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Working Toward Equality: Employment and Race in Buffalo

Sam Magavern

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Abstract
For all of the progress that our nation and our community have made toward equality, we remain plagued by severe racial disparities in many aspects of life. Perhaps none is more troubling or more important than inequality in employment. Access to a good job is, for most people, the key to a good life. Something is sorely amiss when the black and Hispanic unemployment rates in Erie County are more than twice those of whites, and when people of color are earning just over 70 cents for every dollar earned by whites.

Keywords
Buffalo, Equality/Civil Rights, Race, Report, PPG, PDF
This study was commissioned by the following organizations:

Working Toward Equality is available on the PPG website www.ppgbuffalo.org.

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Introduction

For all of the progress that our nation and our community have made toward equality, we remain plagued by severe racial disparities in many aspects of life. Perhaps none is more troubling or more important than inequality in employment. Access to a good job is, for most people, the key to a good life. Something is sorely amiss when the black and Hispanic unemployment rates in Erie County are more than twice those of whites, and when people of color are earning just over 70 cents for every dollar earned by whites.

The region cannot succeed with such disparities, nor with the pockets of concentrated poverty that accompany them. Poverty and inequality drive down outcomes in health and education; they blight neighborhoods; and they impose large social and governmental costs. They are bad for business and hinder our chances for economic growth. PolicyLink has estimated that closing the racial income gap in Buffalo-Niagara would increase the region’s gross domestic product by 7% – over $3.5 billion per year.$^{1}$

Racial inequality in employment has proved stubbornly persistent, but there is nothing inevitable or immutable about it. Cities, counties, economic development agencies, and states have many tools available – including targeted hire policies, voluntary employer initiatives, education and training programs, and wage and benefit laws – with the demonstrated ability to promote equal opportunity and ensure that all residents share in Buffalo-Niagara’s emerging renaissance.

Buffalo’s leaders have recognized the challenge. Mayor Byron Brown’s Opportunity Pledge has drawn support from hundreds of businesses and institutions, which have pledged, among other things, to “set collective goals to aggressively reduce poverty and increase employment opportunities for all residents, thereby enhancing our City’s productivity and prosperity.” The Community Foundation for Greater Buffalo has convened a Greater Buffalo Racial Equity Roundtable to address racial disparities in various sectors throughout the region. The coalition of labor, faith, and community groups that commissioned this report, joined by many other voices, is calling for action. Now is the perfect time to build on this momentum and make concrete progress toward equality.
Executive Summary

Scope

- People of color in the Buffalo region, even more than in the nation, suffer from devastating rates of unemployment and a heavy concentration in low-wage jobs with inadequate pay, hours, and benefits.
- While the 2010-2014 white unemployment rate in Erie County (6.4%) was lower than that of whites nationally (7.5%), the black and Hispanic unemployment rates in Erie County (17.3% and 13.6%) were higher than national averages (16.1% and 11.0%).
- Similarly, while the 2010-2014 labor participation rate for whites in Erie County (64.9%) was higher than that of the nation (62.9%), the rates in Erie County for blacks (56.4%) and Hispanics (59.2%) were lower than the national rates for blacks (61.7%) and Hispanics (67.1%).
- For young workers of color, the labor market is particularly bad and volatile. In 2011-2013, the Erie County unemployment rate for black workers ages 20 to 24 was 20.5%, compared to 8.2% for their white counterparts.
- In Erie County, people of color are concentrated in low-wage jobs such as healthcare support, personal care and service, and building and grounds maintenance, and they are dramatically underrepresented in occupations such as management, law, business, and finance.
- In Erie County, black workers earn 71 cents, and Hispanic workers earn 73 cents, for every dollar earned by white workers.
- In Buffalo-Niagara, 37% of blacks and Hispanics live below the poverty line, compared to 9% for whites. Median incomes are $25,000 for blacks and $27,000 for Hispanics, compared to $55,000 for whites.

Causes

- Rigorous research shows that employment discrimination remains highly prevalent; in one field experiment, employers preferred white applicants with recent drug felonies to people of color with no criminal record.
- Relatively few companies hold their managers accountable for improving diversity and inclusion.
- Many employers use job criteria that do not accurately predict job performance but tend to screen out people of color.
- Buffalo-Niagara is the sixth most segregated metro in the nation, which isolates people of color from job access and creates numerous employability disadvantages.
Inequalities in wealth, education, criminal justice, and other aspects of life make it harder for people of color to access quality jobs. People of color in Buffalo-Niagara have homeownership rates of less than half those of whites. Blacks represent 14% of the population, but 41% of arrests.

Rising economic inequality and the policies that have promoted it have hurt people of color the most. For example, people of color have lost more from the decline in union density and the erosion of the minimum wage than whites.

The Great Recession exacerbated employment disparities, as did various austerity policies and governmental cuts made in response.

Solutions

- **Targeted hire policies** ask companies receiving public assistance to prioritize workers from certain communities, such as zip codes with high poverty rates.
- **Local employers** should commit to setting goals for improving their diversity and reporting out to the public on progress toward those goals.
- **New legislation** should reform the use of credit checks and criminal histories in the hiring process.
- **The spatial mismatch** between people of color and jobs should be addressed with smart growth policies that incentivize business development in densely settled areas on transit lines and provide more adequate funding for public transit.
- **Direct job creation** for disadvantaged workers in targeted communities to rebuild high poverty neighborhoods offers multiple benefits at a low cost.
- **Anti-discrimination law enforcement** should be more adequately funded and augmented with “tester” programs like those used to identify housing discrimination.
- **Improving wages, work supports, and job quality** will help people of color to advance. Minimum wage, living wage, subsidized employment programs, paid family leave, paid sick leave, child care assistance, fair scheduling, and renewed rights to organize and bargain collectively will reduce racial disparities and strengthen our economy.
The Scope of the Problem

Unemployment and Labor Force Participation

Unemployment rates in the United States vary widely over time, but the racial disparities in unemployment rates remain stubbornly similar. Since 1960, the black unemployment rate in this nation has stayed persistently close to twice that of whites.\(^2\) The black employment reality is actually even bleaker than this picture suggests, because a disproportionate number of black residents are out of the labor market altogether because they have given up working, are disabled, or are incarcerated. In 2010, if blacks had experienced the same unemployment rate as whites, 1.3 million more African Americans would have been working. If blacks had experienced the same employment rate as whites, 2.0 million more blacks would have been working.\(^3\) Hispanic unemployment rates, while never as high as those of blacks, have always been dramatically higher than those of whites as well.

New York State does slightly better than the national averages when it comes to African American unemployment rates, but slightly worse when it comes to Hispanics. In Erie County, however, both blacks and Hispanics are faring much worse than state and national averages. The figures below show five-year Census estimates, aggregating data from 2010 to 2014. While the employment picture has improved in the last few years for all workers, the unemployment rates are still over twice as high for blacks as for whites in Erie County.\(^4\) We should note that there are important differences between races and genders. For example, in Erie County as in the United States, Hispanic men outnumber Hispanic women in the workforce, whereas black women outnumber black men.\(^5\)
Unemployment Rate by Geography and Race
2010-2014 5-year estimate for workers 16 years and older, Census Bureau American Community Survey

<table>
<thead>
<tr>
<th>Location</th>
<th>Black or African/American</th>
<th>Hispanic or Latino</th>
<th>White</th>
<th>People of Color</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>16.1%</td>
<td>11.0%</td>
<td>12.3%</td>
<td>7.5%</td>
</tr>
<tr>
<td>New York State</td>
<td>14.4%</td>
<td>11.4%</td>
<td>11.7%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Erie County</td>
<td>17.3%</td>
<td>13.6%</td>
<td>14.8%</td>
<td>6.4%</td>
</tr>
<tr>
<td>City of Buffalo</td>
<td>19.2%</td>
<td>16.6%</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Labor Force Participation Rate by Geography and Race
2010-2014 5-year estimate for workers 16 years and older, Census Bureau American Community Survey

<table>
<thead>
<tr>
<th>Location</th>
<th>Black or African/American</th>
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<th>People of Color</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Buffalo</td>
<td>55.4%</td>
<td>55.6%</td>
<td>54.8%</td>
<td>54.8%</td>
</tr>
<tr>
<td>Erie County</td>
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<td>59.2%</td>
<td>56.7%</td>
<td>56.7%</td>
</tr>
<tr>
<td>New York State</td>
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<td>63.0%</td>
<td>63.0%</td>
</tr>
<tr>
<td>United States</td>
<td>67.1%</td>
<td>64.6%</td>
<td>62.9%</td>
<td>62.9%</td>
</tr>
</tbody>
</table>
For young workers of color, the market is particularly difficult and volatile, and it felt a huge impact from the Great Recession; in 2009-2011, for example, the unemployment rate among young black men in Erie County reached 27.2%.
Occupations and Industries

In Erie County, there are only a few occupations where people of color are employed in numbers proportionate to their populations. Blacks, for example, comprise about 13% of the county population. The only occupations where blacks are overrepresented are community and social service (19.6%), healthcare support (34.1%), firefighting and other preventive services (17.8%), building and grounds cleaning and maintenance (14.9%), personal care and service (18.3%), and transportation (15.2%). Occupations where blacks are dramatically underrepresented include life, physical, and social science (1.5%), legal (2.1%), computer/mathematical (3.7%), management (3.9%), and installation, maintenance and repair (4.0%). The picture for Hispanics is comparable, with a few variations, such as overrepresentation in farming and underrepresentation in health technologists and technicians.
Similarly, when we look at racial composition by industry, we find black workers overrepresented only in health care/social assistance, transportation/warehousing, and waste management, and Hispanic workers overrepresented only in waste management, real estate/rental and leasing, and accommodation/food services. Both groups are underrepresented in industries such as finance/insurance, management of companies, construction, and professional, technical, and scientific services.
Earnings

Work in the Buffalo region does not pay as well for people of color as for whites. In Buffalo-Niagara, whites have a median income of over $55,000. By contrast, for blacks the median income is under $25,000 and for Hispanics it is under $27,000. Thirty seven percent of black and Hispanic people are below the poverty line, compared to only 9% of whites. In recent years, the news on wages has been particularly bad for African Americans. In New York State between 2000 and 2014, white wages rose 4.7%, Hispanic wages rose 9.1%, but black wages did not change (nationally, black wages fell significantly in that same time period). Wage differentials also vary greatly by industry. Mainly this is caused by the fact that, within each industry, people of color are concentrated in the lower paying jobs at the less profitable businesses and enjoy less seniority. In some cases, however, it may be due to bias: i.e., people of color being paid less for doing the same work as their white peers.

In Buffalo Niagara, 37% of blacks and Hispanics live below the poverty line, compared to 9% for whites. Median incomes are $25,000 for blacks and $27,000 for Hispanics, compared to $55,000 for whites.

Racial Disparities in Earnings by Industry in Erie County

2013, LEHD QWI Bureau of Labor Statistics

Black/African-American workers earn $0.71 for every dollar earned by a White, non-Hispanic worker

Hispanic/Latino workers earn $0.73 for every dollar earned by a White, non-Hispanic worker

<table>
<thead>
<tr>
<th>Industry</th>
<th>Black/African-American</th>
<th>Hispanic/Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>$0.80</td>
<td>$0.85</td>
</tr>
<tr>
<td>Educational Services</td>
<td>$0.76</td>
<td>$0.84</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$0.71</td>
<td>$0.74</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>$0.69</td>
<td>$0.79</td>
</tr>
<tr>
<td>Professional, Scientific &amp; Technical Services</td>
<td>$0.67</td>
<td>$0.89</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>$0.65</td>
<td>$0.82</td>
</tr>
<tr>
<td>Real Estate and Rental &amp; Leasing</td>
<td>$0.64</td>
<td>$0.64</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>$0.63</td>
<td>$0.72</td>
</tr>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td>$0.61</td>
<td>$0.82</td>
</tr>
<tr>
<td>Construction</td>
<td>$0.57</td>
<td>$0.71</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>$0.56</td>
<td>$0.65</td>
</tr>
<tr>
<td>Admin. &amp; Support, Waste Mgmt &amp; Remediation</td>
<td>$0.54</td>
<td>$0.67</td>
</tr>
</tbody>
</table>
Causes

Discrimination

Racial discrimination in employment remains very common in the United States. Because discrimination is now illegal, and because racial attitudes have changed, the discrimination has changed its form. Often, it is subtle and not even conscious on the part of employers; and yet it persists. In one famous study, researchers sent out 5,000 fictitious resumes with “white” or “black” names and found that the white-sounding names received 50% more call-backs.\(^7\) Two separate field experiments, one in Milwaukee and one in New York City, have found that a white job applicant with a drug felony has the same job prospects as a black applicant with no criminal record.\(^8\) A recent experiment answered job advertisements with over 9,000 fictitious resumes for recent college graduates and found that the white names received 14% more interview requests.\(^9\) Interestingly, the gap was much wider in jobs with a customer focus, suggesting that even greater than direct racial prejudice among employers was their fear that the prejudice of their customers would hurt their business if they hired black workers.

In the 1960s and 1970s, the success of the civil rights movement led to dramatic improvements at many employers. Unfortunately, corporate affirmative action programs stalled in the 1980s, and many indicators have become worse, not better, since then, particularly in access to managerial and high skilled production jobs.\(^10\) What happened in the last few decades? Beginning in the Reagan administration, the federal government de-regulated and de-funded the EEOC and the Department of Labor’s enforcement activities, and the courts began interpreting anti-discrimination laws more narrowly. As pressure on employers waned, they switched from affirmative action programs to diversity management. As Stainback and Tomaskovic-Devey report in the *Harvard Business Review*:

"Today, only about 1 in 6 firms hold their managers accountable for the progress of women or minorities in their workplaces. Instead, most firms rely on symbolic public commitments to equal opportunity, occasional...

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A Field Experiment in New York City

Matched sets of white, black, and Hispanic testers applied for entry level jobs. When they were equally qualified, the whites got callbacks or job offers 31 percent of the time, Hispanics 25 percent, and blacks 15 percent. In a second trial, when the whites said they had just been released from prison after 18 months for a cocaine felony, and the people of color had no criminal record, the whites still got callbacks or job offers 17 percent of the time, compared to 15 percent for Hispanics and 13 percent for blacks."
diversity training, and defensive legal responses to discrimination complaints as their core diversity practices.\textsuperscript{11}

Many employers have hiring practices that, while not on their face discriminatory, have large discriminatory impacts. Where companies locate, where they recruit, and where they advertise positions all affect accessibility to their jobs. In addition, many companies use screening criteria, such as criminal background checks and credit checks, which do not accurately predict job performance but screen out many minority applicants. Almost half of major companies, for example, now use credit checks in hiring.\textsuperscript{12}

### Residential Segregation

Buffalo-Niagara is the sixth most racially segregated major metropolitan area in the nation.\textsuperscript{13} In the nation as a whole, residential segregation by race has declined slightly over the past four decades, while residential segregation by income has risen sharply.\textsuperscript{14} This overlay of racial and economic segregation means that, nationwide, black families live in neighborhoods where the median income is $10,000 to $12,000 lower than neighborhoods where whites with the same incomes live. For Hispanics, the difference is between $6,000 and $8,000. Blacks and Hispanics of all income levels are much more likely to live in high poverty neighborhoods than whites. In Buffalo-Niagara, roughly 80\% of blacks live in high poverty neighborhoods, compared to roughly 10\% of whites.\textsuperscript{15}

In Buffalo-Niagara, roughly 80\% of blacks live in high poverty neighborhoods, compared to roughly 10\% of whites.

Housing segregation affects employment disparities in two main ways. First, it increases the distance between minorities (concentrated in urban neighborhoods, and often lacking cars) and jobs (increasingly located in suburbs and exurbs). Even when minorities move to the suburbs, they tend to be concentrated in the lowest income suburbs with the worst access to quality jobs.\textsuperscript{16} Second, living in high poverty neighborhoods exacts multiple costs on residents, harming their health, education, and access to social networks that can lead to jobs.

### The Legacies of Racial Inequality

In addition to present-day discrimination and segregation, minority workers are saddled with the self-perpetuating history of racism and inequality in our region and nation. Disparities in income, wealth, housing, health, education, access to credit, and criminal justice all make it harder for minority applicants to obtain quality jobs. Nationwide, the
The typical black household now has just 6% of the wealth of the typical white household; the typical Hispanic household has just 8%. The median white household has roughly $111,000 in assets, compared to $7,000 for black households and $8,000 for Hispanics. A key reason for this inequity is the disparity in homeownership rates. In Buffalo-Niagara, for example, the homeownership rate for whites (72%) is more than double that of blacks (34%) and Hispanics (33%).

Obviously, this topic can and does fill many books, so here we will just note a few points. One key to employment at living wage jobs is education. Educational attainment, however, is closely tied to the level of wealth in a child’s family and neighborhood. Sadly, these two factors are overwhelmingly more powerful than the quality of the schools the students attend in predicting their educational outcomes. As scholar James Heckman puts it, “The gaps in cognitive achievement that we observe at age 18 . . . are mostly present at age six, when children enter school. Schooling – unequal as it is in America – plays only a minor role in alleviating or creating test score gaps.” In a 2013 study, we showed that the variability in test scores and graduation rates among western New York schools could be attributed overwhelmingly to the proportion of students living in poverty.

Another key barrier to employment is a criminal record, and the costs and disruptions caused by any involvement with the criminal justice system. According to one study, a black male without a high school diploma has a 70% chance of being incarcerated by his mid-thirties. Among major U.S. companies, more than 90% use criminal background checks to screen applicants. In Erie County, blacks account for less than 14% of the population, but 41% of arrests, and Hispanics account for less than 5% of the population, but 7% of arrests. These disparities are much worse than national averages; in the nation as a whole, African Americans are 14% of the population and account for 28% of the arrests.

**Economic Inequality**

The racial disparities in our society have been exacerbated by the sharp rise in economic inequality and the lingering impacts of the Great Recession. Because racial minorities are disproportionately poor, they suffer more from trends in which the rich get richer and the poor and middle class get poorer. In recent decades, middle and low income workers have suffered from mutually reinforcing losses of economic and political power. These trends hit minorities the hardest.
Take, for example, the decline of organized labor. From the mid-1990s to today, the share of workers who want to be in a union rose from 44% to 58%, but the share of private sector workers who are in unions fell from just under 15% to 12.4%. This decline has a disproportionate impact on minorities because, while, in general, union workers earn 30% more than their non-union counterparts, unionized African Americans earn 36% more, and unionized Hispanics earn 46% more. The reasons for this greater pay difference include the fact that minorities are overrepresented in lower wage jobs and in certain occupations, such as service and transportation, where the union differential is particularly high. In Buffalo-Niagara, the steep loss of manufacturing jobs, and their replacement with low-wage, non-union service sector jobs, has decimated the lower middle class and hit minority workers the hardest. This trend continues today, with the jobs expected to see the most growth heavily concentrated in the low-wage service sector, including bartender, childcare worker, stock clerk, retail salesperson, teacher assistant, and personal care aide.

### Median Wages of Western NY Occupations with Most Expected Hiring

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Median Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants and Auditors</td>
<td>$62,550</td>
</tr>
<tr>
<td>Secretaries and Administrative Assistants</td>
<td>$32,900</td>
</tr>
<tr>
<td>Customer Service Representatives</td>
<td>$32,590</td>
</tr>
<tr>
<td>Receptionists and Information Clerks</td>
<td>$27,760</td>
</tr>
<tr>
<td>Office Clerks</td>
<td>$26,050</td>
</tr>
<tr>
<td>Laborers &amp; Freight, Stock, and Material Movers</td>
<td>$25,850</td>
</tr>
<tr>
<td>Personal Care Aides</td>
<td>$22,810</td>
</tr>
<tr>
<td>Home Health Aides</td>
<td>$22,610</td>
</tr>
<tr>
<td>Teacher Assistants</td>
<td>$21,700</td>
</tr>
<tr>
<td>Retail Salespersons</td>
<td>$20,690</td>
</tr>
<tr>
<td>Stock Clerks and Order Fillers</td>
<td>$20,560</td>
</tr>
<tr>
<td>Childcare Workers</td>
<td>$19,360</td>
</tr>
<tr>
<td>Bartenders</td>
<td>$19,000</td>
</tr>
</tbody>
</table>
The erosion of the minimum wage is another trend with disproportionate impact on minorities. There are some 3.3 million people who are paid the minimum wage or less in the United States and more than 30 million workers who would see wage increases if the minimum wage were increased even modestly, to make up for the value that it has lost due to inflation in recent decades. Raising the minimum wage would benefit 18% of white workers, 28% of African American workers, and 32% of Hispanic workers. More than 4 million African Americans and almost 6.8 million Hispanics would see gains.

### The Great Recession and Austerity Policies

The racial and economic inequalities noted above have been worsened by the Great Recession and by austerity policies that have shrunk governmental spending and payrolls. The Great Recession raised unemployment rates, particularly long-term unemployment rates, more for minorities than for whites. African-American employment has been particularly slow to recover. In the fourth quarter of 2014, white and Hispanic unemployment rates were back to within one percentage point of pre-Recession levels, whereas black unemployment remained 2.4 percentage points higher than it had been in 2007. Likely causes include “last hired/first fired policies,” limited access to jobs networks, and residential segregation. As a result, African Americans are now 12% of the total labor force, but 23% of the long-term unemployed.

Public sector layoffs disproportionately hurt minorities; African Americans accounted for one in five jobs lost in the public sector during the downturn. The Great Recession also accelerated the shift from mid-wage jobs to low-wage jobs. Six in ten jobs lost were mid-wage, whereas, during the recovery, jobs in low-wage sectors grew 2.8 times as fast as jobs in mid-wage and high-wage sectors. Finally, the Great Recession, especially as combined with the epidemic of predatory lending and “reverse redlining” that initiated it, dramatically eroded minority household wealth. Between 2007 and 2013, median household wealth declined 43% for African Americans, compared to 27% for whites.
Local and Targeted Hire Policies

Many cities have used local hire and targeted hire programs or combinations of the two. These provisions may also be labeled "First Source." A local hire provision typically asks a company to hire workers from a certain geography, such as a city. In a region such as Buffalo-Niagara, where workers of color are heavily concentrated in the cities of Buffalo and Niagara Falls, local hire policies targeting cities can have a positive racial impact.

Local hire policies can have an even greater effect on inequality when they focus on certain zip codes: for example, zip codes where the poverty rate is over 40% (in Buffalo, those zip codes are 14201, 14203, 14204, 14211, 14212, and 14213). Targeted hire programs can also identify criteria for disadvantaged workers such as veteran status, homelessness, receipt of public assistance, etc. In most cases, criteria such as these will have a positive impact on people of color.

Local and targeted hire provisions can be created through many means, including:
- City laws;
- Project labor agreements;
- Executive orders; and
- Community benefit agreements.

Cities comparable to Buffalo have passed targeted hire laws. Cleveland's targeted hire ordinance focuses on low-income persons, while Milwaukee's law defines disadvantaged workers as unemployed or underemployed. In Milwaukee, the Resident Preference Program maintains a list of workers who have been laid off for at least 30 days and/or have worked less than 1,200 hours in the preceding months. Milwaukee recently passed a law to increase the targeted hire requirement from 25% to 40% and, in 2012, new hires at companies covered by the law were 46% disadvantaged workers.

One important consideration is who administers the local or targeted hire program. Ideally, the agency in charge should have strong roots and networks in the communities.
being targeted, so that it can successfully recruit workers and help them overcome any barriers to being placed in the hiring pool, gaining, and keeping a job.

To give an example, the Oakland Army Base Community Benefit Agreement requires developers and contractors to hire through a particular jobs center. The employer must first try to hire through the jobs center; only if the center cannot provide a qualified applicant may the employer look elsewhere. The developer must provide the center an estimate of the workers it will need over the course of the year, so that the center can offer workforce development programs that match the needs.\(^\text{36}\)

Implementation, monitoring, and enforcement are key to the success of any local or targeted hire program. Washington D.C. requires developers that receive financial assistance from the city to use a First Source Registry, with a goal of 51% of jobs going to city residents. Unfortunately, a 2010 audit revealed that only four of 16 projects met the hiring goal, causing 361 lost job opportunities and lost job revenue of more than $14 million.\(^\text{37}\)

**Voluntary Actions by Employers**

For employers who want to reduce racial disparities, there are many proven strategies. The core requirements for success are setting real goals to improve diversity, holding managers accountable for reaching those goals, and publicly reporting on progress toward them. Diversity training and other efforts to improve the knowledge and attitudes of employees and the culture of the workplace are necessary, but they will not succeed without the kind of benchmarking described above – the same kind of benchmarking that companies use to make sure that they obtain profits and meet their other core goals.

In Cleveland, the Greater Cleveland Partnership (the largest chamber of commerce in the region) formed a Commission on Economic Inclusion, through which many large employers have pledged to increase their diversity and measure progress annually. In Buffalo, we should ask all our employers, and, in particular, our largest employers, to join a similar effort, building on local initiatives such as the Community Foundation for Greater Buffalo’s Committee on Racial Equity and the Mayor’s Opportunity Pledge. The top 26 non-governmental employers in the region employ over 76,000 workers in a range of sectors, with particular concentrations in health care and banking (see table on page 21). If these 26 employers began increasing their diversity each year, the effect on equity would be dramatic. Meanwhile, five of the top ten largest employers in the region are public (New York State, the federal government, the Buffalo School District, the University at Buffalo, and Erie County), employing over 45,000 workers. Stronger diversity policies from them can also make a big difference. A good example is County
Executive Mark Polancarz plan to issue this year an executive order expanding civil service outreach to underrepresented groups.\textsuperscript{38}

**Cleveland’s Commission on Economic Inclusion**

The Commission on Economic Inclusion is a program of the Greater Cleveland Partnership, one of the nation’s largest metropolitan chambers of commerce, with over 16,000 member companies and organizations. The Commission has over 100 employer members with a combined workforce of nearly 200,000 in the Cleveland region and over 575,000 throughout the nation.

- All member CEOs sign commitments to use their best efforts to meet their diversity and inclusion goals.
- Progress is measured in four areas: board membership, senior management, workforce, and suppliers.
- The Commission offers guidelines for organizational diversity and quarterly educational and networking forums for diversity and HR professionals.
- Measurement and assessment tools are used to compare progress each year.
- Members include Time Warner Cable, KeyCorp, and MetroHealth Medical Center.

Local employers should adopt best practices in diversity management. According to Neil E. Reichenberg, Executive Director, International Personnel Management Association, these include the following:

- A formal diversity process is set forth in rules or procedures.
- Both human and financial resources are devoted to the program through an integrated, ongoing and measurable strategy.
- Diversity training is not limited to managers, but is extended throughout the workforce. Successful organizations incorporate diversity into mentoring efforts, leadership training and management-by-results programs.
- Managers use workforce data and demographics to compare statistics reported for the civilian labor force. Occupations with under-utilization are identified and goals are established to increase inclusion.
- A review committee is responsible for establishing policies, providing technical assistance, reviewing/approving plans, and monitoring progress toward the achievement of goals.
- Recruitment, development and retention strategies are linked to organizational performance, and success in meeting diversity goals is measured and made part of managerial performance evaluations.
# Largest Non-Government Employers in Western New York

*As Reported by Buffalo Business First, July 24, 2015*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Employer</th>
<th>Employees</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Kaleida Health</td>
<td>8,102</td>
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<tr>
<td>2</td>
<td>Catholic Health</td>
<td>7,069</td>
</tr>
<tr>
<td>3</td>
<td>M&amp;T Bank</td>
<td>6,429</td>
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<td>4</td>
<td>Tops Friendly Markets</td>
<td>5,065</td>
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<tr>
<td>5</td>
<td>Seneca Gaming</td>
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<tr>
<td>6</td>
<td>Catholic Diocese of Buffalo</td>
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<td>7</td>
<td>HSBC Bank USA NA</td>
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<td>8</td>
<td>Erie County Medical Center Corp.</td>
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<td>9</td>
<td>Wegmans Food Markets</td>
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<td>10</td>
<td>Moog</td>
<td>3,000</td>
</tr>
<tr>
<td>11</td>
<td>People, Inc.</td>
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</tr>
<tr>
<td>12</td>
<td>Roswell Park Cancer Institute</td>
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<tr>
<td>13</td>
<td>GEICO</td>
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<tr>
<td>14</td>
<td>Dresser-Rand</td>
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<tr>
<td>15</td>
<td>First Niagara</td>
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<tr>
<td>16</td>
<td>GM Powertrain</td>
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<td>17</td>
<td>Citi</td>
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<td>Delaware North</td>
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<td>BlueCross BlueShield of WNY</td>
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<tr>
<td>25</td>
<td>Rich Products</td>
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</tr>
<tr>
<td>26</td>
<td>Verizon</td>
<td>1,400</td>
</tr>
</tbody>
</table>

**Total** | **76,649**
Laws about Hiring

Credit History
Almost half of major companies use credit checks in hiring, despite an absence of evidence that good or bad credit is a relevant consideration in choosing employees.\(^{39}\) Eleven states have passed legislation limiting the use of credit information in employment, and seventeen states are considering legislation of this type.\(^{40}\) In New York State, a “Credit Privacy in Employment Act” is before the legislature (Bill No. A0756). And in April 2015, the New York City Council passed the “Stop Credit Discrimination in Employment Act,” which amends the city’s human rights act to bar employers from using credit histories in hiring or employment.

Criminal History
Nearly one in three adults, or roughly 70 million people, have arrest or conviction records.\(^{41}\) Among non-incarcerated men, the portion with a felony conviction on their records grew from 4% to 10% from 1980 to 2010; during those same years, the portion among black men rose from 10% to 25%.\(^ {42}\) As a result, seventeen states and over 100 cities and counties have passed some version of "fair chance" hiring policies to ease the barriers to employment for people with criminal histories.\(^ {54}\) Many large employers, including Walmart, Target, and Home Depot, have voluntarily adopted "ban the box" policies.

New York State already bans employers from using a criminal record in employment decisions unless it has a direct relation to the job; the law lists eight factors for the employer to consider.\(^ {43}\) New York also requires employers to give consideration to certificates of rehabilitation, which ex-offenders may receive from the parole board or the courts (there are two types: certificates of relief from disabilities, and certificates of good conduct). The City of Buffalo passed a “ban the box” law, effective in 2014, which prohibits employers from asking about criminal records prior to an interview. An excellent next step would be to pass county Fair Chance laws throughout western New York.

### Key Elements of Fair Chance Laws
*National Employment Law Project*

- “Ban the box.” Employers cannot ask about criminal history until they have made conditional employment offers.
- Individualized assessment considering the age of the offense, its job relevance, and any evidence of rehabilitation.
- Notice of the rationale and an opportunity to correct (criminal background checks are notoriously prone to errors).
- Strong penalties for employers and incentives for complainants.
- Anonymity and retaliation protection for complainants and witnesses.
- Agency-directed investigations, not just complaint-driven enforcement.
Anti-Discrimination Law Enforcement

Discrimination and bias in hiring, promotion, and retention remain prevalent in Buffalo and the nation. One simple way to increase access to living wage jobs, therefore, is to more fully fund public and non-profit agencies that investigate, prosecute, or do advocacy around employment discrimination.

Anti-discrimination laws are difficult to enforce. How can a job applicant who does not receive an interview know whether race was a factor? Even if he or she suspects it, how will it be proved? One solution is the use of testers: trained workers or volunteers who are given fictitious identities and sent out to see whether they are treated differently based on a suspect classification such as race. In the field of housing discrimination, testers are fairly common – usually sent out in pairs after a complaint of discrimination is made. Housing Opportunities Made Equal (HOME), Buffalo’s fair housing organization, has long used testers. But testers can also be used in employment. The EEOC has funded employment tester programs in the past.44 In 2015, New York City passed a local law requiring its human rights commission to conduct at least five employment discrimination investigations with the use of testers.45 Testing is powerful in part because employers never know when they might be getting tested, and in part because testing programs have standing to sue when they find violations.46

Correcting the Spatial Mismatch

The spatial mismatch between minorities and jobs, especially living wage jobs, is particularly important in Buffalo-Niagara, where minorities are overwhelmingly concentrated in the cities, and job growth has tended to occur in the suburbs. It is important to note, however, that moving to the suburbs is no panacea. Nationally, the percentage of blacks living in the suburbs rose from 13% in 1960 to 35% in 2000, but the unemployment gap did not budge.47 In the Washington DC metro, only 21% of blacks live in the central city, but the black unemployment rate is 2.6 times that of the white

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EEOC Best Practices: How to Prevent Race Discrimination

- Create objective, job-related qualification standards.
- Ensure selection criteria do not disproportionately exclude certain racial groups unless they are valid predictors of performance.
- Make sure promotion criteria are known and job openings are communicated to all eligible applicants.
- Provide training and mentoring to make sure all employees can ascend to upper level jobs.
- Adopt a strong anti-harassment policy, periodically train all employees in it, and vigorously enforce it.
- Monitor compensation practices and performance evaluation systems for patterns of potential discrimination.
Increasingly, we are seeing the growth of impoverished, segregated suburbs. Even middle class suburban blacks lack the assets and social networks that middle class suburban whites tend to have.

Nonetheless, it is vital to bring jobs closer to the people who need them, and in Buffalo that means bringing jobs into the city and locating them along public transit lines. Economic development programs run by industrial development agencies, Empire State Development, and the New York Power Authority should alter their project rating systems to more powerfully incentivize projects that meet these "smart growth" principles. At the same time, we must do a better job bringing people to existing jobs, which means more adequate funding for public transit at the federal, state, and local levels in order to expand service without raising rates.

**Direct Job Creation in Targeted Communities**

One common approach to job creation is to offer private companies incentives to create jobs. There are several problems with this strategy. First, it is very hard to avoid rewarding companies for what they were planning to do anyway; in these instances, rather than creating new jobs, the incentives simply add profits to certain businesses, generally at the expense of other taxpayers. Second, it is hard to require that those companies, when they do hire, choose minority applicants. Hence, if the goal is to increase employment in targeted communities, it is often most efficient to create new jobs to be filled from those communities and to have those jobs serve a direct public purpose – ideally, improving those very same neighborhoods.

In a recent report, economist Philip Harvey compared the impact of spending $100 billion on direct job creation, versus spending it on tax cuts (which are often portrayed as a way to stimulate the economy and create jobs). He found that the direct job creation strategy would create more than ten times as many jobs (over 3.3 million, compared to less than 300,000). The most famous examples of direct job creation come from the 1930s, when the Roosevelt administration created the Civil Works Administration and then the Works Progress Administration. With a budget of only $400 million the CWA created 4.2 million jobs in just four months, employing 8% of the nation’s work force: an amazing proof of how successful direct job creation can be when the political will is present. Another highly regarded New Deal program was the Civilian Conservation Corps, which employed 3 million young men over its nine year life span. The CCC planted nearly 3 billion trees and built over 800 parks, among its many accomplishments.
Modern day direct employment programs include the Federal Work-Study Program, which provides funds for undergraduate and graduate students to earn their way through school, and the federal Summer Youth Employment and Training program. In Buffalo, the Youth Employment program is run by the Buffalo Youth Services department of the Buffalo Employment and Training Center (BETC) and provides summer jobs, career guidance, and training for city of Buffalo youth ages 14-21.\(^{52}\) Also known as the Mayor’s Summer Internship program, in 2015 this program was slated to employ 1,450 youth for six weeks at $8.75 per hour.\(^{53}\) The Mayor had hoped to expand the program to reach 2,500 youth per year, and has raised money through his Fund to Advance Buffalo to aid in this effort, but the program does not appear to have grown in recent years.\(^{54}\)

A critical issue in designing job creation programs is ensuring that they do not substitute for already existing jobs. The federal Comprehensive Employment and Training Act of 1974 (CETA) was weaker than hoped, because it delegated its Public Service Employment program to state and local governments which, in the face of the 1974-1975 recession, often used it to maintain existing services instead of creating new programs and projects.\(^{55}\) The program was then redesigned to serve less as an anti-recessionary job creation program and more as an employment program for severely disadvantaged workers. In this form it succeeded well, providing almost 700,000 jobs per year, until it was eliminated by the Reagan administration in 1980.\(^{56}\)

A good local example of using disadvantaged workers to improve neighborhood conditions is the work of PUSH Buffalo, which hires local workers, mostly minority, to build and rehab green affordable housing and to transform vacant lots into rain gardens. Philadelphia’s Clean and Green program offers another excellent model. At its height, prior to funding cuts, it employed roughly 100 people per year to improve Philadelphia’s vacant lots.\(^{57}\) Over the course of ten years, almost 9 million square feet of vacant property were transformed from eyesores into assets.\(^{58}\) Using data from Philadelphia, PPG has estimated that Buffalo could clean and green 4,000 vacant lots over the course of 10 years, at a cost of $8.3 million dollars, and that it would cost an additional $600,000 per year to maintain them after the ten year mark.\(^{59}\) This would provide hundreds of entry level jobs to disadvantaged workers while solving one of the city’s most pressing and demoralizing problems.
Education and Training

Equal opportunity in education is important, because the racial gap is largest for less educated workers. According to one report, African-American males without a high school diploma are 15% less likely than their white male counterparts to have a job. For females, the gap is 12%. For people with bachelor’s degrees, the racial gap narrows to 5% for men and 3% for women. For professional degree holders, the gap is minimal. Thus, the impact of a high school diploma on employment probability is 50% greater for black men than white, and the impact of a professional degree is 146% greater.

Educational gains alone do not erase racial gaps, however. As of 2007, even before the Great Recession, blacks 25 years or older with a high school diploma were twice as likely to be unemployed as whites, and blacks with a bachelor’s degree were one and a half times as likely to be unemployed. Furthermore, as noted above, educational gains for minorities are themselves dependent on income gains, because of the close correlation between parental income and educational success. In other words, we cannot educate our way out of poverty because it is poverty itself that is hindering our educational progress; children of color will not succeed in school – at the scale that they should – until their parents have living wage jobs.

Skills training is also critical, but, like education, it should not be over-sold; and close attention must be paid to the clientele and the nature of the training. An evaluation of a set of jobs skills programs in 2010 found that they succeeded in raising employment rates for women, people born abroad, and Latinos, but not for African Americans. And while a lack of “soft skills” is often cited as a reason for black unemployment, black men are actually overrepresented in the service sector, where soft skills are often paramount, and underrepresented in construction and manufacturing, which emphasize hard skills and pay higher wages. Any attempt to increase education and skills for minority workers should be welcomed – but with the understanding that it is not a panacea. One particularly promising way to build skills is through apprenticeship programs. Increased funding for apprenticeships should be encouraged, as should policies that require employers doing public work to have robust apprenticeship programs.
Raising Wages and Supporting Work

As noted above, it is workers of color who have been the most harmed by the erosion of wages, and so it is they who will gain the most from policies such as increasing the minimum wage, expanding living wage policies, and supporting the right of workers to organize to bargain for higher wages. Roughly half of all black and Hispanic workers in New York are low-wage workers. New York State’s recent decisions to raise the minimum wage for tipped workers and fast food workers, and Governor Cuomo’s proposal to raise the state minimum wage over time to $15 per hour, are steps in the right direction and deserve enthusiastic support. There are many ways to support collective bargaining; one of the simplest is for the government to require companies receiving tax incentives or other public assistance to commit to union neutrality.

Another important way to raise wages is through wage subsidies. For example, the federal Work Opportunity Tax Credit offers employers a tax credit for hiring veterans. Many states offer subsidized employment programs through their Temporary Assistance to Needy Families (TANF) programs. The Center for Employment Opportunities (CEO) transitional jobs program for ex-offenders has been proven to reduce recidivism, saving taxpayers as much as $8,300 per participant. Subsidized programs run the risk of rewarding employers for doing something they would have done otherwise, or of having the employers release the workers as soon as the subsidy ends, but they have proven effective in times of recession and when targeted at hard-to-employ workers.

Nearly as important as wages are policies that support low-wage workers and enable them to keep their jobs and survive on their pay. Crucial work supports include child care assistance, paid sick leave, paid family leave, and the right to fair scheduling. All these policies benefit workers of color, who are disproportionately concentrated in low quality jobs. A good model for local legislation is the San Francisco Retail Workers Bill of Rights, which addresses access to full-time hours and fair scheduling.

New York State is currently considering a paid family leave bill (A. 1793-B, S. 4742-B), which would provide up to 12 weeks of paid leave to care for a new child or a seriously ill family member. Three states (California, New Jersey, and Rhode Island) already have paid family leave. Many jurisdictions have passed paid sick leave bills, including

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San Francisco Retail Workers Bill of Rights

- Additional hours get offered to existing employees first, not new part-time workers or temps;
- Schedules must be posted two weeks in advance;
- If the business is sold to a new owner, existing employees must be kept for at least a 90 day trial period.
New York City, Philadelphia, and the state of Oregon; and the City of Buffalo has formed a committee to explore possible policies. Polls show that 85% of Americans favor requiring employers to provide paid sick leave, and 80% support paid family leave.69

Work supports have a proven track record of increasing employment levels for people with low incomes. According to a recent study, there is a solid correlation between what various nations spend on work supports such as child care, pre-school, and care for older adults and their labor force participation rates.70 Thus, Japan, Britain, Sweden, Norway, and Denmark all have more generous public assistance programs and higher labor participation rates than the United States. Remarkably, Denmark’s rate is ten percentage points higher than that of the United States.71

Conclusion

Buffalo faces a historic opportunity, as a series of public and private investments have begun to spur economic renewal. But the region cannot succeed if large swaths of the public lack access to good jobs. The current labor market is distorted by discrimination and inequality in ways that prevent our community from realizing its potential for growth and well-being. The problems are real, but the solutions lie close at hand. The central challenge is generating the community willpower to pursue those solutions vigorously and hold ourselves accountable for making measurable progress until equality of opportunity is no longer a dream but a reality.
Acknowledgments

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Cover photograph by Chuck LaChiusa.

Notes


4 American Community Survey Census estimates for Erie County show unemployment rates for whites dropping to 5.8% in 2013 and 5.1% in 2014, and those for blacks dropping to 17.1% in 2013 and 11.4% in 2014. See 2007-2014 1YR Employment Status, B23002.


11 Ibid.


20 Ibid., 7.
23 Leadership Conference, section 68.
25 Ibid. 7.
26 Ibid. 8.
28 Ibid., 9.
31 Ibid., 2.
32 Ibid.
35 Ibid., 32.
38 Erie County Executive Mark C. Poloncarz, “Initiatives for a Stronger Community,” section 1.9.
42 Ibid.
43 New York Correction Law Article 23-A, sections 752 and 753.
45 New York City Local Law 33, “in relation to establishing an employment discrimination testing program,” April 20, 2015.


Ibid., 24.


Ibid.


Ibid.

Ibid.


Ibid, 5-6.


Ibid., 4-5.

Ibid., 5.


Ibid.


Ibid.