



THE ANTI-POVERTY SOLDIER

By Clarence Hightower, Ph.D.



Community Action

The Minneapolis Federal Reserve to address racial disparities

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Minnesota has some of the worst racial disparities in the nation—gaps that have widened over the past five decades and that soon may create a statewide economic crisis. U.S. Census data show most Minnesota families of color now have median incomes about half those of their white neighbors. It wasn't always that way. In 1960, family earnings for the state's small nonwhite population were about 74 percent of what white families made.

- Christopher Magan, *St. Paul Pioneer Press*

The Twin Cities, it turns out, are also home to some of the worst racial disparities in the country. In metrics across the board—household income, unemployment rates, poverty rates and education attainment—the gap between white people and people of color is significantly larger in Minnesota than it is most everywhere else.

- Taylor Gee, *Politico Magazine*

Last month, Neel Kashkari stood before an audience at the Minneapolis Urban League to announce that the Federal Reserve Bank of Minneapolis was establishing the Opportunity and Inclusive Growth Institute. Kashkari, who assumed the Presidency of the Minneapolis Federal Reserve in 2016, revealed during his presentation that this institute is designed specifically to combat the racial and economic disparities that have plagued the Twin Cities and greater Minnesota for years.

Some of the most recent statistics cited by Kashkari reveal that the annual median income gap between white and black households in Minnesota is approximately \$30,000. Among all 50 states, this places Minnesota as the tenth worst in the nation. Furthermore, Minnesota maintains similar rankings when it comes to the unemployment gap, the academic achievement gap, and its high school graduation rates.

By creating the Opportunity and Inclusive Growth Institute, the Federal Reserve of Minneapolis joins a number of other entities that have recently developed strategies to address and reduce racial inequities. Such efforts include new legislation from the Minnesota State House, the Minnesota Department of Health's "Advancing Health Equity" initiative, as well as efforts by The Minneapolis Foundation, local school districts, public agencies, and community-based organizations.

I am encouraged by all of these undertakings along with the fact that the issue of racial disparities has been pushed to the front and center of our political discourse. Notwithstanding, I remain troubled at what seems to be a lack of progress in these areas. Take for example the recent report from *24/7 Wall Street* which ranks Minnesota as the second worst state for black Americans to live for the third consecutive year. Mr. Kashkari, stated in his presentation that "We aren't going to find a silver

bullet in six months or a year, but we need to ramp up our efforts.”

I am willing to concede, as I have noted before in this column, that the results we are seeking will likely not come over night. Again, we must be able to highlight some progress and soon. When the next *24/7 Wall Street* report on racial equity is released in January of 2018, we cannot accept a fourth consecutive year as America’s second worst state (or perhaps worst state) for black people to live.

To his credit, Kashkari points out that poverty and racial disparities are not limited to the Twin Cities metro, but exist throughout Minnesota on Native American reservations, the iron range, and other urban and rural areas. In fact, the City of Duluth struggles with racial disparities that mirror the problems in the Twin Cities. Although African

Americans and Native Americans each account for around 2.5% of the city’s population, their median income gaps are roughly \$33,000 and \$26,000 respectively.

So as we monitor and work toward alleviating these gaps in Minneapolis and St. Paul, we must also seek to reduce racial inequity wherever it exists in this state. Minnesota’s true commitment to these efforts will only be substantiated when we begin to witness some positive results, however slight they might initially be.

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