Tighter labor market increases importance of minority workers

By: James Warden    October 23, 2014  7:00 am    0

Take a trip to the new Vikings stadium construction site and you’ll find no shortage of workers who look different from the descendants of Minnesota’s Scandinavian pioneers. The project is exceeding its goals for minority-owned business participation, and the faces of the workers on the ground reflect that diversity.

“You walk around our construction site, and it’s literally like walking around at the U.N.,” said Michele Kelm-Helgen, chair of the Minnesota Sports Facilities Authority.

Connecting workers like these to jobs promises to become ever more important. Minority groups continue to struggle with high unemployment even as aging baby boomers are leaving the workplace in droves, according to data the Minnesota Department of Employment and Economic Development released last week. Without enough younger workers replacing the retirees, the high minority unemployment rate means these groups offer employers the biggest pool of untapped labor in a tightening job market.

“We have about six years to deal with that — otherwise we’re going to have this population sitting on the sidelines,” said Louis King, president of Summit Academy OIC, a Minneapolis-based vocational training and job-placement program. “This will be a question of business practices and finding the best talent.”

Minnesota’s 4.1 percent overall unemployment rate is the fifth-best in the country, and whites have an even better 3.8 percent rate, according to DEED.

But Blacks had a 10.2 percent unemployment rate in September, although that’s down from 15.3 percent a year earlier. Hispanics had an 8.2 percent rate for the same period, up from 6.8 percent.

September rates weren’t immediately available for Asians and American Indians. In 2013, American Indians in Minnesota had a 16.7 percent unemployment rate and Asians had a 6.4 percent rate at a time when the statewide rate was 5.4 percent, according to the U.S. Census Bureau.

Because minority groups have historically been so outnumbered, King said, they’ve had a harder time forging the extensive personal connections that help job seekers discover vacancies.

“Your network is everything,” King said. “You don’t get jobs through the want ads. You get them through the people you know.”
Minority families weren’t as well represented in the skilled trades either, said Alex Tittle, the MSFA’s equity director. Children growing up were less likely to consider becoming pipefitters, electricians or plumbers because they didn’t see their parents doing those jobs. Even if they did consider those careers, they were less likely to have friends and family knowledgeable about the training process to help them enter an apprenticeship program and move up the ranks.

"If I don’t know it exists or the road to getting to it, I’m looking at working at the 7-Eleven down the street," Tittle said.

Students of color are also far less likely to graduate from high school. Statewide, 79.48 percent graduated in four years in 2013 compared to 58.31 percent for Hispanics, 56.98 percent for blacks and 48.75 percent for American Indians.

Helping minority-owned businesses is a key part of closing the unemployment gap because about 40 percent of their employees are minorities, said Gary Cunningham, president and CEO of the Metropolitan Economic Development Association. Many businesses need technical support to grow, and a number of studies have shown that they have a harder time accessing capital than other businesses, he said.

The MSFA boosted the number of minority-owned businesses on the Vikings stadium project by emphasizing the importance of its diversity goals early on, Kelm-Helgen said. The businesses tend to be small, so the authority worked with Golden Valley-based Mortenson Construction and other contractors to examine how procurement packages could be broken down to smaller pieces.

The project has construction participation goals of 9 percent for minority-owned businesses and is currently sitting at 10 percent with the project 22 percent complete.

Education and vocational training are also vital, King said. Instead of writing off those who didn’t graduate, officials must understand what caused them to drop out and help them learn the skills they need to be ready to work.

Despite the employment gap, both King and Tittle said businesses and trade groups like labor unions have started reaching out to under-represented groups, educating them on the career options available and guiding them toward the appropriate training.

"Job seekers before didn’t have access to the network," King said. "Now the network is finding them."