



WORKFORCE EQUITY FOR A COMPETITIVE ECONOMY

Inseparable Imperatives: An overview of a Growth & Justice research and advocacy initiative

At a February 2013 special joint legislative committee hearing focused on achieving the “World’s Best Workforce,” business leaders and workforce training professionals from around Minnesota emphasized the equally vital goals of fostering robust economic growth, improving workforce training, and closing education and employment gaps for low-income people and communities of color.

Growth & Justice agrees that these are indeed inseparable imperatives.¹ To remain regionally and globally competitive, Minnesota’s economy must provide greater opportunity for our entire workforce—one that is growing older and much more diverse—to prepare for the increasingly skilled jobs employers need to fill. Absent the purposeful inclusion of the very populations who for too long have had limited access to good jobs and decent wages, Minnesota’s economy will sputter, further deepening the financial instability felt across many neighborhoods and communities.

Our new initiative, Workforce Equity for a Competitive Economy, is aimed at improving outcomes at the junction of these inseparable imperatives: economic growth, workforce development, and equity. In the coming months, Growth & Justice will highlight workforce and economic development models that show real promise for reducing racial and economic disparities and ensuring shared growth and prosperity. We will engage workforce, education, nonprofit, public policy, and business leaders and will propose actionable ideas for an economic growth strategy that harnesses the talents and potential of our most valuable resource, our people. Effective and innovative work already is occurring locally and nationwide around economic and workforce development practice, planning, and integration. We can adapt and build upon these models, with greater equity as the primary driver.



INSEPARABLE IMPERATIVES: Workforce Equity for a Competitive Economy

EQUITY:

Civic leaders warn we must close racial employment gaps.

WORKFORCE:

Educators know they must align training to future jobs.

EMPLOYERS:

Businesses and other employers must create good 21st century jobs.

1. This term is inspired by the title of a November 2012 policy brief published by the Alliance for Excellent Education, which can be accessed at www.all4ed.org/files/InseparableImperatives.pdf.

We begin by laying out the challenge.

Employers who want to expand their businesses or improve productivity often find that job seekers lack the training and skills necessary to make this business growth happen. Workforce trainers and educators want to prepare workers for available jobs, but often lack the forecasting tools to match students with emerging employment opportunities, or the resources to effectively train them for those skilled jobs. Equity advocates want to close racial gaps in educational attainment and employment, but often find that the business community and educational institutions are not responsive enough to the real world challenges facing low-income people and communities of color.

The intersection of these three areas—the inseparable imperatives—challenges us to do things differently in Minnesota. Indeed, the Twin Cities’ top ranking among metropolitan areas in racial disparities in education and employment makes it clear that business as usual is not working—for workers or employers. The disparities result not only in uneven opportunities for financial success and family stability across our communities, but dim prospects for Minnesota’s economic health and competitiveness into the future.

SETTING THE STAGE: A PROBLEM AND AN OPPORTUNITY

Growth is Happening

Travel around Minneapolis and St. Paul and you will see signs of growth—the light rail line connecting the two downtowns, new stadiums for the Vikings and the St. Paul Saints, the new 3M research center project east of St. Paul, residential lofts and a mix of commercial and business use at the old Schlitz and Hamm’s breweries, and so on. These construction and renovation projects—and the substantial public and private investments they require—suggest that the Twin Cities are emerging from the Great Recession.

As our economy revitalizes, it is imperative that all of our communities grow and prosper. Only by harnessing the productivity of everyone can we fully rebound from the Great Recession or combat the hobbled economic growth and deepening income and racial inequities that predate the downturn in the economy.

SPOTLIGHT ON THE VIKINGS STADIUM

Construction of the new Vikings stadium offers a clear example of shortcomings in our ability to effectively match workers who need jobs with jobs that need workers in the Twin Cities.

The Minnesota Legislature set ambitious diversity goals for the stadium workforce: 32% people of color and 6% women. Yet Stadium Authority Chair Michelle Kelm-Helgen said the goal will be tough to meet with skilled Minnesota workers, because there likely aren’t enough.

We need developers teaming up with the workforce system, educators, and community-based organizations far in advance of the time for hiring, so that residents in need of work have time to acquire the necessary skills to fill the available jobs.

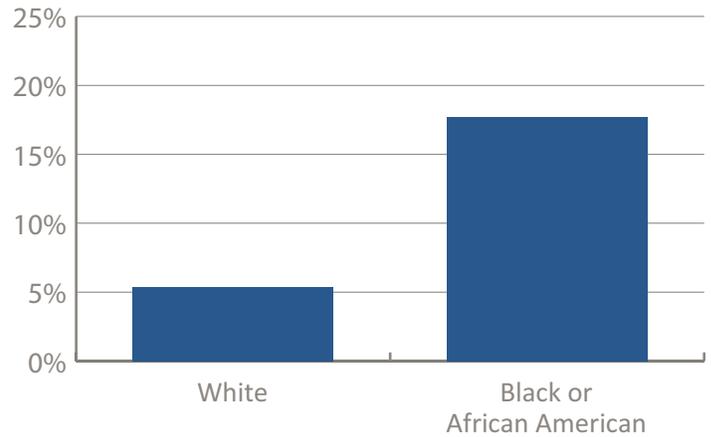
Source: Kimball, J. “Diversity hiring goals set for Vikings stadium construction,” MinnPost, 2/11/13.

Racial Disparities Mean Growth is Uneven and Uncertain

One only needs to look at unemployment rates to see that our economy has been working for some much more than it has for others. In fact, among 19 large metropolitan regions with sizable black populations, the Twin Cities has the largest gap in unemployment between white and black workers. In 2011, nearly 18% of African Americans in the Twin Cities were unemployed—more than three times the share of whites out of work.² Even before the height of the recession, the black unemployment rate in the Twin Cities metro was nearly 14% (2007).³ Income and education disparities persist among whites and other communities of color as well.

UNEMPLOYMENT BY RACE

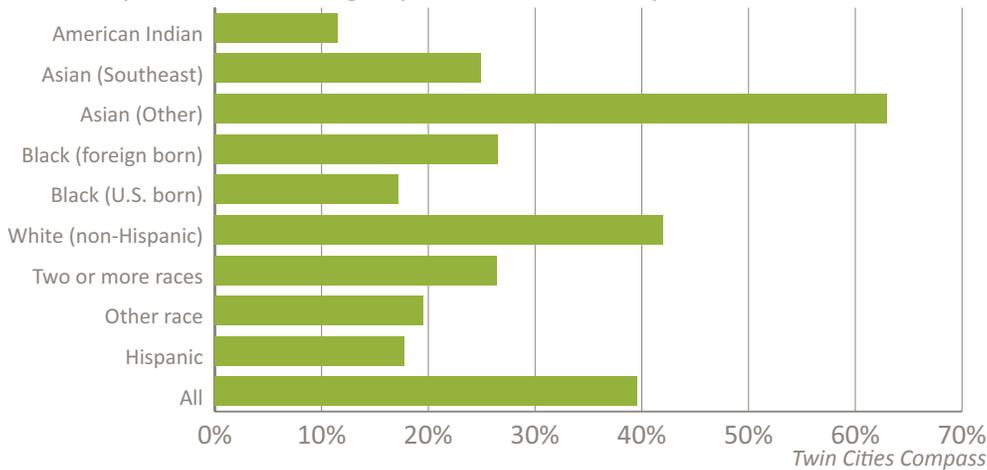
Twin Cities Metro, 2011



Economic Policy Institute

PERCENT (AGE 25+) WITH BACHELOR'S DEGREE OR HIGHER

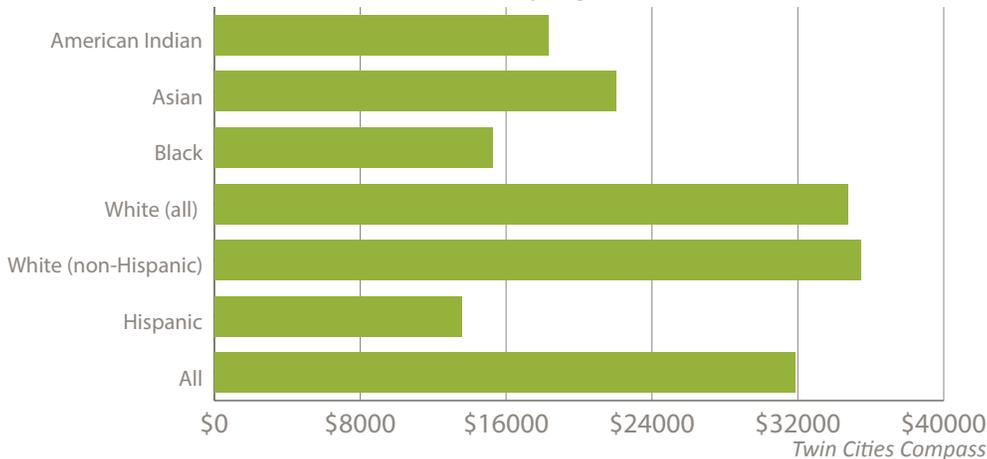
By racial and ethnic group, Twin Cities 7-county metro, 2007-2009



Twin Cities Compass

REAL PER CAPITA INCOME BY RACIAL AND ETHNIC GROUP

Twin Cities 13-county region, 2009



Twin Cities Compass

2 Austin, A. (2012, July 2). Black metropolitan unemployment in 2011. Washington, DC: Economic Policy Institute.

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

As troubling as these disparities are from an equity perspective, there is also cause for alarm when we consider their implications for economic growth and competitiveness. Minnesota, like the country as a whole, has noticeable differences in diversity by age group, with the younger population far more diverse than the older population. As baby boomers retire in great numbers, the economic engine driving our economy forward will be fueled by an increasingly diverse younger group of workers.

Yet absent serious action, the train is going to have a hard time leaving the station. Racial and income-level achievement gaps in education contribute to a dire situation in Minnesota, where people of color are overrepresented among those who lack the credentials and job skills employers increasingly require. Just 40%

of working-age adults in the state currently have a postsecondary degree, but in the coming decade, 70% of Minnesota jobs are projected to require education beyond high school.⁴ We know we need to improve our education and training systems to raise high school graduation rates and postsecondary completion rates if we are going to produce the skilled future workforce our economy demands.

“The data suggest Minnesota is not as prepared as it should be for the demographic shift occurring in its population. As growth occurs almost exclusively among young people of color, the state’s failure to address the achievement gap at all levels of education will constrain future growth and opportunity.”

Source: Minnesota Office of Higher Education, Minnesota Measures: 2007 Report on Higher Education Performance

⁴ Carnevale, A. P. et al. (2010). Help wanted: Projections of jobs and education requirements through 2018. Washington, DC: Georgetown University Center on Education and the Workforce.

PROMISING PRACTICES IN WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT

Fortunately, there are a number of promising practices in the delivery of workforce training that, taken to greater scale, could prove effective at providing many more workers with the skills demanded by our rapidly changing, highly technical economy. Local community colleges, adult basic education programs, industry leaders, workforce centers, and nonprofit employment services providers are actively engaged in delivering (often jointly) industry-driven, sector-specific, streamlined career pathways training to low-income adult learners.

To date, however, this type of coordinated workforce preparation is still happening piecemeal in Minnesota. These innovations need to become standard practice so that we have a high-functioning, large-scale delivery system that connects workforce and economic development, and well-trained workers with good jobs. This means scaling up the basic skills and occupational training happening through cross-system partnerships like Minnesota FastTRAC, and expanding initiatives like the statewide Skills@Work Campaign that seek to align information and resources across public and private systems and advance policies that close the skills gap.

But ensuring future economic prosperity and growth in the Twin Cities is not just about more and better workforce education and training; we also need to make certain there are opportunities for everyone in our community to access good jobs at family-supporting wages. This requires some commitments on the part of employers and policymakers.

SPOTLIGHT ON M-POWERED

“This successful partnership of private industry, higher education, state government agencies, nonprofits and national associations has worked together to find common ground and make sure that everyone’s needs get met. My 50-person workforce now includes a dozen M-Powered students and graduates.”

M-Powered “has not only helped my company to survive and thrive, it has also changed lives by helping people get onto a career ladder and earn a family-sustaining wage.”

Erick Ajax, vice president of the manufacturing company EJ Ajax & Sons.

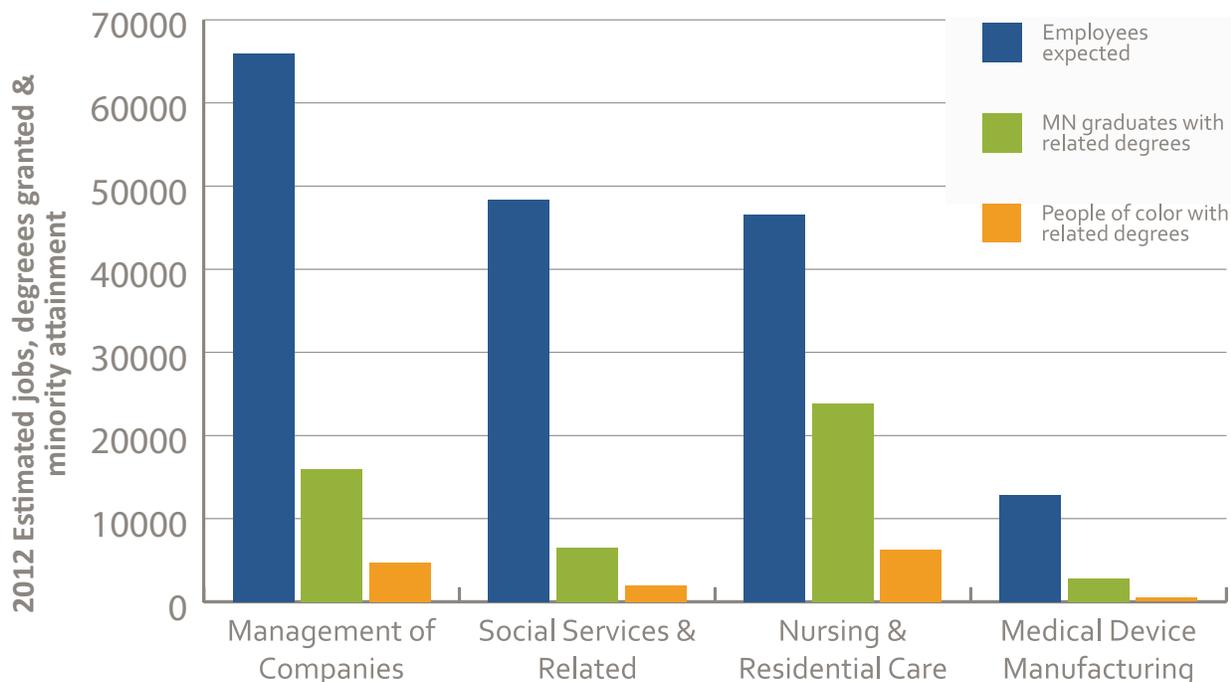
Hennepin Technical College (HTC) and nonprofit organization HIRED partner with area manufacturers to provide fast and practical skills training in precision manufacturing to low-income, unemployed, and underemployed students.

Instructors at HTC provide students with the technical knowledge and machine experience employers are looking for, and employment counselors at HIRED offer job search and career development help, and the critical “soft skills” needed to secure a steady and good paying job.

High-tech manufacturing hiring is expected to grow, and M-Powered certified workers will be able to take advantage of this expanding job market. M-Powered has graduated more than 350 entry-level manufacturing workers, who have received both classroom and paid on-the-job training.

Source: Ajax, E. “Manufacturing Skilled Workers,” Work in Progress (US Department of Labor Blog), November 11, 2012.

WORKFORCE DEMAND & SUPPLY IN SELECTED SECTORS



MN DEED & MN OHE

Employers need to see the skills and talents workers bring, regardless of race. Doing so makes good business sense, but it also will require employers to do the uncomfortable work of examining the racial biases that may affect hiring and retention. Dr. Algernon Austin’s research points out that African Americans are more likely to be unemployed than whites at every level of educational attainment. In 2007, blacks age 25 and older with a high school diploma were about twice as 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.⁵

Policymakers and economic development planners need to make human capital and workforce preparation a core part of their growth strategy. This approach is underway in Chicago, where a strong human capital component was infused into the Chicago Metropolitan Agency for Planning’s long-term economic development strategy for the region. And the framework for this kind of integration has emerged closer to home: Hennepin County has a purposeful strategy of hosting its Workforce Investment Board (WIB) under its economic development arm, and writes workforce strategy into its federally-required Comprehensive Economic Development Strategy (CEDS) document which is then approved by the WIB. Although this has not necessarily yielded greater funding or flexibility, it has created cross-system awareness—a necessary foundation upon which to build a more purposeful labor market exchange between workers needing jobs and employers needing workers. There is also promise in recent interest by policymakers in significantly boosting the Minnesota Investment Fund, which assists relocating and expanding businesses that promise to create new, living wage jobs.

5 Austin, A. (2011, December 14). *A jobs-centered approach to African American community development*. Washington, DC: Economic Policy Institute.

LOOKING AHEAD

Minnesotans have taken notice of, and are responding to, the range of factors contributing to racial inequities in employment. There is promise for progress in initiatives like the Phillips Sectoral Employment Initiative, the Blue Ribbon Commission to Reduce Racial Disparities, the Itasca Project Socioeconomic Disparities Task Force, the Everybody In Task Force, and others designed to create employment pathways for groups underrepresented in our labor market. What we need now is to match the promise of an employment equity agenda with superior workforce training and the opportunities that economic development bring. Achieving these inseparable imperatives will multiply the power of their impact if they intersect, rather than run parallel to one another. This will require coordinated strategy, joint planning and action from key public and private sector stakeholders.

Growth & Justice will move this work forward—exploring ideas, researching best practices, and talking with experts. We will publish additional policy briefs that examine particular economic and workforce development approaches in detail. We will engage workforce, education, nonprofit, public policy, and business leaders to help identify key policy goals and to devise practical strategies for implementing them. The *Workforce Equity for a Competitive Economy* initiative will advance thoughtful, community-wide discussion that acknowledges the link between racial disparities and economic growth. We will advocate for more equitable economic outcomes, healthy economic growth and superior workforce preparation—imperatives for Minnesota that cannot be separated.

LukeWorks, LLC contributed research and writing to this report.

Growth & Justice gratefully acknowledges the following foundations for their financial support of this project:

OTTO BREMER FOUNDATION

MCKNIGHT FOUNDATION

JAY & ROSE PHILLIPS FAMILY FOUNDATION OF MINNESOTA



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