



Standing in the Gap:

The Case for Family Sustaining Wages in Minnesota

MAY 2024



Greetings,

Who do you imagine meeting your needs when you prepare to have your blood drawn in a medical laboratory? What about when you visit your accountant for your annual tax service? What about when you ask for a manager at a local establishment? For far too long, occupations and the halls of management have been so deeply segregated by race and gender that we begin to believe that some people ‘belong’ in jobs and other people do not. That belief gap has led to unprecedented and unsustainable gaps that not only limit economic mobility for workers of color, but also harm regional economic growth. This is why the Center for Economic Inclusion chose to investigate the opportunities for closing these widening gaps.

Before the COVID-19 pandemic, Brookings Metro estimates that nationally, 44% of working families were paid wages that do not allow them to sustain themselves in their local economies. Those numbers were shockingly higher for Black (58%) and Latino workers (57%), people without a high school diploma (65%). The pandemic exacerbated these conditions as frontline workers bore the brunt of our economic struggles, maintaining face to face employment in harsh conditions, often without the increases to their salaries that might have allowed them to compensate for the economic and social price their families paid.

As Minnesota continues to build back its economy, with green jobs, and jobs in the innovation economy, we must be hyper focused on solutions that maximize the talent in communities of color by creating more accessible career pathways in growth sectors.

As we examined the state of work in Minnesota, and the solutions that will pay dividends for the entire economy while addressing these gaps, we did so with an eye toward being good ancestors. We are proud to have offered family sustaining wages for every job at the Center since our inception. We’ve also invested more than \$6 million since 2020 in supporting Black and Latina owned businesses in their efforts to create more jobs that pay family sustaining wages. We know the benefits that occur when families have the wages that allow them to sustain their families and build for their futures. With this report, we offer employers in all sectors an opportunity to join us in this critical action. Can we count on you? Our children’s children will thank us.

In solidarity,



Tawanna A. Black, Founder and CEO, Center for Economic Inclusion

Prepared in Partnership

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“Our region is facing a huge demographic shift while racial disparity deepens in Minnesota. Consequently, uplifting and supporting workers of color is important as we—Minnesotans—tackle this worsening disparity to create an economy that works for all.”

- Abdiraham Muse, Executive Director, Awood Center

EXECUTIVE SUMMARY

Minnesota, long known for progressive values, has also become known for its stark racial disparities, including in wages. Despite racial equity commitments by public and private sector leaders, wages have been absent from those promises.

Minnesota’s wages need to better reflect our values. In 2023, the [family sustaining wage](#) for a two-earner, two-child household in Minnesota reached \$25/hour (Glasmeier 2023). This wage, defined by the Center for Economic Inclusion based on data from the MIT Living Wage Calculator, is the minimum wage a family needs to support their basic living expenses. Minnesota needs to formally adopt this new wage goal in order to create a thriving economy that works for everyone.

Black, Hispanic, and Indigenous Minnesotans Are Least Likely to Earn Family Sustaining Wages; All Minnesotans Are Impacted

Black, Hispanic, and Indigenous Minnesotans are the least likely to earn a family sustaining wage, with only one-third of all workers reporting hourly wages above the threshold. Yet the issue impacts all Minnesotans. Approximately three in four workers earning less than a family-sustaining wage in Minnesota are White - meaning that almost one million White Minnesotan workers do not earn a family sustaining wage.

Racial wage and wealth disparities are largely driven by occupational segregation, the over-representation by race of workers in certain jobs.

When looking at the top 10 occupations in Minnesota for each racial group:

- Only one of ten top occupations for Latine workers have a median wage at or above a family sustaining wage.
- Only one of ten top occupations for Black workers have a median wage at or above a family sustaining wage.
- The top two jobs for Black workers in Minnesota are care workers (personal health aides or nursing assistants), while the top job for White Minnesotans is managers.

This report recommends changes to drive the adoption of family sustaining wages in essential sectors that:

- employ the greatest number of Minnesota workers,
- are over-represented by Black and Brown workers compared to the overall population, and
- do not pay a family sustaining wage.

These occupations include care workers, cleaning staff, food preparation workers, packaging workers, production workers, transportation workers, preschool teachers and educational assistants, transportation workers, agriculture workers, and office and administrative staff.

These essential jobs have a huge impact on the day-to-day life of Minnesotans; almost all were deemed essential during the COVID-19 pandemic. The fact that these workers cannot afford basic necessities indicates that their contributions to the economy and quality of life in Minnesota are not recognized as vital, important, and valued.

Low wages in these essential jobs have detrimental impacts on the workers, their families, communities and employers. Many people are stuck for their entire lives in low-wage jobs that have negative impacts on their health and their children. Employers also suffer from the impacts of low wages including high turnover, absenteeism, lower morale and poor customer experiences. For roles like health aides, the cyclical challenges of low wages have led to challenges staffing nursing homes and constant churn that can result in devastating mistakes.

These entrenched disparities are deeply connected to the continuing inequality across Minnesota. This contributes to uneven economic development, with resource hoarding in affluent communities and extraction of labor and wealth from low-income communities, often comprised of people of color. Investing in workers by paying family sustaining wages inverts this dynamic.

Practical actions that can be taken by actors within the private and public sectors:

- **Invest in higher wages.** Create more stable and prosperous Minnesota families, companies, and an overall economy. The demand for these essential jobs is not going away and Minnesota can make the changes that will make them better jobs. Some of these jobs can be improved by private sector action. Others, such as care workers and education workers, are largely funded by public dollars and require political action to change wages.
- **Improve these jobs.** Embrace an approach that analyzes data to strategically invest in workers. This approach has been shown to lower turnover, and improve retention, productivity, and customer experience.
- **Invest in public sector jobs.** Policy makers must also strengthen and enforce labor laws.
- **Recognize the inherent value of essential workers.** Particularly Black, Indigenous, Latine, and Asian workers. They are critical to creating a more prosperous and healthy community and their wages should better reflect their value.

Black, Hispanic, and Indigenous Minnesotans are the least likely to earn a family sustaining wage, with only one-third of all workers reporting hourly wages above the threshold. Yet the issue impacts all Minnesotans. Approximately three in four workers earning less than a family-sustaining wage in Minnesota are White – meaning that almost one million White Minnesotan workers do not earn a family sustaining wage.



INTRODUCTION

Minnesota has long been known for its high quality of living, great schools, and strong labor movement. Following George Floyd’s murder by Minneapolis Police Officer Derek Chauvin in 2020, Minnesota instead became known for racialized violence and its hidden hypocrisy of white supremacy.

Uprisings in Minneapolis ignited a movement across the country, with millions of people taking to the street, demanding justice and equity for Black people, Indigenous people, and all people of color. The protests, referred to by many as a racial reckoning, led public officials and corporations across Minnesota and the nation to make public commitments in pursuit of racial justice: diverse hiring targets, investment in community development financial institutions, more recruitment at historically Black colleges and universities, to name a few (Green, 2021).

In the midst of uprisings across U.S. cities, Just Capital, a non-profit focused on measuring and improving the social impact of America’s largest public companies, surveyed the public on what actions companies should take to effectively meet this moment of reckoning spurred by Floyd’s murder. The public’s number one response, representing 84% of those surveyed, was a desire for companies to “commit to paying all employees a living wage that covers the local cost of food, housing, and medical care” (Just Capital, 2020). In 2022, another Just Capital survey again found strong public support for companies paying a

living wage, with 77% of respondents agreeing that racial equity cannot be achieved unless all workers are paid a living wage (Tonti).

While popular, these overdue calls for family sustaining wages were notably absent from corporate pledges to better serve the community. And the chilling effect resulting from the recent Supreme Court decision on college affirmative action programs is threatening to stymie the marginal progress made towards diverse hiring targets over the past three years (Bohannon, 2023).

Minnesota is in a unique moment – a moment when it must reckon with its history and with the economic and moral imperative of valuing all people and all work. Employers and policymakers want to make Minnesota a place where everyone can thrive. A family sustaining wage represents a way forward that is good for employers and communities, and a way where Minnesota collectively invests in Black and Brown talent that is disproportionately represented and stagnated in lower wage occupations.

“Minnesota is in a unique moment – a moment when it must reckon with its history and with the economic and moral imperative of valuing all people and all work. Employers and policymakers want to make Minnesota a place where everyone can thrive.”

— Tawanna Black, Center for Economic Inclusion

This report focuses on the top 30 low-wage occupations for Black, Indigenous, Hispanic, Asian, and multi-race individuals, what we refer to as essential jobs. (While this report uses the term “Latine” to refer to individuals of Latin American descent, this section employs the term “Hispanic” to accurately represent data as reported in the American Community Survey.)

Analyzing family sustaining wages by race

Since 2020, Black and Brown Minnesotans have experienced a global pandemic, a racial injustice uprising, historic inflation, and wage shocks across several industries. In this report we assess the current state of wages in Minnesota by race in comparison to the wage necessary to sustain a family. We ask: Are workers, particularly Black and Brown workers, in Minnesota earning the wage necessary to support a family? How do wages vary across occupations and demographics? What can be done to improve wages from essential workers?

To answer these questions, we analyze quantitative data from the 2021 5-year American Community Survey to identify and assess trends in wages and employment in Minnesota. We utilize an intersectional approach, focusing our analysis on Black and Brown workers – those most impacted by low wages in Minnesota.

The quantitative data in this report was complemented by interviews with 16 workers, labor leaders, business leaders, and thought leaders. These interviews provided additional context to understand the current reality faced by workers and employers and informed both the focus of our analysis and the key actions we identify. A more detailed description of our interview approach can be found in Appendix II.

Minnesota needs a \$25 hourly wage now

Family sustaining wage, another term for living wage, is defined by the MIT Living Wage Calculator as “the hourly rate that an individual in a household must earn to support their family” (Glasmeier, 2023). For a Minnesota family of four with two working parents in 2023, each parent needs to earn \$24.98/hour to meet this threshold. Minnesota’s minimum wage, currently \$10.59/hour for large employers (gross annual revenue greater than \$500,000) and \$8.63/hour for small employers, and even the frequently advocated for \$15/hour all fall far short of achieving this standard (Ondieki, 2023).

The MIT Family Sustaining Wage is an alternative measure of basic needs that uses geographically specific data to estimate a family’s likely minimum costs for food, childcare, health insurance, housing, transportation, and other basic necessities (e.g. clothing, personal care items, etc.). The estimate does not include funds for eating at restaurants, vacations, entertainment, or savings and investment, which are critical not only to generational wealth building but also to navigating expenses like car and home repairs or retirement. Therefore, this wage is perhaps better thought of as **the very minimum subsistence wage for a family before they need to seek public assistance or suffer consistent and severe housing and food insecurity.**

Shortly before the release of this report, MIT released cost of living estimates for 2024. The costs have increased 17% in the past year, resulting in a Family Sustaining Wage for a family of four with two working parents to reach \$29.43/hour. Economic Policy Institute’s 2024 family budget calculator has a similar estimate for the Minneapolis- Saint Paul Metro Area (\$28.60/hour). This underscores that the cost of living continues to rise every year and **urgent action is needed to make progress on this issue.**

These numbers demonstrate that low wages found across many essential occupations in Minnesota are simply inadequate to meet a family’s minimum annual expenses.

When the working poor cannot afford basic necessities – working poor who provided labor that earned them the moniker of “essential workers” during the pandemic – the immense gulf is revealed between a society that sees and values the contributions of all people and our present state, where less than half of all Black, Hispanic, and Indigenous workers in Minnesota earn a family sustaining hourly wage.

The estimated family sustaining wage varies somewhat across the state. In rural counties, the estimate is as low as \$22/hour while it goes up to \$26/hour in the Twin Cities metro area. While some costs are lower in rural Minnesota, such as housing, the lack of public transportation and support programs add additional challenges to living on a low wage.

While we anchor on \$25/hour in this report, in reality, the wages needed to sustain a family are dependent on family composition.

A family sustaining wage needs to be much higher when only one parent is working and even higher for single-parent households. For single parents with one child, the family sustaining wage is \$35/hour, and with two children rises to \$45/hour. Across Minnesota more than one in four children are raised by single parents, and close to one in two are being raised by single parents among Black and Latine children (Annie E. Casey Foundation, 2024).

“Minnesota is in a unique moment – a moment when it must reckon with its history and with the economic and moral imperative of valuing all people and all work. Employers and policymakers want to make Minnesota a place where everyone can thrive.”

Tawanna Black, Center for Economic Inclusion

FIGURE 1:
Typical Expenses for Household with 2 Working Adults and 2 Children

Expense	2023
Food	\$11,812
Childcare	\$19,015
Medical	\$8,257
Housing	\$14,198
Transportation	\$14,164
Civic	\$8,951
Other	\$10,871
Required annual income after taxes	\$87,401
Annual taxes	\$16,513
Required annual income before taxes	\$103,914
Required income, divided between two working adults	\$51,957
Hourly Rate:	\$24.98/hour

Note: This analysis does not include vacations, entertainment, restaurant meals, retirement savings, education expenses, investments

Source: Living Wage Calculator, Glasmeier, 2023

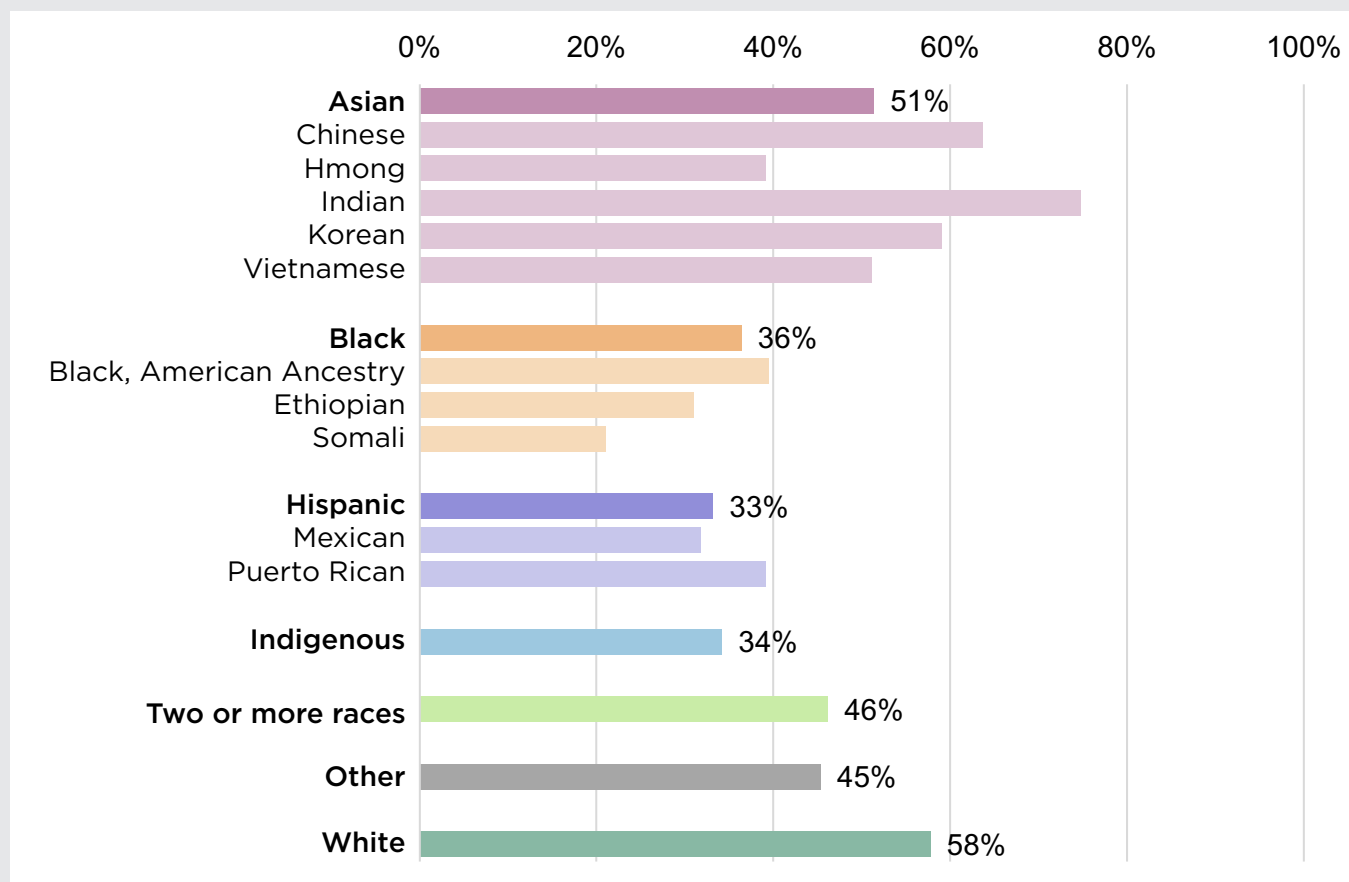
Demographics of Workers Receiving Family Sustaining Wages

This report leverages the 2021 5-year American Community Survey data to identify and assess trends in wages and employment across the population of working adults in Minnesota (Ruggles et al., 2023). Overall, just over half (55%) of Minnesota’s 2.8 million workers earn at least a family sustaining wage. Black, Hispanic, and Indigenous Minnesotans are the least likely to earn a family sustaining wage, with nearly two out of three individuals from these groups reporting hourly wages below the threshold. White and Asian Minnesotans are the most likely to earn a family sustaining wage, with over half of workers reporting hourly wages above the family sustaining wage threshold.

This amounts to almost 320,000 Black, Hispanic, Indigenous and Asian Minnesotans who do not earn a family sustaining wage. Almost one million White Minnesotan workers also earn a wage below this threshold. This issue is particularly egregious for Minnesota’s growing Black, Hispanic, Indigenous and Asian populations and is of critical importance to all Minnesotans.

Looking beyond major race and ethnicity categories, we find further wage difference by cultural communities. Among major Asian communities in Minnesota, Hmong workers are the largest cultural community with more than 40,000 workers, but are the least likely to earn a family-sustaining wage (39%). Chinese (64%) and Indian (75%) workers are the most likely. Among Black Minnesotans, those with American ancestry are the most likely to earn a family sustaining wage (40%) compared to Ethiopian (31%) or Somali (21%) workers. Among Hispanic workers, less than one in four Mexican (32%) and Puerto Rican (39%) workers earn at least a family-sustaining wage.

FIGURE 2:
Black, Hispanic, Indigenous, and Hmong Workers are the Least Likely to Be Paid a Family Sustaining Wage



Source: Center analysis of 2021 5-year American Community Survey

Occupations Are Segregated By Race

Occupational segregation by race in Minnesota results in significant wage and wealth disparities.

A look at the top occupations by racial group showcases the devastating racial hierarchies at play in Minnesota. Using data from the 2021 five-year American Community Survey (ACS) we identify the top 10 occupations, as defined by the share of workers employed in that occupation, performed by individuals from each racial group. We limit the sample to those who are over the age of 16, employed, and who report wages from income (Ruggles et al., 2023).

For analysis of ACS data, we set the threshold for a family sustaining wage at the 2021-level of \$21.68/hour. Figure 4, below, shows the top ten occupations for each race and ethnicity group alongside the share of workers employed in that occupation and the median hourly wage. Highlighted rows indicate occupations where less than half of workers earn a family sustaining wage.

These top 10 occupations presented in the tables below represent between 21.9 and 33% of all Minnesota workers in each racial and ethnic group*. Highlighted rows represent occupations where less than 50% of workers earn a family sustaining wage.

Black workers show the highest level of occupational concentration, with a third of workers employed in one of the top ten occupations. The same is true for a quarter of Hispanic, Asian, and Multi-racial workers, while only one in five White workers are employed in a top ten occupation, indicating that White workers are employed in a broader set of occupations, compared to Black workers.

Despite shifting demographics in the labor market, the reality of occupational segregation by race has stayed consistent. Millennial workers – those born between 1981 and 1996 – experience less occupational segregation than previous generations by gender but encounter about the same amount of racial and ethnic occupational segregation as prior generations. Among millennials, occupational segregation accounts for about a quarter of the gender wage gap and almost half of racial wage gaps (Weeden, 2018).

FIGURE 3:
Hispanic, Black, and Multi-racial Workers are the Least Likely to Work in Occupations that Pay Family Sustaining Wages

Among the top 10 occupations by race and ethnicity, number where at least half of workers earn a Family Sustaining Wage

Hispanic workers: 1 of the top 10 occupations is family sustaining.	
Black workers: 2 of the top 10 occupations are family sustaining.	
Multi-racial workers: 2 of the top 10 occupations are family sustaining.	
Asian workers: 7 of the top 10 occupations are family sustaining.	
White workers: 7 of the top 10 occupations are family sustaining.	

Top 10 Occupations By Race

FIGURE 4A: Black Workers

	Occupation	Share Of Workers	Median Hourly Wage
1	Nursing, Psychiatric, and Home Health Aides	6.7%	\$15.56
2	Personal Care Aides	6.1%	\$13.22
3	Cashiers	3.3%	\$10.84
4	Registered Nurses	2.8%	\$38.20
5	Customer Service Representatives	2.6%	\$38.20
6	Janitors and Building Cleaners	2.5%	\$16.42
7	Assemblers and Fabricators	2.4%	\$16.94
8	Laborers and Freight, Stock, and Material Movers, Hand	2.3%	\$16.72
9	Maids and Housekeeping Cleaners	2.2%	\$12.99
10	Driver/Sales Workers and Truck Drivers	2.1%	\$20.78
	Total across all listed occupations	33.0%	

Top 10 Occupations By Race

FIGURE 4C: Multiracial Workers

	Occupation	Share Of Workers	Median Hourly Wage
1	Cashiers	3.6%	\$10.84
2	Managers	3.0%	\$36.60
3	Chefs and Cooks	2.6%	\$12.70
4	Customer Service Representatives	2.5%	\$17.99
5	Laborers and Freight, Stock, and Material Movers, Hand	2.2%	\$16.72
6	Retail Salespersons	2.2%	\$15.39
7	Nursing, Psychiatric, and Home Health Aides	2.1%	\$15.56
8	Registered Nurses	2.1%	\$38.20
9	Stock Clerks and Order Fillers	1.9%	\$13.77
10	Personal Care Aides	1.8%	\$13.22
	Total across all listed occupations	24.0%	

FIGURE 4B: Hispanic Workers

	Occupation	Share Of Workers	Median Hourly Wage
1	Chefs and Cooks	5.5%	\$12.70
2	Janitors and Building Cleaners	4.0%	\$16.42
3	Cashiers	3.0%	\$10.84
4	Other Production Workers, Including Semiconductor Processors and Cooling/Freezing Equipment Operators	2.5%	\$18.96
5	First-Line Supervisors of Sales Persons	2.4%	\$22.80
6	Maids and Housekeeping Cleaners	2.3%	\$12.99
7	Food Preparation Workers	2.0%	\$10.88
8	Agricultural Workers	2.0%	\$15.11
9	Retail Salespersons	2.0%	\$15.39
10	Waiters and Waitresses	2.0%	\$13.49
	Total across all listed occupations	27.7%	

FIGURE 4D: Asian Workers

	Occupation	Share Of Workers	Median Hourly Wage
1	Software developers, Applications, and System Software	4.9%	\$49.02
2	Assemblers and Fabricators	4.3%	\$16.94
3	Managers	2.7%	\$36.60
4	Other Production Workers, Including Semiconductor Processors and Cooling/Freezing Equipment Operators	2.4%	\$18.96
5	Computer Scientists and Systems Analysts/Network Systems Analysts, Web Developers	2.3%	\$36.89
6	First-Line Supervisors of Sales Workers	2.2%	\$22.80
7	Personal Care Aides	2.1%	\$13.22
8	Postsecondary Teachers	2.1%	\$32.21
9	Registered Nurses	2.0%	\$38.20
10	Physicians and Surgeons	1.8%	\$123.14
	Total across all listed occupations	26.8%	

Top 10 Occupations By Race

FIGURE 4E: White Workers

	Occupation	Share Of Workers	Median Hourly Wage
1	Managers	3.5%	\$36.60
2	First-Line Supervisors of Sales Workers	2.8%	\$22.80
3	Registered Nurses	2.8%	\$38.20
4	Driver/Sales Workers and Truck Drivers	2.3%	\$20.78
5	Elementary and Middle School Teachers	2.3%	\$26.60
6	Retail Salespersons	1.8%	\$15.39
7	Customer Service Representatives	1.8%	\$17.99
8	Secretaries and Administrative Assistants	1.7%	\$20.51
9	Cashiers	1.5%	\$10.84
10	Accountants and Auditors	1.4%	\$29.19
	Total across all listed occupations	21.9%	



EXAMINING MINNESOTA'S LOW-WAGE WORKFORCE

This report highlights Minnesota workers who do not earn a family sustaining wage. We begin by looking at the entire Minnesota workforce before investigating differences between those Minnesota workers who earn at least a family sustaining wage and those whose wages fall below that threshold.

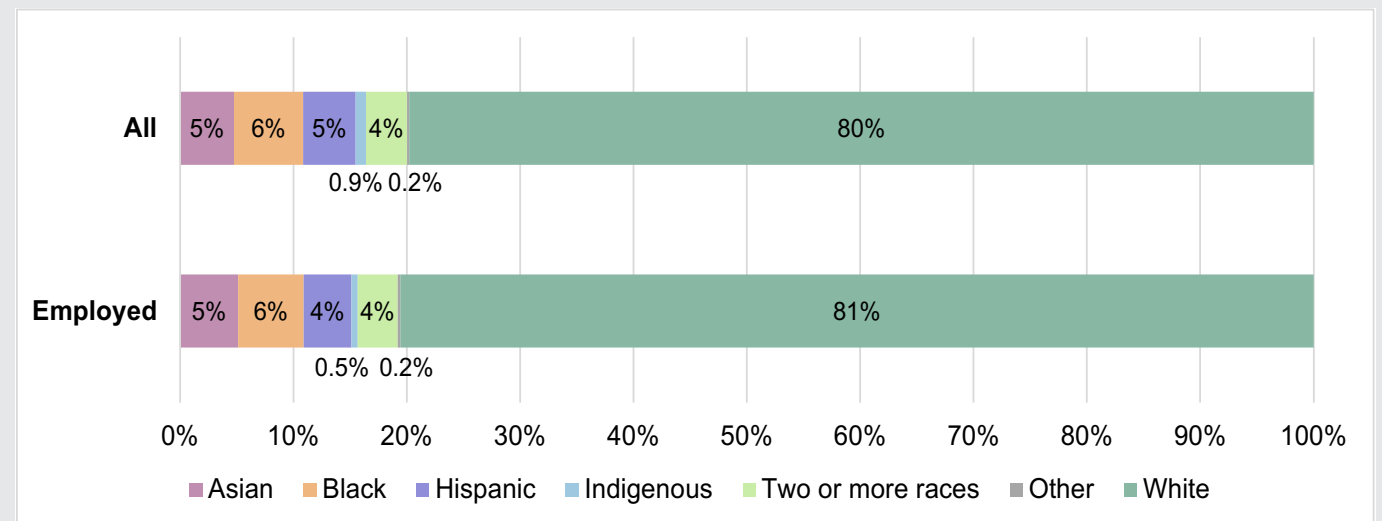
The racial demographics of those employed in Minnesota are similar to the overall state population. Those employed are 5% Asian, 6% Black, 4% Hispanic, 0.5% Indigenous, 4% two or more races, 0.2% other race or ethnicity, and 81% White. In total, there were 2,944,586 workers in Minnesota in 2021 (Ruggles et al., 2023).

The majority of Asian, Black, Hispanic, and Indigenous Minnesotans live in the Twin Cities, but there is growing racial diversity in Greater Minnesota. Four out of ten Minnesotans of Mexican descent currently live in Greater Minnesota (Minnesota Compass, 2023). Almost 9% of people in Southwest Minnesota identify as Hispanic or Latine.

FIGURE 5:

One in Five Minnesotans are Black, Indigenous, Hispanic, Asian or Multi-racial

Racial demographics of Minnesota resident population and employed worker population



Source: Center analysis of 2021 5-year American Community Survey

Data is not shown for Indigenous workers due to small sample sizes, making accurate reporting challenging. These workers are reflected in other parts of the report.



MORE TO THE STORY:

Minnesota has a diverse Asian population. Although this analysis is not able to disaggregate the Asian community by cultural community, the wage differences are significant across different Asian cultural communities. The assemblers, fabricators and other production workers referenced in the table above as low-wage workers are majority Hmong ancestry, while the software developers and computer scientists are largely of Indian ancestry.

Who are Minnesota’s low-wage workers?

Workers who earn less than a family sustaining wage are more racially diverse and more likely to be female, compared to higher wage workers This aligns with other research conducted nationally on the low-wage workforce (Ross & Bateman, 2019).

Black, Indigenous, and Hispanic workers are overrepresented among workers earning below a family sustaining wage.

- Black workers constitute 6% of all workers in Minnesota, while representing 8% of workers whose wages fall below the family sustaining wage standard.
- Indigenous workers are 0.5% of the overall workforce but comprise 0.8% of workers paid below the family sustaining wage threshold.
- Hispanic workers make up 4% of the Minnesota workforce but account for 6% of workers earning sub-family sustaining wages.

Women are disproportionately represented among workers earning less than a family sustaining wage. While comprising 48% of the overall workforce, women account for 54% of workers earning less than a family sustaining wage.

More than one-third of workers who earn less than a family sustaining wage have completed a post-secondary degree. Seventeen percent of workers with wages below this threshold have completed their bachelor’s degree, and 5% of low-wage workers hold graduate degrees.

Based on median wages and income, workers who are paid at least a family sustaining wage make more than twice as much per hour and annually than workers paid below this threshold. Median wage for the higher wage group is \$35.44 compared to \$14.57 for those earning below a family sustaining wage. Due to a lower proportion of full time work among workers earning below a family sustaining wage, this amounts to

\$71,175 in annual income for the higher wage group, compared to \$25,895 for those below the threshold. The median income for these lower compensated workers is less than half of the annual income for those earning a family sustaining wage (\$25,895 vs \$51,958).

The majority of workers who earn below a family sustaining wage provide essential income for their household. Only two in five workers earning less than a family sustaining wage are secondary earners. Most are sole earners in their household (27%) or live with another adult whose wage also fails to meet this standard (34%).

Immigrants and workers with limited English language proficiency are overrepresented among workers compensated below the family sustaining wage standard. Workers earning less than a family sustaining wage are 44% more likely to be foreign-born compared to workers who earn above this threshold (13% vs 9%). Workers with limited English proficiency are more than twice as likely to earn sub-family sustaining wages compared to wages that meet or exceed the standard (7% vs 3%).

Workers reporting a disability are more likely to receive compensation beneath the family sustaining wage standard. Workers earning less than a family sustaining wage are 60% more likely to report a disability compared to workers who earn wages in excess of this threshold (8% vs 5%).

Low-wage workers are substantially more likely to rent. Workers earning less than a family sustaining wage are more than twice as likely to rent their housing than workers who are compensated above the threshold.

Intersectional Analysis Shows Black and Brown Women Earn the Least

To understand how to better target solutions, this report analyzes how race and other identities interplay to affect wages of workers in Minnesota. Looking at the intersection of race and ethnicity with three other key variables that interact with wages and occupational segregation – age, education, and gender – we find that Black, Indigenous, and Hispanic workers consistently do not make family sustaining wages at the same rate as Asian, multiracial, or White workers.

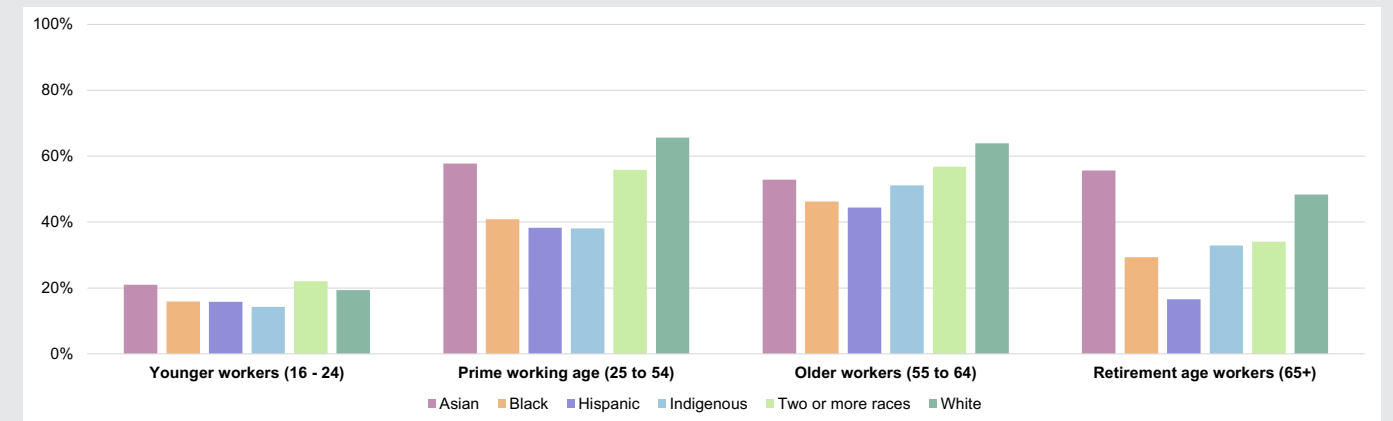
“If we aren’t intersectional, some of us, the most vulnerable, are going to fall through the cracks.”

- Kimberle Crenshaw

FIGURE 6:

Prime age and older workers are the most likely to be paid a Family Sustaining Wage, while younger workers are the least likely

Share of employed workers who are paid at least a family sustaining wage by race/ethnicity and age group



Source: Center analysis of 2021 5-year American Community Survey

Opponents of living wages argue against the need to increase wages to be family sustaining is that younger workers earn lower wages at the beginning of their careers and then advance into higher wage jobs. We find this is true in a broad sense. Approximately 1.1 million or **two-thirds of all prime age workers (25 to 54) in Minnesota earn at least a family sustaining wage**, compared to only one-fifth of younger workers (16 to 24).

However, differences exist by race and ethnicity. As shown in Figure 6, only 40% of prime-working-age Black, Hispanic, and Indigenous workers earn a family sustaining wage, compared to 66% of White workers in this age cohort.

This indicates that while White and Asian workers are able to graduate up from lower paying entry-level jobs, a higher proportion of Black and Brown workers remain stuck in low- wage jobs throughout their life.

Nearly 700,000 prime age workers earn less than a family-sustaining wage. This includes 45,000 Asian workers, 67,000 Black workers, 50,000 Hispanic workers, 6,000 Indigenous workers, 27,000 Multi-racial workers, and nearly 500,000 White workers.

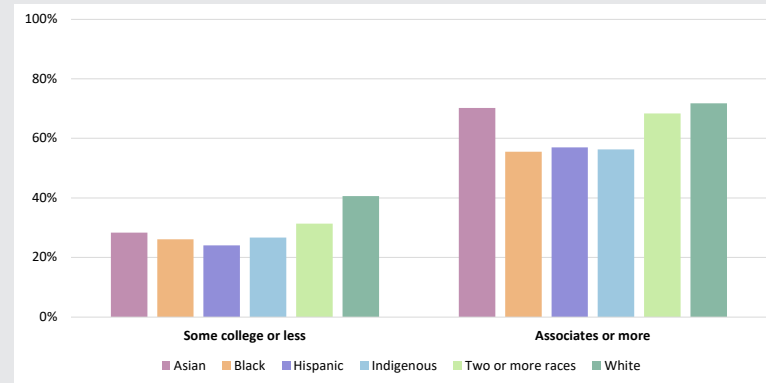
Regardless of education, Black, Hispanic, and Indigenous workers earn less than similarly educated White and Asian workers (Miller, 2020; Black et al., 2006) and are less able to build household wealth (Dettling et al., 2017; Reeves & Guyot, 2017). Even among workers without a college degree, research finds that Black and Hispanic workers earn less than White and Asian workers, even those in the same occupation (Biu et al., 2024; Oh et al., 2023). We find the same patterns represented among Minnesota workers.

Among individuals with some college or less, only a quarter of Asian, Black, Hispanic, and Indigenous workers earn at least a family sustaining wage, compared with approximately 40% of White workers without a degree (Figure 7). **Among those with a postsecondary degree, more than two-thirds of Asian, Multiracial, and White workers earn at least a family sustaining wage compared to just over half of Black, Hispanic, and Indigenous workers.** Across all races and ethnicities, over 400,000 workers with at least an Associate's degree earn less than a family-sustaining wage including 25,000 Black workers, 14,000 Hispanic workers, and 350,000 White workers. **This suggests greater education alone will not solve the racial wage disparities in Minnesota.**

Women are over-represented among the low-wage workforce (Figure 8). Nearly 690,000 female workers in Minnesota earn less than a family-sustaining wage, compared to 590,000 male workers. Across each race and ethnicity category, women are less likely than men to earn a family sustaining wage. In line with other research on the gender pay gap (Blau & Kahn, 2017), we find that White and Asian men are the most likely to earn a family sustaining wage. Black, Hispanic, and Indigenous women are the least likely. Only a third of female Black (33%), Hispanic (27%) and Indigenous (28%) workers earn at least a family-sustaining wage. Nearly 100,000 Black, Hispanic, and Indigenous women in Minnesota earn less than a family-sustaining wage.

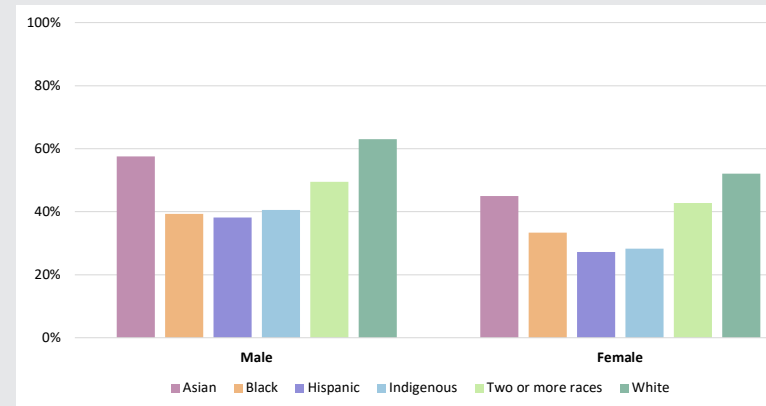
Black, Hispanic, Indigenous women are the least likely to earn a family sustaining wage and the most likely to be single parents (Annie E. Casey Foundation, 2024). One in five Black and Brown female workers in Minnesota is a single parent, compared to one in ten White female workers. This indicates that those who most need to earn a family sustaining wage of \$25/hour or more are the furthest from that threshold. This underscores the urgent need to provide better wages for these workers, many of whom play critical roles in our schools, hospitals, stores, and offices. In providing workers with a family sustaining wage, we are not only ensuring that all Minnesota workers can meet minimum standards of living in our communities. It is also an investment in the next generation of Minnesotans by providing families with the financial resources to cover their basic needs.

FIGURE 7:
Workers with a college degree are more likely to be paid a Family Sustaining Wage
Share of employed workers are paid at least a family sustaining wage by race/ethnicity and educational attainment



Source: Center analysis of 2021 5-year American Community Survey

FIGURE 8:
Female workers are less likely to be paid a Family Sustaining Wage
Share of employed workers are paid at least a family sustaining wage by race/ethnicity and gender



Source: Center analysis of 2021 5-year American Community Survey



ROOT CAUSES OF LOW WAGES

Decades of systemic racism have denied Black and Brown workers equitable access to family sustaining work with opportunities for economic mobility.

This report illustrates the way racial wage inequities are driven by occupational segregation, or the uneven representation of people of different race and genders in different kinds of jobs with very different wages and working conditions.

Occupational segregation is a legacy of racism. Jobs traditionally done by women and Black and Brown workers are more poorly paid and have been excluded from public supports (Bahn & Sanchez Cumming, 2021). For example, care work, cleaning, childcare, and food preparation has a history in the United States of being done by Black and Brown women starting during slavery. These jobs have continued to be undervalued and underpaid since that time.

The United States tipping practice originated in the restaurant industry when newly freed enslaved people were often paid on tips alone. Predominately Black restaurant workers were excluded from the New Deal's federal minimum wage in a continuation of this practice. Restaurant workers continue to be excluded from minimum wage laws which primarily affects Black and Brown food service workers. Black and Brown workers continue to be tracked into these undervalued and underpaid jobs due to race based educational disparities and the segregation of Black and Brown people in specific neighborhoods.

“Care work is over saturated with Black people and people of color, especially Black women. And that’s because of slavery. These were the jobs that were available to us to make money to provide for our families. I cannot name a woman on my mother’s side that has not used home care to provide for their families. I just don’t understand why no one is respecting the strength, tenacity and power that Black women bring when we are upholding such a critical profession.”

- Tavona Johnson, Personal Care and Home Health Aid in Minnesota

In the past fifty years, economic restructuring has widened inequality and suppressed wages for all races. Economic gains have gone primarily to CEO pay and shareholder dividends (Moore, 2022). The decline of unions and laws limiting their power has made it harder for labor to demand wage increases in proportion to their contributions to increased productivity and profit. Globalization, offshoring, and automation have led to fewer well paid manufacturing jobs. The rise of the service sector has created more jobs in the undervalued fields of care work, food service and retail. These efforts have contributed to the hollowing out of the middle class and the rise of the working poor.

The field of stratification economics argues that in a competitive capitalist economy, racial and gender identity will be used as filters to direct the more beneficial aspects of work away from women and Black and Brown workers and toward men and White workers. These group-based disparities will not diminish without targeted policy interventions. In other words, the market will not correct these disparities on its own. Anti-racist action must be taken by public and private sector leaders to address the root causes of low wages and close these gaps.



MORE TO THE STORY

This report does not include the roughly 17,500 Minnesotans who currently live in prisons and jails (Wang, 2023).

Prison laborers are legally not considered workers, so they don't have access to basic workplace protections, including minimum wage.

Incarcerated individuals in Minnesota often have up to two-thirds of their wages deducted from their paychecks, resulting in wages as low as \$0.25/hour (Lazare, 2023).

An estimated 17% of youth in Minnesota have an incarcerated or previously incarcerated parent (Minnesota Student Survey Interagency Team, 2022). Families that depend on funds from incarcerated parents are further disadvantaged by these inhumane wages.



TOP LOW-WAGE OCCUPATIONS FOR BLACK AND BROWN WORKERS

The analysis of the top 30 low-wage occupations for Black, Indigenous, Hispanic, Asian, and multi-race individuals is critical to drive targeted action to improve these jobs and, accordingly, the lives of all Minnesotans.

This analysis continues the use of the 2021 5-year American Community Survey. Occupations were identified using the following criteria:

- Each of the selected occupations has a higher proportion of Black, Hispanic, Indigenous, Asian, and multiracial workers than the state population.
- At least sixty percent of workers in these occupations earn less than a family sustaining wage.
- Identified occupations include at least 5,000 total workers.

While this data captures an individual's primary occupation, it does not capture second or third jobs held by many low-wage workers (Bailey & Spletzer, 2020). Additionally, we note that US Census data has historically undercounted immigrant and Hispanic populations (Cohn & Passel, 2022).

Top 30 Occupations Organized by Cluster

To focus our analysis and provide targeted action steps for regional leaders, we divided the top 30 occupations into 10 "clusters" based on similarity. Occupations that comprise each cluster are listed on the following pages.

FIGURE 9:
Occupations that are least likely to pay a Family Sustaining Wage, are disproportionately filled by black and brown workers, women, and part-time workers

Wages and worker characteristics for Top 30 occupations

Occupation	Cluster	% earning FSW (hourly)	Median hourly wage	# of workers	% BIPOC	% Female	% Part-time
Agricultural Workers	Agriculture	20%	\$15.17	15,160	23%	21%	34%
Childcare Workers	Care Workers	10%	\$11.08	16,804	22%	94%	69%
Personal Care Aides	Care Workers	14%	\$13.22	40,446	42%	79%	51%
Nursing, Psychiatric, and Home Health Aides	Care Workers	21%	\$15.56	41,843	43%	83%	55%
Medical Assistants and Other Healthcare Support Occupations	Care Workers	30%	\$18.58	11,887	28%	82%	46%
Maids and Housekeeping Cleaners	Cleaning Staff	12%	\$12.99	16,551	48%	85%	57%
Janitors and Building Cleaners	Cleaning Staff	23%	\$16.42	42,264	29%	27%	43%
Preschool and Kindergarten teachers	Education	26%	\$16.25	14,273	24%	97%	39%
Bank Tellers	Office and Administrative	10%	\$13.96	6,167	24%	79%	45%
Receptionists and Information Clerks	Office and Administrative	23%	\$16.63	21,606	23%	88%	46%
Shipping, Receiving, and Traffic Clerks	Office and Administrative	27%	\$17.66	12,785	29%	29%	21%
Couriers and Messengers	Office and Administrative	32%	\$18.96	6,424	27%	21%	30%
Customer Service Representatives	Office and Administrative	35%	\$17.98	53,872	21%	66%	33%
Packers and Packagers, Hand	Packaging Workers	12%	\$15.87	8,571	47%	53%	39%
Stock Clerks and Order Fillers	Packaging Workers	18%	\$13.77	30,634	21%	41%	55%
Laborers and Freight, Stock, and Material Movers, Hand	Packaging Workers	25%	\$16.72	39,636	26%	21%	41%
Packaging and Filling Machine Operators and Tenders	Production Workers	19%	\$16.93	6,787	64%	49%	18%
Assemblers and Fabricators, nec	Production Workers	23%	\$16.94	27,874	46%	42%	22%
Butchers and Other Meat, Poultry and Fish Processing	Production Workers	23%	\$16.94	5,462	45%	21%	16%
Dishwashers	Restaurant Workers	7%	\$9.21	5,510	25%	34%	86%
Combined Food Preparation and Serving Workers including Fast Food	Restaurant Workers	11%	\$10.43	10,801	26%	65%	82%
First-Line Supervisors of Food Preparation and Serving Workers	Restaurant Workers	12%	\$14.81	9,776	23%	56%	33%
Chefs and Cooks	Restaurant Workers	14%	\$12.70	44,122	34%	41%	58%
Food Preparation	Restaurant Workers	15%	\$10.88	16,993	28%	65%	75%
Waiters and Waitresses	Restaurant Workers	23%	\$13.49	31,034	26%	74%	75%
Cashiers	Retail Workers	10%	\$10.84	51,842	31%	68%	77%
Retail Salespersons	Retail Workers	29%	\$15.39	51,036	17%	46%	50%
Cleaners of Vehicles/Equipment	Transportation	19%	\$14.71	5,621	30%	17%	49%
Taxi Drivers and Chauffeurs	Transportation	27%	\$14.39	5,005	56%	14%	38%
Industrial Truck and Tractor Operators	Transportation	31%	\$18.18	9,211	28%	8%	22%

Source: Center analysis of 2021 5-year American Community Survey

Essential Jobs

This data presents a stark reality. These essential roles have huge impacts on our economy and the well-being of the community. Most are physically demanding. Nearly every one of these roles were deemed “essential” during the COVID-19 pandemic and asked to continue working throughout, or shortly after the start of the shutdown (Emergency Exec. Order 20-20, 2020). Almost all these jobs are projected to grow in the coming years (Occupations in Demand, 2023).

Individuals employed across these 30 occupations represent a quarter of Minnesota workers and more than one-in-three Black and Brown workers in Minnesota. **Improving the jobs of these 200,000 Black and Brown workers would have deep impacts across the community and economy.** Higher wages have important downstream benefits on children and families, including child development, educational attainment, and mental health, with even larger effects for Black and Hispanic children (Godøy & Jacobs, 2021). Research also finds that increasing wages would increase economic activity and decrease reliance on social safety net programs, by increasing the money in workers’ wallets (Aaronson et al., 2011; Anderson, 2014). Due to the significant concentration of women and Black and Brown workers in low-paying jobs, an increase in wages would likely also decrease racial and gender pay gaps (Derenoncourt & Montialoux, 2021).

Following the [framework](#) that when “when the economy is working for Black women, it is working for everyone”, we select four of these clusters to more deeply profile in this report because of their very high representation among Black and Brown women (WatsonColeman):

- **Care Workers**
 Childcare Workers; Personal Care Aids; Nursing, Psychiatric, and Home Health Aids; Medical Assistants and Other Healthcare Support Occupations
- **Restaurant Workers**
 Dishwashers; Combined Food Preparation and Serving Workers, Including Fast Food; First-Line Supervisors of Food Preparation and Serving Workers; Chefs and Cooks; Food Preparation Workers; Waiters and Waitresses
- **Retail Workers**
 Cashiers; Retail Salespersons
- **Cleaning Staff**
 Maids and Housekeeping Cleaners; Janitors and Building Cleaners

As many have stated, and this report reinforces, Black and Brown women are the least likely to be paid a family sustaining wage and more likely to be single earners caring for children. Understanding the experience of those facing the most marginalization can help us understand and design a new anti-racist system that works for them and, thus, all people.

Occupation Cluster 1 - Care Workers

Care workers care for children as well as elderly, sick, and disabled people in home-settings, nursing homes, hospitals, and other care facilities. Occupations included in this cluster include: Personal Care Aides; Nursing, Psychiatric, and Home Health Aides; Medical Assistants and other healthcare support roles; and childcare workers.

As anyone who has cared for a sick or elderly relative or their own child knows, these roles require great physical and emotional skills. Care workers help people surmount significant challenges in getting dressed, participating in society, and being mentally and emotionally well. Care work is crucial in allowing people to live with dignity. Care workers also act as alarms and the first line of defense against significant health issues. Further, care workers help to monitor and address physical, cognitive, and emotional issues. When patients have tenuous health or significant co-morbidities, turnover in these roles can be deadly.

Childcare workers are instrumental in supporting strong child development. Research shows the lifelong impact of high-quality care in the early years. A study recently published in Child Development found that children from low-income backgrounds who had access to high-quality early childhood education for two of their first five years were more likely to graduate from college and had higher salaries at age 26 (Bustamante et al., 2022).



This job is really emotional, mentally and physically taxing. You have to be an advocate. You have to be very patient and love what you do. There are no easy days as a care worker. You must really love people and want them to succeed and be better. The cares are the most intimate of cares everything from showers to feedings. You have to be a service-oriented person. I have very high standards for myself and I don't want to give someone a service I wouldn't want for myself.

- Tavona Johnson, care worker for 20 years

More than 112,000 Minnesotans - including 35,000 Black, Indigenous, Hispanic, Asian and multi-racial individuals - work as care workers. More than a third of all care workers are Black, Indigenous, Hispanic, Asian and multiracial. Eight in ten are women. **More than one in seven Black workers in the state work as care workers.**

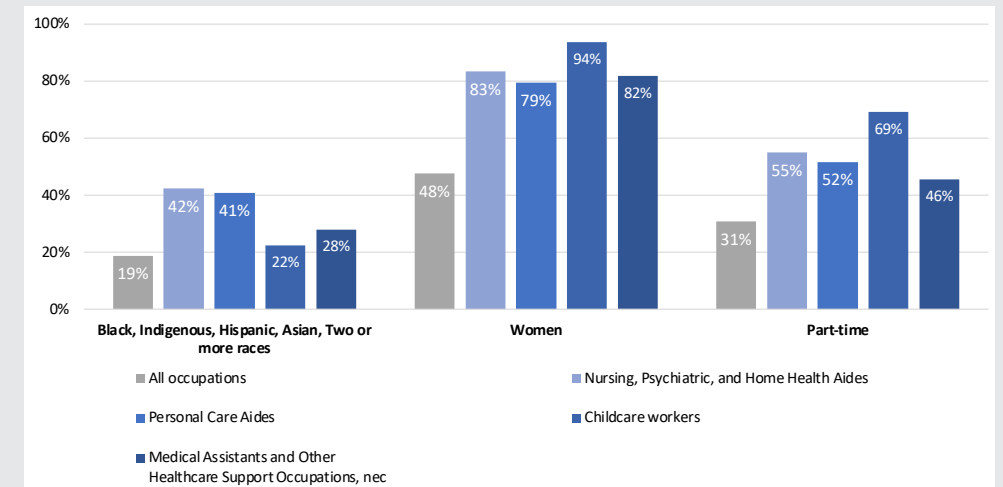
Key challenges facing care workers:

- **Historically undervalued roles.** Low-wage roles in the healthcare and social services industry are uniquely shaped by market failures and historic gender and race-based undervaluing. While healthcare organizations tend to be non-profit entities, their revenues (and thus, wages) are constrained by insurance negotiations and reimbursement rates. Federal Medicaid and Medicare rules constrain how much states can reimburse for direct care services.
- **Systemic market failures.** Across care occupations, there is a cyclical challenge. Costs cannot be raised because they are already too high for most patients and families to afford, while pay for specific roles is too low for workers to sustain their own families, hence driving them to seek new jobs. This signals there are market failures at play and indicates an opportunity for policy to intervene (Robertson et al., 2022).
- **Childcare provides operate with very thin margins and cannot raise rates because families cannot afford to pay more.** The turnover of childcare workers is high, increasing costs and decreasing quality in early care and education programs. (Casale et. Al, 2020)
- **Vacancy rates and lack of available workers.** Minnesota is facing a crisis in childcare availability and affordability. Every part of the state is facing a shortage in capacity for licensed childcare facilities and the problem is especially dire in rural Minnesota. (Werner, 2016). This has a huge impact on the labor force as about 10% of Minnesota's labor force are parents of children under six years old (Casale et. Al, 2020). Meanwhile, the average annual cost of infant-care is \$16,087 a year or 21% of the median Minnesota family income. The annual cost of preschool is \$12,000. The median family with two children in care pays almost 40% of their income on childcare.
- **Minnesota also has one of the highest nursing home job vacancy rates in the country.** According to a recent report by the Minnesota Hospital Association, about 17% of Minnesota healthcare jobs remained vacant in 2023. Unfilled roles hurt patients and those that require care (2023).
- **High insurance costs.** Around 40% of direct care workers have insurance through Medicaid, Medicare, or another public source (PHI, 2023). The current structure is costly to employers and the public.

FIGURE 10A:
Wages of Care Workers

	Nursing, Psychiatric and Home Health Aides	Personal Care Aides	Medical Assistants And Other Healthcare Support Occupations, Not Otherwise Classified	Childcare Workers
Percentage of workers not paid a Family Sustaining Wage	79%	86%	70%	90%
Median Wage	\$15.56	\$13.22	\$18.58	\$11.08

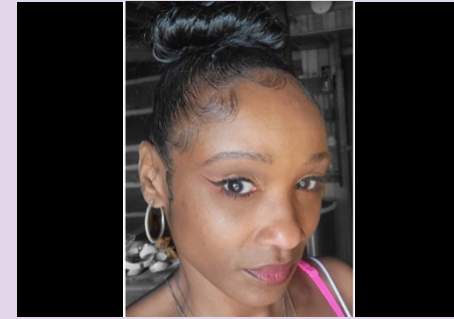
FIGURE 10B:
Characteristics of Care Workers



Care Workers in Minnesota

The results of a survey of 1,300 Minnesota nursing home workers found that 66% report struggling to meet their household's basic needs every month and 94% felt staffing levels in Minnesota nursing homes affect the quality of care they are able to deliver on a daily basis (SEIU, 2023b).

Home care workers have won several recent and significant wins in Minnesota. During the 2023 legislative session, SEIU (Service Employees International Union) and the State of Minnesota negotiated and funded a historic wage increase, raising wages for new workers 31% for all home care workers by 2025, from \$15.25/hour to \$20/hour (SEIU, 2023a). This session also negotiated an agreement to create a nursing home standards board. These wins are very promising, but more must be done to support care workers across the state.



MORE TO THE STORY

Tavona Johnson has worked as a care worker for more than 20 years. She currently earns \$15.25/hour and works two jobs as a personal care aide and home health aide. She lives with and cares for her aging mother.

"If I earned \$25/hour, my god, maybe I would stop worrying about going to the grocery store or how many trips I take in the car. Maybe I would be financially stable enough to pay my bills and feed myself and maybe have a little extra money to visit a park. I don't want a lot just enough that the burden isn't so heavy. I wouldn't have to worry about what happens if I get sick today, how do I recover that money. I even had to battle homelessness this spring and summer just to right myself. I didn't have any savings."

Personal care and home health aides are the top growing occupation in MN- projected to grow 24% in next 10 years.

(Occupations In Demand, 2023)

"I want people to understand that this is a service we're all going to need. If we don't preserve this type of job, everything just snowballs. People want to stay in their homes. If they can't get care, people can't stay in their homes. They have to go into long-term care facilities and when those get filled, they go into hospitals. People will stay in their homes unsafely. People are dying in their homes because they can't find anyone to provide care for them. This job is a critical piece to the fabric of the country. Care work is the work that makes all other work possible."

- Tavona Johnson, Home Care Worker, Member Local SEIU 26

Occupation Cluster 2 - Cleaning Staff

Cleaning staff are responsible for keeping homes, businesses, and other facilities clean, hygienic, and presentable. Cleaning staff includes janitors and building cleaners and maids and housekeeping cleaners. These two occupations are similar, but janitors work in more commercial settings and are almost three-quarters men, while maids and house cleaners work in more private settings and are overwhelmingly women.

Often performed out-of-sight or after regular business hours, the work of janitors, maids, and cleaners is physically demanding, essential work. These jobs exist across every industry, yet the work is often invisible. The impact of these workers also extends far beyond the surface. A dirty store or hotel room is not only unsightly, but it can also cause customers to go elsewhere. A school sanitation engineer can help keep a school healthy and make students and families feel proud of their grounds, while turnover and unkempt buildings can lead students to feel devalued and hurt learning. The consequences of poor sanitation and cleanliness are even more stark in healthcare settings, where these workers ameliorate risk of infection and disease transmission.



FIGURE 11A:
Wages of Cleaning Staff

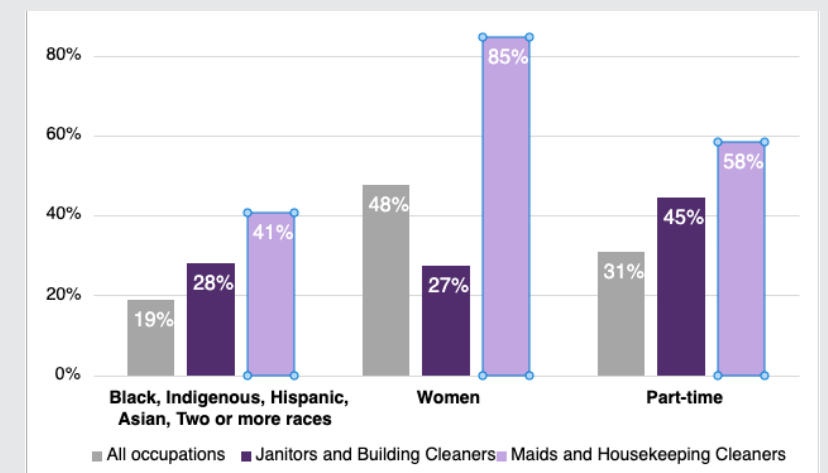
	Janitors and Building Cleaners	Maids and Housekeeping Cleaners
Percent of workers no paid a Family Sustaining Wage	77%	88%
Median Wage	\$16.42	\$12.99

Source: Center analysis of 2021 5-year American Community Survey

"(My job) is essential because it is a cleaning job, we clean, we disinfect for others, and we expose ourselves to diseases."

- Lizbet Vega, Janitor, member of Local SEIU 26

FIGURE 11B:
Characteristics of Cleaning Staff



Source: Center analysis of 2021 5-year American Community Survey

There are 63,000 cleaning workers across the state and one-third are Black, Indigenous, Hispanic, Asian or multiracial. The vast majority do not earn a family sustaining wage. These are not short-term careers for young workers; nearly 9 in 10 are over the age of 25 and one-third are 56 or older.

Key challenges facing cleaning staff:

Sub-contracting Issues: In the past 40 years there has been significant restructuring of these jobs, particularly for janitors. Instead of being directly hired by a building or firm, they became subcontracted, making them less well paid and more insecure. Some progress has been made to address this challenge through unionization efforts that have created master contracts for some of these workers. Such contracts cover workers across multiple employers with similar jobs, establishing standard responsibilities and worker conditions through collective bargaining.

Wage theft: Janitors and maids have been subject to a high degree of wage theft in the Twin Cities (Barnes et al., 2023). The Minnesota Attorney General’s office defines wage theft as, “any time an employer does not pay an employee everything the employee is owed by law” (Office of Minnesota Attorney General, 2023).

Escalating demands: Cleaners have been under pressure in recent years to do more work in less time. With rising cost pressures and staffing models informed by the COVID-19 pandemic, many employers have increased the number of hotel rooms that maids have to clean or reduced the number of staff that clean a building. This often makes the work harder and less sustainable.

MORE TO THE STORY:

Lizbet Vega is a janitor in the Twin Cities and is a member of SEIU Local 26. She has been a Cub Foods employee for 13 years. Her current pay is \$14.50/hour.

“[Making \$25 / hour] would be a very good thing for me and all my other coworkers. It would make life easier for us to be able to buy food and the essentials of life.”

[My job is] hard sometimes, but we always try to do our best.”

Janitor jobs are projected to grow by 6% in the next 10 years or 60,000 openings. Maid jobs are projected to grow by 5%, or 30,000 new jobs.

(Occupations in Demand, 2023)

Occupation Cluster 3 - Retail Workers

Cashiers and retail salespeople directly support sales and retail operations at stores, interfacing with customers to identify desired items and conduct transactions, as well as ensuring that new merchandise makes it from the warehouse to store shelves. Interactions with cashiers and salespeople can make us feel connected, seen, frustrated, or annoyed. These jobs often require workers to be on their feet all day, handling merchandise and money. They are the frontline defense against theft and customer complaints. Since the onset of COVID-19, retail workers have found themselves in increasingly challenging positions due to inadequate staffing and more frequent challenges with customers, including instances of violence.

These occupations employ more than 100,000 Minnesotans, more than 25,000 of whom are Black, Hispanic, Indigenous, Asian and multiracial. These roles are overrepresented by people of color and women and are usually part-time. Cashiers are especially poorly paid with a median wage of \$10.84/hour. More than two-thirds of cashiers are women and three-quarters are part-time. (Figure 19).

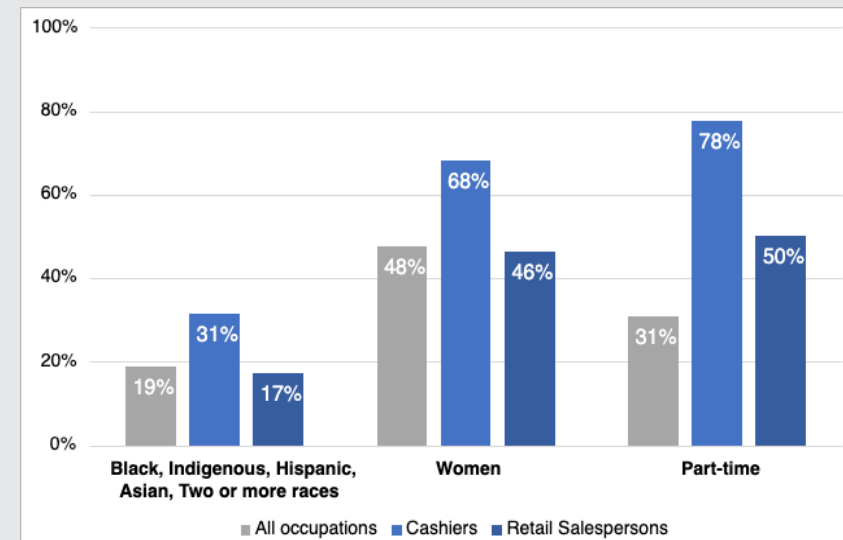


FIGURE 12A: Wages for Minnesota’s Retail Workers

	Cashiers	Retail Salespeople
Percentage of workers not paid a Family Sustaining Wage	90%	71%
Median Wage	\$10.84	\$15.39

Source: Center analysis of 2021 5-year American Community Survey

FIGURE 12B: Characteristics of Retail Workers



Source: Center analysis of 2021 5-year American Community Survey

Key challenges facing retail workers:

- **Changing retail industry:** Online shopping has increased competition for brick and mortar retailers. As a result, the number of retail jobs in Minnesota have declined by 18.7% since 2000. At the same time, staffing for these positions is increasingly diverse; the number of Black, Hispanic, Indigenous, Asian workers in these roles has grown at rates in excess of 100% (MN Department of Employment and Economic Development, 2023).
- **Budget cuts:** These pressures have also caused many stores to find ways to cut costs and boost profits. Physical stores often serving as returns and logistics centers to meet the needs of online shoppers.
- **Turnover:** Retail has long suffered from high turnover rates, upwards of 50% a year, which have worsened since the pandemic. Almost half of retail workers are considering leaving their jobs in the next 3-6 months because of lack of flexibility, career growth and low wages (Fuller et al, 2022).
- **Safety concerns:** Safety is a rising issue among retail workers. A survey found two in five frontline retail workers feel scared going into work due to a rise in volatile customer situations, from everyday customer conflicts to an increase in in-store violence (Wilson, 2023).

MORE TO THE STORY:

Yuyu is a 52-year-old Black woman working at Burlington Stores. She has two children. Her current pay is \$13/hour.

“I started making \$12/hour. I worked there two years. Now I make \$13/hour.

\$25 would be nice. I don’t know what job you can work and get paid \$25. If I made \$25/hour I could do more to support my family. Help my kids out with University. They go to St. Thomas University and Augsburg... Inflation is hard. Now everything [has a price that’s] high. No more saving money.”

Occupation Cluster 4 - Restaurant Workers

Restaurant workers greet customers, clean, take orders, prepare food, and provide service to customers in settings including coffee shops, fast food chains, cafeterias, cafes, and fine dining restaurants. These workers make these establishments into places to gather, destinations for visitors, and venues to showcase the distinct flavors and cultures of neighborhoods and communities.

Food service work requires people to be on their feet most of the day, interacting with customers and making sure each item is prepared and delivered correctly. Poor service can have devastating consequences such as bad reviews and lost customers, or even worse, allergic reactions and illness. There are a wide array of food service roles and restaurant types, yet across the board most of the occupations do not earn a family sustaining wage.



FIGURE 13A:

Average Wages For Minnesota’s Restaurant Workers

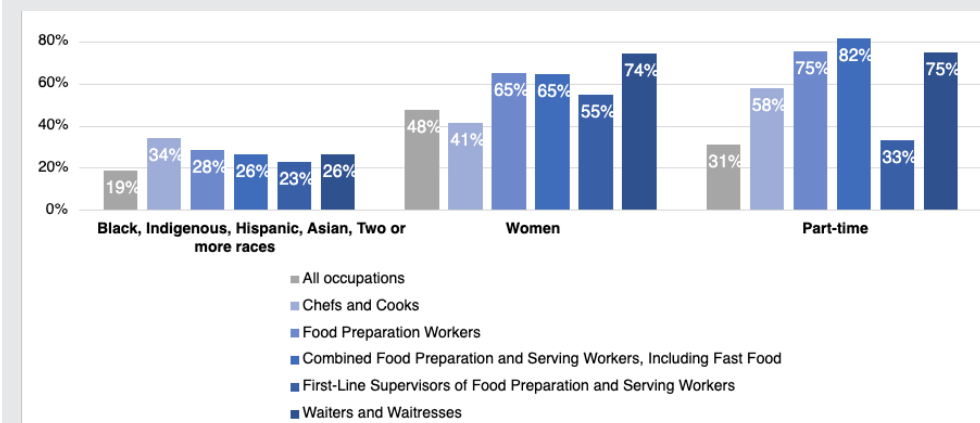
	Combined Food Prep and Servers	Food Preparation Workers	Chefs and Cooks	Waiters and Waitresses	Supervisors of Food Prep and Servers	Dishwashers
Percent of workers not paid a Family Sustaining Wage	89%	85%	86%	77%	88%	93%
Median Wage	\$10.43	\$10.88	\$12.70	\$13.49	\$14.84	\$9.21

Source: Center analysis of 2021 5-year American Community Survey

These occupations employ almost 120,000 Minnesotans, including 35,000 Black, Asian, Latine, Indigenous and multiracial workers. Despite wage increases across the industry in recent years, about 9 out of 10 of these workers do not earn a family sustaining wage. With the exception of cooks, women make up most of these workers (55-74%). A significant share of these workers is also part-time.

FIGURE 13B:

Characteristics of Restaurant Workers



Source: Center analysis of 2021 5-year American Community Survey

Retail salespeople and cashier jobs are projected to have more than 200,000 openings in the next 10 years.

(Occupations in Demand, 2023)

Key challenges facing restaurant workers:

- **Sexism, racism and sexual harassment:** Racial and gender disparities exist within restaurants. A higher proportion of “back-of-house” staff such as cooks are Black and Brown than “front-of-house” staff. White men are the most likely to be head chefs (ROC-United, 2014). More sexual harassment claims are filed in the restaurant industry than any other (Johnson & Madera, 2018).
- **Complex industry practices:** At a national and state level, advocacy for minimum wage increases has been stymied by a desire to exclude tipped workers. Historically, front of house workers are more likely to be White and more likely to be tipped, perpetuating entrenched disparities.

Since the pandemic, many restaurants in Minnesota have added a surcharge in place of tips. Many restaurants state surcharges are an improvement over tips because they can be shared across the front and back of the house more equitably. However, there are new challenges with these surcharges because there is no accountability on restaurants to share all of these funds with staff.

Finally, many of the poorest paid food service workers work in fast food establishments, where tips are rare or prohibited, and margins in food service are tight, creating great volatility in the market and less job security.

- **Impact of pandemic:** The restaurant sector experienced a major disruption and dip in jobs during the COVID-19 pandemic and while jobs have rebounded significantly, total jobs have decreased from a peak in 2019. The 19% growth of jobs since 2020 has been driven by growth of Black, Hispanic, Indigenous, Asian and multi-racial workers (MN Department of Employment and Economic Development, 2023).
- **Reliance on government assistance:** Food system workers are twice as likely to use food stamps as the rest of the population. About 12% of Minnesota food service workers rely on food stamps and 25% are on Medicaid costing the public \$1.57 billion each year. (State of Restaurant Workers, 2020)
- **Challenging schedules and pace:** Restaurant work tends to be fast-paced, stressful, repetitive, and physically taxing. Scheduling is challenging. Typical work hours often involve late nights and weekends. Schedules are unpredictable and often change at the last minute. Many workers work extra hours, but overtime often goes unpaid (Woolever, 2012). Schedule challenges make it difficult to support a family.
- **Wage theft:** Wage theft, or not paying workers for hours they have worked, is a challenge in restaurants with many workers being paid less than minimum wage or having their hours misreported (Bakst, 2021).

MORE TO THE STORY:

Josephina is a shift manager at Noodles & Company. She is an immigrant from Guatemala and a mother of four. Her current wage is \$20/hour.

“I work for Noodles and Company. I’ve worked here for 12 years, at 4 different locations. I’m 42 [years old]. I’m living in South Minneapolis.

[If my wage increased to \$25/hour] Back at home [in Guatemala], I have, really poor family. So I’d choose to help them. And I have four children. Two are in college right now, so this could make a huge difference for me to help them with college.

[Workers] really need [better wages]. Right now, all the prices go up and there’s a lot of families struggling [with that].”

Fast food and counter jobs are projected to grow by 12% in the next 10 years with more than 150,000 openings.

(Occupations in Demand, 2023)



THE IMPACT OF MINNESOTA’S LOW WAGE JOBS

When America’s companies fail to pay their workers a living wage, the impact on workers, families, and communities is devastating. All Minnesotans suffer when wages for critical jobs are not adequate to sustain a family.

Black, Latine, Indigenous workers disproportionately shoulder the financial burdens and economic toll of low wages.

It has been well studied that despite significant economic growth, real wages have not increased significantly in the past three decades because of rising wage inequality and greater profits going to shareholders and CEOs (Mishel & Kandra, 2020). Further, despite fast hourly wage growth across Minnesota since the pandemic, wage gains have not kept up with inflation (Hammida, 2022). Investing in higher wages would create more stable and prosperous Minnesota families, companies, and the overall economy.

“Over the past few decades, we’ve seen a big increase in income inequality. It’s not primarily that the bottom has been falling behind the middle, it’s that the top has been pulling away from everyone else. We’ve seen workers contributing more to the economy as their productivity grows, but them not capturing the gains, which tend to be captured by their employers, investors, real estate.”

- Aaron Sojourner, Senior Researcher, UpJohn Institute

The average salary for a S&P 500 CEO in Minnesota is \$50,000 a day.

(AFL-CIO, 2023)

Low Wages Threaten the Livelihood of Employees and Their Families

The stress of living paycheck to paycheck has devastating impacts on low-wage earners and their families. Low-wage parents often make too little to pay for critical programming for their children and inflexible jobs result in less time with family. This has been shown to result in children being more likely to drop out of school, experience health issues, and take on adult roles themselves (Dodson et al., 2012). A history of low-wage work has even been shown to lead to shorter lives (Kezios et al., 2023).

Research suggests most people are stuck in these low-wage jobs for life. A study by Fuller and Raman followed almost 200,000 workers who started in low-wage jobs in 2021. Five years later 60% of those workers remained stuck in similar positions (Bui et al., 2023).

**The highest earning
1% of families
take home 17.4%
of all income in
Minnesota.**

(Sommeiller & Price, 2018)

“In the Latino community we have strong family connections. That’s not the same in the United States. People have to work all the time and are never able to see our families. We need better wages to be able to spend more time with our families.”

- Roberto Jacobo, Centro De Trabajadores Unidos En La Lucha

Wage Disparities Have Ripple Effects on the Entire Community

These stagnant disparities and low wages contribute to many entrenched social challenges. As the wage gap continues to widen, many of those trapped in low-wage jobs are living further on the margins. High levels of inequality have been shown to be unhealthy for everyone.

Rising inequality in the United States between 1990-2010 is estimated to have reduced cumulative GDP per capita by about 5% (Cingano, 2014). Rising inequality contributes to uneven development, with resource hoarding in affluent communities and extraction of labor and wealth from low-income communities, often comprised of people of color. Investing in workers inverts this dynamic. When employee wages go up, employees reinvest those wages in their communities to support quality housing, childcare, transportation, and schools, and to strengthen the local business ecosystem.

The jobs highlighted in this report are critical to the economy and society. During COVID-19 pandemic, nearly all workers performing these 30 occupations were deemed “essential.” Yet, despite being called heroes and asked to work through a global pandemic, many of these workers are not able to afford the basic necessities of life. At the same time, most of these occupations are growing. This means we cannot simply train people for better jobs. Our economy needs people to fill these essential jobs. As some workers move up the ladder, demand for the work performed in these roles means that other workers will fill these positions.

Employers Pay a High Price for Low Wages

Employers are also hurt by the impact of low wages. In a report from Harvard Business Review, “The High Cost of Neglecting Low-Wage Workers,” the authors identify how underinvestment in low-wage workers has many negative costs to companies including: “lower retention, higher absenteeism, more overtime, a reliance on staffing agencies to provide temporary workers, constant recruitment and training of new employees, a lowering of morale, a loss of institutional and process knowledge, a decline in customer goodwill, a damaged reputation among job seekers, stagnant or lower rates of productivity—and less revenue.” (Fuller & Raman, 2023)

Estimates suggest replacing a worker can cost between one-third to the full cost of an employee’s salary. This is due to the high costs of recruitment, hiring, and training someone to be fully operational

in their role. Beth Scheuble, Vice President of Total Rewards from Fairview Healthcare, described the high cost of replacing employees following turnover:

“As an organization we think that the cost of recruitment and training is about the same as their annual salary. If you think about your example of a \$50,000 wage earner, if that position goes vacant or turns over rapidly. In our estimation, it’s probably going to cost us \$50,000 to recruit and then train that person into the job before they’re fully functional.”

The cost of low wages is also felt by businesses in terms of worse customer service, due to both unfilled roles and lower productivity. In some cases, unfilled roles or staff-related production limitations may even disqualify businesses from investments or loans, limiting potential for growth.

In healthcare, these impacts have been even more dire. Low wages for care workers have led to high turnover, and a fragile care system for Minnesota’s young, sick, and elderly. Inadequate staffing due to turnover has caused Minnesota to have one of the highest nursing home vacancy rates in the country (Rajecki, 2022). According to a 2023 report by the Minnesota Hospital Association, about 17% of Minnesota healthcare jobs remain vacant. Unfilled roles hurt patients and those that require care.

The results of a survey of 1,300 Minnesota nursing home workers found that 66% report struggling to meet their household’s basic needs every month and 94% of respondents felt that staffing levels in Minnesota nursing homes affect the quality of care that they are able to deliver on a daily basis (SEIU, 2023).

At the same time, healthcare and public agencies are recognizing that there are benefits to having a workforce that reflects Minnesota’s increasingly racially and ethnically diverse population. However, when low-wage roles at a workplace are primarily filled by Black and Brown workers – as is the case for health aides, teaching assistants, and janitorial staff – it can reinforce and exacerbate existing racial hierarchies. While raising wages does not eliminate these issues, fair compensation encourages healthier dynamics where diverse staff can be truly valued in their workplaces.

Finally, employers must recognize that the challenges of the tight labor market are not going away. According to the Minnesota state demographer Susan Brower (Nelson, 2022):

“For those of you that can, now is the time to make your job as attractive as you possibly can, to compensate your workers as much as you possibly can. The power really is shifting toward what workers want. They have more choices and they will make the choices that they need to make for them and their families.”

“The number of people we have available to work today in Minnesota is very close to the number of people we will have in 10 years, and 15 years, and 20 years unless we see some pretty big changes that we haven’t seen in the recent past.”

- Sue Brower, Minnesota State Demographic Center



INVESTING IN FRONTLINE WORKERS PAYS DIVIDENDS TO THE COMMUNITY

Investing in workers in these critical jobs would have ripple effects through their families, their communities, and the state's economy. When workers are paid a family sustaining wage, they are better able to provide the consistency their children need. They are more likely to be able to contribute to their communities through volunteering and invest money back into local businesses and restaurants. They are also better able to be consistent employees that are dependable, provide strong customer service, and execute a company's strategy effectively.

Racial Equity is a Top Priority for the Public and Employees

It has been almost four years since George Floyd's murder, and we have seen many of the racial equity commitments from top employers fade into the background. Yet, Americans continue to believe companies must do more to prioritize racial equity and livable wages. To compete for customers and talent, companies must more deeply commit to these efforts.

Just Capital's ongoing survey of what Americans believe U.S. companies should prioritize most when it comes to just business behavior found that in 2023 among every demographic group — liberal, conservative, high-income, low-income, men, women, young generations, older generations, and white, Black, and Hispanic Americans — the most important issue is: "Pays workers fairly and offers a living wage that covers the cost of basic needs at the local level" (Tonti, 2023).

"Employers should spend time with their teams and understand the work. See what it really means to do some of these frontline jobs. They're hard. They take tremendous skill and patience. Get to know those. It has been helpful for leaders of the company to really look at the wages, the unstable hours and lack of benefits and then sit with it and say, 'You know, is this good for the people that we employ and is this good for our company?' And when you look at that level of stability, almost all of them say, 'This is not going to get us to where we need to go.'"

- Sarah Kalloch, Executive Director, Good Jobs Institute

Further, 87% of Americans say large U.S. companies have a responsibility to regularly increase wages to keep up with the rapidly rising cost of living (Mizell & Frances Fenelon, 2022).

Additional surveying by Benevity found that 80% of U.S. employees believe it is the responsibility of company leaders to take action in addressing racial justice and equity issues (Benevity, 2021). This action may impact employee retention, as nearly 40% of employees said they would likely quit their jobs if their company did not prioritize addressing social or racial injustice.

Investment in Employees Pays Dividends to Employers

Minnesota has the opportunity to be a leader nationally if employers take significant steps to adjust these unhealthy dynamics.

As the home of 15 Fortune 500 companies and 22 Fortune 1000 companies, including many national employers like Target, Best Buy, and UnitedHealth Group, decisions made by local companies impact workers in Minnesota and across the country. These companies have both a responsibility and a stake in the economic well-being of the full population. The public sector has work to do as well. As employers for 15% of Minnesotans, public sector organizations at the city, county, and state-level must set a high standard and invest in their hourly workers.

Yet among the 50 companies that have taken the Center's Racial Equity Dividends Index, only five (5) have reported they pay all employees a family sustaining wage. Among the 22 Public Sector employers that participated in the Index, only one organization said they pay all workers a family sustaining wage.

Employers that want to compete and thrive in the future have good reason to reimagine their salary structures, but today too few are aware of the plight of their Black and Brown workers, who comprise the base of jobs paying low wages. Employers must recognize the extremely tight labor market is unlikely to resolve and short-term fixes of small pay increases and signing bonuses are not enough.

A Harvard Business Review Report, "The High Cost of Neglecting Low-Wage Workers" identifies that the real problem lies in the way that organizations mismanage their hourly workers (Fuller & Raman, 2023). These workers have a strong desire for stability and interest in staying with their current employer if they are supported with fair wages, career ladders, mentorship, and stronger management. Employers think that employee churn is normal but in reality, most low-wage workers do stay and want to stay with their current employer. Further, 62% of the low-wage workers surveyed said that getting higher pay or a promotion would motivate them to remain with their current employer.

Employers are often oblivious to the fact that most hourly workers earning less than a family sustaining wage are often on the verge of homelessness, food insecurity, and insolvency. Employers are unable to see what really matters to these workers: stability and security. This means that location is critically important to low-wage workers. When we asked why they had changed jobs in the past, 64% cited greater convenience in getting to work.

"Companies misunderstand the needs of low-wage, hourly workers. Companies don't realize that low-wage workers want to stay with them; they assume, high turnover is just a fact of life and result of workers being fickle and prone to change jobs constantly, whereas it is typically misguided or poorly executed management practices that prompt workers to leave."

- Joseph Fuller and Manjari Raman, "The High Cost of Neglecting Low-Wage Workers." Harvard Business Review

Companies must fully recognize the costs associated with maintaining a low-wage workforce, and how that hurts retention, productivity, and more. Low-wage workers have an enormous impact on successful execution of employer strategies. A stable hourly workforce can have drastic impacts on the customer experience in a store or restaurant or the quality of products being built. Employers also underinvest in management practices and career development that would encourage these workers to stay and thrive.

The authors assert that a strategy that invests and develops low-wage workers benefits employees and their businesses. The employers tend to experience higher productivity, which leads to better pay and promotions of workers, drops in turnover rates, improvements in customer service and an increased ability to attract frontline workers. This can also help companies internally develop and promote more racially diverse talent and meet their talent goals.



A BETTER APPROACH TO DOING BUSINESS — INVESTING IN WORKERS THROUGH GOOD JOBS

There are other ways of doing business. The Good Jobs Strategy, developed by MIT Professor Zeynep Ton and championed by Sarah Kalloch, Executive Director of Good Jobs Institute, showcases how companies have successfully designed jobs that not only provide decent pay, benefits, and stable work schedules but allow their employees to perform well and find meaning and dignity in their work.

The examples they cite include Costco, Trader Joe's, and QuikTrip, all of which have higher starting pay than their competitors and offer family sustaining wages to the majority of employees after a year or two on the job. They all invest in people while making similar operational choices centered around improving employee experiences: simplifying products and services, empowering employees to act, supporting cross-training, and staffing with room for flexibility. The companies see the dividends of this approach with low turnover, improved customer experience, high employee productivity, and a strong capacity to adapt to changes in the market- all with above average performance in the market.

Ton found that turnover rates were substantially lower for these companies. QuikTrip had close to 13% turnover rate among full-time employees in comparison to 59% average across the convenience store industry (Ton, 2014). At Trader Joe's, turnover among full-time employees is less than 10%. Turnover for employees who stay at Costco for more than a year is 5.5%. They also found that employee satisfaction was substantially higher according to Glassdoor's question, "Would you recommend this employer to a friend?" In August 2012, Costco scored 82% on this question, QuikTrip 83%, and Trader Joe's 84%. In comparison, Walmart scored 47%, Target 62%, Home Depot 58%, and Staples 46%.

"These companies - despite spending much more on labor than their competitors do in order to have a well-paid, well-trained, well-motivated workforce - enjoy great success. Some are even spending all that extra money on labor while competing to offer the lowest prices - and they pull it off with excellent profits and growth."

- Zeynep Ton, The Good Jobs Strategy: How the smartest companies invest in employees to lower costs and boost profits

“Investment in employees allows model retailers to deliver better value to both customers and investors. There are obvious advantages to having a loyal and committed workforce. They work harder and they work better. You get lower employee turnover, so you have people with more experience making fewer mistakes. In addition, there are financial benefits to operating with low turnover. You limit disruptions and training costs.”

- Sarah Kollach, Executive Director, Good Jobs Institute

Good Jobs employers are known to customers for low prices and strong customer service culture. The Good Jobs Institute has expanded their work with employers in low margin industries like senior care, retail, and restaurants that also have large numbers of people of color on staff. As this report has showcased, these jobs are often the lowest wage jobs with the most unpredictable schedules. Yet they see how these jobs can also be good, family sustaining jobs. It requires looking holistically at the system and identifying how the jobs can be better -- the compensation, the day-to-day work, and making sure they have the tools and the resources necessary to really do their jobs well.

For example, in restaurants this has looked like raising wages, investing in strategic roles, creating systems to deliver more consistently for customers and cross-training employees all areas of the restaurant. This level of investment often allows restaurants to expand their business offerings through catering or take-out.

Sarah Kolloch, Executive Director of the Good Jobs Institute:

“We hear from a lot of small business leaders, ‘I’m losing my love for the business’. When you offer better jobs, you’ve got a team behind you. You can do the things that you started this business to do. You can grow. You can be part of the community. You can think about new products or services. You can be the leader you want to be and the part of your family you want to be. The added benefit of the Goods Jobs strategy for entrepreneurs is keeping you in love with the business, growing it and thinking strategically about it.”

Across the board, the transformation has often involved creating more full-time roles. This helps to drive stability and consistency while improving wages and benefits for employees.

Many may assume this approach is unsustainable for small businesses, yet there are several small businesses that have adopted this approach. As Sarah Kolloch explained, in small businesses with high turnover, the life of the owner becomes a vicious cycle of filling shifts and putting out fires.

Despite these many examples and data points, the choice to invest in employees still requires employers to trust their employees and trust the investment will pay off.

“Before you make an investment in people, it’s never going to be 100% clear. A marketing investment or a tech investment, they’re not clear either, but they feel clearer. This is a little bit of a leap of faith. Yet what we have found time and time again is when you trust in people, you create systems that support people, you create a real sense of reciprocity and respect. People are going to step up. I hope employers understand that it’s far less risky than they think to invest in people. And it’s far more expensive than they think to operate in this sort of level of instability and turnover.”

- Sarah Kolloch - Executive Director, Good Jobs Institute

Policy Solutions Needed to Address Market Failures

These 30 critical jobs cannot be improved by employers alone. Policy action is needed both to address market failures and to shape the behavior of private sector actors.

In some sectors, such as healthcare and education, costs are constrained by public funding and reimbursement rates. While school districts often want to increase pay for staff, they are limited by the total funds provided by the state and property tax levies. At the same time, laws sometimes dictate staffing ratios and time allocations. Across care occupations, there is a cyclical challenge. Costs cannot be raised because they are already too high for most patients and families to afford, while pay for specific roles is too low for workers to sustain their own families, driving them to seek new jobs. This signals there are market failures at play.

Corporate actors can do much more to improve low-wage essential jobs. However, the slow movement by corporate America continues to suggest it will require more carrots and sticks to move the needle on wages.

Governments could impose more constraints on employers to require them to create good jobs or they can incentivize them. Examples of constraints often include higher minimum wages and more laws to regulate schedules, benefits provision, and working conditions in a variety of industries. They could also incentivize employers to create better jobs through tax breaks.

Sadly, exploitation often helps companies to make higher profits. Government entities play a critical role in holding these bad actors accountable. Wage theft is a big challenge across many of these industries, particularly the restaurant and construction industries. An analysis by Rutgers’ Workplace Justice Lab suggests wage theft has cost workers an estimated total of \$900 million over the past 10 years (Barnes et al., 2023). Low-wage workers are often afraid to report wage theft or other labor law violations due to retaliation by their employers. Local governments often spend too few resources combating these issues, leaving workers without a way to challenge powerful employers.

One other successful strategy for placing constraints on employers to improve wages and working conditions is through unions and other worker coalitions.

“It’s a choice for companies whether or not to offer good jobs. We have plenty of evidence of you can do well by creating good jobs. But you can also do well not offering good jobs. We need more pressure on both ends to support and push companies to prioritize creating good jobs.”

- Sarah Kolloch - Executive Director, Good Jobs Institute

Organized Workers are Fighting Back

Employers and policy makers have a critical opportunity to do more to improve the lives of workers across Minnesota. For now, workers are driving the strongest changes in wage structures across Minnesota — groups like the Centro de Trabajadores Unidos en la Lucha (CTUL), Awood, New Justice Project, Restaurant Opportunities Center (ROC), Unidos, and unions including SEIU Local 26, UFCW 663, and the Minneapolis Regional Labor Federation, AFL-CIO.

Minnesota has a long history of worker organizing that has contributed to Minnesota’s reputation as a state with a large middle class and high quality of life. Our state is home to some of the most famous strikes in the American history, including 1933’s first-ever sit-down strike at Hormel in Austin and 1934’s Minneapolis Teamsters’ Strike, which led Congress to pass the National Labor Relations Act one year later (Kucera, 2016).

Union existence also raises wages of non-union private sector workers (Denice & Rosenfeld, 2018).

Worker organizing has contributed to the struggle for family sustaining wages. The fight for the \$15 minimum wage marked a new era of organizing in Minnesota that has reshaped what people think is possible. Labor leaders spent considerable time organizing internally for over two years around this issue to win new minimum wage laws in Minneapolis and Saint Paul.

“I learned If you really fight for it, they really do have the money, but you have to fight for it. And bring it back to the community.”

- Lexi Collins, Centro de Trabajadores Unidos en la Lucha

While a \$15 minimum wage was first seen as radical, these efforts have reshaped how the public perceives wages.

The COVID-19 pandemic put new pressures on workers and has ignited an unprecedented amount of union activation in Minnesota. Teachers, nurses, grocery store workers, and meat packing workers have gone on strike. Workers have voted to unionize everywhere from Starbucks to First Avenue, musician Prince’s longtime favored concert venue. These actions have led to wage increases for workers everywhere from Cub Foods to classrooms.

We can learn a lot from the direct experiences of workers. These workers are generating profit within these companies. Despite these efforts, only 15% of Minnesota workers are represented by a union, a figure that has fallen from its 1992 peak of 22% (U.S. Bureau of Labor Statistics, 2024). Public support for unions is the highest it has been in 40 years (McCarthy, 2022). This may be due to greater public concern with rising income inequality and racial injustice. The right to unionize and negotiate for wages is a critical one. Companies across Minnesota and the United States would be smart to both honor these efforts and shift to a new way of thinking about wages, an opportunity to invest in their employees, their communities and the financial health of their companies.

“We believe that unions are the way for people to have agency in their lives. The ability to form a union together with your co-workers to be able to negotiate for better wages and healthcare and secure retirement. That is a way that Americans have historically been able to have good jobs, to sustain themselves and their families. That right has been eroded. And as Minnesota and as a country, how are we making it easier for workers to have that choice and to have that agency over their own lives over their own destinies?”

- Rena Wong, UFCW 663



ACTION IS OVERDUE: EXAMPLES

There are transformational examples of employers and governments taking action to create an economy that provides family-sustaining jobs to all workers. Below are some ideas to inspire action for employers and policy makers.

Employers

Metropolitan Council

In 2022, the Metropolitan Council set a goal to pay all workers a family sustaining wage. This caused them to look at salaries of low-wage workers across the Council and see that the majority were working for Metro Transit. In the past few rounds of contract negotiations, the Council has taken significant steps to increase wages for these lowest paid workers, including a 5% wage increase for all transit workers and developing a clear path where most workers earn \$25/hour by their third year of employment. While this was an expensive commitment, they knew it was worth it to support recruitment, retention, and racial equity. They have seen a substantial impact on their ability to hire.

Marcy Corders, Chief Labor Relations Officer at the Metropolitan Council shared:

“We have been processing hundreds and hundreds of applications that we otherwise wouldn’t be getting. We’ve hired between 250 -300 operators alone. We’re expecting to meet the targets set that transit would like to meet desired service levels in 2024.

First and foremost, we’re trying to attract a qualified but also a happy workforce. We’re embarking on some culture work at Metro Transit, we have been for some time. I think having employees perceive that they’re being treated more fairly from a compensation perspective is a fundamental piece of how they feel about their workplace and has a huge impact on the workplace culture. To me, that’s a huge reason why it’s important [to pay a family sustaining wage]. You want people to know and appreciate that there’s been a value assigned to their work that looks better to them than the value that say, a school bus company has assigned to their work, or other comparable employers.”

Oxendales Markets

This chain of five family-owned grocery stores employs about 200 people in the Twin Cities. Neil and Adam Oxendale started working at a local grocery store while they were in high school and later bought the grocery store. They have existed to be a community grocer where employees can grow and they can give back to their community. While they have not always been able to pay all staff an hourly wage over \$25/hour, they have worked to invest in wages for their workers, listening closely to their needs and approached union negotiations as an opportunity to check in with staff on what they need. They find this approach has helped them with retention, customer service and growing their business. They have not had issues staffing their stores or finding people to help open new locations. While they may not have the low prices of big box stores, Oxendales has a strong client base that come for the community feel and consistent employees.

“You learn so much from everybody by enabling people to have a voice. Not just product mix, but like how we interact with the community. It’s not an employee-employer relationship, I try to treat everybody like family. One of my cashiers when I started, he’s now the meat manager at the store. He’s married and has a couple of kids and we got to celebrate his wedding with him. It feels good to me to see people be able to grow in the industry and find more and more opportunities.”

– Neil Oxendale, Oxendales Markets

Mud Bay Pet Stores (Good Jobs Institute Case Study)

Mud Bay is a family-owned chain of 27 pet food and supply stores in the Pacific Northwest. In 2013 the owners were struggling with employee turnover of 48% -- relatively low for retail, but high for a company whose service model relied so heavily on employee expertise (Good Jobs Institute, 2019). With over 250 employees, Mud Bay operated on thin profit margins, making it hard to justify an increase in wages.

In 2014 the owners began a journey to implement the Good Jobs Strategy by investing more in their employees and operations expertise. Over the next three years, Mud Bay increased starting and average wages by nearly one-third. The portion of benefits-eligible workers rose from 65% to 82%, and the company expanded the range of benefits. Mud Bay also significantly increased the amount of training for new hires, moving from orientation-based training to a ‘first year journey.’ In addition, the company made a set of operational changes to complement this people investment. Mud Bay focused and simplified its product offerings, using newly created employee product advisory teams to help decrease the store’s number of distinct products by 10%. Store employees worked with vendors to standardize delivery windows and processes across stores and suppliers. By 2017, employee turnover fell to 31%– a decline of over one-third. Mud Bay increased sales per square foot from \$317 to \$394, sales per employee hour from \$133 to \$149, and inventory turnover from 6.8x to 7.5x.

Building Dignity and Respect Program

To address the deep challenges of wage theft and employment abuse across the Twin Cities construction industry, CTUL and other local workers groups have developed the Building Dignity and Respect Standards Council (BDC). This council will set standards for and monitor the development of a Twin Cities construction industry that advances the human rights of workers and the long-term interests of developers and contractors through implementation of the Building Dignity and Respect Program (BDR). This Worker Driven Social Responsibility model deeply transformed wages and working conditions among 35,000 workers in the East Coast tomato sector. Through the Fair Food program wage theft, forced labor, and the most dangerous conditions have been virtually eliminated; compensation for workers has risen dramatically; and the work environment is recognized as the best in U.S. agriculture (Fair Food Standards Council, 2021). The Building Dignity and Respect Program is attempting to create a similar structure with building developers in the Twin Cities.

Transformational Policies

Pay Equity Fund

In 2022, the District of Columbia passed the first in the nation Early Childhood Educator Pay Equity Fund that increased compensation for early educators in DC to more closely match the pay of DC public school educators (Washington DC Office of the State Superintendent of Education, 2024). The funds are generated through a new tax on DC’s highest earners, or those who make more than \$250,000 a year. The fund distributes monies in three phases, first as one-time supplemental payments, then quarterly payments and in FY2024 through childcare employers. The funds amount to \$14,000 for full-time lead teachers and \$10,000 for assistant teachers and associate caregivers.

Sector-specific Minimum Wage

California recently adopted sectoral bargaining for fast-food workers through Assembly Bill 1228. This legislation will boost pay for California’s 550,000 fast-food workers to \$20 an hour beginning in spring 2024.

The legislation also creates a Fast Food Council comprised of employers, employees and government officials with the power to set wages and regulate working conditions for large fast-food chains in California. Industrywide bargaining in Europe and Australia has boosted wages and improved working conditions, to the benefit of employees and employers. Worker retention has improved, turnover has declined, and productivity has been enhanced due as workers have had more voice and less fear of retaliation.

Seven states and cities nationwide have adopted labor standard boards like California’s Fast Food Council since 2018, for industries such as nursing homes, agriculture, transit, and domestic work (Bennet, 2023).

During the 2023 legislative session, Minnesota followed a similar model by creating a Nursing Home Workforce Standards Board to conduct investigations into working conditions in the nursing home industry and adopt rules establishing minimum employment standards.

Seattle’s Secure Scheduling

In 2017 Seattle implemented a secure scheduling law that ensures people who work for large coffee, fast-food, retail and restaurant companies have a right to know when and how many hours they will get. This includes two weeks’ notice of schedules, predictability pay if the employer adds, cuts, or changes scheduled shifts, right to rest, access to additional hours before employers hires more workers, and good faith estimates of hours and input into schedules. An impact report of the ordinance found that two years after implementation the law had increased work schedule stability and predictability, increased job satisfaction and satisfaction with work schedules, increased overall happiness and sleep quality, and reduced material hardship (Harknett, 2021). This shows these laws can have a significant impact on the work and lives of frontline workers. Eight cities and the state of Oregon have since enacted similar laws.



RECOMMENDATIONS

This report underscores the way Black and Brown Minnesotans are overrepresented in essential frontline jobs that do not pay enough to sustain a family. Without significant transformation, it is likely that existing economic systems will further entrench these disparities. Targeted anti-racist action must be taken by public and private sector leaders to create a Minnesota where Black and Brown workers, our businesses, and our entire community thrives.

These recommendations have been informed by the many invaluable stakeholders that shared their perspective on this issue (see Appendix II). They have also been designed to address FSG's Six Conditions of System Change.

Value Workers and Essential Jobs

True racial equity will require us all to reckon with what peoples' lives are worth, who is invisible, who is indispensable. We must make these critical jobs and workers visible, honor their inherent value as people and workers, listen to what they need and respond accordingly.

Employers must get to know the essential jobs and workers

There must be a mentality shift that values and trusts in workers. Instead of setting wages based on the lowest market rate, employers must build make the long-term employment and investment in frontline staff key to their business strategy. Employers must get to know their workers to understand what they need and invest in supports that would allow them to excel and stay with their company – whether that means offering full time hours, transportation benefits, childcare, housing supports, etc. Employers and top business leaders should start by spending a day doing the frontline jobs at their companies, getting to know these workers and the critical jobs they hold.

Policymakers must improve wraparound supports and address safety conditions

Policy makers need to listen to the needs of Black and Brown workers to better understand and provide the supports they need. Policymakers should continue building policies that ensure safe working conditions for different occupations. They must invest in wraparound supports to allow workers to stabilize their families while addressing data on occupational segregation. Disparities in who earns a family sustaining wage should be leveraged to guide policymakers in their decisions, as they allocate resources on behalf of the public benefits cliffs, including developing a broader public option for healthcare, and improving transportation and housing supports.

Raise Wages

Employers and policymakers must take action to ensure Black and Brown essential workers make a \$25/hour family sustaining wage.

Employers must prioritize family sustaining wages as their #1 racial equity strategy.

The data is clear that an investment in wages is an investment in racial equity AND in the financial health of companies and communities. Employers should start by analyzing wages paid to employees of similar job categories, disaggregated by race. Instead of setting wages based on the lowest market rate, employers must make the long-term employment and investment in frontline staff key to their business strategy. They should use this data to invest in strategies that ensure their essential workers, and their Black and Brown workers earn at least \$25 an hour. This may require eliminating the lowest wage bands that trap some workers in poverty wages. Subsidize or fully pay for health insurance premiums for employees.

Create pathways with on-the-job training to support workers to earn at least a family sustaining wage after a short time with the company. Set a compensation standard that ensures better profit sharing across all levels. Set high wage and employment standards for subcontractors and hold them accountable to meet these standards.

Policymakers must intervene in broken markets that disproportionately impact workers of color

Healthcare, childcare, education and public services require intervention to raise wages. Invest directly in these essential jobs, starting with those that most impact Black and Brown workers. Start by raising the Medicare and Medicaid reimbursement rate for care workers and pass targeted pay increases for childcare workers. Incentivize employers to pay family-sustaining wages through tax incentives, particularly for small businesses. Set a family-sustaining wage expectation for public contracts and for public employees. Cap childcare expenses at 7% of family income. Fund these investments through higher taxes on CEOs and the top 1% of Minnesotans.

Shift Power

Valuing Black and Brown workers requires building relationships and sharing power.

Employers must share power with their essential workers to create strong companies

Create systems to listen to frontline, Black and Brown workers and effectively respond to their needs. Employers should embrace unionization efforts to share power and create other mechanisms to listen to workers. Employers should add frontline workers to corporate boards.

Policymakers must strengthen and enforce labor laws

Policymakers should strengthen and rebuild our collective bargaining system. Policymakers must hold bad employers accountable by increasing resources to enforce labor laws, tackle wage theft, and increase penalties to hold companies accountable. They should also make it harder for employers to retaliate against workers that file complaints or organize to form a union.

About the Center

The Center for Economic Inclusion is the nation's first organization dedicated to closing racial employment, income, and wealth gaps and building racially inclusive and equitable regional economies. Founded in 2017, the Center is a Black woman-founded and led organization that aims to equip public and private sector employers to build anti-racist organizations. The Center has built a reputation for transforming organizations and communities by delivering groundbreaking racial equity, inclusion, and belonging strategies to people and businesses ready for results.

Center for Economic Inclusion Approach

The Center's mission is to equip public and private sector leaders with the tools and resources they need to take antiracist actions; build regional economies in Minnesota and across the Country in which race is no longer a determinant of economic outcomes; and build communities where all people, including Black, Indigenous, Hispanic/Latine, and Asian people, thrive.

The Center views racism in its many interconnected forms—individual, institutional, and systemic—as the source of all racial disparities present in society today. The Center holds that systemic racism will not disappear on its own. True change will require deliberate action by all stakeholders and sectors within the economy, including government, business, philanthropy, and nonprofit.

To achieve this change, the Center moves people and organizations from awareness about racial disparities, inclusion, and equity to taking meaningful, measurable action to foster accountability. This formula grounds the Center's efforts to transform organizations and communities.



**We educate, equip, and empower
20,000 people**
to take anti-racist action
to create a racially just, inclusive, and
economically vibrant regional economy
for 3,000,000 people by 2030.

APPENDIX I: REFERENCES

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APPENDIX II: INTERVIEWS

Interviews were conducted to provide additional context to the current state of family sustaining wages in Minnesota. Thought leaders on wage issues and creating good jobs were interviewed. Leaders of worker groups and unions that had high number of Black and Brown workers were prioritized as well as Black and Brown workers in key occupations. Public and private sector leaders that the Center or labor leaders identified as taking action to support family sustaining wages were also interviewed. Interview questions were modified for each interview.

Key ideas from these leaders informed the report.

Abdirahman Muse, Executive Director, Awood Center
Aaron Sojourner, Senior Researcher, Upjohn Institute for Employment Research
Beth Scheuble, Vice President Total Rewards, Fairview Health Services
Chelsie Glaubitz Gabiou, President, Minneapolis Regional Labor Federation
Greg Nammacher, President, Local SEIU 26
Josephina, Shift Manager, Noodles and Company
Lizbet Varga, Janitor, Member of Local SEIU 26
Marcy Cordes, Senior Labor Relations Officer, Metropolitan Council
Merle Payne, Co-Director Lexi Collins, Board member, Roberto Jacobo, Board member, Centro De Trabajadores Unidos En La Lucha (CTUL)
Muneer Karcher-Ramos, Director of the Office of Financial Empowerment, City of Saint Paul
Neil Oxendale, Owner, Oxendale Markets
Neo Thurston Jr, Inclusion, Diversity, Equity, Best Buy
Rena Wong, President, United Food and Commercial Workers Union Local 663
Sarah Kalloch, Executive Director, Good Jobs Institute
Sheli Stein, Restaurant Opportunities Center
Tavona Johnson, Care Worker

APPENDIX III: DATA ANALYSIS METHODOLOGY

Data and sample geographies

This report leverages data from the U.S. Census' 2016-2021 5-year American Community Survey (ACS) Public Use Microdata Samples. Analysis includes residents of Minnesota.

Sample population

We define the population as all those who identify their state of residence at the time of the survey as Minnesota.

We define “workers” as civilian, non-institutionalized individuals over the age of 16 who are currently employed and report income from wages. Our sample includes 2,805,466 (weighted) workers.

Data from the ACS is a survey, rather than a full population count. As a result, this data is estimated for the full population using statistical techniques. For some analysis, this report includes 95% confidence intervals for each datapoint – which means that there is a 95% chance that the true value falls within the range displayed.

Constructing race, ethnicity, and cultural communities

One defining feature of this report and the work of the Center for Economic Inclusion (the Center) is the disaggregation of data by race, ethnicity, and cultural community whenever possible. This report builds on the approach to define race, ethnicity, and cultural communities employed by the Center and the Metropolitan Policy Program at the Brookings Institution to create the Indicators for an Inclusive Regional Economy (2022).

Race and ethnicity categories are mutually exclusive, meaning that an individual who identifies as Indigenous, White, and Hispanic would only be counted as Hispanic. An individual who identifies as Asian and Black would be counted as Two or more races.

Specific race and ethnicity groups are defined as:

- “Asian” includes all who identify as Chinese, Japanese, Native Hawaiians, or another Asian or Pacific Islander racial group.
- “Black” includes all who identify their race as “Black” to the Census.
- “Hispanic” includes all who identify a Hispanic or Latino ethnicity, regardless of their race.
- “Indigenous” includes all who identify their race as American Indian or Alaska Native.
- “Two or more races” includes all who identify as two or more race categories.
- “Other” includes those who identify as another race, not otherwise classified.
- “White” includes all who identify their race as “white” to the Census.

Cultural Communities are determined based on the first response to the American Community Survey ancestry question. An individual identifying as Somali first and Ethiopian second would only be counted in the Somali cultural community; if they listed Ethiopian first, they would be counted as Ethiopian and not Somali.

Cultural communities with smaller populations and sample sizes resulted in unreliable estimates and were not included. As a result, while every cultural community also belongs to one of the major race/ethnicity groups, cultural communities included in the Indicators project do not represent all members of the major race/ethnicity group.

Specific cultural community groups are defined as:

- The “Black, American” community includes all who identify their race as Black and their ancestry as one of the following: United States, African-American, AfroAmerican.
- The “Somali” community includes all who identify their race as Black and their ancestry as Somali.
- The “Ethiopian” community includes all who identify their race as Black and their ancestry as Ethiopian.
- The “Mexican” community includes all who identify their ethnicity as Hispanic and their ancestry as Mexican.
- The “Puerto Rican” community includes all who identify their ethnicity as Hispanic and their ancestry as Puerto Rican.
- The “Hmong” community includes all who identify their race as Asian and their ancestry as Hmong.
- The “Indian” community includes all who identify their race as Asian and their ancestry as Indian.
- The “Vietnamese” community includes all who identify their race as Asian and their ancestry as Vietnamese.
- The “Chinese” community includes all who identify their race as Asian and their ancestry as Chinese.
- The “Korean” community includes all who identify their race as Asian and their ancestry as Korean.

Defining wage variables

Calculating hourly wages

The American Community Survey does not provide hourly wage data. It is calculated based on three existing variables: annual earnings from wages, usual hours worked per week, and number of weeks worked in the previous year.

The variable for weeks worked is categorical and must be converted to a continuous variable. We assign the value of the midpoint of each interval. For example, for those observations who report 50 to 52 weeks worked, we treat them as working 51 weeks.

Hourly wage=(earnings from wages)/(usual hours worked*weeks worked))

This approach follows leading research on low-wage workers, such as Ross and Bateman (2019).

Defining family-sustaining wages

The Center for Economic Inclusion defines a family-sustaining wage using living wage estimates for the state of Minnesota from the MIT Living Wage calculator. In 2023, the year this report was written, this was \$25.12 per hour, or approximately \$52,000 annually for a full-time worker. In 2021, the year used for analysis of American Community Survey data, the living wage was \$21.68 / hour or approximately \$45,000 / year. While the MIT Living Wage calculator offers several thresholds for various family compositions, we use for the wage needed to support a two-working parent, two-child household.

Occupation categories

We define occupation categories using harmonized occupation coding scheme provided by IPUMS that is based on the Census Bureau’s 2010 ACS occupation classification scheme. This coding scheme has 493 categories.

