

TESTIMONY TO GOVERNMENT OPERATIONS COMMITTEE, MINNESOTA HOUSE IN SUPPORT OF HF 1943

Bruce P Corrie, PhD

Economist, Associate Vice President

Concordia University-St. Paul

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The State as an Engine for Economic Growth

- Largest single spender in the economy – in \$2012 spent close to \$ 30 billion
- This is larger than the GDP of at least 100 countries in the world.
- In spending on goods, services and construction a major goal is efficient use of public resources
- It can also *leverage* these funds to grow the local economy

Leverage to Grow Business

- Using local businesses in spending projects
- Using small and targeted businesses in spending projects
- Providing incentives to financial institutions that hold public funds to help grow local businesses especially in areas of concentrated poverty
- Providing minimum barriers to successful business growth and development, example unnecessary regulations, less paperwork.

Leverage to Grow Workers

- Hiring of workers from communities facing high unemployment.
- Involving youth in apprenticeship and internship programs helps provide valuable work experience and practical application of their knowledge.

ALANA Engine for Economic Growth

- African, Latino, Asian and Native American (ALANA)
 - 12 billion dollars in Consumer Power
 - Important source of high and low skilled workers
 - Entrepreneurs as a group will be 15th largest in state - revenue of \$5.8 billion in 2007, larger than St. Jude Medical, Toro and Deluxe Corp
 - Entrepreneurs as a group will be the 9th largest employer, bigger than General Mills, Ecolab and Hormel, employing almost 40,000 with an annual payroll of \$1.1 billion.
- Data Sources: American Community Survey 2005-09 for income and population data; Survey of Business Owners 2007 for firm data.

ALANA Businesses

- Do not benefit much from the Leverage power of State Spending
- Repeated disparity studies show low utilization of these firms by the state.
- If the state did help these businesses to grow it will unleash a powerful engine for economic growth

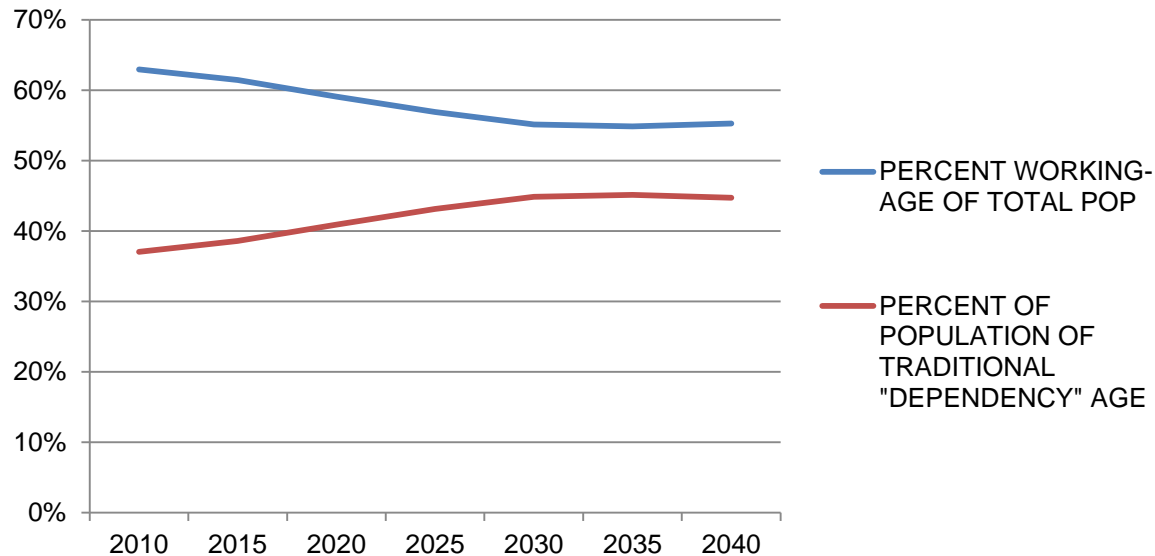
Barriers ALANA Businesses Face

- The best research points to 3 critical factors for business success
 - Education
 - Capital
 - Access to mentoring relationships
- HF 1943 will help ALANA businesses address these barriers to entry and success by encouraging established firms to partner with ALANA firms and in the process help them grow.

MN Needs ALANA Workers

- Minnesota is currently experiencing a demographic squeeze

The Minnesota Demographic Squeeze



Data Source: Steve Hine, Director, LMI, DEED, 2013

State Spending and ALANA Workers

- ALANA workers are in the critical age groups that will help the Minnesota economy as the current population ages
- But are the skills of the ALANA workers what the economy needs?
- Connecting these workers to jobs, training and skill development is critical

Economic Portfolio – Black Students in High Schools in Minnesota

COUNTY	SCHOOL DISTRICT	BLACK LIFETIME EARNINGS IF COMPLETE HS
St. Louis	DULUTH PUBLIC SCHOOL DISTRICT	\$ 1 BILLION
Ramsey	HIGHER GROUND ACADEMY	\$ 1 BILLION
Anoka	FRIDLEY PUBLIC SCHOOL DISTRICT	\$ 1 BILLION
Blue Earth	MANKATO PUBLIC SCHOOL DISTRICT	\$ 1.1 BILLION
Hennepin	BROOKLYN CENTER SCHOOL DISTRICT	\$ 1.1 BILLION
Hennepin	MINNESOTA TRANSITIONS CHARTER SCH	\$ 1.1 BILLION
Hennepin	WAYZATA PUBLIC SCHOOL DISTRICT	\$ 1.2 BILLION
Hennepin	RICHFIELD PUBLIC SCHOOL DISTRICT	\$ 1.2 BILLION
Ramsey	ROSEVILLE PUBLIC SCHOOL DISTRICT	\$ 1.3 BILLION
Ramsey	MOUNDS VIEW PUBLIC SCHOOL DISTRICT	\$ 1.4 BILLION
Hennepin	ST. LOUIS PARK PUBLIC SCHOOL DIST.	\$ 1.4 BILLION
Anoka	COLUMBIA HEIGHTS PUBLIC SCHOOL DIST	\$ 1.4 BILLION
Hennepin	EDEN PRAIRIE PUBLIC SCHOOL DISTRICT	\$ 1.7 BILLION
Washington	SOUTH WASHINGTON COUNTY SCHOOL DIST	\$ 2.1 BILLION
Hennepin	HOPKINS PUBLIC SCHOOL DISTRICT	\$ 2 BILLION
Ramsey	NORTH ST PAUL-MAPLEWOOD SCHOOL DIST	\$ 2.5 BILLION
Hennepin	BLOOMINGTON PUBLIC SCHOOL DISTRICT	\$ 2.7 BILLION
Dakota	BURNSVILLE PUBLIC SCHOOL DISTRICT	\$ 2.7 BILLION
Stearns	ST. CLOUD PUBLIC SCHOOL DISTRICT	\$ 2.9 BILLION
Olmsted	ROCHESTER PUBLIC SCHOOL DISTRICT	\$ 3 BILLION
Dakota	ROSEMOUNT-APPLE VALLEY-EAGAN	\$ 4.1 BILLION
Hennepin	ROBBINSDALE PUBLIC SCHOOL DISTRICT	\$ 4.8 BILLION
Anoka	ANOKA-HENNEPIN PUBLIC SCHOOL DIST.	\$ 5.4 BILLION
Hennepin	OSSEO PUBLIC SCHOOL DISTRICT	\$ 7 BILLION
Ramsey	ST. PAUL PUBLIC SCHOOL DISTRICT	\$ 15 BILLION
Hennepin	MINNEAPOLIS PUBLIC SCHOOL DIST.	\$ 17 BILLION

State Leverage to Grow the Next Generation

- State could leverage its resources by supporting internships and apprenticeships on all public projects.
- Valuable work experience and creation of work ethic needed for our economy
- Increase lifetime earnings and increase the tax base for Minnesota

HF1943

- Provides an accountability system to ensure that state spending on goods, services and construction will help grow two important engines of economic growth in Minnesota – ALANA Firms and ALANA workers.
- I strongly support it's approval

Thank You

- corrie@csp.edu
- www.ethniccapital.com