

Just and Fair Employment for All: Good for Families, Communities, and the Economy



marguerite **casey** foundation
change is possible.™



This is one of a series of issue briefs dedicated to helping community leaders and policymakers bolster their campaigns and strategies with the economic case for equity. The issue briefs correspond with the 13 planks of the Marguerite Casey Foundation's [Equal Voice National Family Platform](#). Additional issue briefs can be found at www.policylink.org/focus-areas/equitable-economy.

PolicyLink is a national research and action institute advancing economic and social equity by **Lifting Up What Works**®.

Marguerite Casey Foundation exists to help low-income families strengthen their voice and mobilize their communities in order to achieve a more just and equitable society for all.

Overview

The face of America is changing: more than half of Americans under age five are of color, and by 2044 we will be a majority people-of-color nation. But while communities of color are driving growth and becoming a larger share of the population, inequality is on the rise and racial inequities remain wide and persistent. Dismantling racial barriers and ensuring that everyone can participate and reach their full potential are critical for the nation's prosperity. Equity—just and fair inclusion of all—is essential to growing a strong economy and building vibrant and resilient communities. This issue brief describes how connecting people to just and fair work benefits families, communities, and the economy.

Why Just and Fair Employment Matters

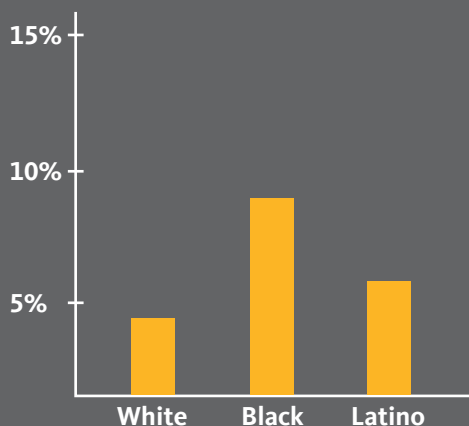
A good job that pays high enough wages to buy groceries, pay the rent or mortgage on time, and save for the future is crucial to moving up the economic ladder. But for too many families—particularly low-income families and families of color—such jobs are out of reach.

The nation's economic recovery from the Great Recession has not created enough jobs to go around, and most of the jobs that are being created do not provide family-supporting wages and benefits. The interlocking challenges of inadequate access to high-quality education and employment, insufficient worker protections, and persistent racial discrimination in the labor market have trapped millions of Americans in poverty and insecurity—those without jobs as well as those stuck in low-wage work.

Changing demographics magnify these challenges. The youth of color who will soon be the majority of young workers face significant barriers to accessing the education, training, and connections they need to move up in the world of work. Increasing training and access to good, living-wage jobs is critical to boost family economic security, help businesses grow and thrive, and strengthen regional economies.

The Economic Imperative of Just and Fair Employment for All

Unemployment rate by race (2015):



If there were full employment for all racial/ethnic and gender groups (2015):

14.3 Million
more people employed

9.3 Million
fewer people living in poverty

\$1.3 Trillion
increase in GDP

Sources: [Bureau of Labor Statistics](#); [Policylink and PERE](#)

The Economic Benefits of Just and Fair Employment

Increasing job access, training, and quality produces many positive impacts on the economy, including the following.

- **Rising wages and greater economic security for working families.** Higher levels of employment benefit communities by pushing up wages for everyone, especially low- and middle-income workers. During the U.S. economic boom from 1996 to 2000, the total number of hours worked by those in the bottom fifth of the income distribution increased by 17 percent; in that time, a 1-percentage-point drop in the unemployment rate translated into a 10 percent increase in the wages of those workers.¹ Raising the floor on low-paying work (by increasing wages, guaranteeing benefits like paid sick leave, preventing wage theft, supporting worker organizing, and implementing fair scheduling standards) provides workers and families with pathways to the middle class.
- **A strong, prepared workforce.** A well-prepared workforce means qualified workers will be ready to fill open positions as older workers retire, technology evolves, and high-skill sectors grow. The United States is currently projected to face a shortfall of five million skilled workers by 2020 as people in the fastest-growing segments of the workforce have less education and training than employers demand. Many states, industry groups, and businesses in construction, energy, health care, and transportation are implementing training programs and other interventions to build a pipeline of new job-ready employees.²
- **Increased economic growth.** When more people gain access to the labor market, the economy grows faster. Up to 20 percent of U.S. economic growth from 1960 to 2008 can be explained by the entry of women and people of color into professional occupations from which they had been previously excluded.³ Achieving full employment for all—defined as an unemployment rate of 4 percent across all racial/ethnic and gender groups along with increases in labor force participation—would add \$1.3 trillion per year to the U.S. GDP.⁴
- **Boosting businesses' bottom lines.** More productive workers with greater purchasing power are good for businesses, regions, and the economy as a whole. Higher skills and higher wages tend to reduce the rate of employee turnover, so connecting workers to good jobs saves money for employers: for every open position that goes unfilled for at least three months, companies lose an average of \$14,000.⁵

Key Challenges to Just and Fair Employment

The main challenges to connecting unemployed, underemployed, and low-wage workers to good jobs include the following.

- **Long-term unemployment and youth disconnectedness.** The number of workers who have been continually out of work for more than 27 weeks remains at a record high (nearly three million workers), and Black and Latino workers disproportionately experience long-term unemployment.^{6,7} Many are leaving the workforce altogether because of the lack of opportunities—particularly Black men.⁸ Long-term unemployment results in unfavorable treatment by employers, lost earnings potential, and poorer health outcomes.⁹ In addition, the number of 16- to 24-year-olds who are “disconnected”—neither working nor in school—is increasing. Black and Latino youths are more likely to be disconnected than their White counterparts.¹⁰
- **Persistent racial discrimination and other barriers.** Racial discrimination remains pervasive in the labor market and contributes to high levels of unemployment among African Americans, Latinos, Native Americans, and other communities of color. Researchers have found, for example, that among job seekers with identical résumés, applicants with stereotypically White names were 50 percent more likely to be called for an interview than those with stereotypically African American names.¹¹ Racial inequities in mass incarceration and the criminalization of poverty leave millions of Americans—disproportionately people of color—with conviction records that functionally bar them from stable jobs, and many immigrants are likewise excluded from gainful employment by harsh anti-immigrant policies, despite their willingness and ability to work.
- **Lack of access to jobs.** Place matters when it comes to employment opportunities: persistent segregation and limited availability of affordable housing and transportation options are major barriers for many low-income workers and job seekers.¹² Harvard University's Inequality of Opportunity project examined the effects of transportation and job accessibility on economic mobility over time, and concluded that longer average commute times corresponded with lower economic mobility for low-income people.¹³ A recent study of lower-income workers who lost their jobs during the Great Recession showed that those with greater access to transit found jobs faster.¹⁴

- **Diminished federal funding to support job training.** In 2014, the Workforce Innovation and Opportunity Act (WIOA) was passed to reauthorize and update the U.S. workforce development system—including several new initiatives related to job training for low-income youth and adults facing barriers to employment. Overall, however, the federal workforce development agency’s allocated budget for training and employment services has declined dramatically over the last 10 years, from over \$5.2 billion in 2005 to just \$3.1 billion in 2015. Even with more focused policy priorities in place, funding constraints limit the availability of training programs and services.¹⁵

Strategies to Increase Just and Fair Employment

Ensuring access to good jobs and training for all, including those facing the greatest barriers to employment, will require policy shifts and targeted strategies at all levels. Here we focus on proven strategies that advocates can advance at state and local levels.

- **Institute community benefits agreements with local and targeted-hiring provisions.** Cities and government agencies can implement strong local and targeted-hiring policies for local residents and/or specific groups facing employment challenges, such as residents returning from prison. Communities can also negotiate with developers to implement community benefits agreements that include hiring, training, and other goals. In 2013, a coalition of Oakland residents, organized labor, and faith leaders—with support from the City of Oakland—led a campaign to establish local hiring provisions for both the construction jobs and the permanent operations jobs created by the redevelopment of a former army base. The resulting agreement created a job-training center, guaranteed that all workers would receive living wages and benefits, banned prescreening of applicants for prior criminal records, reserved 25 percent of apprenticeship hours for specific populations facing barriers to employment, and further stipulated that all new apprenticeships would be given to Oakland residents.¹⁶
- **Enact and enforce fair hiring policies and support hiring workers who experience barriers to employment.** Eliminating or reducing criminal background checks through “ban-the-box” policies in public and private employment help stop discrimination against formerly incarcerated workers. Currently, 18 states—California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Nebraska, New Jersey, New Mexico, Ohio, Oregon, Rhode Island, Vermont, and Virginia—and several cities have passed legislation to ban the box on public employment applications.¹⁷

- **Invest in career and technical education initiatives.** Career and technical education, vocational training, internships, summer job programs, and apprenticeship programs help to connect youth to the labor market and to provide them with the skills that employers demand. In California, Pacific Gas and Electric Company (PG&E) has partnered with the public workforce development system, unions, and 16 community colleges to offer PowerPathway, a training and development program for utility workers.¹⁸ Among the program's participants, 58 percent come from underrepresented communities, and 60 percent of its graduates go on to work in the industry.¹⁹
- **Ensure that workforce training investments and local hiring agreements deliver results to low-income families.** Workforce training systems need to be aligned with local communities to connect those who need work and employment support with the right programs and initiatives. Advocates can ensure that public and private investments reach those who need employment support the most in order to put them on a pathway to economic security. In Missouri, Metropolitan Congregations United and the Transportation Equity Network successfully advocated for the Department of Transportation to devote 30 percent of the workforce hours on a major bridge project in St. Louis to low-income apprentices, along with \$2.5 million for job training.²⁰

Equitable Growth in Action

Implement an Equitable Home Energy Retrofit Program to Connect Underserved Workers to Good Jobs While Building Community Resilience

A landmark community workforce agreement guided Portland's Clean Energy Works pilot project, which helped 500 homeowners finance and install energy efficiency upgrades. Job training was a key component of the program, which required training providers to partner with organizations serving communities of color; ensure that the majority of their trainees are women, people of color, or from other underrepresented groups; and offer mentoring and other follow-up services to support worker success and retention. The agreement required that 80 percent of jobs go to local residents, 30 percent of the trades and technical work hours go to historically underrepresented groups, and that wages were at least 180 percent of the state median. The pilot was successful, and a \$20 million award from the U.S. Department of Energy is now helping the program spread across Oregon to retrofit 6,000 homes and create 1,300 jobs. More than half of the people hired through the program are people of color.

Sources: [Clean Energy Works Portland](#); [Oregon/Southern Idaho Laborers-Employers Training Trust Fund](#)

Learn More

- [National Skills Coalition](#) Promoting state and federal policies to support U.S. workers and industries.
- [CLASP](#) Policy resources and advocacy for low-income people.
- [Strategic Actions for a Just Economy](#) Working to ensure worker and resident protections and economic democracy in Los Angeles.
- [Skills Training: Here, There, Everywhere](#) Advancing equity through workforce development and job training. (Growth & Justice)
- [New Orleans Workers' Center for Racial Justice](#) Grassroots organization working to ensure rights for laborers, guest workers, and homeless residents of New Orleans.
- [National Employment Law Project](#) Policies and campaigns to expand opportunities and protections for all workers.

Acknowledgments

Many thanks to Brendan Walsh of Central Arizonans for a Sustainable Economy for his thoughtful review and feedback on this brief.

Photo credit: Grant Ellis / World Bank used under [Creative Commons Attribution-ShareAlike 4.0 International](#).

Notes

- 1 Dean Baker and Jared Bernstein, *Getting Back to Full Employment: A Better Bargain for Working People* (Washington, DC: Center for Economic and Policy Research, 2013), http://www.cepr.net/documents/Getting-Back-to-Full-Employment_20131118.pdf.
- 2 “K12, College, and the Workforce: Collaborating to Prepare for Jobs of the Future,” The National Conference of State Legislatures, <http://www.ncsl.org/research/education/education-pipeline.aspx> (accessed August 3, 2015).
- 3 Chang-Tai Hsieh, Erik Hurst, Charles I. Jones, and Peter J. Klenow, *The Allocation of Talent and U.S. Economic Growth* (Cambridge, MA: National Bureau of Economic Research, 2013), <http://klenow.com/HHJK.pdf>.
- 4 Sarah Treuhaft, Justin Scoggins, and Jennifer Tran, *The Equity Solution: Racial Inclusion Is Key to Growing a Strong New Economy* (Oakland, CA: PolicyLink, 2014), http://www.policylink.org/sites/default/files/Equity_Solution_Brief.pdf.
- 5 ManpowerGroup, *The Talent Shortage Continues: How the Ever Changing Role of HR Can Bridge the Gap* (Milwaukee, WI: ManpowerGroup, 2014), https://www.manpower.de/fileadmin/manpower.de/Download/2014_Talent_Shortage_WP_US2.pdf.
- 6 “Employment Situation Summary,” United States Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/news.release/empsit.nr0.htm> (accessed July 30, 2015); Don Lee, “Long-Term Unemployed Still at Record Levels,” *Los Angeles Times*, September 10, 2015, <http://www.latimes.com/business/la-fi-longterm-jobless-20140910-story.html#page=1>.
- 7 Donna S. Rothstein, “Long-Term Unemployment Over Men’s Careers,” in *Beyond the Numbers: Employment and Unemployment* (Washington, DC: U.S. Bureau of Labor Statistics, 2013), <http://www.bls.gov/opub/btn/volume-2/long-term-unemployment-over-mens-careers.htm>.
- 8 “Household Data: Table A.2. Employment Status of the Civilian Population by Race, Sex, and Age,” under Data Retrieval: Labor Force Statistics, U.S. Bureau of Labor Statistics <http://www.bls.gov/webapps/legacy/cpsatab2.htm> (accessed July 31, 2015).
- 9 Austin Nichols, Josh Mitchell, and Stephan Lindner, *Consequences of Long-Term Unemployment* (Washington, DC: Urban Institute, 2013); <http://www.urban.org/uploadedpdf/412887-consequences-of-long-term-unemployment.pdf>.
- 10 Elisabeth Jacobs, *Twelve Ways to Fix the Youth Unemployment Crisis* (Washington, DC: Brookings Institution, 2014), http://www.brookings.edu/~media/research/files/papers/2014/05/22%20youth%20unemployment/brookings_jacobsunemployment_to%20print.pdf.
- 11 Sendhil Mullainathan, “Racial Bias, Even When We Have Good Intentions,” *The Upshot by the New York Times*, January 3, 2015, http://www.nytimes.com/2015/01/04/upshot/the-measuring-sticks-of-racial-bias.html?_r=1&abt=0002&abg=1.
- 12 RDA Global Inc., *Barriers to Employment Opportunities in the Baltimore Region* (Baltimore, MD: Opportunity Collaborative, 2014), http://www.opportunitycollaborative.org/assets/Barriers_Study_Final_052714.pdf?18cd4b&18cd4b.
- 13 Raj Chetty and Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates* (Cambridge, MA: Harvard University and NBER, 2015), http://scholar.harvard.edu/files/hendren/files/nbhds_paper.pdf.
- 14 Fredrik Andersson, John C. Haltiwanger, Mark J. Kutzbach, Henry O. Pollakowski, and Daniel H. Weinberg, *Job Displacement and the Duration of Joblessness: The Role of Spatial Mismatch* (Washington, DC: U.S. Census Bureau, Center for Economic Studies, 2014) <http://www2.census.gov/ces/wp/2011/CES-WP-11-30R.pdf>.
- 15 U.S. Department of Labor / Employment and Training Administration, Training and Employment Programs, *Summary of Budget Authority, FY 1984 to 2013, By Year of Appropriation*, last updated March 24, 2015, <http://www.doleta.gov/budget/docs/tepbah.pdf>.
- 16 PolicyLink, “Port of Opportunity: Landmark Jobs Deal in Oakland, California,” *America’s Tomorrow Newsletter*, December 18, 2013, <http://www.policylink.org/sites/default/files/americas-tomorrow-december182013.pdf>.
- 17 Michelle Natividad Rodriguez and Nayantara Mehta, *Ban the Box: U.S. Cities, Counties, and States Adopt Fair Hiring Policies to Reduce Barriers to Employment of People with Conviction Records*, (New York, NY: National Employment Law Project, 2015), <http://www.nelp.org/publication/ban-the-box-fair-chance-hiring-state-and-local-guide/>.
- 18 “PowerPathway” under “Training and Development,” PG&E, <http://careers.pge.com/career-training-development/> (accessed August 4, 2015).
- 19 Skills for America’s Future, *Case Study: PG&E PowerPathway™* (Queenstown, MD: The Aspen Institute, 2011), http://www.pge.com/includes/docs/pdfs/about/careers/powerpathway/newseventsmedia/CaseStudy_PowerPathway_SAF_June2011_FINAL.pdf.
- 20 “TEN’s Missouri Model: Expanding Opportunity and Building Careers,” Transportation Equity Network, http://www.transportationequity.org/images/stories/documents/NewResources/MO_Model_1-pager_2.doc (accessed August 4, 2015).



Lifting Up What Works®

Headquarters

1438 Webster Street
Suite 303
Oakland, CA 94612
t 510 663-2333
f 510 663-9684

Communications

55 West 39th Street
11th Floor
New York, NY 10018
t 212 629-9570

Washington, DC Office

1200 18th Street, NW
Suite 200
Washington, DC 20036

Los Angeles Office

1000 North Alameda Street
2nd Floor
Los Angeles, CA 90012

www.policylink.org

Facebook: /PolicyLink

Twitter: @policylink



marguerite **casey** foundation

change is possible.™

1425 4th Ave, Suite 900
Seattle, WA 98101
t 206 691-3134
f 206 286-2725