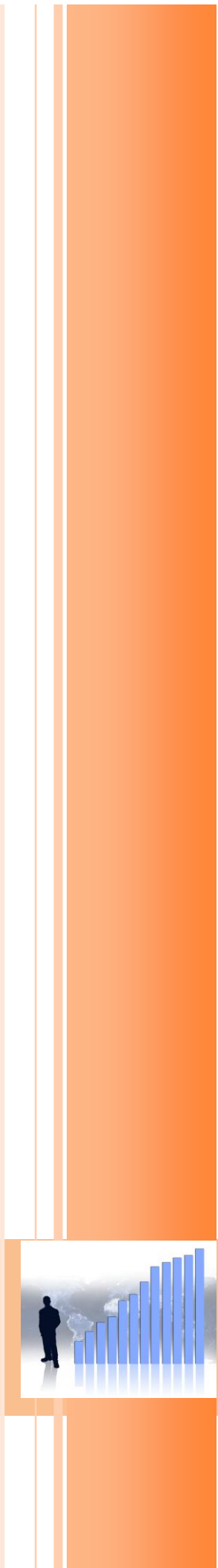




**Chicano Latino
Affairs Council**
State of Minnesota

**A Closer Look at Minnesota Latino
Workforce and Business Development:
Findings of CLAC's 2009 Community Visits**



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The Chicano Latino Affairs Council was established in 1978 by the Minnesota Legislature to advise the governor and legislature on issues of concern to the state's Latino community and the unique problems encountered by Latino migrant agricultural workers.

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Workforce and Economic Development:
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Executive Summary

As part of CLAC's permanent engagement with the Latino community, CLAC envisioned this year to focus its outreach efforts on economic development and its impact in the community. Two main reasons prompted the Council to work on this complex but vital policy area: 1) the economic downturn disproportionately affecting minorities, and 2) the importance of recognizing Latino entrepreneurship and the Latino future workforce in the renewal of the state's economic vitality.

As we know, changing demographics, a retiring population and potential slow economic growth might compromise the main factors behind economic stability, namely, the growth of productivity from private investment, the skills and abilities of workers, public investment, and technology from research (private and public). The workforce is expected to shrink due to boomer retirement (i.e. half of all teachers will retire by 2020); the number of high school graduates will likely decrease 10.3% by 2013. In the meantime, the Latino population is projected to rise rapidly: from 216,574 residents (4% of the total population) in 2009, it will become the largest minority in 2035, with an increase of 181%, attaining 551,600 persons (11% total population).

During the months of July and August, CLAC decided to continue its role in gathering information from the community with the purpose to better understand the community's concerns and needs, but also to identify best models and practices that could be replicated or utilized as a way to bring more opportunities in revitalizing economic corridors and regions.

What we found is not surprising, but reveals the need to concentrate efforts and strategies in more effective outreach to the community and providing the right tools to help enhance the skills and abilities of Latinos in many industries and sectors.

One recurrent challenge found when trying to find current statistics and doing secondary research is the fact that there is very little data available regarding Latino business development or workforce development in Minnesota. The most recent data dates from the 2000 Census and some estimates for 2007 and 2008, however, information on the needs and particularly the new areas of Latino development and improvement remains very limited.

The main recommendations that arise from this report are as follows:

Recommendations to the Legislature:

1. Incentivize Latino small businesses growth and job opportunities, through a bill providing tax incentives.
2. The creation of zero interest loan availability to further stimulate Latino small businesses growth.

Recommendations to the Department of Employment and Economic Development:

Work in collaboration with DEED in the following areas:

Economic Development:

Develop a comprehensive electronic directory of minority-owned businesses and technical and financial assistance efforts.

A long-term study on the Latino business sector should be conducted to assess current business strengths, assets, accomplishments and current demand for Latino products in order to create business opportunities in specific sectors where demonstrated success has occurred. This could provide more opportunity for success and creating work opportunities for Latino constituents.

This collaborative work would include the following:

1. Assisting CLAC and the Latino community in developing a methodology and system to capture the data needed to bench mark the Latino present status and identify the “GAPS”.
2. Once the data is captured, we would seek to identify and obtain resources to build capacity to support and create relevant businesses and workforce programs.

Workforce Centers:

A community assessment study on Latino workforce capacity should be conducted where we look for new strategic industries where workforce must be maintained, developed, retained and attracted to different regions in order to maintain the current vitality of the area and augment economic growth.

Introduction

This report is the fruit of summer engagement research initiatives undertaken by the Minnesota Chicano Latino Affairs Council. It aims to transmit the voices of Minnesota Latinos engaged on economic and workforce development in Minnesota.

Three research initiatives defined the core of CLAC's work to gather the voices of Minnesota Latinos in economic development. The first research initiative consisted in convening an Economic Advisory Task Force developed in partnership with the Metropolitan Economic Development Association (MEDA).

Early in the summer of 2009, CLAC convened a town hall style meeting of state Latino and non-Latino economic development experts. From this initial meeting, a smaller task force, the Latino Economic Development Task force was created. This task force met monthly and offered supplemental input in identifying barriers for Latino and minority economic growth. The task force also assisted in the development of actionable strategies aimed at increasing the Latino presence in both business development and workforce state resources. We understand that this is a long term endeavor but that it is vital to start leading what could potentially become an area of influence for CLAC.

As part of this first initiative, a series of reports produced by different agencies were also reviewed, in particular two studies produced by the state of Minnesota in the last decade. Two reports deserve particular attention: *The State of Diversity, A Plan of Action for Minnesota* (1994) and a Report of Governor Ventura's Working Group on Minority Business Development titled *Emerging Domestic Markets in Minnesota, A Vision for Minority Business Development* (2000).

A more detailed summary of Governor Ventura's study can be found in Appendix III of this report. Basically both reports highlight the role of minority-owned business as foundational for the next wave of economic development in the state. Further, both reports noted demographic shifts that were then already becoming apparent. What is more, both reports affirm the benefits to Minnesota from aiding the growth of minority-owned businesses. At one point one report compared the coming wave of business growth to the technology explosion in Silicon Valley.

The Ventura Report's vision was summarized in 8 points:

1. The state creates an environment friendly to small business, and develops incentives for minority-owned startups.
2. Information on funding and technological assistance is made available in a centralized and user-friendly format.
3. Technical assistance is available for minority firm growth and development.
4. Adequate and equitable access to capital is available to minority firms.
5. Abundance of business-to-business resources.

6. Efficient use of public procurement dollars to grow small businesses.
7. State investment in educational and technical qualifications of minority youth.
8. Culture of goodwill and hospitality.

The participants in the Latino Economic Development Roundtable in July 2009 emphasized that some if none of these recommendations have been fully implemented by the state of Minnesota and that more needs to be done to change the root causes of disparities still existing both in growing businesses and in finding appropriate workforce development opportunities. A summary of this conversation is also featured in Appendix II.

The second summer research initiative consisted in the identification of best practice Latino economic development or entrepreneurial models in Minnesota. Four distinct models were identified and visited in the summer of 2009. This report transmits both the best practices as well as the economic development challenges uncovered through the community visits.

The third summer research initiative defined itself in the understanding of Latino workforce capacity. Towards the end of the summer, CLAC created and distributed an exploratory survey aimed at gathering expert input on Latino workforce development assets and barriers in the state. Given the recent economic downturn, it is incumbent upon all Minnesota legislators and agencies to be informed about the current contributions, potential growth and present challenges of the fastest growing minority population in the state.

This report is comprised of four sections: Section I reviews recent Latino economic and workforce development statistics in Minnesota. Section II identifies four best-practice models for Latino economic development currently present in Minnesota. Section III analyzes the results of a CLAC workforce development survey assessing Latino workforce needs in the state. Section IV offers actionable policy recommendations aimed at improving Latino and workforce community and benefiting the common economic and workforce good of the state.

Section I: Latino Economic Development Demographics in Minnesota

The Minnesota Latino demographic is currently estimated nearly 216,000.¹ Pew Hispanic Center data also indicates that this population is younger than the overall population of the state. The overall Latino median age is 25 years, compared to 39 for the rest of the state.² Of significance for Minnesota's future workforce, a full third of the Latino population is under 17 years of age.³ This data indicates that young Latino workers, ages 25-34 (21% of the total Latino population) are in the most productive age brackets in contributing to Minnesota's economy.⁴ As state

¹ 2009 State Demographic Center estimate.

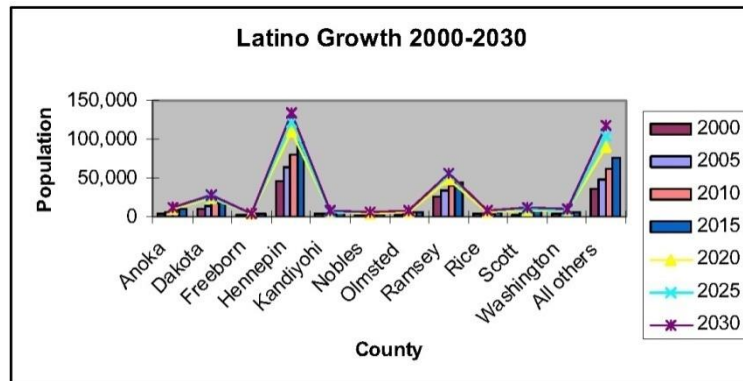
² <http://pewhispanic.org/states/?stateid=MN>

³ <http://www.clac.state.mn.us/pdf/demooverview/populationpyramid.pdf>

⁴ Katherine Fennelly & Anne Huart, Report to the Minnesota Business Immigrant Coalition: *2009 The Economic Impact of Immigrants in Minnesota*.

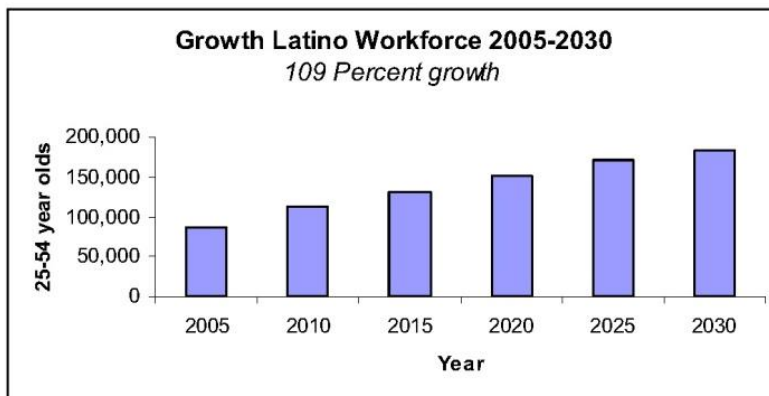
demographics grow and shift, Minnesota Latinos are expected to become the state's largest minority by 2015, comprising 5.7% of the total population.⁵

Minnesota's Latino demographic holds the promise of a strong future workforce. Katherine Fennelly notes that the Latino workforce demographic is significant given Minnesota's increasing dependence on a younger workforce supporting the needs of retiring Baby Boomers.⁶ Without new qualified workers, certain sectors of the economy will continue to contract. By one estimate, if immigrants were removed from the labor force, Minnesota would lose over 24,000 permanent jobs and \$1.2 billion in personal income. (Fennelly, 2009)



Source: Population projections, Minnesota State Demographer

In addition to workforce growth, data shows that Latino Minnesotans are a small, but growing segment of the state's business economy. The U.S. Census Bureau's Survey of Business Owners (2006) indicates that in 2002, the last year of available data, there were 3,984 Latino-owned firms in Minnesota. This figure represents 0.9% of all state businesses⁷ (compared with 3.9% Latino businesses nationwide).⁸ In keeping with this trend, Hispanic-owned firms in the state have grown 350% since 1990.⁹



Source: Population projections, Minnesota State Demographer

In his 2008 report *Ethnic Capital and Minnesota's Future, Mexican-Americans in Minnesota*¹⁰ Dr. Bruce Corrie reports that the number of Mexican American firms is growing faster than the state overall rate. It is significant to note that Corrie's report applies only for the *Mexican-American* population considered as a subgroup of all Latino

⁵ *Star Tribune* reporting on State Demographer Projections, January 2009

⁶ *The Economic Impact of Immigrants in Minnesota, 2009 Katherine Fennelly and Anne Huart, Report to the Minnesota Business Immigrant Coalition.*

⁷ In contrast, data shows that 1.8% of businesses are owned by African American, 1.7% Asian, and 0.6% American Indian, *Advance Report on Characteristics of Employer Business Owners 2002*

⁸ *Ibid.*

⁹ Fennelly, 2009

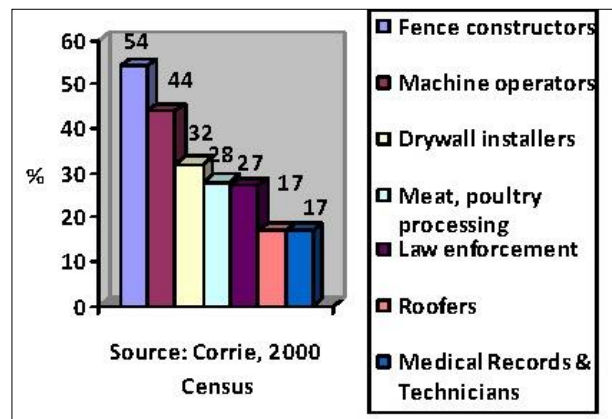
¹⁰ <http://ethnictrends.info/mexammn.html>

Minnesotans. Statistically, Mexican Americans define 70% of all Minnesota Latinos American.¹¹ Corrie’s data projects that Mexican Americans will constitute significant segment of the future workforce of Minnesota by 2030 with their prime workforce growing over 100% between 2005-2030.

Though the disparity between Latino businesses in the state versus national Latino businesses is significant, Latino business growth in Minnesota is increasing. In 2006 Minnesota Latino firms employed 4,596 individuals, represented \$463 million in total sales and receipts and \$97.8 million in annual payroll.¹² This figure represents a 10% increase in the number of Latino-owned businesses and an 18% increase in sales and receipts since 1997.

Latino Workforce Occupations

The graph at right reflects 2000 Census data for workforce sectors identifying the largest segments of Minnesota’s Mexican American population. This data confirms the findings of the Applied Research Center, which reported that Latino workers in Minnesota are concentrated in lower-income positions in the service, construction, transportation, and manufacturing industries.¹³



Key industries that are already experiencing a major influx of immigrant workers—such as hotels and motels, restaurants, agriculture, construction, light manufacturing, healthcare, and retailing—are also experiencing structural labor shortages. The shortages are exacerbated by increases in the educational levels of native-born adults, making them less inclined to accept low skilled jobs.¹⁴

Centers of Minnesota Latino Capital

Corrie estimates that Mexican- Americans in Minnesota have a buying power of \$1.1 billion. This figure represents substantial investment in local economies, goods and services.

Hennepin, Ramsey, Dakota, Anoka, Washington, Scott and Olmsted counties are major Minnesota counties with 100 or more Latino firms. The three main cities concentrating Mexican American buying power are located in the metro area: Minneapolis (\$166 million), St. Paul (\$145

County	Buying Power (\$ millions)	County	Buying Power (\$ millions)
Hennepin	\$288	Anoka	\$32
Ramsey	\$187	Rice	\$20
Dakota	\$78	Olmsted	\$20
Washington	\$37	Nobles	\$18

Source: Corrie, B. (2008). *Mexican Americans in Minnesota*.

¹¹ 2005 American Community Census

¹² Corrie, 2008.

¹³ Applied Research Center, *Race and Recession: How Inequity Rigged the Economy and how to Change the Rules* 2009.

¹⁴ Fennelly, 2009.

million) and Richfield (\$18 million). Furthermore, commercial corridors such Lake Street in Minneapolis and Payne Avenue in St. Paul have experienced significant revitalization in part due to Latino commercial investment.

Minnesota Latinos are also regional economic contributors. Outside the metro area, Latinos in Worthington (southwest Minnesota) account for \$18 million in buying power.¹⁵ Likewise, the main streets of a number of other cities such as Willmar have experienced rejuvenation by Latino or other ethnic small businesses catering to the needs of foreign-born workers and their families. Latino immigrant labor contributes about \$480 million in annual value added to the economy of South Central MN, \$45 million in state and local revenue.¹⁶

Fennelly, 2009 writes that

“[the] meat and poultry processing has become the single most important activity in many rural Midwestern American communities, and in some south central Minnesota counties expansion of food processing plants has provided an economic injection. The growing demand for workers has attracted Hispanic, African and Southeast Asian immigrants whose arrival has stemmed population declines and stimulated the emergence of new businesses aimed at immigrant workers and their families.”

The city of Austin, Minnesota illustrates this co-dependence as well as the role of Global Capital and working Mexican Americans in Minnesota. In 2006 Hormel sales to Mexico alone were over \$13 million (Corrie, 2008). A Minnesota a study commissioned by the Region Nine Economic Development estimated that about 2,600 Latino workers (both US- and foreign-born) in South Central Minnesota sustained 3,770 jobs held by non-Latinos in the region. When the researchers factored in increases in consumer demand, Latinos working primarily in food processing and packaging firms generated an additional 4,100 jobs in the nine-county region.¹⁷

Latinos and Minnesota revenue

Minnesota Latinos are also important contributors to state and local government. Utilizing 2007 American Community Survey data, Corrie reports that the Mexican American population contributed \$141.2 million alone in state revenue to Minnesota. Non-citizen Latinos are estimated in contributing additional revenue between \$24 – 55 million. Fennelly cites Robert Fairlie’s estimates showing that immigrant-owned businesses generated \$331 million dollars in net income to the state in 2000.¹⁸

County revenue contributions are also substantial. In 2000 Latinos contributed \$8.2 billion in real estate taxes (based on the 2000 Census) while also providing \$7.2 million in rent income(Census 2000). Latinos in Hennepin County (the largest Latino county in Minnesota) account for \$42 million in taxes.¹⁹

¹⁵ Corrie, 2008.

¹⁶ James J. Kielkopf , *Estimating the Economic Impact of the Latino Workforce in South Central Minnesota*, 2000.

¹⁷ Fennelly, 2009.

¹⁸ Ibid.

¹⁹ Corrie, 2008.

The effects of the recent economic downturn have been keenly felt in high job loss within the Minnesota Latino community. It is noteworthy that industries with high Latino involvement have been disproportionately affected by the current economic downturn. The 2007 American Community Survey indicates that 22% of Minnesota Latinos live below poverty (compared with 6.3% below poverty white Minnesotans).

Data for Latinas is also worrisome. An astounding 23% Latinas reported live below the poverty line. National studies have shown that Latina women are at the bottom of the pay scale, with median weekly earnings of \$510 - \$67 less than Latino males, \$156 less than white women, and full \$345 less than white men.²⁰

Table 1. Minnesota Job Losses May 08-May 09

Industry	Jobs Lost
Construction	16,500
Manufacturing	34,800
Leisure and Hospitality	4,900

Source: Minnesota DEED June 18, 2009 News Release

Section II: Best-Practice Case Studies for Latino Economic Development in Minnesota

Latino Minnesotans contribute to Minnesota's state, national and international economic growth. They are also an important segment of the future workforce population. Latino Minnesotans pay taxes, stimulate local businesses development and generate important economic contributions to the strength of the state.

This section serves to summarize the findings of community engagement initiatives undertaken by CLAC during the months of August and September of 2009. This second section is to highlights four existing best-practice Minnesota models in Latino economic development. Each community visit site was selected as a best-practice case model in which agencies or individuals had collaborated in Latino economic development, whether as individual businesses or community development.

Community visit sites met six defined criteria. The criteria are based on input received from the Economic Advisory Task Force meetings in the month August. Notes from this meeting can be viewed in Appendix II. From expert input CLAC defined as best practice model for Latino economic development initiatives which exhibited:

1. **Sustainability**, the business plan or model had been successfully developed for at least 3 years.
2. **Future potential**, the Latino plan or model exhibited strategic, long-term business vision.
3. **Economic impact**, the plan or model aims to contribute to the local economy.
4. **Geographic diversity**, the plan or model is located in distinct areas of the state.
5. **Local leadership** and entrepreneurial development.
6. **Continued training and assessment** in improving Latino businesses.

²⁰ Cf. *Race and Recession* Applied Research Center. . 2009.

We believe that each one of the economic initiatives described below meet the above referenced criteria.

Best Practice Model 1: The Rural Enterprise Center, Northfield

The first Latino economic initiative is an innovative regional agricultural enterprise model based in Northfield, Minnesota. This model highlights a sustainable business plan with significant economic impact, geographic diversity and continued local leadership training.

The Rural Enterprise Center is a program of the Main Street Project.²¹ This initiative takes an economic development approach to poverty reduction and community building, bringing together the support infrastructure, resources, systems, and programs that rural Latino entrepreneurs need to succeed. The current geographic focus of the REC includes projects in: Northfield (Rice Co.), Faribault (Rice Co.), Austin (Mower Co.), Cannon Falls (Goodhue Co.), Red Wing (Goodhue Co.), Dodge Center (Dodge Co.) and Kasson (Dodge Co.)

The Rural Enterprise Center has also created an innovative, scalable model called the Agripreneur Training Model. This model works to mitigate structural challenges faced by rural Latinos, such as the lack of access to land, working capital, and marketing and business support – and capitalizes on their strengths: direct experience with agriculture, interest in becoming entrepreneurs, and cultural familiarity with cooperative, family-focused agricultural systems.

The model also links with community resources and capitalizes on Southeastern Minnesota regional economic opportunities. Reginaldo Haslett-Marroquín, Rural Enterprise Center Director, describes the model as “building on key regional economic opportunities where Latinos have competitive advantages.” It’s designed to require minimum investment and deliver maximum return, moving through three phases:

Phase 1: Discovery

Building community support infrastructure (Latino and non-Latino), identifying opportunities based on community assets, involving interested Latinos and families in community farming ventures such as community gardens; offering bilingual business training courses.

Phase 2: Development

Learning and participating in an Agripreneur Train Center or incubator of specialized small-farm training units that replicate actual farming conditions

Phase 3: Launch

²¹ Main Street Project is a non-profit focused on helping all community residents more fully participate in all aspects of community life.

Matching Phase 2 graduates with farm mentors, financial resources and support to buy or rent their own agriculture operation or become involved in local food product processing as a member of a cooperative structure; providing ongoing help with marketing and sustainability principles

Throughout the process of building out the model that began in 2007, Rural Enterprise Center representatives have met with more than 400 Latino families, more than 50 established farmers from the region, 15 farming organizations, and hundreds of economic development /social organizations /academic institutions.

In commenting on the Rural Enterprise Center's strategic development, Reginaldo Haslett-Marroquín writes "We went backwards compared to many farming operations. We started with customer preferences, distribution systems available, the size of this market, and then matched this with what we have to offer in our region. Our step-by-step deliberate deployment will help Latino farmers succeed in this region and beyond."

Producing natural, free-range poultry and related agricultural products and processing is at the core of current Phase 2 and Phase 3 efforts (two production units are currently operational). With their short life cycle and concurrent cash flow, it's possible for a low-income family to begin raising poultry without having to disrupt their current situation significantly. Financial analysis of poultry production model indicates the potential for a multi-million dollar regional impact over time. Healthier eating, sustainable growing practices, and renewed engagement of youth in agriculture are other potential outcomes cited by the Rural Enterprise Center.

Best Practices:

- Models of community analysis and organizing (strengths assessment).
- Support System development (civic partnerships) which empower Latino agripreneurs.
- Business model receptive to immigrant farmers, who incorporate themselves through a series of steps aligned with their economic, social and political reality.
- On site, mission-specific leadership training (strategic planners, managers and farmers).
- Identification of long term planning (generations not years) and youth engagement.
- Partnerships with key organizations: Agriculture Research and Utilization Institute, the Cooperative Development Services, the North Country Development Fund.
- Large contingent of allies and operational partners including Northfield Community Action Center, U of M Extension at Dodge City, Goodhue County Hispanic Outreach Committee, Faribault Diversity Coalition, Carleton College, Center for Experiential Learning at St. Olaf College the Biobusiness Alliance of MN and individual businesses, executives and farmers in our region who support the projects that make up the Rural Enterprise Center.

Best Practice Model 2: Willmar Area Multicultural Market, Willmar

Economic Concentration in Rural Commercial Development

The second Latino best practice initiative consists in a developing rural commercial center in Willmar, Minnesota. This second model highlights the creation of feasible commercial business plans, business development, technical assistance and incubator entrepreneurial space with significant local economic impact and continued local leadership training.

The mission of the Willmar Area Multicultural Market is to raise business capacity where anyone can learn how to make a successful, sustainable small business, as well as to provide an incubator environment for small businesses. In this undertaking, WAMM serves as the premier area a multicultural agency offering numerous language and business technical competent services.

Founded in late 1999 through the joint collaboration of small entrepreneurs, service providers and Latino Economic Development Center (LEDC) in Minneapolis, the Willmar Area Multicultural Market provides financial resources, technical help, and business orientation to Willmar's Latino entrepreneurs.

The core of WAMM services are technical assistance resources. Although many Latinos in Willmar are professionals, they are unfamiliar with the technical and legal aspects of founding and running a small business. In this capacity, WAMM assists with preparation of business plan, registration, referrals and other services. WAMM also offers restaurant small business incubator opportunities though a commercial kitchen project.

In the last decade, the Willmar Latino workforce progressed from workforce to service providers and small businesses. Evidence of this can be seen in the Latino Service Providers Group that has been formed in Willmar. This group includes lawyers, business owners, insurance agent and other professionals.

Roberto Valdez, Coordinator for the WAMM, reports that 90% of people he has worked with do not pursue traditional sources of capital, but rely on personal savings or micro-loans to establish their businesses. Valdez recounts how a Willmar Latino car salesman invested years of savings as a worker in the Jennie-O plant to launch his business. He worked and saved and was able to begin his business with \$35,000 of private capital saved from his paychecks.

Valdez believes good small businesses in Willmar only need about \$20,000 of start-up funds. However, he notes other significant obstacles remaining, such as credit checks, finances and accounting capacity and tax preparation. Valdez comments that Willmar has between "5-10 really successful businesses. These entrepreneurs are building capacity; they're creating jobs, paying taxes, and contributing to local community development." Key factors in the success of these businesses are carefully crafted business plans, ongoing technical assistance and assessment and access to micro-loans.

For Valdez almost all of the forty Latino businesses in Willmar are doing well. "On a personal level, we've built relationships, so there are good things. There are bridges that have been made

indirectly. Now people are integrating. Now we're connected... restaurants, cars, insurance – the majority of the businesses are doing really well.”

Valdez notes that Latino micro-enterprises tend to gravitate towards niche markets such as specialty ethnic restaurants and grocery stores. However Valdez is working on solutions to expand Latino commerce towards the home market.

The majority of Willmar's Latino entrepreneurs who have flourishing businesses have gone through some WAMM type of training. Those who are even more successful are those who continue that education thanks to a partnership with Ridgewater Community College and competent business instructors who are bilingual and can communicate effectively. Ridgewater offers on several aspects of business ownership including finances, accounting and economic sustainability.

Another positive and noteworthy sign for Willmar is the founding of *La Gran America* newspaper. In 2000 Marian Sanchez, an experienced Latina journalist arrived in Willmar and envisioned an opportunity to foster unity and collaboration between Willmar's growing Somali and Latino communities. She found a Somali partner and together, they founded the first trilingual newspaper in the United States.

Sanchez explained that she experienced significant obstacles in finding start-up capital for her project. Though she was unsuccessful in obtaining start-up loans, she invested her own savings in the newspaper project. Through perseverance, partnerships and training, *La Gran America* flourished.

Sanchez's work and effort have proven successful. The newspaper runs local news, stories and gains a ready community audience. It boasts an established website. The newspaper is also read by English-speaking Willmar residents. Through its distribution, *La Gran America* dispels minority myths and establishes crucial communication bridges between all of Willmar's residents.

WAMM's Best Practices of Business Development:

- Offers financial resources, technical help, and business orientation to Willmar's Latino entrepreneurs.
- Defined vision to raise business capacity where anyone can learn how to make a successful, sustainable small business.
- Preparation of business plan, registration, referrals and other services.
- Provide incubator opportunities for small-scale restaurant commerce through commercial kitchen project.
- Partnership with Ridgewater Community College provides competent business instructors who are bilingual and can communicate effectively. Ridgewater offers on

several aspects of business ownership including finances, accounting and economic sustainability.

- Latino-Somali-English Newspaper community information venues.

Barriers Limiting Latino Business Development:

- Lack of familiarity with the technical and legal aspects of founding and running a small business.
- Credit checks, finances and accounting capacity and preparation taxes.
- Latinos economic emphasis on niche market.

Best Practice Model 3: Latino Economic Development Center (LEDC) Minneapolis

Economic Concentration in Urban Small Business Development

The third Latino best practice initiative consists in the development of an urban commercial corridor in Lake Street segment of Minneapolis. This third model highlights urban revitalization of large scale commercial business plans, sustainable business creation, technical training, membership collaboration and long range financial vision with significant local economic impact and continued leadership training.

The Latino Economic Development Center (LEDC) is a non-profit organization that was founded by Latino leaders in different fields of community development who shared the same mission and the same vision. The mission of LEDC is to transform community by creating economic opportunity for Latinos.

LEDC assists in navigating the formal U.S. financial systems and educates clients on the conditions that impact their financial stability. LEDC's emphasis on cultural and linguistic competency ensures that clients can speak to people in their own language, and are receptive to gaining the skills, knowledge and access to capital that they need to build a better financial future for themselves and their families.

The Latino Economic Development Center was incorporated in 2003 as a project begun by Latino immigrants of Sagrado Corazón de Jesús Church, in south Minneapolis.

In a 2009 interview with Steve Dubb, Senior Research Associate for *The Democracy Collaborative*, LEDC founder Ramon León remembers commenting on the origins of the organization:

“[We] asked Community Development Centers (CDC) to provide help. We formed a partnership with Interfaith Action (which provided leadership training). We formed a partnership with

Neighborhood Development Center (NDC) for microenterprise trainings. We worked with a Community Development Corporation...Project for Pride in Living offered to buy an existing building that was in bad shape, renovate it, and give it to us. So we had community organizing, real estate organization, and community development coming together.”

The fruit of these efforts resulted in the establishment of Mercado Central in 1999, at the corner of Lake Street and Bloomington Avenue in Minneapolis. Originally conceived as a small business commercial center, Daniel Bonilla LEDC Business Consultant reports that Mercado Central today is a thriving marketplace of 45 businesses with over \$12 million in sales in 2009.

Based on his experience creating Mercado Central, León remembers “we decided Latinos needed to face their own issues, take responsibility for our own growth, and develop that capacity. So this is why we formed LEDC... The organization was born and the vision was ambitious: we wanted to have a Latino credit union or bank, we wanted scholarships regardless of documented status, we wanted to have other economic opportunities (whether buying a home or starting a business). We also wanted to form an organization that supported a socially responsible business community. It is easy to forget that social injustices exist.”

LEDC has played a significant role in revitalizing of the Lake Street commercial corridor and its adjoining neighborhoods. The creation of Mercado Central changed the profile of the Lake Street Area. Ramón León remembers that before Latino investment, Lake Street “was full of criminal activity, empty storefronts, shooting, drugs, trafficking, and prostitution. Immigrants started renting... almost for free. Latino community started to exercise buying power. In less than 10 years more than 300 businesses open on Lake Street.”

Today LEDC operates within three core strategies. First, it serves to establish, stabilize, and grow businesses through orientations, classes, business development consulting, technical assistance, and access to capital for new and existing entrepreneurs. Second, it revitalizes or develops community "public markets" and commercial corridors both in the Twin Cities and rural Minnesota that appropriately allow for Latino community business participation. Thirdly, it aims to create an LEDC membership. This organizational structure allows the emerging Latino business community to access other institutions (such as banks, foundations, and elected officials) and which in turn actively shape the agenda of LEDC.

Best Practices of Business Development

- Assessment methods for potential Latino entrepreneurs: orientation, membership, personalized technical assistance (including writing of business plan), mandatory training, annual business evaluation, continuing education and support.
- Capacity to train different levels of economic development: start-ups, intermediate, and advanced businesses. Business growth consultation and assessment services.
- Plans for a social innovation center: place to connect emerging culture with dominant culture, exchange talent, products, ideas and services between local economy and global economy. Creates capacity from local businesses and new international entrepreneurial skills.

- Long term vision: Developing the first social innovation center in Minneapolis, *The Latino Bank* and an *International Network* that promotes the development of businesses and trade between the U.S. and countries of origin in Latin America.
- Tangible success in revitalizing Lake Street corridor: 40% reduction in crime in last 5 years, commercial property values increase between 50 – 400%. Increase in revenue by sales tax by 16% last 5 years, 300 businesses average of 5 employees per business.

Identified barriers limiting Latino economic development

- Accessing operational sources for business development funding and loans for small businesses.
- Impasse in Immigration Reform (affects basic business elements: driver's license, credit access, state and federal business assistance, business growth opportunities).
- Conflict between city coding and Latino small business capacity (stores with less than 2,000 square feet may not accept EBT & WIC funds).
- Effective technical, regulatory and licensing communication with city and state agencies.
- Low start-up technical capacity in two areas:
 - External: how to navigate the system taxes, business and legal structure.
 - Internal: administrating a business, human resource needs, marketing and accounting.

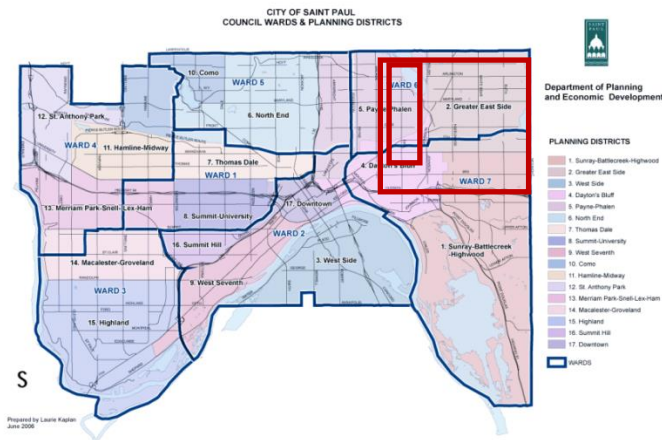
Best Practice Model 4: Payne-Phalen Neighborhood St. Paul Economic Concentration in Urban Small Business Development

The final best-practice model identified in this report is the Latino economic corridor of located on the East Side of St. Paul in the Payne-Phalen neighborhood. St Paul's East Side, (defined by the larger rectangle on the map below is a vibrant, emerging area of Latino development. After Lake Street in Minneapolis, this area of St. Paul has observed significant neighborhood revitalization in the last 10 years.

Assisted by staff from East Side Neighborhood Development Company CLAC Unlike the previous three site visits in which CLAC engaged an economic development agency, the fourth site visits was defined by a focus group style meeting in September 2009 with ten local Latino businessmen/women. This conversation unearthed common themes echoed with a previous visit to LEDC in Minneapolis. The Payne Avenue area merchants represented a microcosm of local Latino small businesses whose value has been estimated at over \$68 million by the City of St. Paul Department for Economic Development.²²

²² Cf. *The Dynamic Power of Latino Capital in St. Paul*, 2007 Emerging Markets Series, by Bruce Corrie.

This community visit showed that Payne area Latinos are organizing to exploit future potential such as that exhibited by Plaza El Patito²³, training new entrepreneurial leadership and creating and assessment in improving Latino businesses. Nonetheless, even with these meeting participants communicated significant obstacles hindering future growth.



Latino Economic Development Assets:

- Revitalization of neighborhood (commercial development, vested interest in lowering crime or crime producing factors).
- Significant small business development of undervalued and underdeveloped property.
- Young business owner demographic (both single and married), under 45, involved in developing local community.

Identified Barriers limiting Latino Economic Development

- Understanding and effectively communicating with state and city structures necessary for opening business (federal and state tax ID, registration forms, food handling inspection, requirements and restrictions, property taxes, communicating concerns or questions)
- Learning effective business sustainability practices: accounting, commercial bank accounts, credit history
- Impasse in Immigration reform: hinders driver's license, credit access, state and federal business assistance, business growth opportunities through dedicated agencies or non-profits.

²³ <http://elpatitoplaza.com/>

Number of Latino business in St. Paul: 454 firms with \$59 million in sales.²⁴

Projected Economic Contribution to St. Paul and Ramsey County: \$68 million.²⁵

Analysis: Common Themes in Latino Minnesota Economic Development Community Visits and Latino Economic Advisory Group

Latino economic development task force

Prior to the beginning of site visits, CLAC convened a task force of economic development representatives in July 2009 to gather their input and orientation. Through the input of experts and that of community members during the community visits, CLAC identifies the following assets and barriers of Latino economic development in Minnesota. The following tables summarize the most common themes identified through both expert input and community visits.

Latino Economic Development Qualitative Findings Gathered from Community Site Visits

Minnesota Latino Assets in Economic Development in Minnesota

Latino workforce age demographics supports Minnesota's economic development
Latino small businesses continue to grow in Minnesota
Minnesota Latinos revitalize and invest in high-need neighborhoods.
Minnesota Latinos invest in business and community through self-funded capital.
Minnesota Latino economic achievement contributes to local community.

Economic Development Barriers for Latino Minnesotans in Economic Development

Minnesota Latino entrepreneurs need help creating sustainable business plans and accessing business capital.
Latino entrepreneurs need help in technical business training, especially accounting.
The impasse in immigration is hindering Minnesota Latino economic growth
Minnesota Latinos need help understanding state and local licensing, registration, coding and inspection.
Minnesota Latinos need assistance in bridging cultural and linguistic communication barriers with state agencies and local governments.
Minnesota Latino businesses would benefit from initiatives which lead to diversification of businesses models.

²⁴ *The Dynamic Power of Latino Capital in St. Paul*, 2007 Emerging Markets Series, by Bruce Corrie

²⁵ Ibid.

Minnesota Latinos perceive negative discrimination as emerging minorities (especially in greater Minnesota).

Latino Minnesotans are just beginning to define their economic potential in Minnesota. Skilled, timely policy initiatives will ensure that these promising beginnings are nurtured into full integration with the Minnesota economic fabric. The next section considers Latino economic development through the lens of the Latino workforce development in Minnesota.

Section III: Latino Workforce Development in Minnesota



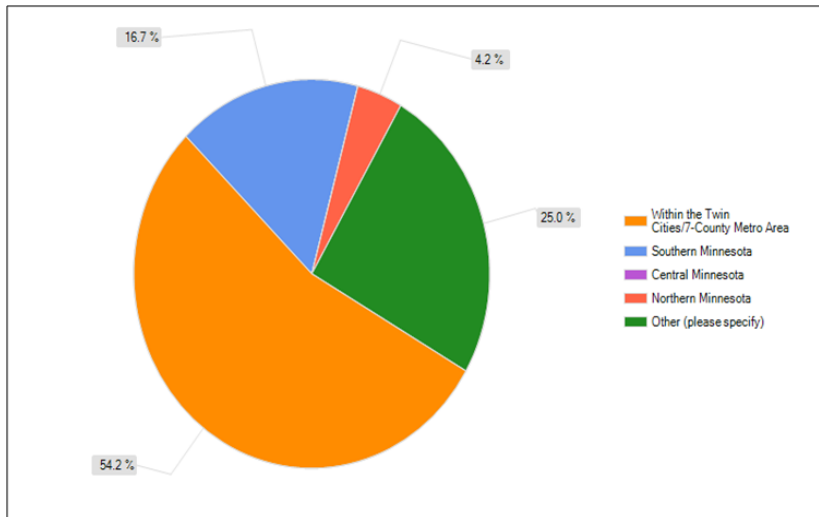
Together with education, workforce development training has been described as the third leg of effective economic development.²⁶ This third section summarizes the findings of a non-scientific exploratory quantitative Latino workforce development survey created and distributed by CLAC to 68 experts statewide.

In order to effectively gather the voice of Minnesota experts, CLAC prepared and distributed an online survey through Survey Monkey. This survey was crafted to identify both workforce barriers as well as recommendations in Latino workforce development. The instrument was distributed on September 8, 2009 and closed on September 24, 2009. The return rate was 35% or 24 responses. The following graphics were compiled from survey data in identifying root barriers hindering Latino economic development as well as actionable strategies for increasing Latino access to effective workforce resources in the state.

Regarding workforce development services offered by survey respondent agencies, over half of them reported technical training, higher education and workforce information as common services. Less common services reported were language training and apprenticeship opportunities.

²⁶ DEED, *Minnesota Inventory of Publicly-Funded Workforce Development Programs: A Graphic Approach*, 2003

Graph 1: Respondent Location Data



Graph 1 at left highlights survey respondent origin within Minnesota. Care was taken to balance the metro area responded (54.2%) with representation from greater Minnesota (45.8%). Some agencies reported service locations in both the metro area and greater Minnesota, giving rise to more than 100% totals.

Top Latino Workforce Development Barriers Identified by Respondent Data (Voting Scale)

The barriers most identified with equal frequency included:

- **Fear of job termination or exploitation due to undocumented status.**
- **Lack of information about training opportunities and workforce resources directed to the Latino community.**

The second most frequently mentioned barriers included:

- **Absence of bilingual instructors, materials, and resources at state Workforce Development Centers.**
- **Few culturally competent trade development opportunities and apprenticeships for Latino adults.**

The third barrier most frequently mentioned barrier:

- **Limited technical and higher education access or other workforce prerequisites such as Adult Basic Education**

The Impasse in Immigration Reform

The lack of immigration reform was identified as the number two barrier for Latino workforce advancement. One survey respondent wrote that “I know a lot of good Latinos in the area which cannot progress because of [immigration status] and of course it trickles down to their families.... immigration law has to change to better fit people to jobs.”

While the majority of Latinos in Minnesota are native-born citizens of the state, unofficial estimates identify between 60,000–80,000 undocumented residents in Minnesota 2009 (of any race and ethnicity).²⁷ Many have joined the Minnesota workforce with undocumented status. While these workers contribute the local economies and tax revenue, for Latinos with irregular immigration status issue, many avenues related to workforce and economic development are a challenge.

One Latino expert compared the effects immigration status as a rock in a pond, with ripples affecting every part of workforce development. Some of these factors identified by survey respondents include peace of mind, job solicitation and advancement, driver’s license access, and continued deportation anxieties. Other respondents notes that immigration status fuels economic exploitation on the part of some employers.

Another respondent mentioning Latino motivation for job advancement asked: “Why would the Latino spend valuable resources (time, transportation, possibly money) to increase their technical or professional facilities when there is such an uncertainty of being discovered by an employer and then be asked to leave... but the one thing that perhaps many policy makers are lacking is the personal or cultural understanding that a human can only take so much constant denial, and perpetual sense of misery turns anybody into becoming resigned to not improve and be fully realistic thus having the immigrant do labor and manual work only.”

The Perryman Group, an economic analysis firm based in Texas, estimated that if undocumented immigrants were removed from Minnesota’s economy, the state would lose over 24,000 permanent jobs and \$1.2 billion in personal income.²⁸

A note on remittances

Latino Minnesotans also send money abroad. Corrie’s 2008 estimates put remittances by workers to Mexico on average \$400 per month per person. This movement generates around \$7 million in fees to local institutions involved in the money transfer business.²⁹ While opponents of this practice view remittances to Mexico as a leakage from the Minnesotan economy, Corrie emphasizes that remittances play a long-term role in stabilizing the Mexican economy and perhaps lessening the flow of people across the border searching for a better life.

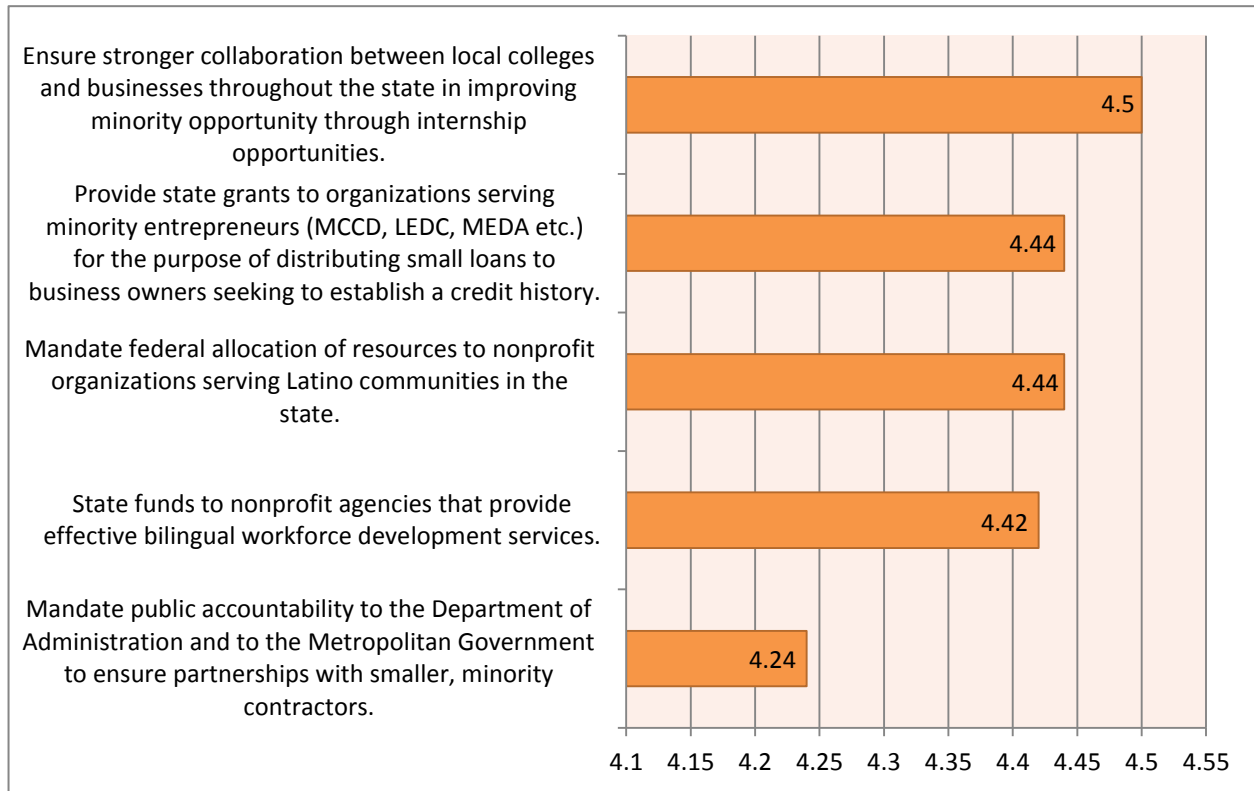
²⁷ Fennelly, 2009.

²⁸ An Essential Resource: An Analysis of the Economic Impact of Undocumented Workers on Business Activity in the US with Estimated Effects by State and Industry The Perryman Group, Waco, Texas, April 2008.

²⁹ Corrie, 2008.

After identifying barriers, the CLAC survey solicited actionable workforce development solutions through a series of quantitative options. Scored were tabulated by respondent ranking. The following table summarizes the expert voices within the top 5 areas.

**Top 5 Latino Workforce Policy Recommendations Quantitative Ranking
(in descending order of importance)**



Section IV: Conclusion & Recommendations

As many experts have pointed out, economic development is a very complex issue and requires both a specific and broad approach to better understand both the challenges faced by Latinos in this area and also the intrinsic connections and relationship between proper culturally and linguistic training programs and job opportunities to strengthen the state’s economy.

Creating effective avenues for Latino workforce development is an important issue for the future well-being of the state of Minnesota. CLAC survey results serve as a snapshot in highlighting present barriers towards Latino workforce development. As the population continues to grow and become more integrated into the economic fabric of Minnesota, it is incumbent upon the state to recognize workforce barriers and move to proactively invest in the next generation of Minnesota workers.

Recommendations to the Legislature:

1. Incentivize Latino small businesses growth and job opportunities, through a bill providing tax incentives.
2. The creation of zero interest loan availability to further stimulate Latino small businesses growth.

Recommendations to the Department of Employment and Economic Development:

Work in collaboration with DEED in the following areas:

Economic Development:

Develop a comprehensive electronic directory of minority-owned businesses and technical and financial assistance efforts.

A long-term study on the Latino business sector should be conducted to assess current business strengths, assets, accomplishments and current demand for Latino products in order to create business opportunities in specific sectors where demonstrated success has occurred. This could provide more opportunity for success and creating work opportunities for Latino constituents.

Workforce Centers:

A community assessment study on Latino workforce capacity should be conducted where we look for new strategic industries where workforce must be maintained, developed, retained and attracted to different regions in order to maintain the current vitality of the area and augment economic growth.

We would like to thank the following individuals and organizations for research contributions and guidance:

Edgardo Rodríguez (MEDA/CLAC)

George Jacobson (MEDA)

www.meda.net

Rural Enterprise Center

www.RuralEC.com

Date of visit: August 24, 2009

Reginaldo Haslett-Marroquín, Director for the Rural Enterprise Center

Kat Van, Communications Director for the Rural Enterprise Center

Latino Economic Development Center (LEDC)

www.ledc-mn.org

Date of Visit: August 19, 2009

Daniel Bonilla, Program Coordinator and Business Consultant for Latino Economic Development Center.

Yolanda Cotteral, Greater MN Micro-Entrepreneur Trainer and Program Coordinator for Latino Economic Development Center.

Roberto Valdez, Coordinator for the Willmar Area Multicultural Market (WAMM)

Date of Visit: August 20 – 21, 2009

Anne Briseño, Director of Commercial Development for the East Side Neighborhood Development Company.

www.esndc.org

Herón Lopez, East Side of St. Paul entrepreneur and business owner.

Date of Visit: September 3, 2009

Appendix I: Final Notes from the Latino Economic Development Roundtable, July 2009

CLAC/MEDA

Latino Economic Development Roundtable

July 16, 2009

Summary

I Barriers/Trends

- Poor technical entrepreneurial base- very often Latinos are opening a business up due to necessity (i.e. they can't find a job, need a second source of income, etc.)
- Businesses have limited capacities and the CDCs designed to help them have limited capacities as well.
- The licensing code is unfriendly and difficult even for English speakers to understand; this is deterring Latinos from opening small businesses.
- Need to acknowledge that the majority of needs within the Latino community come from immigrant businesses. In response to the immigration that happens in an area (e.g. Central Ave), nostalgia becomes a consumer issue since the main products and services they provided are ethnically-oriented. There is a need for diversification. This, combined with escalating job loss and the rapid shrinking of the market affects the vitality of the Latino business community.
- Systematic issues such as licensing need to be addressed, but there are also particular problems faced by the Latino community (education disparities)
- Businesses under 2,000 square feet can only carry ethnic products, and so the ability to diversify is limited.
- In many sectors, especially construction, Latinos can work but cannot own (due to licensing issues), and immigration is a big component of this (Refer to the Department of Labor and Industry).
- Cases of discrimination and instances when laws are not being followed or upheld at the workplace. There are obsolete policies that do not fulfill cultural needs.
- Proposals to eliminate workers' compensation for undocumented workers, which have a widespread detrimental effect on Latino workers (Department of Labor).
- Paying attention to graduation, literacy rates, etc. is the key to economic development. Second generation Latinos and how they're absorbed into the mainstream vs. new arrivals, affects education levels- because of the correlation between education and economic success, gaps in the educational arena early on, represent barriers to Latino economic development in the long run.

Side Note Question: Two sides- Latinos are unequipped with the language, educational, and/or technical skills to be successful in the business community and this need to be addressed, OR is there a potential in the Latino business community that is not being exploited? Can we find where this potential is and capitalize upon it to make a bigger impact on the gap between Latinos and whites? Are these two different projects?

II Strategies

- Minnesota counties, Minnesota Association of Rural Towns- they have monetary funds, and we should tap into these resources
- Consult the Disparity Studies (*this was encouraged by multiple participants), as well as the Department of Administration, which offers real time information on capacity and workforce issues→ learn the trade, get hired, learn business, own the business- this is the key to the capacity issue. Consult Governor Ventura’s minority small business task force-recommendations state/public purchases from different central clearing house. Ventura’s report is very important to minorities- how do we fit in with these strategies outlined and how do we make sure there are funds set aside for a specific area.
- Discrimination still exists, therefore public policies should be made and goals should be set to alleviate this issue; there should also be increased documentation and awareness of discrimination taking place in the workforce; the information is out there and we should embrace it (Disparity Studies at City of Saint Paul, Dr. Corrie is currently doing another study).
- Other studies available: ALANA-Green Businesses and Jobs
- Workforce solutions- cast a broad net for candidates, develop institutions to bring them through, and never lower standards→ take the long view of 20-30 years in strategizing. Sector-based development, high standards in institutions, and a long view is the key to workforce development. This, combined with partnerships with other organizations and effectiveness in the political arena, will generate business leaders 10-20 years down the road.
- The immigration issue should be one key point of this agenda, and we should do whatever we can to ensure that some immigration reform happens, because now is the time to do it.
- More synergies must be developed amongst ourselves and other organizations- the Department of Commerce is already working very hard on this with business people in the state, and this could be another source to tap into
- Latinos have a very valuable asset— families. This is important and your values as a community have to be talked about and kept up as much as capital, education, etc.
- Strongly communicate the assets the Latino community has, assessing the priorities of the state (e.g. green jobs), and stressing that these assets can contribute will lead to success, and give Latinos a stronger foothold in competing for funding
- Develop new types of business beyond retail, restaurants, etc. in order to penetrate the mainstream market (could utilize CDCs); we have to develop our own skill base
- In order to diversify the business composition of an area (e.g. Lake Street), skill set and base needs to expand and develop (tourism?)
- Explore and open Mexican-Minnesotan markets. Tap into the Mexican-Minnesotan trade, explore new markets with the receiving and sending populations (e.g. sister cities, Tres Por Uno and productive projects, Mexican government is promoting business between migrants and the community in their home country).
- Mexican Consulate’s role to help communicate resources in the community through their mobile consulates. The community should consider it as a resource and a partner. Also

Side Note Question: Workforce development and economic development: a clearer definition is needed, are we considering them as the same or two distinguishable entities?

III Result

- Creating a vision of Latino economic development as we want it, and push this forward regardless of what happens If immigration reform occurs, how do we prepare ourselves, to create economic development as we want it → push this forward regardless of what happens
- If funding was not an issue, what would you do? If you have a system and the partnerships, would I invest? Be prepared and create the plan and the initiative to market- we as a community should sit down and show the light and the end of the tunnel
- In order to identify potential Latinos- communicate better, Consulates could help in this aspect, communicating about the resources available, ignorance about what is available is a big problem.
- Would like to see CLAC push legislation and create an environment where more Latinos can be a part of the legislative process, where Latinos as a community can be more visible at the Capitol. Legislators want to work with the community and help introduce a bill that will benefit the community.
- Partnership is essential (LEDC and WAMM –Willmar- models)

Task force on Latino Economic Development

- CLAC staff and Board Member Antonio Lizano
- Erick García-Luna (NECDC)
- Ramon León & Yolanda Cotteral (LEDC)
- Perla Mayo (NDC)
- Edgardo Rodriguez (MEDA/CLAC)
- Gustavo Rosso (Hispanic Chamber of Commerce of Minnesota)
- Vicenta Valero (City of Minneapolis)
- Lalo Zavala (UMOS/MAFO)

Note taker and transcription: Marichel Mejía, CLAC Community and Research Fellow

Appendix II: Summary of Gov. Ventura's Report

The "Ventura Report," or "Emerging Domestic Markets in Minnesota: A Vision for Minority Business Development," was published in summer of 2000, and examines the issues and challenges facing minority businesses, as part of an effort to shape policy initiatives as they relate towards minority-owned businesses. The report justifies minority-owned businesses as the source of the next wave of economic development in Minnesota by noting the demographic shifts that were then becoming apparent – over 100% growth in the number of Hispanic-owned firms over five years, near-100% growth in the number of firms owned by African Americans, and similarly large growth numbers in other areas. The report was framed by noting that the State has much to gain by aiding the growth of minority-owned businesses, comparing the coming wave of growth to the technology explosion in Silicon Valley.

The report's vision is summarized in 8 points:

- I. The state creates an environment friendly to small business, and develops incentives for minority-owned startups.
- II. Information on funding and technological assistance is made available in a centralized and user friendly format.
- III. Technical assistance is available for minority firm growth and development.
- IV. Adequate and equitable access to capital is available to minority firms.
- V. Abundance of business to business resources.
- VI. Efficient use of public procurement \$ to grow small businesses.
- VII. State investment in educational and technical qualifications of minority youth.
- VIII. Culture of goodwill & hospitality.

The report emphasizes a variety of strategies through which these goals can be attained.

- Changing perceptions of minorities
- An environment friendly to small business.
- Centralized information distribution to level the information playing field.
- Technical assistance: In immigrant languages, and culturally sensitive.
- Financial infrastructure: State help where banks won't invest, state reinvests in community development corporation programs, improve availability of micro equity capital.
- Credit: Education (both to banks and to minorities/immigrants), bilingualism/cultural sensitivity.
- Procurement: Money isn't going to minorities. Fix this.
- Marketing: Make ethnic clusters "official" – put them on the map.
- Networking: Establish public-private partnership. Connect small/minority businesses to medium/larger corporations.
- Immigration: Develop comprehensive plan to use immigrant skills. Remove barriers that prevent immigrants from working. Create reputation as a good state to work in for high-skilled immigrants.
- Evaluate needs of home-based businesses.

The report goes on to reemphasize the high potential for growth of minority businesses. Much of this info can be found in the fact sheet, but new ideas are:

- Minorities revitalize inner-city areas

- Minorities are a big part of the high-tech sector.
- Minorities reinvest in their communities and are positive role models
- Minorities help develop export markets in a big way.

The report notes barriers to minority firm growth and differences between minority firms and “mainstream” or other firms:

- Differing historical experiences
- Lower base of assets/initial capital.
- Lower entrepreneurial base.
- Poorer access to capital (sometimes through discrimination)
- Culture
- Religion (Notes only Muslims, who are forbidden to pay interest.)
- Language, the glass ceiling. (Minorities start businesses not just because they can’t find a job, but also because they hit the glass ceiling and decide to go it alone.)

Specific recommendations:

Small Business-Friendly Infrastructure

- Infrastructure should be in place throughout MN
- Centralize information database, with information and outreach through state (libraries, small business development centers, etc) and private (community organizations, bankers, attorneys) channels. A website, toll-free number, etc.
- A welcome/resource package, with checklists, short informational pamphlets, and a letter of welcome, all available in Spanish, Hmong, Somali, and perhaps other languages.
- Develop an incentive package for small businesses, a state/local government collaboration.
- Workforce centers should serve as a resource for entrepreneurs, for skill development and recruitment. **(currently, workforce centers only offer services in English!)**

Technical Assistance

- Ensure that technical assistance is flexible and conforms to the needs and abilities of minority entrepreneurs.
- Set up a way to evaluate the quality of tech. assistance, because right now there is none.
- State allocations to Microenterprise Fund for technical services should be increased to providers of ethnic/linguistic-based technical assistance and structured minority entrepreneur based programs.
- Expand management capabilities of nonprofits that currently provide services to minority startups.
- Increase state funding to SBDCs and MEDA for outreach and service to minorities in greater MN.
- Develop Business Resource Centers across the state, tied to nonprofit intermediaries, that provide a variety of fee-based services.

Financing/Debt Capital

- Expand loan funds to allow funding for startups that banks won’t fund.

- Urban Initiative funds can be modified to better fit the needs of the community in the following ways:
 - o Increase the cap on loans to retail business to \$50,000
 - o Allow job creation aspects to be a growth goal for small businesses.
 - o Assess quality and availability of tech. assistance available to loan recipients.
 - o Allow alternatives to interest payments for Islamic clients.
 - o Increase funding for Urban Initiatives Program
 - o Reallocate resources from Urban Initiatives Partners who aren't using their funds.
- Adapt rural programs to the needs of rural entrepreneurs.
- Encourage other orgs to coordinate loan programs to be more efficient. Minneapolis Consortium for Community Development as a good model.
- Revive the Community Development Corporation program.

Equity Capital

- Develop micro equity pools across MN with public-private partnerships. (Anoka County Capital Fund, Dakota County Capital Fund, MINCOR, Northeast Ventures, Milestone Growth Fund)
- Meet need for small equity funds (<\$50,000)
 - o Coordinate a proposal to the federal Community Development Financial Institution Fund, establish equity pools with existing CDFIs in the state.
 - o Explore the idea of a \$500 tax credit for taxpayers who invest in neighborhood equity pools – incentive for high-risk investment, as well as encouraging community self-investment.

Credit

- Banks and lenders should be encouraged to understand ethnic minority markets, base decisions on more than a credit score, and develop deeper character/cultural understanding methods.
- Consumer ed. About financial system, culturally sensitive loan officers, help borrowers establish credit history, etc.
- Banks set up strategic relationships with minority clusters to share risk and tech. assistance needs with non-profit intermediaries. Examples like MEDA and the Frogtown Action Alliance.

Business Operations

- Simplified tax and regulatory system.
- Licensing:
 - o Bilingual staff in state + local licensing offices.
 - o Bilingual regulatory materials.
 - o Fund development of new standards where there currently are none.
 - o Cultural sensitivity training for officials – seek to develop and enforce laws within specific cultural context.
 - o Educate new immigrants on laws and standards.
 - o Ensure the correct spelling of names on public documents.
- Assist small business by partnering with Workforce Centers and technical colleges. (Workforce centers still English-only...)
- Develop R&D assistance through the technical college and university system.

Procurement

- Minority Business' share of procurement \$ was a tiny percentage between '95 and '97 – 1.63%
- Develop a comprehensive procurement plan to:
 - o Increase small-business and minority-firm subcontracting.
 - o Develop a centralized certification system
 - o Establish structured partnerships between large corps and small minority firms that do business with the state.
 - o Increase use of small minority firms in contracts that don't require bids.
 - o Use bid-matching programs to connect minorities to available bids.
 - o Develop tracking systems to evaluate "graduation" rates of minority firms from targeted vendor program.
 - o Allow firms that partner well with minority firms (MEDA Construction Partnering Program) to avail of preferences given to targeted firms.
- According to purchasing guidelines, for purchases under \$2500 only one solicitation is necessary (if available) from a targeted or economically disadvantaged vendor. For amounts from \$2500-\$5000, two solicitations are necessary, with one from a targeted or ED vendor. Between \$5000 and \$25,000, two solicitations must be sent to TD or ED vendors. But, TD and ED vendors are underutilized. The state should develop:
 - o A list of contact info for potential minority firms available to do business at the sub-\$25000 level.
 - o Make this list available to all purchasing agents in the state.
 - o Conduct training sessions for these entrepreneurs on state regulations and requirements.
 - o Develop a monitoring system to assess progress.
- Survey procurement officers to gain their understanding of the role and possibilities of targeted procurement programs.
- Emphasize the importance of TD and ED procurement in training sessions with state purchasing agents.
- Adopt procurement rationale and policies that have been successful in the supplier diversity programs of large Minnesota companies.
- Provide clarification as to which ethnic firms are under or over-utilized.
- Perhaps a public-private partnership to advise the minority firms that are contracting with the state.
- Investigate why, across the state, a small number of contractors acquire most procurement dollars. Allow more competition in the procurement market.
- Large contracts should be structured to allow the involvement of smaller firms.

Immigration

- State should develop a comprehensive plan for integration of immigrants and minorities in MN that includes:
 - o Inventory of immigrant assets matched against state needs.
 - o Study of experiences with immigrant clusters in rural and urban MN
 - o Models of how corps adapt to use new immigrant labor.
 - o Models of how new immigrants have contributed to art and food in MN.
 - o Factors that explain occupational mobility differences between countries of origin.

- Cost-benefit analysis of new immigrants
- Fed. State and local laws as they relate to immigration.
- Dynamics in minority communities between established communities and new immigrants.
- Increase funding for labor certification process
- Increase INS outreach to community groups on legal issues.
- **Federal Level**
 - Introduce visa classification for “essential workers”
 - Increase visa allocations for skilled workers, and speed up visa approval process.
 - Reform the INS as suggested by the American Immigration Lawyers Association.

Minority Clusters

- Develop a marketing identity around the main commercial corridors where minority/ethnic businesses are concentrated.
- Blueprint to develop the economic base of immigrant/minority clusters, both urban and rural.
- Facilitate civic dialogue: Cultural training for both new immigrants and established residents alike. Compilation of best practices like “Community Connectors” programs.
- Public-private partnership to help immigrant and minority communities integrate.

Networking:

- Develop a Minority Business Network
- Networking training programs like those run by the Saint Paul Chamber of Commerce.
- State officials working with minority communities should be encouraged to participate and make connections.

Entrepreneurial Base

- Address High School dropout rates among minority youth.
- Address achievement disparities as measured by standardized tests.
- Scholarships and other incentives to encourage minority youth to enroll in business-related academic programs.
- Ten percent of public construction dollars should go towards apprenticeship programs for minority youth, in partnership with community organizations.

Minority Women

- Evaluate whether minority women’s needs are being met within the present system. 40% of minority entrepreneurs are women, 47% of new immigrant business owners are women.

Home Based Businesses

- Evaluate whether needs of home-based businesses are being met. About 56% of business in MN is home-based.

Infrastructure List:

- Urban Initiative Funds – only state program that explicitly targets low-income and minorities.

- Job Skills Partnership, Capital Access Program, Microenterprise Grant – all mainstream.
- State-administered small business development centers across MN.
- SBA Network – the “backbone” of economic development infrastructure in MN.
- Neighborhood non-profits – there are a lot, but MEDA and Milestone Growth Fund are the only ones with specific minority business focus. There are others whose clients are mostly minority, however. **MEDA served more minority clients than the entire SBDC network in MN.**

Business Models To Emulate

- MEDA
- Neighborhood Development Center’s Ethnic/Language training and Technical Assistance.
- Minneapolis Consortium of Community Developers Loan Fund – centralized, but with neighborhood control.
- Mercado Central (Hispanic Business Coop)
- Somali Mini Mall on Pillsbury
- Siyaza, Inc (inner-city manufacturing plant)
- Genesis Business Center Inc (Equity for rent)
- Franklin Business Center
- Midtown Business Center
- American Indian Business Development Centers projects on Franklin Ave (corridor development)
- REDA’s development and marketing of District del Sol
- IMPACT’s database / bid-matching capabilities
- Mille Lacs Corporate Commission’s Economic Development Initiatives.
- MEDA and Frogtown Action Alliance Loan Funds in partnership with banks, foundations, etc.
- CERT program in Hennepin and Ramsey counties.
- MEDA’s Construction Partnership and Pacesetter programs.
- NDC’s program data / evaluation techniques.
- Anoka and Dakota county equity funds.
- MIN Corp’s Rain Network and Rural Equity Funds.
- RECIPES for Success
- CRF’s Portfolio on neighborhood loan funds.
- SBA’s 8(a) program, BusinessLinc program for networking, New Market Equity Initiatives
- Networking Model of Minority Supplier Development Council supported by MEDA.