Envisioning a U.S. Economy that Works for Everyone

September 2nd, 2021

Organized by the Federal Reserve Bank of St. Louis
Welcome

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Families and Workers Fund

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City of Las Vegas

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Institute for Women's Policy Research

Vanessa Palmer
Federal Reserve Bank of Minneapolis

Agenda for this webinar

Opening Remarks → Data Simulation → Panel Discussion → Q&A
The **Connecting Communities®** audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.
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The mission of the Federal Reserve’s community development function is to promote the economic resilience and mobility of low- to moderate-income and underserved individuals and communities.
Opening Remarks

Mary C. Daly
President and CEO

FEDERAL RESERVE BANK OF SAN FRANCISCO
Data Simulation
How much could US states gain by closing racial and gender gaps in the labor market?

Vanessa Palmer
Data Scientist

FEDERAL RESERVE BANK OF MINNEAPOLIS
Data Simulation: fedcommunities.org/closethegaps/
A thought experiment: How much could US states gain by closing racial and gender gaps in the labor market?

Four key labor market measures:
• Average hourly earnings
• Employment-to-population ratio
• Average hours worked per week
• Educational attainment

For each state, simulated the impact of closing existing:
• Race/ethnicity gaps
• Gender gaps
• Race/ethnicity and gender gaps
...in each of these measures, and then all together.
Envision a US economy that works for everyone

What if racial and gender gaps did not exist? Explore simulated economic gains from 2005 to 2019 in each US state and Washington DC.

For Minnesota, imagine closing gaps in race and gender

TOTAL GAIN

Minnesota

If racial and gender gaps were closed, the GDP of Minnesota from 2005 to 2019 would have increased by

$32B annually from a simulated baseline GDP of $120B

The simulated total gain and the sum of simulated incremental gains—which do not include the interplay (joint effects) of employment, educational attainment, and hours worked—will differ. Also, please keep in mind that each place has unique demographics, and some states may have higher GDP gains in part because of more diversity and/or greater disparities, so we recommend focusing on each state and each gap separately rather than drawing comparisons.
**INCREMENAL GAIN**

**Hours Worked**

If racial and gender gaps in *hours worked* were closed, the GDP of Minnesota from 2005 to 2019 would have increased by **$7.5B** annually.

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>38</td>
<td>43</td>
</tr>
<tr>
<td>All others</td>
<td>38</td>
<td>42</td>
</tr>
<tr>
<td>Asian</td>
<td>39</td>
<td>41</td>
</tr>
<tr>
<td>Hispanic</td>
<td>37</td>
<td>41</td>
</tr>
<tr>
<td>AIAN*</td>
<td>38</td>
<td>41</td>
</tr>
<tr>
<td>Black</td>
<td>37</td>
<td>40</td>
</tr>
</tbody>
</table>

* AIAN (American Indian and Alaska Native)

Note: "Race" is used as shorthand for "race and ethnicity".

### Employment

If racial and gender gaps in employment were closed, the GDP of Minnesota from 2005 to 2019 would have increased by $6.0B annually.

<table>
<thead>
<tr>
<th>Employment-to-population ratio</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>79%</td>
<td>84%</td>
</tr>
<tr>
<td>Asian</td>
<td>88%</td>
<td>84%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>66%</td>
<td>85%</td>
</tr>
<tr>
<td>All others</td>
<td>73%</td>
<td>76%</td>
</tr>
<tr>
<td>Black</td>
<td>68%</td>
<td>68%</td>
</tr>
<tr>
<td>AIAN*</td>
<td>57%</td>
<td>51%</td>
</tr>
</tbody>
</table>

### Educational Attainment

If racial and gender gaps in educational attainment were closed, the GDP of Minnesota from 2005 to 2019 would have increased by $910M annually.

<table>
<thead>
<tr>
<th>% of population with a bachelor's degree or higher</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Asian</td>
<td>42%</td>
<td>38%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>41%</td>
<td>38%</td>
</tr>
<tr>
<td>All others</td>
<td>41%</td>
<td>38%</td>
</tr>
<tr>
<td>Black</td>
<td>23%</td>
<td>28%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>AIAN*</td>
<td>18%</td>
<td>14%</td>
</tr>
</tbody>
</table>

### Earnings

If racial and gender gaps in earnings were closed, the GDP of Minnesota from 2005 to 2019 would have increased by $17B annually.

<table>
<thead>
<tr>
<th>Average hourly earnings (Minnesota from 2005 to 2019)</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>$26</td>
<td>$31</td>
</tr>
<tr>
<td>Asian</td>
<td>$25</td>
<td>$31</td>
</tr>
<tr>
<td>All others</td>
<td>$23</td>
<td>$27</td>
</tr>
<tr>
<td>Black</td>
<td>$20</td>
<td>$22</td>
</tr>
<tr>
<td>AIAN*</td>
<td>$19</td>
<td>$23</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$19</td>
<td>$20</td>
</tr>
</tbody>
</table>
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What’s next?

• Explore and share the simulation for your state: fedcommunities.org/closethegaps/

• Read more about the detailed methods and download the data: fedcommunities.org/closethegaps/detailed-methods/

• Visit frequently asked questions: fedcommunities.org/closethegaps/faqs/
Panel Discussion

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Questions

Email
communities@stls.frb.org

Chat
Type your question into the chat box of the webinar.
Next Steps

• All session materials are available on our website, and in the next few days, we will post an audio file of today’s session.

• If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org.

• Information about future sessions will be posted on our website along with archived materials from past sessions: https://bsr.stlouisfed.org/connectingcommunities.
Related Resources

• In connection with this session, you can find a variety of additional resources on this topic, available at www.fedcommunities.org.

• It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.