

Our regional competitiveness depends on broadening opportunities for a more diverse and inclusive workforce

Minneapolis-Saint Paul needs a diverse and talented workforce to thrive.

In the next decade, the Minneapolis-Saint Paul business community faces the challenge of replacing a record number of “baby boomer” employees who will retire. In addition, our region is at risk of becoming a net exporter of qualified workers. Minnesota has lost more people to other U.S. states than it has gained every year since 2001.¹ Although the Minneapolis-Saint Paul area is No. 1 overall in professional talent retention among the 25 largest U.S. metro areas, it is No. 14 for retention of professionals of color.² We can’t afford to lose talent to other regions. We must develop, attract, retain, and elevate talent if we expect to stay competitive and thrive.

A more diverse workforce provides businesses with essential competitive advantages.

- **A more diverse customer base.** Minnesota’s changing population represents purchasing power and an enormous marketing opportunity. Accessing this opportunity requires a diverse workforce.
- **Less groupthink and better decisions.** Diverse senior management teams tend to produce superior outcomes as compared to homogeneous teams.
- **Increased innovation.** Companies that incorporate employees’ diverse perspectives make more creative and better decisions.
- **Better financial results.** Multiple studies have shown that the financial returns of companies in the top quartile for racial/ethnic diversity were 30 percent more likely to outpace industry peers’ financial returns.³ Between \$380 and \$700 million in new state and local tax revenues could be generated through greater workforce participation and then reinvested in our communities.

Itasca Project Minneapolis-Saint Paul Workforce Dashboard: Understanding populations and workforce opportunities.

Since 2004, the Itasca Project has worked to identify and address priority issues and bring resources to bear to ensure regional economic competitiveness and vitality, quality of life and prosperity for all in the greater Minneapolis-Saint Paul region. An annual dashboard was developed to provide businesses with information on current populations, workforce, and employment in the region that could inform business planning and employment strategies.

Minneapolis-Saint Paul business leaders need to tap the human capital of a diverse workforce.

People of color are expected to form half of all working-age adults in the Minneapolis-Saint Paul area by 2050. Great disparities exist between whites and residents of color in employment and income. This situation is not merely a matter of our predominantly white demographic makeup. Regions with similar demographics have less racial employment disparity. What’s more, the gap exists in our region even when education levels are similar. For example, unemployment among black high school graduates is 3 times higher than among white high school graduates; unemployment among blacks with bachelor’s degrees or higher is double the unemployment rate of whites with similar educational attainment. Bottom line: Qualified adults are waiting for work.

What can business leaders do?

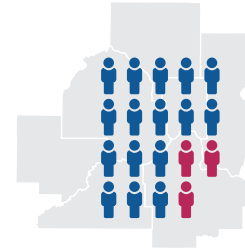
- **Commit.** Make a diverse and inclusive workforce an organizational objective, and engage your leadership to understand and support that objective.
- **Plan and Implement.** Set organizational goals related to diversifying your workforce, and develop and implement an action plan, including strategies to track and evaluate your progress toward achieving those goals.
- **Advocate.** Make the case for a more diverse and inclusive workforce to business leaders you know, and encourage them to develop and implement organizations goals and strategies.

Minneapolis-Saint Paul Workforce Dashboard

► Our region will need workers to fill job openings.

A growing economy and increasing number of baby boomers exiting the workforce has the region potentially facing a shortage of qualified workers. The Twin Cities 7-county region is expected to have about 1.6 million working-age adults (age 16-64) employed in 2024. But projections show the region will have 1.9 million jobs in 2024, leaving a potential shortfall of about 300,000 workers. Some of those jobs will be filled by older workers or multiple job holders, but we also know that we need to take full advantage of our region's human capital. This includes boosting employment among residents of color.

2024 EMPLOYMENT PROJECTIONS



1,900,000 jobs
1,600,000 workers
300,000 shortfall

*Minneapolis-Saint Paul 7-county region
 Source: Wilder Research analysis of data from Metropolitan Council, Regional Demographic Forecast and Minnesota Department of Employment and Economic Development, Employment Outlook*

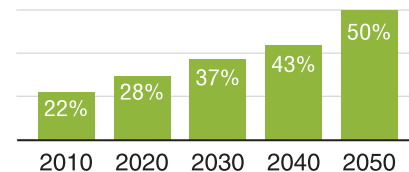
► Fast-paced growth and major population shifts will shape our future. Are we prepared?

Our region's working-age population of color (16-64) has grown by 78 percent since 2000, compared to 1 percent growth for the non-Hispanic white working-age population. There has been exceptionally high growth among our Asian and foreign-born black working-age populations.

Today, 24 percent of our region's working-age population are people of color. Fast-paced growth among our population of color is expected to continue, with half of our working-age population expected to be of color by 2050.

| WORKING-AGE POPULATION | 2000 | 2015 | % CHANGE (2000 to 2015) |
|--------------------------------|-----------|-----------|----------------------------|
| Working-age population (16-64) | 1,750,000 | 1,975,000 | 13% |
| Of color | 265,000 | 470,000 | 78% |
| > American Indian | 14,000 | 12,000 | -9% |
| > Asian | 71,000 | 143,000 | 102% |
| - Southeast Asian | 36,000 | 73,000 | 102% |
| - Other Asian | 35,000 | 70,000 | 101% |
| > Black | 95,000 | 167,000 | 76% |
| - Foreign-born black | 22,000 | 62,000 | 190% |
| - U.S.-born black | 73,000 | 105,000 | 43% |
| > Hispanic | 63,000 | 111,000 | 76% |
| > Other Race | 31,000 | 40,000 | 31% |
| > Two or more races | 29,000 | 44,000 | 54% |
| White (non-Hispanic) | 1,485,000 | 1,505,000 | 1% |

WORKING-AGE POPULATION (16-64), PROPORTION OF COLOR



*Minneapolis-Saint Paul 7-county region, 2015
 Source: Wilder Research analysis of data from Metropolitan Council, Regional Demographic Forecast*

*Minneapolis-Saint Paul 7-county region
 Subgroups may not sum to totals due to rounding. Estimates labeled 2015 represent a five-year average from data collected between 2011 and 2015.
 Source: Wilder Research analysis of Integrated Public Use Microdata Series, University of Minnesota, www.ipums.org*

► The benefits of a robust economy have yet to reach everyone.

The Minneapolis-Saint Paul metropolitan area is home to a robust economy and a skilled workforce. We have seen improvement on a number of economic and workforce measures in recent years, and we continue to maintain a high rank among other large metropolitan areas.

ECONOMIC VIBRANCY, 25 LARGEST U.S. METROS (1=BEST)

| CURRENT | MEASURE | RECENT TREND | NATIONAL RANK* |
|----------|---|--------------|----------------|
| \$63,500 | Gross Domestic Product per capita | BETTER | 7 |
| \$71,000 | Median household income | BETTER | 6 |
| 9% | Poverty rate | BETTER | 2 |
| 40% | Adults age 25+ with bachelor's degree or more | BETTER | 6 |
| 79% | Proportion of adults working | BETTER | 1 |

Minneapolis-Saint Paul 16-county region, 2015

Source: U.S. Census Bureau, American Community Survey; Bureau of Economic Analysis (GDP)

At 79 percent, the Minneapolis-Saint Paul metropolitan area is home to the highest proportion of adults working of the 25 largest metros in the nation. But we rank at or near the bottom for racial disparities in the same measure. Thirteen percentage points separate the shares of non-Hispanic whites and residents of color who are working, the 22nd largest gap of the 25 largest metropolitan areas in the nation.

| PROPORTION OF ADULTS (AGE 16-64) WORKING | P.P.T. GAP | GAP RANK* |
|--|------------|-----------|
| American Indian 54% | 26 | 25 |
| Asian 69% | 11 | 25 |
| > Southeast Asian 66% | 13 | 25 |
| > Other Asian 72% | 8 | 24 |
| Black 61% | 19 | 24 |
| > Foreign-born black 68% | 11 | 25 |
| > U.S.-born black 56% | 24 | 25 |
| Hispanic 72% | 7 | 19 |
| White (non-Hispanic) 79% | -- | -- |

Minneapolis-Saint Paul 16-county region, 2011-2015

Source: Wilder Research analysis of Integrated Public Use Microdata Series, University of Minnesota, www.ipums.org

Differences between subgroups may differ slightly from the percentage point gap due to rounding.

WHITE (NON-HISPANIC) - OF COLOR GAP IN PROPORTION WORKING (AGE 16-64), 25 LARGEST U.S. METROS

| GAP RANK | PERCENTAGE POINT GAP |
|----------|-----------------------------------|
| 1 | San Bernardino, CA 3.5% |
| 2 | Portland, OR-WA 3.8% |
| 3 | Tampa, FL 3.9% |
| 4 | Miami, FL 4.0% |
| 5 | Houston, TX 4.2% |
| 6 | Orlando, FL 4.4% |
| 7 | San Diego, CA 4.5% |
| 8 | San Antonio, TX 4.6% |
| 9 | Washington, DC-VA-MD-WV 4.9% |
| 10 | Charlotte, NC-SC 5.3% |
| 11 | Dallas, TX 5.4% |
| 12 | Los Angeles, CA 5.4% |
| 13 | Seattle, WA 5.8% |
| 14 | Atlanta, GA 5.9% |
| 15 | San Francisco, CA 6.5% |
| 16 | New York, NY-NJ-PA 7.5% |
| 17 | Phoenix, AZ 7.8% |
| 18 | Denver, CO 8.4% |
| 19 | Boston, MA-NH 8.7% |
| 20 | Baltimore, MD 9.7% |
| 21 | Chicago, IL-IN-WI 11.4% |
| 22 | Minneapolis-St. Paul, MN-WI 12.5% |
| 23 | Philadelphia, PA-NJ-DE-MD 13.3% |
| 24 | St. Louis, MO-IL 13.8% |
| 25 | Detroit, MI 14.0% |

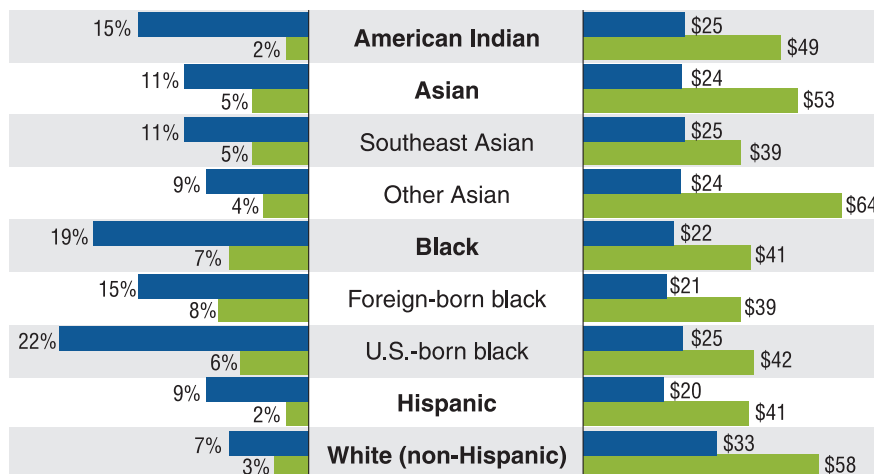
Even when controlling for education, there are racial disparities in unemployment and income.

UNEMPLOYMENT RATES

by race and educational attainment

MEDIAN PERSONAL INCOME by race

and educational attainment, in thousands



■ Associate's degree or higher ■ No postsecondary degree

Minneapolis-Saint Paul 7-county region

Source: Wilder Research analysis of Integrated Public Use Microdata Series, University of Minnesota, www.ipums.org

Minneapolis-Saint Paul 16-county region, 2011-2015

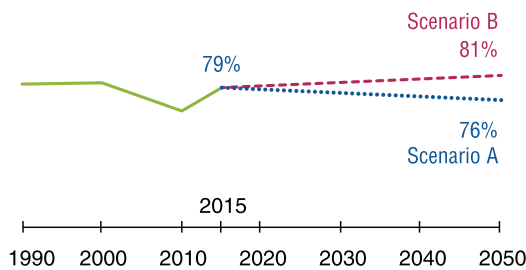
Source: U.S. Census Bureau, American Community Survey

► The opportunity presented by closing our region's gaps

These scenarios illustrate the opportunity that closing gaps presents. In Scenario A, nothing changes. Scenario B shows an alternative trajectory, where the outcomes of our region's population of color gradually increase to match the outcomes of our non-Hispanic white population.

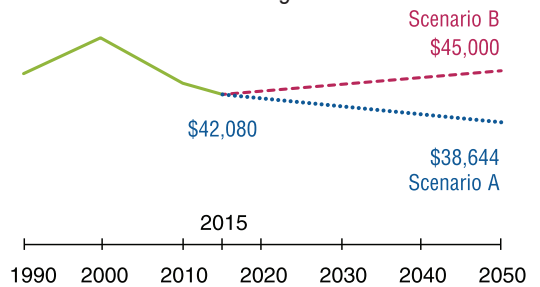
PROPORTION OF ADULTS WORKING

Potential scenarios through 2050



MEDIAN PERSONAL INCOME

Potential scenarios through 2050



Minneapolis-Saint Paul 7-county region

Source: Wilder Research analysis of Integrated Public Use Microdata Series, University of Minnesota, www.ipums.org, and data from Metropolitan Council, Regional Demographic Forecast

Compared to the “do nothing different” approach in Scenario A, Scenario B results in:

- 113,000 more adults joining the paid workforce by 2050 – a 7 percent increase in employment in the region.
- An additional \$7 billion in personal income in the region.
- An additional \$380 to \$700 million in estimated state and local tax dollars to reinvest in our communities.

Resources:

The Amherst H. Wilder Foundation is a non-profit social services organization that is committed to being a diverse, inclusive, and culturally competent organization as a service provider, an employer, a community participant, and an economic entity. www.wilder.org

DiversityInc is an on-line magazine that provides news, resources, and commentary on the role of diversity in strengthening the corporate bottom line. www.diversityinc.com

Forum on Workplace Inclusion is a learning conference to inspire new ideas for responsive leadership. The Forum offers facilitated dialogue, structured networking, and experiential learning for advancing diversity and inclusion in the workplace. www.forumworkplaceinclusion.org

Make It. MSP. is a regional network made up of employers, community groups, and others collaborating to retain and attract the world's best workforce. It aims to improve social inclusion, support innovative talent, connect talent to community and employers, and close talent gaps in the region. <http://makeitmsp.org>

Minnesota Compass website provides data illustrating racial gaps and resources for action. www.mncompass.org

Saint Paul Area Chamber of Commerce initiative on Professionals of Color is a new resource to strengthen the network of professionals of color. www.saintpaulchamber.com/professionals-of-color.html

University of St. Thomas Forum on Workplace Inclusion offers learning events and programs to inspire new ideas on current and emerging workplace diversity and inclusion issues. www.stthomas.edu/workplaceforum

YWCA of Minneapolis Racial Justice Department hosts forums and trainings to promote racial equity and break through barriers including It's Time to Talk: Forums on Race. www.ywcamppls.org/racial_justice

ITASCAproject

Please see www.theitascaproject.com/ for more information

MARCH 2017

Thank you to the communications firm of Padilla CRT.

1. Minnesota on the Move: Migration Patterns & Implications, Minnesota State Demographic Center, January 2015; U.S. Census Bureau, 2015 Population Estimates

2. Myles Shaver (University of MN) analysis, IPUMS-USA data (University of MN)

3. Diversity Matters, McKinsey & Company, January 2015