



# Dane Smith of Growth and Justice, a Minnesota public policy research and advocacy group

## Minnesota's economic future depends on reducing workforce inequities for people of color

A Civic Caucus Review of Minnesota's Civic Process Interview

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### Present

John Adams, Steve Anderson, Dave Broden (vice chair), Janis Clay, Pat Davies, Paul Gilje (executive director), Sallie Kemper (associate director), Bill Rudelius, Dana Schroeder (associate director), Clarence Shallbetter, Dane Smith. By phone: Randy Johnson.

### Summary

The number one public policy priority for Minnesota is improving the quality of its workforce and simultaneously reducing disparities for people of color, Growth & Justice President Dane Smith says. He notes "truly embarrassing disparities" for blacks, Latinos, Asians and Native Americans in employment, underemployment, higher education attainment, and achievement, starting in the very early years.

Smith notes that the Metropolitan Council forecasts that by 2040, 43 percent of working-age adults in the seven-county Twin Cities area will be persons of color. He points to a March 2015 Itasca Project statement, which stated that the economic future of the state depends on racial equity. He says the statement reinforces the notion of our very future depending on workforce equity for people of color.

And the statement reported that despite robust job growth overall in recent years, the Twin Cities area has one of the largest employment rate gaps (13 percentage points) between white workers and workers of color among the 25 largest metropolitan areas, better only than Detroit and St. Louis. Ongoing discrimination is a root cause of the achievement, income and employment gaps, Smith says.

Drawing from work of the Growth & Justice initiative Workforce Equity for a Competitive Economy, Smith lists eight basic policy tools Minnesota could use to improve workforce equity: (1) Career pathways; (2) Postsecondary remediation reform; (3) Apprenticeships; (4) Evaluation and performance funding; (5) Early college credits; (6) Statewide goals; (7) Cost reduction; and (8) Full employment at livable wages.

Smith singles out specific projects around the state that are attempting to address the issue of workforce equity: Hennepin County's innovative efforts to fill job demand and to diversify its workforce at the same; programs in Itasca County, Northfield and Brooklyn Park that offer a positive environment for students' time outside of school hours; the Northside Achievement Zone in North Minneapolis, which works with low-income families to ensure that their children complete postsecondary education and earn college credentials; and workforce partnership programs in places like Alexandria and Brainerd, which expose high school students to workplaces offering good jobs in their communities.

## Biography

Dane Smith was named president of Growth & Justice in April 2007, after concluding a 30-year career as a journalist for the *Star Tribune* and the *Pioneer Press*. While at those newspapers, he developed a solid reputation reporting and writing about state, local and federal government and politics. Tax fairness, economic inequality and the issues surrounding government's proper role in society were among Smith's favorite issues as a reporter and he has particular expertise in these areas.

Smith is co-author of the book "Professor Wellstone Goes to Washington: The Inside Story of a Grassroots U.S. Senate Campaign." In 1989-90, Smith was the recipient of the John S. Knight Fellowship for Professional Journalists, providing a midcareer sabbatical and a year of study at Stanford University. He holds a B.A. in journalism from the University of St. Thomas and an A.A. degree from Inver Hills Community College, where he also has served as an adjunct faculty member.

**Growth & Justice** is a research and advocacy organization that develops innovative public policy proposals based on independent research and civic engagement. Its mission is to develop and advocate for public policy that both makes Minnesota's economy more prosperous and fair for all Minnesotans and is good for sustainable business growth in the long run. In recent years, Growth & Justice has increasingly focused attention on the widening overall inequality and racial disparities in education and employment.


## Background

The Civic Caucus has released two recent statements on human capital: **one in September 2014** , laying out the human-capital challenges facing the state today and in coming years and **a follow-up paper in January 2015** , offering recommendations for maintaining a high-quality workforce in Minnesota. The Civic Caucus interviewed Dane Smith of Growth & Justice to learn more about the organization's initiative on workforce equity.

## Discussion

**The number one public policy priority for Minnesota is improving the quality of our workforce and simultaneously reducing disparities for people of color.** Dane Smith, president of Growth & Justice, noted what he called "truly embarrassing disparities" for blacks, Latinos, Asians and Native Americans in terms of employment, underemployment, higher education attainment, and achievement, starting in the very early years.

"This focus," Smith said, "is central to the founding mission of Growth & Justice: expanding prosperity, improving human capital, investing in physical infrastructure and building a society on which business depends for profits and growth."

Smith pointed to an Itasca Project statement in March 2015, "  **Our regional competitiveness depends on broadening opportunities for a more diverse and inclusive workforce,** " which stated that the economic future of the state depends on racial equity. Smith said the statement reinforces the notion of our very future depending on workforce equity. The **Itasca Project** is an employer-led civic alliance focused on building a thriving economy and improved quality of life in the Minneapolis-St. Paul metropolitan area. It comprises primarily private sector CEOs.

The Itasca Project statement noted that the Metropolitan Council forecasts that by 2040, 43 percent of working-age adults in the seven-county Twin Cities area will be persons of color. And the statement reported that despite robust job growth overall in recent years, the Twin Cities area has one of the largest employment rate gaps (13 percentage points) between white workers and workers of color among the 25 largest metropolitan areas, better only than Detroit and St. Louis.

In the 13-county Minneapolis-St. Paul region, 78 percent of white adults aged 16-64 were working in 2009-2011, compared with 65 percent of adults of color. The gap is even larger when looking at subgroups of adults of color. For example, only 57 percent of U.S.-born black adults were working during that time, a gap of 21 percentage points compared with white adults.

The statement implores private-sector managers and employers to accelerate diversification efforts so that communities of color are proportionately represented at every stage of their organizations.

**An ongoing Growth & Justice initiative, Workforce Equity for a Competitive Economy, produced **five reports during 2013 and 2014** : *Inseparable Imperatives, Good Jobs Wanted, Meeting in the Marketplace, Skills Training, and Next Steps Are Crucial for Reducing Disparities.*** Smith said the reports explain the challenges in improving workforce equity and provide examples of promising policy responses to our human capital crisis, our workforce misalignment and employment trends, and racial inequality in higher education and workforce outcomes.

Drawing from the reports, Smith said Minnesota must:

- Make sure economic development, workforce training and equity goals overlap and that we move toward all three together.
- Grow the economy, drive towards equity and improve job training so the credentials and training match up with the jobs that are in demand.
- Advocate for higher pay for those jobs. "If you're willing to work 40 hours a week, you ought to be paid a livable wage," he said.

As part of the initiative, Growth & Justice will hold a summit in January made up of communities of color, students of color, justice advocates and workforce experts from communities of color providing input and interaction on what the workforce engagement obstacles are.

In an April 16, 2015, **op-ed piece in the St. Paul Legal Ledger Capitol Report**, Smith listed eight basic policy tools for improving workforce equity. He said Growth & Justice would be pushing for these tools at the Legislature:

1. **Career pathways:** Making higher education and training available on a come-and-get-it basis is no longer enough. Young people need more help and support in this increasingly complex environment. The Career Pathways Grants, which Minnesota's Department of Employment and Economic Development (DEED) is already financing, must be increased and improved.
2. **Remediation reform:** There are some creative proposals for combining postsecondary remedial courses with credit, led by the group Students for Education Reform.
3. **Apprenticeships:** Efforts like the Minnesota PIPELINE Project, modeled on the German model of simultaneous employment and training, need to be funded and expanded.
4. **Evaluation and performance funding:** MSPWin, a collaboration of foundations seeking workforce equity and efficiency, is urging a variety of improvements in outcome reporting and evaluation of all the various higher education institutions and workforce training programs. We need to encourage those institutions that are effectively getting credentials to kids of color.
5. **Early college credits:** Students who get postsecondary credits in high school are much more likely to succeed and attain a credential or degree. Proposals must advance to increase the variety of dual-credit courses offered in high school and to expand opportunities for all ninth- and 10th-graders, not just gifted students in the higher grades.
6. **Statewide goals:** During the 2015 legislative session, Minnesota joined 30 other states in setting a postsecondary completion goal. Minnesota's goal is to attain 70 percent completion by young adults by 2025.
7. **Cost reduction:** The price tag and debt burden for credentials is a barrier for too many young people of color and those from low-income families. The idea to make community colleges free ran into some problems in the Legislature. One hundred years ago, we decided to make education through 12th grade free. One hundred years later, it's not enough. We need to make sure credential attainment is debt-free and, more or less, cost-free.
8. **Full employment at livable wages:** We need to push every lever and button that increases full employment at livable wages. Dayton's proposed bonding bill last legislative session would have created 23,000 jobs. Smith said he was impressed by the Republican and conservative emphasis on workforce equity during the 2015 legislative session.

**At an October meeting of the Minnesota Business Partnership, Minnesota Gov. Mark Dayton said he regretted that he has not been aggressive enough on the issue of workforce equity.** Dayton noted that recent reports have shown that during a period of general economic growth in Minnesota, income for African Americans has been declining and their unemployment numbers have been rising. Meanwhile, unemployment for everyone else has been declining.

Smith pointed out that three days later, Dayton created a new, high-level Office of Career and Business Opportunity within DEED. The Office has specific responsibility for improving workforce equity, Smith said.

**Discrimination is a root cause of the achievement and income gaps.** "I'm convinced that ongoing discrimination has played a huge part in those gaps, both the heritage and the residual effects of it," Smith said. "We badly underestimate the historical importance of racism and its ongoing impact as a nation and as a state. The way people of color are not included in our families, our networks, our business associations and the way we fail to reach out has a huge amount to do with the gaps." He said the disparities we all suffer from today are rooted in a history of oppression, slavery, separation, segregation and discrimination.

**Another factor leading to achievement and income gaps is dramatic change in the economy.** Smith said globalization, technological change and the fact that higher degrees are much more highly rewarded today than unskilled work are inequality drivers. "Interlocked with discrimination and racial disparities, you have a really toxic brew," he said.

**The Census Bureau should continue to ask people about their race and ethnicity.** An interviewer asserted that the Census Bureau should stop identifying people by their skin color. He said we should be looking at where these kids grow up and focus on the families they grow up in and the circumstances that "lead them to be inadequate in school, behavior and their prospects for life."

Smith disagreed with the interviewer. He said communities of color themselves would strongly disagree with stopping the Census Bureau from identifying people by their race or ethnicity. "They see how they're treated differently from the first day of their lives," Smith said. "Getting rid of attention to differences for people of color, not measuring it and taking a colorblind approach to public policy is viewed by communities of color as a form of racism and as preserving and institutionalizing what actually exists. I look increasingly to leaders of communities of color for how we ought to proceed, rather than making philosophical and theoretical assumptions about them, without them. A preponderance of thought leaders among people of color wants attention brought to the differences."

**There's a lot of concern in Minnesota policymaking about attracting and growing good jobs.** An interviewer asked what we're doing on the economic development side to increase good jobs where there are going to be opportunities for growth in income. Smith responded that policymakers in Minnesota are concerned about increasing those jobs. He noted that one of the state's major initiatives currently is Destination Medical Center in Rochester, showing that we want to be a health-care state. "It is a sector where there's room for vertical growth, for people to find a pathway from low-paying jobs to a job like nursing assistant," he said. "We need to urge employers to encourage entry-level people to have pathways to opportunities other than service jobs." He noted that DEED, the McKnight Foundation and the Brookings Institution are doing good work on this structural problem.

**We need a holistic community approach to helping kids succeed.** An interviewer commented that the K-12 system isn't producing kids who are achieving well enough to go to college or any type of skill-development program. He asked what we're going to do to get the system to perform.

Smith said Growth & Justice has a separate project focused on educational partnerships in Minnesota, such as Generation Next, an organization that is focused on birth to career. It's focused on driving early education and on continuous intervention and involvement all the way through. Community partnerships like this, led by businesses and foundations, are growing throughout the state. Smith said we need a holistic community approach to the problem of kids coming out of high school unprepared.

**Housing and transportation are inseparable from the topic of the workforce.** An interviewer asked when people who are living in concentrations of poverty get trained for jobs, how do they get to those jobs? And what are we doing to assess the transportation options developed for this group of people?

Smith agreed that housing and transportation are critical needs for low-income entrants to the workforce. He noted that the University of Minnesota Center for Transportation Studies is about to come out with a report saying the southwest light-rail line might be more of an "equity train" for people of color (to access good jobs in the southwestern suburbs) than previously believed. An interviewer disagreed with that conclusion, saying the line would merely facilitate more transfers for people traveling to jobs.

**Capitalism's drive for efficiency is coming at the cost of equity.** An interviewer commented that unskilled people in today's society get exploited because they have no other opportunities. He said there's a mismatch between the need for skilled workers and the supply of unskilled workers. That'll change if people get what they need to be equipped for work. But many young people are growing up unprepared, he said.

"It doesn't seem like the tools we have built over the last 100 years to address equity are up to the challenge," Smith replied. He quoted the French economist Thomas Piketty, saying capitalism is doing what it does best, driving toward relentless efficiency. "That's coming at the cost of equity," Smith said.

**The plight of the black male is of paramount importance.** An interviewer referred to an Oct. 2105 article in *The Atlantic*, "[The Black Family in the Age of Mass Incarceration](#),"

which describes the impact of mass incarceration of black men on the black family. Smith said leaders of communities of color themselves are best equipped to address this problem. He said there is an incredible disparity in arrests of blacks vs. whites for marijuana use, even though polls show white and black use of the drug is about the same. "The plight of the black male is of paramount importance," he said.

**Hennepin County is taking innovative steps to fill job demand and to diversify its workforce at the same time.** Smith said Hennepin County, which he called "one of the stars," is using a new data tool called Wanted Analytics and has identified that the county is going to have a huge demand for people to administer human services. The county decided that some requirements for those jobs were probably unrealistic and unnecessary. It changed the requirements and is trying to get more people of color into training for those jobs. "There's wide admiration for this," Smith said. The private sector is looking at what the county has done.

Smith summarized: "You look at a situation where you can see workforce demand coming up. You look to where you might get these workers. Then you do a combination of changing unrealistically high demands for educational attainment, along with lifting the attainment of kids who could fill the jobs if they just had a little more."

**We might have to change our notion of school.** An interviewer noted that kids spend about 10 percent of their time over a year in school. "We expect the 10 percent to make up for the 90 percent of the time when the kids aren't in school," the interviewer said. He said our notion about what a school ought to be makes assumptions about the other 90 percent that aren't being fulfilled. "The notion of school has to change if you want to deal with this. Of course, we don't want to talk about boarding schools and orphanages."

Smith agreed with the interviewer's premise and said we should not take anything off the table. He said the idea of boarding schools or places that provide more time in a healthy environment is worth considering. He mentioned a program in Itasca County that is focused on out-of-school time. It serves kids outside of school hours, based on the belief that if kids are not succeeding, it's because there's nothing for them outside of school.

He singled out Northfield and Brooklyn Park as two school districts that are participating in the community schools movement. The concept includes an expanded school day and the opportunity for kids to stay at school as long as they need to. The students can get health care and other services there.

**We have a closely divided electorate over whether business ought to be unrestricted and free to do whatever it wants or whether we should impose further obligations.** Smith argued that the debate over imposing the minimum wage and a livable wage is moving in the right direction in Minnesota. "There is support for the idea that there's an essential bargain in America: If you're willing to work at a full-time job, you ought to have a good life," he said. "Not everybody agrees with that. And it might be that the minimum wage is not the very best tool to do that."

He mentioned the idea of wage subsidies, which Minnesota implemented during the recession of the early 1980s, when Gov. Rudy Perpich was in office. A business could hire someone at a low wage and the state supplemented that wage and made sure training was involved. The program was discontinued when the economy recovered.

**Programs like the Northside Achievement Zone (NAZ) are working.** Smith said he's convinced that community programs in Minnesota like NAZ, which has been around since 2003, are working. He said one of the things NAZ does is instructive: When a low-income infant enters their program, the child gets a little T-shirt that says "College Class of 2037," or whatever year the child would be graduating from college. "So in their very first interface with the NAZ, it's understood that what you're working on is postsecondary completion and college credentials," Smith said.

"Low-income kids don't see success among their parents," he continued. "They never get a glimpse of an interesting job and what a whole new world of work for them might look like. We know that mentorships, apprenticeships and field trips exposing kids to college and taking them to the workplace where they're seeing important work and getting the idea they could do that work are all really important."

He noted that rural workforce partnerships are operating in places like Alexandria and Brainerd. He said the Bridges Program in Brainerd is bringing kids for a full day or two into "pretty impressive workplaces" in west central and north central Minnesota, so the kids become aware of good jobs in the community.

He said it's important to consider the context for programs like NAZ. The two recessions in the 2000s were devastating for Minneapolis's Northside. And the number of kids in free-and-reduced lunch programs in the state's public schools has risen dramatically: from 25 percent 20 years ago to 40 percent today.

"Schools and institutions are flayed for not achieving results, but consider that context," he said. "In that context, holding test scores steady is rather heroic." He pointed out that in the 1980s, Minnesota put 5 percent of its total income into K-12 education. That has now dropped down to 4 percent, a 20 percent decline in effort.

"Those numbers are really important," he said. "It's time to stop the excuses, but we must keep that context in mind and ask why inequality seems to be so inexorable."

**The most important statistic for us going forward and for Minnesota over the next century is that in 2040, 43 percent of the Twin Cities working-age population will be persons of color.**

Smith said when he came to Minnesota in 1971, the population was 98 percent white. He predicted that the proportion of people of color in the state in the 2020 Census will increase to 20 percent and that public schools in the state will have 30 percent to 40 percent students of color.

"We shouldn't panic," he said. "We're going to look more like the rest of the world and that's a good thing. And I think that's where the civic infrastructure needs to focus."

**Career Pathways is one step we can do.** When asked about one thing the state could do, Smith responded that support is building for a proposal to greatly increase funding for the Career Pathways program and so-called Fast-TRAC models that help unskilled young workers get skills credentials faster.

**The cultures of African immigrants and African Americans are different .** "African immigrants have a different culture from people who've been subjected to 300 years of slavery, segregation, and discrimination," Smith said. He noted that there is understandable tension between African Americans and African immigrants. "There's a feeling among African Americans that they continue to get the short end of the stick in terms of policy, help, and compensation and debt repayment for previous uncompensated labor."

**There remains a strong civic infrastructure in this community.** Smith said the mainstream media continues an unhealthy pattern of giving distorted attention to bad news, but not covering really encouraging innovative efforts being undertaken by so many people to address the overriding equity concern. "There remains a strong civic infrastructure in this community," he said. "In some ways, it may be stronger than it used to be. There are institutions, new associations, networks and coalitions filled with energy and hope about Minnesota retaining its special place."

**Maureen Ramirez has been a key contributor to Growth & Justice's workforce equity initiative.**

Smith noted that Maureen Ramirez, policy and research director for Growth & Justice, who was unable to attend today's Civic Caucus meeting, has been key to the organization's initiative on workforce equity. With Bryan Lindsley, executive director of the Minneapolis St. Paul Regional Workforce Innovation Network (MSPWIN), she wrote "**The workforce: A target for divided government,**" a commentary in the Nov. 14, 2014, *Star Tribune*, which Smith wanted to include in the discussion .

The commentary maintained that we could add \$10 billion more to Minnesota's GDP by adding an average of one additional year of training and education to our workforce, "particularly for jobs actually most in demand at the middle-skill level and for communities of color that suffer here from one of the nation's largest racial opportunity gaps." It said the objectives of growth and equity "must be woven together to achieve shared prosperity and economic competitiveness."

Lindsley and Ramirez recommended three strategies: (1) Set ambitious, but realistic goals; (2) Better evaluate what's working best in the public, private and nonprofit sectors to foster workforce equity; and (3) Begin by investing in emerging "career pathways" strategies.

In the commentary, they called for more to be done to improve lagging graduation rates, especially for traditionally underrepresented students. They noted that only 51 percent of students at Minnesota's public two-year community colleges graduate or transfer within 150 percent of the standard time allotted for completion. And the rates are much lower for students of color and students from low-income households.

The commentary concluded by asserting, "there is a growing and powerful consensus that upfront workforce equity policy is an actual investment for long-term growth, not just a trade-off for efficiency."