

MINNESOTA HOUSE SELECT COMMITTEE ON RACIAL JUSTICE

THE MINNESOTA SOLUTION

to Racial Economic Disparities

October 20, 2020

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Dr. Bruce Corrie

ECONOMIST, CONCORDIA UNIVERSITY ST. PAUL

Education & Work Experience

PhD, University of Notre Dame

Professor of Economics, Concordia University-St. Paul

Chair, Governor's Working Group on Minority Business Development that produced the first statewide comprehensive report and strategies to grow ALANA businesses in Minnesota and offered the vision of minorities as "assets" in 2000.

Produced numerous reports on the economic contributions of immigrants and minorities in Minnesota

Director, Planning and Economic Development for the City of Saint Paul 2018-19 and implemented a vision for economic inclusion and empowerment.

Worked with community groups to establish a model for economic development leveraging cultural assets and reflected in Little Africa, Little Mekong and Rondo Cultural Destinations.

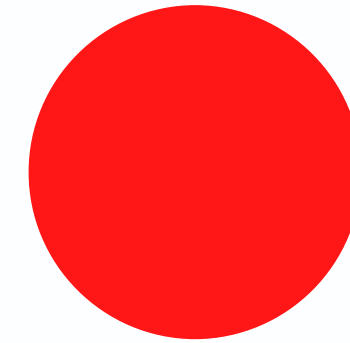
On the Community Advisory Board of the Opportunity and Growth Institute of the Federal Reserve Bank of Minneapolis, Midway Chamber of Commerce and former chair of the District Advisory Council of the US Small Business Administration.

Articles in academic journal and the popular press including columnist for the Pioneer Press and Minnesota Business magazine. www.empoweringstrategies.org

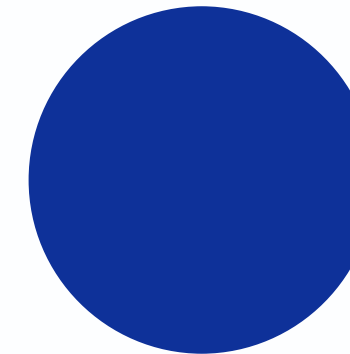
www.empoweringstrategies.org

Outline

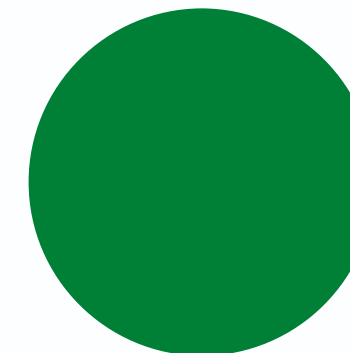
ALANA – African Latino Asian and Native American



**The Minnesota
Paradox**



**The Minnesota
Solution**



Recommendations



High quality of life, progressive politics,
innovative programs, participatory government,
diverse economy



Worst racial disparities especially for Black
Minnesotans



In short, racially discriminatory policies became institutionalized and “baked in” to the fabric of Minnesota life. When racism becomes institutionalized, you do not need individual racists for there to be structural racism....

...The lesson that Minnesota leaders must learn is that until and unless we acknowledge and remedy the internal roots of the racial disparities in our midst, we run the risks of future disorders.

Dr. Samuel Myers, Jr.

Racism is a Public Health Crisis

**Racism is an Economic Chokehold
on the ALANA Communities**

HOUSING DISCRIMINATION

1 - Mortgage



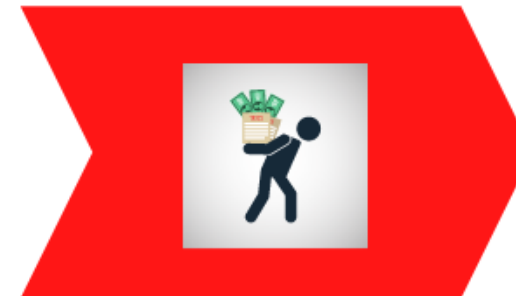
Minorities pay a higher rates or denied at a higher rate

2 - Location



Redlining and other practices push minorities to lower value areas resulting in lower home equity

3 - Property Taxes



Minorities pay higher property taxes for similar valued property

4 - Appraisals for Sale

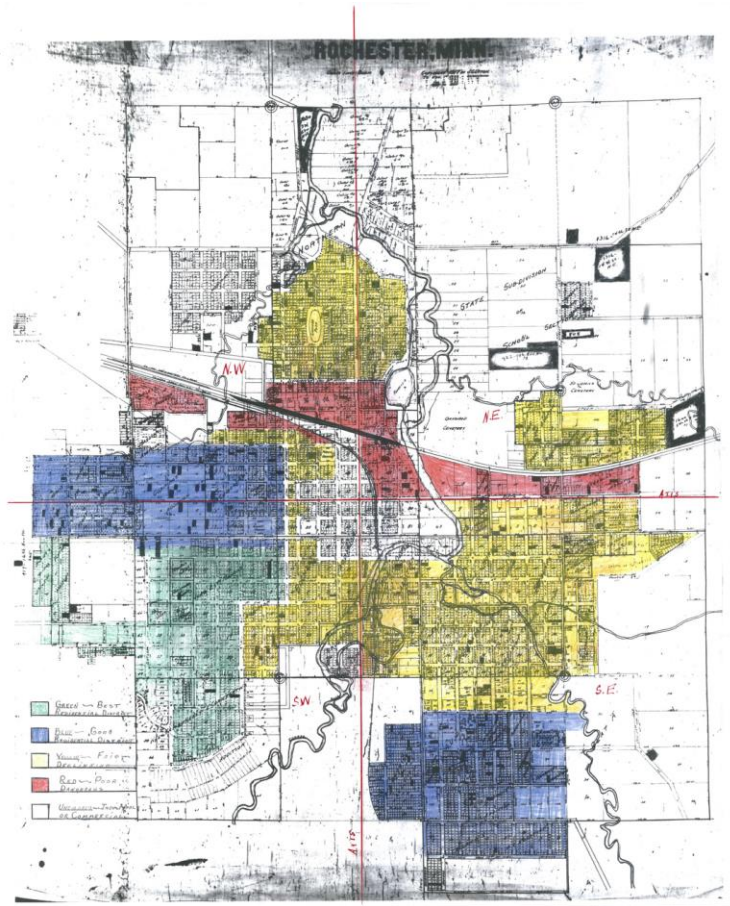


Minority property is appraised at a lower value and sell for a lower rate

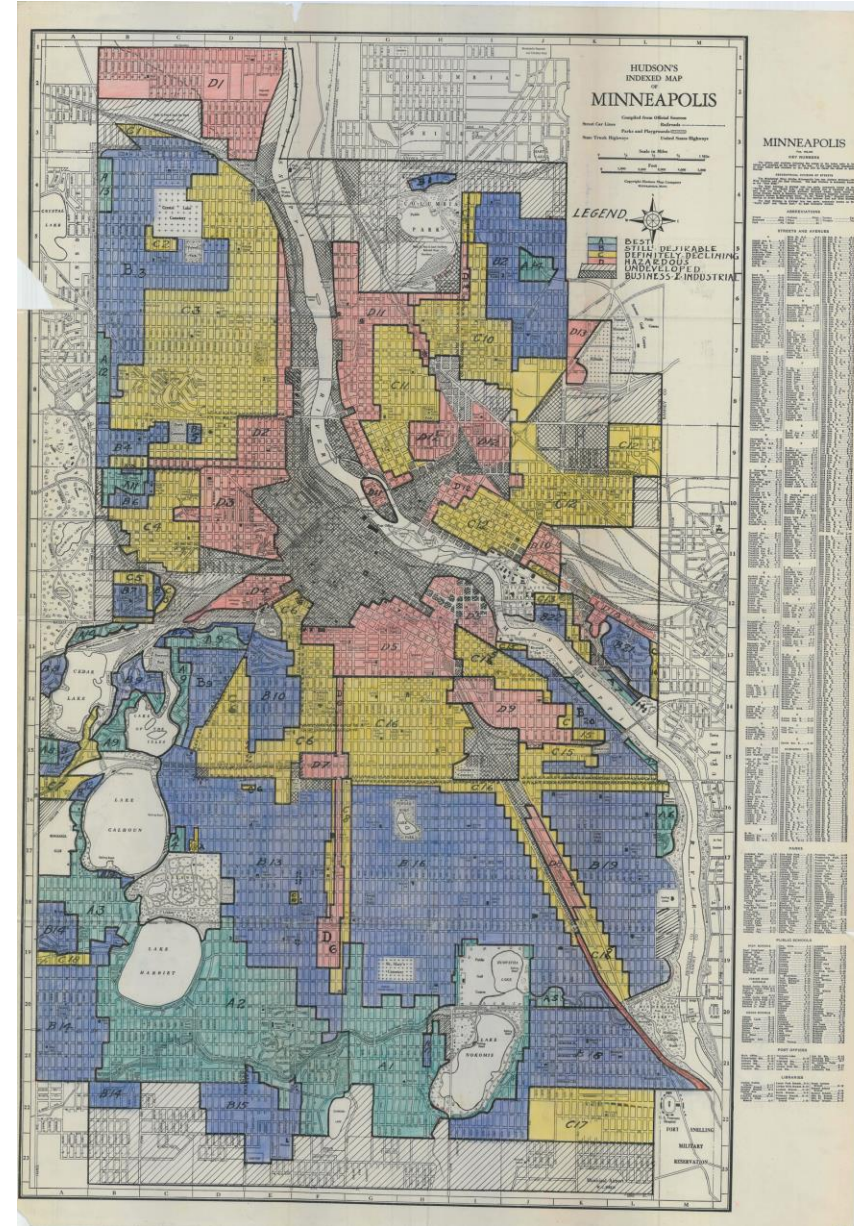
5 - Result



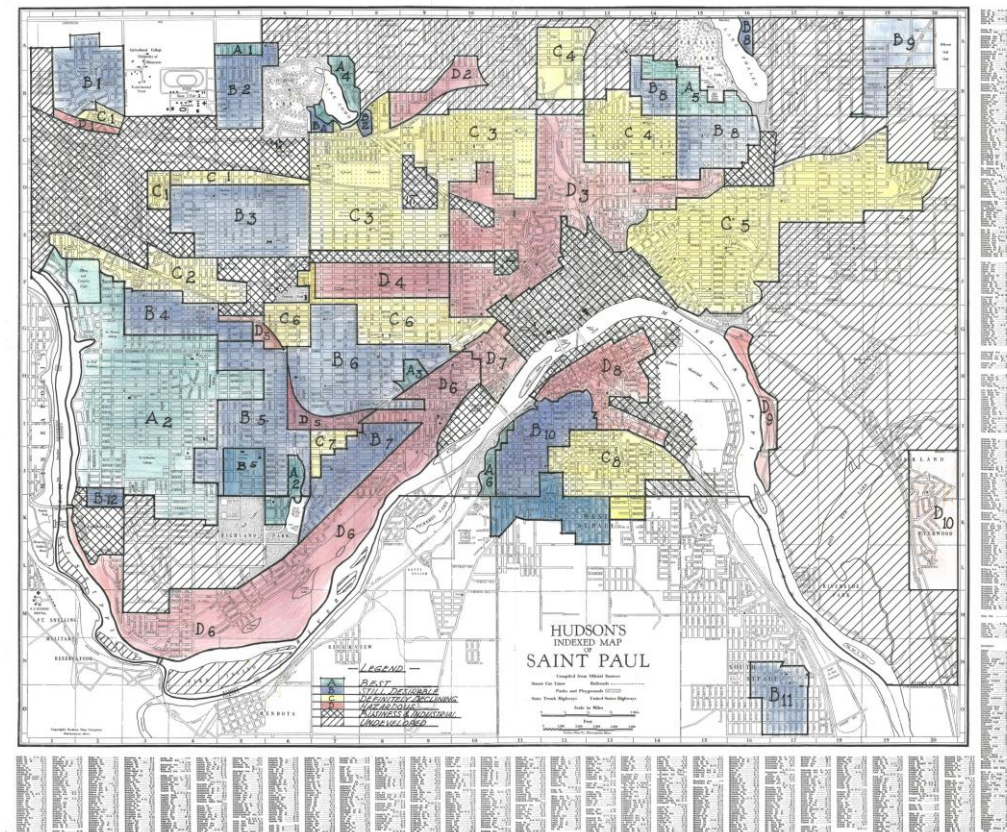
Lower quality has impact on student success. Lower intergeneration transfer of wealth through household equity



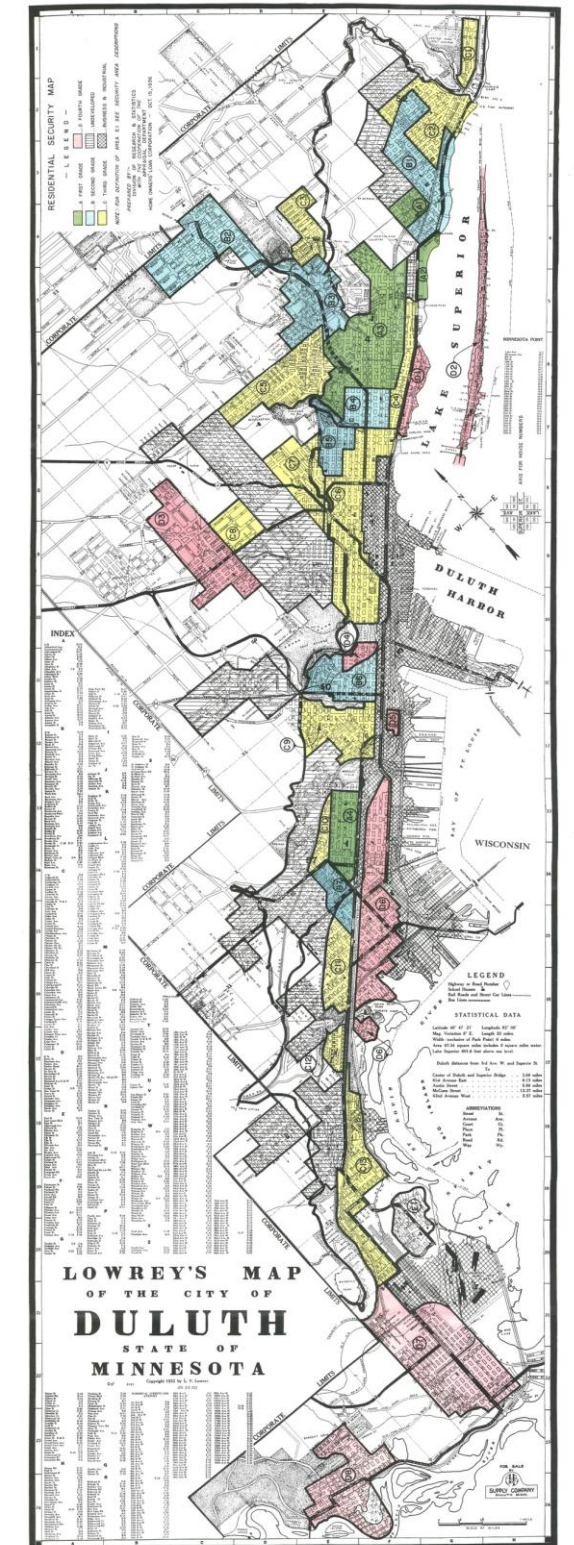
Rochester



Minneapolis



Saint Paul



Duluth

Redlining Maps

EDUCATION DISCRIMINATION

1 - School



Poor quality of education in underfunded schools and lack of cultural intelligence in the school system results in poor college readiness

2 -Remedial College



Lack of college preparedness means taking remedial courses at college prices and delaying graduation raising the cost for graduation and higher student debt

3 -Academic major



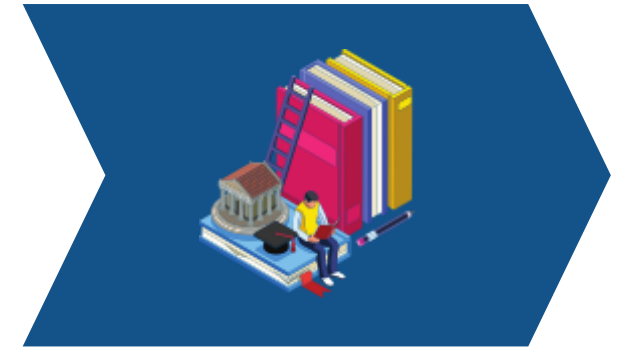
Poor college readiness pushes ALANA students away from STEM or other majors with good career prospects

4 - Poor support systems



Poor institutional support systems and lack of cultural intelligence in the classroom results in poor grades, delayed graduation or not graduating

5 - Result



ALANA stuck in low paying jobs and high debt

BUSINESS DISCRIMINATION

1 - Start Up



Discrimination in the workplace, entrepreneurial energy, past experience - all results in ALANA entrepreneurs launching their business

2 - Finance



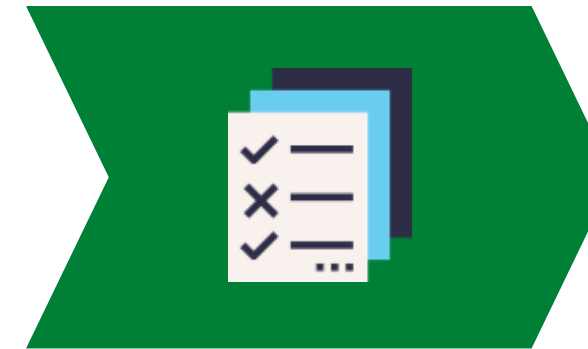
Reliance on personal and family funds rather than credit or loans from banks. Lower capital and barriers to capital access

3 - Contracts, Customers, Networks



Unable to get public contracts. Reliance on the smaller ethnic market and so cannot scale up size. Revenue not enough to invest in professional management systems. Lack of business networks to get contracts

4 - Rules, Regulations, Licenses



Many rules and regulations act as a barrier to growth or launch

5 - Result



ALANA businesses do not achieve the size needed to have sustained growth and operate at very low revenue levels

ECONOMIC POLICIES AND PROGRAMS ON CHILD SURVIVAL AND DEVELOPMENT



1 - Maternal Health and economic assets

Important for child survival and development

2 - Economic assets and resources

Household income, wealth and assets

3 - Housing, Sanitation, Nutrition, Health care

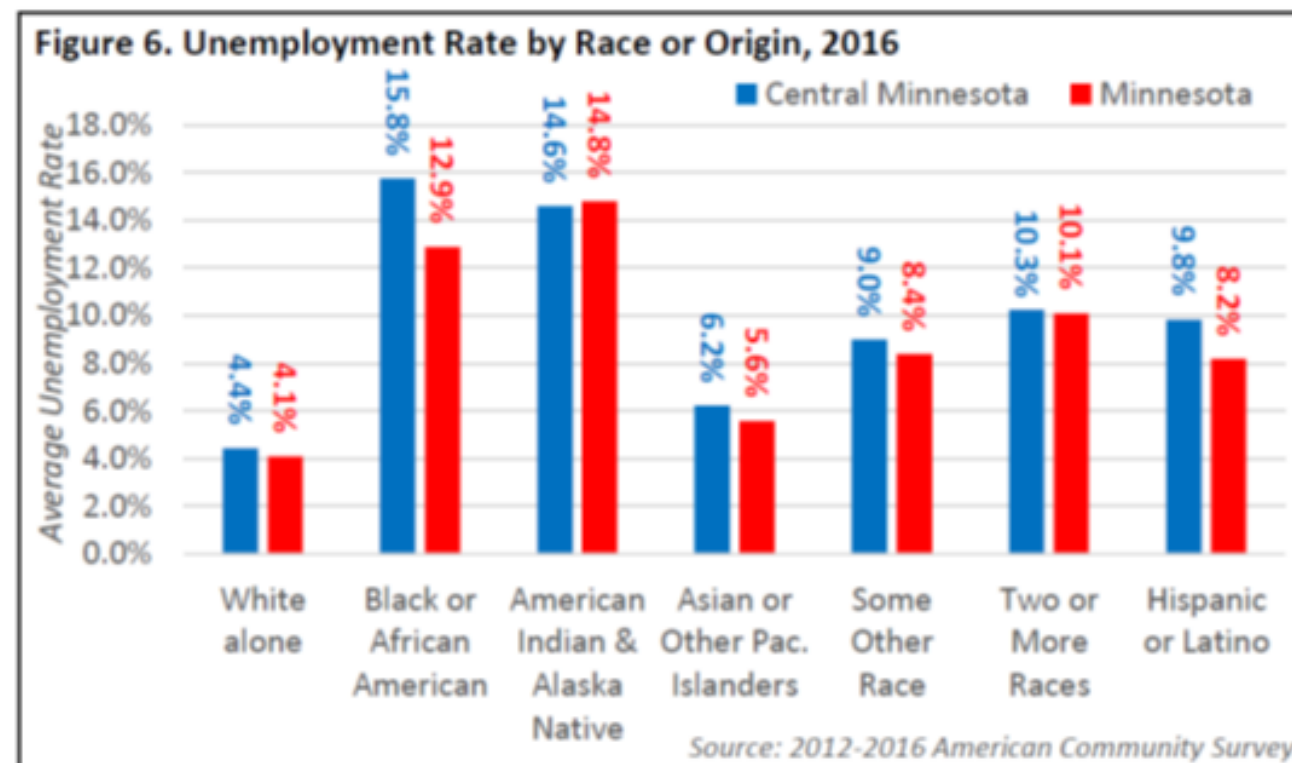
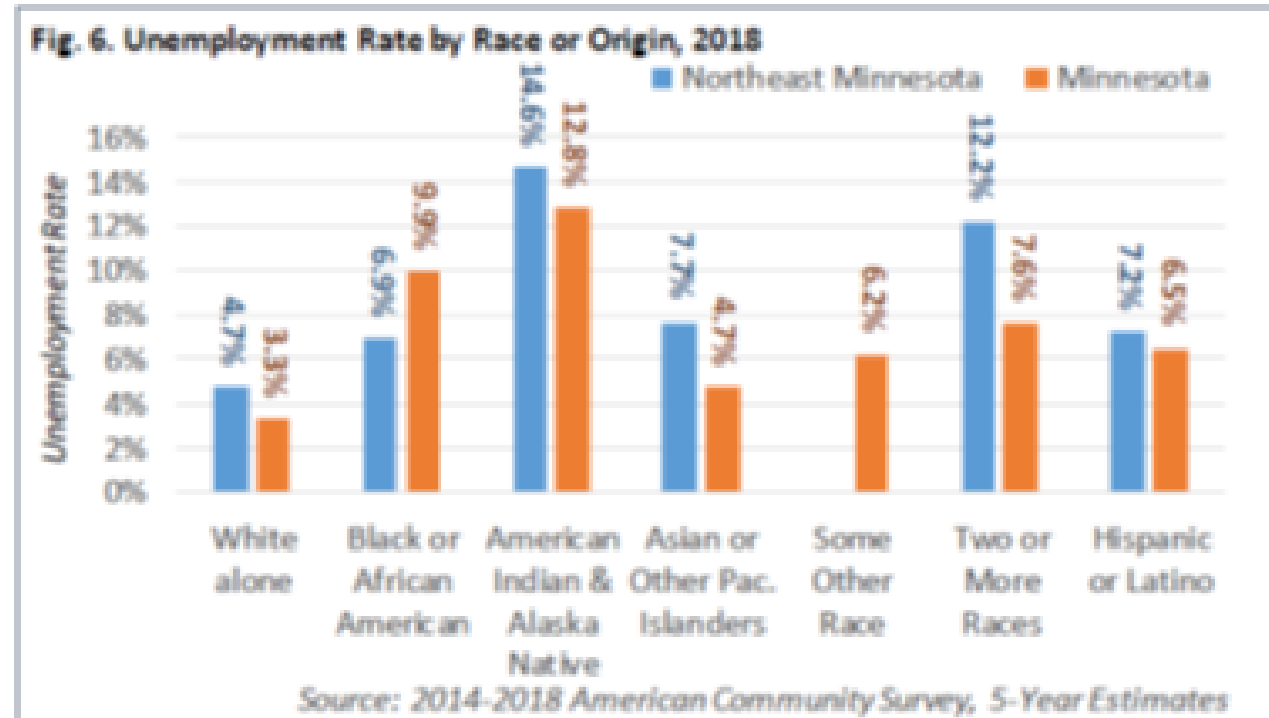
The child's physiological environment

4 - Social systems

Race, class, gender, religion, attitudes and beliefs

5 - Child Outcomes

Education, Health, Nutrition, Cognition, Abilities



How diverse is the workforce in Northeast Minnesota?

Percent of jobs held by persons of color in the Northeast region...



When asked about racial diversity...

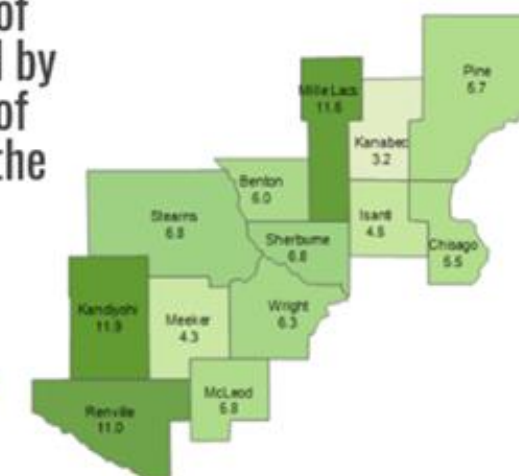
12% of regional employers say they do not employ workers who identify with a community of color.

The good news is...

Half of the region's employers are actively trying to increase the racial diversity of their workforce.

How diverse is the workforce in Central Minnesota?

Percent of jobs held by persons of color in the Central region...



When asked about racial diversity...

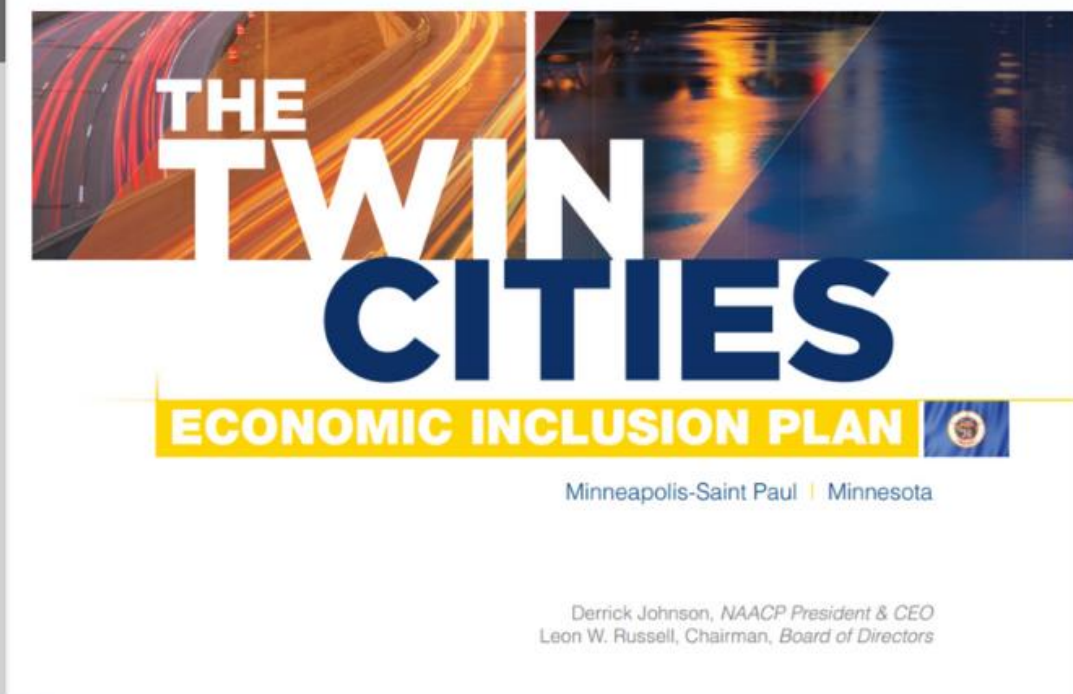
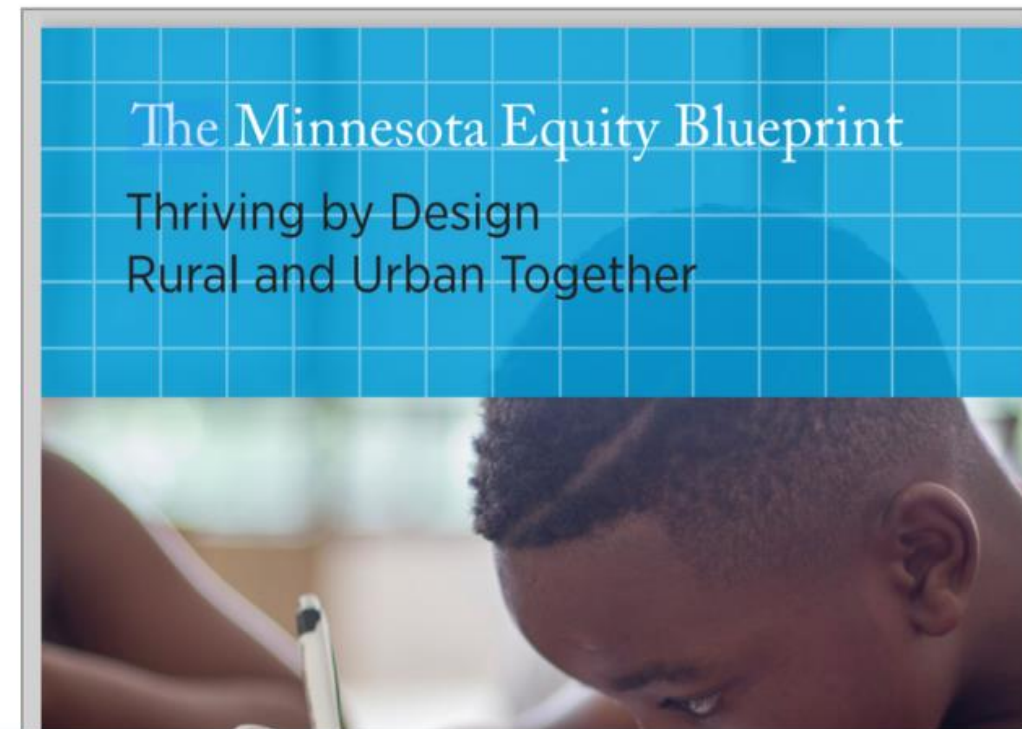
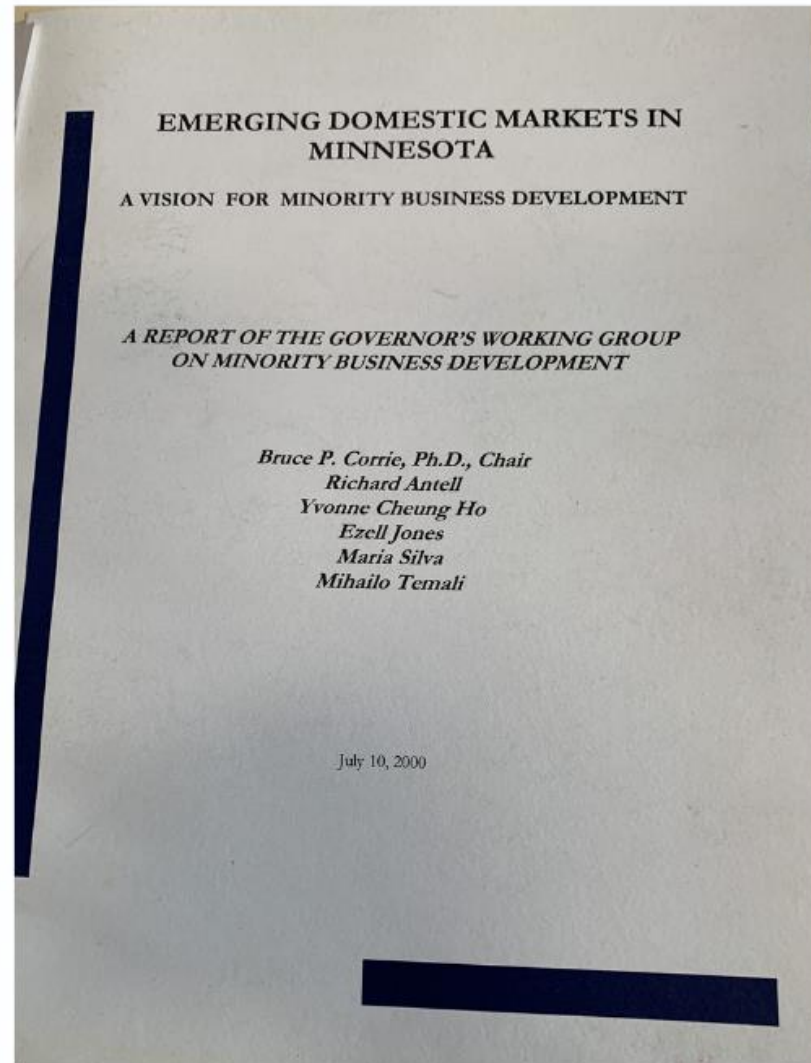
22% of regional employers say they do not employ workers who identify with a community of color.

The good news is...

Nearly half of the region's employers are actively trying to increase the racial diversity of their workforce.

Are businesses as racially diverse as their communities?

Racial Disparities exist all across Minnesota



Number of report with pertinent recommendations to grow the ALANA economy have been produced offering fairly similar and consistent recommendations - all waiting to be implemented



Two Tools

State Statute 16: C - 25 percent of all public spending targeted to small and minority businesses

HUD Section 3 - Using workforce and businesses from Public Housing and Low income background in all spending

To Leverage Government Spending to Grow ALANA Businesses and Workforce

Capacity Audit: State of Minnesota

Column1	GWG 2000	Deloitte 2013	Grade
Statewide hearings	Yes	Metro	
Change Perceptions - View Minorities as Assets	Data to show these assets	No reference	D
Public Officials - Operate with Cultural Intelligence	Barrier	Barrier	D
Integrated and Coordinated Business Infrastructure	Barrier	Barrier	F
Centralized Database of Resources for small biz	Non existent	Non existent	F
Workforce Centers provide entrepreneur support	Non existent	?	I
Cultural Specific Tech Assistance	Need	Need	B
Specialized Tech Assistance	Need	Need	C
Expand equity capital options	Need	No reference, Not much growth in options	D
Cultural Intelligence and Increased Lending by Bankers	Need	No reference, need still present	D
Need for loans at different stages of biz	Need	Need	D
Public Contracting use of MBE	insignificant	no evaluation, current status remains insignificant	F
Centralized/one stop certification	Need	Need	F
Ethnic Marketing/Cultural Corridors	Need	Need	C
Rural Entrepreneurs	Need	No reference, need still present	C
High Tech/Growth Areas	Need	Need	C
Increased Networking Opportunities	Need	Need	C
Native American Entrepreneurs	Need	No mention, Need	C
Immigration Reform	Need	No mention, Need	F
MBE Female Entrepreneurs	Barriers	No mention, Barriers	D
Home Based Businesses	Need	No mention, Need	D
Economic Policy Co ordination (State)	Need	Need	C

**2017 Analysis
Found Not much
has Changed in
Programs to
Serve ALANA
Businesses from
2000 to 2013**

In 2020....the same story of system failure

Existing State Utilization of ALANA Businesses

Category	FY19 Spend	% of Total Spend	# of Certified Businesses (as of end 10/31)
Asian	\$20,818,965	1.6%	113
Black	\$2,753,236	0.2%	258
Hispanic	\$2,575,250	0.2%	80
Indigenous	\$919,320	0.1%	44
Woman	\$38,497,699	3.0%	644
Disabled	\$461,454	0.04%	24
Economically Disadvantaged	\$18,212,325	1.4%	71
Veteran	\$19,393,932	1.5%	135
Total TG/ED/VO	\$103,632,181	8.2%	1369
Adjusted Total State Spend	\$1,268,320,931		

Missed Opportunities to Grow ALANA Businesses

Section 3 ALANA Utilization 2018-19 - ZERO

Part I: Employment and Training

Job Category	Number of New Hires	Number of New Hires that Are Sec. 3 Residents	Aggregate Number of Staff Hours Worked	Total Staff Hours for Section 3 Employees	Number of Section 3 Trainees
Professional	3	0	0	0	0
Clinical	4	0	0	0	0
Carpentry	9	0	0	0	0
Masonry	20	0	0	0	0
Laborers	17	0	0	0	0
Operators	2	0	0	0	0
Cement Finishers	4	0	0	0	0
Roadies	27	0	0	0	0

Total New Hires	90
Section 3 New Hires	0
Percent Section 3 New Hires	0.0%
Total Section 3 Trainees	0
The minimum numerical goal for Section 3 new hires is 30%.	

Part II: Contracts Awarded

Construction Contracts	
Total dollar amount of construction contracts awarded	\$2,615,070.00
Total dollar amount of contracts awarded to Section 3 businesses	\$0.00
Percentage of the total dollar amount that was awarded to Section 3 businesses	0.0%
Total number of Section 3 businesses receiving construction contracts	0
The minimum numerical goal for Section 3 construction opportunities is 10%.	

Non-Construction Contracts	
Total dollar amount of all non-construction contracts awarded	\$110,029.00
Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$0.00
Percentage of the total dollar amount that was awarded to Section 3 businesses	0.0%
Total number of Section 3 businesses receiving non-construction contracts	0
The minimum numerical goal for Section 3 non-construction opportunities is 3%.	



Section 3 Summary Report
 Summary Report for Local and Non-Local Business Firms
 U.S. Department of Housing and Urban Development
 Office of the Housing and Urban Development

2018 Report No. 2018000000
 Date: 11/15/2018

Subcontracting Agency
 Minnesota Housing Finance Agency
 Suite 100, 401 Lake Street, N. Minneapolis, MN 55401
 Tel: 612-673-1000

Reporting Entity
 Minnesota Housing Finance Agency
 401 Lake Street, Suite 100, N. Minneapolis, MN 55401

Local Business 0-200,000,000
Section 3 Business 0-200,000,000
Date Report Submitted 11/15/2018

Reporting Period	Program Area Code	Program Area Name
10/1/18	01010	01010 Program

Missed Opportunities to Grow ALANA Businesses and Workforce

Minnesota Racial Disparities The Economic Chokehold

Racial Income Gap

Blacks earn 71 cents on the dollar compared to whites. Native Americans 68 cents, Latinos 70 cents, Asians 94 cents.

Racial Housing Gap

There is a 53 percent homeownership gap between Blacks and whites, over 30 percent gap for Native Americans and Latinos and 25 percent gap for Asians

Racial Education Gap

There is a 21 percent gap in the six-year graduation rates between Blacks and whites, 19 percent gap for Native Americans, 12 percent for Latinos, 4 percent for Asians

Racial Investment Gap

Average sales of ALANA firms in Minnesota was \$183,000 compared to \$1.4 million of all firms in Minnesota



Source: BLS for Wage Gap, 2017 ACS for housing gap, OHE for education gap, SBO 2012 for business gap

\$287 billion Cost of Racial Disparities in Minnesota

\$22 Billion loss in Income

Closing the income gap would cause ALANA income to almost double to \$47 billion dollars.
ALANA tax payments to \$5 billion

\$174 billion less in lifetime earnings

Not Closing the educational gap resulted ALANA lifetime earnings to decrease by \$174 billion dollars

\$67 billion in business revenue

Investing in ALANA businesses to grow to the same size as white businesses could increase sales by \$67 billion in Minnesota

\$24 billion loss in home ownership, reduced rent burdens, lower property taxes

Closing the housing gap would cause ALANA residential real estate to increase by \$23 billion dollars.

Renters would see a gain in \$1.53 billion if we eliminated the housing burden gap

Closing the Property Tax assessment gap for Black homeowners would come to \$23 million annually

ALANA households pay an extra \$64 million in wrong property tax assessments

Source: BLS for Wage Gap, 2017 ACS for housing gap, OHE for education gap, SBO 2012 for business gap



A black and white photograph of a mural on a wall. The mural depicts a stylized figure with large, expressive hands and a heart shape. The figure is rendered in a simple, bold style with thick black outlines. The background of the mural is a light color, and the figure is dark. The overall composition is centered and occupies most of the frame.

\$287 Billion

Growth in ALANA income, assets and
lifetime earnings if racial gaps are
eliminated in Minnesota

\$2 billion+

Loss in state and local tax revenue



The High Cost of Racial Disparities National

Closing the Black Wage Gap

Would add \$2.7 trillion in income or 0.2 percent of GDP

Closing the Housing Gap

Would add 770,000 Black homeowners and \$218 billion sales in the economy

Closing the Education Gap

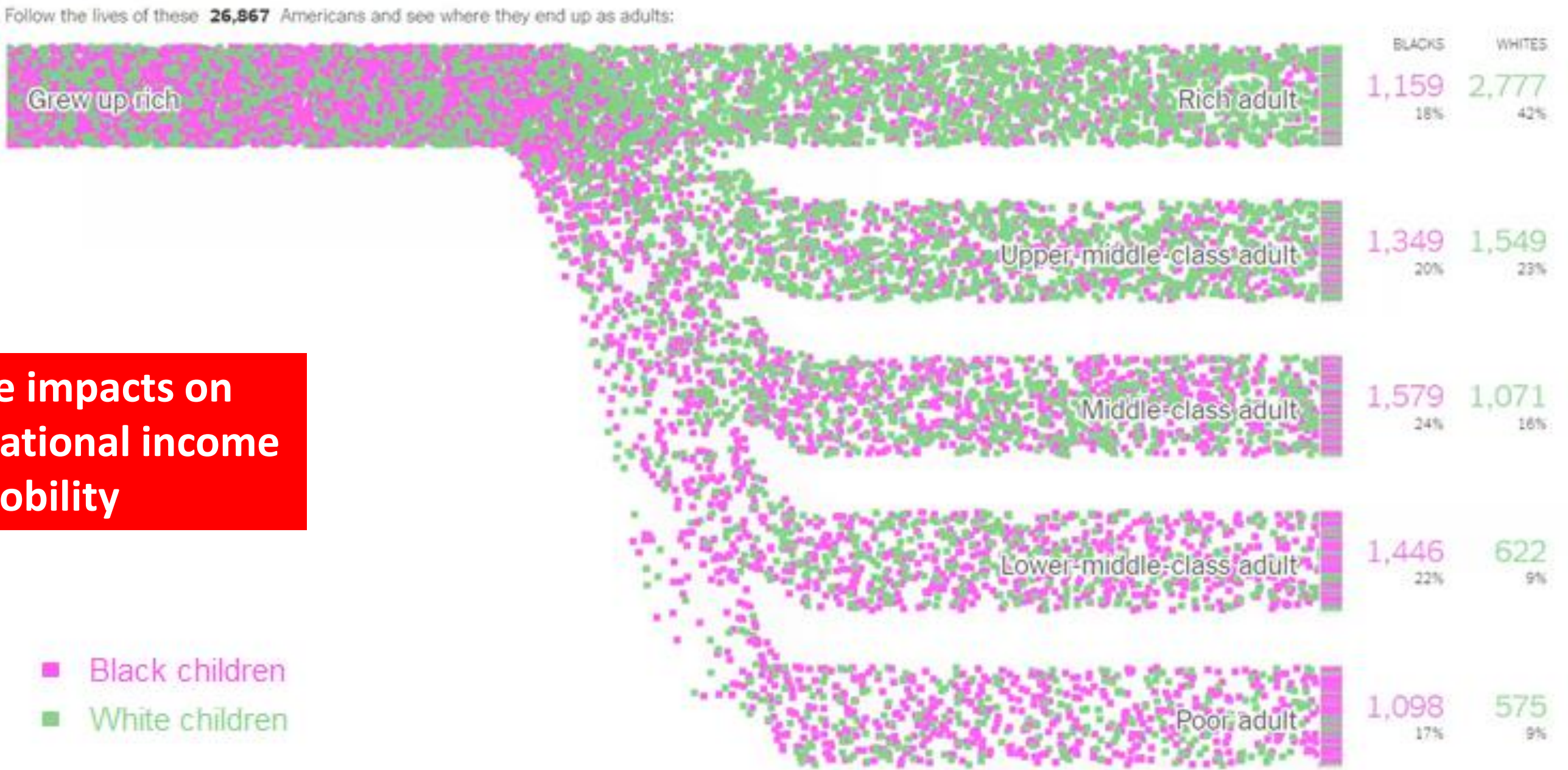
Would increase life time earnings by \$90-\$113 billion

Closing Investment Gap

Black entrepreneurs add \$13 trillion in business revenue and create 6.1 million jobs

Source: CITI GPS, September 2020

Income Mobility for Black vs. White Children Raised in High-Income Families

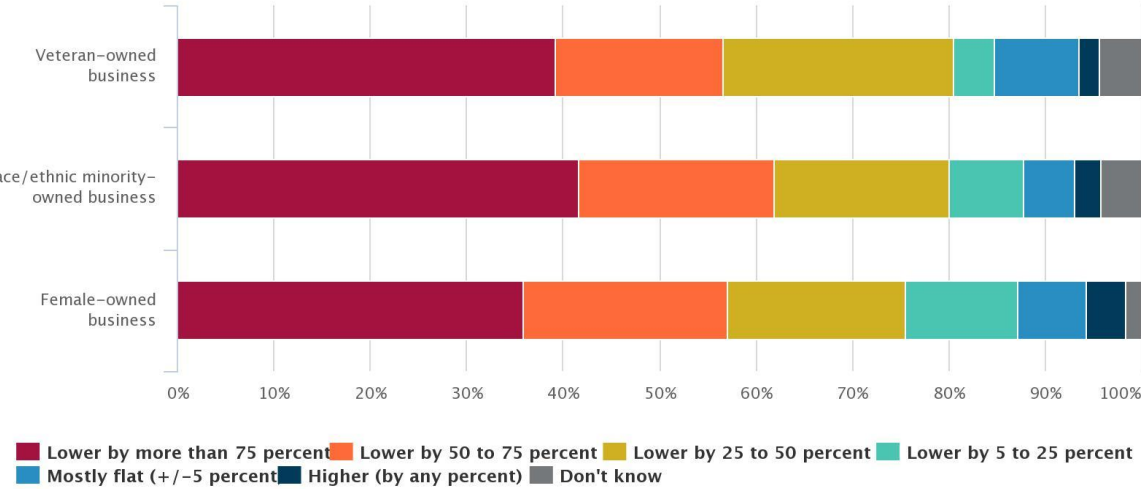


Negative impacts on intergenerational income mobility

Source: Chetty, Hendren, Jones, Porter 2018; New York Times 2018

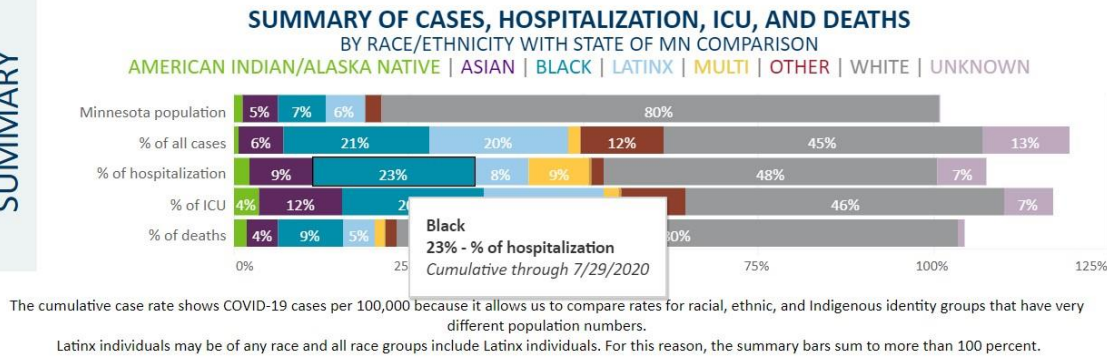
1

Expected sales/revenue in April compared with January-February monthly average pre-virus

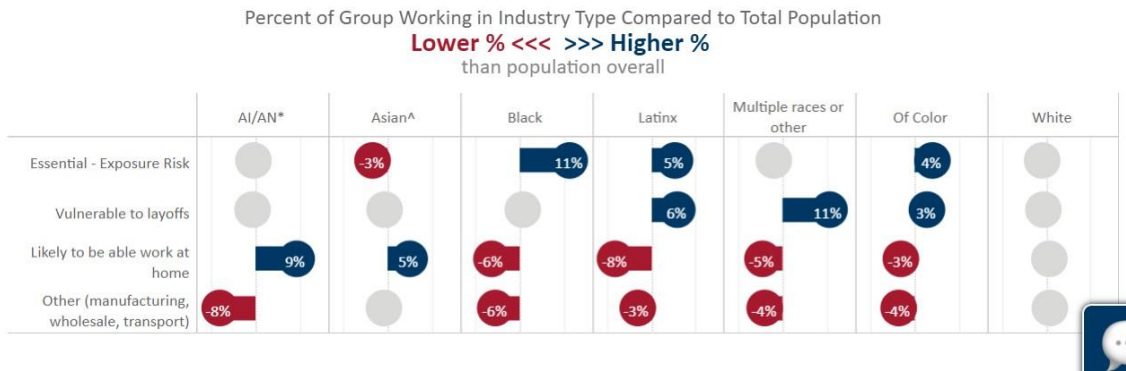


Source: Federal Reserve Bank of Minneapolis

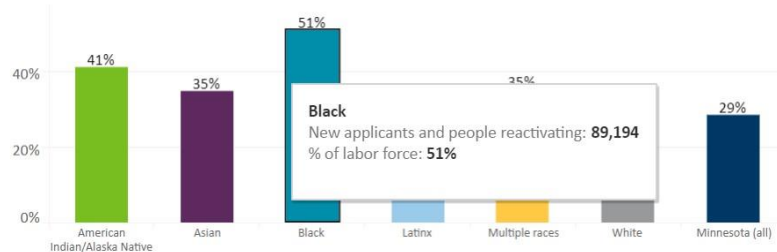
SUMMARY



The cumulative case rate shows COVID-19 cases per 100,000 because it allows us to compare rates for racial, ethnic, and Indigenous identity groups that have very different population numbers. Latinx individuals may be of any race and all race groups include Latinx individuals. For this reason, the summary bars sum to more than 100 percent.



% OF LABOR FORCE WHO HAVE APPLIED FOR UI BENEFITS SINCE MARCH | BY RACE/ETHNICITY



Communities of color are applying for unemployment benefits at higher rates than white Minnesotans.

Half of Black Minnesotans in the labor force and 40% of Indigenous Minnesotans in the labor force have applied for unemployment benefits since March. 1 in 3 Asian and Multi-racial Minnesotans have applied for unemployment benefits since March.

COVID Pandemic intensified existing racial disparities pushing back economic progress.

Civil unrest heightened racial tensions and cause massive destruction to economic assets

Economic Decline hit hard in sectors not “teleworkable” and sectors like retail and hospitality where large segments of ALANA workers and business earn their livelihood.

A black and white photograph of two hands, one light-skinned and one dark-skinned, holding a US flag. The flag's stars are on the left and its stripes are on the right. A green rectangular box is overlaid in the center, containing white text.

ALANA COMMUNITY BRAIN TRUST

The Minnesota Solution

Shared Sustainable Prosperity



The Minnesota Solution

Sharing

Deep roots around a welcoming and sharing and building the common good

Sustainable

In both uses of the word - love of the environment and policies to preserve the environment. Strong investments to sustain economic and human development while providing access and opportunity.

Prosperity

Improved standards of living for all Minnesotans

THE MINNESOTA SOLUTION

To the Racial Economic Chokehold on the ALANA Communities

Critical and sustained investments in core wealth creating assets



5 - Sustained Investments

Empower Individuals to transform build wealth and transform systems and institutions



4 - Empowerment

Institutions, programs, resources



3 - Cultural Intelligence

Strategies and metrics to assess impact on most vulnerable



2 - People Centered

ALANA as Assets



1 - Change Perceptions

CHANGE

change
o perceptibly, to
perceptibly darker
perception /pəse
who has percepti
notice things that
...a person of ex
noticed by the qu
is a perception to



ALANA COMMUNITY BRAIN TRUST

\$1.4 Trillion ALANA Economy

Minnesota



In policies, program and interactions view ALANA individuals as assets.

People who collectively offer Minnesota \$1.4 trillion in economic assets

**Addresses a core element of racism by encouraging people to change
negative perceptions and actions**



\$25 Billion Income

Fueling spending in the
Minnesotan economy
Renters pay \$175 million monthly



450000+ in School/University Potential \$1.5 trillion in lifetime earnings

Minnesota's future workforce



45000 Business \$7 billion in sales

Employing 63,000 + Minnesotans
with \$1.5 billion in annual payroll in
2012



\$3 Billion Annual MN Taxes

\$ 3 billion in annual State and Local
Taxes



500,000 + workers. \$1.4 Trillion in lifetime earning

Essential workers, high tech
workers, agricultural workers,
scientists, doctors and innovators

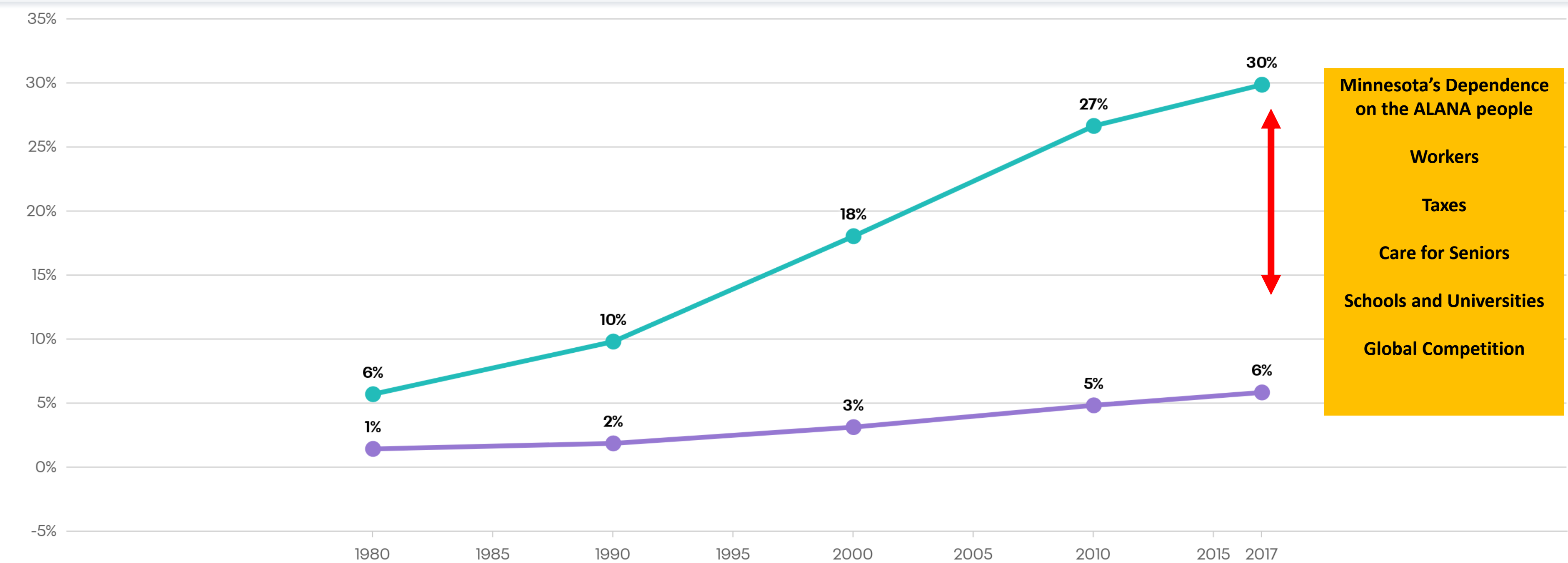


Global & Cultural Assets

Global networks to create business
opportunities for Minnesotans.
Cultural Capital to make Minnesota
a global destination and to spur
local economic development

Percent people of color by age group: Minnesota; 1980-2017

Percent of seniors who are people of color Percent of youth who are people of color



Minnesota's Dependence on the ALANA people

Workers

Taxes

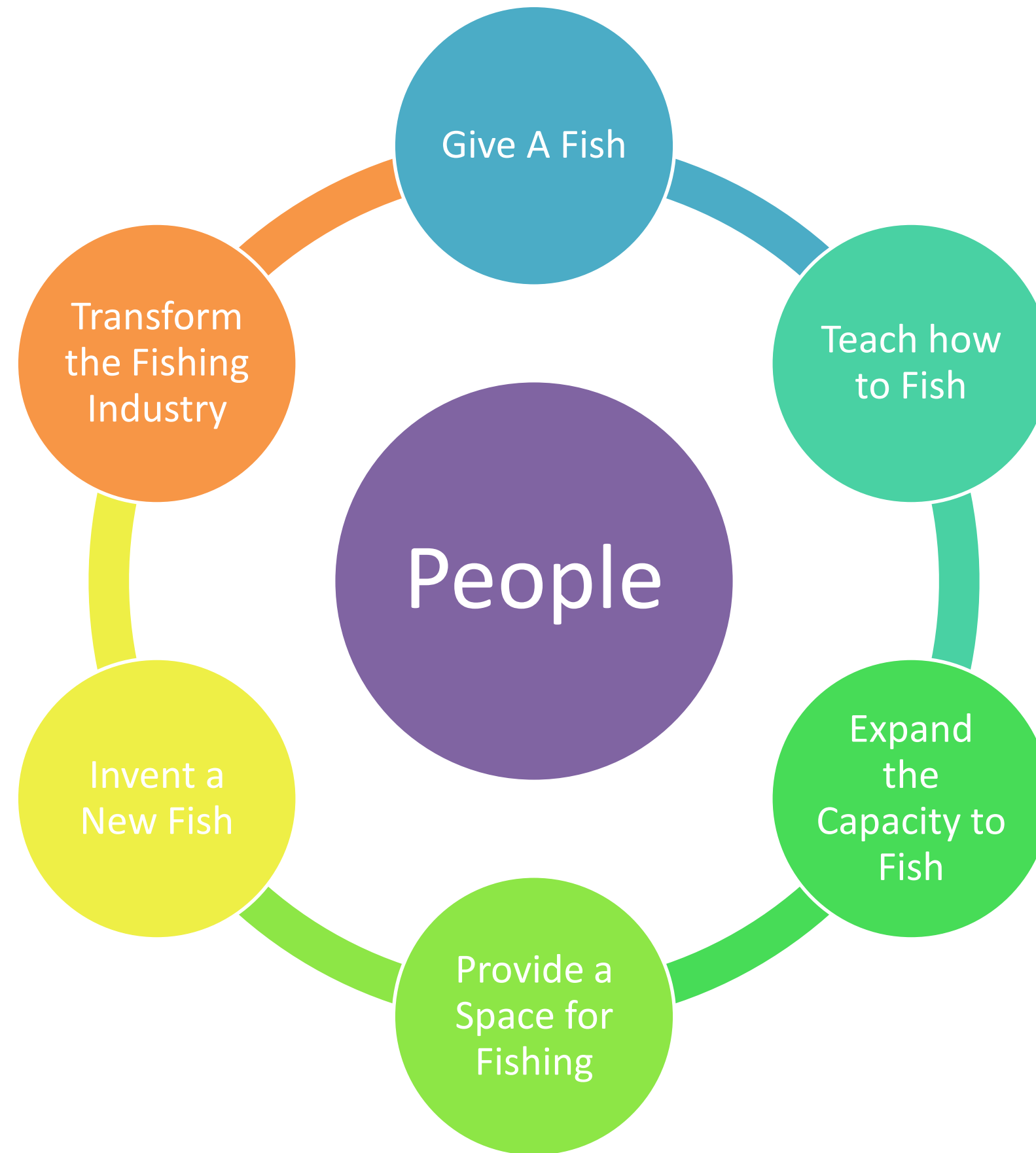
Care for Seniors

Schools and Universities

Global Competition

Data source: U.S. Census Bureau | National Equity Atlas





**Strategies and metrics
to focus on impact on
the most vulnerable to
assess progress**

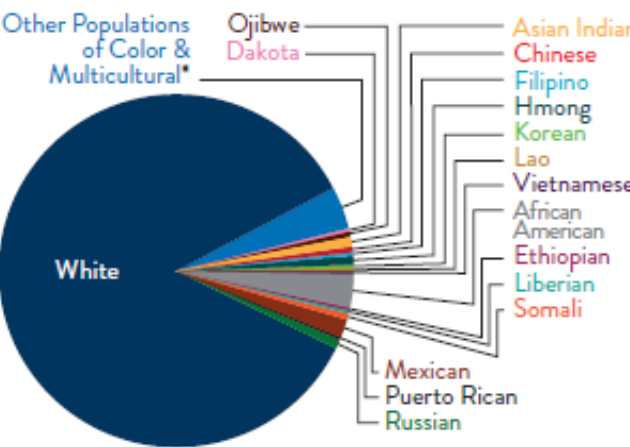
CULTURAL

Intelligence

Individuals Ages 25–64 By Educational Attainment (High School)

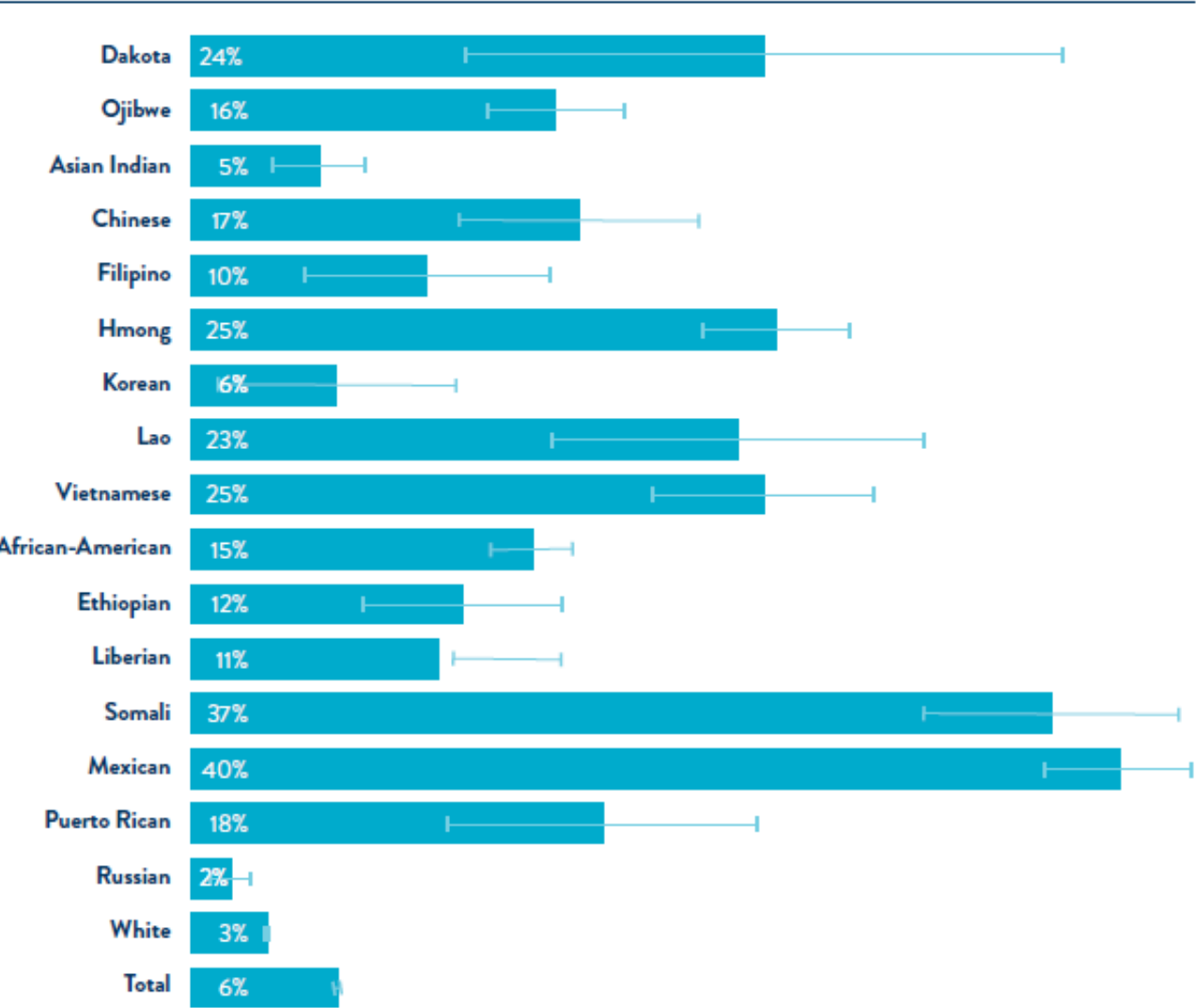
About 180,000 adults between ages 25 and 64 in Minnesota have not earned a high school diploma or equivalent. Consequently, these Minnesotans have narrow employment prospects and limited earnings potential—few of the occupations available to them pay a wage sufficient to support a family outside of poverty. Adults without a high school education are at a much greater risk of unemployment, poverty, and the need for public assistance. Forty-one percent of Minnesotans ages 25–64 who do not have a high school diploma are either unemployed or not participating in the labor force.

Figure 8b: Population Without a High School Diploma or GED, Ages 25–64



*Indicates a value for which there were fewer than 150 survey respondents in the universe, resulting in suppression within the Data Supplement. See Technical Notes for more information about data suppressions.

Figure 8a: Share Without a High School Diploma or GED, Ages 25–64

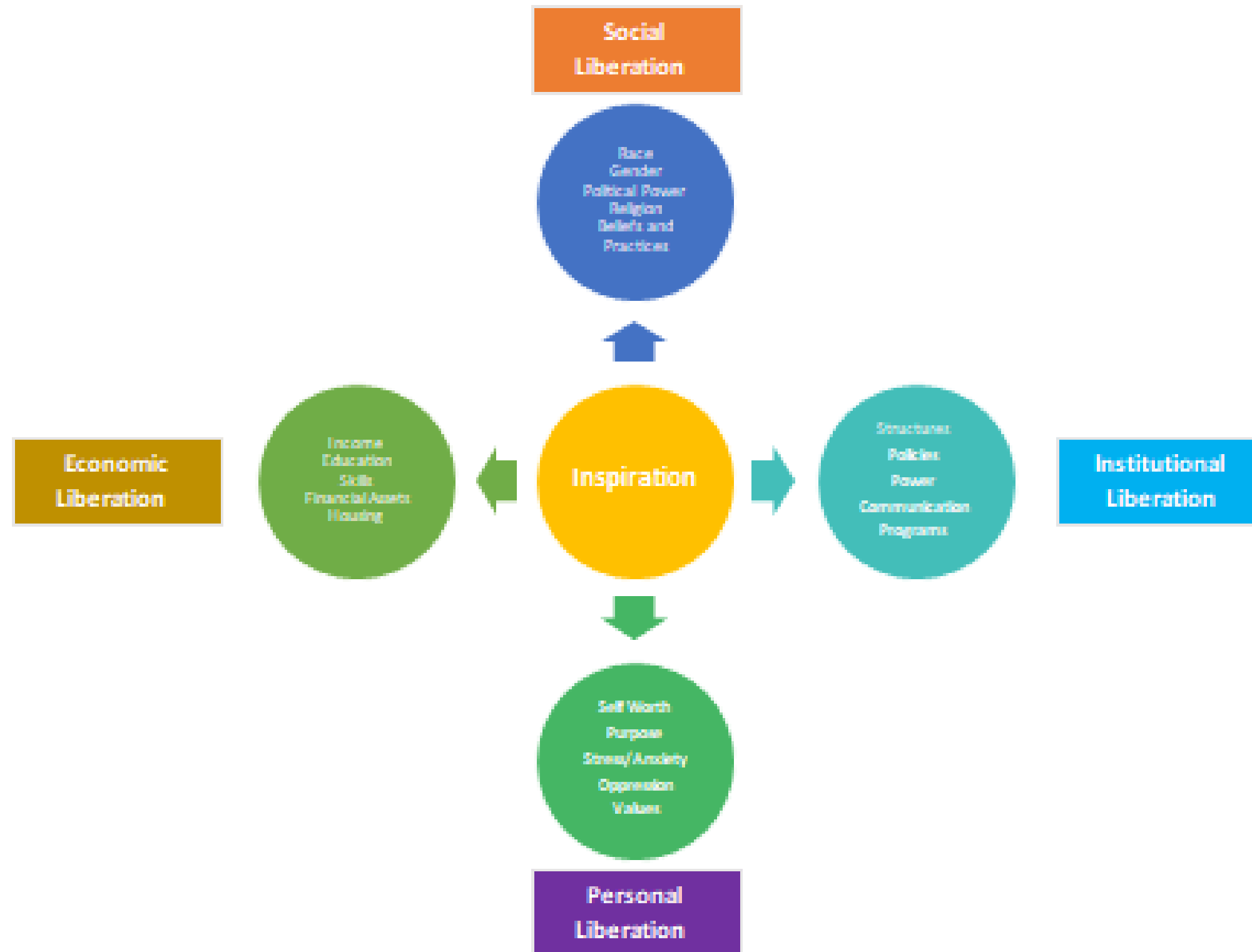


With Cultural Intelligence we can see differences within and between ALANA groups and can intervene more effectively.

Also focusing on certain groups such as female headed households in poverty or Black males or very young children, where research shows interventions can be very effective.



The Policy Mandala



A people centered economic development strategy empowers the individual to transform their economic, social, institutional environments to build personal and community wealth and shared sustainable prosperity

MINNESOTA LEGISLATURE

ALANA Economic Interests by Legislative District

The Importance of Political Representation

There are 125 legislative districts each with at least \$100 million in ALANA economic interests. These legislators from both parties have enough votes to pass any legislation.

125 Legislative Districts with \$100+ Million in ALANA Economic Interests (1)

District	Representative	Party	ALANA 2020
67A	Mahoney, Tim	DFL	\$ 551 million
67B	Xiong, Jay	DFL	\$ 549 million
65A	Moran, Rena	DFL	\$ 527 million
59A	Lee, Fae	DFL	\$ 514 million
40A	Nelson, Michael	DFL	\$ 503 million
62A	Hassan, Hodan	DFL	\$ 502 million
66B	Lesch, John	DFL	\$ 493 million
59B	Dehn, Raymond	DFL	\$ 489 million
40B	Yang, Samantha	DFL	\$ 449 million
62B	Gomez, Aisha	DFL	\$ 395 million
65B	Mariani, Carlos	DFL	\$ 384 million
50A	Howard, Michael	DFL	\$ 332 million
60B	Noor, Mohamud	DFL	\$ 316 million
36B	Hortman, Melissa	DFL	\$ 278 million
55A	Tabke, Brad	DFL	\$ 270 million
51A	Masin, Sandra	DFL	\$ 267 million
60A	Loeffler, Diane	DFL	\$ 264 million
41B	Kunesh-Podein, Mary	DFL	\$ 258 million
48B	Kotyza-Witthuhn, Carrie	DFL	\$ 240 million
45A	Carlson, Lyndon	DFL	\$ 238 million
46B	Yosakim, Cheryl	DFL	\$ 233 million
26A	Liebling, Tina	DFL	\$ 223 million
41A	Bernardy, Connie	DFL	\$ 217 million
63B	Wagenius, Iran	DFL	\$ 216 million
50B	Carlson, Andrew	DFL	\$ 214 million
56B	Mann, Alice	DFL	\$ 214 million
43A	Fischer, Peter	DFL	\$ 210 million
42B	Becker-Finn, Jamie	DFL	\$ 207 million
53A	Xiong, Tou	DFL	\$ 205 million
43B	Lillie, Leon	DFL	\$ 204 million
52A	Hansen, Rick	DFL	\$ 199 million
53B	Sandell, Steve	DFL	\$ 195 million
63A	Davnie, Jim	DFL	\$ 195 million
49B	Elkins, Steve	DFL	\$ 189 million
66A	Hausman, Alice	DFL	\$ 186 million
56A	Castrell, Hunter	DFL	\$ 185 million
52B	Richardson, Ruth	DFL	\$ 179 million
44A	Klevorn, Ginny	DFL	\$ 177 million
05A	Persell, John	DFL	\$ 171 million
54A	Claffin, Anne	DFL	\$ 170 million

District	Representative	Party	ALANA 2020
22B	Hamilton, Rod	R	\$ 213 million
37B	West, Nolan	R	\$ 168 million
02A	Grossell, Matthew	R	\$ 156 million
17B	Baker, Dave	R	\$ 133 million
02B	Green, Steve	R	\$ 129 million
14A	Thels, Tama	R	\$ 128 million
24B	Daniels, Brian	R	\$ 121 million
24A	Petersburg, John	R	\$ 106 million
47B	Boe, Greg	R	\$ 103 million
34A	Robins, Kristin	R	\$ 103 million

EmpoweringStrategies.org

125 Legislative Districts with \$100+ Million in ALANA Economic Interests (2)

District	Senator	Party	ALANA 2020	District
56	Hall, Dan	R	\$ 399 million	67
55	Pratt, Eric	R	\$ 351 million	59
26	Nelson, Carla	R	\$ 292 million	40
44	Anderson, Paul	R	\$ 286 million	65
2	Utke, Paul	R	\$ 285 million	62
22	Weber, Bill	R	\$ 264 million	66
25	Senjem, David	R	\$ 254 million	60
14	Relph, Jerry	R	\$ 240 million	50
34	Limmer, Warren	R	\$ 235 million	41
24	Jasinski, John	R	\$ 227 million	51
5	Eichorn, Justin	R	\$ 210 million	43
17	Lang, Andrew	R	\$ 197 million	63
35	Abeler, Jim	R	\$ 170 million	46
38	Chamberlain, Roger	R	\$ 162 million	53
47	Jensen, Scott	R	\$ 161 million	45
20	Draheim, Rich	R	\$ 149 million	36
11	Rarick, Jason	R	\$ 145 million	52
16	Dahms, Gary	R	\$ 142 million	42
30	Kiffmeyer, Mary	R	\$ 139 million	48
39	Housley, Karin	R	\$ 129 million	37
1	Johnson, Mark	R	\$ 127 million	64
23	Rosen, Julie	R	\$ 125 million	57
33	Osimek, David	R	\$ 123 million	49
21	Goggin, Mike	R	\$ 115 million	61
18	Newman, Scott	R	\$ 114 million	54
31	Benson, Michelle	R	\$ 101 million	27
13	Howe, Jeff	R	\$ 100 million	19

District	Senator	Party	2020
67	Hawel, Fong	DFL	\$ 1 billion
59	Champion, Bobby Joe	DFL	\$ 1 billion
40	Eaton, Chris	DFL	\$ 952 million
65	Pappas, Sandra	DFL	\$ 910 million
62	Hayden, Jeff	DFL	\$ 897 million
66	Marty, John	DFL	\$ 679 million
60	Dziedzie, Kari	DFL	\$ 580 million
50	Wiklund, Melissa	DFL	\$ 546 million
41	Laine, Carolyn	DFL	\$ 476 million
51	Carlson, Jim	DFL	\$ 416 million
43	Wiger, Charles	DFL	\$ 414 million
63	Torres Ray, Patricia	DFL	\$ 411 million
46	Latz, Ronald	DFL	\$ 404 million
53	Kent, Susan	DFL	\$ 400 million
45	Rest, Ann	DFL	\$ 400 million
36	Hoffman, John	DFL	\$ 388 million
52	Klein, Matt	DFL	\$ 378 million
42	Isaacson, Jason	DFL	\$ 339 million
48	Cwodzinski, Steve	DFL	\$ 339 million
37	Newton, Jerry	DFL	\$ 324 million
64	Cohen, Richard	DFL	\$ 320 million
57	Clausen, Greg	DFL	\$ 293 million
49	Franzen, Melissa	DFL	\$ 283 million
61	Dibble, Scott	DFL	\$ 259 million
54	Bigham, Karla	DFL	\$ 241 million
27	Sparks, Daniel	DFL	\$ 210 million
19	Frentz, Nick	DFL	\$ 163 million
58	Little, Matt	DFL	\$ 159 million
7	Simonson, Erik	DFL	\$ 151 million
4	Eken, Kent	DFL	\$ 147 million

invest



IN AN ETHNIC
NEIGHBORHOOD

Wealth Creation

CDC/CDFI



CO-OP/MIXED USE

COMMUNITY HEALTH
CLINIC AND
WELLNESS CENTER



www.emergingstrategies.org

LEGAL, FINANCE,
INSURANCE

BUSINESS
INCUBATOR

JOB BOARD

B2B



LAND TRUST

FINANCIAL ASSET
BUILDING

EQUITY FUND

EMERGENCY
SHELTER, FOOD,
ENERGY

Economic Asset Building Infrastructure in Every ALANA Community

Strategies with minimum cost. Need Leadership and Political Will

LEVERAGE FINANCIAL ASSETS

FINANCIAL DEPOSITS WITH BANKS

Growing ALANA Lending and Financial assets

STATE INVESTMENT PORTFOLIO

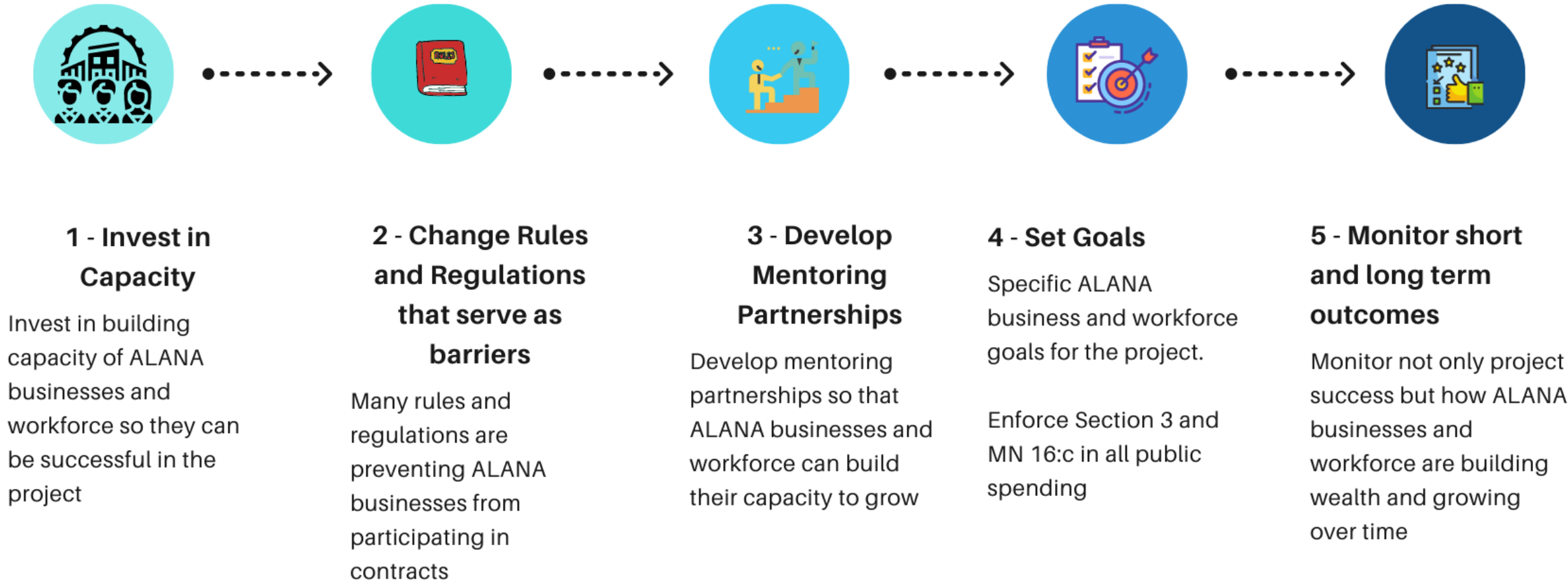
Investment in Community Investment Notes

GUARANTEES

State can provide loan guarantees to leverage
bank lending to ALANA communities

LEVERAGING PUBLIC SPENDING

Growing ALANA Businesses and Workforce



**ZONING TO ALLOW MORE DENSITY FOR
AFFORDABLE HOUSING**

**CHANGE RULES
AND
REGULATIONS**

**EXEMPT ALANA BUSINESSES WITH
LESS THAN \$ 3 MILLION IN REVENUE**

These businesses are still growing

LOANS AND GRANT PROGRAMS

Streamline paperwork and funding criteria to make it easier to access
and use

Cultural Intelligence

Developing Cultural Intelligence in the Public sector to better serve

LEVERAGE CONGRESS THROUGH OUR CONGRESSIONAL DELEGATION TO MAKE THESE INSTITUTIONS MORE EFFECTIVE

FEDERAL RESERVE BANK

Federal Reserve Bank creates a lending program to back loans to ALANA economic development projects like in the PPP program. Funding for financial institutions led by ALANA communities

SMALL BUSINESS ADMINISTRATION

Increase funding for the Microloan program and make it more flexible. Increased lending to ALANA businesses. Expand funding for technical assistance for community-based organizations

HUD

Increased funding for affordable housing and renter assistance. Make programs more user friendly by streamlining regulations. Enforce Section 3 programs in all funded projects

CDFI FUND

Expand the CDFI Fund capital to focus on ALANA led and serving financial institutions and expand funding to community-based organizations

invest



\$1 BILLION ECONOMIC DEVELOPMENT BOND FUND

Investments over next 6 years

\$250 MILLION BUSINESS LOAN GUARANTEES

Loan guarantees to financial institutions lending to ALANA businesses in two pools, less than \$250,000 in revenue and over \$250,000 but less than \$5 million in revenue. Include funding for capacity building of organizations and businesses

\$250 MILLION BOND FOR LAND TRUSTS,

Investments in land trusts to provide affordable housing and commercial space for ALANA businesses

\$100 MILLION EQUITY FUND

To provide equity investments in ALANA business and real estate development projects and to support the growth of crowd funding and alternative finance products

\$150 MILLION BOND FOR HOMEOWNERS AND RENTER SUPPORT PROGRAMS

Downpayment assistance, renter assistance programs

\$250 MILLION WORKFORCE FUND

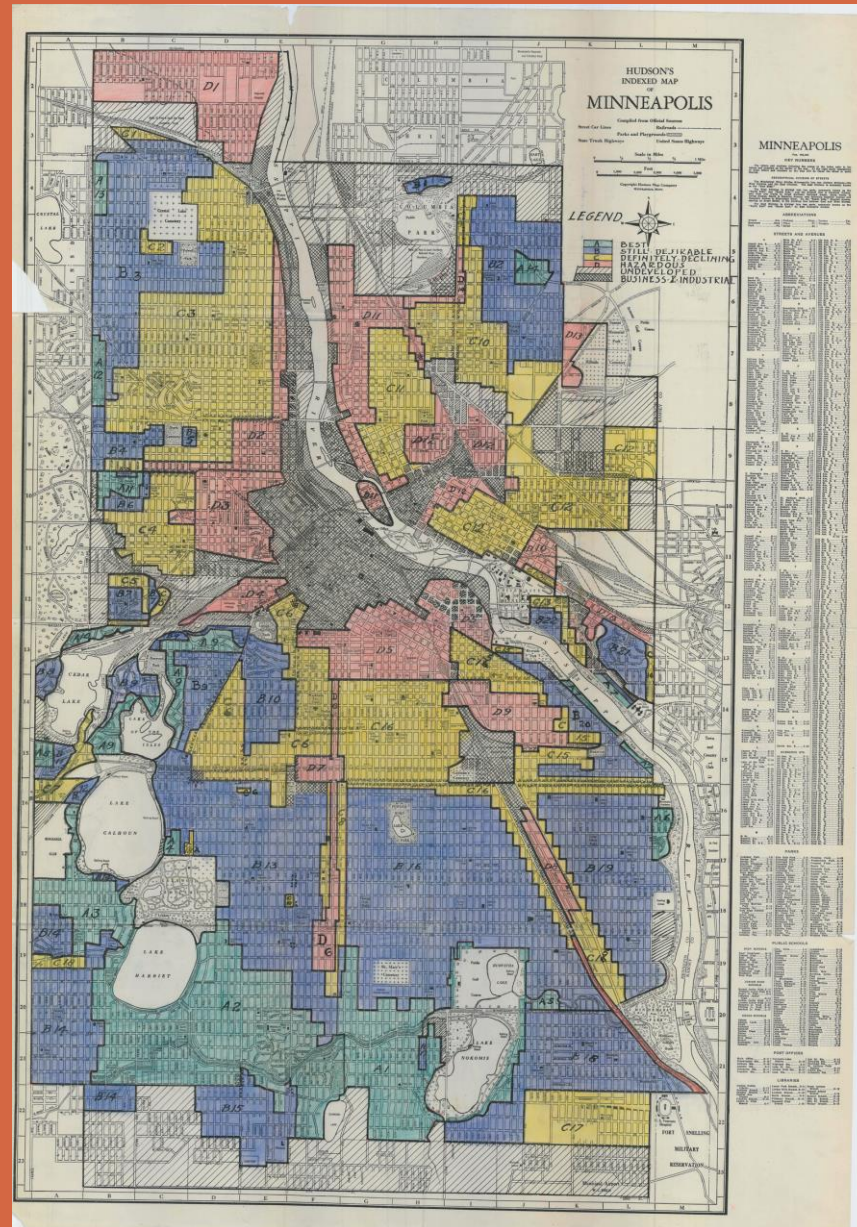
Programs to transition ALANA workers from low wage to opportunity occupations and career pathways. Investment in STEM education of ALANA students.

Funding ALANA Economic Development

1 percent tax on every financial asset transaction in Minnesota

Example - 2019 59000 homes sold in the Twin Cities metro area with total sales value of \$16 billion. A 1 percent tax would yield \$165 million a year that could fund the \$1 billion bond for ALANA Economic Development

•<https://www.noradarealestate.com/blog/minneapolis-real-estate-market/>



Community Brain Trust

EMPOWERING UNDESERVED COMMUNITIES

Financial Instruments

Loan Packaging Equity Tools Development Financing
Crowd Funding Alternative Finance Bonds

Wealth Building

Prof. Services Makerspace Business Incubators Renewables
Land Trusts CDC/CDFI Co-ops Public Contracting Health Care Job Boards
Cultural Destinations Food/Agriculture Real Estate Development Digital Tech

CDC/CDFI Capacity

Scaling Capacity Real Estate Development Finance/Capital Financial Relationships
Corporate/Foundation Funding Government Financing B2B/Supply Chain Career Pathways

Business Capacity

Product Development and Marketing Growth and Expansion Legal, Financial, Technical

WWW.EMPOWERINGSTRATEGIES.ORG

Big Idea 2

A Community Brain Trust of Experts will help build capacity in offering these tools for wealth creation in minority communities

The ALANA Community Brain Trust is available to partner with policy makers in strategies to build shared sustainable prosperity

This presentation builds on ideas contributed by the ALANA Community Brain Trust and the public testimony offered to the Minnesota Select House Committee on Racial Justice on October 13, 2020 by Keith Baker, Rev. Frederick Newell, Ruby Lee, Bao Vang, Freiwini Sium, Jane Leonard, Matt Varilek, Abdi Daisane, Carolyn Brown, Jonathan Palmer, Gene Gelgelu, Dr. Obsa Hassan and Fartun Weli. Input was also provided by Brett Buckner, Kevin Lindsey, Michael Goze, Ezell Jones, Edward McDonald, Miguel Ramos, Barbara Hall, Ravi Sagi, Readus Fletcher, Siad Ali, Patrick Pariseau and Dileep Rao

**Thanks to the House Select Committee on Racial Justice,
Co Chairs Rep. Rena Moran and Rep. Ruth Richardson
and committee members and staff.**

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Prosperity now scorecard <https://scorecard.prosperitynow.org/>

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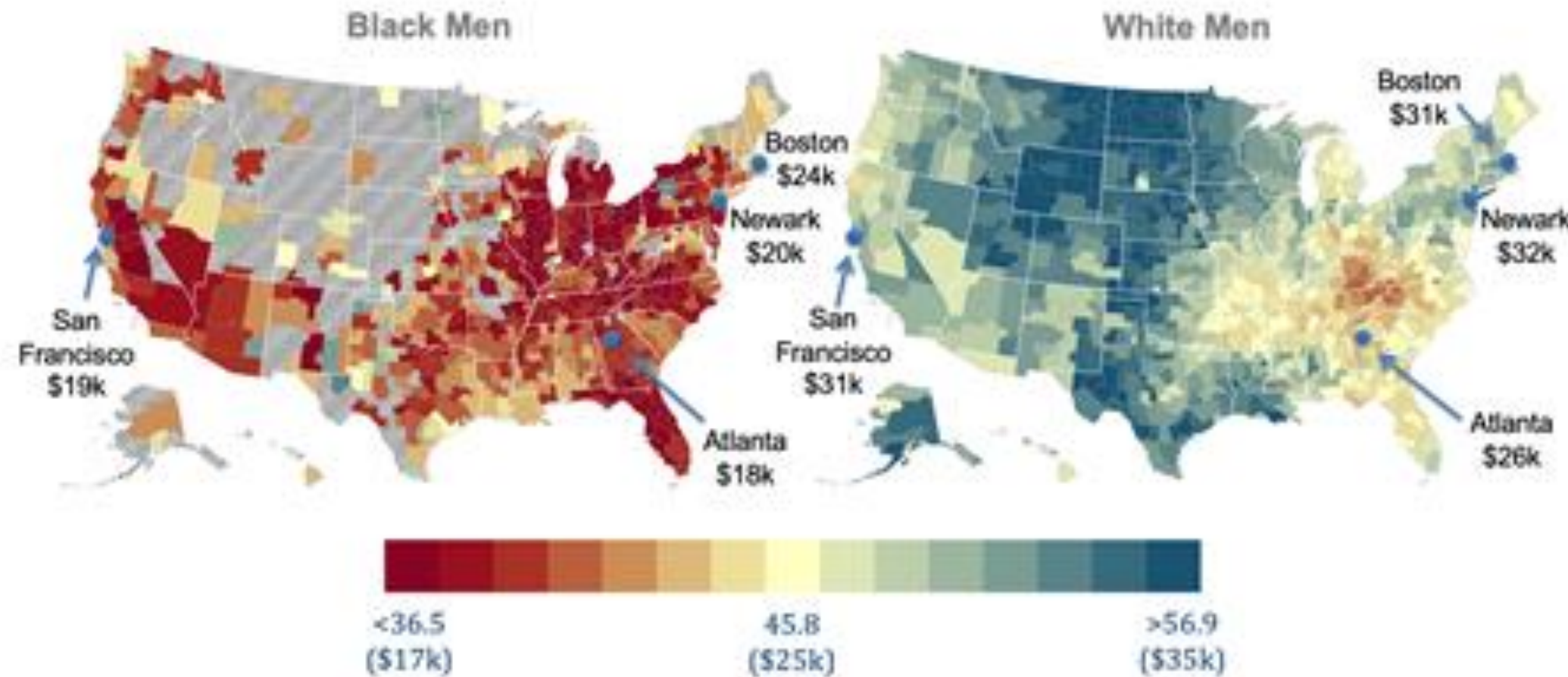
Opportunity Occupations <https://www.clevelandfed.org/en/newsroom-and-events/publications/a-look-behind-the-numbers/albtn-opportunity-occupations.aspx>

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Additional Data

Two Americas: The Geography of Upward Mobility by Race
Average Individual Income Rank for Boys with Parents Earning \$25,000 (25th percentile)



Note: Green = More Upward Mobility, Red = Less Upward Mobility; Grey = Insufficient Data

“• These maps on the same color scale. The fact that they look completely different illustrates that the very best places in terms of upward mobility for black men have lower rates of upward mobility than the very worst places for white men.

• The distribution of upward mobility across areas for black men is almost non-overlapping with the distribution of upward mobility across areas for white men—like two Americas. There is essentially no place in America where you don't have a quite significant black-white disparity in terms of rates of upward mobility.

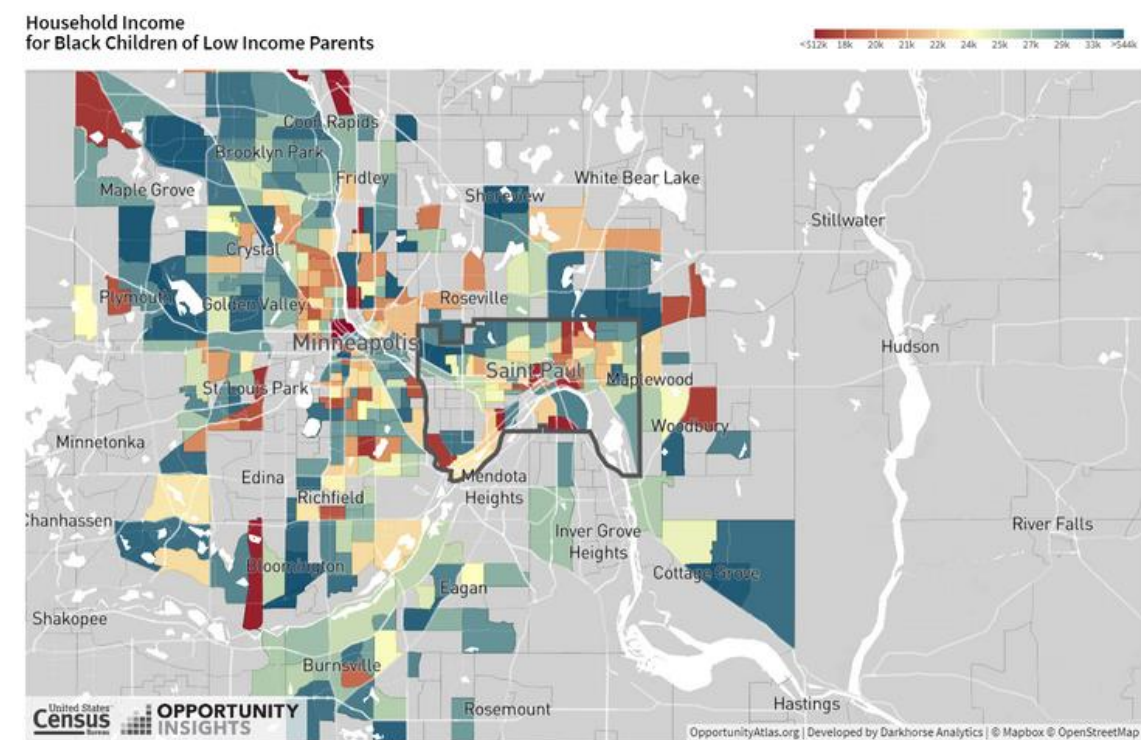
• There are still significant differences in terms of rates of upward mobility within the two groups.

• Racial disparities absolutely persist in affluent, educated areas.” Raj Chetty

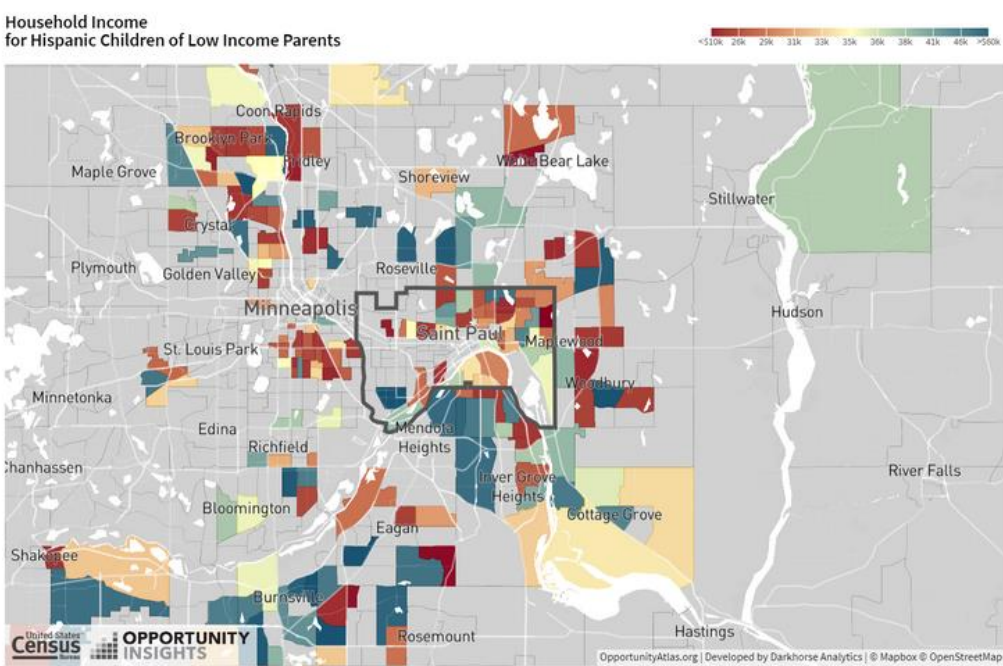
“Key takeaway: black boys do well in neighborhoods with good resources, low poverty rates, and good race-specific factors that affect white kids less, like high father presence and less racial bias. There are essentially no neighborhoods in America that provide good environmental conditions for black men to thrive.” Raj Chetty

www.opportunityinsights.org

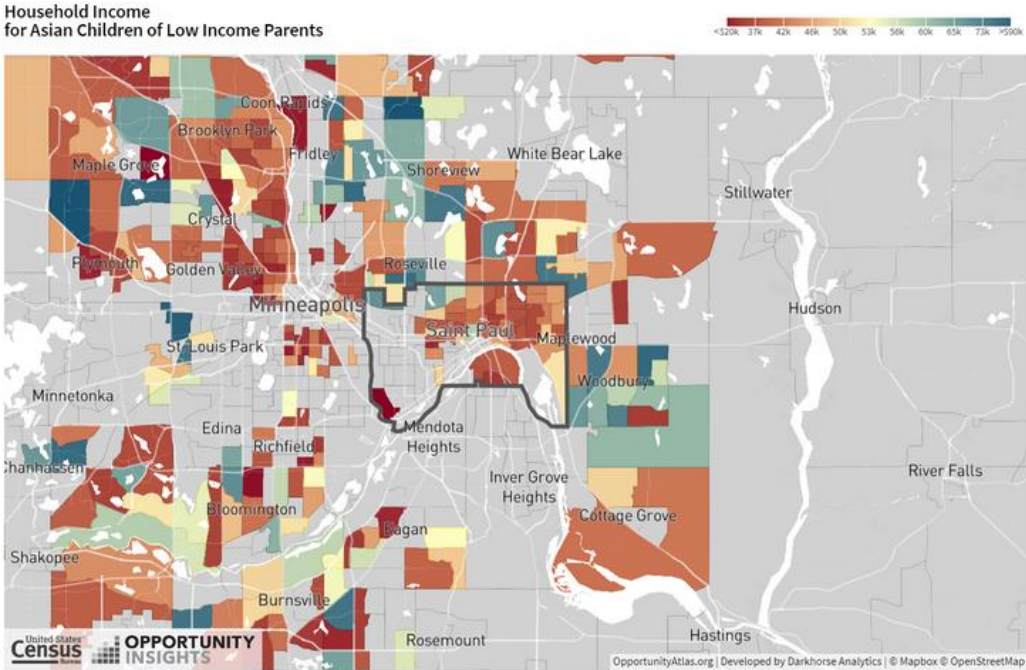
Parental Income Low Income Twin Cities households



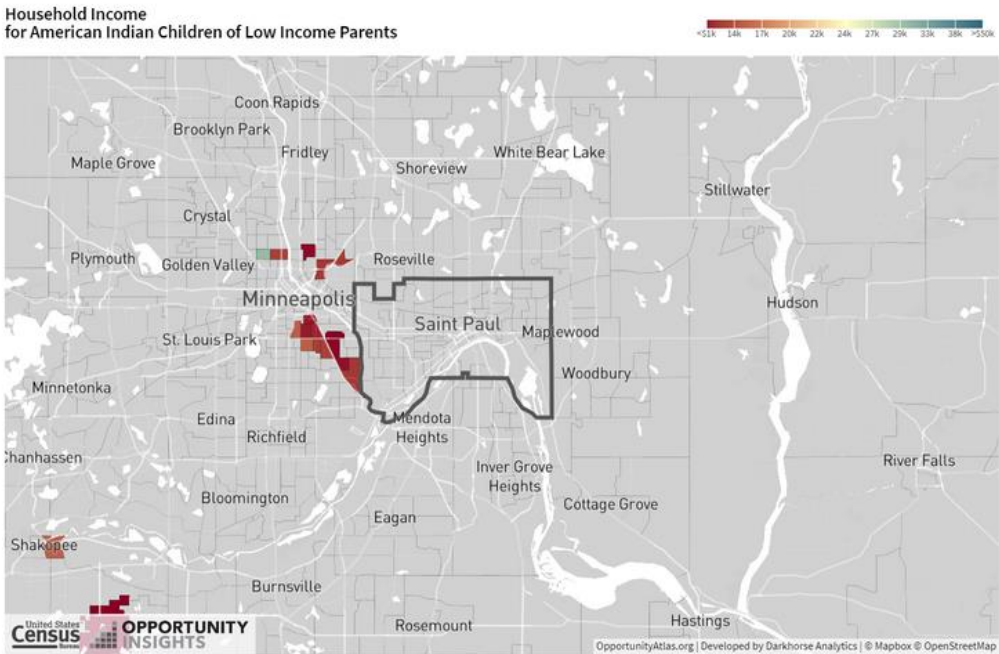
Black



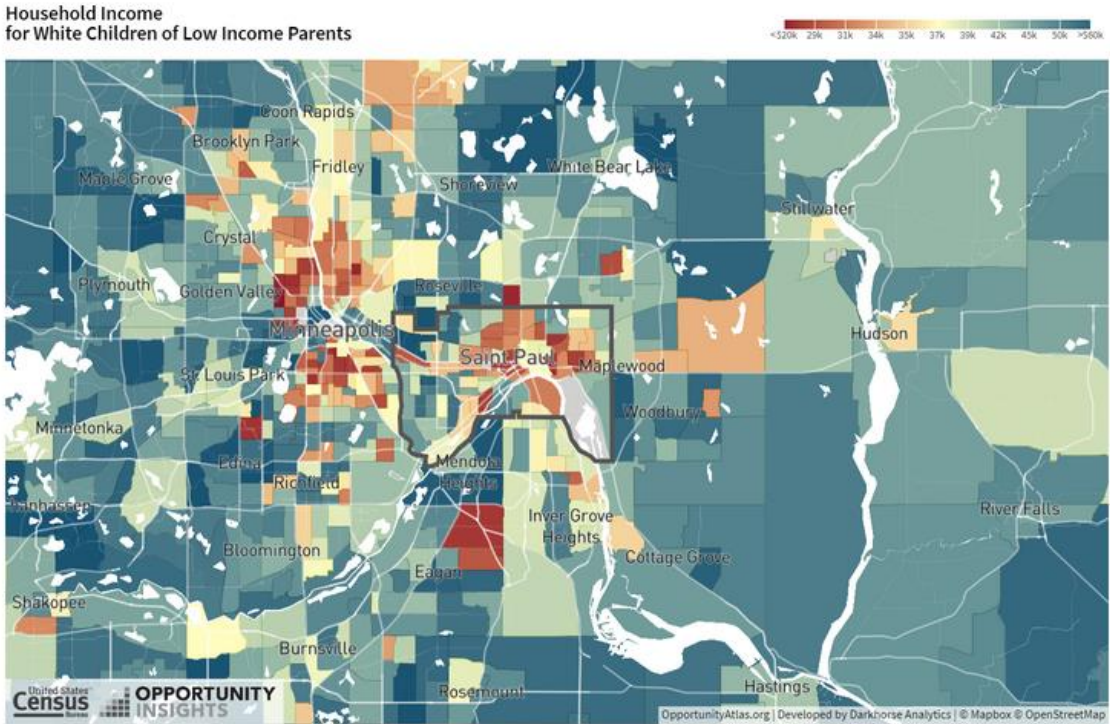
Latino



Asian



Native American

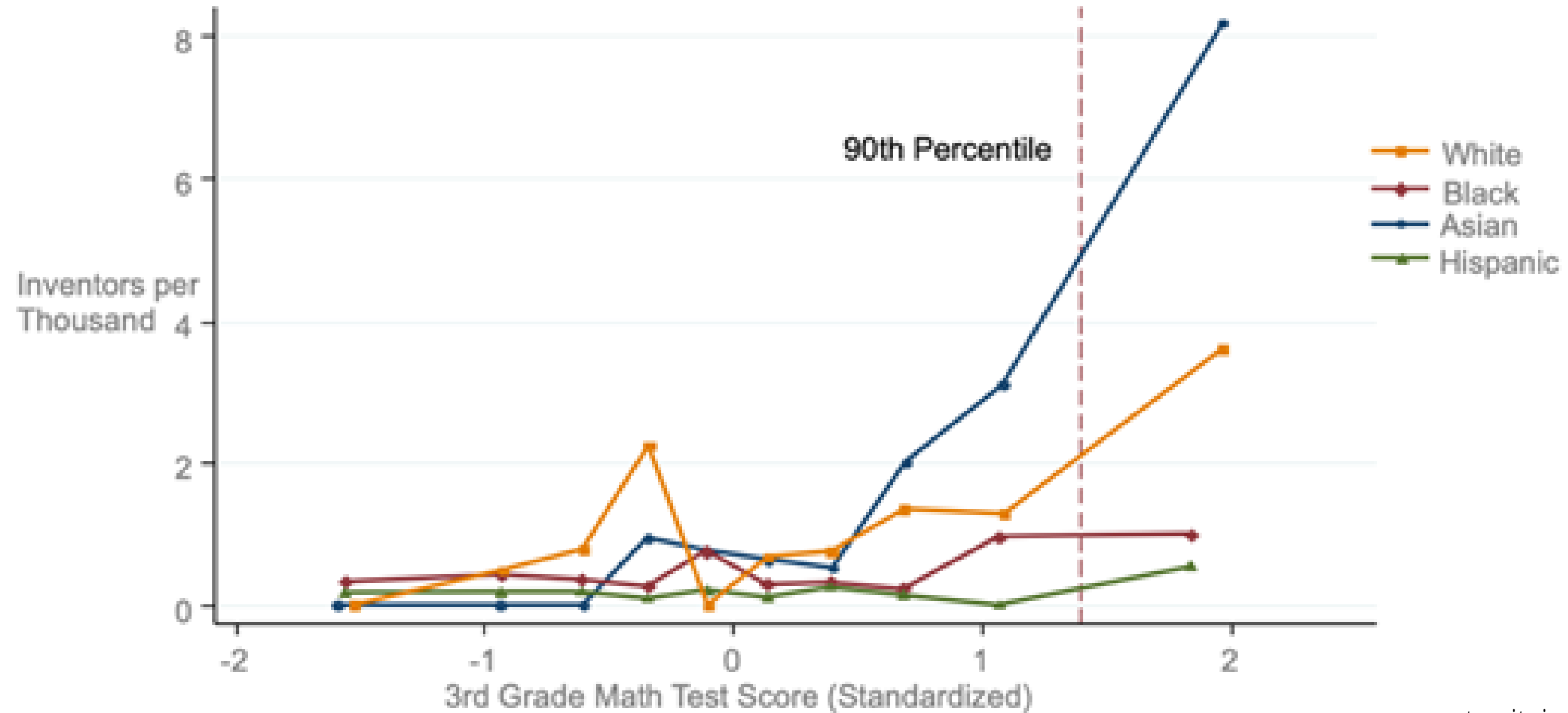


White

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Patent Rates vs. 3rd Grade Test Scores by Race & Ethnicity



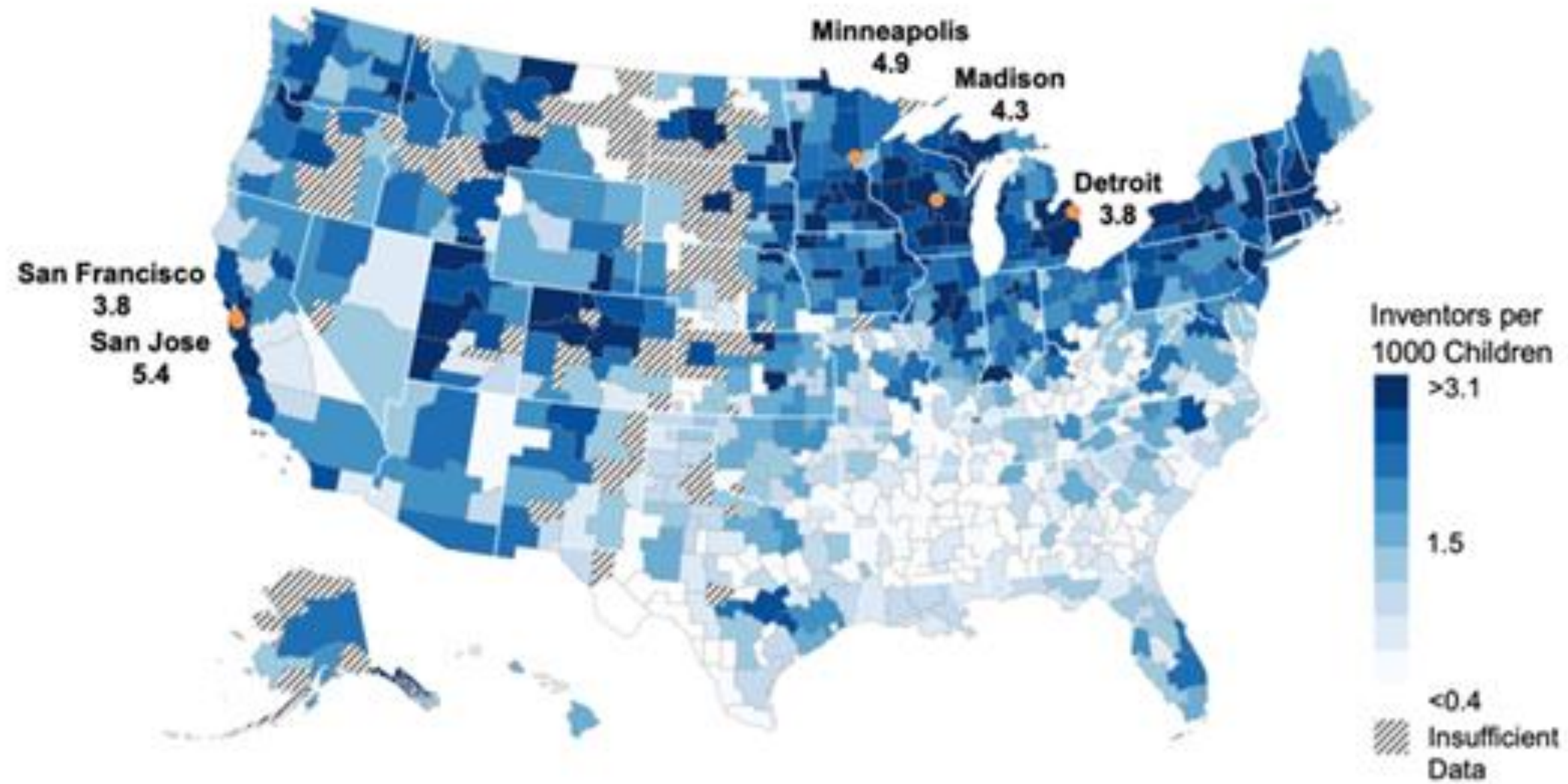
www.opportunityinsights.org

Poor Math Scores = No potential for Patent Development.
Racial Gaps persists with High Math Scores. Also correlated
with income

www.empoweringstrategies.org

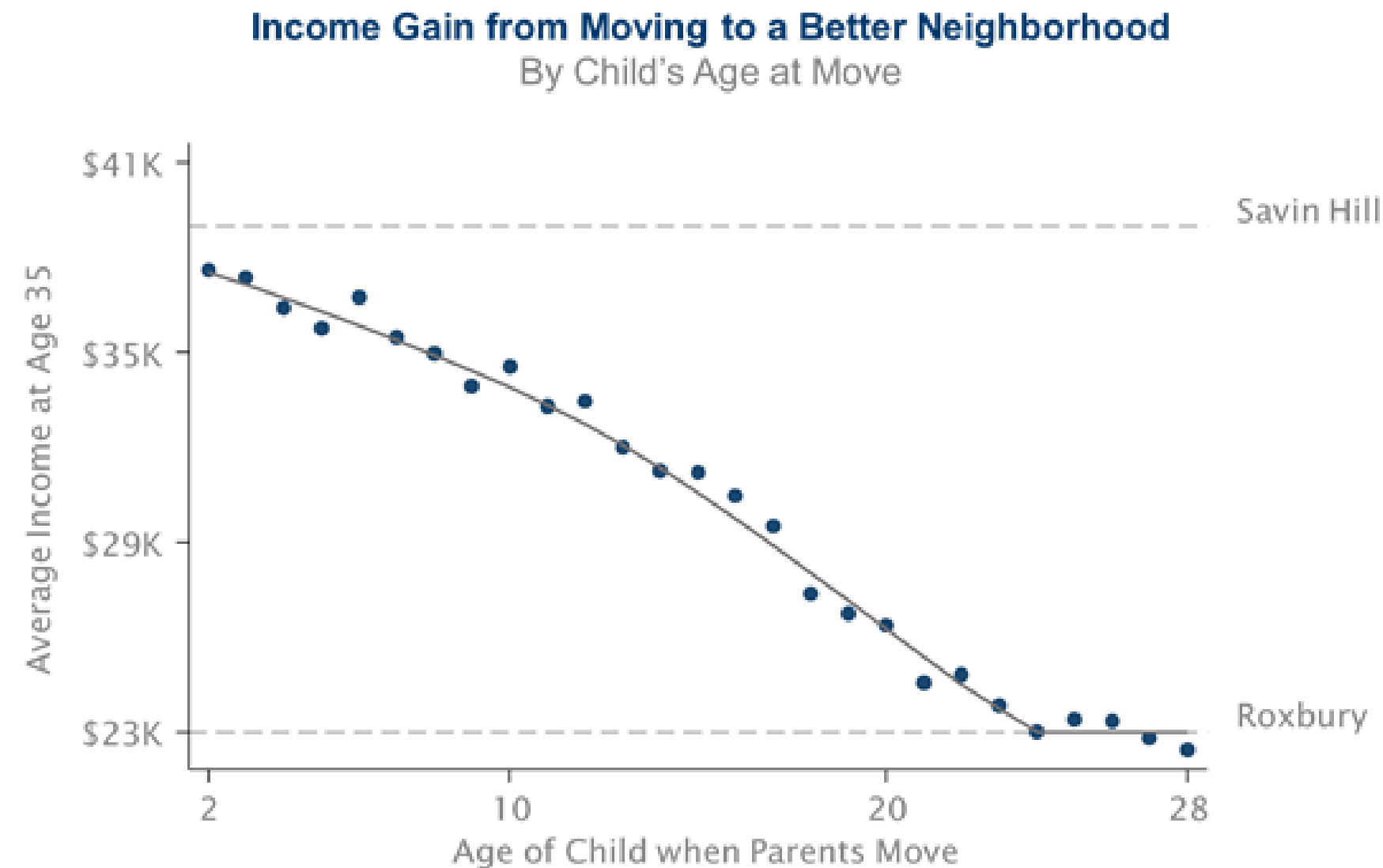
The Origins of Inventors in America

Patent Rates by Childhood Commuting Zone



www.opportunityinsights.org

- o Where you grow up really matters.
- o Childhood environment seems to matter more than where you live as an adult.
- o Every extra year of exposure to a better childhood environment improves kids' long-term outcomes.



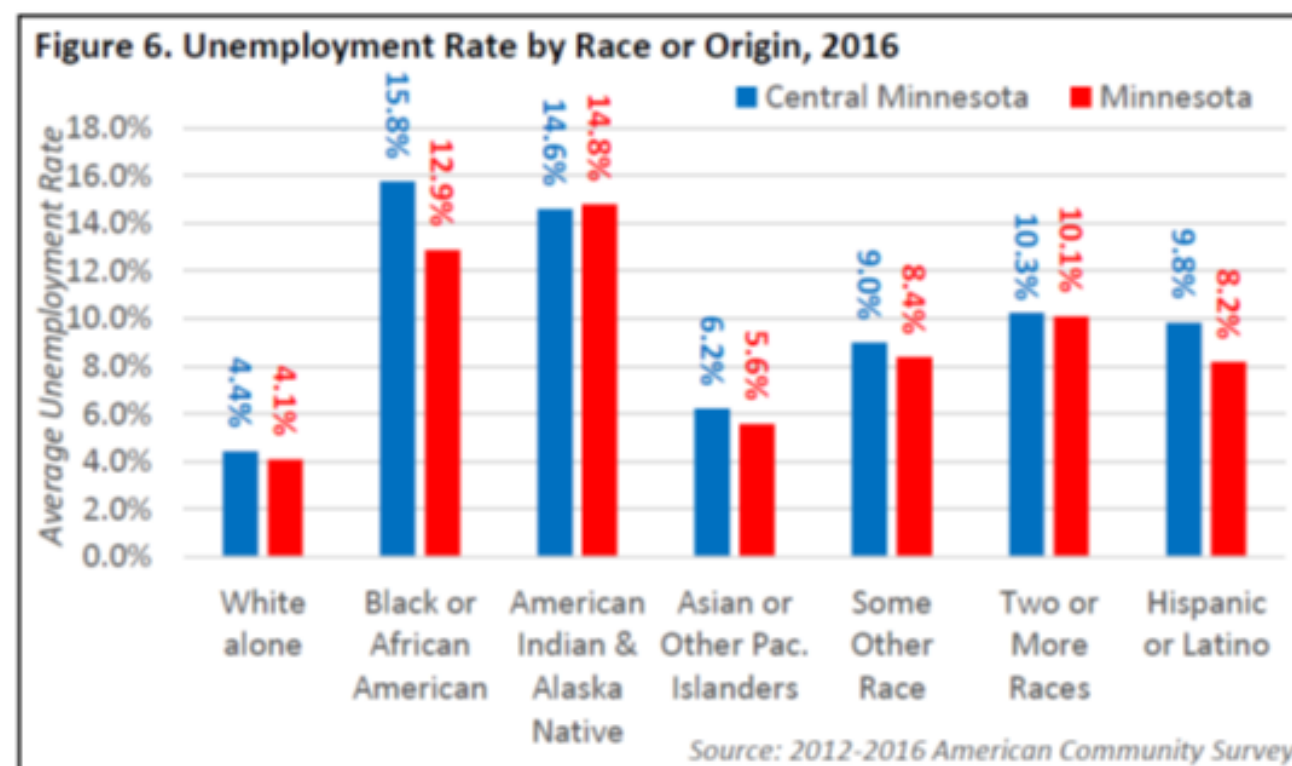
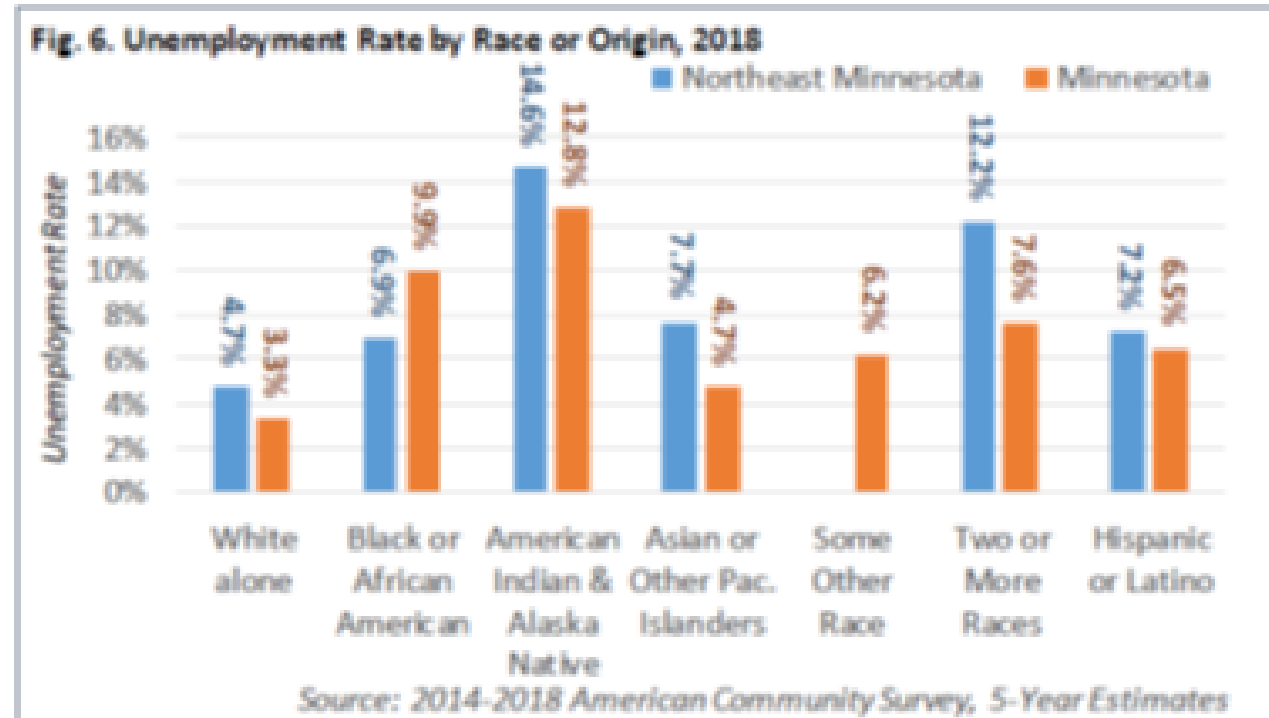
Two Approaches to Increasing Upward Mobility



- **Moving to Opportunity:** Provide Affordable Housing in High-Opportunity Areas

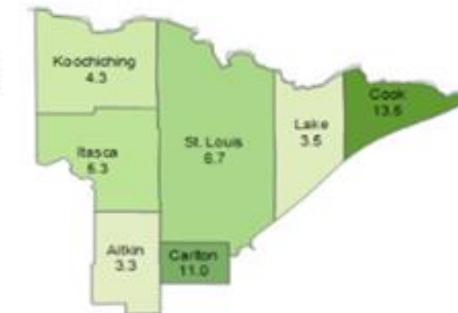


- **Place-Based Investments:** Increase Upward Mobility in Low-Opportunity Areas



How diverse is the workforce in Northeast Minnesota?

Percent of jobs held by persons of color in the Northeast region...



When asked about racial diversity...

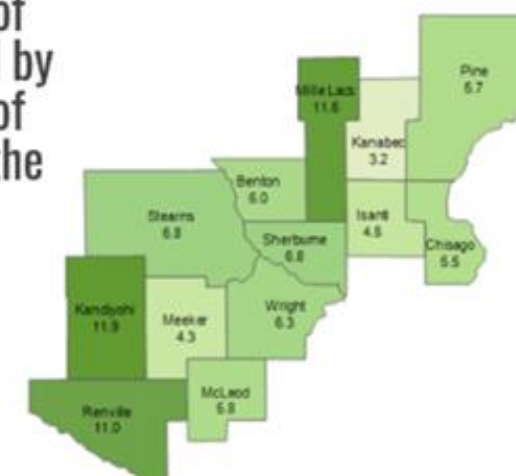
12% of regional employers say they do not employ workers who identify with a community of color.

The good news is...

Half of the region's employers are actively trying to increase the racial diversity of their workforce.

How diverse is the workforce in Central Minnesota?

Percent of jobs held by persons of color in the Central region...



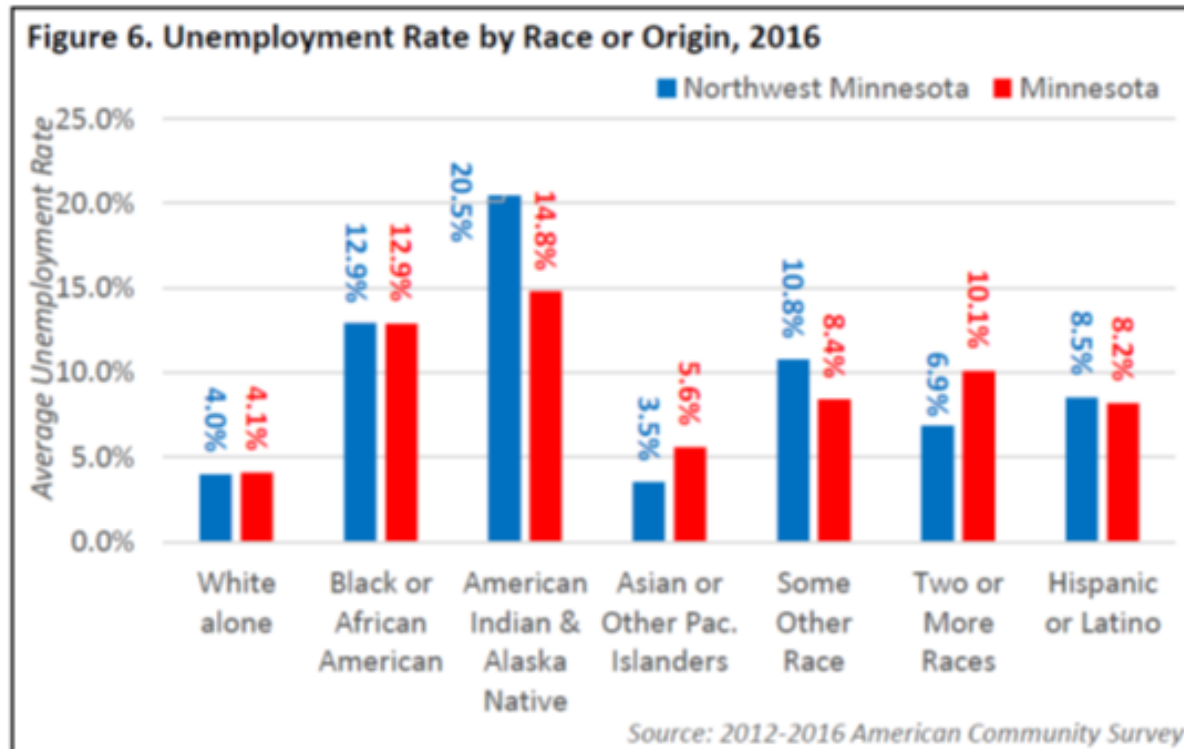
When asked about racial diversity...

22% of regional employers say they do not employ workers who identify with a community of color.

The good news is...

Nearly half of the region's employers are actively trying to increase the racial diversity of their workforce.

Are businesses as racially diverse as their communities?



How diverse is the workforce in Northwest Minnesota?

Percent of jobs held by persons of color in the Northwest region...

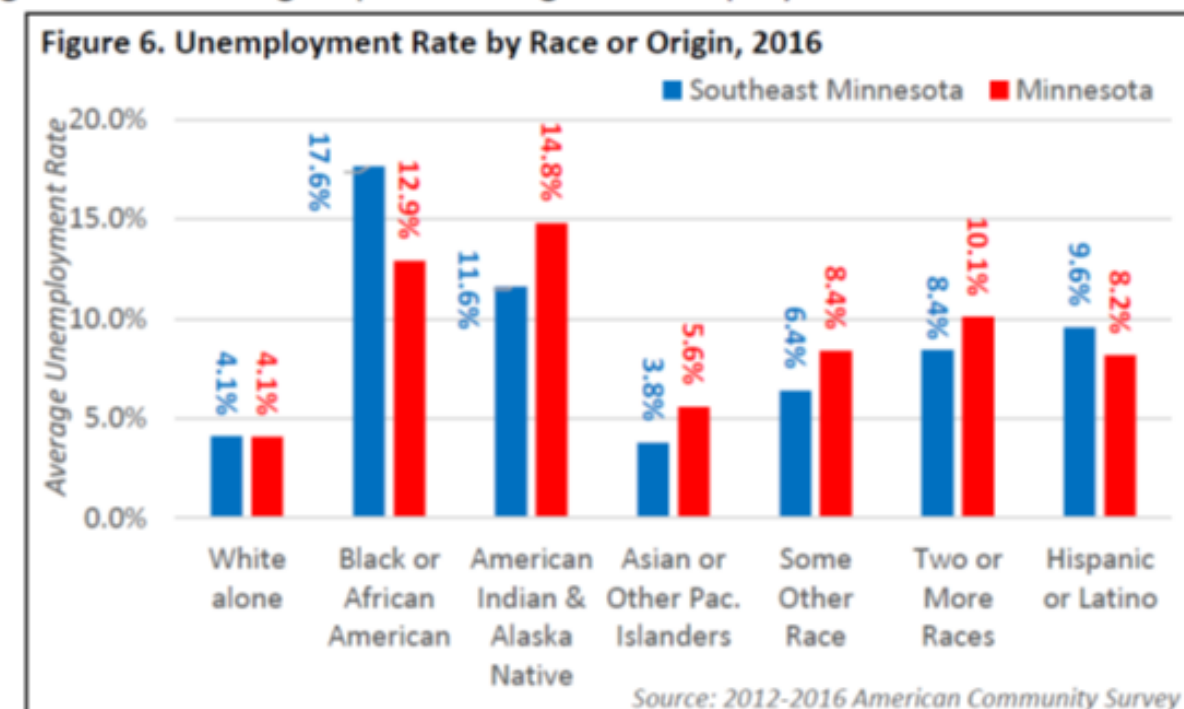


When asked about racial diversity...

30% of regional employers say they do not employ workers who identify with a community of color.

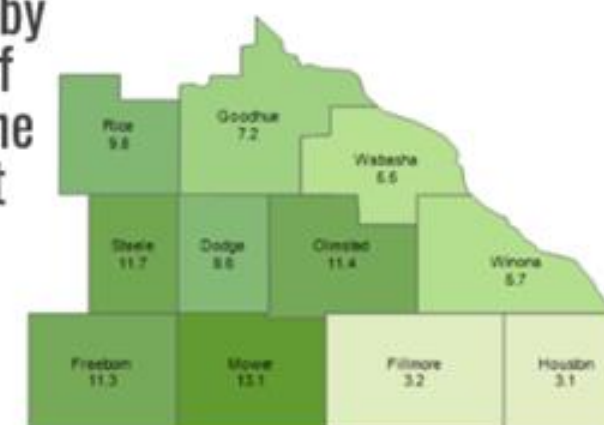
The good news is...

Four in 10 regional employers are actively trying to increase the racial diversity of their workforce.



How diverse is the workforce in Southeast Minnesota?

Percent of jobs held by persons of color in the Southeast region...



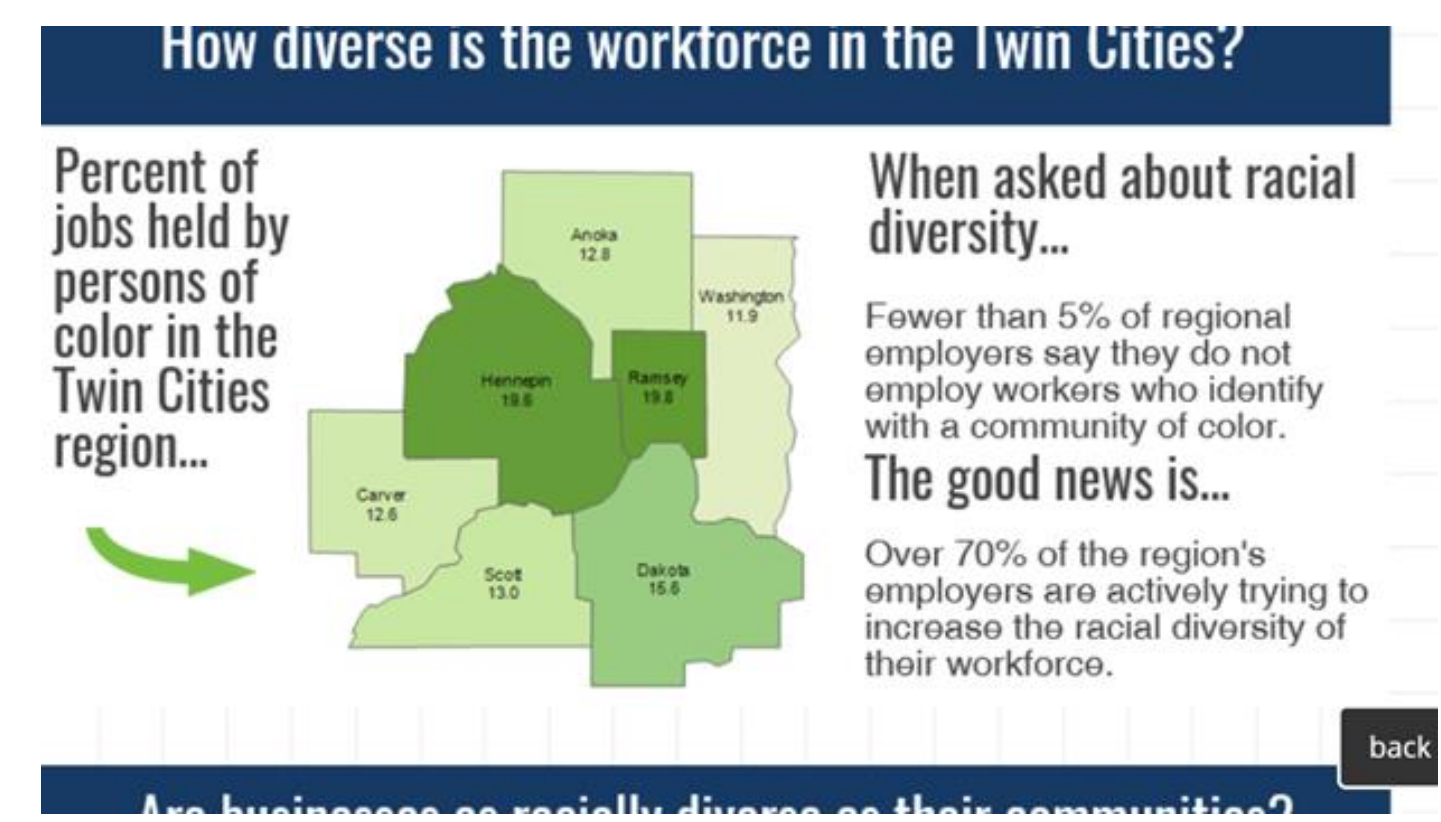
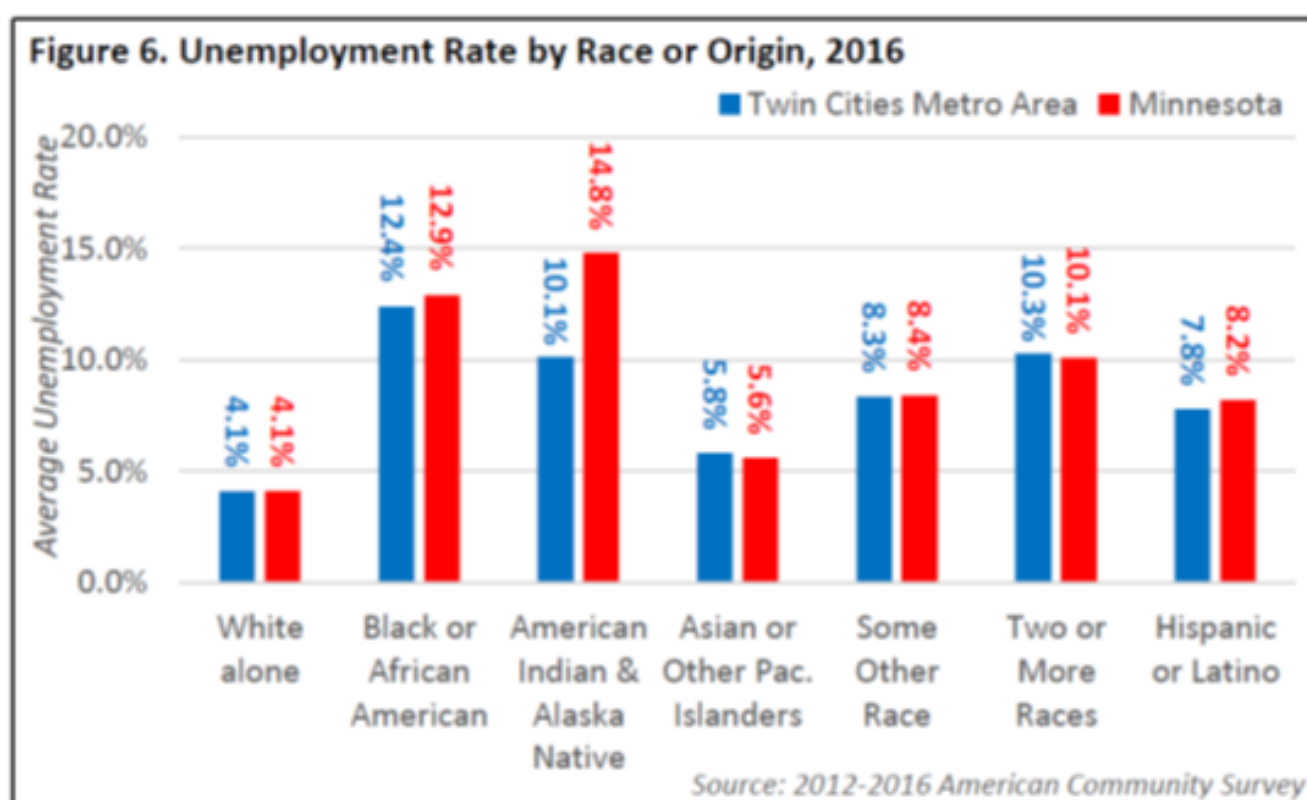
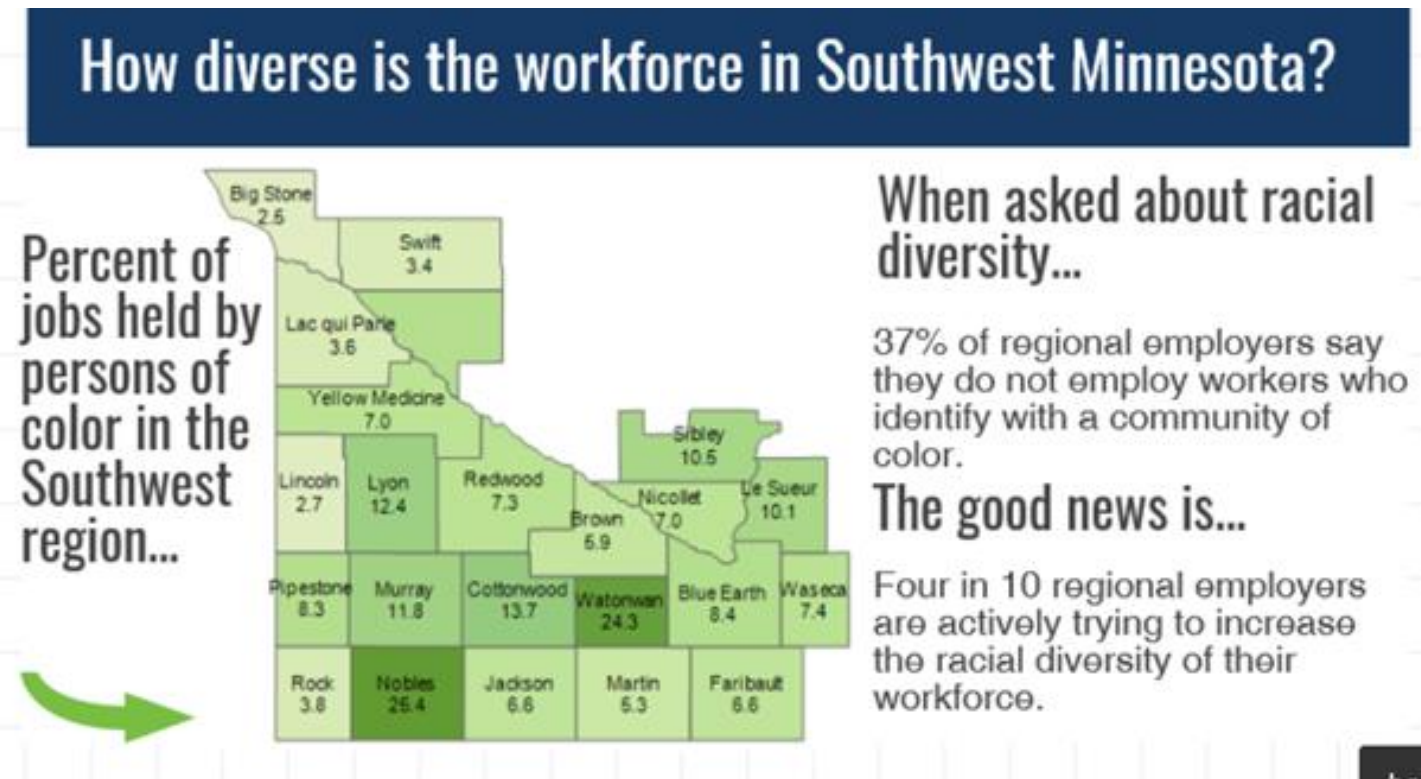
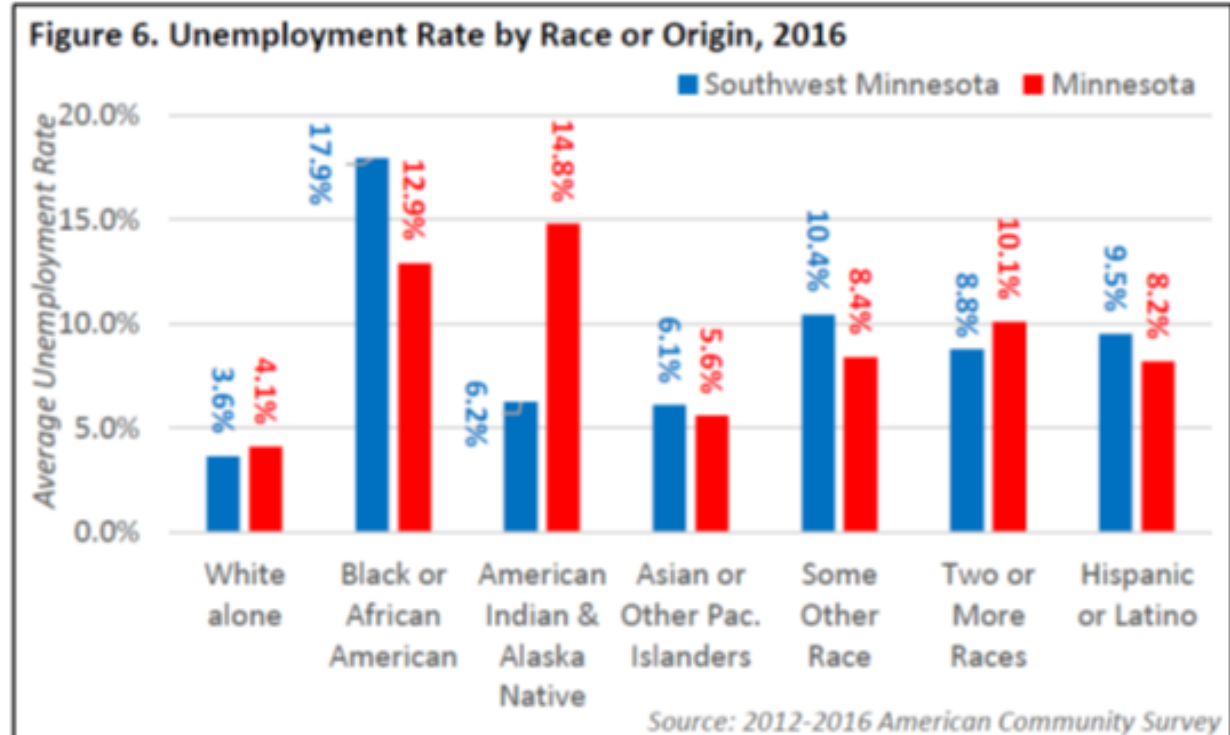
When asked about racial diversity...

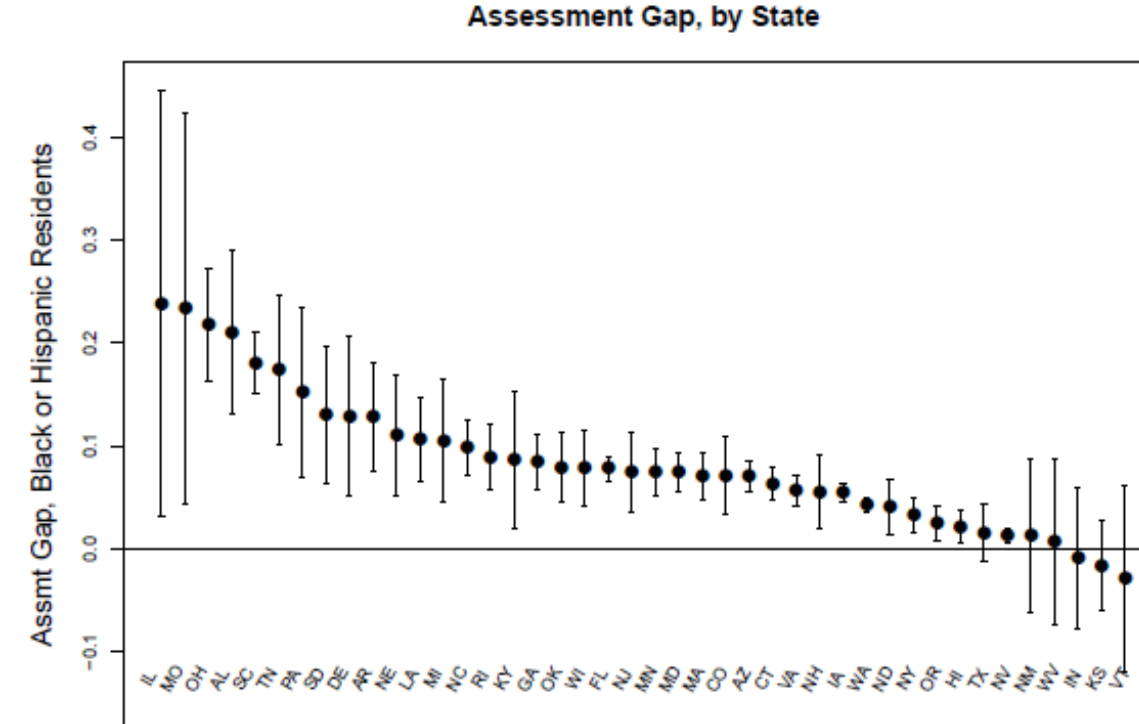
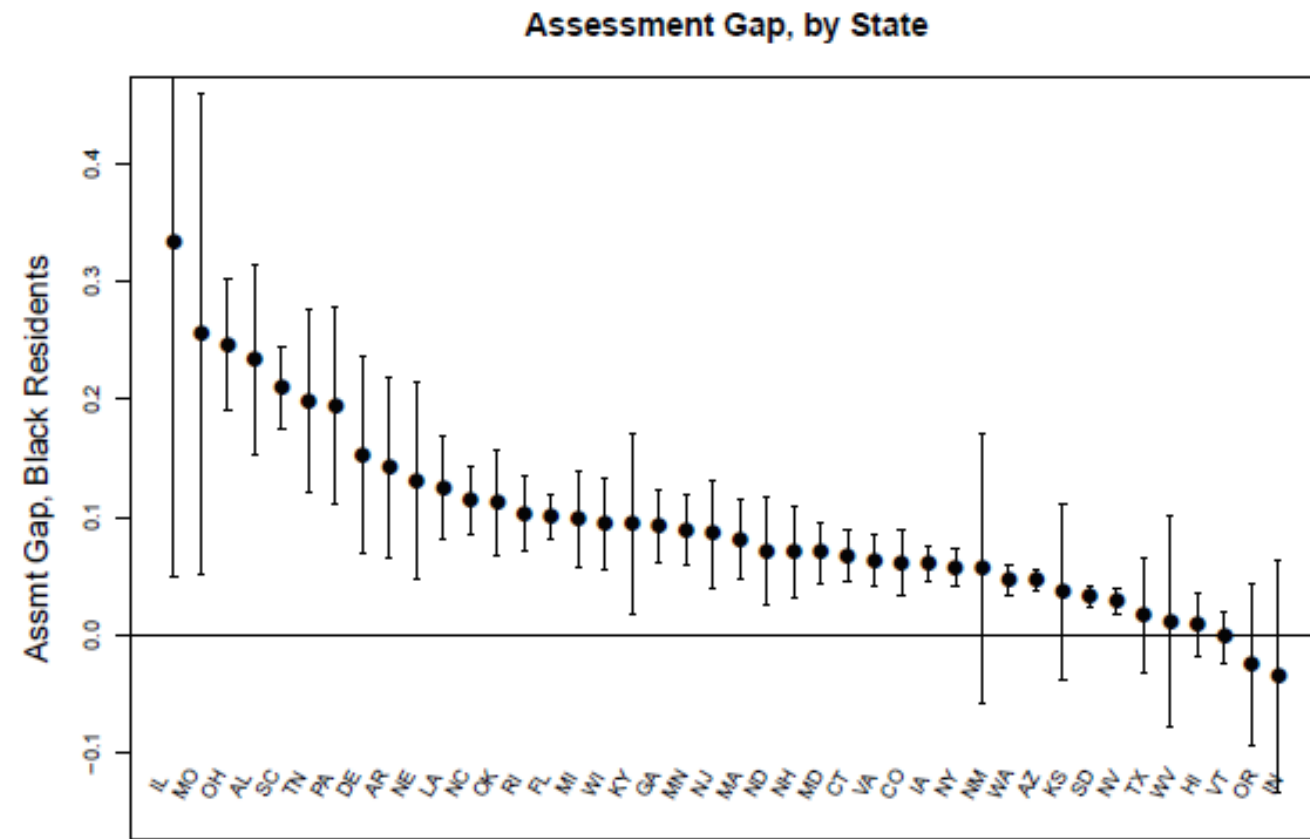
16% of regional employers say they do not employ workers who identify with a community of color.

The good news is...

Nearly 60% of the region's employers are actively trying to increase the racial diversity of their workforce.

[back](#)





Blacks and Hispanics Assessed Higher Property Taxes in Minnesota in Recent Study

"As a result of the assessment gap, minority residents are therefore paying a significantly larger effective property tax rate for the same bundle of public services. For the median minority homeowner, the differential burden is an extra \$300–390 annually. This finding is strongly robust across most states in the U.S. We produce county-level estimates to characterize the distribution of this assessment gap. The average black homeowner in a county at the 90th percentile of the assessment gap distribution has a 27% higher assessment ratio, and would pay an extra \$790 annually in property tax. ...This is a very large number, given that median black household net worth is \$13,000, of which only \$4,000 is in liquid assets.6"

The Assessment Gap:

Racial Inequalities in Property Taxation

Carlos Avenancio-Le´on, Indiana University

Troup Howard, University of California, Berkeley*

June 2020