

## Memorandum

To: Roundtable participants

cc: Mayor Betsy Hodges; Minneapolis City Council

From: Spencer Cronk, City Coordinator's Office

Date: March 9, 2016

Subject: Results Minneapolis follow-up: Economic Security

Thank you for participating in our City Goal Results Minneapolis roundtable on Economic Security. This roundtable was a unique opportunity for City staff and external stakeholders to engage in a robust, data-driven conversation about the complex factors that influence the poverty rate, unemployment rate and average monthly earnings in Minneapolis. These three indicators were chosen because they reveal patterns, disparities and trends related to community stability, health and opportunity. The poverty rate is an indicator of whether individuals and families can afford to meet their most basic needs. The unemployment rate reflects one form of unrealized economic potential by capturing Minneapolis residents who do not have a job despite actively looking for work. The average monthly earnings indicator measures the earnings of employees and shows change in paid compensation across industries and over time.

Our roundtable on Economic Security was the first in a two-part series and focused on structural factors that impact the long-term trends of these indicators. It laid the groundwork for an upcoming report and roundtable that will be held summer 2016 on employment in the 20 largest employment sectors in Minneapolis and educational attainment of its residents.

The following themes and examples emerged during the roundtable discussion:

- **Economic security exists along a continuum.** Homeownership, educational attainment and increases in income represent the three main ways individuals and families can move along the continuum toward economic security. It is important to understand that strategies to increase homeownership, educational attainment and income can affect communities differently. For example, while homeownership provides individuals and families with the ability to build equity, housing in historically poor communities of color has slower rates of return and does not gain value as quickly as homes in traditionally white communities. As a result, families in these homes accrue less equity if they decide to sell their home before paying off the mortgage. Strategies that encourage homeowners in historically poorer communities to utilize 15-year mortgages instead of 30-year would reduce this discrepancy, as they would be paying into the principal more quickly.
- **Racial wealth gaps impact risk-taking and entrepreneurship.** Financial safety nets enable individuals with innovative ideas to take entrepreneurial risks. A significant wealth gap across racial and ethnic groups limits the risks and innovative ideas that individuals in communities of color can pursue. Research highlights how these wealth gaps shape the types and extent of entrepreneurship emerging from our communities. For

example, start-up businesses with greater multiplier effects creating jobs and opportunities in communities, such as research, development and technology, tend to emerge more frequently from white communities than communities of color.

- **Many low-income families do not qualify for supportive services but remain unable to afford basic necessities.** Minnesota offers top-quality health and childcare services, but these services come at a high price which is often beyond the reach of many low-income families. Although County and State programs provide assistance for low-income families and individuals, lengthy waiting lists and eligibility requirements prevent many families from accessing these programs. Additionally, many families utilizing County services lose their benefits before successfully obtaining work due to time limitations.
- **Childcare stability impacts both child development and a parent's economic opportunities.** Lack of quality childcare can disrupt key stages in a child's development, which affects achievement and success later in life. In particular, childcare benefits that are tied to parental employment create instability in a young child's development when parents experience unemployment. The potential loss of childcare assistance due to eligibility restrictions also limits the opportunities and risks that low-income parents with young children may take to advance their career.
- **There is a direct connection between a criminal record and barriers to economic opportunity.** Individuals with criminal records face barriers to housing and employment. Landlords can deny potential tenants due to felony convictions and some felony convictions bar access to federal housing assistance. Criminal records automatically prevent employment in certain professions and simply the stigma of a criminal record can sway employers' hiring decisions. Without access to stable housing and employment, these individuals face substantial burdens when returning to the community.
- **Undocumented residents cannot access services that alleviate poverty and provide economic opportunity.** Minneapolis is a sanctuary city. Even so, without legal status, undocumented residents are unable to access housing and health assistance. Often, conversations addressing the needs of undocumented immigrants overlook youth without status who grow up in our community but lose assistance when they turn 18.
- **Many older Minneapolis residents are "retiring" into poverty.** In recent decades, the percentage of seniors in poverty in Minneapolis has exceeded that of the suburbs. The majority of these individuals have worked and lived in the City but have not earned enough to support themselves through retirement. Aging out of the workforce and into poverty particularly affects African-American families. Breaking the cycle of intergenerational poverty becomes especially important for family and community members who wish to support these elders.
- **Work within the City that supports family stability ensures community success.** Structural barriers to economic security require coordinated efforts within City programming. City efforts that are linked to the success and stability of families better meet the needs of the communities we serve. We can make a difference on the intractable problems faced by our communities when the entire City moves together to ensure the stability of our families.

The following potential action steps emerged during the roundtable discussion:

- **Assess strategies that help move families and individuals along the continuum of economic security.** Communities experience poverty, unemployment and average median earnings differently. Targeted solutions that help individuals and families move along the continuum of economic security should address the specific needs of these communities. The City's efforts to meet these needs should be evaluated to ensure they are tailored to the communities they serve.

- **Partnerships with child care providers can help remove barriers to stable child care.** Child care providers are interested in being a part of the solution to providing ongoing stable childcare for families. One roundtable participant suggested that child care centers could better assist parents in maintaining their eligibility for assistance if there were a universal authorization form which assessed eligibility. This potential collaboration would likely include the City of Minneapolis, Hennepin County and child care providers.
- **Develop partnerships that can identify and address needs for families in poverty.** The City already successfully partners with the Center for Energy and Environment to assist residents with energy efficiency in their homes. Similar partnerships could assess the needs for families in poverty. Forging partnerships to best address the individual needs of families in poverty strengthens the stability needed to ensure community success.
- **Address sentencing practices that impose unnecessarily harsh punishments.** The Minneapolis court system punishes certain infractions more harshly than required by the State of Minnesota. These practices could be reassessed so that individuals who have committed crimes in Minneapolis are not burdened with harsher punishments than required.
- **Provide training opportunities to youth with criminal records.** Youth with criminal records can benefit from skills training and professional references to better position them to access employment opportunities. Components of the City's Step-Up and Urban Scholars programs could be leveraged to expand the Build Leaders program.
- **Community organizations are examining programs to serve undocumented residents in the City.** Pillsbury United Communities is exploring bundled integrative programs to address the legal needs for undocumented immigrants. These programs can assist undocumented immigrants overcome legal barriers to support and services, opening the door to economic opportunity.

We are excited to see how discussions from this roundtable shape our work in the community. We look forward to continued discussions on educational attainment and employment in Minneapolis at our upcoming roundtable this summer.