

Minnesota Workforce Council Association Winter Meeting

Hiring Disparities in Minnesota Discussion

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December 16, 2010

UNEVEN PAIN

Unemployment by metropolitan area and race

BY ALGERNON AUSTIN

The Great Recession has caused millions of job losses across the country. Many families and communities are devastated. While every metropolitan area has experienced some negative economic consequences from the Great Recession, not all areas have suffered equally. Looking just at annual unemployment rates in 2009, we see wide variations of hardship in the 50 largest metropolitan areas. The unemployment rate in the Detroit metro area, for example, was more than two-and-a-half times the rate in Oklahoma City (see Table 1).

Since the start of the recession in December 2007, the United States has lost approximately 8 million jobs, while the available labor force has also grown by roughly 3 million workers. We therefore need a total of about 11 million more jobs to return us to where we were before the recession started (Shierholz 2010).

Until we fill the jobs hole, many communities will continue to suffer. High rates of unemployment cause immediate harm to families and communities, and they also cause long-term social and economic damage that cannot be easily fixed even when the economy finally recovers (Irons 2009).

This Issue Brief details the variation in unemployment across the 50 largest metropolitan areas. Its key findings are:

- In 2009, the national annual unemployment rate was 9.3%. Five of the 50 largest metropolitan areas had unemployment rates over 11.3%—2 percentage points above the national rate—while seven experienced rates that were less than 7.3%—2 percentage points below the national rate.
- Only one metro area had a white unemployment rate above 11.3% (Detroit, 13.8%). Nine metro areas had a Hispanic unemployment rate above 11.3%, and 14 had a black unemployment rate above that level.
- No metropolitan area had a black unemployment rate below 7.3%, and only two areas had Hispanic unemployment rates below 7.3%. Nearly half of the areas—24—had white unemployment rates below that level.
- In all but two metropolitan areas, the white unemployment rate was lower than the overall rate. For the 50 largest metropolitan areas, the average white unemployment rate is 0.8 times the overall rate.
- The Hispanic-white unemployment ratio was highest in Providence, R.I. In Providence the Hispanic unemployment rate was double the white rate, and the gap was 11.3 percentage points.

TABLE 4

Annual black unemployment rates by metropolitan area, 2009

Black rank	Metropolitan area	Black	White	Black-white ratio	Black-white difference
1	Detroit-Warren-Livonia, MI	20.9%	13.8%	1.5	7.1
2	Minneapolis-St. Paul-Bloomington, MN-WI	20.4	6.6	3.1	13.8
3	St. Louis, MO-IL	17.3	8.4	2.1	9.0
4	Las Vegas-Paradise, NV	16.9	10.1	1.7	6.8
5	Memphis, TN-MS-AR	15.7	5.1	3.0	10.5
6	Charlotte-Gastonia-Concord, NC-SC	15.6	9.4	1.7	6.2
7	Chicago-Naperville-Joliet, IL-IN-WI	15.5	8.5	1.8	6.9
8	Miami-Fort Lauderdale-Pompano Beach, FL	15.4	8.0	1.9	7.4
9	Los Angeles-Long Beach-Santa Ana, CA	15.0	8.6	1.7	6.4
10	Atlanta-Sandy Springs-Marietta, GA	14.3	7.2	2.0	7.1
11	New York-Northern New Jersey-Long Island, NY-NJ-PA	14.2	6.7	2.1	7.5
12	Houston-Sugar Land-Baytown, TX	12.4	5.4	2.3	7.0
13	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	12.2	7.0	1.7	5.2
14	Richmond, VA	12.0	5.4	2.2	6.6
15	Baltimore-Towson, MD	11.3	5.9	1.9	5.4
16	Dallas-Fort Worth-Arlington, TX	10.7	6.5	1.7	4.3
17	Virginia Beach-Norfolk-Newport News, VA-NC	9.8	5.2	1.9	4.6
18	Washington-Arlington-Alexandria, DC-VA-MD-WV	8.1	4.5	1.8	3.6
	Average	14.3%	7.4%	2.0	7.0

SOURCE: Author's analysis of CPS and LAUS data.

Looking at the unemployment ratios with whites for Hispanics and African Americans in Tables 3 and 4, the Minneapolis metropolitan area stands out as having the worst relative disparity. The Minneapolis metropolitan area has a black-white unemployment ratio of 3.1 to 1. This means that blacks are 3.1 times as likely to be unemployed as whites. Additionally, the black-white difference in unemployment is almost 14 percentage points.

We can see that education is not the only explanation for the high relative unemployment rates of blacks by examining the unemployment rates for blacks and whites with similar levels of education in Minneapolis. In 2008 in the Minneapolis metro area, ACS data show that blacks with comparable levels of education as whites are much more likely to be unemployed. For example, African Americans with a high school diploma or GED were three times as likely to be unemployed as whites with the same level of education. Even if blacks had the exact same educational profile as whites in Minneapolis, they would still have a much higher unemployment rate (see also Austin 2008).

Not just an urban issue

- In 2000, 27% of all suburban population were minorities
- This 27% is up from 19% only a decade earlier
- In 1998 in Richfield, whites held an 86 percent majority but now they number 38 percent
- Over the last decade minority school enrollment in Burnsville climbed from 7 percent to 34 percent
 - Hopkins from 8 percent to 28
 - Bloomington from 7 percent to 36

Not just a metro issue

<http://minnesota.publicradio.org/features/2010/05/retooling/disparity/>

“WORKING TWICE AS HARD . . .”
AFRICAN AMERICANS AND THE AMERICAN LABOR
MARKET

Algernon Austin

Program on Race, Ethnicity and the Economy

“You’ve got to work twice as hard to get half as far as a Black person in white America.”

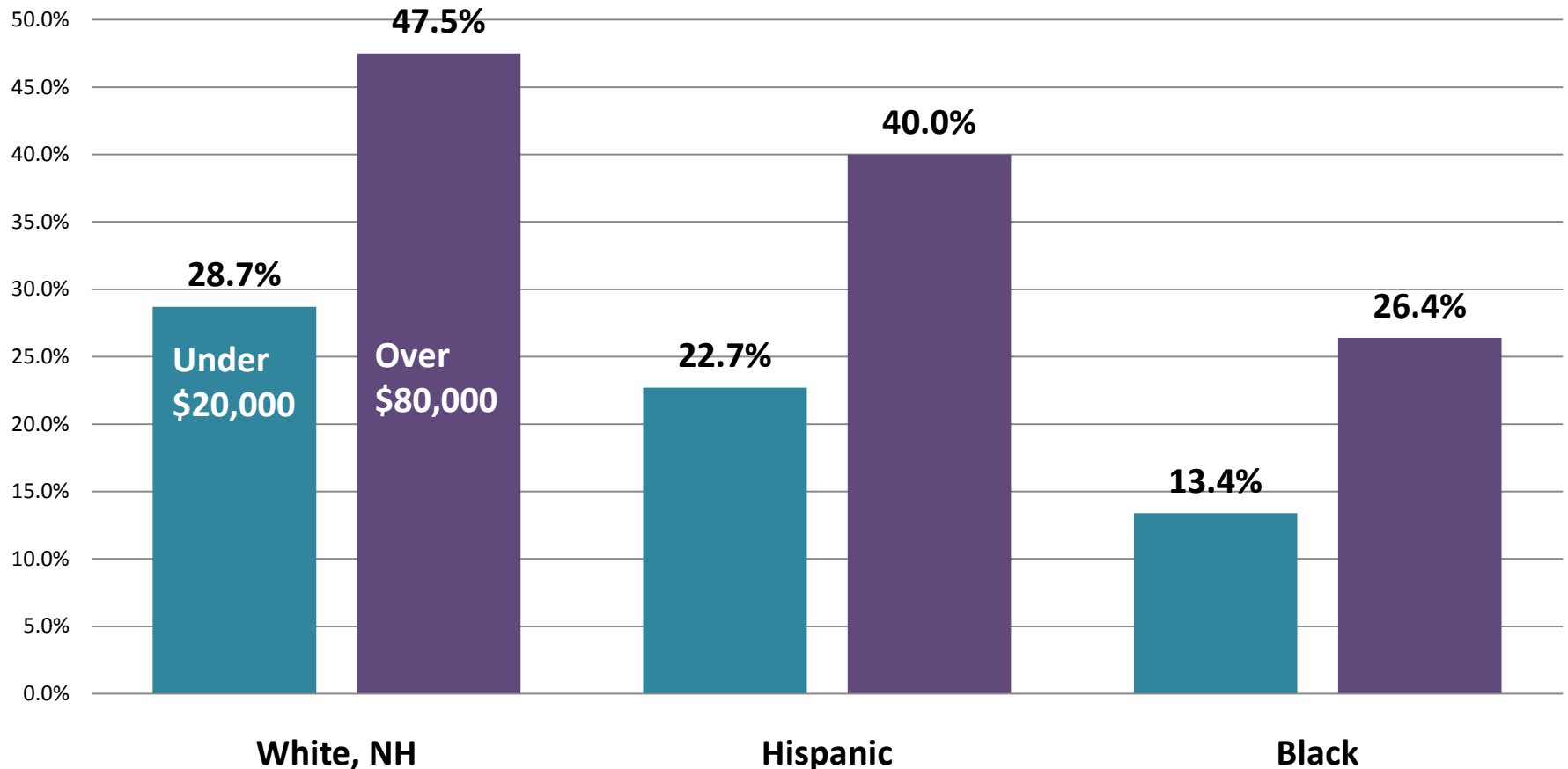
--African-American Proverbs, LBLacey

Overview

- I. The Difficulties for Blacks in the Labor Market
- II. Unemployment Disparities in the Twin Cities
- ~~III. Improving Sectoral Employment Strategies~~

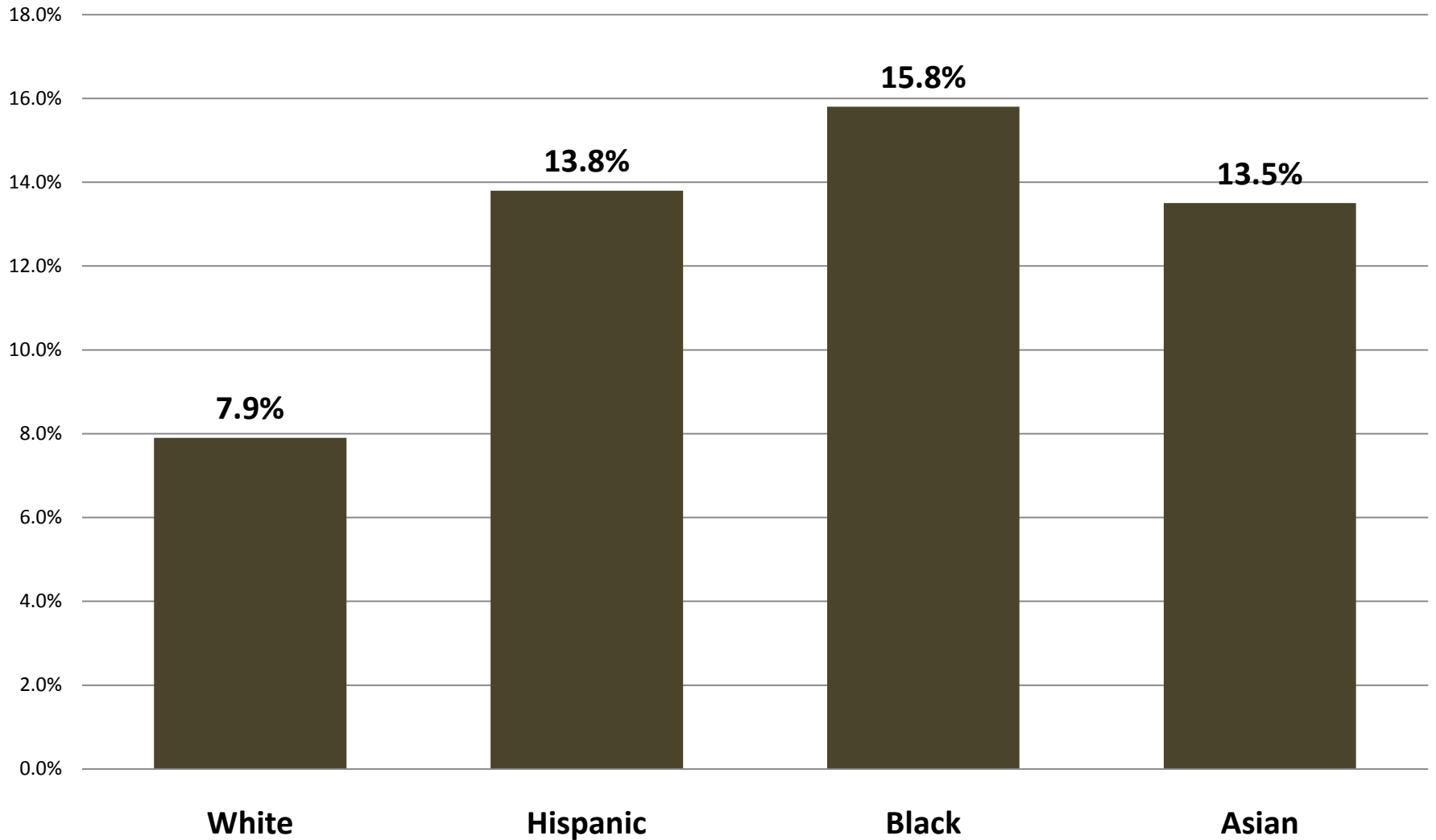
I. The Difficulties for Blacks in the Labor Market

Employment-to-Population Ratios for Teens by Race and Family Income in Illinois, 2008

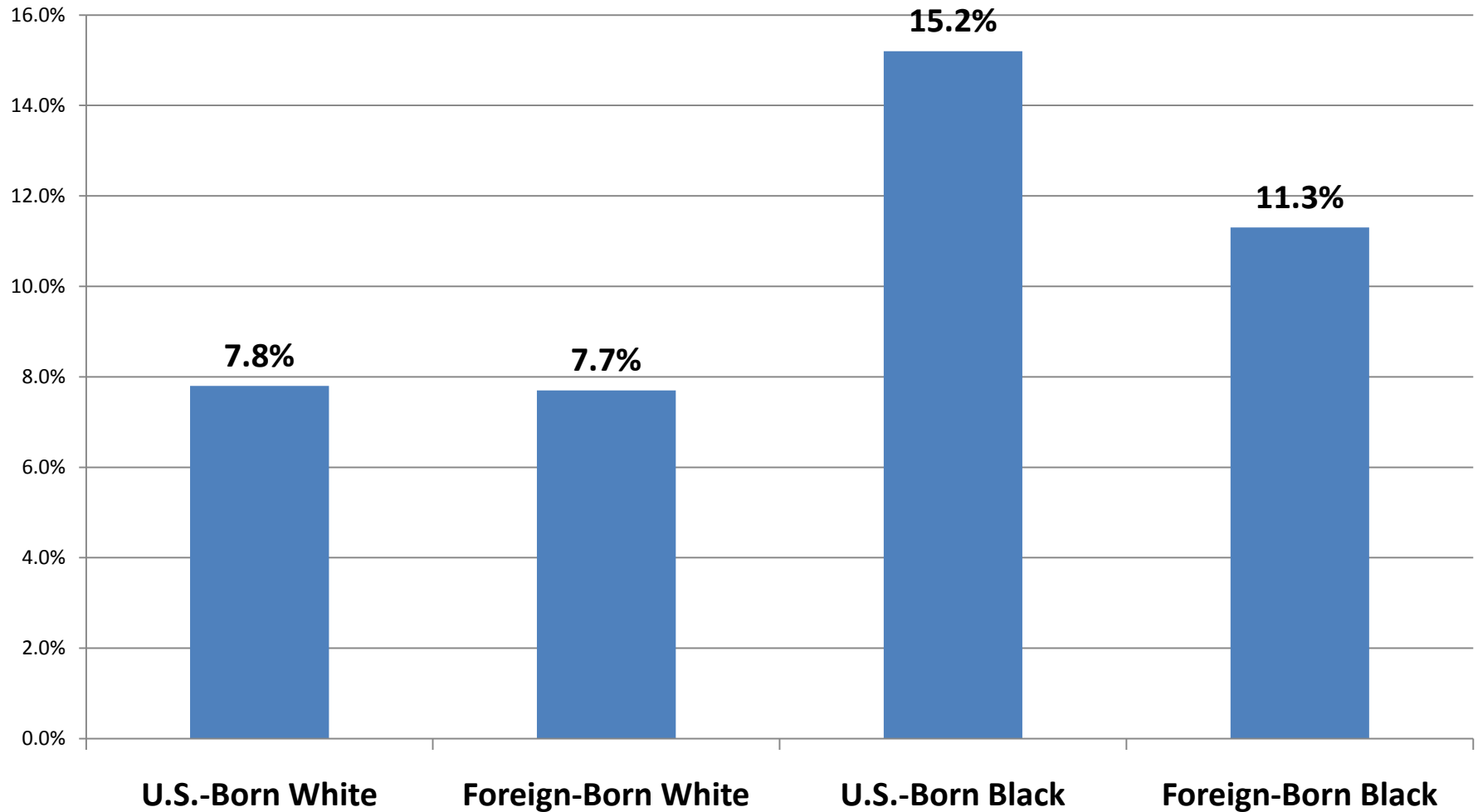


Source: Sum, Khatiwada, McLaughlin, 2010

Annual Unemployment Rates by Race for Recent College Graduates, 2009



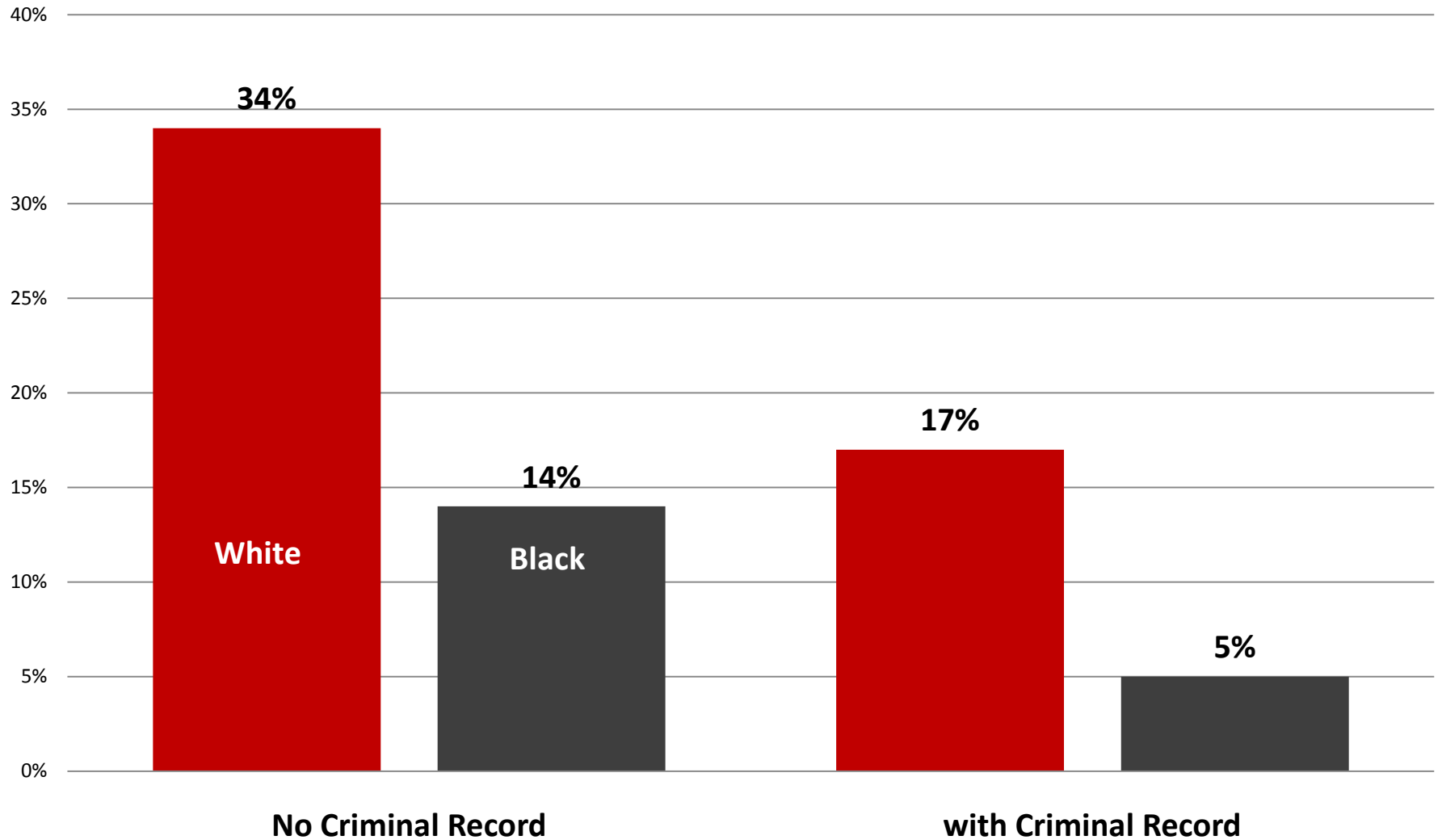
Unemployment Rates for U.S.- and Foreign-Born Whites and Blacks, 2009



Source: Bureau of Labor Statistics, 2010

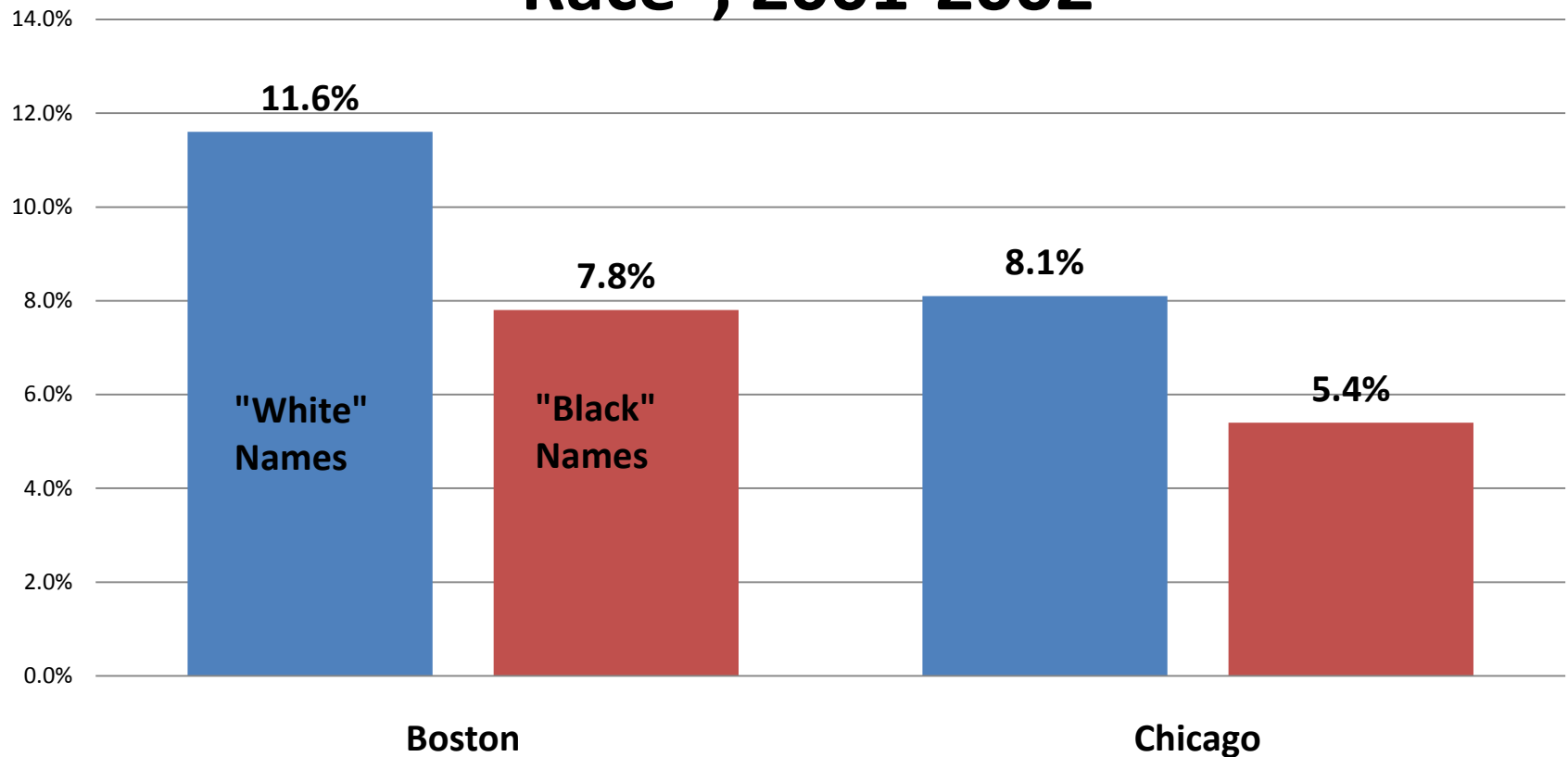
Audit or Paired Tester Studies

Positive Milwaukee Employer Response by Race, 2001



“Are Emily and Greg More Employable than Lakisha and Jamal?”

Positive Employer Response by "Race", 2001-2002



Source: Bertrand and Mullainathan, 2004

Pager, Western, and Bonikowski, 2009

- “The findings suggest that a black applicant has to search twice as long as an equally qualified white applicant before receiving a callback or job offer from an employer.”

II. Unemployment Disparities in the Twin Cities

Annual Unemployment Rates for 50 Largest Metros, 2009

Rank	Metropolitan Area	All
1	Detroit	15.1
39	Minneapolis- St. Paul	7.8
50	Oklahoma City, OK	5.9
	National Rate	9.3

White Unemployment Rates, 2009

White Rank	Metropolitan Area	White	White-All Ratio
14	Seattle	8.5	1.0
36	Minneapolis-St. Paul	6.6	0.8
47	Memphis	5.1	0.5
	Average	7.6	0.8

Black Unemployment Rates, 2009

Black Rank	Metropolitan Area	Black	Black-White Ratio
2	Minneapolis-St. Paul	20.4	3.1
3	St. Louis	17.3	2.1
1	Detroit	20.9	1.5
	Average	15.3	2.1

Why is the black-white unemployment ratio so high in the Twin Cities?

- **Tentative Findings**

- Based on a regression analysis of the 18 metros with the most convenient data available.
- A more careful analysis with better data and a larger number of metros is desirable.

Tentative Findings

- The high black-white unemployment ratio does NOT appear to be due to:
 - The large percent of foreign-born blacks.
 - The degree of segregation in the metro area.
 - The size of the black population.
 - All else equal, metros with larger black populations appear to have larger black-white unemployment ratios.

Tentative Findings

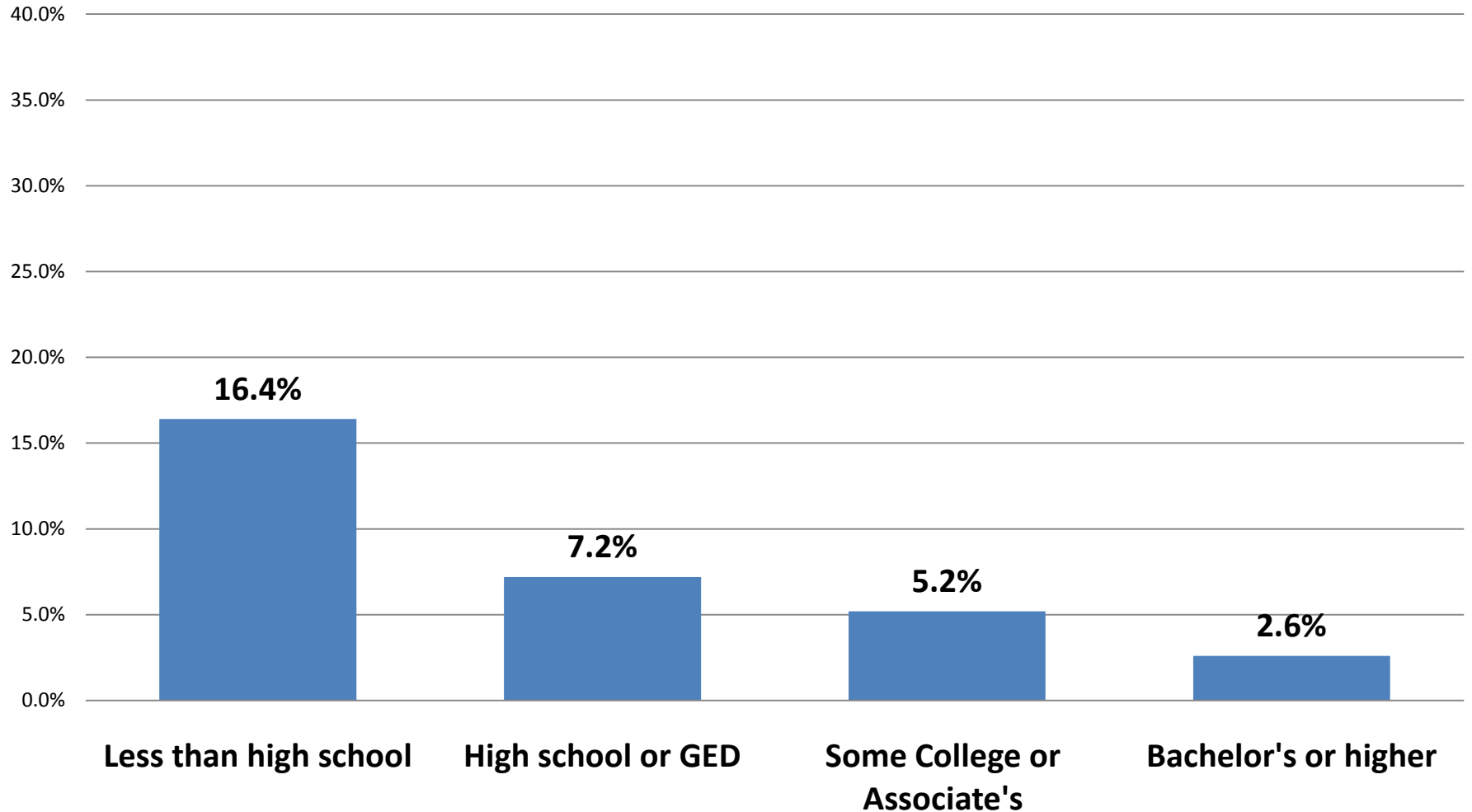
- The high black-white unemployment ratio does appear to be due to:
 - The difference in the high school dropout rate of the white and black labor forces.
 - The relatively young age of the black labor force.

Tentative Findings

- The High School Dropout Gap
 - For the 18 metros, in 2008, the median gap in the percent of whites and blacks was 5.5.
 - For the Twin Cities it was 9.2.
 - In the Twin Cities, relative to the 18 metros, the white dropout rate is low and the black rate is high.
 - Note: These statistics are for all ages, not for those above 18 years old or above 25 years old.

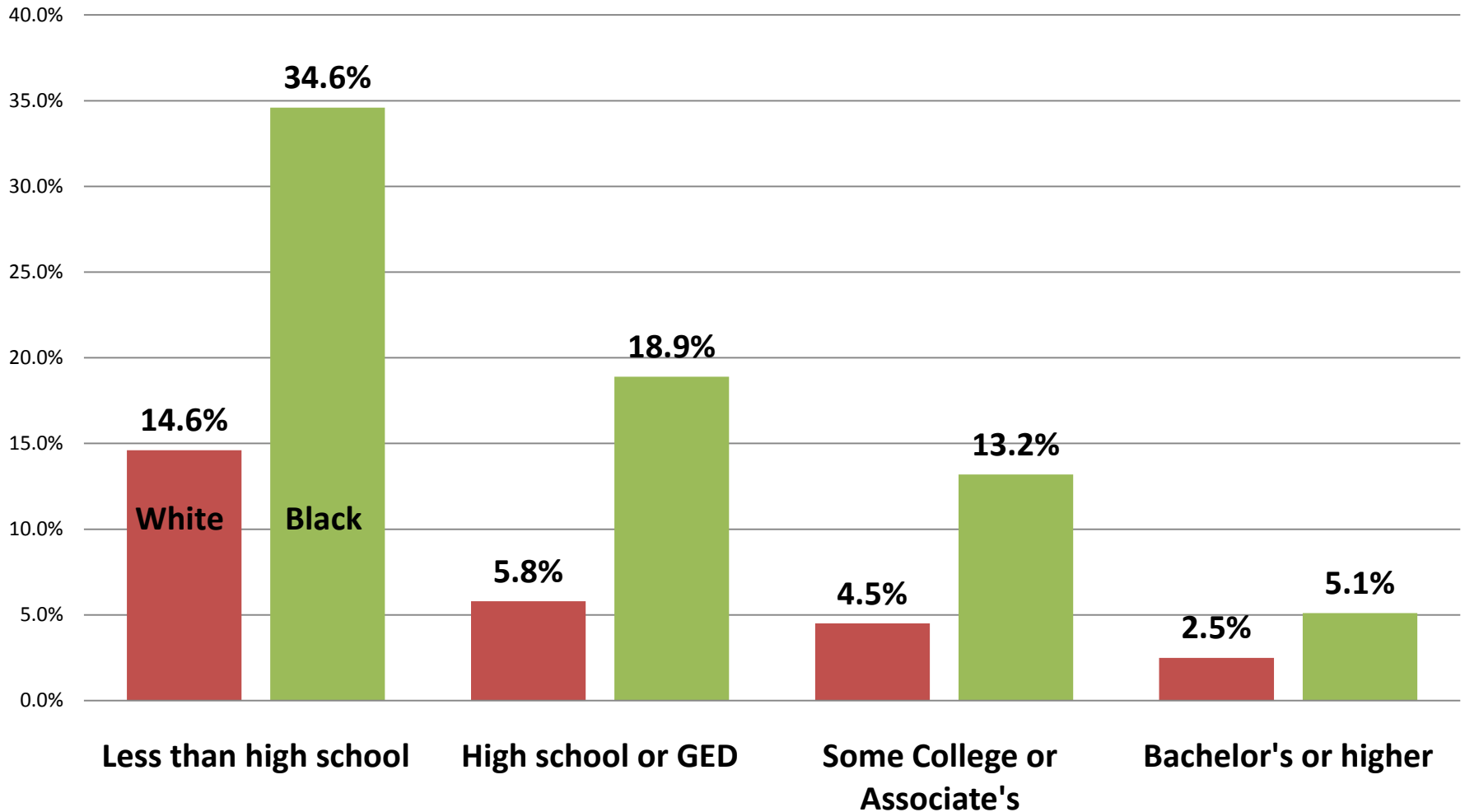
Twin Cities Unemployment Rates by Education Level, 2005-2007

(ACS Estimates, no age restriction)

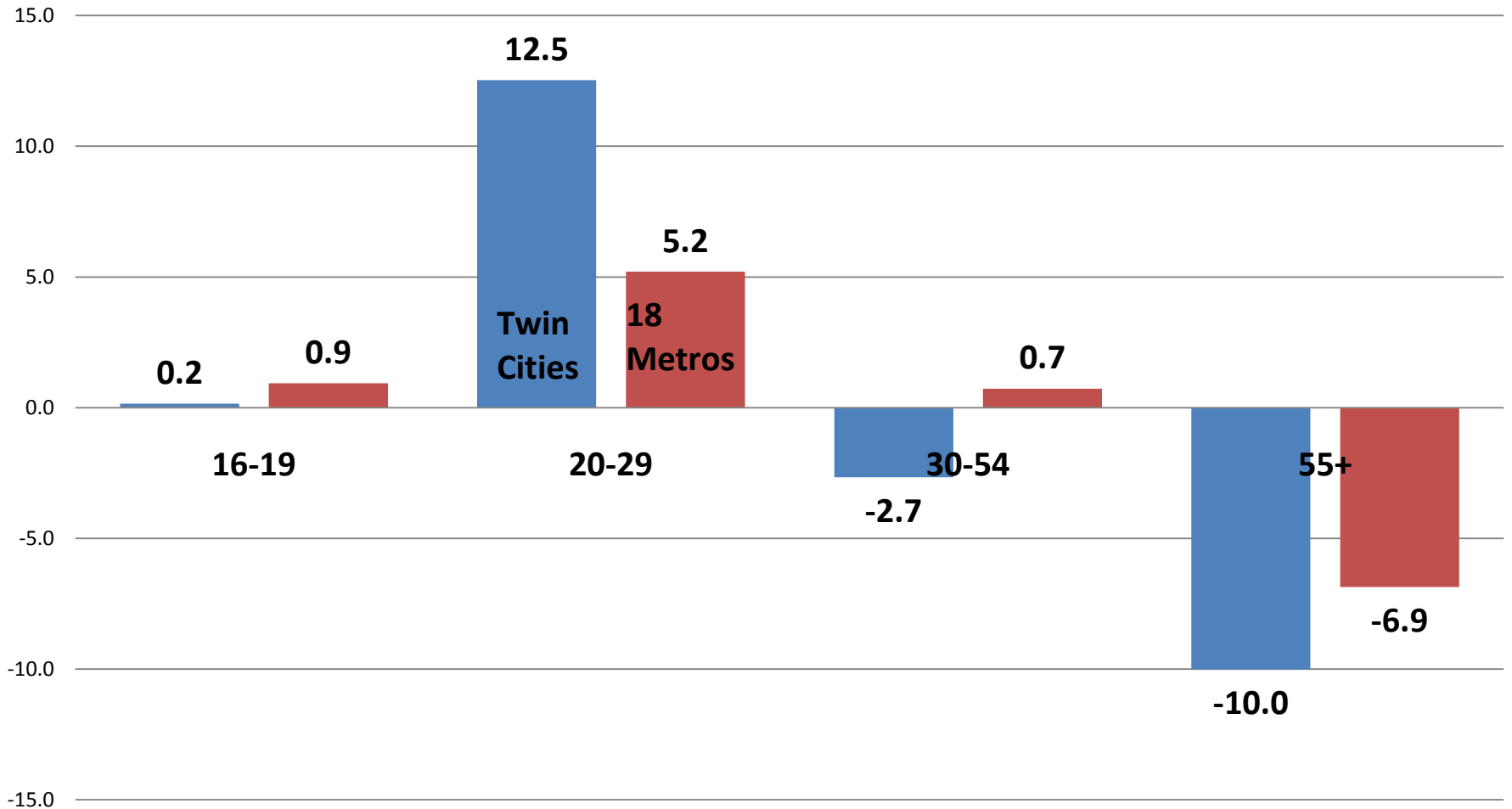


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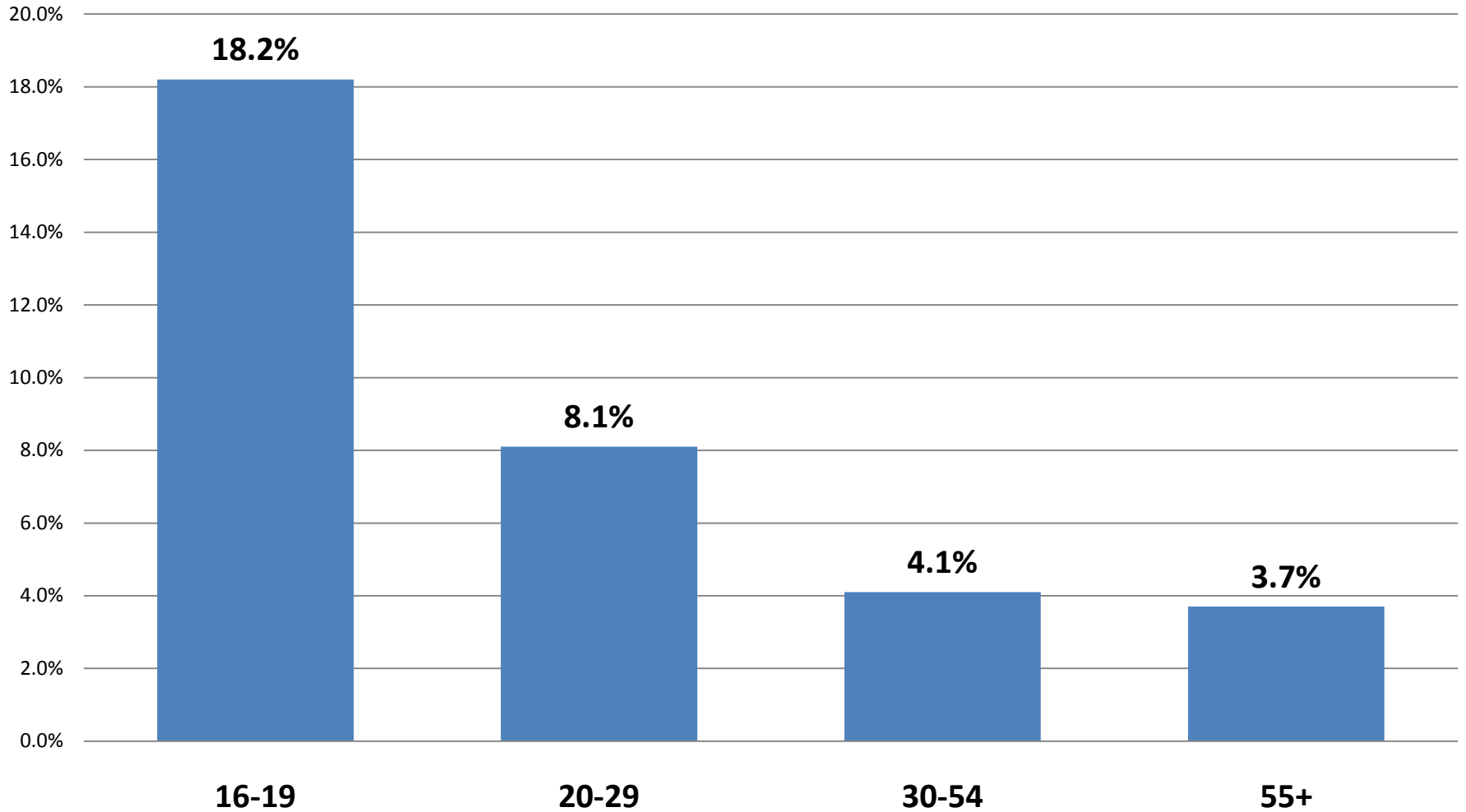


Black-White Difference in Age Distribution for Twin Cities and 18 Metros, 2008



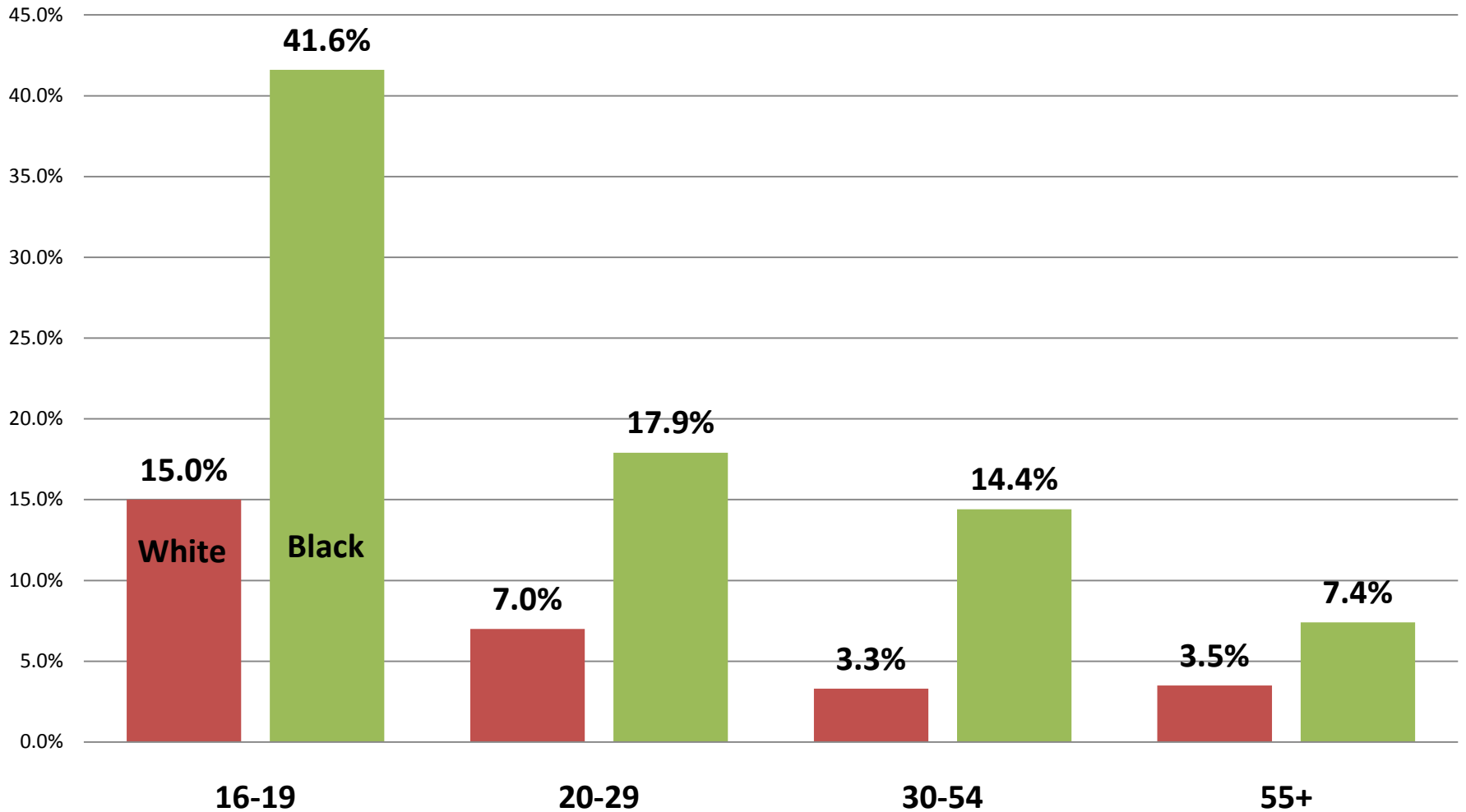
Twin Cities Unemployment Rates by Age, 2005-2007

(ACS estimates)



Twin Cities Unemployment Rates by Age, 2005-2007

(ACS estimates)



Tentative Findings

- The black high school dropout rate and the younger age of the black population appears to be reasons for the high black-white unemployment rate ratio in the Twin Cities.

Tentative Findings

- Even if the black and white populations were identical in high school dropout rates and in their age distributions, there would still be a significant black-white unemployment rate disparity.

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