

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

What if . . .

- The Minneapolis-Saint Paul area could attract, retain, and elevate a diverse talent base to meet our economy's future needs?
- \$500 million in new state and local tax revenues could be generated through greater workforce participation and then reinvested in our communities?
- Your organization could be more innovative, make better decisions, and get better financial results?

All this – and more – is possible when employers work together to ensure that our region provides employment opportunities from entry level to executive level for all.

The Minneapolis-Saint Paul economy is vibrant, due in large part to excellent human capital.

For generations, our region's business leaders have taken pride in doing the right thing – for their employees, their investors, and their communities. And it has paid off. We are recognized for our high quality of life, educated workforce, and low poverty rate. We realize that, in the long run, the right thing to do is also the smart thing to do.

Staying vibrant will be difficult.

For the past several decades, our region's economy has benefited from a growing population in its prime working years. Starting now, that growth engine is slowing dramatically, making it difficult to replace the accelerating number of retiring baby boomers. In addition, our region is at risk of becoming a net exporter of qualified workers. A recent report from the state demographer's office states that Minnesota has lost more people to other U.S. states than it has gained each 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.

We have yet to tap the full potential of our region's human capital.

That's especially true among people of color – the fastest-growing portion of our population. The Metropolitan Council forecasts that 2 of every 5 adults in the Minneapolis-Saint Paul area will be a person of color by 2040.

Great disparities exist between white and of color workers in the proportion of adults working and per capita 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 Minnesota even when education levels are similar. For example, a black high school graduate is 2.5 times more likely to be unemployed than a white high school graduate, and unemployed blacks with bachelor's degrees or higher outnumber their white counterparts 3 to 1. Bottom line: Qualified adults are waiting for work.

The competitive advantages of a more diverse workforce are well documented.

- **Stronger connection with a more diverse customer base.** With increasing numbers and purchasing power, members of different racial and ethnic groups represent 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% more likely to outpace industry peers' financial returns.³

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Minneapolis-Saint Paul Workforce Dashboard

Who Lives Here

While our region's overall population is projected to grow, the percentage who are working-age will decline.

TOTAL POPULATION

| | 2013 | % | PROJECTED 2040 | % |
|---------------------|-----------|-----|-------------------|-----|
| Total | 2,953,000 | -- | 3,674,000 | -- |
| Of color | 736,000 | 25% | 1,487,000 | 41% |
| Working-age (16-64) | 1,895,000 | 64% | 2,070,000 | 56% |

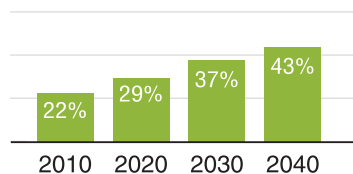
Minneapolis-Saint Paul 7-county region

Source: U.S. Census Bureau, Metropolitan Council

There will be much greater racial and ethnic diversity among workers.

Currently, our region ranks 16th for overall size among the 25 largest cities, and has some of the largest American Indian and foreign born black populations in the U.S.

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



Minneapolis-Saint Paul 7-county region, 2009-2011

Source: Wilder Research analysis of data from Metropolitan Council

WORKING AGE POPULATION (16-64) BY RACE AND ETHNICITY

| | POPULATION | NATIONAL RANK* |
|----------------------|------------|----------------|
| American Indian | 16,000 | 8 |
| Asian | 125,000 | 15 |
| Southeast | 64,000 | 12 |
| Other | 60,000 | 18 |
| Black | 149,000 | 17 |
| Foreign born black | 58,000 | 7 |
| U.S. born black | 91,000 | 19 |
| White (non-Hispanic) | 1,683,000 | 9 |
| Hispanic | 107,000 | 21 |
| Foreign born (all) | 264,000 | 19 |

Minneapolis-Saint Paul 13-county region, 2009-2011

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

* 25 largest U.S. metros, 1=largest

Our Economy

Minnesota continues to rank high in a number of economic and workforce measures.

ECONOMIC VIBRANCY

| CURRENT | MEASURE | RECENT TREND | NATIONAL RANK* |
|----------|---|--------------|----------------|
| \$61,700 | Gross Domestic Product per capita | BETTER | 8 |
| \$67,200 | Median household income | SAME | 6 |
| 10% | Poverty rate | SAME | 2 |
| 39% | Adults age 25+ with bachelor's degree or more | SAME | 6 |
| 77% | Proportion of adults working | BETTER | 1 |

Minneapolis-Saint Paul 16-county region, 2013

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

*25 largest U.S. metros, 1=best

Dashboard data compiled by Minnesota Compass

Our Workforce

While our region ranks high overall for proportion of adults working, we have some of the worst racial disparities in the nation. In fact, compared with the 25 largest metro areas, our region ranks almost at the bottom.

PROPORTION OF ADULTS (AGE 16-64) WORKING

| | | PERCENTAGE POINT GAP | GAP RANK* |
|----------------------|-----|----------------------|-----------|
| American Indian | 51% | 27% | 24 |
| Asian | 65% | 13% | 25 |
| Southeast Asian | 60% | 18% | 25 |
| Other Asian | 70% | 8% | 23 |
| Black | 60% | 18% | 23 |
| Foreign born black | 65% | 13% | 25 |
| U.S. born black | 57% | 21% | 25 |
| White (non-Hispanic) | 78% | -- | -- |
| Hispanic | 72% | 6% | 17 |

Minneapolis-Saint Paul 13-county region, 2009-2011

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

*25 largest U.S. metros, large to small, 1=smallest gap

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

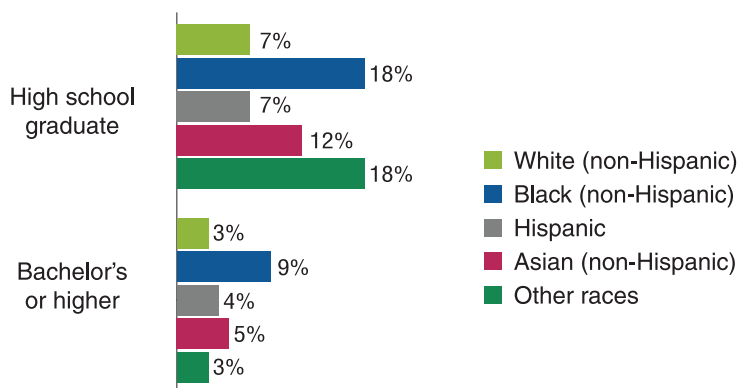
| GAP RANK | | PERCENTAGE POINT GAP |
|----------|-----------------------------|----------------------|
| 1 | Portland, OR-WA | 3.6% |
| 2 | Houston, TX | 4.1% |
| 3 | San Bernadino, CA | 4.1% |
| 4 | Tampa, FL | 4.3% |
| 5 | Miami, FL | 4.4% |
| 6 | San Diego, CA | 4.4% |
| 7 | Washington, DC-VA-MD-WV | 4.9% |
| 8 | San Antonio, TX | 5.4% |
| 9 | Atlanta, GA | 5.5% |
| 10 | Charlotte, NC-SC | 5.5% |
| 11 | Los Angeles, CA | 5.5% |
| 12 | Dallas, TX | 5.6% |
| 13 | Seattle, WA | 6.5% |
| 14 | San Francisco, CA | 6.5% |
| 15 | Boston, MA-NH | 7.2% |
| 16 | Denver, CO | 7.7% |
| 17 | New York, NY-NJ-PA | 7.8% |
| 18 | Baltimore, MD | 8.5% |
| 19 | Phoenix, AZ | 8.8% |
| 20 | Pittsburgh, PA | 11.7% |
| 21 | Chicago, IL-IN-WI | 12.3% |
| 22 | Philadelphia, PA-NJ-DE-MD | 12.6% |
| 23 | Minneapolis-St. Paul, MN-WI | 13.0% |
| 24 | Detroit, MI | 13.4% |
| 25 | St. Louis, MO-IL | 14.5% |

Minneapolis-Saint Paul 16-county region, 2013

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

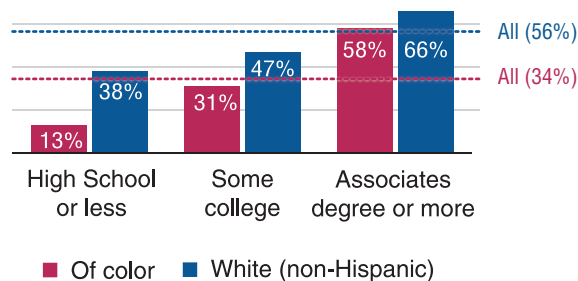
Even when factoring in education levels, there are racial disparities in the proportion of unemployed adults and in the proportion of those earning a family-sustaining wage (between \$9.69 per hour to \$33.28 per hour depending on family size).

UNEMPLOYMENT RATES BY RACE, ETHNICITY, AND EDUCATIONAL ATTAINMENT



Minneapolis-Saint Paul 7-county region, 2006-2010; Source: Wilder Research, Integrated Public Media Use Series from the U.S. Census Bureau

PROPORTION OF WORKERS (AGE 16-64) EARNING "FAMILY SUSTAINING WAGE" BY RACE AND EDUCATION



Minneapolis-Saint Paul 7-county region, 2012

Source: U.S. Census Bureau, American Community Survey, Wilder Research analysis on behalf of MSPWin

How do we unlock the competitive advantage of our region's diverse talent base?

The Minneapolis-Saint Paul region can build a stronger, more diverse workforce in tune with the employment base of the future. To get there, we must start now. A recent sampling of Minnesota-based employers by the Itasca Project found that nearly two-thirds have a written business plan to increase employee diversity. Yet, all of these employers believe they can do more to ensure that their plans translate into action. In addition, 85% of local employers—across sectors—surveyed by GREATER MSP said they wanted to collaborate in new ways on issues related to retaining and attracting people of color.

Here's what you can do:

1. Individual

- Make a personal commitment to be a more culturally competent leader.
- Understand your starting point through unconscious bias training, the Intercultural Development Inventory (IDI) or similar.
- Engage your leadership team and colleagues in that commitment.

2. Organization

- Articulate the link between your organizational objectives and a more diverse and inclusive workforce from entry level to executive.
- Track your organization's workforce data (Wilder Research has identified key metrics to track); meet with your leadership team frequently to evaluate and reward progress.
- Introduce and follow best practices to become more culturally competent; attract, retain, and develop diverse talent; use inclusive business practices (e.g., supplier diversity, corporate philanthropy).

3. Regional

- Spend time learning more about regional trends and challenges and how you and your organization might apply those learnings, contribute to solutions, and share your progress with peers.
- Connect your employee resource groups, diversity and inclusion leaders, and others to a regional effort to the Make It. MSP. initiative to intentionally listen to and learn from diverse talent in MSP.

No matter your starting point, the steps you take today to close racial employment gaps will determine how your company performs in the workforce of tomorrow.

Resources:

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

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

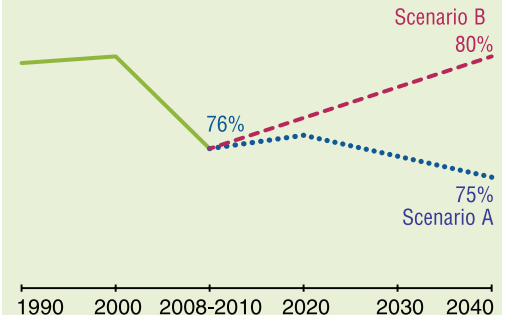
University of St. Thomas Forum on Workplace Inclusion offers learning events and programs to inspire new ideas on current and emerging workplace diversity and inclusion issues. www.stthomas.edu/workplaceforum

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.ywcampls.org/racial_justice

What does the region's changing demographics mean for the future of employment?

Two scenarios illustrate the opportunity that closing employment gaps presents. In scenario A, nothing changes. Scenario B shows an alternative trajectory, where the outcomes of the population of color gradually increase to match those of the white (non-Hispanic) population.

PROJECTIONS OF EMPLOYED WORKING ADULTS



Scenario A: Employment disparities stay the same while population becomes more diverse.
Scenario B: Workers of color employed at same level as other workers.

Minneapolis-Saint Paul 7-county region

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

- 122,000 more adults joining the paid workforce by 2040 – a 5 percent increase in employment in the region.
- Personal income from these workers, adding more than \$5 billion to the region.
- These workers paying into the social security of seniors who have come before them.
- An additional \$500 million in state and local tax dollars re-invested in our communities.

ITASCAproject

Please see www.theitascaproject.com/ for more information

MARCH 2016

Thank you to the communications firm of Padilla CRT.