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# State of Working Maine: 2020

Building A More Equitable Maine Would Help Working Families and Strengthen the Economy

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November 12, 2020



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# Race Equity Means A Stronger, Fairer Economy for All Mainers



## Race equity means:

- **A stronger, fairer economy**
- **Better job opportunities**
- **Realizing the full potential of workers' education and talents**
- **More money in Mainers' pockets**

To build a thriving economy, every Mainer — regardless of race or heritage — must be able to participate and achieve their full potential.

But in Maine, as in the rest of the United States, people of color are less likely to be hired for a job, much less a job that fully utilizes their skills and education or pays a wage comparable to what their white colleagues earn.

Unequal outcomes for people of color are the result of systemic barriers created throughout our nation's history at the federal, state, and local level. The barriers have advantaged white Mainers while making it harder for indigenous communities, Black families, and other Mainers of color to thrive.

Additionally, Mainers of color still face direct

discrimination at the individual level as they navigate the economy. Research confirms continued discrimination on the job<sup>1</sup> and in housing.<sup>2</sup>

*State of Working Maine 2020* examines current economic realities for people of color in Maine. It explores the ways that systemic barriers and discrimination result in lower employment and wages, push Mainers into jobs for which they are overqualified, and discourage participation in the workforce.

Maine is strongest when every family has the resources necessary to cover the bills and keep up with the basic spending necessary to fuel our economy. The income and economic activity lost to racial disparities reflect a lack of fairness and hold our state back by making it harder for some Mainers to participate fully in the economy.

The report also considers solutions. The rules that shape our economy and result in disparate outcomes based on race and ethnicity must be rewritten to build a stronger, fairer economy for all Mainers.

The solutions identified represent initial steps to ensuring that people of color get a fair shot and have the power to shape future solutions. These include:

- **Increased resources for people of color:** Addressing historic inequities requires purposeful funding decisions in areas such as education and job training that ensure all Mainers have the solid foundation they need to thrive.
- **Policies to empower individuals and communities:** Policies to realize the sovereignty of Maine's tribes, facilitate the formation of labor unions, and increase representation in all levels of politics will ensure people of color have the power and standing to craft and implement solutions to reduce inequity.
- **State government's adoption of best practices to reduce racial disparity on the job:** As the largest employer in Maine, state government must lead by example in creating a workplace that is inclusive, safe, and welcoming.
- **New protections for workers and more reliable enforcement of existing labor laws:** Current anti-discrimination laws in the United

States are insufficient to protect all workers. Federal enforcement of existing law is weak, so Maine must step up to protect workers' rights and guarantee fairness in the workplace.

The history of racism in Maine and the United States is long, but not insurmountable. Ultimately, pursuing a policy agenda cognizant of the experiences of people of color and designed to reduce barriers that create racial inequity is necessary to put the state on a path toward truly shared prosperity for all Mainers — Black, brown, and white alike.

## Race equity can build a stronger, fairer economy



An extra  
**\$450 million**  
for Maine families  
every year.



A total of  
**\$519 million**  
in additional  
economic activity.



That's enough  
to support  
more than  
**4,000 jobs.**

# Definitions and Historical Context



*The modern concept of race was developed early in the history of what is now the United States to justify the enslavement of Africans and the dispossession of American Indians from their homelands. Americans' views on race and definitions of racial groups have shifted over time to suit various political and economic agendas. As a result, the effects of **racism** are very real and have deep historical roots. To promote racial equity today, it is essential to understand current racial definitions and how they are shaped by the past.*

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**White Mainers** are primarily of European, Middle Eastern, or North African descent. The definition of “white” in American society has perhaps shifted more than any other racial group. In the nineteenth

century, for example, Southern and Eastern Europeans were sometimes considered not to be fully white. As these groups assimilated into a broader definition of whiteness, their social standing and economic prospects improved accordingly.

Groups can also move out of whiteness. Latinos, for example, were generally classified as white until the early 20th century. The 1930 US Census was the first to include “Mexican” as a distinct racial group. For the 2020 Census, the Census Bureau considered, but ultimately decided against, including a new racial category for Americans of Middle Eastern or North African descent.

While most Latinos in Maine also identify as white,<sup>3</sup> this report uses the phrase “white Mainers” to describe non-Latino white residents. In 2019, an

estimated 1,254,000 Mainers identified as white non-Latino. That's about 94 percent of the state's population.<sup>4</sup>

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**Black** Mainers are of African descent. Africans were first brought to what became the United States as enslaved people. Enslaved Africans are recorded in Maine as early as the seventeenth century and while their numbers never reached the levels recorded in Southern states, more than 100 enslaved individuals were present in Maine when slavery was abolished in the state in 1783.<sup>5</sup> The African Americans who came to Maine in the 19th and 20th centuries, while free, were nonetheless affected by the legacy of slavery in the United States, as well as the racist Jim Crow societies that followed the end of slavery.

Black Mainers faced economic discrimination and exclusion from opportunity. For example, many of the African Americans in early 19th-century Portland worked as dockworkers and longshoremen on the waterfront. Businesses looked to black workers to fill these dangerous and poorly paid jobs. Yet as improving technology and increased maritime traffic made the occupation more profitable and safer, Black longshoremen were gradually replaced with Irish laborers. By 1881, the largely Irish dockhands incorporated the Portland Benevolent Longshoremen's Society, with a charter that explicitly barred "colored" men from membership.<sup>6</sup>

Over the past two decades, Maine has also become home to several communities of Black immigrants from sub-Saharan Africa. Their historical background, as well as their cultural and social experiences, are different from those of the African Americans whose roots go back to American slavery. In recognition of the differences between these two groups, this report distinguishes between Black Mainers who were **born in the United States** and those who are **immigrants**.<sup>7</sup>

As of 2019, more than 32,000 Mainers identified as Black or African American alone or in combination with another race.<sup>8</sup> Around two-thirds of these were US citizens from birth, while the remaining one-third immigrated to the US from overseas.<sup>9</sup>

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**Latino** Mainers have roots in Spanish- or Portuguese-speaking parts of the Americas. This report follows the Census Bureau's practice of using Latino synonymously with **Hispanic**, while recognizing that some people consider Hispanic to include only those with roots in the Spanish-speaking Americas. The federal government distinguishes between Latino as an ethnicity and other groups as races. Therefore, Latinos are also identified as being members of one or more race by the Census Bureau and other agencies.

One limitation of the publicly available data is that many federal datasets undercount two important groups of Latinos — undocumented immigrants and migrant workers. These individuals are less likely to have permanent addresses, which makes them less likely to be counted in surveys. Some immigrants are also reluctant to give information to government officials, for fear of having their immigration status challenged. Consequently, estimating the total number of undocumented immigrants in Maine is difficult, but it is likely small. One potential indicator is enrollment in the Deferred Action for Childhood Arrivals program, or DACA, which is one of the few programs generating a count of undocumented individuals in the United States. Of the 643,000 DACA recipients nationwide as of March 2020, only 50 lived in Maine.<sup>10</sup>

Migrant workers represent a significant portion of Maine's Latino population. As of 2017, the US Department of Agriculture estimated that there were 1,786 migrant workers hired by Maine farms, just over 13 percent of all paid agricultural workers.<sup>11</sup> A 2015 Maine Department of Labor Study found that approximately two-thirds of Maine's migrant agriculture workers were born in Mexico or Central American countries.<sup>12</sup>

In 2019, more than 16,000 Mainers identified as Latino or Hispanic.<sup>13</sup>

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**American Indians** include any of the indigenous peoples of the Americas. Just as the nation's settlement and prosperity were made possible by the methodical confiscation of land inhabited by

American Indians and eventually a campaign of genocide against entire tribes, Maine's history is also defined by its relationships with the indigenous Wabanaki people. Millions of acres belonging to Maine's Wabanaki tribes were taken through coerced treaties and sales by the Commonwealth of Massachusetts and later the State of Maine in the late 18th and early 19th centuries.

Maine's Wabanaki tribes were forced to live on reserved lands with very few resources to support themselves. Their traditional way of life was consistently undermined by white settlers over-exploiting natural resources. In 1887, Louis Mitchell, a Passamaquoddy representative, told the Maine Legislature: "We see a good many [rich men] worth thousands and even millions of dollars. We ask ourselves how they made most of their money? Answer is, they make it on lumber or timber once owned by the Passamaquoddy Indians." By contrast, Mitchell said, the Passamaquoddy nation was reduced to "five hundred and thirty souls, stripped of their whole country, their [hunting and fishing] privileges on which they depend for their living; all the land they claim to own being only ten acres."<sup>14</sup>

Today, Maine's federally recognized tribes are the Aroostook Band of **Micmacs**, the Houlton Band of **Maliseets**, the two **Passamaquoddy** tribes at Motahkomikuk (Pleasant Point) and Sipayik (Indian Township) and the **Penobscot** Nation. They share an identity as **Wabanaki** people with several nations in Canada. While Maine's tribes have their own lands upon which they operate with a limited degree of sovereignty, most Mainers who identify as American Indians do not live on these lands and include people whose ancestry goes back to many other tribes.

Approximately 21,000 Maine residents identify wholly or partially as American Indian.<sup>15</sup> Maine's federally recognized tribes count around 9,400 members (3,600 Passamaquoddyes,<sup>16</sup> 2,600 Penobscots,<sup>17</sup> 1,700 Maliseets,<sup>18</sup> and 1,500 Micmacs),<sup>19</sup> of which 2,800 live on tribal lands in Maine.<sup>20</sup>

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**Asians** include Mainers with roots in Eastern or Southeastern Asia, or the Indian Subcontinent. This huge region is home to approximately half the world's population, making the Asian American community very diverse. It includes the descendants of Chinese railroad workers who came to the United States in the 1850s, as well as Rohingya Muslims fleeing recent violence in Myanmar, and highly educated Indian workers on special skilled worker visas.

Where possible, to account somewhat for heterogeneity among the Asian population, this report analyzes outcomes for three subgroups of Asian Americans. Those with roots in **East Asia** (including China, Japan, and Korea); those with roots in **South Asia** (including India, Pakistan, and Bangladesh), and those with roots in **Southeast Asia** (including Vietnam, Cambodia, Malaysia, and the Philippines).

The experience of Asian Americans in the United States' racialized society has been complicated. On the one hand, many Asian Americans have achieved greater economic success than white Americans on some aggregate measures. Despite this, the racialization of the COVID-19 pandemic and subsequent discrimination against Asian Americans in the United States provides a salient example that this group is still vulnerable to much of the same racism directed at other groups.

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This report does not examine conditions for the other major racial group measured by federal agencies. The population of **Native Hawaiians and other Pacific Islanders** in Maine is too small to draw any accurate conclusions from nearly all datasets.

This report uses the phrase "**Mainers of color**" to refer to Mainers who identify as anything other than white and non-Latino.



# Race Equity Means Better Job Opportunities for Workers



**Persistent discrimination remains a barrier to employment for people of color.**

**Race equity in employment would increase the number of employed Mainers by roughly 3,900.**

**That increase would bring greater productivity and economic growth to the whole state.**

For most Mainers, a good job is the bedrock upon which economic security and prosperity can be built. But discrimination and systemic disadvantages too often make it harder for people of color to even lay that foundation.

If working-age Mainers of color were employed at the same rate as white Mainers, 3,900 more Mainers would have jobs,<sup>21</sup> providing regular paychecks and other benefits such as employer-sponsored health insurance. Increased employment would translate to greater productivity and economic growth, ultimately leading to benefits for all Mainers.

The employment gap between white Mainers and Mainers of color can be understood in two different ways.

The first method examines the unemployment rate by race. (See Table 1.)

White Mainers consistently have unemployment rates much lower than those for Mainers of color, meaning that white Mainers are more likely to find a job when they are looking for one. In some cases, white Mainers are half as likely to be unemployed as Mainers of color. This is true even when comparing Mainers with similar education levels. For example, Black, Latino, and American Indian Mainers with a bachelor’s degree have similar unemployment levels to white Mainers with less education.

After accounting for education differences, reducing the unemployment rate among Mainers of color would mean another 1,000 Mainers in employment.

But this does not tell the full story. Because the unemployment rate only captures Mainers who are out of work and looking for work, it overlooks anyone who might want to work but isn’t actively looking. This includes a large number of individuals who can’t work because of health conditions, child care needs, or because they’ve given up searching for work. Accounting for this fuller picture of the number of Mainers who are out-of-work suggests that if these Mainers were employed at similar rates to their white counterparts, as many as 3,900 additional Mainers of color would be working. (See Appendix.)<sup>22</sup>

## Systemic and individual job discrimination remain barriers

There are several factors making it more difficult for Mainers of color to find employment. One particular concern for people of color in Maine may be the difficulty in building networks and social ties that help improve employment prospects, especially the chances of getting a good job. National studies have shown that lack of social ties and widespread networks are a barrier to employment for members of immigrant communities.<sup>23</sup> Due to the small size of Maine’s communities of color, it’s possible that Mainers of color may suffer from the same disadvantage. Residential and social segregation make it less likely that people of color will have friends of another race. This reduces the opportunities for networking among Mainers of color.

Mainers of color also face other hurdles.

Some studies suggest that college education may help to narrow employment gaps because a degree acts as an independent signifier of value to a prospective employer, who might be otherwise inclined to discriminate against job-seekers of color.<sup>24</sup>

However, access to college education remains generally more difficult for people of color, in large

Table 1: Unemployment rates, 2010-2019

	White	Latino	Black US-born	Black im-migrant	American Indian	Asian (any)
All	5.2%	12.3%	10.8%	12.3%	11.2%	5.4%
High school education or below	8.4%	20.5%	17.3%	15.7%	17.7%	8.4%
Some college education (including associate degree)	4.7%	11.4%	5.6%	12.8%	8.1%	9.9%
Bachelor’s or higher degree	2.3%	4.7%	4.3%	6.0%	4.6%	1.3%

Source: MECEP analysis of US Census Bureau, Current Population Survey, 2010-2019, 120-month average. The monthly Current Population Survey does not collect detailed information on the origins of Asian Americans.

part because they are less able to bear the financial cost of attending college.

The increased likelihood of people of color – especially Black and Latino Americans – to have histories of involvement with the criminal justice system is another systemic barrier to equal employment. This is in large part due to discrimination in the criminal justice system.



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**To build a thriving, inclusive economy, every Mainer needs a fair shot at getting a job.**

**Addressing the unique barriers faced by Mainers of color will ensure all workers, regardless of race, have a fair chance to earn a living.**

Black and Latino Americans are more likely to face arrest,<sup>25</sup> be treated worse by police officers once stopped,<sup>26</sup> and face harsher punishment in the justice system.<sup>27</sup>

A recent review of Maine’s justice system confirmed that arrest rates were most disproportional for drug offenses, and especially for class A and B arrests, which are more serious and carry bigger penalties.<sup>28</sup>

Black Mainers are also much more likely to be sent to prison on a first offence compared to white Mainers.<sup>29</sup> The possession of a criminal record, even for fairly minor offenses, makes it harder for anyone to get a job.<sup>30</sup> But evidence shows the employment penalty from a criminal history is larger for Black and Latino applicants than for white applicants with the same history.<sup>31</sup>

Individual discrimination by employers also remains a significant source of the employment gap for Mainers of color, particularly Black Mainers.

“Resume audits,” in which employers are sent nearly identical resumes applying for the same job, but with one resume signaling an applicant’s race in some way — for example, giving one candidate a “Black” name<sup>32</sup> — commonly find that Black and Latino applicants face difficulty getting called for interviews against white applicants with identical experience and skill sets. One comparison of multiple such studies conducted over decades concluded that discrimination against Black workers has remained high over time, while discrimination against Latino workers has decreased slightly in recent years.<sup>33</sup>

The focus of resume audits has been on Black and Latino workers, but one recent study found no similar effect for workers from American Indian communities.<sup>34</sup> A study comparing the outcomes of Somali Americans with other Black Americans as well as white applicants for jobs found that the Somali American candidates faced even more discrimination than Black candidates in general.<sup>35</sup>

To build a thriving, inclusive economy, every Mainer needs a fair shot at getting a job. Addressing the unique barriers faced by Mainers of color will ensure all workers, regardless of race, have a fair chance to earn a living.

# Race Equity Means Realizing the Full Potential of Workers' Talents



**Many Mainers of color, particularly immigrants, are more likely to be working jobs for which they are overqualified.**

**If college-educated Mainers of color were hired for jobs suitably matched with their skills at the same rate as white Mainers, it would increase Mainers' annual earnings by \$47 million, boosting families and Maine's economy.**

For our economy to operate at its highest potential, Maine workers should be employed at jobs that allow them to bring all of their education, experience, talents, and expertise to bear on their work.

But many Mainers of color, particularly immigrants of color, are more likely to be employed in jobs for which they are over-qualified.<sup>36</sup> This results in lost opportunity and productivity for workers when their skills or education are not being utilized at their jobs. While this potentially affects Mainers with all manner of qualifications, it is easiest to quantify the experience of those with a bachelor's degree or higher qualification.

Were these college-educated Mainers able to get suitable work at the same rate as white Mainers,

approximately 800 Mainers of color would earn an additional \$47 million per year.

Several factors affect the likelihood that a worker will face barriers in finding employment suited to their skills and education, including immigration status, age at immigration, and their racial categorization. While several non-white groups are more likely to work in jobs for which they are overqualified, it is particularly acute for Maine’s Black immigrant graduates, who are more than twice as likely to be working in occupations which don’t require a college education than their white peers.

The higher likelihood that Black immigrants in Maine with a bachelor’s degree will be in a job that does not make the best use of their skills can be partially attributed to the difficulty immigrants face in having foreign credentials (for example, medical licenses) recognized in the United States.

However, this alone does not explain the phenomenon. Even immigrants who came to the United States at a young age — and therefore received their college education from a US institution — fare worse than their white peers.<sup>37</sup> (See Table 2).

The experience of American Indians in Maine

demonstrates that it’s not only immigrant degree-holders who find themselves unable to get jobs for which they are qualified. This is consistent with evidence from elsewhere in the United States, where American Indians are overrepresented in low-paying occupations, even among those with college degrees.<sup>38</sup>

A large-scale examination of the outcomes of college graduates in Minnesota found that American Indians were less likely to be employed and had lower earnings than white graduates.<sup>39</sup>

This may partly, but not entirely, be due to geographic differences. Maine’s American Indian population is more likely to live in rural parts of the state, where the tribal lands are located,<sup>40</sup> which have fewer job opportunities for college graduates.

However, in Minnesota the study found that while disparities were smaller for Indian graduates in large metro areas than rural areas, they still persisted. Access to transportation and better job opportunities may help close disparities for Maine’s American Indian population, but systemic discrimination in the labor market is likely to be a significant part of the problem.<sup>41</sup>

**Table 2: Share of population with bachelor’s degree employed in ‘low-skill’ jobs**

	White	Latino	Black	American Indian	Asian (any)	Southeast Asian
US-born	18%	19%	16%	28%	10%	10%
Born overseas with US degree	17%	27%	31%	n/a	21%	31%
Born overseas with foreign degree	13%	15%	47%	n/a	18%	45%

*Source: US Census Bureau, American Community Survey, 2009-2018 10-year average. The definition of “low skill occupations” follows the methodology used by O\*NET, an occupation database compiled in consultation with the Bureau of Labor Statistics. “Low skill occupations” were those defined by O\*NET as those in Job Zone 1 or 2. Population with a bachelor’s degree or higher qualification who worked in the past year. Assumes immigrants who arrived in the US before age 25 obtained their degree in the US, while those who immigrated aged 25 or older obtained a degree in their home country.*

# Race Equity Means More Money in Mainers' Pockets



**People of color are paid less than white Mainers, even with the same education. Closing this wage gap would restore more than \$214 million in annual wages.**

**People of color are more likely to hold jobs that lack or skirt workers' rights. Closing loopholes in labor laws would reduce racial disparity and boost Maine's economy.**

For most people, the most important measure of a job's quality is the amount it pays. In aggregate, employers pay Mainers of color less than their white neighbors.

As with the employment gap, this wage gap cannot be explained by individual factors such as education or experience. Recent studies that have examined the role of harder-to-measure skills and worker productivity have also found that these do not explain the lower wages paid to people of color.<sup>42</sup>

The wage gap in Maine exists across education levels and for almost every racial group. (See Table 3, next page). Closing this wage gap between white Mainers and Mainers of color with equivalent education levels would restore more than \$214 million in lost earnings each year.<sup>43</sup>

Table 3: Median hourly wages by race and education

	White	Latino	Black, US-born	Black immigrant	American Indian	Asian (any)
All	\$18.37	\$15.28	\$13.52	\$12.43	\$15.21	\$18.35
High school education or below	\$14.91	\$12.28	\$13.10	\$12.09	\$12.43	\$12.69
Some college education (including associate degree)	\$16.83	\$15.00	\$13.10	\$12.03	\$15.15	\$15.27
Bachelor's or higher degree	\$25.99	\$23.65	\$23.93	\$19.47	\$20.14	\$30.05

Source: MECEP analysis of US Census Bureau, Current Population Survey, ORG 2010-2019 120-month pooled data. Adjusted for inflation and minimum wage increases.

The particular disparity faced by Black immigrant workers in Maine demonstrates the double penalty faced by this population nationally.<sup>44</sup> For example, national comparisons show that among male immigrants from Africa, white Africans earn 25 percent more, and Africans of Asian descent 29 percent more per hour than Black Africans in the US, even after controlling for other factors.<sup>45</sup>

The disparity in wages contributes to the gap in household income between white Mainers and those categorized as other races. This reverberates in other ways. A shortage of income can prevent individuals and families from affording basic needs, such as food or shelter. Over time, it can result in a constant struggle to make ends meet, living paycheck to paycheck for years on end and have farther reaching impacts:

- Mainers of color are twice as likely to be experiencing food insecurity than white Mainers, meaning that they often struggle to afford enough nutritious food.<sup>46</sup>
- Mainers of color are much more likely to have difficulty paying for health care, and children from poorer families are more likely to struggle in school.<sup>47</sup>
- In addition to material outcomes, large racial income gaps create psychological and social problems, including increased feelings of

competition, anxiety, and lack of trust between communities.<sup>48</sup>

The impact of the income gap is also intergenerational.

Higher-income families are more easily able to build wealth in the form of housing, retirement savings, and other investments, making it easier to send their children to college or take time off work to care for sick family members. That wealth is passed down generation to generation.

Nationally, the median white family holds eight times the wealth of the median Black family, and five times the wealth of the median Latino family.<sup>49</sup> Yet even when Black families are able to build wealth, the benefits do not accrue to the next generation in the same way they do to white families.

One comprehensive study using data on almost the entire US population between 1989 and 2015 found that Black families were much more likely to suffer downward mobility between generations than white families. By contrast, Latino families in general were found to be moving up the socio-economic ladder over successive generations as they are able to build intergenerational wealth. Even Black children from relatively affluent families earn less as adults than white children from similar family backgrounds who grew up in the same neighborhood. The study found that education or ability could not be identified as causes of the disparities.<sup>50</sup>

Raising incomes for Mainers of color and eliminating income disparities along racial lines will benefit all Mainers. When families have more disposable income, they spend more money in the economy, which in turn supports the paychecks of other workers.<sup>51</sup> Closing the income gap among Mainers of color would mean an extra \$450 million for Maine families annually, and a total of \$519 million in additional economic activity, enough to support almost 4,100 jobs.<sup>52</sup>

## Labor rights lacking in jobs more likely to employ Mainers of color

While individual discrimination by employers explains a large portion of the gap in wages for people of color — perhaps as much as one-third of the gap<sup>53</sup> — wages are also depressed by systemic factors.

Laws that nominally set baseline standards for workers' rights often exclude those professions or industries that have traditionally included more people of color. Two prominent examples are laws governing minimum wages and overtime rates. The US Fair Labor Standards Act of 1938 set the first nationwide minimum wage and established the forty-hour workweek.

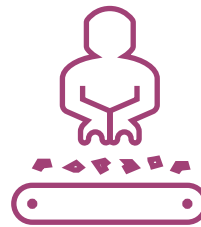
In order to make the new law palatable to Southern Democrats in President Franklin Delano Roosevelt's coalition, the law contained key exemptions for industries where Black and Latino labor was concentrated, such as domestic work and agriculture.

The FLSA initially excluded many service and retail workers. The 1966 amendments to the FLSA expanded minimum wage and overtime protections to these occupations, a move which significantly closed the racial wage gap by disproportionately boosting wages for Black workers without leading to large layoffs.<sup>54</sup> However, the 1966 FLSA amendments included additional compromises which led to incomplete coverage for some occupations; most notably, workers who were paid at least partly in tips. The tip credit allowed employers to pay tipped workers a lower base wage as long as the employee received enough tips that their total earnings surpassed the statutory minimum wage.<sup>55</sup> As with agriculture and domestic work, Black Americans were more likely than white Americans to work in jobs where tipping was common, such as restaurant servers or railroad porters.<sup>56</sup>

## Mainers of color are more likely than white Mainers to hold jobs with fewer protections



US-born Black workers are **2 times** as likely to work in tipped occupations.



Southeast Asian workers are **3.8 times** as likely to work in food processing.



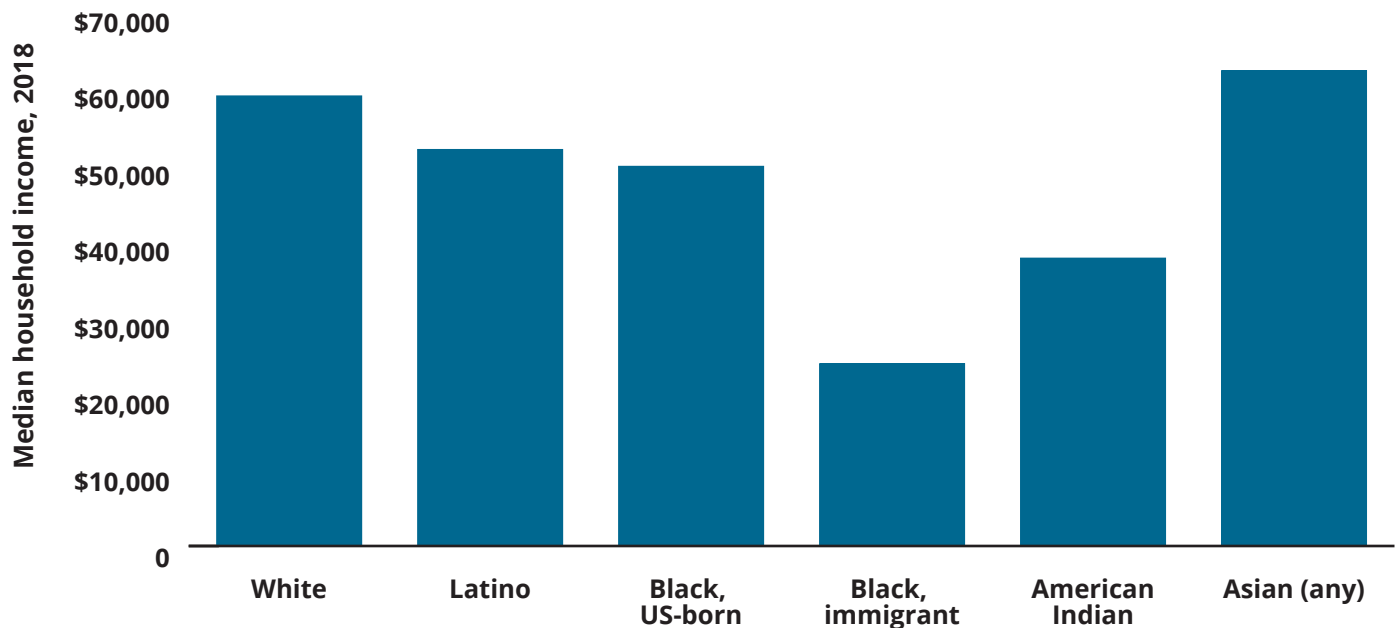
Latino workers are **3.4 times** as likely to work in agriculture.

When Maine passed its first comprehensive state minimum wage law in 1959,<sup>57</sup> the state's workforce was still overwhelmingly white. Yet lawmakers followed national trends and exempted occupations where people of color were more likely to work from the law. At that time, Mainers of color were more than three times as likely as white Mainers to work in agriculture, twice as likely to be employed as restaurant servers, and five times as likely to be employed in domestic service.<sup>58</sup>

The FLSA also established the right to overtime pay for employees who work more than 40 hours a week. Once again, Maine law excludes from this protection certain occupations that disproportionately employ people of color — most notably food processing.



Chart 1: Income disparities persist for people of color in Maine



Source: US Census Bureau, American Community Survey, 2010-2018, 10-year average, inflation-adjusted in 2018 dollars. Household race is determined by the race or ethnicity of the householder.

Similar trends prevail today (see Appendix):

- Mainers of color, particularly non-immigrant Black Mainers and Asian Mainers, are more likely than white Mainers to work occupations in which workers commonly receive tips.<sup>59</sup> The concentration of Mainers of color in these occupations is especially problematic because tipping enables discriminatory behavior by customers. Studies show people of color receive smaller tips than their white coworkers.<sup>60</sup> Employers are also more likely to underpay people of color, such as by not increasing their base wage to account for reduced tips or ensuring that the worker earns at least the minimum wage.<sup>61</sup>
- Mainers of color, particularly American Indians and Latinos, are more likely than white Mainers to work in agricultural jobs. Agricultural workers are completely exempt from state and federal minimum wage laws, and are often paid on a piece rate, rather than an hourly rate. This can result in some workers receiving extremely low wages.

- Mainers of color are more likely than white Mainers to work in industries in which workers are commonly misclassified as independent contractors, such as trucking, construction, and cleaning services<sup>62</sup> Unscrupulous employers use misclassification to circumvent minimum wage laws. Misclassification also makes employees more vulnerable to other forms of discrimination in the workplace.<sup>63</sup> Misclassification means that employers don't pay their share of Social Security taxes for their workers and makes employees less likely to be eligible for benefits like health insurance.

Reducing or eliminating the most basic form of wage theft — whereby workers are paid less than the legal minimum wage — would ensure that more than 1,200 Mainers of color are paid fairly, and restore \$3 million in lost wages.<sup>64</sup> On average, each impacted worker would receive \$2,500 in lost wages.<sup>65</sup>

Cracking down on other forms of wage theft, which are harder to estimate, would provide even more lost earnings back to workers.

# A Fairer, Stronger Economy Requires Policies Designed for Race Equity



**Policies that prioritize race equity will help us live up to our basic idea of fairness while strengthening families, communities, and our state.**

**By ensuring all workers are treated fairly, regardless of race or family history, we can build a stronger, more equitable economy for all Mainers.**

Advancing race equity will require a sustained, focused, and committed effort. This means policymakers must employ multiple strategies over a long period of time.

Mainers of color face individual and systemic racism at many stages in their working lives. They are prevented from reaching their full potential through barriers to hiring, lower wages, lack of protection from the law, and being made to feel unwelcome in the workplace.

The obstacles are real and pervasive. Any approach to removing them needs to be equally determined.

While the specifics of policy solutions can be negotiated by policymakers, successful race equity solutions will reflect the following priorities:

**Additional resources** are foundational to any strategy to build race equity. Poverty and underfunding of institutions currently make it extremely difficult for communities of color to succeed. Investing in communities of color through adult education and workforce development programs are crucial to making up for historic underinvestment. Maine can ensure individuals and communities of color have the means to succeed by:

- Requiring racial impact statements on taxation and spending bills before the Legislature.<sup>66</sup>
- Tasking local Workforce Development Boards to pay particular attention to the needs of workers of color. This includes using existing data gathered by the boards to focus on closing disparities of outcomes within the workforce development programs.<sup>67</sup>
- Using federal money through the Workforce Investment and Opportunity Act to fund career development programs designed especially for, and with the input of, people of color in Maine. Policymakers should supplement federal money with state funds, as necessary.<sup>68</sup>
- Examining Career and Technical Education in the state and ensuring local CTE boards have race equity strategies. Policymakers should take similar action with the state's Adult Education centers. The state budget should also ensure additional funding is available to accommodate students from low income backgrounds as well as English language-learners.<sup>69</sup>

**Policies to empower individuals and communities** are critical. Throughout history, people and communities of color have been locked out of many positions of decision-making and power. Policymakers must work to ensure people of color have the power and standing to craft and implement solutions to advance race equity. They can do so by:

- Respecting the innate sovereignty of Maine's tribes, and empowering the tribes to make decisions that best reflect the economic needs of their citizens.<sup>70</sup> The tribes have proposed amendments to Maine's Indian Land Claims Settlement Act that would realize tribal sovereignty in several areas. The Maine Legislature should enact this legislation.

- Supporting policies to facilitate the formation of labor unions. Unions remain one of the most effective ways for individual workers to gain more power, and to fight back against employer malpractice.<sup>71</sup> Other forms of worker organization, such as labor boards, also have potential to improve racial equity.
- Improving worker bargaining power: Policymakers should strengthen existing penalties for employers who engage in anti-union activity. In some sectors, such as agriculture and home care, industry-level bargaining may be more practical than employer-level negotiations. The state can bring employers and employees together in wage boards that set minimum conditions for entire industries.
- Ensuring that people of color are represented in policymaking at all levels. For example, ensuring that state commissions include representation from people of color by statute.

**The State of Maine also can lead by example** in the labor market. As the largest employer in Maine, state government can set the standard in creating a workplace that is inclusive, safe, and welcoming. There are numerous best practices the state can adopt to reduce discrimination in its own hiring and management practices.

These include ensuring that racial groups are properly represented at all levels of employment, reviewing hiring practices for racial bias, and ensuring that state government workplaces are welcoming for people of all backgrounds.<sup>72 73</sup> The state can also leverage its position and make state contractors adhere to similarly equitable policies for their employees, and refuse to do business with employers who are found to engage in discriminatory behavior.

Finally, Maine must **enforce existing laws and enact new protections** for people of color in the workplace. Current anti-discrimination law in the United States is insufficient to guarantee workers fundamental rights. Federal enforcement of existing law is weak and often left to the states.<sup>74</sup> Maine can step up by:

- Proactively auditing and investigating employers, rather than waiting for complaints from impacted employees.<sup>75</sup> With adequate funding, the Maine Department of Labor could take on this work.

- Increasing staffing levels and funding for the Maine Human Rights Commission to better reflect the scale of discrimination in the workplace. Commissioners should also reflect the racial and ethnic diversity of Maine.
- Mandating reporting requirements on wage and hiring disparities for employers.<sup>76</sup>
- Closing loopholes in wage and hour laws by phasing out the tip credit, ensuring that agricultural workers are covered by state minimum wage laws, and adopting stricter regulations to prevent misclassification of workers as independent contractors.
- Increasing penalties for businesses found guilty of violating workers' rights or engaging in practices such as wage theft.
- Implementing fair chance hiring policies to reduce the impact of criminal records on employment prospects.<sup>77</sup>
- Establishing pathways for immigrants to easily transfer credentials from their home country to allow them to use their qualifications in Maine.

Policies that prioritize race equity will help us live up to our basic ideas of fairness, but they will also strengthen Maine's economy by boosting our workforce, raising incomes, increasing productivity, and creating jobs.

By ensuring all workers are treated fairly, regardless of race or family history, we can build a stronger, more equitable economy for all Mainers.

# Appendix

Table 4: Share of working-age adults (age 18-64) with jobs, 2010-2019

	White	Latino	Black US-born	Black immigrant	American Indian	Asian (any)
High school education or below	65%	60%	61%	54%	41%	66%
Some college education (including associate degree)	75%	64%	67%	63%	67%	66%
Bachelor's or higher degree	86%	82%	89%	82%	89%	78%

Source: MECEP analysis of US Census Bureau, Current Population Survey, 2010-2019, 120-month average. The monthly Current Population Survey does not collect detailed information on the origins of Asian Americans.

Table 5: Concentration of Mainers of color in occupations with fewer legal protections

	Likelihood of employment in occupation, relative to white Mainers					
	Latino	Black, US-born	Black immigrant	American Indian	All Asians	Southeast Asian
Tipped occupation	1.4	2.0	1.1	0.8	2.1	3.3
Agriculture	3.4	1.0	1.5	3.2	0.2	0.3
Food processing	2.2	2.4	2.2	0.9	2.0	3.8
Commonly misclassified as independent contractor	1.3	2.0	1.7	1.6	0.2	0.9

Source: US Census Bureau, American Community Survey, 2009-2018, 10-year average. Tipped occupations include bartenders, baristas, waiters & waitresses, casino workers, hair stylists, cosmetologists, and other personal appearance service workers. Commonly misclassified occupations include truckers, construction helpers, and janitors.

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## About MECEP

The Maine Center for Economic Policy is a nonprofit research and policy organization dedicated to economic justice and shared prosperity by improving the well-being of low- and moderate-income Mainers. Since its founding in 1994, MECEP has provided policymakers, advocates, media organizations, and the public with credible, rigorous research and analysis. MECEP is an independent, nonpartisan organization.

## About the author

James Myall is MECEP's lead on labor and workforce issues and education and health care policy. He conducts research and impact analyses, writes educational materials, and collaborates with partners. James is skilled in data collection, research, and statistical and policy analysis. He has a master's degree in public policy and management from the University of Southern Maine and a master's degree in ancient history and archaeology from the University of St. Andrews in Scotland.

Myall is a member of Maine's Permanent Commission on the Status of Racial, Indigenous, and Maine Tribal Populations and a member of the Governor's Economic Recovery Committee.

## Acknowledgments

MECEP thanks the following individuals and organizations whose expertise, connections, and insights informed the focus and scope of the research and policy recommendations in this report:

**The Coalition on Racial Equity; Samaa Abdurraqib**, The For Us, By Us Fund; **Elmuatz Abdelrahim and Abdifatah Ahmed**, New Mainers Alliance; **Abdullahi Ali, Kate Fahey, and Safiya Khalid**, Gateway Community Services; **Nicole Altvater, Shiwa Noh, Tim Shay, and Seth Weiner**, Nibezun; **Andrea Berry**, Maine Initiatives; **Ben Chin**, Maine People's Alliance; **Mufalo Chitam**, Maine Immigrant Rights Coalition; **Dee Clarke**, Survivors Speak USA; **Jan Collins**, Maine Prisoner Advocacy Coalition; **Crystal Cron**, Presente Maine; **Arlo Hennessey and Drew Christopher Joy**, Southern Maine Workers Center; **Shima Kabirigi**, Maine Initiatives and The Greater Portland Immigrant Welcome Center; **Michael Kebede**; **Adilah Muhammad**, The Third Place; **Fowsia Musse**, Maine Community Integration; **Claudette Ndayininahaze**, In Her Presence; **Kevin Simowitz**; **Rep. Rachel Talbot Ross**

MECEP also thanks the following individuals and organizations who provided technical support in the research, analysis, and writing of this report:

**David Cooper**, Economic Policy Institute; **Michael Leachman, Elaine Mejia, Wesley Tharpe, Erica Williams, and Jon Whiten**, Center on Budget and Policy Priorities

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