



April 7, 2021

The Honorable Mohamud Noor  
Minnesota House of Representatives  
Workforce and Business Development  
Finance and Policy Committee  
379 State Office Building  
Saint Paul, MN 55155

Chair Noor and members of the Workforce and Business Development  
Finance and Policy Committee:

The Center for Economic Inclusion (the Center) wanted to reiterate a few points on the proposed funding criteria of the Workforce Development Fund (WDF), administered by the Department of Employment and Economic Development (DEED); and recommend key investment areas to ensure that the American Recovery Plan Act (ARPA) resources for workforce and economic development are leveraged to accelerate an equitable and inclusive economy. We recommend that policy-makers adopt a racial equity framework when investing these federal dollars, and center racial equity in allocation of dollars to such critical economic growth levers as:

- **Reskilling, along with career navigation and placement services** to facilitate a racially diverse talent base with access to family-sustaining wages and benefits.
- **Incentivizing and nurturing the growth of higher-quality businesses and industries**, particularly businesses owned by Black, Indigenous, Asian, and Latinx people.
- **Aim to stabilize and strengthen not only neighborhood small businesses, but also tech ecosystems that support Black and brown entrepreneurs.**

Through both direct appropriations and competitive grant programs that intentionally focused on investments in organizations that best know the jobseekers that have been sidelined by systemic racism, Minnesota has made progress in narrowing the employment gap over the last 3 years. But, according to data released by the Brookings Institution in February, after 15 years of stagnant wage inequities, this year, the wage gaps between white workers and workers of color grew by more than \$3,000. This is the time to leverage every tool we have in supply and demand tools and investments to close these gaps and stimulate inclusive and equitable growth. To that end, we elevate three opportunities for more refinement in the investments to achieve what we believe are shared goals:

- I. The proposed changes to the WDF to optimize resources for racial equity are an important step in our shared goals to increase investment in Black, Indigenous, Asian and Latinx jobseekers. We challenge however, if the proposed language is assertive enough for the results we seek. In our experience, and assessment of both government

and philanthropic investments, organizations led and trusted by communities are best positioned to create transformational results. To that end, The Center encourages the state to **prioritize investments in Black, Indigenous, Asian and Latinx-led and serving organizations with a proven record and those Black, Indigenous, Asian and Latinx-led and serving organizations with programs that are new and innovative** (in accordance with geographic representation).

- II. The emphasis on performance-based assessments is laudable, however the identified metrics do not reflect changes that could position the state to measure and make strides in economic growth and close longstanding equity gaps. Policy makers and program leaders need to **evaluate how the results will be used to inform program, policy and process improvements, and future funding decisions**. For example, monitoring wages is critical, it is different than using analysis on progression towards family-sustaining wages and benefits for Black, Indigenous, Latinx and Asian workers as a means to determine investments in both job training programs, and business incentives. While DEED leadership has expressed intent to consider this data, it is both imperative, and in the economic interest of employers and jobseekers to establish goals to move all working Minnesotans to family-sustaining wage jobs and articulate a path to achieve that goal, now. Further, the path must include a racial equity impact analysis in order to equip policy makers with racially responsive tools to inform decisions and investments.
  
- III. Finally, there is a desire to efficiently fund successful services, but it does not speak to how funding will help working adults advance toward jobs paying family-sustaining wages (ideally with benefits). The current system is still heavily focused on placement in lower-wage occupations. Employers support advancement and training, but often more is needed, particularly for Black, Indigenous, Asian and Latinx workers who are over-represented in hospitality, retail, low-wage healthcare positions. As illustrated throughout 2020, this over-concentration of historically undercapitalized workers in low-wage, essential jobs that also face high automation and augmentation risk, is not only bad for these populations, but threatens our entire economy. We can and must intervene now with more purposeful, intentional strategies, investments and employer partnerships.

Thank you Chair Noor and members of the Workforce and Business Development Finance and Policy Committee for your commitment to build an economy that is inclusive and equitable, and to invest in the systems changes required to do so. We are committed to working arm in arm with you to build a Workforce Development Fund that our entire state can count on.

In Solidarity,



Tawanna A. Black  
Founder & CEO

