

UNITED STATES OF AMERICA

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THE PRESIDENT'S INITIATIVE ON RACE

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ADVISORY BOARD MEETING

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AFTERNOON ROUNDTABLE DISCUSSION:

"POVERTY AND RACE: LOCAL POLICY ISSUES AND  
SOLUTIONS"

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WEDNESDAY

FEBRUARY 11, 1998

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SAN JOSE, CALIFORNIA

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The Commission's Advisory Board met at Independence High School, Luiz Valdez Performing Arts Center, 1776 Educational Park Drive, San Jose California, at 1:00 p.m., Dr. John Franklin, Chairman, presiding.

BOARD MEMBERS:

Dr. John Hope Franklin, Durham, NC, Chairman  
Linda Chavez-Thompson, Washington D.C.  
Suzan D. Johnson Cook, Bronx, NY  
Thomas H. Kean, Madison, NJ  
Angela E. Oh, Los Angeles, CA  
Robert Thomas, Fort Lauderdale, FL  
William F. Winter, Jackson, MS

OPENING REMARKS:

Blanca Alvarado, Supervisor  
Santa Clara County

Aida Alvarez, Administrator  
Small Business Administration

PANELISTS:

Moderator: Lorna Ho, KNTV  
San Jose, California

Rose A. Amador, President/CEO  
Center for Training and Careers, Inc.  
San Jose, California

Gordon Chin, Executive Director  
Chinatown Community Development Center  
San Francisco, California

Amy B. Dean, Executive Officer  
South Bay AFL-CIO Labor Council  
San Jose, California

Dr. Denise Fairchild, President  
Community Development Technologies Center  
Los Angeles, California

Jose R. Padilla, Director  
California Rural Legal Assistance, Inc.  
San Francisco, California

Dennis Turner, Executive Director  
Southern California Tribal Chairmen's  
Association  
San Diego, California

AUDIENCE PARTICIPANTS:

Joyce Lawrence  
Louis Rocha  
Bob Meggs  
Eugene Galvan  
Jazmin Sanchez Jonson  
Connie Burgess

## P-R-O-C-E-E-D-I-N-G-S

1  
2 CHAIRMAN FRANKLIN: Good afternoon. I  
3 want to welcome you on behalf of the President's  
4 Advisory Board on Race.

5 But before we begin the afternoon's  
6 discussions, I have two presentations of very  
7 important persons that I want to make.

8 First I would like to introduce Santa  
9 Clara County Supervisor Blanca Alvarado.

10 (Applause.)

11 CHAIRMAN FRANKLIN: Supervisor Alvarado is  
12 the first Hispanic Vice Mayor in the history of San  
13 Jose. She's been involved in a number of efforts to  
14 spur economic development projects, to increase the  
15 number of jobs for the working poor and to provide  
16 affordable housing throughout San Jose.

17 Supervisor Alvarado recently made a moving  
18 speech about poverty, so it seems particularly  
19 appropriate that she begins our afternoon session. I  
20 am delighted to welcome you to the podium, Supervisor  
21 Alvarado.

22 (Applause.)

23 SUPERVISOR ALVARADO: Thank you very much,  
24 Dr. Franklin. And my best wishes and welcome to the  
25 members of the Advisory Board. Certainly, to the  
26 panelists, the residents of Santa Clara County, who  
27 have made this dialogue on the One America discussion

1 a lively one, as I have been told.

2 It really is quite appropriate, as Dr.  
3 Franklin has indicated, that just a little bit over a  
4 week ago I delivered my state of the county speech,  
5 and it occurred to me, in coming here today to be part  
6 of this dialogue, that any discussion about race has  
7 to -- has to -- absolutely must -- include the issue  
8 of poverty.

9 But before I give my remarks, let me take  
10 one moment to introduce supervisor Joe Simidian  
11 (phonetic), who I believe is here in the audience as  
12 well.

13 (Applause.)

14 SUPERVISOR ALVARADO: We understand that  
15 the discussions have been going very well, and for  
16 Santa Clara County, we want these discussions to  
17 continue. Obviously, these discussions have to take  
18 place across the wide spectrum of our nation, and I'm  
19 very pleased that Jim McAtee, who is the director of  
20 our Human Resources Office and the Human Resources  
21 Commission, had been an active part of this and will  
22 continue to keep the discussion going in the weeks to  
23 come.

24 But indeed it is quite coincidental, quite  
25 appropriate for me to be here today. As I stated  
26 earlier, two weeks ago, as the new incoming Chair of  
27 the Board of Supervisors, I gave my state of the

1 county address, and the substance of my comments were  
2 on what I view as a basic threat to our community's  
3 well-being, and that is poverty. Poverty, and what we  
4 can do locally and nationally to mitigate the poor  
5 outcomes that result from poverty.

6 Many communities will look at Santa Clara  
7 County as a shining example of prosperity. But right  
8 now -- and it bears repeating over and over again --  
9 right now in this county, one in seven children live  
10 in poverty.

11 The fastest-growing population of children  
12 is our children of color, and many of them reside in  
13 our county's poverty zones.

14 And because we know that poverty begets  
15 more poverty, it's likely then that in the future more  
16 people -- and in particular, our minority children, in  
17 this county will grow up poor.

18 Welfare reform will also ensure that the  
19 level of poverty that exists in this community will  
20 increase, and as you well know, this will exacerbate  
21 the existing inequities that exist with respect to the  
22 life prospects of our children of color.

23 Indeed, we know that poor children will  
24 continue to experience some of the consequences of  
25 poverty, which include early-age pregnancy. They will  
26 more than likely be victims of child abuse, and their  
27 likelihood of being successful in school, and as a

1 result, in life, is severely diminished.

2 I want to emphasize the point about  
3 poverty, because in the work that I intend to do this  
4 year, which ties in very strongly with the initiatives  
5 that are being undertaken by President Clinton, we  
6 must put a lot more emphasis on early childhood and  
7 early Head Start pre-school education.

8 It is my belief that in looking at the  
9 issues that surround those children living in poverty  
10 today, we have seen a trend over the past many decades  
11 that poverty in fact, and the lack of good quality  
12 early childhood contributes to the failure of children  
13 in their elementary school years, certainly in their  
14 middle schools, and oftentimes, by the time they reach  
15 high school they're ready to drop out rather than  
16 continue on to higher education.

17 So I am extremely supportive of what the  
18 President is attempting to do through his early  
19 childhood development initiatives.

20 We see that conversation taking place in  
21 California, and it appears that we are finally coming  
22 to understand that one of the most important ways of  
23 reducing poverty in our midst is to make sure that we  
24 give children an early head start with good quality  
25 education in the beginning years of their lives.

26 Without that early childhood education the  
27 likelihood of poverty in their lives is very, very

1 strong.

2 So all of us must come to grips with the  
3 premise of poverty as a very strong factor in the  
4 lives of our minority communities and that we've got  
5 to go beyond what we have done in the past,  
6 concentrate our efforts in early childhood  
7 developments, making sure that where inequities exist,  
8 in particular with lower-income school districts, that  
9 we find the way to supplemental those educational  
10 opportunities so that our kids can grow up out of  
11 poverty and be the good American citizens that we know  
12 that they have a right to become and that they are  
13 capable of becoming.

14 Thank you very much, and welcome. Hope  
15 that your time here has been well-spent, I'm sure that  
16 it has been. And if I didn't have to be somewhere  
17 else, I would certainly stay for the remainder of the  
18 day.

19 Good luck, best wishes, and we hope to  
20 hear from you again soon. Bye-bye.

21 CHAIRMAN FRANKLIN: Thank you very much,  
22 Supervisor Alvarado. We very much wish that you could  
23 be with us, but we are delighted that you were able to  
24 come by and visit with us for a short time.

25 We are very honored to have the United  
26 States Small Business Administrator with us.

27 Señora Aida Alvarez has joined this

1 afternoon after a delayed flight from Washington, and  
2 she's here to give our keynote address for the day.

3 Administrator Alvarez is the first  
4 Hispanic woman to hold a position in the President's  
5 cabinet. She is the first person of --

6 (Applause.)

7 CHAIRMAN FRANKLIN: -- of Puerto Rico  
8 heritage to hold such a position.

9 She is a former government financial  
10 regulator, investment banker and journalist.

11 As the SBA Administrator, she directs the  
12 delivery of a comprehensive set of financial and  
13 business development programs for U.S. small business.  
14 The agency provides financing worth about \$11 billion  
15 a year to small businesses across this country.

16 We are delighted to have her with us this  
17 afternoon. She will discuss the SBA's effort to  
18 increase economic opportunities for all American  
19 entrepreneurs and to spur business development and job  
20 creation in economically distressed communities.

21 I wish you to welcome Ms. Alvarez to the  
22 platform.

23 (Applause.)

24 MS. ALVAREZ: Buenas dias.

25 FROM AUDIENCE: Buenas dias.

26 MS. ALVAREZ: (Speaks one sentence in  
27 Spanish).



1 Good afternoon. Translation.

2 It really is a pleasure for me to be here  
3 today with you to discuss a topic which is such  
4 importance to the future of this country.

5 Dr. Franklin noted that I flew in from  
6 Washington by way of Las Vegas -- it was quite a  
7 commute.

8 But I did manage to catch some of the  
9 discussion this morning, and I think it was an  
10 extraordinary morning, thanks to the wonderful  
11 participation of the public as well as to the  
12 distinguished panel and to the members of the  
13 President Advisory Board.

14 And I especially would like to acknowledge  
15 the leadership that Dr. John Hope Franklin is  
16 providing to this national effort. Thank you.

17 (Applause.)

18 MS. ALVAREZ: Now in between the session,  
19 just before arriving here, I had a few moments with a  
20 reporter from the New York Times. And his question to  
21 me was, what conceivable connection could there be  
22 between the topic of poverty and the SBA?

23 And there may be some of you out here who  
24 are wondering just that. What's the connection?

25 And I proceeded to launch into a small  
26 speech, because I very much believe there is a very  
27 strong connection between the role that small business

1 plays -- its role as a job creator, its role in the  
2 field of economic development and the resolution of a  
3 problem that is all too pressing, which is not only  
4 poverty, but as you heard from Professor Wilson,  
5 jobless poverty.

6           And so I feel that having been given the  
7 opportunity to be the SBA administrator it also  
8 represents an opportunity not only to continue the  
9 SBA's very important role of helping small businesses  
10 start up, grow and succeed, but particularly reaching  
11 out to those communities that have been underserved.

12           And so what I hope to do with my time here  
13 at the podium is to talk to you a little bit about  
14 some of the exciting things that we're doing at the  
15 SBA, and how it is that the SBA helps small businesses  
16 to be the engine of economic growth that they are.

17           They way we do this is a variety of ways.  
18 We have three major areas -- actually, four major  
19 ways in which we play a role on behalf of small  
20 business.

21           First of all, we provide support -- we  
22 support access to capital and credit. And among other  
23 things, what that means is, we provide loan guarantees  
24 which allow small businesses to get loans from vendors  
25 which they might not ordinarily get because the lender  
26 is assured that the government is there to back up  
27 these loans -- and on average, that's 75 percent

1 guarantee.

2 So it does make a difference to the  
3 lending community.

4 Secondly, we expand employed procurement  
5 opportunities for small businesses. And I'll talk a  
6 little bit later about the incredible opportunities  
7 that are out there for small businesses in government  
8 contracting.

9 We provide a wide range of counseling and  
10 educational programs for small businesses.

11 And finally, we serve as a voice for small  
12 business in national policymaking, and as a member of  
13 the President's capability I participate and have a  
14 voice on that cabinet with the President at the  
15 National Economic Council, with the Domestic Policy  
16 Council -- all of which is very important to making  
17 sure that small business is heard both within the  
18 administration as well as outside as I speak around  
19 the country.

20 As Dr. Franklin noted, last year SBA  
21 provided record levels of loan guarantees -- \$10.9  
22 billion -- and a record level of venture capital  
23 financing -- \$2.4 billion. We supported more than \$40  
24 billion in federal contracts to small business.

25 And we provided business counseling,  
26 training and educational services to more than one  
27 million small businesses.

1           As we prepare for the future at SBA, we  
2           have got to respond to the increasing diversity of the  
3           American small business community. There is no doubt  
4           about it that the face of the small business community  
5           is changing rapidly. Minority and women-owned  
6           companies are growing faster than all other firms.

7           The Census Bureau found that minority-  
8           owned companies grew at a rate of 62 percent over the  
9           1987 to 1992 period; that women-owned firms grew at a  
10          rate of 43 percent over the same period.

11          This as compared to 26 percent for the  
12          general population.

13          So you see there's a lot of activity going  
14          on with the minority community and the women-owned  
15          community.

16          In California, we see that the trends are  
17          consistent with the national trends. In fact,  
18          African-American-owned businesses here have increased  
19          by more than 40 percent since 1987, while Hispanic  
20          businesses have increased almost 90 percent.

21          Racial reconciliation obviously requires  
22          a better distribution of economic opportunity. I  
23          believe that the SBA has already done a good job of  
24          increasing its lending to this more diverse American  
25          business community.

26          I have a number of statistics and figures  
27          in here which I really feel I have to share with you,

1 because they really tell a very powerful story about  
2 what is happening in this country.

3           Since 1992, the SBA has more than doubled  
4 its loans to African-Americans. Since 1992, the SBA  
5 has more than doubled its loans to Hispanic-owned  
6 businesses.

7           Since '92 we have almost tripled our loans  
8 to Asian-American firms, and we have nearly tripled  
9 loans to women-owned businesses. We've achieved these  
10 levels of growth, and at the same time we've improved  
11 our loan quality.

12           You know, one of the first things to --  
13 when I first took this job, one of the first  
14 statements that confronted me -- and I think it had  
15 something to do with the fact that I'm a Hispanic  
16 woman was, "Oh, well now that you're the  
17 Administrator, I suppose that you're going to want to  
18 do some of that social lending. We know what that  
19 means. That means bad loans."

20           That was quite an insulting statement to  
21 make, to me -- if not insulting to our communities.

22           I had had a history as a regulator -- a  
23 financial safety and soundness regulator -- which  
24 means I had spent almost four years building an agency  
25 to protect the taxpayer from losses -- and prior to  
26 that I had spent seven years in the investment banking  
27 world.

1           So the furthest thing from my mind was to  
2 go into this job and suddenly just do irresponsible  
3 lending. That's not what it's about, folks -- and in  
4 fact, that's not what's happening. As we watch this  
5 increase in lending to minorities and women, what we  
6 have seen is actually an improvement in the  
7 performance of our loan programs.

8           (Applause.)

9           MS. ALVAREZ: And let me just tell you  
10 what the figures show.

11           In 1992, we estimated that it cost the  
12 government \$4.85 to guarantee \$100.00 under our  
13 largest guarantee program -- which is the 7(a) loan  
14 program.

15           Today, that cost has been reduced to  
16 \$1.39. This record verifies what I strongly believe:  
17 that loans to minority-owned businesses and women-  
18 owned businesses are good business.

19           Now we have much further to go,  
20 notwithstanding that good story. Because again, I'm  
21 going to lay out some figures for you so that you can  
22 get a sense of the disparities that still exist and  
23 why I have been so set on launching initiatives to  
24 support an increased lending to those communities.

25           Let me give you some examples.

26           African-American make up 12.7 percent of  
27 the population and yet they owned only 3.6 percent of

1 all businesses, generating only 1 percent of revenues  
2 from those businesses.

3 Hispanic Americans make up 10.9 percent of  
4 the population, yet they owned only 4.5 percent of the  
5 businesses, generating 2.2 percent in revenue.

6 Asian Americans, interestingly, 3.8  
7 percent of the population, own 3.7 percent of the  
8 businesses and generate 3 percent of the revenues.

9 At SBA, I feel very strongly that we have  
10 got to close the gap and increase minority- and women-  
11 owned business ownership throughout the country. And  
12 clearly, the biggest disparity exists, still today,  
13 for African-American and Hispanic Americans.

14 Which is why I have launched a series of  
15 initiatives to step up the outreach to these groups.

16 Let me tell you one of the reasons why I  
17 had to go through some contortions to get here -- and  
18 I you know, left out of Baltimore last night at 9:45  
19 to fly to Las Vegas to get up this morning to fly to  
20 San Jose because last night we had a very important  
21 event in Washington D.C. with the Vice President.

22 That was an event in which we announced  
23 our lending goals for African-Americans. By the year  
24 2000, over a three-year period starting in 1997, at  
25 the SBA, we plan a one hundred percent increase of  
26 SBA-guaranteed loans to African-American.

27 And if we are successful we will deliver

1 more than 9,000 loans and more than \$1.4 billion in  
2 capital to African-American-owned businesses. That  
3 really will mean a significant increase -- actually a  
4 200 percent increase in lending to African-Americans  
5 since 1992, at the beginning of the Clinton-Gore  
6 Administration.

7 Last October I announced a similar  
8 initiative to increase lending to the Hispanic  
9 community. Under our Hispanic loan goals, annual  
10 lending will increase by more than 50 percent by the  
11 year 2000.

12 Over that three-year period our goal is to  
13 guarantee over 13,000 loans worth \$2½ billion.

14 Our strategy is simple. I think it makes  
15 a lot of sense, and most of you will recognize the  
16 fact that in order to succeed we are going to identify  
17 new partners who are actively involved in the minority  
18 and women business communities. We believe that these  
19 partners can help us to link good minority borrowers  
20 with our SBA lenders.

21 Last night, when I announced -- I and the  
22 Vice President announced the partnership, we talked --  
23 we made reference to some very important national  
24 black civic and business organizations, like the Urban  
25 League, the National Council of Black Women, the  
26 National Black Chamber of Commerce, just to name a  
27 few -- all of whom have agreed to join forces with us



1 as partners to make this happen.

2 In San Antonio two weeks ago, I signed an  
3 agreement with the statewide Texas-Mexican-American  
4 Chamber of Commerce. Again, I expect these  
5 partnerships to grow significantly in number over the  
6 next few years.

7 A critical component for successful  
8 outcome is the lending community, and so we have begun  
9 a very serious dialogue with our lenders. Just as the  
10 President's Advisory Committee on Race is looking at  
11 promising practices for racial reconciliation, at the  
12 SBA we are also focusing with our lending partners on  
13 best practices.

14 We are forming a task force with the  
15 lenders aimed at achieving our aggressive lending  
16 goals.

17 And finally, I have directed a review of  
18 our products and programs to see what we can do to  
19 increase SBA lending by just making it easier. And  
20 I'll give you an example.

21 We have a hugely successful product called  
22 "Low-Doc," or a low-documentation loan.

23 Through this Low-Doc program we have  
24 reduced our paperwork requirements to one page for  
25 loans under \$100 thousand -- I know you'll all welcome  
26 that, I'm sure you hate paperwork as much as I do.

27 And guess what, it's paid off. Since its

1 introduction in '94, SBA has guaranteed more than  
2 72,000 low-doc loans.

3 Why does this matter as it relates to  
4 poverty? Because the smaller the loans are -- and  
5 \$100,000 and under is a smaller-sized loan -- the  
6 smaller the loans are the more likely it is that  
7 they're going to be made to people from the  
8 underserved communities. Because very often our  
9 communities, as we're starting up businesses and  
10 growing them, what we need is smaller infusion of  
11 capital, not bigger infusions.

12 And I've also directed my senior staff in  
13 Washington to review all our programs and see what we  
14 can do to improve them so that they're more customer-  
15 friendly, more attractive to both the lenders and the  
16 borrowers. All part of this effort to penetrate the  
17 underserved community.

18 Now achieving racial reconciliation  
19 requires strengthening distressed communities. And as  
20 I listen this morning and as I read some of the  
21 readings that came with my package, there was a lot to  
22 think about as we talk about poverty and its  
23 devastating impact -- especially when the poverty is  
24 not just a matter of having less money but in fact,  
25 having no job at all, where people are not even  
26 looking to make more money in their job, minimum wage,  
27 there's just no place to turn.

1           And when that happens, that's so  
2           undermining to a community's infrastructure, and  
3           that's where hope begins to disappear. This is  
4           something that the experts know well, and they can  
5           document -- and that those of us who have lived in  
6           those inner city neighborhoods also know.

7           And I can reflect on my own experience  
8           growing up, and what I've seen happened to the  
9           neighborhoods where I grew up. Even as a child I  
10          believed that this country offered incredible  
11          opportunities for success, perhaps like no other  
12          country on the planet. And I believed it even as I  
13          was growing up in one of the poorest neighborhoods in  
14          Brooklyn, New York.

15                    Are there any Brooklyn people here?

16                    Of course, there are always Brooklyn  
17          people.

18                    You know, I remember living on Myrtle  
19          Avenue and looking outside my window -- second-story  
20          window with the el train running across the front of  
21          the window, and down on Myrtle Avenue and Willoughby,  
22          watching clashes between my neighbors -- racial  
23          clashes, between my neighbors and the police.

24                    And that's what was out there for me and  
25          the kids in that community.

26                    And so, to maintain your hope that you  
27          would somehow go beyond that circumstance was very

1 hard for most of us growing up there.

2 And I know that for many, it was  
3 absolutely impossible for people to get out. And  
4 being a Puerto Rican and recognizing that there are  
5 many obstacles in the way, I just had to keep the  
6 faith and keep looking for the opportunities that  
7 somehow would present themselves.

8 But it's that kind of thinking that --  
9 that kind of experience that has colored my thinking  
10 as I've tried to pursue economic opportunities for  
11 all, and especially for those in the poorest of  
12 neighborhoods, as the SBA Administrator.

13 You know, I think of the kids that I left  
14 behind in Brooklyn and how difficult life is for them  
15 and for their kids. And then I ask myself, what can  
16 I do in my present position, where I have been given  
17 opportunities to improve their lives.

18 I have to look at the success story of  
19 this country. Twenty-two million small businesses.  
20 The biggest job creators in this country are small  
21 businesses. And think what would happen if all of  
22 these -- if we're successful with our initiative at  
23 the SBA and we increase the number of small businesses  
24 through increased lending and counseling, I think that  
25 will change the face of our neighborhoods, because  
26 those small businesses, many of them, will be located  
27 in those communities.

1           Which means that not only will there be  
2 jobs for kids and grownups in those communities, there  
3 will be a social infrastructure. Because small  
4 business people tend to be very community-minded  
5 people --

6           Right. Do we have small business people  
7 in this audience? Hands up.

8           I see a few. Yup. I mean, they're  
9 involved. They're here, they're here because they  
10 care, because they're a part of their communities.

11          And this all fits in with a larger  
12 administration plan, which is reflected, for example,  
13 in the Empowerment Zones and the Enterprise Community  
14 programs -- and in fact, SBA has one-stop capital  
15 shops in those Empowerment Zones.

16          In fact, we have a very good one right  
17 over in Oakland, and we are planning to expand that  
18 program to more communities this year.

19          For those of you who are not familiar with  
20 one-stops, it's an opportunity to bring together  
21 various aspects of the SBA services in one location so  
22 that you don't have to shop around and visit different  
23 locations, you can get all the advice you need in one  
24 place.

25          And very often we will also have lenders  
26 there, so that it really makes it a much simpler  
27 process.

1 I talked to you a little bit about the  
2 federal government and its contracting program, which  
3 has been a great source for economic development in  
4 this country. And the reason is that the federal  
5 government guys goods and service that total over \$200  
6 billion. That's a lot of money.

7 And those government contracts are a  
8 source of income for small businesses. In fact, as of  
9 this year, 23 percent of all government contracts are  
10 set aside for small businesses.

11 So what we're talking about, potentially,  
12 is \$46 billion in government contracts for small  
13 business. That's a program that the SBA administers.

14 Within that small business community --  
15 within that 23 percent setaside, there are  
16 opportunities for small disadvantaged businesses. And  
17 that of course, includes the 8(a) program, which some  
18 of you may be familiar with.

19 I won't go into many details about it, but  
20 this is a program that has recently come under attack  
21 from the enemies of affirmative action, but  
22 interestingly, at one point in time, the 8(a) program  
23 was very much touted, for example, by President Nixon  
24 as being the one program where in this country we  
25 could develop black capitalism.

26 So here is a program that was meant to  
27 help African-American businesspeople and then

1 expanded, of course, to people who are disadvantaged,  
2 to be inclusive of all the other groups. And today  
3 it's under serious attack. But the President and the  
4 administration is very supportive of the 8(a) program,  
5 and we are in the process of putting out revised  
6 regulations which will strengthen the 8(a) program.

7 This year we are also implementing a new  
8 program that targets federal procurement dollars to  
9 poor communities known as historically underutilized  
10 business zones, or HUB zones.

11 We are getting provide government  
12 contracting preferences similar to the preferences for  
13 8(a) to small businesses that locate in distressed  
14 communities and hire 35 percent of their work force  
15 from that community. That's another way to tackle the  
16 problem of poverty and job creation.

17 Thank you.

18 (Applause.)

19 MS. ALVAREZ: Let me make one more  
20 connection, because all these things are connected.

21 I've told you before that small  
22 business -- 22 million small businesses, are the  
23 biggest job creators. Over the last five years they  
24 created most of the new jobs in the economy.

25 What does that mean as it relates to the  
26 welfare-to-work initiative?

27 Folks, small business is the work side of

1 the welfare-to-work equation. In fact, most job  
2 seekers coming off of public assistance turn to small  
3 business for their first job, and at the SBA we are  
4 working to connect those folks coming off of public  
5 assistance ready to work, to the small businesses who  
6 are suffering from labor shortages.

7 Right now the studies show that the  
8 biggest impediment to small business growth is a lack  
9 of workers. So I can go on and on. We have a micro-  
10 loan program that is expanding this year so that you  
11 don't have to get a \$100,000 loan; you can get a loan  
12 as small as \$500 or as large as \$25 thousand, and it  
13 is accompanied by very intense technical assistance.

14 I think you can see that I'm very  
15 enthusiastic about what we're doing at the SBA,  
16 because I think we're moving in the right direction to  
17 provide economic opportunity.

18 And I am going to close, but I can't close  
19 without talking about one area that is extremely  
20 important to us at the SBA and to this country and to  
21 the State of California, and that is what we do in the  
22 area of disaster assistance.

23 I understand that this very school has  
24 provided shelters to those who have been forced from  
25 their homes by the storm. It's a beautiful school,  
26 and it serves lots of important purposes.

27 One of the best-kept secrets about the SBA



1 is that in fact, we are the agency that give disaster  
2 victims a down payment on their future because those  
3 victims turn to us for low-interest disaster loans  
4 that help them get through and rebuild their  
5 businesses and rebuild their homes.

6 In fact, last year we provided over a  
7 billion dollars in disaster loans nationwide, and  
8 right here in Santa Clara County, \$1.1 million.

9 I can assure you that our disaster team is  
10 on the ground here in California even as I speak,  
11 ready to help families and businesses affected by the  
12 current run of bad weather. Thank you.

13 I just want to close by telling you that  
14 one of the first things that I did as SBA  
15 Administrator -- I think I was on the job for -- it  
16 was my second week, was I went to the State of  
17 Arkansas with the President, and to tour the impact of  
18 the tornadoes on his home state.

19 And during that trip, I encountered Rev.  
20 Hezakiah Stewart.

21 He showed us the damage, the extensive  
22 damage, that had been done to his church and his  
23 community. And then he reflected on something that he  
24 felt was ironic. He said, "You know, nobody really  
25 wants a disaster." But he says, "I have never seen my  
26 fellow Arkansans, black and white, working so closely  
27 together, and so well, as in this time of disaster."

1 Right. He said, "I wouldn't wish for a  
2 disaster every day," and yet, he said "sometimes, when  
3 we get focused on a shared agenda, on a common goal we  
4 forget about the differences and we really work as  
5 brothers and sisters for the best good of the  
6 community."

7 And I think that's what's going to come  
8 out of this process, not just today but throughout the  
9 year. Dr. Franklin, thank you for making this  
10 possible.

11 (Applause.)

12 CHAIRMAN FRANKLIN: I want to thank Ms.  
13 Alvarez for that very illuminating discussion of the  
14 role, mission, of the Small Business Administration.  
15 I think we could see how germane her work is to our  
16 work, and I appreciate your illuminating us.

17 This afternoon's discussion will focus on  
18 the main state and local options for addressing the  
19 causes of poverty as well as possible programs and  
20 policies to address race-based poverty.

21 We hope to learn from these panelists what  
22 implications these local strategies may have for  
23 reducing poverty and its racial effects in other parts  
24 of the country.

25 Our moderator for this panel is Lorna Ho,  
26 a television reporter from Channel 11, KNTV, a local  
27 ABC affiliate in San Jose. I'm sure many of you will

1 recognize her.

2 Ms. Ho began her journalism career more  
3 than a decade ago. Nominated for the 1997 Woman of  
4 Achievement Award of Santa Clara County, Ms. Ho is  
5 highly recognized for her coverage of local issues.

6 Thank you for joining us today, Ms. Ho,  
7 and you can introduce our participants in the panel  
8 and begin the discussion.

9 Thank you very much.

10 MS. HO: Thank you very much, Dr.  
11 Franklin.

12 (Applause.)

13 MS. HO: I would like to welcome you all  
14 here, and I would like say as a reporter, this is a  
15 big treat for me, because rather than having to hunt  
16 all of these people down -- which I usually to have to  
17 do every day -- they're all trapped in one room here  
18 with me. So that's definitely good.

19 Yes, I would like to introduce the  
20 panelists, esteemed guests that we have here that will  
21 share a lot of knowledge with us about how to deal  
22 with the issues of race and poverty.

23 First joining me here on my immediate  
24 right is Gordon Chin.

25 Gordon Chin is currently Director of the  
26 Chinese Community Housing Corporation and the  
27 Chinatown Community Development Center.

1           The Community Housing Corporation is a  
2 community development corporation with a comprehensive  
3 program of community organizing, land use advocacy,  
4 open space, transportation and facilities planning.

5           As the founding Executive Director, Mr.  
6 Chin is responsible for all organizational operations  
7 and managing of an annual budget of over \$2 million.

8           The Chinatown Community Development Center  
9 is renowned for its production of 2200 units of  
10 affordable housing in San Francisco's Chinatown, North  
11 Beach and Tenderloin neighborhoods.

12           Prior to his work as executive director,  
13 Mr. Chin served as a civil rights worker for Chinese  
14 affirmative action. Welcome, Mr. Chin.

15           (Applause.)

16           Next, I would like to introduce Dr. Denise  
17 Fairchild. Dr. Denise Fairchild is currently the  
18 Founder and President of the Community Development  
19 Technologies Center -- CD-Tech.

20           CD-Tech is a community development  
21 training, applied research and technical assistance  
22 center dedicated to rebuilding livable and  
23 economically viable communities in Southern  
24 California.

25           Dr. Fairchild is an urban planner with  
26 over 20 years of experience in affordable housing and  
27 community development. She received her doctorate in

1 urban planning from the University of California in  
2 Los Angeles.

3 Welcome, Dr. Fairchild.

4 (Applause.)

5 MS. HO: Next we have Jose Padilla. Jose  
6 is currently the Executive Director for California  
7 Rural Legal Assistance -- CRLA. The CRLA is a  
8 nonprofit law firm that provides free legal assistance  
9 to California's rural low income population.

10 CRLA's legal work emphasizes assistance to  
11 the rural farm worker in cases involving pesticide  
12 exposure, housing, labor, education, civil rights,  
13 immigration and environmental justice.

14 Before becoming CRLA's director, he  
15 practiced civil rights and poverty law in rural  
16 California as a legal services attorney.

17 (Applause.)

18 MS. HO: Okay. We're going to skip on  
19 over here to -- let's see who we have next.

20 Amy Dean, on the far, far right. Amy Dean  
21 is currently the Executive Officer for the South Bay  
22 AFL-CIO Labor Council.

23 The South Bay AFL-CIO Labor Council is the  
24 local federation of organized labor comprised of 110  
25 affiliated local unions representing 100,000 workers.

26 As a primary umbrella organization for  
27 local unions it is the 15th largest labor council in

1 the nation. As executive director, she is responsible  
2 for directing all policies and political activities of  
3 the AFL-CIO in a two-county region.

4 She's responsible for providing  
5 representation of organized labor before governmental  
6 bodies and promoting the economic, political and  
7 social interest of organized labor in cooperation with  
8 other community organizations, and she's also a new  
9 mother.

10 (Applause.)

11 MS. HO: All right. Next we have Rose  
12 Amador.

13 Rose Amador is currently the President and  
14 CEO for the Center for Training and Careers  
15 Incorporated, right here in San Jose. She's been  
16 serving the community for over 20 years.

17 The comprehensive program includes  
18 assessment, counseling, skills training, job  
19 preparation, referral and job placement. The CTC also  
20 has a youth program that is an alternate for out-of-  
21 school aimed at bringing high school dropouts back  
22 into the school system.

23 Ms. Amador has been President and CEO of  
24 the CTC for 16 years and in 1996 she received the  
25 National Council of La Raza Affiliate of the Year  
26 award for her work as President of CTC.

27 W e l c o m e , R o s e .

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(Applause.)

MS. HO: And finally we have Dennis Turner.

Dennis Turner is the Executive Director of the Southern California Tribal Chairmen's Association. In this capacity, Mr. Turner works on several issues on behalf of the Indian country, including welfare-to-work and poverty reduction programs.

(Applause.)

MS. HO: I would like to start off this discussion, in fact, since Dennis was so patient to be introduced last, to start out with you first, Dennis. Can you please tell us a little bit about the population that you serve and a little bit about the critical issues that are on your mind.

MR. TURNER: Sure. First of all, let me say ("Mio Che Michigmana") -- "One America." That was said over 500 years ago, from the people on the Pacific and the Atlantic.

(Applause.)

MR. TURNER: I think we're right on, five hundred years later.

But what I wanted to say basically is we have a relationship -- the tribes do, and the people that live across America, in our Constitution. And in the second Article of the United States

1 Constitution -- Sections 2 and 8, it speaks in there  
2 about how and what should happen to American Indians.

3 We developed treaties because we were in  
4 a long war with this country. We finally became a  
5 quasi-sovereign part of this country as Indian  
6 nations, and we run our tribes and our people in such  
7 a manner as you do in San Jose, as a city and as a  
8 county.

9 And we want to continue this. We did it  
10 for thousands of years and we continued to do it when  
11 the first Americans arrived here.

12 But what is happening today -- part of our  
13 problem is that they are trying to abrogate our  
14 treaties. And the way we set our treaties up were to  
15 take care of our own people, to take care of their  
16 economic, their health, schooling, the things that  
17 everybody needs. But we did it in a form so that we  
18 could live peaceably with each other.

19 But in the 105th Congress of the United  
20 States -- and here I have a document and data that I'm  
21 going to give to Mrs. Ho -- that says that American  
22 Indians can't share in the wealth of America; that  
23 they can no longer buy land and expand their  
24 boundaries.

25 This is a travesty for every American  
26 community, whether it's Indian, whatever one America  
27 is, you cannot tell somebody you cannot expand your



1 boundaries, you cannot expand your economic  
2 development, you cannot get your people out of  
3 poverty.

4 This is not right, this is not what we  
5 said 500 years ago when we welcomed the people on the  
6 shores here.

7 But as it is, that is how things stand.  
8 And I wanted to share this with the Advisory Board --  
9 and I appreciate their efforts, coming all these  
10 distances, even going into Indian country some day, I  
11 hope, and having these kind of meetings, so that our  
12 leaders will understand America better.

13 We're worried about our treaties being  
14 abrogated, taken away --

15 MS. HO: Dennis, could you elaborate on  
16 what, exactly, that means, please, for those of us who  
17 don't know?

18 MR. TURNER: Basically we have worked out  
19 with the United States agreements that they will help  
20 us build our schools, they will help us do economic  
21 development, they will help us in education.

22 I know many of you heard these words --  
23 "As long as the grass grows and as long as the river  
24 flows." Indians have ceded their lands to the United  
25 States, and we quit warring, as long as you agreed to  
26 help us in these treaties.

27 But now, in 1998 -- and it started in

1 1997, with the U.S. House of Representatives saying  
2 "We are tired of it, we are tired of you people, we  
3 must do away."

4 And this is again -- we already have --  
5 out of every ten Indian children that reach the eighth  
6 grade, three of them are alcoholics. So we're not  
7 getting those health benefits.

8 Out of every ten Indian children that ride  
9 in a car, five of them are riding in a car that's  
10 alcoholic.

11 MS. HO: All right. Thank you.

12 MR. TURNER: One last thing, I think, is  
13 important. And we speak to this today, and it's sort  
14 of an inhumane holocaust going on, but our children,  
15 out of every ten, three commit suicide before they get  
16 out of high school.

17 So we have those kinds of things, and we  
18 need the help of one America. Thank you.

19 (Applause.)

20 MS. HO: Dennis, one other thing that I  
21 wanted to ask you -- thank you very much --

22 One other thing that I wanted to ask you  
23 on behalf of the advisory panel -- what do you think  
24 the impact is on the young people that you're saying,  
25 about the fact that these treaties may not be honored?  
26 What is the impact for the future of the American  
27 Indian community?

1 MR. TURNER: Well, I think that the  
2 morbidity rates and these statistics that are in our  
3 communities that suffer from poverty will definitely  
4 increase.

5 But I think, if we act as one America, and  
6 we educate our new congressmen -- because maybe they  
7 missed the hy class --

8 (Applause.)

9 MR. TURNER: -- that we can improve  
10 things.

11 And I think that's my hope. I want the  
12 public to know that we need to count on you, everybody  
13 here, wherever you came from, however you got to this  
14 land, through generations -- not too long ago it  
15 happened, you got here.

16 Didn't know you were coming, though, did  
17 you?

18 (Laughter)

19 MR. TURNER: Thank you.

20 MS. HO: All right. Thank you very much,  
21 Dennis.

22 Mr. Padilla, I was wondering if you would  
23 also bring about your points that you think are  
24 important about the community that you serve.

25 MR. PADILLA: Well, I think that I --  
26 given the nature of the questions that were asked or  
27 brought to our attention, I think there's an issue

1 about invisibility of rural poor people.

2 And I wanted to let the Advisory Board  
3 know that I've prepared material for you, for each one  
4 of you, that explains in some fashion about what you  
5 find in rural California, and the rural poverty that  
6 I've been working with now for close to 19 years as a  
7 poor people's lawyer.

8 The experiences that I've had -- and I'll  
9 speak honestly -- are very difficult to accept.

10 When we think of rural poverty we think of  
11 the south. I think of images of folk from Arkansas,  
12 Mississippi, Georgia. I don't think of my backyard.

13 When I think of rural poverty -- or I  
14 don't think about what you find in Central Los  
15 Angeles.

16 But in all honestly, in Central California  
17 you find many similarities both to the rural poverty  
18 of the south and you find similarities to the urban  
19 poverty of our big cities.

20 In Central California you find Latino  
21 concentration of poverty in phenomenon numbers. White  
22 flight. In Central California, in some of the richest  
23 counties, agricultural counties, in the United  
24 States -- some, in the world -- you find white folk  
25 who leave Mexican town behind.

26 When I used to hear of white flight, I  
27 used to think of people running from bad schools. I

1 used to think of people running from the urban core,  
2 running off to suburbia.

3 Well, when I was growing up in a small  
4 town called Brawley, we used to have Mexican town in  
5 the east side. And what the researchers are telling  
6 us is that in rural California you're finding white  
7 flight from the Mexican towns, and what they're  
8 leaving behind are small towns with 60-70 percent poor  
9 people, and they're describing them as unincorporated  
10 labor camps.

11 When you're talking about that kind of  
12 concentration in towns that are being studied today,  
13 where the poverty rates are phenomenon -- and I wanted  
14 to give you a sense of how dire it might be when you  
15 think of the rural poor.

16 In Central California you have counties,  
17 just like Silicon Valley -- \$2.6 billion ag  
18 industry -- \$2.2 billion. These are the top five:  
19 \$1.75 billion, \$1.5 billion, \$1.07 billion in a  
20 year -- and yet you find Latino poverty rates there at  
21 30 percent, 34 percent, 28 percent, 19 percent.

22 In the State of California, another  
23 example -- 9.3 percent of families are in poverty for  
24 the whole state -- 9.3 percent. In these counties --  
25 in these rich counties, you find 16-17 percent, 18  
26 percent, 14 percent, 9 percent, 15 percent of the  
27 families in poverty, in those same rich counties in

1 Central California.

2 And the poverty rates -- those were the  
3 family rates. Unemployment rates -- the state is at  
4 9 percent -- where do you think we are in these  
5 counties? -- 14, 15, 16, 12.

6 Those are the kinds of unemployment rates  
7 we find in rural California.

8 So I need to educate you about that and  
9 about something else. In your material you will find  
10 two studies and an article. In one study you will  
11 find a work that we did in the Central Valley in some  
12 of these same counties -- talking about hunger. Where  
13 families were studied where you find, of hungry people  
14 there, 36 percent running out of food by the end of  
15 the month.

16 You will find there that among the hungry  
17 folk, 98 percent of those families have no food, or  
18 run out of food, maybe five days out of the month, six  
19 days out of the month.

20 That's hunger in Central California.

21 And you will also find a study there about  
22 health. And initially we found that health care  
23 didn't seem to be a problem. That is, that when you  
24 looked at the numbers in a particular county, didn't  
25 seem to be bad.

26 But if, when you began looking at the  
27 little towns, those towns with concentrated poverty

1 that you then started noticing the lack of health  
2 access.

3 And if you were to take one final image to  
4 the President about rural California, just say that  
5 sharecropping is alive and well in rural California,  
6 just as it was alive and well in the rural South.

7 In our county you will not find the  
8 sharecroppers with names like Amos or Bubba. You will  
9 find them named Felipe, Pedro -- and there's an  
10 article there about sharecropping that came out in the  
11 Atlantic Monthly about a year ago, year and a half  
12 ago -- folk who work hard who are called independent  
13 contractors. Yet, at the end of a certain period  
14 amount of time, they owe -- they owe their agent \$120  
15 thousand -- they owe their agent \$80 thousand after  
16 their seasonal work.

17 Sharecropping is alive and well in our  
18 areas, and it's not something that you think was in  
19 the south, it is here in California and it is here  
20 having the same kinds of impacts, yet different from  
21 the south. In those counties where you had  
22 sharecropping, the whole county was economically  
23 depressed.

24 In our counties, they are rich counties  
25 with sharecropping and with poor Latino colonies  
26 suffering from everything else that you will hear  
27 about in the next few minutes.

1 MS. HO: Thank you very much, Jose, I  
2 appreciate that.

3 Now we will get to a point in the  
4 discussion where we talk about how these problems can  
5 best be addressed. First of all, we'll go briefly  
6 through some of the other populations that we're  
7 dealing with here.

8 Amy, I understand that you also worked on  
9 a report called "Growing Together or Drifting Apart,"  
10 regarding some actual poverty type situations right  
11 here in the high-tech capital of the world, Silicon  
12 Valley.

13 MS. DEAN: Sure. "Growing Together or  
14 Drifting Apart" was a statistical analysis that was  
15 put together by an organization called Working  
16 Partnerships U.S.A., which was founded as a  
17 collaboration between community groups and labor  
18 organizations to kind of profile what's really going  
19 on in the economy in an attempt to get a better sense  
20 of what's happening.

21 If I had to kind of summarize in one  
22 nugget what we discovered was that traditional  
23 measures of economic well-being are no longer a good  
24 measure, no longer accurately pinpoint the health of  
25 communities.

26 In other words, traditional measures --  
27 stock market prices, profits, CEO pay -- import-export



1 levels -- may, on the one hand, suggest industry well-  
2 being. But that industry well-being is not  
3 necessarily calibrated anymore to the well-being of  
4 communities.

5 That was what we discovered.

6 And in addition to realizing that  
7 prosperity is not being shared here in the valley, the  
8 majority of jobs, over 40 percent of jobs, do not keep  
9 people out of poverty here in Silicon Valley; that  
10 communities of color are disproportionately impacted.

11 I don't want to spend too much time on the  
12 report, we've made the report available to everybody  
13 on the panel, so to just reiterate the statistics  
14 aren't a good use of time. But I think the two main  
15 points to discover is one, the disconnection between  
16 industry and community well-being, number one; and  
17 number two, the impact on communities of color,  
18 particularly when it comes to things like infant  
19 mortality, late or no pre-natal care, health care  
20 coverage -- one in four Latinos report no health care  
21 coverage in Santa Clara County -- teen pregnancies,  
22 and a whole host of other things that are not  
23 necessarily unrepresentative of the rest of the  
24 country but that you would expect wouldn't be  
25 happening in the midst of this economic success.

26 So that, I guess, is the main thing --

27 MS. HO: Right.

1 MS. DEAN: -- in terms of what we  
2 discovered.

3 MS. HO: So similar to what Jose is  
4 saying, that even though it appears that you are in an  
5 area that's very wealthy there's still issues of  
6 poverty that are very, very severe, even though it  
7 seems that business is going well.

8 MS. DEAN: That's correct.

9 MS. HO: Okay.

10 MS. DEAN: And I think the main thing that  
11 we discover is that any conversation about race must  
12 include discussions about economic equity and vice-  
13 versa, and the two can't be separated from one  
14 another.

15 In the absence of wage-setting  
16 institutions, or intervention into the marketplace,  
17 prosperity will not automatically be shared in spite  
18 of the fabulous success that we witness here in the  
19 heart of Silicon Valley.

20 MS. HO: Okay. Thank you very much.

21 Now Rose, something that I wanted to ask  
22 you. I know that you work with a lot of people in the  
23 Hispanic community here in San Jose as well as  
24 possibly other races. Can you tell me a little bit  
25 about the work that you do here and are the jobs that  
26 you are helping people with in fact, jobs that are  
27 able to lift them out of poverty?

1 MS. AMADOR: One of the things that Amy  
2 was hitting on there -- the disparity in the wealth  
3 and the poverty, and because of that, when funds are  
4 factored to come to the county, they are greatly  
5 reduced because of the great wealth in this county.

6 Therefore, funds for programs -- services  
7 to the community in need, are not there, they're very  
8 limited.

9 About two years ago a group called the  
10 Latino Youth Forum did a study and focused on, I  
11 believe it was six different areas addressing the  
12 needs of youth, because obviously the youth will be  
13 our future.

14 And the Latino population is the fastest-  
15 growing segment of the population in California, as we  
16 all know. And each year, larger numbers of Latinos  
17 enroll in school, enter the work force, but also apply  
18 for public assistance. And Latino youth are also the  
19 largest segment of the population dropping out of  
20 school.

21 The trends that are set here in California  
22 are Proposition 187, 209, now the Unz Initiative,  
23 welfare reform legislation. These have worked to  
24 subvert the efforts to provide quality education and  
25 job training to Latino youth. Therefore, youth  
26 seeking to gain meaningful employment are not prepared  
27 to enter the work force.

1           So when they come to the job training  
2 programs, they may have limited English speaking, no  
3 or limited basic skills, no high school diploma, and  
4 with the work-first concept of welfare reform, we're  
5 talking about maybe no job training.

6           So to put these people into an entry-level  
7 job in this economy, it's almost impossible for them  
8 to live.

9           MS. HO: Now I'm curious to know -- that  
10 sort of answers my last question -- which is, even  
11 though these people are participating in job training  
12 programs, in fact they are not actually able to escape  
13 the cycle of poverty, say here in the Silicon Valley,  
14 even though they're trying to.

15           MS. AMADOR: They need continued public  
16 assistance, in child care, in housing, in a lot of  
17 different areas in order to make that transition. And  
18 right now there's not adequate funds.

19           MS. HO: Let me ask you this. For the  
20 families that -- some of them, which may seem to be  
21 making some headway, does it really translate without  
22 housing assistance or without child care assistance,  
23 to help the next generation? Or is it really just a  
24 band-aid situation that doesn't end up trickling down  
25 to have a successful effect for the person's children?

26           MS. AMADOR: I think the only way to work  
27 is to have a holistic approach, to work with the

1 children, to work with both the parents -- to address  
2 the needs of the entire family. Because it is a band-  
3 aid approach if you only work with one member of the  
4 family, because then the kids are going through the  
5 same cycle.

6 MS. HO: Okay. Thank you very much.

7 Dr. Fairchild, I was wondering if you  
8 could tell us a little bit about Southern California  
9 and how community building is going there?

10 DR. FAIRCHILD: Well, I'm very glad to be  
11 here. And I think I want to take the conversation  
12 somewhat in a different place.

13 I've been sitting here getting  
14 increasingly depressed. And I guess that's  
15 understandable, talking about conditions of race and  
16 poverty.

17 We take a slightly different tack, and one  
18 of the things that I've learned in the last -- well,  
19 actually 25 years of community development -- is that  
20 we are very strong communities. You know, African-  
21 American, Latino, Asian immigrant communities -- we  
22 represent an asset.

23 And if there's any message that needs to  
24 be told, is that we have strength, we have assets.

25 (Applause.)

26 MS. FAIRCHILD: And that if there is a  
27 problem, it is the fundamental problem of market

1 failure. That in fact we have been divested from,  
2 from major financial institutions, from the corporate  
3 and private sector as well as from the public sector,  
4 and if there's anything that needs to be done, it's to  
5 provide access and opportunities to racial and ethnic  
6 minority communities in Los Angeles and elsewhere, as  
7 people have in other parts of -- you know, the west  
8 side of Los Angeles or the San Fernando Valley.

9 Now let me just give you some very quick  
10 examples about the strength and the assets that I'm  
11 talking about.

12 I -- Rebuild LA, you may have heard about,  
13 went into business in 1992 to restore Los Angeles  
14 after the civil unrest. They went out of business,  
15 and subsequently I picked up some of their major  
16 projects and major research work.

17 WE have in South Central Los Angeles, East  
18 Los Angeles and all the pockets of neglected areas in  
19 LA 15 thousand -- 15 thousand small and medium-size  
20 manufacturers. We have the largest manufacturing base  
21 in the inner city than anywhere except Chicago, in  
22 the United States -- the largest manufacturing.

23 And it produces 360,000 jobs and \$54  
24 billion of assets. That is an industrial wealth that  
25 nobody understands that exists in our inner city  
26 communities.

27 Are there problems with that industrial

1 wealth? Yes, and we're working on it. But it's a  
2 different kind of spin on what we have to offer and  
3 how people should be looking at reinvesting in our  
4 community.

5 One other quick example. Retail. We  
6 found that there were \$260 million of unmet food needs  
7 in our community -- and in fact, I live in South Los  
8 Angeles, and I remember when Lucky's came in a couple  
9 years ago after the civil unrest, and they came  
10 kicking and screaming, you had to drag them in there,  
11 you know, political pressure notwithstanding, they  
12 didn't want to be there.

13 They came, finally -- within three days  
14 the shelves were bare. They had to shut the stores  
15 and restock the shelves.

16 Well, now, major food retailers realize  
17 one important thing: People in the inner city eat  
18 food.

19 (Applause.)

20 DR. FAIRCHILD: And we have money to spend  
21 on food. So I mean, I've got a lot more to say, but  
22 I think part of our -- my mission and my goal -- and  
23 not to mention the work of Gordon and others -- the  
24 nonprofit organizations are valuable assets to  
25 building community wealth. And we just need these  
26 assets to be strengthened and supported and linked to  
27 other mainstream opportunities.

1 MS. HO: Thank you.

2 Dr. Fairchild, can you elaborate a little  
3 bit on what would be the thing that would really help  
4 things take off, really get things moving to the point  
5 that they are flourishing as much as in other areas?

6 DR. FAIRCHILD: Money.

7 (Applause.)

8 DR. FAIRCHILD: And let me tell you about  
9 that. I mean, you know, in the simplest way I can --

10 MS. HO: So it's good that Administrator  
11 Alvarez is here.

12 DR. FAIRCHILD: And I'm glad she's here,  
13 because I want to talk about the capital markets and  
14 credit markets you know, in a minute. But the reality  
15 is, I mean, housing markets failed.

16 Why? Look at the HUD data -- housing  
17 discrimination. If you're African-American, if you're  
18 Latino, can you get a loan?

19 All right. You're trying to put a stake  
20 in this community, you are trying to climb the  
21 financial ladder of wealth -- that's how people  
22 acquire assets, by buying a home.

23 We are denied access to basic home loans;  
24 we cannot get basic banking services. Where are the  
25 banks in our communities? We have -- you know, check  
26 cashing places. And they charge us to cash the  
27 checks.



1           We can't get educational loans. How are  
2 people going to climb career ladders if they can't get  
3 the loans to send their children off to college?

4           And business loans, I mean, I think SBA's  
5 doing a great job, but we get these major commercial  
6 institutions that are merging and getting bigger and  
7 bigger and bigger and becoming more and more  
8 inaccessible, and their underwriting standards are  
9 tougher to realize -- and they're making these huge  
10 multi-million-dollar, billion-dollar commitments --  
11 but we're not seeing any money on the street.

12           All right. And so, when I say "money,"  
13 I'm just saying allow us to get the kind of resources  
14 that make communities thrive, something to help you  
15 help yourself.

16           MS. HO: Great, all right.

17           Now Gordon, talk to me a little bit about  
18 housing. you've done some really important work in  
19 San Francisco. Tell us how that is helping people  
20 break the cycle of poverty.

21           MR. CHIN: Well, first of all, I want to  
22 say I agree with everything Denise said. Money is  
23 very, very important. Sometimes we --

24           You know, the Philadelphia Summit, and the  
25 whole focus on volunteerism -- this glass is half-full  
26 and half-empty, right? And one of the disappointing  
27 things to me about that whole concentration on

1 volunteerism -- it's wonderful, it's great, it's  
2 important.

3 But we should not use volunteerism as an  
4 excuse for reduction in programs and resources and  
5 funding.

6 (Applause.)

7 MR. CHIN: And I'm not suggesting that the  
8 submit did that. But I think there's two sides to the  
9 picture in a neighborhood when we talk about assets.

10 There is tremendous strength in inner city  
11 minority communities that is just not recognized or  
12 understood. Whether it's church where those people  
13 are joining, participating -- the type of community  
14 neighborhood healers that Mr. Woodson talked about  
15 this morning.

16 And we need to invest in those types of  
17 resources so we can build community from within.

18 Then we need to look at the community from  
19 without and look at the economic factors that is  
20 impacting those economies. We can't take care of  
21 those neighborhoods all by ourselves because they are  
22 impacted by broader economic factors -- and  
23 disinvestment, transportation policy, land use  
24 policy -- all those things have contributed to the  
25 neglect of the inner city.

26 Community reinvestment needs to be a very  
27 real program. I think we need to extend community

1 reinvestment to the insurance industry, because most  
2 of the money is in insurance and mutual funds, and not  
3 only in banks.

4 But I want to say a couple other things,  
5 sort of get it back to the housing question you  
6 raised, that we really need to look about housing  
7 more -- about building community and not just shelter.

8 One of the things we are struggling with,  
9 all of us here on the panel, we have neighborhoods  
10 that are being outright denied, totally ignored, and  
11 at the minimum, at best, we're being misunderstood.

12 Many of our inner city neighborhoods are  
13 going through tremendous change, economically and  
14 demographically. We don't have the answers about how  
15 to deal with every single situation.

16 My organization is based in San  
17 Francisco's Chinatown. We've been around 20 years.  
18 We're serving right now a whole bunch of folks.

19 We're doing two projects -- we did two  
20 projects serving formerly homeless folks, about two-  
21 third of them, African-American.

22 We have 150 senior residents who are  
23 emigres from the former Soviet Union. You know, we  
24 have -- one building has 17 languages being spoken.

25 So we struggle with diversity every day.  
26 And that's the important thing, we have to struggle  
27 with it, because we don't have those answers. The

1 important thing is to confront it, deal with it  
2 honestly and respectfully, and somehow it'll work out,  
3 somehow it will.

4 We had a situation with some of our  
5 Filipino tenants who didn't like the idea that some  
6 AIDS patients were being moved in; we had to deal with  
7 that through mediation.

8 We had another situation with an 80 year-  
9 old Chinese senior slaughtering a live chicken in the  
10 community sink.

11 Well, that would push me out of shape,  
12 too, but we had to go through a process with some of  
13 our younger tenants who weren't used to that.

14 (Laughter)

15 MR. CHIN: One of our retail tenants is  
16 the Nation of Islam running a Black Muslim bakery  
17 training program -- and needless to say, there was a  
18 lot of dialogue with the Jewish and gay communities on  
19 that.

20 So we have -- a lot of perception even  
21 within the communities --

22 And we need to work very, very hard to  
23 break down those stereotypes so people can understand  
24 we come from different places but we have more in  
25 common than we have different.

26 (Applause.)

27 MS. HO: Thank you very much.

1           Gordon, I'm curious to know, what would  
2 help in a situation like that, where you have various  
3 different races all living together in one, perhaps a  
4 low-income housing -- really trying to get up and get  
5 out and break out of the cycle of poverty.

6           What would help ease that situation and  
7 help everybody improve?

8           MR. CHIN: Well, as Denise said, I think  
9 first of all, it's a recognition that community  
10 organizations and institutions -- and not just  
11 501(c)(3)s -- but volunteer groups and churches -- are  
12 extremely important to this issue.

13           They are the primary resources on the  
14 ground that's going to be able to deal with it and  
15 encourage and facilitate indigenous leadership.

16           Having said that, it's going to take  
17 resources -- it is going to take money, to support  
18 those types of institutions that are the community  
19 faith healers and neighborhood healers.

20           It takes a lot of work. We had to hustle  
21 to try to get a foundation grant, not for staffing,  
22 but to buy headphones, so when we conduct meetings  
23 they're not just in two languages but they're in three  
24 or four languages. And that's very difficult to do.

25           So there are a lot of tools that we need  
26 to try to deal with getting people to understand each  
27 other. We are doing citizenship classes with some of

1 the Chinese seniors to get naturalized in their own  
2 language -- and they didn't understand what was  
3 happening with the Russian emigre population, who had  
4 a sort of a different immigration status, and there  
5 was a lot of suspicion, who was getting more of the  
6 benefits.

7 Likewise, the AFDC population -- the GA  
8 population thought the SSI, the immigrants, were  
9 getting all the political support in terms of welfare  
10 reform. And we need to break that down.

11 So resources are organizers, are our  
12 funding for community programs -- are programs that  
13 can bring people together. Those are the resources we  
14 need.

15 DR. FAIRCHILD: I agree with Gordon, and  
16 I'd push that strategy a little further.

17 I think people are really talking about --  
18 Gordon was talking about this whole issue of social  
19 capital, and I think it should be sort of the main  
20 agenda of one America. And it's not just bringing  
21 racial and ethnic groups together. I mean, LA, people  
22 think that I should be dealing with African-American  
23 issues.

24 Well, I mean, I can't just deal with  
25 African-American issues, because I've got Latinos and  
26 Asians and anglos living in my neighborhood. So we've  
27 got to talk about sort of larger neighborhood issues.

1           And how do you bring residents across  
2 ethnic groups, but how do you bring in the corporate  
3 community and give them some citizenship training?

4           (Applause.)

5           DR. FAIRCHILD: And how do you bring in  
6 the public sector, and begin a real dialogue -- and  
7 it's not us and they -- because that's how we've  
8 organized ourselves. But how do we talk about we?

9           And there was -- the Mayor this morning,  
10 I guess, talked about a very interesting initiative  
11 that's going on, this comprehensive community  
12 initiative, and I'm working on some of that in Los  
13 Angeles.

14           And we've got foundations not just writing  
15 checks but picking up telephones to work with inner  
16 city communities, and using their leverage and their  
17 clout to solve problems, like well-to-do folks can do  
18 when they call up the mayor and say "Clean up this  
19 trash" or "Get rid of those gangs in my neighborhood."

20           So that people become part of one America,  
21 part of a common community -- and we've got to break  
22 down the fragments, the walls that keep us divided by  
23 economic sectors or racial sectors. How do we create  
24 that forum?

25           MS. HO: Right. Thank you.

26           (Applause.)

27           MS. HO: Rose, did you have a comment? I

1 saw your hand up there.

2 MS. AMADOR: I wanted to comment on  
3 something Gordon said, and I think that the examples  
4 he gave demonstrates that community-based  
5 organizations work, community-based organizations are  
6 very underutilized, they're underfunded, they're very  
7 cost-effective, they serve a lot more people, they're  
8 culturally sensitive, and I think you know, when they  
9 look at allocating funds they should be looking at  
10 more going to communities having local control.  
11 Because in this state, we all know who our governor  
12 is, and he's not looking out for poor people.

13 (Applause.)

14 MS. HO: Talking again about the idea of  
15 working together with government or working together  
16 with elected officials to get some things done,  
17 something very interested happened here in San Jose,  
18 and perhaps Amy can talk a little bit about it, where  
19 the City of San Jose took a very strong stand against  
20 super K-Mart in the each part of San Jose because of  
21 some labor issues, because they thought that may get  
22 in the way of some progress that some people were  
23 having in trying to improve their lives.

24 Amy, can you talk a little bit about that  
25 and how that worked?

26 MS. DEAN: Sure. Let me first say what  
27 the issue was, and then how it speaks to kind of a new



1 role for the public sector, and particularly a new  
2 role for labor in this country as it manifests its new  
3 activities in a community-based way.

4 The effort was an attempt by community and  
5 labor organizations to come forward and urge the City  
6 Council to sanction the K-Mart Corporation for its  
7 violation of standards from our community. There were  
8 three things that were asked for by our community in  
9 exchange for a land rezone that we did to allow K-Mart  
10 to come in a residential parcel of property.

11 The first was that they hire people  
12 locally. That they pay an area wage standard. That  
13 they agree to build the building locally in addition  
14 to the people who were going to work inside.

15 And that lastly, they would contribute to  
16 communities in a certain way that we had stipulated.  
17 All of those things had been violated.

18 And so after a year and a half of the  
19 community negotiating with K-Mart, we asked the City  
20 Council to issue a boycott. And the City Council did.

21 And I think what it speaks to is that in  
22 this new kind of global era, where so many people feel  
23 that we have no chance because capitalism is so mobile  
24 and roams the globe, people don't realize that we  
25 still control place, and that place really matters,  
26 and that communities have a tremendous amount of  
27 power, and the extent to which we articulate what our

1 expectations are for business in our communities.

2 And I think that speaks to two things.  
3 Number one, what the new role for the public sector  
4 is. And under the new rules of welfare reform, if the  
5 public sector and government is no longer to pay the  
6 social wage, then government must be useful in some  
7 ways. And to the extent that it no longer is going to  
8 pay the social wage, government can at a minimum  
9 incentivize private behavior and lay out expectations  
10 for what it expects.

11 Government can benchmark its performance  
12 measures for its investments and for contracts and the  
13 kinds of things that it does business with -- with  
14 small businesses and other kinds of vendors.

15 And government can set standards for what  
16 its expectations are for training programs and other  
17 kinds of investments that it makes around career  
18 issues.

19 So number one, it was government coming  
20 forward and saying we are going to set expectations  
21 for private sector. And two, the labor community  
22 coming forward in a place where we had no direct  
23 institutional interest and really represents a shift  
24 in the labor movement away from simply representing  
25 kind of the institutional interests of its membership  
26 base to a much more broader agenda around social and  
27 economic justice questions.

1           So in addition to that, the labor  
2 community here in this community -- which I think is  
3 representative of many other communities across the  
4 country -- is looking for ways to link investment  
5 strategies from the public sector to creating  
6 standards in our community.

7           Like these living wage campaigns that you  
8 see going on around the country -- Los Angeles,  
9 Baltimore, Boston -- all attempts by the labor  
10 community in coalition with community organizations to  
11 reestablish a link between what government's doing and  
12 the standards that we expect from the private sector.

13  
14           So towards that end we will launch a very  
15 similar kind of effort here in Santa Clara County.  
16 And what's unique about it is that there's nothing  
17 that the labor community itself benefits from, given  
18 that our membership is represented and received good  
19 wages and benefits, for the most part, but really an  
20 attempt to bring the whole question of economic equity  
21 front and center to groups that we've not talked to  
22 for many, many years.

23           So I think that as we think about what do  
24 we need to do about this whole question of poverty,  
25 this whole question of communities of color being  
26 disproportionately affected, I think it really speaks  
27 to the fact that we need a new social contract in this

1 country. And what it means is that people -- that old  
2 players need to play different rules. In other words,  
3 it's not like when we talk about the new social  
4 contract, that there isn't a role for government,  
5 there isn't a role for labor organizations, there  
6 isn't a role for business, but it's playing different  
7 roles in a new economic order.

8 And I think concretely what that means is,  
9 like I said earlier, government has a tremendous role  
10 to play in creating expectations and incentives for  
11 private behavior, labor organizations have a huge role  
12 to play in addressing this whole question of  
13 prosperity not being shared in this country, and we  
14 need labor law reforms and employment policy reforms  
15 that make it once again legal in this country to  
16 organize.

17 And lastly --

18 (Applause.)

19 MS. DEAN: And lastly, the role of  
20 business in the new social contract is to not just  
21 simply only respond to its shareholders but also to  
22 stakeholders in the community. And I think that  
23 increasingly, if we're going to once again get our  
24 arms around the role of the private sector and once  
25 again have the private sector respond to the needs of  
26 community then we have to as communities set very  
27 clear expectations for what we expect, because we

1 really do control our place, we really do control  
2 community.

3 And I'm actually very optimistic that  
4 communities coming together have a lot more power than  
5 we've had for many, many years.

6 MS. HO: Okay. Thank you very much, Amy.

7 Now at this juncture we're going to wind  
8 up the roundtable. I'm just going to go briefly to  
9 each one of our guests and talk a little bit about the  
10 number one thing that you want to let the President  
11 know, from your experiences here locally. What has  
12 worked and what hasn't and what message do you want to  
13 sent to him in terms of what needs to be done, what  
14 steps need to be taken, how can we all come together  
15 and work and fix this situation as one nation, and  
16 what can the federal government do?

17 Amy can you go ahead and start that from  
18 that juncture?

19 MS. DEAN: Sure. I would say that first  
20 and foremost, if there's one message I would like to  
21 give is that training in and of itself does nothing to  
22 solve this problem. And I think that that's what  
23 concerns me the most.

24 When we talk about the whole question of  
25 poverty, people think that it's just enough to train  
26 people and that people will then somehow be  
27 successful.

1           And I think that training in and of itself  
2 does nothing, particularly given a couple of things.  
3 One, the moment you begin to floor labor markets --  
4 because labor markets function no differently than  
5 product markets -- there will inevitably be downward  
6 pressure on wages and benefits.

7           So to simply train people and expect that  
8 everybody's going to move up and that somehow these  
9 new occupations will maintain their kind of high wage,  
10 high status, in and of themselves will do nothing. In  
11 the absence of wage setting institutions and new labor  
12 market intermediaries, we will not share prosperity in  
13 this country.

14           And what I said earlier is that we really  
15 do need a new social contract, and I think that  
16 there's a huge role for government to play, and if  
17 government is going to continue to rescind its role in  
18 terms of actually paying out cash then takeover has an  
19 enormous role to play in terms of tax policy and  
20 monetary policy in setting expectations, like I said  
21 earlier, for the private sector and in influencing  
22 private behavior.

23           And then lastly, and so that I guess the  
24 last piece is to say that there must be a legitimate  
25 role, once again, for employee organizations in this  
26 country if we're going to truly share in the  
27 prosperity.

1 MS. HO: Right. Thank you very much.

2 Rose, what's working with what you're  
3 doing and how can the federal government help you out?

4 MS. AMADOR: Well, as I said, again,  
5 community-based organizations do offer alternatives.  
6 I think it's very important that we address the needs  
7 of our youth.

8 If we don't get them through the  
9 educational system, I mean, they have very little of  
10 a chance of even entering the work force or having any  
11 kind of economic independence.

12 This county, fortunately, has some very  
13 progressive leaders and has enabled some of the  
14 community-based organizations to enter into  
15 alternative educational programs, alternative job  
16 training programs.

17 It's imperative that our youth have basic  
18 skills -- that's one of the things that the employers  
19 have been asking for over and over -- and even the  
20 kids that graduate from high school --

21 MS. HO: What would complement -- excuse  
22 me, Rose.

23 What would complement -- you know, I mean,  
24 I think that education as a priority is something that  
25 most of us are aware of, but what would complement,  
26 what would really help in accentuating that experience  
27 so that the road to success is really an easier one?

1 MS. AMADOR: I think it would have to be  
2 alternatives.

3 Right now there's the tried -- you know,  
4 the path that hasn't worked in the past. We have to  
5 have alternatives to everything -- to education, to  
6 the work force, to the transition to school to work  
7 effort.

8 But as Gordon said, there has to be funds  
9 for all of this, and with the lack of funds you can't  
10 go very far or do very much.

11 So we need support in you know, funding a  
12 lot of these programs, and we need to concentrate on  
13 the youth, because you know, without the youth at  
14 least getting through high school and some type of  
15 higher education or job training, they really don't  
16 have a chance.

17 FROM AUDIENCE: Youth power.

18 MS. AMADOR: Yeah, youth power.

19 And the other thing I would like to have  
20 the community take back is, I know in the southwest  
21 where Latinos are looked at as a silent minority, and  
22 the invisible minority, except for the Taco Bell  
23 chihuahua, but you know, back east, we're almost  
24 really invisible. You hardly ever hear anything about  
25 Latinos, you don't see us on television -- I mean,  
26 we're just invisible.

27 And I think that -- even when you see a



1 picture of the President you hardly ever see a Latino  
2 in that crowd with him. And I think it's important to  
3 let him know that we exist, not only in California but  
4 across the nation.

5 MS. HO: Thank you.

6 Rose, one last thing I wanted to ask you  
7 before I go to Dennis, and that is, the Latino  
8 community here is obviously very strong.

9 What are some of the assets and the values  
10 that the Latino community brings to this great nation?

11 MS. AMADOR: Well, I think they're one of  
12 the hardest-working populations in the work force.

13 (Applause.)

14 MS. AMADOR: They may have the blue-collar  
15 jobs but they have strong family values, they have  
16 extended family values. And most families want their  
17 kids to succeed and want them to be economically  
18 independent as well.

19 MS. HO: Thank you very much.

20 Dennis, I wanted to ask you very briefly,  
21 tell me what it is that the federal government can do  
22 to help Indian country, and as well, can you talk a  
23 little bit about the assets that the Indians bring to  
24 this great nation?

25 MR. TURNER: Sure. First of all, I think  
26 more than the government, we need the people here's  
27 support.

1 (Applause.)

2 MR. TURNER: And then after that, we'll  
3 look for the government and --

4 MS. HO: What can we do to support you,  
5 Dennis?

6 MR. TURNER: -- and so, what is happening,  
7 to continue as Indian nations and being sovereign, we  
8 need to continue that so we can bring ourselves, we  
9 know best ourselves how to take ourselves out of  
10 poverty, how to work with welfare reform, how to  
11 improve ourselves economically.

12 We have a bad image because there are some  
13 people that don't want us to share in this American  
14 wealth, this growing economy, by blaming the Indian  
15 casinos, saying "Well, those Indians are rich, they  
16 got a casino, they're making millions."

17 But there's only about five percent of the  
18 Indian nations in this country have a casino. So what  
19 about the other 95 percent that are in poverty? You  
20 know --

21 MS. HO: Uh-huh.

22 MR. TURNER: But I think that we have had  
23 the support of the President and would like to  
24 continue -- like I said, they're saying we can't buy  
25 a part of America anymore, even if we have our own  
26 money.

27 We need to be able to expand ourselves,

1 like every community does, in terms of economic  
2 growth. And if they're passing laws in the 105th  
3 Congress trying to say, "Just you, you Indian nations  
4 cannot buy land under your treaty anymore," that's  
5 abrogating our treaty, that's saying we are no longer  
6 sovereign people as it says in the Constitution.

7 They should then throw that paper away.

8 MS. HO: Understand. All right. Thank  
9 you very much, --

10 MR. TURNER: Thank you.

11 MS. HO: -- Dennis.

12 Jose, how do we bring this issue of rural  
13 poverty into the American consciousness so that we are  
14 really dealing with this and solving the problem  
15 together?

16 MR. PADILLA: Well, I wanted to say two  
17 things about solution.

18 One of them's related to poverty in a very  
19 basic level, and that is that people are poor because  
20 they have little money with which to live. So that  
21 when I think of solution, I think of minimum wage.

22 I was reading something the other day that  
23 with the rise in minimum wage that folks just got just  
24 very recently -- with that passage, we've had a lot of  
25 hoopla about that.

26 But 20 years ago I read -- I think it was  
27 20 years ago, or 10 years ago -- that when somebody

1 worked at minimum wage, you could pull a family of  
2 three out of poverty. Twenty years ago, when you  
3 could work at minimum wage.

4 Under the current new minimum wage, you  
5 can work full-time and you will still be \$2,000 short  
6 and below the poverty level.

7 So we need to look at the wage.

8

9 (Applause.)

10 MR. PADILLA: But the wage, if it does not  
11 have an enforcement to it, will not get what you want.  
12 Labor enforcement, to me, has got to be tied in.

13 Civil rights enforcement has to be tied  
14 in, to get at the factors of discrimination, to get at  
15 the interferences with the right to unionize, when  
16 people are fighting for minimum wage and more.

17 So to me, you need to also have tied in  
18 enforcement and -- I should get some boos by saying  
19 this -- but you need more lawyers.

20 (Laughter)

21 MR. PADILLA: And let me say why. You  
22 need more lawyers for the poor.

23 ( A p p l a u s e . )

24

25 MR. PADILLA: In this country, for every  
26 304 Americans, there is one lawyer.

27 You want to know what it looks like in

1 rural California? For every 35,000 farm workers --  
2 35,000 farm workers -- there's one legal aid lawyer.

3 In many of my counties, for 25,000 poor  
4 people, one legal aid lawyer. 30,000, 20,000, I have  
5 counties of that size, with one lawyer.

6 There's no access, when you're talking  
7 about minimum wage; there's no access, when they ask  
8 you about interference with their union rights.

9 So that to me, it's all tied in, it's  
10 minimum wage, it's enforcement with it, and the people  
11 that you can go to in order to help you exercise those  
12 rights.

13 That was about solution. And one other  
14 thing that -- before I forget, a reaction to something  
15 that Dr. Fairchild said, about corporate America  
16 needing citizenship training.

17 One of the charges that you have as an  
18 Advisory Board -- at least I understand -- is that you  
19 should think of the new paradigms that allow us to  
20 deal with race, to talk across race, to look at  
21 common ground. Because to me, it really cannot just  
22 be talking about black-white -- and I think you've  
23 gotten enough information now to realize that here, in  
24 California, one America is already multiple color.

25 And I'm offering you a paradigm that is in  
26 your material that I've provided for you. Some Latino  
27 scholars are talking about a notion called "cultural

1 citizenship." It's not citizenship with a big "C,"  
2 that is, a citizenship that's a piece of paper that  
3 opens and closes doors for you. It's about cultural  
4 citizenship, looking at that term in a way that you  
5 look at cultural -- that's inclusive.

6 But, it looks at citizenship with  
7 responsibility. That is, the citizenship with the  
8 little "c." That irrespective of whether you're  
9 immigrant, undocumented, person of color, citizenship  
10 means what you do in the community in which you  
11 live --

12 (Applause.)

13 MR. PADILLA: -- what you do about those  
14 poor schools, what you do about participating in those  
15 schools, what you do about becoming involved in  
16 community-based organizations.

17 So it's about both, and it's inclusive,  
18 and I think that you ought to be examining creative  
19 ways of looking at it both from the cultural  
20 difference side and also from the responsibilities  
21 side, that no matter who it is in San Jose that is out  
22 there in those poor communities, they all belong  
23 because they all pay taxes, they all have children in  
24 the school, they all go to those churches.

25 So they have responsibilities for those  
26 institutions, so you need that paradigm that allows  
27 you to include all of those folks into that debate.

1 MS. HO: Thank you very much, Jose, I  
2 appreciate it. Thank you very much.

3 (Applause.)

4 MS. HO: Okay.

5 All right. I want to open it up to  
6 questions now, and I want to get through this as well  
7 as we can. We are going to lose this space,  
8 unfortunately, to the school at 3:00 o'clock. We did  
9 eat up a little bit more time on the panel.

10 But let's go ahead and go to questions  
11 now. Okay. Right here.

12 MS. LAWRENCE: I think that this is a very  
13 good forum, but I want to say that I'm a little  
14 disappointed, as a union activist, community activist  
15 and an employee of a social service department that we  
16 have not addressed, I don't think, education.

17 I didn't hear -- I heard one of the ladies  
18 on the panel this afternoon mention it, and it was  
19 mentioned this morning. But I think that one of the  
20 things that is troubling California in particular is  
21 that in the last fifteen years they've gone from  
22 number two in public education to number 41.

23 So when we talk about race and poverty, I  
24 mean, the earning power of a person who is illiterate  
25 versus one that has an adequate education is --  
26 there's this big gap. So when you talk about  
27 prosperity and income for people who are affluent in

1 the Silicon Valley and you talk about those who are  
2 disadvantaged and live in poverty, I think that we  
3 have to really get to the core of what's really going  
4 on in this country, when we have educators who make  
5 less than the janitors that clean the hallways in our  
6 schools.

7 MS. HO: All right. Thank you very much.  
8 Thank you. That's a very, very good comment. Thank  
9 you very much.

10 (Applause.)

11 MS. HO: This gentleman up here in the  
12 blue shirt with the emblem on his jacket. Yes, go  
13 ahead, sir.

14 MR. ROCHA: I would like to first say  
15 welcome to all of you panelists, and to the community,  
16 especially, because this is where the true change is  
17 going to come from, on this issue that we're  
18 discussing here.

19 My name is Louie Rocha, I'm the President  
20 of the Communication Workers of America, Local 9423.  
21 And I got to say, I would encourage you to not be shy  
22 of using the word "class."

23 Class is a distinction that unifies most  
24 of us in this country; it distinguishes many of the  
25 problems that we have in this country, and I would  
26 just add that there is a corporate agenda that is  
27 causing many of the problems we're faced with; we've



1 seen much of the symptoms -- they're called  
2 downsizing, it's called reengineering, it's called  
3 outsourcing, subcontracting of work -- the impact on  
4 our communities is tremendous.

5 I was a homeboy in one of the poorest  
6 neighborhoods here, but thanks to a union job that  
7 pays great wages and good benefits I was able to lift  
8 myself and my family out of that situation.

9 (Applause.)

10 Mr. ROCHA: And I expect corporations to  
11 be called upon to continue to provide that opportunity  
12 for many of the youth, many of the communities in this  
13 country, because when you get that call from a company  
14 saying hey, why don't you switch to our service, you  
15 might want to ask them, "Where are you, and can you  
16 give my kid a job?"

17 Because you know what? If they're making  
18 money in our community, they should be held  
19 accountable to us.

20 MS. HO: Thank you, sir.

21

22 (Applause.)

23 MS. HO: Right. Over here in the red  
24 shirt. Oh, sure, I'm sorry.

25 DR. FAIRCHILD: One additional side effect  
26 of sort of this global capital thing that's going on  
27 is not just the outsourcing of work, but we've lost

1 this notion of a domestic economy and corporations  
2 caring about what's going on locally and participating  
3 in the local community.

4 So we have lost a good part of that  
5 corporate citizenship that really sustained  
6 communities over a period of time.

7 Not only did they care about their  
8 workers, but they cared about the communities in which  
9 workers lived. And that's a major loss.

10 MS. HO: Thank you very much.

11 Sir, here in the red.

12 MR. MEGGS: Yes. I'm Bob Meggs. I'm  
13 President of the Board of Directors of the Indian  
14 Health Center of Santa Clara Valley.

15 There are 15 thousand American Indians in  
16 Santa Clara Valley, and 61 percent of all American  
17 Indians are off the reservation -- which most of the  
18 panelists don't seem to be aware of that. I do  
19 appreciate the comments of the panelists, by the way,  
20 because a lot of the social experimentation that has  
21 gone on has gone on with American Indians.

22 We have here about a dozen Indians today  
23 that were relocated by the Bureau of Indian Affairs in  
24 the 50's and the 60's and the 70's. And a lot of the  
25 problems that they had on the reservation they have  
26 with them yet, and have passed on to their children --  
27 the boarding school syndrome and things of this sort.

1                   So you know, when you have these diversity  
2 programs and you come to an area, look for these  
3 indigenous groups, because they're here.

4                   MS. HO:       Thank you very much.     I  
5 appreciate it.

6                   This young gentleman in the hat here.  
7 That's you.

8                   MR. GALVAN:   My name is Eugene Galvan, and  
9 I'm from Abraham Lincoln High School in San Francisco,  
10 and when I was listening to you I noticed that a lot  
11 of the issues that you're talking about are related to  
12 adults, and mostly adults.  And I was just wondering  
13 how are you going to reflect this to the youth  
14 nowadays?

15                   Because we are the future, and we are the  
16 ones that are going to be the lawyers and --

17                   MS. HO:    What kind of help do you need?  
18 What would help you out?

19                   MR. GALVAN:   Like maybe having like an  
20 advisory committee, a board like this, concentrated on  
21 the youth nowadays.

22                   MS. HO:    All right.  Thank you very much.  
23 Good point.

24                   I'm sorry, Dennis, did you want to respond  
25 to something?

26                   MR. TURNER:   I just wanted -- oh, go  
27 ahead.

1 MS. CHAVEZ-THOMPSON: To the young man --  
2 one of the things, that just because we come here and  
3 we have a theme for this Advisory Board meeting, which  
4 is race and poverty, does not mean that we haven't  
5 already looked at and are addressing some of the  
6 educational needs and some of the youth participation.

7 We have been traveling around the country  
8 for the last four to five months. And in addition to  
9 what we have looked at and what our staff is looking  
10 at as far as how we can help the youth of America and  
11 how we can bring them into this dialogue, into how we  
12 need to make one America, the President has also built  
13 into his budget this year several programs that  
14 address the educational needs.

15 High Hopes is an educational incentive  
16 program, where the President is hoping to bring  
17 mentoring to middle school children, to make sure that  
18 they finish high school and go on to higher education.

19 We're also looking at smaller classes for  
20 children between the ages of -- the first and the  
21 third grade, so that they will have more attention by  
22 teachers in those grades, again, to make sure that it  
23 will finish high school.

24 We also have more money going into  
25 underserved areas, teachers, that will hopefully have  
26 incentives to go into those underserved areas.

27 So the President, as well as some of the

1 recommendations made by this Advisory Board, are  
2 already taking that into consideration.

3 There was another group of young ladies  
4 over here who said, "How do we, the youth, address  
5 some of the issues? You all are talking adult  
6 conversations, how about us?"

7 And the question here is, there's no  
8 better group of people that we need in this  
9 conversation than the youth in America, because we're  
10 not going to finish this job, they are. And they must  
11 be a part of that conversation.

12 MS. HO: Thank you very much.

13 MR. TURNER: Lorna, I just wanted to say,  
14 in concerns of welfare reform in this country, unless  
15 some of the tribes in this country get some more  
16 assistance on this issue and some amendments, we're  
17 going to have another inpouring into the cities of  
18 this country, as we had during World War II, and the  
19 relocation era of the United States, when they took  
20 Indians and tried to move them into the cities without  
21 taking opportunities to the rural and reservation  
22 communities -- we have people here.

23 Today, that is happening again. Indian  
24 people are starting to move from the reservations into  
25 the cities again, because there is no amendments to  
26 the welfare reform issue, and I think that we need to  
27 move -- the President needs to move on the amendments

1 for welfare reform, or again, we're going to have  
2 another round of Indian people coming to the cities.

3 And by the way, that they are here, I  
4 believe that the cities and counties throughout the  
5 United States should help them, because they do  
6 participate, they do pay the taxes, they do act like  
7 the normal citizen, although they seem to be  
8 invisible.

9 Certainly in this community there needs to  
10 be, by the counties in this area, support for the  
11 Native American organizations that live in the urban  
12 area.

13 MS. HO: Thank you very much, Dennis, I  
14 appreciate that.

15 This young woman here in the white.

16 MS. JONSON: Hi, my name is Jazmin Sanchez  
17 Jonson, representing the Society of Hispanic  
18 Professional Engineers. I don't know if you know  
19 about all the immense opportunities here in Silicon  
20 Valley. But these opportunities are not accessible to  
21 the Latino community here in Silicon Valley.

22 The reason being is that education is --  
23 is not, does not have access to the technology that --  
24 in a lot of these Latino school districts. We've  
25 witnessed here in Silicon Valley -- was a big Net Day  
26 effort, a lot of the schools being connected to the  
27 Internet. Yet the schools on the east side are not

1 being connected because they were not around where the  
2 major companies were.

3 As a result, the Society of Professional  
4 Hispanic Engineers decided to use their technical  
5 talents to connect the schools in the east side to the  
6 Internet.

7 It's taking our community to go out with  
8 our own volunteer time and effort to go and affect our  
9 community. Let me give you an idea of what's going on  
10 here in technology.

11 Of all of the jobs that are available here  
12 in Silicon Valley, the people -- the students that are  
13 graduating from school here, they do not have the  
14 skills to take these jobs.

15 As a result, our companies are importing  
16 engineers from other companies to take these jobs.  
17 Here, in my own situation, I have a department of ten.  
18 I am the third -- out of -- I am one of the three  
19 engineers is American-raised; the rest are foreign  
20 nationals.

21 It seem to me that -- and in defense of  
22 the companies -- they don't want to hire foreign  
23 nationals, because it costs them money to hire foreign  
24 nationals. But it seems to me that if people aren't  
25 being educated to take these jobs, that companies and  
26 educators need to sit together at a table and develop  
27 a curriculum, so that our people can take these jobs

1 in our community, and thereby bring our people out of  
2 poverty and into social and economic equity.

3 Thank you.

4 MS. HO: Okay. Thank you very much.

5 My understanding, actually, is the  
6 President did kick off a high-tech training program  
7 just recently, to train some more people here in the  
8 United States on exactly what you're talking about.

9 This young woman right here. I think that  
10 might have to be our last --

11 Right here in the front. Here you are,  
12 here in the front. Thank you.

13 MS. BURGESS: My name is Connie Burgess,  
14 and I'm co-founder of Successful Business Network.  
15 And I want to commend the panel. I think that the  
16 answers are right there.

17 You've addressed practically everything  
18 that exists within, I think, many communities, and  
19 that it is a complex issue, and there is not going to  
20 be one thing that is going to be able to solve the  
21 issues of race and poverty in our nation.

22 I know of a young boy who is twelve years  
23 old, who has genius potential. He fixes computers, he  
24 fixed fax machines. He has not been trained nor  
25 educated in that area.

26 And we cannot find an organization, a  
27 company or a person who would help to nurture this



1 young person into a magnificent human being to  
2 contribute to our society. We're missing these  
3 elements.

4 And the part about our community  
5 organizations, of which we are one, we have our  
6 fingers on the pulse. We know what's going on within  
7 our communities -- although I do applaud the President  
8 and approaching the national organizations that have  
9 also their finger on the national pulse.

10 But by the time the funding and the  
11 measures are passed down through those national  
12 organizations, they are highly filtered and the  
13 revenue is not available for the people who need it  
14 most.

15 So if there is a way that we can make  
16 these issues more of a local issue rather than a  
17 national focus, it would better serve the community.

18 Thank you.

19 MS. HO: Okay. Thank you very much.

20 Listen, I just want to let you know that  
21 we are going to have to stop now because we've run out  
22 of time. But I did want to let you know, if you have  
23 some comments, there is some information that we will  
24 be able to provide for you about writing your comment  
25 down so that the Advisory Board can take it back with  
26 them or they can get the message, and they can hear  
27 everything that you have to say.

1 I would like to thank you so much for  
2 coming and participating.

3 Now before you all go, Dr. Franklin is  
4 going to have some closing remarks.

5 I did want to say that we'd like to thank  
6 Independence High School for the use of facilities.  
7 They've adjusted schedules to be able to allow us to  
8 use this space. And we're going to need to stay off  
9 the stage area so they can fix up the area for another  
10 event.

11 I'd like to turn it over now, to Dr.  
12 Franklin.

13 CHAIRMAN FRANKLIN: Thank you.

14 (Applause.)

15 CHAIRMAN FRANKLIN: I feel like turning it  
16 back. What I want to say is, first of all, to thank  
17 you, Ms. Ho, very much for your handling this panel so  
18 efficiently and so well. And I want to thank the  
19 panel, too, for it was a very stimulating and  
20 important discussion.

21 (Applause.)

22 CHAIRMAN FRANKLIN: Indeed, this has been  
23 an enlightening and reward experience, not only the  
24 panel this afternoon, but the panel this morning --  
25 the discussion yesterday at the public forum, the  
26 public officials who have come before us to welcome us  
27 here, the Mayor of the city, one of the Supervisors,

1 now a cabinet member from Washington, Ms. Alvarez.

2 And so many of you who have participated  
3 and been so patient and listened. We've learned a  
4 great deal, and I want to thank you very much.

5 This has been an educational experience  
6 for us, and I hope that it's been at least a  
7 satisfactory experience for you.

8 We want to thank, certainly, the officials  
9 of the school here, the Independence High School, who  
10 have been so generous in their hospitality, providing  
11 all kinds of support for us.

12 I think I also should say a word about the  
13 media in this area, for the coverage has been  
14 extraordinary, I think. And those who have not come  
15 here to hear, have been able to read in the  
16 newspapers, to see on the television stations and to  
17 hear on the radio stations what we've been doing here.

18 And I think that's very important, so the  
19 word gets out not merely to those of you who have been  
20 sitting here so patiently and have contributed  
21 yourselves, but those who have not been here and who  
22 have listened through the media and have read through  
23 the media.

24 So that I want to thank all of them for  
25 assisting us.

26 Of course, there have been volunteers here  
27 at independence -- cheerleaders, and others who have

1 given their time and effort in making this a  
2 comfortable experience and a reward experience for all  
3 of us.

4 And finally, thank you for being here.

5 Now our next Advisory Board meeting will  
6 be in Denver, Colorado, on the 24th and 25th of  
7 March -- and you're welcome to come along with us to  
8 participate.

9 (Laughter)

10 CHAIRMAN FRANKLIN: At that time, we will  
11 explore some interesting problems connected with the  
12 issue of race and stereotyping.

13 I know that you've been thinking about  
14 that and made some remarks about it today, but we want  
15 to focus our attention on that very directly next  
16 month.

17 I want to say that I thank the patience of  
18 my colleagues on the Advisory Board, for being here  
19 and for listening so attentively and contributing,  
20 too.

21 So that's all for this meeting of the  
22 Advisory Board. Thank you. We have concluded.

23 (Applause.)

24 (Whereupon the meeting of the Advisory  
25 Board was adjourned at 3:00 p.m.)

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