

A ROADMAP TO ECONOMIC RESILIENCE IN THE INLAND EMPIRE



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U.S. Representative Norma J. Torres

The following report is the result of a comprehensive listening tour of the primary economic sectors in California's 35th congressional district and presents a broad legislative strategy to address the economic challenges facing the Inland Empire.

A Roadmap to Economic Resilience in the Inland Empire

U.S. REPRESENTATIVE NORMA J. TORRES

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INTRODUCTION

The Inland Empire is my home. It is where I raised my family, and where my first grandchild was born. Over the years, I've seen many changes in our community, and I firmly believe that its best years lie ahead.

There's no question that our region was hit hard by the recession and the housing crisis. Now, as the national economy continues to improve, we have to make sure the Inland Empire does not get left behind.

The 35th District benefits from more affordable housing stock, multiple educational institutions, a major airport, proximity to Los Angeles and its ports, and a growing, diverse, and dynamic workforce. However, we must be able to effectively harness those attributes to give our region a competitive economic edge.

As I set my legislative agenda for my first term in Congress, I knew that I had to hear directly from those on the ground. Too many politicians in Washington think that they know best, but it is those in the community fueling our local economy who are the real experts and whose input is sorely needed.

Over the course of several weeks, I toured some of our region's major employers, met with community leaders, education professionals, workers, and owners of businesses small and large. After hours of engaging discussions, my staff and I have compiled many of the ideas and recommendations that came out of the tour and developed a comprehensive legislative plan to foster economic growth in the Inland Empire.

I am committed to doing everything I can to support our community and create new, good-paying jobs right here in the 35th District. I look forward to your feedback and to continuing to work together to ensure the Inland Empire reaches its full potential.

Sincerely,

Norma J. Torres
Member of Congress

OVERVIEW AND PURPOSE

Since taking office in January, Rep. Norma Torres has made growing the Inland Empire economy her top priority. As one of the areas hardest hit by the recession and housing downturn, economic security and access to good-paying jobs has consistently been a major concern among area residents.



In order to effectively address these issues and find new, innovative solutions to the region's economic challenges, Rep. Torres kicked off a district-wide economic listening tour with the goal of developing a comprehensive legislative strategy for how Congress can most effectively spur economic growth.

Prior to launching the tour, Rep. Torres convened meetings with local labor leaders and area Chambers of Commerce to get their feedback and suggestions. The tour itself incorporated a broad cross-section of the region's economic sectors, including logistics, manufacturing, healthcare, law enforcement, and small business.

At each roundtable meeting, Rep. Torres listened to local stakeholders share their ideas on what they think should be done to help Inland Empire businesses grow, expand, and create more jobs. The discussions also fostered an opportunity for local business owners and community leaders to come together and collaborate on ways they can work with each other to foster economic growth.

In total, Rep. Torres met with more than 200 business leaders, employees, educational experts, and economic development leaders throughout the 35th District and toured local manufacturing, logistics, and healthcare facilities and met with their employees as part of the tour.

RECOMMENDATIONS TO BUILD A STRONG INLAND EMPIRE ECONOMY

► Invest in our region's infrastructure.

The federal government must do its job and pass a long-term surface transportation reauthorization bill, which provides funding for roads, highways, and freight corridor improvements that have long been neglected but that are critical for Inland Empire business. Federal funding is not enough, however. We also need to attract private capital to the region to fund infrastructure projects and meet the growing infrastructure investment gap.

► Develop the Inland Empire's workforce.

The Inland Empire is growing and its workers need more opportunities to develop skills necessary to succeed in the 21st century economy. We must not only support early childhood and STEM education programs to prepare our students for the modern economy, but we also need technical training grants alongside a strategy to connect adult workers to new employment opportunities.

► Help small businesses succeed.

We can help small businesses grow by giving them more access to capital. Those that show they can create jobs and contribute to the community should be able to get the capital they need at low interest rates. Furthermore, the federal government should make them a priority when procuring contracts.

► Diversify the local economy.

Logistics and manufacturing are very important sectors of our economy, but we need a broader economy in order to thrive. We need incentives to attract new industries to the Inland Empire and to support homegrown entrepreneurs in our region. When we help them grow here, they will stay here.

INVEST IN INFRASTRUCTURE

As the Inland Empire continues its economic recovery, investing in vital infrastructure projects will create jobs and make our local economies more competitive and resilient. But in order for our communities to thrive, we need more than just access to traditional infrastructure like roads and bridges. We also need to work towards developing 21st century infrastructure like light-rail, energy-efficient buildings, high speed internet, and more efficient drinking water and waste-water systems. Evidence demonstrates that investment in infrastructure is an investment in long-term job creation and more prosperous communities. In fact, for every dollar we invest in infrastructure, our economies receive four dollars in economic benefit. Yet, the United States is falling behind other countries in vital infrastructure investment. Without adequate investment, failing infrastructure threatens our local economies through increased congestion in freight corridors, high utility bills, and wasted natural resources.

TRANSPORTATION



As the Inland Empire continues to grow, the need to reliably and affordably connect our residents to employment centers continues to increase. If we are going to make the Inland Empire more attractive to businesses, we need to be able to get qualified employees here. We simply can't have sustainable communities without dependable transportation options. Whether it's roads, bridges, or public transit, the federal government must be a steadfast partner in efforts to strengthen our transportation infrastructure. To provide the certainty that our

businesses and contractors need, we need to enact long-term surface transportation legislation that includes adequate funding for the Highway Trust Fund, mass transit and freight corridor upgrades. Proven programs like TIGER Grants and TIFIA will also continue to play a key role in much-needed infrastructure improvements throughout our region.

Public Transit

Public transit plays a pivotal role in the economic vitality of our region. Not only does it provide an affordable and reliable option to travel to and from work, it also represents an important supply chain of manufacturers, builders, and rail and bus operators. In

addition, homes and property located near public transit infrastructure increase in value by an average of 42 percent.

Rail and Ports

The freight movement sector underpins the Inland Empire economy, with the transportation and warehousing of goods creating and sustaining local jobs. To take advantage of our strategic location, we must continue to support the modernization of the regional freight network to connect our highways, freight rail, and coastal ports in order to support the more efficient movement of goods.

Recommendations:

- ▶ Support long-term surface transportation re-authorization to ensure that government agencies and businesses have stable, predictable funding and reliable infrastructure that will help them plan for long-term growth.
- ▶ Support legislation that encourages local technical assistance for infrastructure projects across sectors to attract private capital in order to meet the growing infrastructure investment gap.
- ▶ Support the development of a freight plan that recognizes the needs of the region and its role in the movement of goods.

WATER

As California enters its fourth consecutive year of drought, it's more important than ever to find innovative, immediate and lasting solutions to develop a sustainable water supply for all Californians. Our local governments and water agencies are on the front lines of the water crisis in California. They know better than anyone how vital water is to our daily lives and how urgently we need to address issues of water quality and reliability throughout the state.

Our region has long been a pioneer in innovative technologies and policies that make the most of our water supply. This includes partnerships with federal and state authorities that provide grant funding assistance to place new recycling and groundwater enhancement projects into operation. These projects have created new and permanent local water supplies for drinking water users throughout the Inland Empire region. As the demand for our finite water supply continues to grow, we need policies that will allow us to further maximize our current resources, such as smart, cost effective investments in proven policies like desalination, water efficiency and recycling.

Recommendation:

- ▶ Support smart, cost-effective investments, including the U.S. Bureau of Reclamation's Title XVI and Water Smart Grant funding programs, for proven achievements in sustainable water efficiency and recycling as well as other innovative finance tools that promote successful practices like water reuse and storage.

AIRPORTS

The Ontario Airport is strategically located at the center of an important freight movement system that attracts and supports economic activity throughout the region. Not only an important hub for our region's manufactured and agricultural goods, the Ontario Airport provides a convenient option for local businesses to expand their operations to reach other markets.

As we continue to make the Inland Empire more attractive and improve the quality of life for our residents, we also need to improve access for passenger travel through affordable, multi-modal transportation options like public transit buses and light-rail.



Recommendations:

- ▶ Support the completion of the Gold Line Foothill extension all the way to the Ontario Airport in order to increase passenger traffic and attract investment in the surrounding communities.
- ▶ Support local control of the Ontario Airport, including full-time leadership, to attract more air service routes and increase the travel options for residents and businesses of the Inland Empire.
- ▶ Support a comprehensive security assessment of Ontario Airport and increased safety personnel to adequately and efficiently manage increased movement of passengers and goods through the airport.

PROMOTE WORKFORCE DEVELOPMENT

At every stop during my listening tour, Inland Empire residents and employers spoke of the need for improved workforce development programs. The 21st century economy demands a new set of skills and workers must have access to the training necessary to fill these new jobs. Employers are looking for a trained, skilled workforce. If we develop such a workforce in the Inland Empire, jobs will follow.

The Inland Empire has a large base on which to build a strong workforce development program. With many post-secondary educational institutions in the district, the infrastructure exists in the district to support training programs. Connecting these local institutions with employers will help develop skills as well as create a “pipeline” to hire local employees for jobs. Additionally, supporting education in the district—specifically, STEM education—will create interest in technical skills and build a strong local workforce.

SUPPORT FOR CAREER TRAINING PARTNERSHIPS

One effective way to expand technical education is to foster partnerships between local businesses, community colleges, workforce investment boards, and other potential local partners. One successful example of a partnership program on which to model new programs is right here in the Inland Empire. Chaffey College and the Inland Empire Regional Training Consortium received a \$15 million grant from the Department of Labor and Department of Education’s Trade Adjustment Assistance Community College and Career Training competitive grant program. The new education center will be located at California Steel Industries (CSI) and will train thousands of Inland Empire residents in the skills necessary for advanced manufacturing jobs.

Following the example of Chaffey College and CSI, we need to create more job training programs that engage both employers and potential employees to form relationships and placements for graduates in the Inland Empire. The manufacturing industry faces a challenge as new technologies require workers with specific skills to perform advanced manufacturing jobs. With high rates of unemployment both in the Inland Empire and across the country, funding programs that provide job training to young workers in low-wage jobs as well as to dislocated workers will have many benefits. Training a high-skilled workforce will attract new companies to the Inland Empire that will want to hire skilled workers. Additionally, more high-wage employment opportunities in the region will boost the local economy.

Recommendations:

- ▶ Support legislation that will increase funding for technical training grants, workforce investment boards, and partnerships that promote workforce development.
- ▶ Increase local awareness of the availability of training grants and provide technical assistance to potential applicants to aid in the application process.
- ▶ Provide incentives to industries and training providers in the region that partner with local community colleges and help pay student tuition costs.

K-12 EDUCATION

Building a skilled workforce begins with a good elementary education. We must prioritize support for schools and make sure our youngest are getting the resources and support they need to succeed. While STEM education is important for all children, it is especially useful for getting young girls interested in STEM-related fields. By building interest in STEM education at an early age, we will be supporting future generations of local leaders.

There is also a need to focus on middle and high school students to build a pipeline for future careers. For example, one of the key takeaways from the Healthcare Roundtable held in April 2015 was the severe shortage of health professionals in the Inland Empire. One potential solution offered was to create a local pipeline into the healthcare field. By supporting STEM education in high schools, students may pursue careers in health and go on to become doctors, nurses, or paraprofessionals. They may then use these skills to return home to the Inland Empire to run their practices.

Similarly, by spreading the word among middle and high school students that there are high-paid, high-skilled manufacturing jobs, students may be interested in pursuing a career in manufacturing from an early age. To accomplish this, there needs to be publicity for success stories in the manufacturing industry. This will help to form a pipeline of students interested in pursuing a career in advanced manufacturing. Young people in the Inland Empire need to understand that these advanced manufacturing jobs are different today than they were in the past. Instead of being a mechanic, you might be operating a robotic welding machine.

Recommendations:

- ▶ Support funding for early childhood education and STEM programs.
- ▶ Support policies that encourage career-based, linked-learning in grades K-12 in order to develop learning experiences in fields such as engineering, health care, and manufacturing.
- ▶ Support policies that encourage businesses to look for ways to partner with local school districts to help teacher development and boost student awareness and interest in technical careers, creating a “pipeline” for jobs in the Inland Empire.

HELP SMALL BUSINESSES SUCCEED

The success of small business corresponds with the success of a community. This listening tour gave me the opportunity to talk to a number of small business owners who represent many different industries. They all share the same desire to expand their operations, creating jobs for thousands of Inland Empire residents. Small businesses account for over 97 percent of California's private firms, and employ 36 percent of California's private sector employees. The Inland Empire was hit hard during the Great Recession, with the region losing approximately 143,000 jobs between 2008 and 2010. Nevertheless, entrepreneurs are ready and willing to take the steps necessary to grow and expand opportunity for Inland Empire families.



It is time for the federal government to demonstrate that it is prepared to do the same. The listening tour revealed that small businesses need greater access to small loans and government contracts to increase production. However, a lack of information and knowledge of the options available to them has left them without the tools needed to expand. The federal government must ensure that small businesses are aware of the many grants and programs authorized for their benefit, while also guaranteeing that these initiatives remain funded. At the same time, we must not get in the way of innovation, incentivizing small businesses to create jobs here in the Inland Empire and California.

ACCESS TO CAPITAL

When I met with more than forty small businesses on the listening tour, one point was made abundantly clear: Small businesses need more access to capital. While the Inland Empire's employment numbers have reached pre-recession levels, more help is needed to continue that progress. Businesses need financial capital in order to purchase equipment, hire employees, and to expand their business operations. Many small businesses and new businesses receive a large portion of their financing from banks. However, economic uncertainty has led commercial lenders to be more risk averse and less willing to lend to new startups and small businesses. This makes access to financial capital more difficult, which in turn makes it difficult for our small businesses to grow.

Recommendations:

- ▶ Expand access for Inland Empire small businesses to the Small Business Administration (SBA) grant and loan programs.
- ▶ Increase access to financing from community banks and credit unions.

INCREASE MICRO-LENDING

Many of our small businesses require the ability to get loans for small amounts of money. However, there are barriers to entry which prevent small business from accessing the funds they need. This is especially true of businesses started in low-income communities, which usually lack sufficient capital and credit. In addition, most banks and investment companies often believe that lending small amounts of money is not an efficient use of their time or resources, as there will not be a substantial return on investment from such a small loan.

As a result, the Small Business Administration (SBA) has stepped in with the Microloan Lending Program to assist women, low-income, veteran, and minority entrepreneurs and business owners. The program provides direct loans to qualified nonprofit intermediary lenders who then provide up to \$50,000 grants to any for-profit small business or non-profit childcare business. Entities that qualify must pay the loan back within six years at an interest rate that varies between 6.5 and 9 percent. It is imperative that we promote this program and ensure that it remains fully funded. Inland Empire businesses and families are counting on us to provide an environment conducive to increased productivity and growth.

Recommendations:

- ▶ Support microfinance lending programs that assist small business owners and women, low-income, veteran, and minority entrepreneurs.
- ▶ Promote microfinance lending programs in languages other than English.

ACCESS TO GOVERNMENT CONTRACTS

A fair proportion of federal contract and subcontract dollars should be awarded to small businesses. In fact, ensuring that small businesses receive their fair share of government contracts is a declared congressional policy. The *Small Business Act of 1958* establishes that a minimum of 23 percent of federal contract dollars should go to small businesses.

As such, the SBA and officers of the procuring agencies should create proposed procurements so as to maximize opportunities for small business participation.

Additionally, federal agencies have the obligation to appoint personnel to facilitate the awarding of contracts to small business contractors and subcontractors. This includes reducing the practice of “bundling” requirements into contracts unsuitable for performance by small business and making recommendations as to what particular acquisitions should be awarded to a small business.

We must ensure that we are prioritizing small businesses whenever possible when awarding government contracts, allowing the Inland Empire’s skilled workforce to be at the forefront of any government project or initiative.

Recommendation:

- ▶ Support legislation that allows small businesses to receive a fair share of government contracts.

ACCESS TO MANAGEMENT AND TECHNICAL ASSISTANCE PROGRAMS

Throughout the listening tour, small businesses revealed that a key hindrance that prevented them from expanding was the lack of information on available resources that met their needs. Too often, start-ups or fledgling small enterprises fail simply because they do not have knowledge of the initiatives that exist solely for their benefit. These programs, while important and needed, serve no purpose if our small businesses are not aware of them. It is incumbent on the federal government to make them known through a concerted effort by the SBA and our Member offices.

The SBA and the Commerce Department currently administer many management and technical assistance programs. Approximately 80 percent of small businesses who received counseling from at least one of these programs reported that the services they received were useful to the long-term success of their business. The federal government should coordinate its small business efforts and work to make these programs more efficient.

With greater coordination of services, we can guarantee that entrepreneurs are receiving the exact information they need to expand and create jobs for our community.

Recommendations:

- ▶ Increase awareness of the services that SBA provides to entrepreneurs by holding periodic seminars or roundtables where SBA representatives meet with business owners.
- ▶ Support the important work of small business development centers.

DIVERSIFY THE LOCAL ECONOMY

One goal of meeting with different industries during the jobs listening tour was to hear about diversification of jobs in the local economy. During the 2008 recession and to the present day, we see how high unemployment affects all aspects of our community. By



diversifying employment opportunities in the Inland Empire, we will create new jobs and a more stable economy. An additional benefit of creating more jobs locally will be to help alleviate traffic. During the listening tour, we heard many times that residents would rather stay in the Inland Empire than commute if jobs were available locally. The long commutes residents face contributes to heavy traffic along I-10, I-210, and CA-60 freeways in Los Angeles and San Bernardino Counties. Long commutes also hurt our truckers and small businesses who

use our freeways to move goods, not to mention contribute on increased air pollution.

SUPPORT ENTREPRENEURSHIP

One important way to create new jobs and diversify the local economy is to encourage entrepreneurship. During the Small Business Roundtable, there was a surprising anecdote about how the Affordable Care Act had allowed baby boomers to become entrepreneurs. No longer tied to a job to receive affordable health care, more residents are striking out on their own to start small businesses. These opportunities must also be nurtured in schools, both in high schools and colleges, to encourage the skills necessary for young people to start their own businesses. Increasing the number of home grown entrepreneurs will also increase the likelihood they will locate their companies in the Inland Empire and hire locally.

BRING JOBS BACK TO THE U.S.

By taking many of the steps previously discussed, by creating a trained workforce, investing in highways and railways, and by increasing access to capital, businesses that have moved jobs abroad may be convinced to return to the U.S. To further support this goal, we should support programs and incentives that encourage companies to bring back jobs to the U.S., and particularly the Inland Empire. The Inland Empire offers many

advantages to businesses – easy access to highways, an airport, and ports – and could be leveraged into a hub for new business.

Recommendations:

- ▶ Support legislation, grants and technical programs that encourage entrepreneurship.
- ▶ Offer tax incentives to industries that will relocate to the region.

CONCLUSION

After seven roundtable discussions and conversations with more than 200 stakeholders, one point became evidently clear: The Inland Empire has enormous economic potential. I truly appreciated the opportunity to hear how we can work together to strengthen our infrastructure, develop our workforce, improve our economy, and help our small businesses grow. I believe the recommendations in this report are our first step toward bringing back manufacturing jobs to our district, strengthening our small businesses, and creating a stronger Inland Empire for us all. As your Representative, I will continue to fight for policies that help Inland Empire industries thrive and that create jobs right here in the 35th District.

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