on Omaha’s future? The Pew Partnership’s regression model, “Thriving Communities,™” that includes data related to economic and quality of life variables in 358 metropolitan statistical areas (MSA), shows that Omaha outpaces the national average in most variables. This regression analysis holds that a vibrant economy creates a high quality-of-life and that a high quality-of-life creates a thriving economy.

For Omaha to continue to prosper as it has over the last decades and for the African American community to realize its potential, it is critical that the community address both economic and quality of life issues for its most at-risk populations. Negative social indicators, particularly rates of poverty and lack of educational attainment, will affect the community’s ability to improve its economic and quality of life indicators over time. The data show clearly the points of most vulnerability particularly for African Americans. A thriving economy depends on high wage jobs and low unemployment. Therefore the disparity between blacks and whites in living wage jobs, median income, and educational attainment inhibits African Americans’ ability to play a strong role in a thriving economy. While these variables are examined separately in most studies, they are actually subsets under the same umbrella: two-thirds of African Americans so not have the potential for income that will support their families at the basic levels and a pathway to the economic resources needed to move into the middle-class.

The Thriving Communities™ dataset includes comparative numbers for all study communities. The regression analysis identified seven variables that were held in common by the most successful cities in the dataset. Improving all these variables would significantly affect the ability of North Omaha and the African American community in general to connect to the global economy.

The seven key variables are:

- Improve the high school graduation rate. Having an educated workforce is one of the most powerful predictors of economic performance. A low graduation rate denies residents a chance at a living wage job and prevents the community from developing a workforce that will meet the needs of the 21<sup>st</sup> century.
- Lower the unemployment rate. On average cities with high unemployment have difficulty maintaining a high quality-of-life. Cities that want to more successful should invest in job training programs particularly for those that would be considered “unemployable” because of lack of education or felony convictions.
- Lower sales taxes. Lower sales tax is associated with strong economic performance. High sales taxes put a damper on small businesses where job growth is highest. Communities must examine their taxing structure as the lower barriers to create wealth.
- Develop and expand a robust arts sector. Museums, quality libraries, and cultural sites are associated with strong economic growth and quality-of-life. An arts infrastructure is a factor in the decision for business location and re-location.
- Reduce violent crime. Violent crime is a stronger factor than property crime to economic growth. Neighborhood watch programs and added police patrols in high crime areas help reduce crime rates and show businesses that the community is a safe place to operate.
- Develop regional transportation links. Communities need to be connected with each other regionally to engage in commerce. The benefits of scale are in effect when attracting new business. Getting poor people to living wage jobs requires an accessible, affordable transportation system.
- Provide ways for new business development and entrepreneurial opportunities through access to capital, community banks, and mentorship.

One area of analysis that needs some explanation is the effect of poverty on long-term quality-of-life factors. The regression analysis connects higher wages and low unemployment with a higher quality of life in a stronger way than vice versa. For individuals it certainly affects the ability

to live in safe and secure housing, limits access to the larger community, and is a predictor in educational performance and attainment. For a community, large numbers of people in poverty are in effect a negative opportunity cost. Appendix VIII compares Omaha's overall poverty rates to other cities. Appendix IX shows Douglas County.

## WHERE TO START

There are certainly personal failings that have contributed to the situation in Omaha but right along side are the structural failings that have missed the mark for 40 years. This report concludes that the new economic future for African Americans in Omaha will be built on three critical factors: 1) early and comprehensive interventions that provide children with the knowledge, skills, and relationships needed for success in school and work; 2) job training for the 21<sup>st</sup> century that provides the skills needed for the future and the link to living wage jobs; and 3) access to capital and relationships that will encourage black entrepreneurship and higher per capita income. In order to address these three priorities, unemployment, school achievement, and median income must be addressed.

**Implications of Unemployment.** Unemployment in the Omaha/Council Bluffs MSA was 3.4 percent in May 2008. The latest comparative figure by race is the 2006 U.S. Census that showed a slightly higher overall rate—3.7 percent—with the rate for whites being 3.1 percent and for blacks 10.5 percent. In raw current numbers that would be about 11,000 whites and 3,000 African Americans give or take. Add to this more than 20 percent of all workers (80,000) and 31 percent of African Americans (7,000) who say they are underemployed and the challenge becomes more difficult. (Minority Economic Development Council, 2006)

What is important about the numbers rather than the percentages is that they are manageable. In the case of the unemployed, there is a strong case to be made to expand current workforce efforts

with data from economic developers to determine the kinds of jobs being recruited and the skills needed to fill those jobs. Jobs go unfilled in Omaha and elsewhere because of too few trained workers. Most workforce training efforts are under funded for the demand. This is an expenditure that must be made. The skill set for the jobs of the future begins by insuring that the workforce in Omaha can read and write effectively, have basic computer skills, and have social skills to operate in the workforce. That spells strong secondary and post-secondary education to include vocational, apprenticeship, and alternative educational settings for different kinds of learners and new partnerships.

**Implications of Under Achievement in School.** The high school completion rate in the Omaha Public Schools must be thought of in terms of workforce development and per capita income. No matter whose numbers are considered correct, the community is losing a minimum of 35-45 percent of its students before high school graduation. Five high schools have a projected graduation rate of 60 percent or less: Benson, Central, Omaha North, Omaha Northwest, and Omaha South. It is clear that this is a problem that must be addressed immediately particularly with eighth and ninth grade students who are at most risking of dropping out.

Lack of a high school diploma is the road to un-and under-employment, lower median income (25 to 40 percent less annually than those who do graduate), and a lost opportunity cost to the community. If decline of high school attainment was analogous to a decline in manufacturing productivity, Omaha is losing at least one-third of its products during the process. No business concern would stay solvent for long with those kinds of year-to-year losses. Having said this, the reform needed is two-fold: 1) keeping kids in school and connecting schools to the world of work more effectively; and 2) mobilizing the community to assure that children from birth through high school have the mental, social, and emotional tools they need to learn. The high school dropout crisis is the community issue that came to school, not an education issue alone. Interventions that will

make a difference go along the continuum of life. Communities have tended to jump in and jump out at appointed times convincing themselves that a one-time fix will do it. That faulty thinking is why we are dealing with the challenges today in workforce development. The community *at large* must connect the workforce issue of the future with school completion crisis of the present.

A 2007 report from the National Center on Education and the Economy is a message to Omaha and every other city.

*If we continue on our current course, and the number of nations outpacing us in the education race continues to grow at its current rate, the American standard of living will steadily fall relative to those nations, rich and poor, that are doing a better job. If the gap gets to a certain — but unknowable — point, the world's investors will conclude that they can get a greater return on their funds elsewhere, and it will be almost impossible to reverse course... our education and training systems were built for another era... It is not possible to get where we have to go by patching that system. There is not enough money available at any level of our intergovernmental system to fix this problem by spending more on the system we have. We can get where we must go only by changing the system itself.*

**Implications of Per Capita Income and Median Household Income.** Per capita income and median household are directly related to a living wage job and that is in turn related to employability and level of skills. In Omaha there is a median income disparity between whites and blacks. The long-term affect of low wages on families results in the inability to accumulate wealth—for more education for children, capital to start a business, and the down payment for a home. Increasing per capita income will improve home ownership and expand the middle class. Appendix III shows the impact of housing costs on families.

Improving per capita and household income for African Americans is best achieved in two ways: 1) a full entrance in upwardly mobile job opportunities and 2) access to capital for entrepreneurship. Upwardly mobile job opportunities will increase as the skills and education levels of the workforce improves and as businesses and corporations actively seek to diversify the ranks of management and corporate officers. Empirical evidence shows the correlation between minority self-

employment and increased economic mobility. According to a study done by R. E. Fairlie, self-employed black and Hispanic men have greater mean and median earnings than their minority wage/salary counterparts.

Work done by the Kauffman Foundation on minority entrepreneurship found that minorities are more likely to start a business than whites and investing in minority firms is good business. New business formation is one of the most important economic and social activities for any society expecting economic gain and innovation. Research reveals that new business formation is widespread and involves all racial and ethnic groups. Two recent studies relevant to minority entrepreneurship: *The Entrepreneur Next Door: Characteristics of Individuals Starting Companies in America* and *Minorities and Venture Capital: a New Wave in American Business* report that entrepreneurship is a widespread activity in the United States. Participation is as common as getting married or the birth of a baby. About 6.2 in every 100 U.S. adults 18 years and older are engaged in trying to start new firms. Relevant findings include:

- Blacks are about 50 percent more likely to engage in start-up activities than whites. Hispanic men are about 20 percent more likely than white men to be involved with a start-up, but the difference isn't statistically significant. Hispanic men are about equally as likely to attempt to start a business as white women, but they are less likely to be participating in start-up activities than black women.
- Education significantly predicts nascent entrepreneurship, particularly for blacks and Hispanics. Approximately 26 of every 100 black men and 20 of every 100 Hispanic men with graduate education experience report efforts to start a new business. This compares to 10 of every 100 white men with graduate education experience.
- Venture capital investing in minority enterprises is very profitable. An analysis of 24 venture capital funds making 117 minority-oriented investments found the average investment per firm was \$562,400; the average gross yield per firm was \$1,623,900 generating an average net return of \$1,061,500.
- Venture capital funds that focus their investment in minority enterprises do not concentrate heavily in high tech firms. Unlike the broader VC industry, funds focused on minority businesses support a more diverse range of industries.

Despite this encouraging prospect and the fact that African Americans are starting businesses

at a higher rate than whites, what often holds them back is access to capital. This occurs in part because they have little personal wealth to borrow against and lack a network of contacts to help them through the borrowing process (*New York Times*, December 23, 2004). In the case of Omaha's black-owned businesses, there are slightly more than 200 with paid employees and about 1,100 with no paid employees (essentially one-person operations). This is from a business landscape in Omaha of 33,000 businesses. The ongoing problem for small business is the capital to grow, expand, and hopefully increase revenues. Omaha lags behind cities like Kansas City, Charlotte, and Denver in black-owned businesses per capita. Further, new evidence suggests that access to capital is subject to unfair practices. In a study released in July 2008 by the National Community Reinvestment Coalition, Omaha was one of five metro areas where both low-to-moderate and moderate-to-high borrowers in minority tracts are most likely to get higher cost loans than borrowers from non-minority tracts. This idea has a very poignant history for one of Omaha's most successful African American business owners, Radio One founder Cathy Hughes. Thirty-one lending institutions turned her down. Twenty-five years later and a multi-million dollar operation, the opportunity costs of not having capital are clear

### **CELEBRATING THE PAST TO CHART THE FUTURE**

A quality of life issue that impacts economic prosperity is the number and variety of museums. While Omaha has many wonderful museums that are award winning including the Durham Western Heritage Museum, El Museo Latino, and the Joslyn Art Museum, the lack of a museum that celebrates the culture and history of the African American community—its struggles and its triumphs—would be an important addition. North Omaha was arguably one of the centers of black cultural identity like the much larger Harlem in New York City and U Street in Washington, DC. In a 1994 development plan prepared by the Nebraska Department of Tourism, one of the requests by the citizen group was to develop the African American heritage of North Omaha.

Based on research from *Smart Communities*, preserving culture is a key ingredient in encouraging and motivating this generation and the next. Such topics as black participation in the settlement and development of Omaha, understanding the hope for the future that Omaha held for many southern blacks, and the influence of African Americans born in Omaha such as Malcolm X; Cathy Hughes; Gale Sayers; Senator Ernie Chambers, the longest serving legislator in state history; Dr. Matthew O. Ricketts, an Omaha physician, the first African American to serve in the Nebraska legislature (elected in 1892 and 1894); Eula Overton and Lucy Gambol, the first black teachers in Omaha; and the first black architect Clarence W. Wigington, who designed the first Zion Baptist Church; (Allman-Baldwin, 4/19/2007). Omaha needs a place to learn about the struggles, contributions, and culture of the African American community—a teaching and learning center.

## **A NEW COURSE FOR OMAHA— RECOMMENDATIONS FOR MOVING FORWARD**

Omaha's developments as a city and the prospects for the African American community have followed the patterns of many others. It is time for a new path. While many political, civic, and religious leaders have lead the way for equality of opportunity for decades, and while business, philanthropy, and nonprofit organizations have dedicated time and resources to making the African American stronger economically, politically, and socially, their efforts have not made the lasting change that is needed. Sustainable solutions will require more of everything: more creativity, more buy-in by African Americans and whites, more intensive and directed effort, and a commitment to continue and sustain the efforts. With poverty hovering at 12.5 percent for all individuals nationally and more than 10 percent in Omaha, we know where to start. The community must intervene to insure that the children in those poverty homes do not repeat the cycle. The burning issue for Omaha's African American community is quality preparation for school, life, and work for all.

This raises the question—what costs have these kinds of racial patterns, lack of investment by the larger community, and lack of responsibility by some of the most affected individuals exacted? As in the case of many cities, it is a predictable set of answers. Neighborhoods and sections of Omaha have had an out-migration of middle class families and have suffered the consequences of the malaise of poverty—higher crime, less educational attainment, more illegal drugs, and a disproportionate age disparity leaving the youngest and the oldest to deal with the fallout. The atmosphere of distrust and misunderstanding over time has prevented the kinds of partnerships and collaborations for change that were and are needed. The leadership elites assumed that growth in the economy would drive quality of life issues across the board. This has not been the case. The ongoing underachievement by children from minority and low-wealth backgrounds in the classroom threatens to limit the economic prosperity of Omaha in the future.

While this study looked at every area of life for African Americans in Omaha and found that much can be done, the direction is clear about what needs to be done **next**. The dropout rate in the public schools—no matter whose numbers are used—could be labeled a crisis. A city that wants to be better than the best among the nation’s cities needs to have one goal on everyone’s mind: all children must be prepared for the global economy. The moment has come for Omaha to be a leader in business, the arts, and in making Omaha a place where African American children are the linchpins for a successful Omaha. So what to do?

Based on the quantitative and qualitative data collected, short-, intermediate-, and long-term strategies are needed to assure that African Americans participate fully in the economic growth necessary for Omaha to compete effectively in the global economy. Having citizens with the training and education needed to compete and contribute fuels this participation. Many things could be done but too often groups and communities study things so long or insist in going it alone that a generation is lost in the meantime. The following are goals that Omaha should use to mobilize its

efforts immediately by working together across agencies, governments, organizations, and racial fault lines.

**EVERYDAY GOAL: CREATE BRIDGES BETWEEN THE SILOS OF WORK THAT ARE UNDERWAY.**

- 1) Work together to meet the challenges of a more prosperous Omaha. Work must mesh in order to have stronger results.
- 2) Forget the blame game or “gotcha” politics; this is a time for a potentially great city to step up and out for all its citizens.
- 3) Avoid bureaucracy but create an organization that can connect the dots. Don’t necessarily rely on an existing organization to pick up this function as an add-on. Give the organization some “teeth” to act on behalf of the community.

**SHORT-TERM GOAL: *Develop a Pathway to Educational Self-Sufficiency in North Omaha***

**STRATEGY: COMPREHENSIVE INTERVENTION FOR CHILDREN IN NORTH OMAHA**

Initiate a birth to college plan that assures that children in North Omaha first, and the rest of the city to follow, have what they need to be successful. This would include an integrated system to provide education, health, and enrichment programs at all age levels.

- 5) Create a “Baby Academy” to give children and their parents a good start.
- 6) Insure that all fourth graders are performing at grade level in reading and math by the end of fifth grade.
- 7) Develop a summer eighth grade academy to reach all prospective high school students who are behind academically to help them be ready for ninth grade.
- 8) Design a career institute that moves beyond “trades” to paid apprenticeship opportunities to introduce non-college bound African American students to skills needed for living-wage jobs.

**PRIORITY OUTCOMES:**

1. Insure that expectant mothers receive prenatal care.
2. Develop early interventions so children are ready for school.

5. Provide access to medical/dental care for all children.
6. Prepare young people for work or higher education.

Why these things and not others? Statistics show that school performance of African American students in the Omaha Public Schools is less than whites. The scores are lower, the dropout rate higher, and the path to college dimmer. That is why one program or initiative on its own won't work. To break the cycle, we need a stealth intervention that is ongoing and intensive. The best example of this comprehensive approach is the Harlem's Children's Zone. Founded in 1998 by Geoffrey Canada, the "zone" is now 60 blocks in Harlem. It serves more about 7,500 children—75 percent who live in the zone. The other 25 percent come from throughout New York City because the programs are so stellar. It started in a one-block area in central Harlem with programs that combine medical, educational, and social services. It is a birth to college strategy with an objective not to let any child fall through the cracks. As this program was being designed Canada and others found that the children whose parents were working or had some organization in their lives were the ones participating in the programs. That was not enough—all children in Harlem needed the same chance. The evaluation of this approach a decade later shows without question improvement on the issues that face poor children. In a nutshell, there are more immunizations, better reading scores, more parent involvement, more health care, and more use of the Earned Income Child Credit by families.

Parallel to the intensive capital investment in the North Omaha Project is this kind of intensive focus on children and youth. It needs the detail of a Fortune 500 business strategy complemented by research, development, and long-term funding. Where initiatives have missed the mark historically is thinking that a one-dimensional intervention will work. It never has and never will. Children Defense Fund founder Marian Wright Edelman called Harlem Children's Zone the most promising strategy for poor children in the country. Children in Omaha deserve no less.

### **INTERMEDIATE-TERM GOAL: *Make Omaha the City with the Most qualified Workforce***

#### **STRATEGY: REINVENTION OF WORKFORCE DEVELOPMENT TO FIT GLOBAL NEEDS**

Create a new approach to workforce development that creates a model for the future. System would be seamless with school to work, insure that skills are relevant to next generation job demands, address basic skills and literacy for those who need them, and connect people to jobs available.

#### **PRIORITY OUTCOMES:**

6. Insure that all high school graduates can read at level.
7. Invest in early childhood learning.
8. Develop community-led apprenticeship programs for all middle school students to provide options and alternative life paths.
9. Improve the high school graduation rate.
10. Prepare the workforce for 21<sup>st</sup> century jobs.

In general the African American community is underemployed relative to whites but also in relation to the trends for African American employment and median income nationally. That will only change through more efficient and precise job training programs dealing with the easy to find as well as the hard to reach candidates such as high school dropouts.

## **LONG-TERM GOAL: Accessible Credit and Incentives for Entrepreneurship**

### **STRATEGY: CREATE PATHWAYS TO ENTREPRENEURSHIP FOR MINORITIES.**

Develop a plan to get more African Americans in upper management and business ownership. This builds personal wealth and is a vehicle to grow the larger economy. Eighty-seven percent of all businesses in America were considered a microenterprise. Between 2000 and 2005 these businesses created 900,000 jobs.

### **PRIORITY OUTCOMES:**

1. Launch a mentoring and leadership development program that connects business executives and corporations to young, African American employees.
2. Provide technical assistance to entrepreneurs.
3. Develop business skills training opportunities for aspiring entrepreneurs.

It is clear from the research that the inability of the African American community to move to self-sufficiency has been hampered by lower wage jobs and lack of access to the higher rungs of the corporate ladder; and lack of affordable capital.

Develop a conscious strategy for recruiting, retaining, and grooming the next generation of business leadership. What is needed is the same kind of commitment to new African American leadership that has occurred in white corporate America for generations. The significant word here is not recruitment or even retention but grooming. Bring young African American employees along so that they have the visible assignments, get the executive training, and represent the company in the community. Make access to venture capital available. It is critical for small business development and expansion. African Americans in Omaha must have more sources and avenues available for fair cost loans.

## CONCLUSION

Based on the scope of this study, it is clear that Omaha is poised for change. The answer to the challenge rests in improving the basics for every person in Omaha: basic learning, basic living conditions, basic nutrition, basic safety, and basic connections to the larger community. These are the foundations of life that allow people not only to exist but also to flourish. They are the first step in the pathway to success. Omaha is the kind of community that can show others how it can be done.

Omaha's future belongs to everyone and will succeed when all citizens benefit from a thriving economy and a high quality-of-life. In the words of Dr. Martin Luther King, Jr.:

*We came on different boats, but we are in the same boat now.*

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## APPENDIX III

### HOME COST 30 % OR MORE OF MONTHLY INCOME FOR COMPARABLE CITIES

City	Owners-Mortgage	Owners-No Mortgage	Renters
OMAHA	34%	14%	48%
Charlotte	34%	15%	48%
Denver	46%	13%	52%
Des Moines	32%	22%	54%
<u>Kansas City</u>	<u>32%</u>	<u>17%</u>	<u>46%</u>

Source: U.S. Census American Community Survey, 2006

#### APPENDIX IV

#### MATH PROFICIENCY OF FOURTH GRADERS IN SCHOOLS WITH MORE THAN 50 PERCENT AFRICAN AMERICAN STUDENTS AND 50 PERCENT OR MORE DISADVANTAGED

School	Math	Ec. Dv	District	State
			88.9	91.2
Belvedere	78	82.5		
Central Park	78.2	72.5		
Conestoga	91.2	73.2		
Druid Hill	77.7	75.5		
Fontenelle	82.8	67.5		
Franklin	88.3	86.6		
Hartman	61	55.2		
Kellom	89.8	73.3		
Kennedy	66.7	64.1		
King	68.5	79.0		
Lothrop	77	64.1		
Miller Park	61.8	82.0		
Minne Lusa	85.8	61.7		
Mount View	78.2	69.2		
Saratoga	80.2	64.3		
<u>Wakonda</u>	<u>89.4</u>	<u>69.0</u>		

Source: School Matters website

**APPENDIX V**

READING PROFICIENCY OF FOURTH GRADERS IN SCHOOLS WITH MORE THAN 50 PERCENT AFRICAN AMERICAN STUDENTS AND 50 PERCENT OR MORE DISADVANTAGED

School	Reading	Ec.Dv	District	State
			82.3	89.4
Belvedere	75.9	82.5		
Central Park	78.2	72.5		
Conestoga	70.2	73.2		
Druid Hill	63.6	75.5		
Fontenelle	74.9	67.5		
Franklin	71.7	86.6		
Hartman	77.5	55.2		
Kellom	81.7	73.3		
Kennedy	64.8	64.1		
King	66.7	79.0		
Lothrop	76.1	64.1		
Miller Park	57.8	82.0		
Minne Lusa	78.9	61.7		
Mount View	72.3	69.2		
Saratoga	58.8	64.3		
Wakonda	88.2	69.0		

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Source: School Matters website

## APPENDIX VI

### MATH PROFICIENCY OF IN SCHOOLS WITH 25 PERCENT OR LESS MINORITY AND LOW INCOME

School	Math	Ec.Dv	District	State
			88.9	91.2
Columbian	98.1	14.7		
Fullerton	95.5	17.1		
Joslyn	97.7	23.9		
Picotte	99.2	11.6		
Standing Bear	100	4.3		

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Source: School Matters website

## APPENDIX VII

### READING PROFICIENCY IN SCHOOLS WITH 25 PERCENT OR LESS MINORITY AND LOW INCOME

School	Reading	EcDv	District	State
			82.3	89.4
Columbian	96.7	14.7		
Fullerton	91.6	17.1		
Joslyn	91.7	23.9		
Picotte	96.3	11.6		
Standing Bear	90.3	4.3		

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Source: School Matters website

## APPENDIX VIII

### POVERTY RATES PER BY CITY

<u>City</u>	<u>Family Rate</u>	<u>Children Under 18</u>
OMAHA	10%	19%
Charlotte	9%	16%
Denver	15%	29%
Des Moines	11%	22%
Kansas City	15%	30%
Oklahoma City	12%	25%
St. Louis	23%	39%
Tulsa	17%	32%

Source: U. S. Census, 2006



