

Misaligned Opportunities:

How Racial Inequities Lead to Skills Gaps in Northeast Ohio

2020 REPORT



PREPARED BY Team NEO



IN PARTNERSHIP WITH Delta Dental



WITH GENEROUS SUPPORT FROM



from Team NEO

Team NEO, as a business and economic development organization, is focused on building a vibrant economy for our region and is committed to ensuring that all members of our community have opportunities to participate in our prosperity.

It is clear, however, from both personal accounts of many in our community and through our robust analysis of data, that economic success has not been equitable and opportunities to prosper have not been equal for all members of our community, particularly people of color. Team NEO understands that the socioeconomic inequities that exist are systemic and that the solutions to this problem need to be systemic as well. We also know that we have a role to play in better understanding the challenges and finding or supporting solutions to address them.

While Team NEO has implemented a number of strategies to that support diversity and inclusion, we – like most organizations – are on a journey to better understand the issue and the impact our current work has on diversity and inclusion, and to determine what more we can do to effect change. Team NEO is committed to doing our part to help understand the challenge and shape solutions that will have a positive effect on both personal and regional economic growth.

The Aligning Opportunities report – and specifically, this ***Misaligned Opportunities: How Racial Inequities Lead to Skills Gaps in Northeast Ohio*** report – is just one example of Team NEO’s efforts.

Aligning Opportunities, funded with generous support from Delta Dental, seeks to help understand the gap between the region’s in-demand jobs and the available workforce, and to work toward bridging that gap. As Team NEO’s Aligning Opportunities research progressed over the past four years, we increasingly saw a need to better quantify the talent gap in communities of color and distressed communities.

The 2020 Aligning Opportunities report includes a robust dataset aimed at better defining the workforce participation disparities in Northeast Ohio, particularly among persons of color, using metrics like educational attainment, entrepreneurship, racial proportionality of in-demand occupations and more. The following pages provide an initial look at those metrics.

We hope this report can be used as a starting point to inform local conversations on how racial inequities lead to talent gaps in Northeast Ohio, and influence solutions that we, as a region, can implement to effect positive change.

Sincerely,



Bill Koehler

Chief Executive Officer, Team NEO

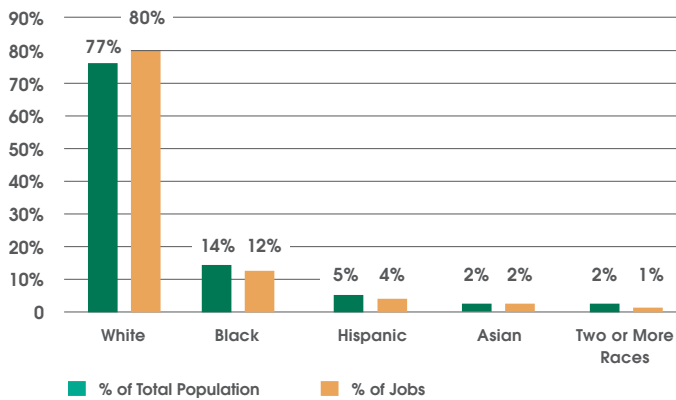
Delta Dental recognizes we are all living in challenging times. Politics is polarizing, racism is rampant and the pandemic is frightening. Tough times require more dialogue and understanding. The new Inclusion and Diversity Initiative at Delta Dental of Michigan, Ohio and Indiana will allow our employees to drive our training and programming needs to create an environment where all employees can bring their whole selves to work, initiate difficult conversations and facilitate meaningful change as a result.



Northeast Ohio Population & Employment

Here's a breakdown of Northeast Ohio's population, employment and income by race, which serves as a baseline for this discussion. While Northeast Ohio is a majority-white region, people of color make up more than 20% of the total population. Unfortunately, in terms of overall employment, minority groups are underrepresented across the board.

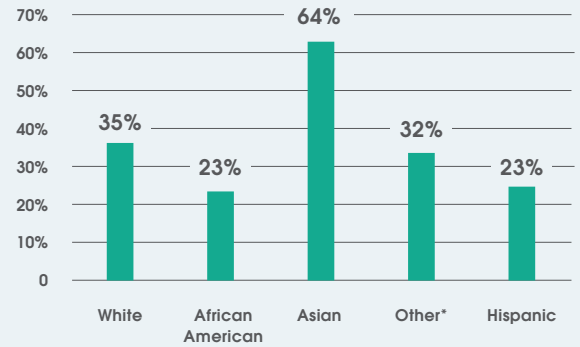
Population vs. Employment in Northeast Ohio



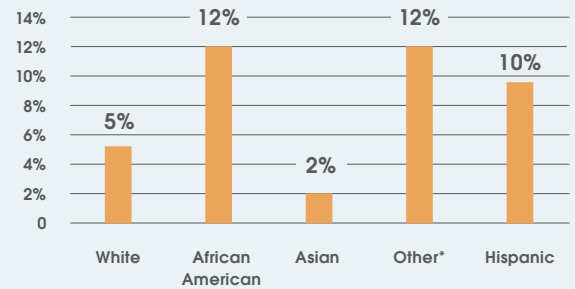
Source: Bureau of Labor Statistics; Economic Modeling Specialists International

NOTE: American Indian or Alaskan Native, and Native Hawaiian or Pacific Islander groups each represent less than 1% of Northeast Ohio's population and employment.

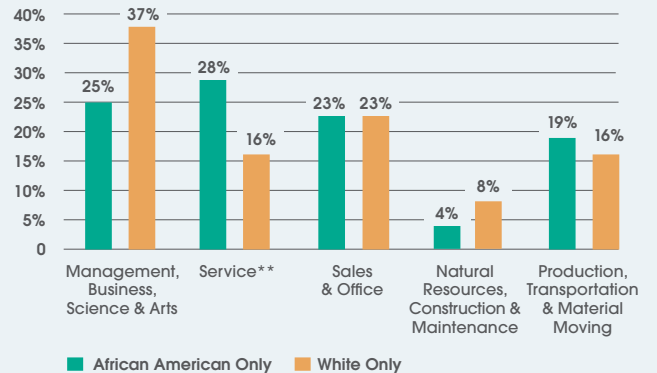
Percentage of Population with a Bachelor's Degree or Above



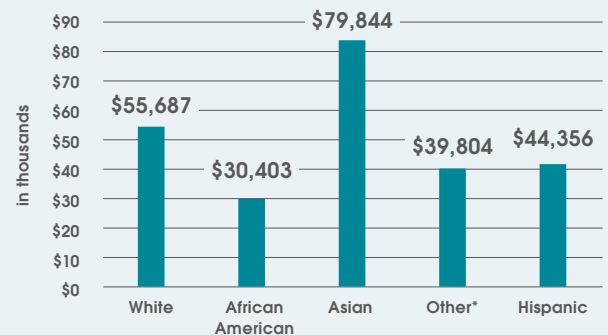
Unemployment Rate



Occupation by Race



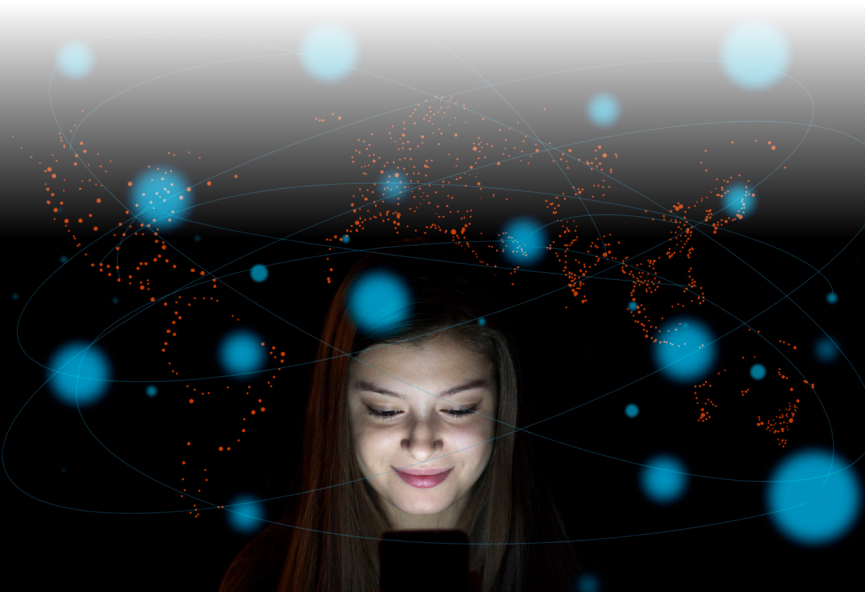
Median Household Income



* American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, Some Other Race and Two or More Races

** Food preparation and serving, personal care and service, health care support, building and grounds cleaning and maintenance, and protective services.

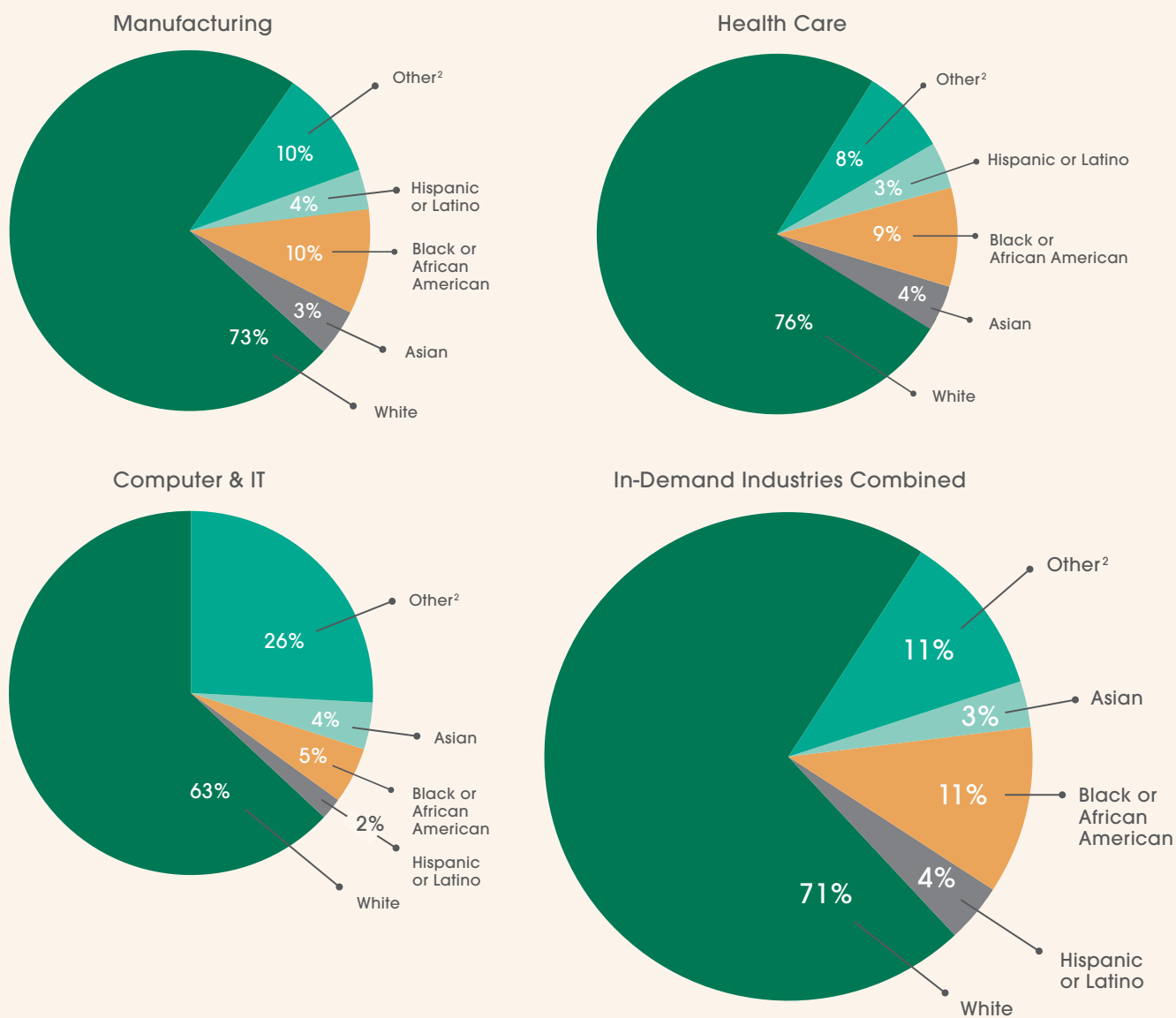
SOURCE: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates



Educational Attainment

Educational attainment can be a pivotal first step for a person striving toward a successful career. Higher levels of education often lead to higher-wage occupations and greater opportunities for advancement. Yet Northeast Ohio fails to keep pace with the need for educated and skilled workers, especially in the region’s in-demand fields. The underrepresentation of minority groups in postsecondary program completions, which include a degree, certificate or other diploma, is stark. For example, whites account for 82% of Bachelor’s degree completions in Registered Nursing, compared with under 5% for blacks. Additionally, blacks are overrepresented in terms of Practical & Vocational Nursing completions, which often lead to lower-paying jobs within the Health Care sector when compared to Registered Nursing programs. As a region, Northeast Ohio has an opportunity to improve educational access and connect historically underrepresented communities with more and better opportunities for advancement.

Postsecondary Completions¹ by Race



¹ The completion of a postsecondary program resulting in a degree, certificate or other diploma

² Persons of two or more races or whose race/ethnicity is unknown, or nonresidents of the United States

SOURCE: Integrated Postsecondary Education Data System (IPEDS), 2018

Collaborations Focused on Educational Equity

Higher-education institutions, businesses and community organizations are coming together on programs designed to boost educational attainment among underrepresented groups. The following efforts exemplify their commitment.

IBM & YOUNGSTOWN STATE UNIVERSITY

Youngstown State University, in partnership with IBM, has launched an IT Workforce Accelerator to help better align the workforce with industry in-demand skills. The goal is to provide greater access to industry 4.0 skills and jobs through alternative educational pathways like apprenticeship and pre-apprenticeship.

The IT Workforce Accelerator regularly convenes employers, workforce intermediaries and other ecosystem partners interested in being part of the workforce and education conversation by learning about, implementing or supporting apprenticeship and pre-apprenticeship programs. Members of the IT Workforce Accelerator gain access to IBM playbooks, competency frameworks and thought leadership around apprenticeship. Additionally, members are offered first access to available IBM IT pre-apprenticeship training for prospective apprentices.

LORAIN COUNTY COMMUNITY COLLEGE

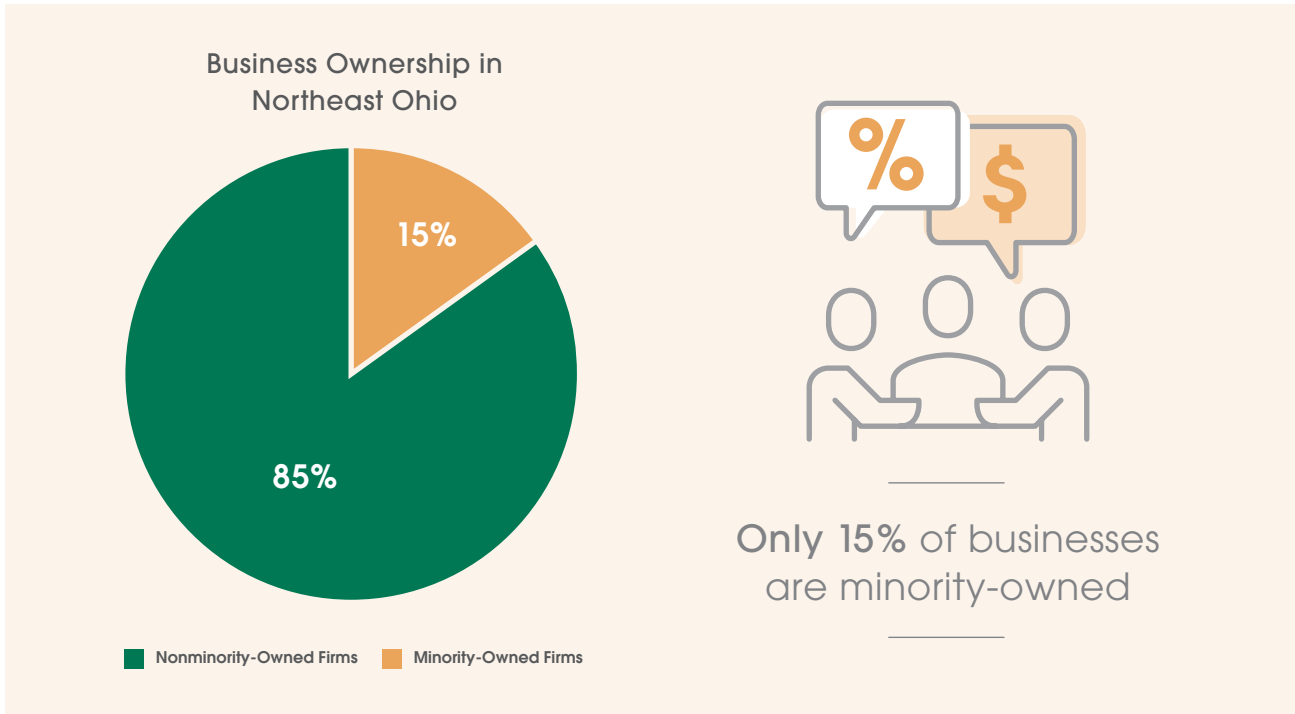
Lorain County Community College is committed to providing equitable access not only to higher education, but to high wage, in-demand careers. We maintain deep connections to local industries to build career pathways most likely to lead to economic stability. But a deep dive into our program data identified gaps in representation across race and gender in these in-demand, high wage careers. By disaggregating the data, LCCC began meaningful dialogue about program structure, cultural context related to career decision-making, and the importance of connecting students to pathways that support ongoing advancement in their chosen field. The resulting advising and experiential learning opportunities are being incorporated into existing programs, like Students Accelerating In Learning (SAIL). SAIL scales holistic student support using a case management approach to academic advising with the goal of helping students complete their associate degree within three years. The program has served more than 780 students, including LePreece Thomas. Thomas earned two associate degrees and two certificates within two years and is now working fulltime at Mainthia Technologies, a contractor for NASA Glenn Research Center. By cementing equity-minded approaches to program enrollment LCCC can help even more students enter careers that support their futures.

COLLEGE NOW GREATER CLEVELAND & LUMINA FOUNDATION

In December 2019, Lumina Foundation, in partnership with The Kresge Foundation, designated Cleveland as a Talent Hub, which signifies that a community is making strides toward increasing educational attainment and favorable employment outcomes, specifically for African American residents. College Now Greater Cleveland is leading the initiative with Cleveland State University and Team NEO as the core team partners. The Talent Hub is an opportunity to continue the work that is happening in Cleveland and Cuyahoga County to identify and address the inequities experienced by African American residents in postsecondary education and employment outcomes.

Data will drive the initiative's actions. Partner colleges will examine the data and statistics for their adult (age 25+) students to determine outcomes by race. Team NEO will examine employment data from the 2020 Aligning Opportunities report through a racial equity lens. The next steps are to collect qualitative data to add to the quantitative data analysis. Through the Talent Hub, stories of Cleveland's African American residents working to access and succeed in postsecondary institutions and obtain family-sustaining wage careers will be unveiled. Once the baseline data is determined, other community-based organizations and businesses will be invited to collaborate to design programs and solutions to address the equity gaps in schools, businesses and the most affected communities.

Minority Business Enterprises & Entrepreneurship



SOURCE: Survey of Business Owners (US Census Bureau), 2012

Owning a business is, for many, the American dream. The innovative ideas that hardworking, visionary entrepreneurs bring to light have the potential to not only boost our economy with goods, services and jobs, but also lead those business owners toward a path of upward mobility. But entrepreneurship is another area of racial inequity in Northeast Ohio. Based on available data from the U.S. Census Bureau's 2017 Annual Business Survey, MBEs account for just 6% of firms with paid employees in Northeast Ohio. Unfortunately, this data does not even paint a full picture, as data is unavailable for some counties, and does not include Sole Proprietorships. This disparity in size and scale of business is further reinforced when looking at data from Crain's Cleveland Business, which shows that the 20 largest privately held companies in the region employ over 47,600 individuals, while the 20 largest MBEs employ just over 2,000 individuals.

Furthermore, according to McKinsey & Company's recent "COVID-19's effect on minority-owned small businesses in the United States" report, the ongoing pandemic brought on by COVID-19 may lead to a disproportionate impact on minority-owned small businesses, and has already highlighted issues faced by minority business owners. This inequitable impact is largely based on MBEs' lack of access to capital. The Brookings Institution's 2018 Small Business Credit Survey found that large banks approved only 29% of loans sought by black small-business owners, as compared to 60% for white small-business owners. Additionally, a 2016 study from the Stanford Institute for Economic Policy Research found that only 1% of black business owners get a bank loan during their first year of operation. Another factor fueling this disproportionate impact is a concentration in population-serving sectors that are most immediately affected by the pandemic. According to the U.S. Census Bureau's 2016 Annual Survey of Entrepreneurs, minority-owned small businesses are overrepresented in sectors such as Accommodation & Food Service, Healthcare & Social Assistance, and Retail.

The region can support the efforts of aspiring entrepreneurs by taking actions such as providing greater access to working capital for minority-owned startups and intentionally partnering with existing MBEs. Additionally, higher-quality, more granular data is needed to fully understand the size and scale of the MBE landscape within Northeast Ohio.

Initiatives Supporting Minority Business Enterprises

Below are examples of programs that support MBE opportunities.

HALL OF FAME VILLAGE POWERED BY JOHNSON CONTROLS

Both Hall of Fame Village Powered by Johnson Controls (HOFV) and the Stark County Minority Business Association are committed to making Stark County a more equitable and inclusive space for all, especially in regard to the minority business community. One recent example of this commitment was a partnership between the two organizations related to an office building conversion that was needed as part of HOFV's ongoing construction efforts. SCMBA, after being identified by HOFV, handled the renovation from start to finish, completing a \$200,000+ construction project in which seven members of the Association operated in various construction capacities. The project was managed by a member of the Association, and bids were awarded by SCMBA and HOFV. With oversight from SCMBA and its members, the project was a success, managed and completed within the target timeframe and budget. This process not only gave minority business exposure to the project, but it also provided an opportunity for learning and sharing of the many facets of the process such as bidding. The project utilized capable and qualified minority contractor partners that may not have otherwise been able to capture the work because of their size or experience and provided an opportunity for growth.

Additionally, the HOFV is committed to maintaining this connection with the minority business community in Stark County. As construction continues on additional phases of the HOFV project, minority contractor participation will be mandatory, and a percentage of all work will include minority contractors on site.

GREATER CLEVELAND PARTNERSHIP

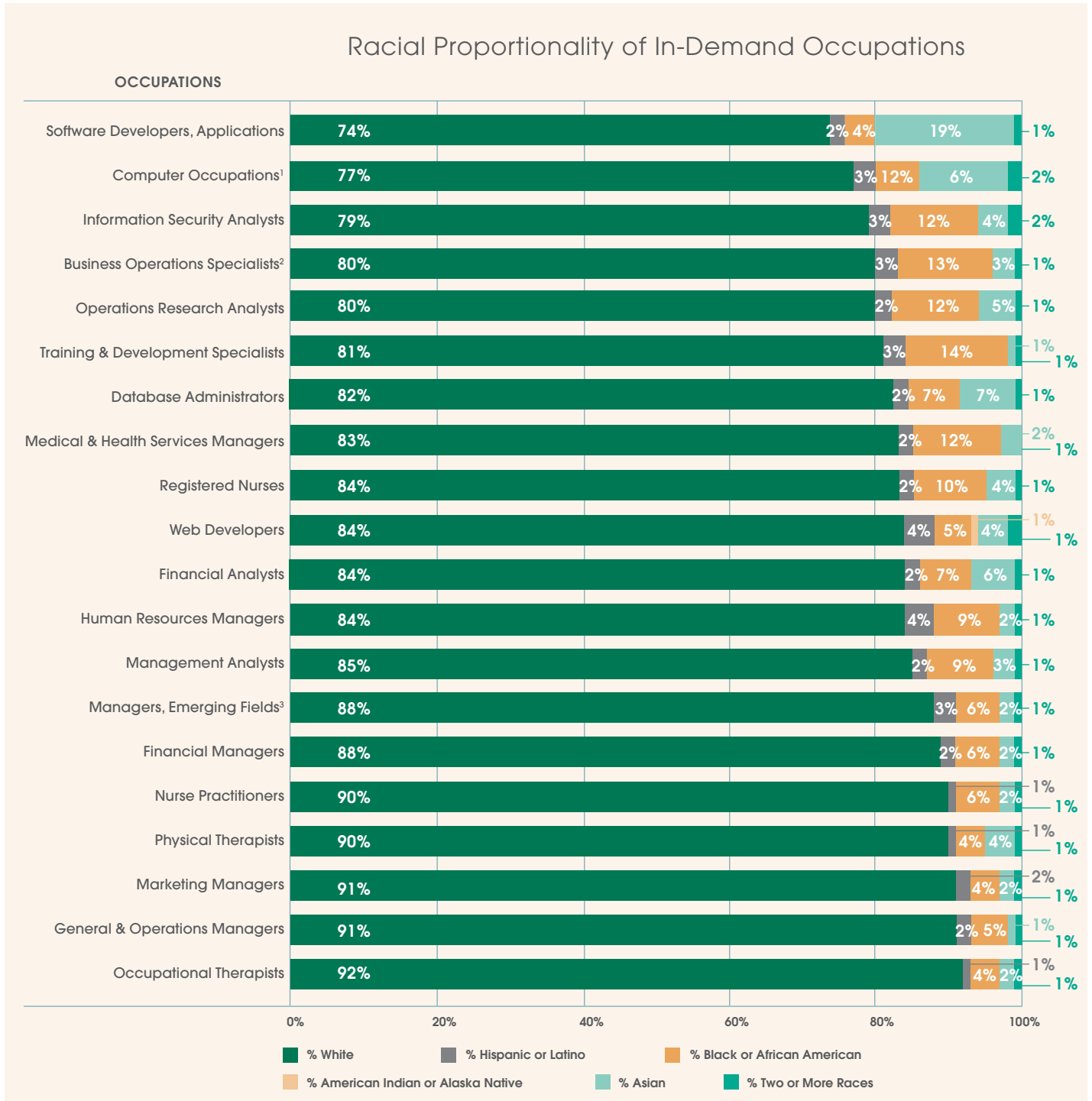
As a leading voice on the subjects of equity and inclusion, the Greater Cleveland Partnership (GCP) advances racially equitable strategies to create inclusive organizational cultures within the region. In 2019, GCP launched a new initiative, CommitCLE, to engage the business community. This initiative is focused on not only heightening the acumen and access for small MBEs, but also growing scalable MBEs and ultimately elevating how Cleveland does business.

As CommitCLE strives to facilitate significant growth for MBEs, a cohort of companies has committed to increasing supplier diversity spend with growth-oriented minority firms. These companies will grow local and diverse spend, mentor two to three MBE firms and utilize the Inclusion Marketplace, an online portal connecting MBEs with demand for goods and services.

The Inclusion Marketplace was developed to close the gap between supply and demand to increase the number of scalable MBEs. On the supply side, MBEs promote their goods/services, find business opportunities and bid on work. On the demand side, buyers can post opportunities and source suppliers to diversify their vendor bases. Additionally, the portal connects MBEs to resources, capital and outreach events.

Racial Proportionality of In-Demand Occupations

The following 20 jobs are also highlighted in the 2020 Aligning Opportunities executive summary: They are occupations offering family-sustaining wages and a low chance of automation. However, the individuals filling these occupations in Northeast Ohio today are overwhelmingly white. Connecting people of color to these in-demand occupations is a necessary step for our region to move toward a more equitable future.



¹ Computer-savvy professionals working to design video games, develop computer solutions, build geospatial programs or analyze data

² Business professionals working on energy audits, security assessments, international or online commerce, sustainability and disaster recovery

³ Managers working on organizational compliance, risk, supply chain, investments and security, often in the green economy

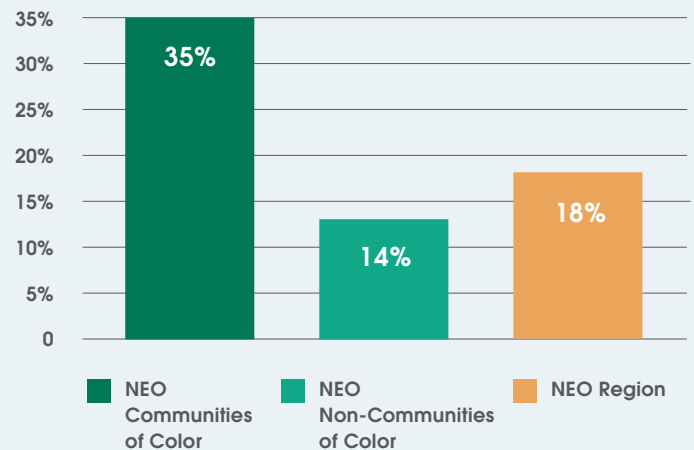
SOURCE: Burning Glass Labor Insights; Economic Modeling Specialists International; Team NEO Calculations

Communities of Color Comparison

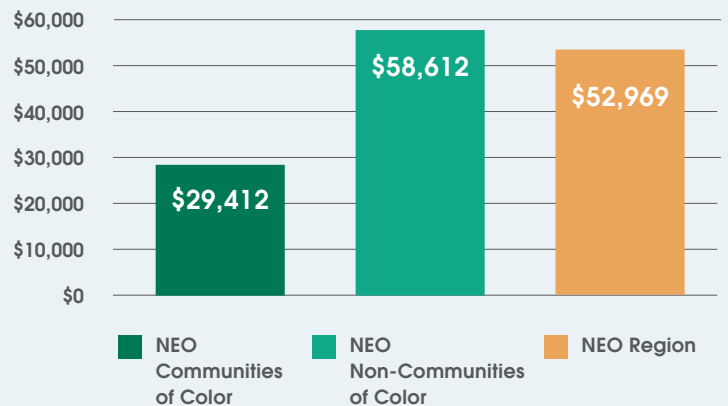
Due in large part to exclusionary housing policies, people of color have been widely segregated from majority-white communities for decades, if not centuries. These historic inequities provide a backdrop for analyzing the differences in economic outcomes between communities of color*, non-communities of color and the Northeast Ohio region as a whole. Cycles of disinvestment have left communities of color far worse off than counterpart communities on multiple metrics — poverty, household income and housing value, to name just a few. Potential strategies for bridging these gaps include increasing job access and providing resources to the underemployed.



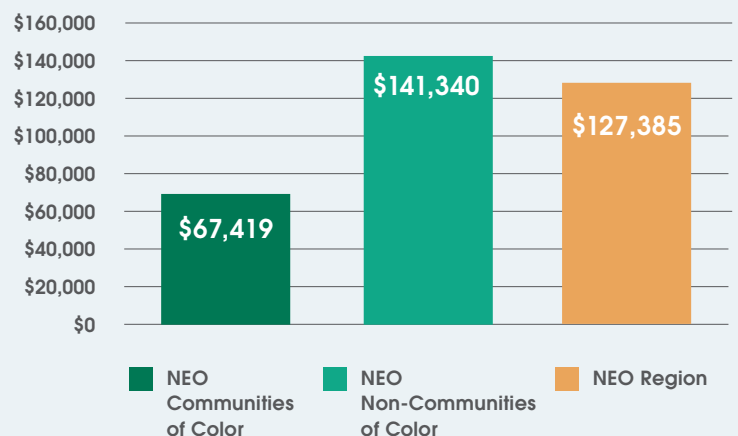
Percent of Residents Below Poverty Line



Median Household Income



Housing Value (Owner-Occupied Units)



SOURCE: U.S. Census Bureau American Community Survey

*For the purposes of this report, "communities of color" are defined as census tracts in which 51% or more of the population are people of color.

Connecting Communities of Color with Opportunities

Following are just two of the programs being implemented in Northeast Ohio to support communities of color through greater access to good-paying jobs.

FUND FOR OUR ECONOMIC FUTURE

Legacy industries, declining job access, concentrated poverty and systemic racial exclusion have long undermined Northeast Ohio's global competitiveness. The downturn caused by the coronavirus intensifies the need for equitable growth. In response, the Fund for Our Economic Future is working with regional partners to build up and reinforce job hubs.

Job hubs are places of concentrated economic activity, defined and identified based on four characteristics: high concentrations of traded-sector jobs, multiple employers, alignment with local development priorities, and potential economic development opportunities.

Job hubs can make Northeast Ohio more competitive and more equitable. They benefit businesses: Physical proximity to other businesses spurs creativity and collaboration. They benefit taxpayers: Utilizing existing infrastructure means paying for fewer new roads or sewers. And they drive equity: Bringing jobs closer to people combats distance discrimination.

The Fund for Our Economic Future believes that the road to a stronger tomorrow for all Ohioans starts with growing job hubs.

GREATER AKRON CHAMBER & CONXUSNEO

RAISE: Good Jobs for Greater Akron increases access to economic opportunity by bringing employers, wraparound services, education and workforce partners directly into neighborhoods where residents are underrepresented in high-demand, good-paying jobs. Information sessions highlight industries, occupations, career opportunities and necessary skills. Residents visit employer, education/training and resource tables to learn more, connect and register with OhioMeansJobs. Job preparation workshops are offered at local libraries, and success coaches support residents to persist as they prepare for job/training fairs in their neighborhoods. Employers also benefit by accessing a more diverse talent pool.

Visit raisegoodjobs.org for more information.

NOTE: Governor DeWine issued a stay-at-home order soon after the program launch, so RAISE retooled its website to include COVID-related information, resources to access the internet, and links to upskill training and job openings. Virtual job/training fairs are being planned to help displaced workers and those in low-wage front line jobs access better jobs.

About Aligning Opportunities

This report is a supplement to Team NEO's annual Aligning Opportunities report, which serves as the foundation of the organization's Talent Strategy. First released in 2017 through the generous support of the Cleveland Foundation, Aligning Opportunities identifies the supply and demand misalignment within Northeast Ohio's talent pipeline, specifically within the in-demand, high-growth fields of health care, IT and manufacturing. Since 2019, Team NEO has partnered with Delta Dental to increase awareness of Aligning Opportunities among the business and higher-education communities. We engage key decision-makers in meaningful discussions about resolving the talent supply and equity gap, and providing students with greater awareness of, and access to, in-demand careers.



aligningopportunities.teamneo.org

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