

A labor market that maximizes economic opportunity is one that engages all its workers and reflects the racial and ethnic diversity of its communities.¹ We know that workplace diversity is good for the bottom line,² just as we know that shared labor force participation spreads financial security, buying power, and neighborhood stability throughout all our communities. Now, let's assume a Twin Cities where ample jobs are available to a diverse pool of candidates all possessing the same levels of education and skills. Would the candidates have an equal chance of populating our workplaces, regardless of race? Unfortunately, the answer is no.

Research by numerous scholars confirms what many people of color have experienced firsthand: racial bias means that white candidates are more likely to be hired than equally qualified candidates of color.³

In 2009, for example, leading scholars on U.S. social policy, Devah Pager and Bruce Western, examined contemporary employment discrimination by conducting a field experiment in New York City. Black, white, and Latino job applicants with similar demographic characteristics and interpersonal skills were given equivalent resumes, and sent to apply for hundreds of entry-level jobs. The experiment revealed clear racial bias among employers. Pager and Western report:

“Our results show that black applicants were half as likely as equally qualified whites to receive a callback or job offer. **In fact, black and Latino applicants with clean backgrounds fared no better than white applicants just released from prison** [emphasis added]. Additional qualitative evidence from our applicants’ experiences further illustrates the multiple points at which employment trajectories can be deflected by various forms of racial bias. These results point to the subtle yet systematic forms of discrimination that continue to shape employment opportunities for low-wage workers.”⁴

Racial bias contributes to the glaring disparity in employment between blacks and whites that plagues the Twin Cities. In 2011, close to 18% of African Americans in the Twin Cities were unemployed—more than three times the share of whites out of work.⁵ Even before the height of the recession, in 2007 the black unemployment rate in the metropolitan area was nearly 14%.⁶ And as of 2012, the Twin Cities have the dubious distinction of having the biggest unemployment gap between whites and blacks among large metropolitan areas.

1 Stiglitz, J. (2013, January 19). “Inequality is Holding Back the Recovery.” *The New York Times*.

2 Treuhart, S., Glover Blackwell, A., & Pastor, M. (2011). *America’s Tomorrow: Equity is the Superior Growth Model*. California: PolicyLink/University of Southern California.

3 *A jobs-centered approach to African American community development: The crisis of African American unemployment requires federal intervention*, a 2011 report by Dr. Algernon Austin of the Economic Policy Institute in Washington, DC, found that in 2007, blacks 25 and older with a high school diploma were doubly likely to be unemployed as their white peers; and blacks with a bachelor’s degree or higher were one and a half times as likely to be unemployed as their white counterparts.

4 Pager, D. & Western, B. (2009). *Discrimination in a Low-Wage Labor Market: A Field Experiment*. *American Sociological Review*. Washington, DC: *American Sociological Association*.

5 Austin, A. (2012, July 12). *Black metropolitan unemployment in 2011*. Washington, DC: Economic Policy Institute.

6 Austin, A. (2011, October 3). *High black unemployment widespread across nation’s metropolitan areas*. Washington, DC: Economic Policy Institute.

And as Pager and Western note above, racial inequities in employment are not confined to hiring decisions but permeate the labor market at many levels. People of color experience lower earnings, segregation into low-wage occupations [see box], and lower levels of job retention than their white counterparts. As long as these disparities persist, the income, assets, and opportunities for people of color will be truncated. And this stunting of human capital, talent, and productivity undermines the competitiveness of our economy as a whole.

How can we ensure employment opportunities are more equitable? How do we foster labor market transactions—hiring, retention, advancement, and the like—that are deliberately more inclusive? In this report, we look at the steps employers can take to infuse equity into workplace culture and practice; we examine the potential of industry sector strategies to build labor market pathways for people of color; and we highlight the role nonprofits and the public sector can play as marketplace intermediaries between employers and workers of color.

RACE & OCCUPATIONAL SEGREGATION

In the Twin Cities region, racial inequality in the composition of occupations is quite stark. Almost 1 in 4 whites work in the five highest paying occupational groups of management, legal, computer and math, architecture, and health care practitioner, with average annual salaries of \$60,000 to \$97,000. In comparison, just 13% of blacks hold positions in these fields. On the flip side, only 10% of whites hold jobs in the Twin Cities' five lowest-paying occupational groups—health care support, farming, building cleaning and maintenance, personal care, and food preparation. Yet 21% of the region's blacks work in these jobs, which pay on average just \$18,000 to \$27,000 per year.

Brookings Institution. (2005). *Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities*. Washington, DC: Brookings Institution.

WHAT EMPLOYERS CAN DO

There are a number of strategies employers can use to minimize the often-unrecognized racial biases that may infiltrate hiring decisions, retention, advancement and overall workplace culture. These range from reexamining hiring screens like criminal records, poor credit history, or lack of a college degree to implementing strong cultural awareness and diversity training among all employees. Many employers are beginning to understand that these steps are more than a matter of ethics or legal compliance, but increasingly a matter of economic self-interest. As our population grows ever more diverse, many employers will need to make changes to fully benefit from a multiracial workforce if they are to remain competitive.

Rethinking Criminal Records

Employment disparities are intensified by a judicial system that disproportionately imprisons people of color. African American males, in particular, are disadvantaged in the labor market by high rates of incarceration; in Minnesota, blacks are nine times as likely as whites to be incarcerated (higher than the already lopsided national black to white incarceration ratio of 5.6 to 1).⁷

These ex-offenders return to our communities each year, often with limited education and little or no training under their belts, months or years void of work experience, and the “scarlet letter” of criminal conviction on their resume.

⁷ The Sentencing Project Interactive Map. Retrieved from <http://www.sentencingproject.org/map/map.cfm#map>. Washington, DC: The Sentencing Project.

Employers routinely use background checks as an employment screen—a practice that has grown increasingly prevalent in recessionary labor markets where there are a multitude of applicants for any given job. Recognizing the devastating impact of these trends on qualified workers with criminal records, in 2009 Minnesota barred the use of conviction history questions from public sector job applications—a reform commonly known as “ban the box.” And in 2013, Minnesota became the third state to enact legislation to “ban the box” from private employment applications as well.

Ban-the-box will enable candidates with a criminal record to “make the first cut,” as employers (with some exemptions) will no longer be able to use any form of employment application that seeks criminal record information, nor will they be allowed to inquire about such information until an applicant has been selected for an interview or a conditional job offer of employment has been extended. Thus, the new law does not prohibit eventual inquiries into or consideration of an applicant’s criminal past, but is designed to get job candidates past the initial application stage, so that if they qualify for the job, they are afforded a chance to explain their criminal record to the potential employer.

It is also worth exploring whether Minnesota should consider expunging criminal records for lesser crimes as a further step to help job seekers. In April 2013, Indiana passed a new law allowing a wide array of nonviolent crimes like drunk driving and drug dealing to be expunged from someone’s record by the courts, provided that they have remained crime-free for a certain period of time. The bill was passed with bipartisan support from legislators concerned that an individual’s long-ago criminal record could be a roadblock to employment and other opportunities. The law limits employers’ inquiries into past criminal histories; under the new law, employees can only be asked: “Have you ever been arrested for or convicted of a crime that has not been expunged by a court?”⁸

Rethinking Credit Histories

As with criminal background checks, credit history reviews can prevent qualified people from getting hired if they are carrying debt, even for essential obligations like medical bills and student loans. A recent study by the national group Demos found substantial evidence that credit checks constitute an illegitimate barrier to employment, especially among people of color. Among nearly 1,000 low- and middle-class households it surveyed, Demos found that 59% of white households had strong credit scores (700 or above), but only 24% of African American households did. The report cites historic trends in lending, housing and employment discrimination as factors in the large disparities in wealth for black and Hispanic households as compared to white households. With significantly smaller financial reserves, households of color more often must rely on credit. Predatory lending practices compounded the fiscal burden, leading to higher rates of foreclosure and loan defaults.⁹

EEOC FINDS POTENTIAL FOR DISCRIMINATION IN CRIMINAL BACKGROUND CHECKS

In a 2012 guidance, the Equal Employment Opportunity Commission (EEOC) reported that inquiring about an applicant’s criminal history in the early stages of the application process has the effect of eliminating certain minorities from the applicant pool at a high rate. Specifically, the EEOC noted that 1 in 3 African-American men and 1 in 6 Hispanic men serve time in prison in their lifetime, compared to just 1 in 17 white males. The EEOC found that such early elimination could give rise to a “disparate impact” discrimination claim.

To see the EEOC guidance, visit:
www.eeoc.gov/laws/guidance/arrest_conviction.cfm

8 Hayden, M. (2013, May 29). “New law could clear thousands of criminal records.” *Indiana Herald Bulletin*.

9 Demos. (2013). *Discredited: How Employment Credit Checks Keep Qualified Workers Out of A Job*. New York: Demos.

The use of credit checks is fairly widespread among employers. A survey by the Society for Human Resource Management (SHRM) found that almost half of all employers use credit checks in the hiring process,¹⁰ and that they are applied to all kinds of jobs, from maintenance worker to delivery driver and accounts manager. Credit reports were not designed as an employment-screening tool, but rather created for lenders to assess the credit risk of potential borrowers and make loans accordingly. Credit reports include information on mortgage debt; data on student loans; amounts of car payments; details on credit card accounts including balances, credit limits, and monthly payments; bankruptcy records; bills, including medical debts that are in collection; and tax liens. The information is typically collected by one of three large global corporations known as consumer reporting agencies (CRAs), and sold to employers via other “background check” companies that also often gather criminal history data.

Nationwide, steps are being taken to protect against the discriminatory potential of credit checks in employment. In 2010, a U.S. Department of Labor judge ruled that Bank of America had discriminated against African American job applicants for entry-level positions, in part by using credit checks to screen candidates. A significantly higher proportion of African American candidates (11.5%) than white candidates (6.6 %) were rejected because of the credit check.¹¹

There is a growing movement for legislative action to restrict the use of credit checks in employment, with eight states (California, Connecticut, Hawaii, Illinois, Maryland, Oregon, Vermont and Washington) passing new laws as of February 2013.¹² Minnesota should join these states, and help ensure that people with impaired credit are not shut out of job opportunities.

Rethinking College Degrees

Perhaps least intuitive of the “rethinking” we’re asking employers to do is this: rethink the requirement of a four-year college degree. Increasingly, a college degree has replaced a high school diploma as the “floor” under which many employers refuse to hire, despite the fact that a number of the jobs college grads are filling are not commensurate with skills learned acquiring a bachelor’s degree. Like criminal and credit histories, using a four-year college degree as a proxy for “work ready” is more likely to hurt the job prospects of people of color, who disproportionately fill the ranks of workers without a bachelor’s degree. More than 40% of working age (25 years or older) whites in the Twin Cities hold a bachelor’s degree, while less than 20% of African Americans and Latinos do. Just over 10% of American Indians in the Twin Cities have a bachelor’s degree.¹³

Many jobs have become more sophisticated and complex (e.g., advanced manufacturing, supply chain management and logistics) and do require more college-level technical training than similar jobs in the past. At the same time, jobs that once required no more than an associate degree, industry certificate, or on-the-job training are now being filled by people with a four-year degree, despite the fact that the skills needed to perform the job haven’t changed significantly. Dental hygienists, cargo agents, and claims adjusters are among the occupations that require a bachelor’s degree at least one-third more often than they did in 2007.¹⁴ This is an expensive shift in expectations, as the costs of college have skyrocketed over the last decade, shutting out many potential students.

10 Society for Human Resource Management. (2012, July 19). *Background Checking—The Use of Credit Background Checks in Hiring Decisions*. Alexandria, VA: SHRM.

11 In the Matter of: Office of Federal Contract Compliance Programs, United States Department of Labor v. Bank of America, Recommended Decision and Order, Case No.: 1997-OFC-16, January 21, 2010.

12 Demos. (2013). *Discredited: How Employment Credit Checks Keep Qualified Workers Out of A Job*. New York: Demos.

13 7-county metro area, 2007-2009, *Twin Cities Compass*.

14 Rampell, C. (2012, December 12). Degree inflation? Jobs that newly require B.A.’s. *The New York Times*.

This trend has been termed “up-credentialing,” a practice that results in “pushing the less educated even further down the food chain.”¹⁵ This is particularly true in a recessionary market where employers need to winnow down large pools of applicants; college degree attainment becomes another screening tool, and graduates are filling jobs—as file clerks, salespeople, or paralegals—they are overqualified for, “bumping the less educated down the job ladder or off of it entirely.”¹⁶ A potential remedy for employers to combat this “credential inflation” is to return to a very careful examination of job tasks, identifying the *skill competencies needed*, and then screening for individuals with those competencies instead of using credentials as proxy for competencies.

We also note that the demand for credentialed workers represents a shift away from on-the-job training; increasingly, the responsibility of preparing workers for their jobs rests with educational institutions and public or nonprofit training providers rather than employers. A diagnostic medical sonographer is a highly skilled occupation that can be learned *with hand-on training* in a manner of months. However, because many colleges now offer programs where the student pays for the training to become a diagnostic medical sonographer, employers are relieved of the burden.¹⁷ This is part of a broader trend, and worthy of more examination from a public policy perspective—whose responsibility is it to deliver a qualified workforce? In the context of equity, we conclude that there is a public imperative to ensure that our qualified workforce appropriately represents our citizenry, and that businesses (as the primary beneficiary of that public intervention) should share in the financial and leadership responsibilities to support that training system.

Regardless of the broader debate about who is responsible for training and preparation, it is clear that businesses can take steps now to reconsider how much credentialing is necessary for specific jobs and for advancement along career pathways, and amend their hiring practices accordingly.

Fostering an Inclusive Workplace

Eliminating hiring practices that have a disparate impact on people of color will help build a workforce that is more diverse and representative of our communities. But getting more people of color through the office door is not enough; employers also need to intentionally build a workplace environment that is sensitive to and supportive of various cultures.

This is not just the nice or moral thing to do; scholars and business people alike advise that diversity and inclusivity are good for the bottom line. The British Equality and Human Rights Commission notes that establishing a work environment where people feel welcome and safe from harassment and discrimination motivates staff to perform. Absenteeism and performance problems decrease while productivity, morale and employee retention increase.¹⁸ A 2003 study found that professionals of color who relocate to the Twin Cities have trouble connecting to the community, feeling at home, and developing a strong peer and professional network, with many choosing to leave the region within two years of arriving.¹⁹

Not only does this turnover cost companies thousands of dollars, it also means they are losing out on the innovations that can derive from multiple perspectives. People of diverse backgrounds have different ways of seeing problems and arriving at solutions, which can lead to business ideas not likely in a monocultural workplace. Further, a multilingual, multicultural staff has the potential to reach more customers.

15 Rampell, C. (2013, February 19). It takes a B.A. to find a job as a file clerk. *The New York Times*.

16 Beaudry, P., Green, D. & Sand, B. (2013). *The great reversal in the demand for skill and cognitive tasks*. Cambridge, MA: National Bureau of Economic Research.

17 Gobry, P. (2013, May 7). The jobs of the future don't require a college degree. *Forbes*.

18 Equality and Human Rights Commission. (2010). *Employer's Guide to Creating an Inclusive Workplace*. Great Britain: EHRC.

19 Minneapolis Regional Chamber of Commerce. (2003). *The Partnership: Improving Retention of Diverse Professionals* retrieved from <http://www.minneapolischamber.org/mrcc-workforce-development/the-partnership/>

The Twin Cities are fortunate to have a number of well-regarded organizations that offer diversity training and cultural awareness workshops tailored to the workplace. And a number of leading employers here have created excellent diversity training programs in house. In fact, in response to the 2003 study on the Twin Cities inability to retain professionals of color, the Minneapolis and St. Paul Chambers of Commerce created The Partnership, a diversity program designed to help retain professionals of color. Participants meet other community and business leaders of color, learn about the region, and develop a personal and professional network of peers. The Partnership works in concert with intra-company diversity efforts, so that transplants will feel more comfortable and welcome here. As a result, not only have The Partnership alumni remained in the Twin Cities, utilizing the networks they established, but they are also more engaged in their communities, including serving on nonprofit boards.²⁰

Recognizing that traditional cultural forces in Minnesota prevent us from being (or seeming) welcoming, an emphasis on workplace inclusivity could be wrapped in broader civic efforts to address inclusivity and bias. As a case in point, we recall the vigor with which then-mayor of Minneapolis Hubert Humphrey identified anti-Semitism as a broad-based problem in the city in 1954, with particular implications for workforce and economic growth. Using his mayoral bully pulpit, he brought business and civic leaders together to commit to resolving the issue. His leadership, together with policy changes at the municipal level, led to a broader cultural shift that made a significant difference in workplace equity (and in other venues). Minnesota's recent legalization of same-sex marriage also points to our ability to address biases in our region and to promote more equitable outcomes and approaches.

Minneapolis is still following Humphrey's lead with regard to race and employment. Over the last two years, a new city program has evolved. The program, Equity in Employment, is a division of the Minneapolis Department of Civil Rights, and is dedicated to mitigating the racial employment disparity that exists in the city. These efforts include the city's own hiring and buying practices, and helping to shape and lead emerging public-private efforts at the regional level.

In addition to building a more diverse workforce, the city is developing a racial equity assessment "toolkit" to help assess employment, budget, and other government decisions using a racial equity lens, to measure and consider impacts on communities of color in the city. The toolkit is based on a similar tool that has been used successfully in Seattle for several years. Seattle's city budget office requires departments to use their racial equity toolkit to analyze the race and social justice impact of policy and program decisions. City managers have been trained to use the toolkit to review policies, programs and projects, resulting in hundreds of changes aimed at achieving racial equity.²¹

²⁰ Ibid.

²¹ For specific examples, see *Race and Social Justice Initiative: Accomplishments 2009-2011*, available at <http://www.seattle.gov/rsji/docs/RSJIAccomplishments2009-2011.pdf>

SECTOR INITIATIVES CAN PROMOTE EQUITY

In addition to asking employers to implement strong diversity programs and reconsider some ways of doing business, we can also promote sector strategies as an avenue for employment equity. Sector initiatives around the country have been at the forefront of creating career pathways for people of color that offer good wages and opportunities for advancement.

Sector strategies are industry-specific training programs designed to prepare workers for skilled positions and connect them with employers seeking to fill such vacancies. Sector partnerships organize a number of stakeholders connected to an industry—multiple firms (and/or their trade association), unions, education and training providers, and local workforce and education system administrators—to develop plans for growing (or saving) that industry. These partnerships develop new skilled workforce “pipelines” where shortages exist, and can offer high-wage employment opportunities to historically disadvantaged workers in high-demand industries.

Sector initiatives may be intentionally built to create avenues into the labor market for low-income communities and communities of color. The “green economy,” for example, has been championed as a way to buoy distressed neighborhoods by providing well-paid, career track jobs that contribute directly to protecting or enhancing our environment and improving local energy conservation. Areas include energy efficient building construction and retrofits, renewable electric power, energy efficient vehicles, biofuels, and manufacturing that produces sustainable products and uses sustainable processes and materials.

The experience of creating a sector initiative also builds a far deeper and interdependent relationship between employer(s), workers, and intermediaries than typically happens in the transactional space of training workers and then helping those workers find employment. While there are several examples of the value of a sector approach to creating a more equitable meeting in the marketplace, we focus here on a “homegrown” example in the Phillips neighborhood of Minneapolis.

Success Story: Train to Work and the Health Careers Partnership

Train to Work and the Health Careers Partnership (HCP, formerly called the Health Careers Institute) grew out of a larger effort in the late 1990s to stabilize the struggling, crime-plagued Phillips neighborhood in south Minneapolis. At the time, more than a third of the residents in the ethnically and racially diverse neighborhood were below the federal poverty level. Unemployment was high and steady jobs were scarce.

SPOTLIGHT ON SUMMIT ACADEMY OIC

Summit Academy OIC is an education and training center in the Twin Cities that works to meet local business needs by preparing low-income and unemployed community residents for high-wage career opportunities. Roughly 70% of Summit’s trainees are African American, and the organization placed almost 200 trainees, including 35 formerly incarcerated individuals, in jobs in 2012. These graduates’ annual starting salaries averaged more than \$28,000.

Summit develops its training programs with area employers, unions, and community groups. Participants receive 20 weeks of training, in the classroom and on the job, in high-demand industries like construction, weatherization, and health care. Summit offers basic, technical, and life skills training, and provides other supports to ensure that participants have reliable childcare and transportation in place.

Summit Academy OIC. (2012). Reinventing the future: Creating better outcomes for people, for business, for communities.

In response, a public-private partnership came together to create pathways into good jobs for low-income residents. Through the Phillips Partnership, local governments, health care employers and other area businesses, community-based organizations, and philanthropies jointly developed a workforce delivery system that trained low-income residents for jobs with advancement opportunities in local hospitals and clinics. This was a win not only for the newly employed Phillips residents and their families, but for participating employers like Allina Health, which was suffering serious labor shortages.

Through the partnership, Allina's Abbott Northwestern Hospital and Children's Hospital and Clinics worked with the Minneapolis nonprofit Project for Pride in Living (PPL) to establish the Train to Work program. Designed to provide Phillips residents with the training needed for access to good jobs, Train to Work provided five weeks of training followed by graduation into jobs within the hospitals' food or environmental services operations (with ongoing employment mentoring). In its first year, Train to Work trained 93 hard-to-employ individuals for work in entry-level hospital jobs paying \$9 to \$11 an hour.

The success of Train to Work led to higher aspirations. In 1999, Mike Christenson, then head of the Allina Health Foundation and a key driver in the formation of the Phillips Partnership, helped launch a training program that would move Train to Work graduates and existing low-level hospital employees into higher paying positions. The training would be built around clear points of advancement, each with its own certified skill acquisition requirements, and would enable workers to move up into positions including certified nursing assistants, phlebotomists, medical transcriptionists, insurance coders, and clerical support personnel.

Again, this not only benefited Phillips residents, but the hospitals—which not only continued to need more trained staff because of the tight labor market, but also wanted to hire more employees from the neighborhood to stabilize the community and diversify the hospitals' workforce. In order to scale up the workforce delivery system, Minneapolis Community and Technical College (MCTC) agreed to provide the certified training through the Health Careers Institute to Phillips residents in a space adjacent to Abbott Northwestern Hospital, while PPL continued to deliver work readiness instruction through Train to Work.

In 2000, the Health Careers Institute trained its first class of 125 students, delivering health care employees to Allina at a level their human resources division "could not have imagined."²² In the ensuing years, HCP and Train to Work prepared thousands of students for jobs in the local health care industry. By 2011, Abbott Northwestern alone employed 900 Phillips residents, triple the number of neighborhood residents who worked there a decade earlier.²³

Over the years, Train to Work has evolved to meet the labor market's changing needs and expanded to other career fields like banking. Close, ongoing communication between the program and their employer partners—including hospitals, health care centers and financial institutions—ensures that training remains relevant to employers' occupational and skill needs. In this way, Train to Work maintains a solid employment pathway for low-income people and people of color into jobs area employers need to fill.

22 Christenson, M. (2012, April). *Public-private partnerships promoted progress in once troubled Minneapolis neighborhood: A personal account of how crime reduction, jobs, housing, and infrastructure reshaped the Phillips neighborhood*. St. Paul, MN: Growth & Justice.

23 Minneapolis Department of Community Planning and Economic Development. (2011, November). *The Phillips story: Addressing market failure through public-private partnership* [PowerPoint slides].

The Role of Public and Nonprofit Sectors in Job Placement and Retention

Nonprofit and public sector training and employment service providers play an important role, often in partnerships, in working toward employment equity. These are organizations dedicated to helping disadvantaged workers connect to and succeed in the labor market by providing skills training and a range of support services [see box]. Some organizations are particularly adept at forging strong relationships with employers and working hard to ensure their trainees succeed in the workplace if hired. Through a history of successful candidate placements, these organizations become “providers of choice” among local employers.

PUBLIC-NONPROFIT SECTOR JOB RETENTION & ADVANCEMENT SERVICES

- Workplace crisis intervention & conflict resolution
- Work site mentoring, peer-to-peer or with a job coach
- Support services such as child care & transportation assistance
- Training assessments for incumbent workers
- Developing upward mobility programs for workers

Unfortunately, limited budgets and shifts in policies surrounding government assistance for low-income workers means that robust employment attachment and advancement programs can be difficult for nonprofits and public workforce centers to develop and maintain. Major changes to the nation’s welfare system, under the 1996 Temporary Assistance to Needy Families (TANF) Act, and to the federal Workforce Investment Act (WIA) of 1998, promoted a “work first” approach to service delivery, de-emphasizing pre-employment education and skills training for jobs with good earnings potential and advancement opportunities in favor of rapid attachment to any job. In addition, WIA differed from the previous federal workforce development approach of focusing primarily on people who have lower job prospects, and therefore the most to gain from education and training, by offering employment services to “universal customers.”

Both TANF and WIA contain performance requirements states must meet to avoid sanctions, which dictate the type and length of services local providers may offer. Because the measures reward rapid attachment to employment, they act as incentives to serve job seekers with the best prospects of locating employment. At the same time, the performance measures do not account for longer-term job retention or advancement, which means states are unlikely to apportion scarce resources to local TANF and WIA providers for these services

RECOMMENDATIONS

To stimulate more equitable employment opportunities, there must be agreement among public and private sector leaders that this is an important goal. Our collective public and private leadership must rethink the screening tools that have traditionally been used to hire workers; shape broad-based efforts to create inclusive workplaces; and examine critically the ways in which publicly funded programs could be used more effectively to reach employment equity goals. While dozens of interventions toward these goals could be tried and explored, we offer here four recommendations that could be meaningfully pursued by the public and private sectors in the Twin Cities:

- Examine the competencies needed for specific entry-level jobs, targeting the top industry sectors and occupational clusters in the region, and work to promote a competency-based screening process that would allow employers to rethink existing screens like criminal background checks, credit histories, and education credentials. Build on the Skills@Work initiative from the Greater Twin Cities United Way and Governor’s Workforce Development Council to advance screening tools and promote a broader change in hiring practices.

- Promote and expand the use of Minneapolis' Racial Equity Assessment Toolkit by individual employers and sector or industry leaders to address issues of inclusivity and job retention. Using the toolkit for analysis coupled with expansion of successful programs, like The Partnership program referenced earlier, would encourage and assist inclusive workplace behaviors in the region.
- Use existing state resources, like the Minnesota Job Skills Partnership program, to support business-led interventions that have racial equity in employment as an explicit goal.
- Encourage local Workforce Investment Boards, local elected officials, philanthropic partners and regional business leaders to make a commitment to racial equity in employment—and to direct public, private, and philanthropic resources to closing employment gaps by race *as a primary goal*. With this commitment, explore the degree to which existing public funds could be targeted to reaching this goal and what (if any) additional investment might be needed.

As noted in previous reports in this series, the inseparable imperatives of growing good jobs, improving workforce training and reducing racial employment disparities compel us to pursue these and other recommendations. Currently we have an imperfect employment marketplace, with practices and a culture that skew toward consistent hiring biases. To create an improved market in which workers and employers alike get the opportunity to put their best foot forward will require commitment and dedication. Systemic reforms in hiring practices and workplace culture are not quick fixes and require a long-term focus. This challenge may seem daunting, but failure to take steps to reduce racial employment inequities both threatens our future economic vitality, and undermines the potential of our communities of color.

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