



TO: Frontline Worker Pay Working Group
RE: Written Testimony – Frontline Worker Considerations
DATE: August 2, 2021

Dear Members of the Frontline Worker Pay Working Group:

Thank you for the opportunity to provide testimony on the Frontline Worker Pay Program. The Center for Economic Inclusion (the Center) appreciates the State's commitment of \$250 million in COVID essential worker bonus pay.

As you determine eligibility for this program, we stress the opportunity and importance of investing responsibly in these categories of workers:

- Low-income workers who have no paid leave options.
- Groups that have been disproportionately impacted by the COVID-19 pandemic, including workers of color and immigrant workers who have faced the multiple hardships and disadvantages of being:
 - more likely to be furloughed or laid off;
 - more likely to be frontline workers in critical industries that are paid low wages;
 - have limited or no health insurance benefits; and
 - put in direct contact with the public or other working conditions that pose increased risks for contracting COVID-19.

Pandemic-related layoffs have disproportionately affected women, Indigenous, and Black Minnesotans, and the differences in industry and occupation explain only a fraction of these job losses. According to MN Compass, more than 8 in 10 Black employees and more than 7 in 10 American Indian employees have filed unemployment claims in Minnesota during the COVID-19 pandemic, compared to about 4 in 10 non-Hispanic white employees.

A study by the University of Minnesota showed that women of color are overrepresented in high-risk, low-paying jobs our economy depends on. The pandemic economy illustrated the importance of investing in solutions that help employers address longstanding gender and racial pay and benefit gaps to develop a path toward inclusive and equitable economic growth.

Given women's concentration in health and social service occupations, many women workers of all ethnic and racial backgrounds were designated essential workers with high risk of exposure to the virus. With high concentrations of Asian (40%), Native American (37%), Somali

(30%), and Black (24%) women workers in these essential roles, the investments made with this fund can be transformational for these workers, families, and employers.

Research also shows the disproportionate impact of the pandemic on Black, Indigenous, Latinx, Asian, and immigrant owned businesses and businesses owned by women. The National Bureau of Economic Research notes that African Americans have experienced the largest losses: a 41 % drop in the number of active business owners. Latinx business owners also experienced major losses: 32%. Immigrant business owners suffered a 36% drop, and our state lost 25% of businesses owned by women. MN Compass notes four industries suffered the most in job contraction and business closures: Accommodation and Food Services, Retail Trade, Health Care and Social Assistance, and Other Services.

The time for investing these dollars has never been more critical. McKinsey studies recommend investing in immediate relief, including in the form of direct resources for employee community-relief funds that could help minority-owned small businesses respond to the pandemic and protect their employees. The state of Pennsylvania provides a timely example of such an approach. Policymakers invested \$50 million in federal aid grants to over 600 businesses to provide a temporary \$3 hourly boost to employees earning less than \$20 an hour. Health care providers received most of the money, followed by the food industry.

Minnesota's opportunity is to lead the nation with wise investments is now, and we are ready to partner with you to that end.

As you draft approaches and define eligibility, amount, and duration for essential worker bonus pay, I urge you to consider not only who has been disproportionately impacted by the pandemic but also the tenuous financial standing of these Minnesota families. The need is pressing and immediate to invest these dollars using the inclusive economic growth principles that reflect Minnesota's commitment to recovery, growth, and competition.

In solidarity,



Tawanna A. Black
Founder & Chief Executive Officer, Center for Economic Inclusion

Cc: Gov. Walz and Lt. Gov. Flanagan
Sen. Paul Gazelka
Sen. Susan Kent
Speaker Melissa Hortman
Rep. Kurt Daudt