Chair. Tim Mahoney
Jobs and Economic Development Finance Division
365 State Office Building
St. Paul, MN 55155
March 27, 2019
RE: Minority-owned business development assistance service competitive grant

Committee Members,

The Council for Minnesotans of African Heritage offers the following statement in support of HF 2138. We believe the targeted funding that this bill provides addresses the myriad of barriers that minority owned business face that often prevent many from reaching their full potential.

A recent survey of 451 minority entrepreneurs in Minnesota found that 43% need financing to grow, 33% find it hard to obtain capital, without capital 24% will need to reduce their workforce, 22% won’t expand, and 15% will consider closing. Like many businesses, MBEs have significant infrastructure challenges that can be solved using timely business advice and flexible capital. For Minnesota businesses, buying new equipment, increasing inventories, and improving technology rise to the top. The funds that would be appropriated with this bill would start a ripple effect that will not only address these urgent needs of MBE’s but this funding will aid in helping create and retain quality jobs throughout Minnesota.

Assuming historical sales to employment ratios, Minnesota could create between 8,000 and 44,000 NEW jobs through minority business enterprises (MBE). A growth in sales of 1% for all minority businesses would create an additional 8,000 new jobs while 5% growth would create 44,000 over 5 years. MBE’s tend to hire more minority workers, therefore increasing the MBE workforce, would impact Minnesota’s racial employment disparities.

The Minnesota Legislature empowered the Council for Minnesotans of African Heritage to advise the Governor and the Legislature on issues confronting People of African Heritage. We believe the targeted funding will enhance and expand the reach of the minority-owned business development assistance services that are already being provided. That is why the Council for Minnesotans of African Heritage is urging the committee to vote yes on HF 2138. We want to thank the chief author in the house Chair of this committee Rep. Mahoney, co-authors Rep. Xiong, Rep. Lee, Rep. Kunesh-Podein, Rep. Moran and Rep. Mariani.

Thank you,

Justin Terrell
Executive Director, Council for Minnesotans of African Heritage