

Building A World Class Wealth Building Infrastructure

The Case for Long Term Consistent
Culturally Intelligent Investments

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ALANA Brain Trust

Minnesota House Business Development & Finance Committee

January 18, 2023

Dr. Bruce P. Corrie

Dr. Bruce Corrie is Professor of Economics at Concordia University - Saint Paul. He has a PhD from the University of Notre Dame.

For almost three decades he has documented the economic contributions of the African, Latino, Asian and Native American (ALANA) people of Minnesota - shifting the narrative from "deficits" to "assets." His research has been widely reported in the media and has co-edited four books and published in a wide range of publications.

He has served in many roles in economic and workforce development: Chair, Governor's Working Group on Minority Business Development (2000), Governor's Workforce Development Council, Dean, College of Business and Technology, & Director of Planning and Economic Development, City of Saint Paul and on many boards - Federal Reserve Bank, US Small Business Administration, Minnesota Museum of American Art, Junior Achievement, Midway Chamber of Commerce, Minnesota Indigenous Business Alliance, African Economic Development Solutions, India Association of MN, Coalition of Asian American Leaders and Union Park District Council.



He pioneered with others a culturally based strategy for economic development in diverse low-income communities called, Cultural Destinations. He is part of a multiethnic coalition seeking to build capital and capacity in the ALANA communities. He was part of a historic petition to the Minnesota Court in 2021-22 for adequate political representation for the \$1.4 trillion ALANA economy in Minnesota.

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Key Questions

What is the issue being addressed?

Why is it important that it is addressed in the 2023 Legislative session?

How should this issue be addressed?

How much will it cost?

How will we assess outcomes?



Key Questions

What is the issue being addressed?

- Historical under-investment on ALANA wealth building.
- Strong evidence on the negative impact of racism on ALANA Wealth building in Minnesota
- Leveraging ALANA talents and resources to make Minnesota a Global Competitor and Destination.



ALANA Political Representation

Corrie Plaintiffs petition to the Judicial Redistricting Panel made the Economic Case for ALANA political representation

Today we make the Political Case for ALANA Economic Representation



Minnesota Special Redistricting Panel Oral Arguments, November 3, 2021

Zoning, Licenses, Investments, Rules and Regulations, etc., set up the Economic Boundaries for wealth building and economic mobility



A mural on University Avenue, Saint Paul, after the Murder of George Floyd



The Economic Cost of Racism

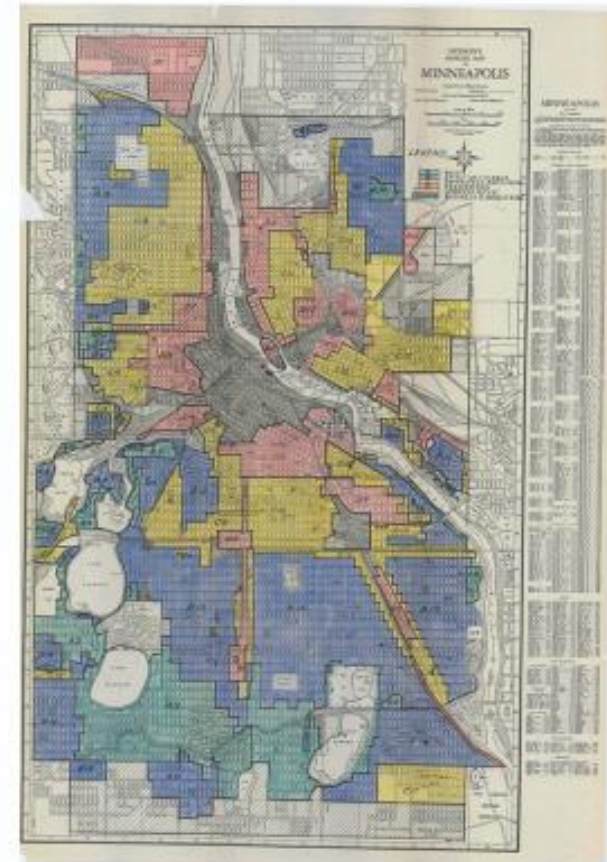
\$280+ Billion

Loss in Income, Assets,
Lifetime Earnings

Documentation of the Historical Footprint of Racism on ALANA Wealth Building



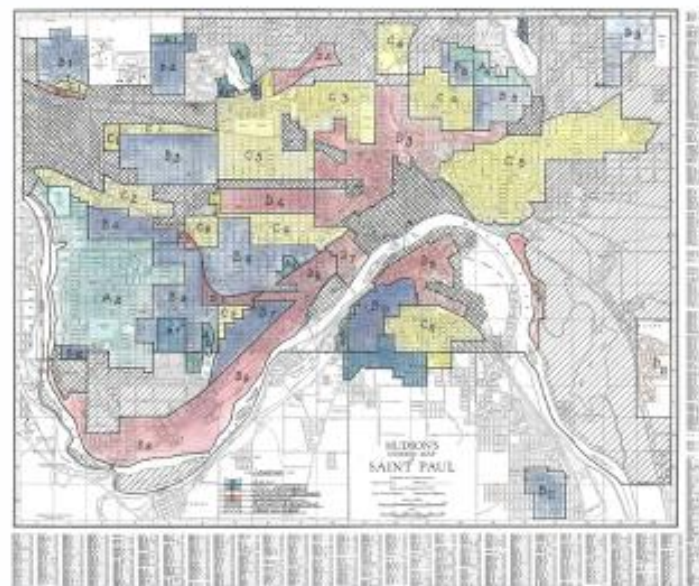
Rochester



Minneapolis



Duluth



Saint Paul

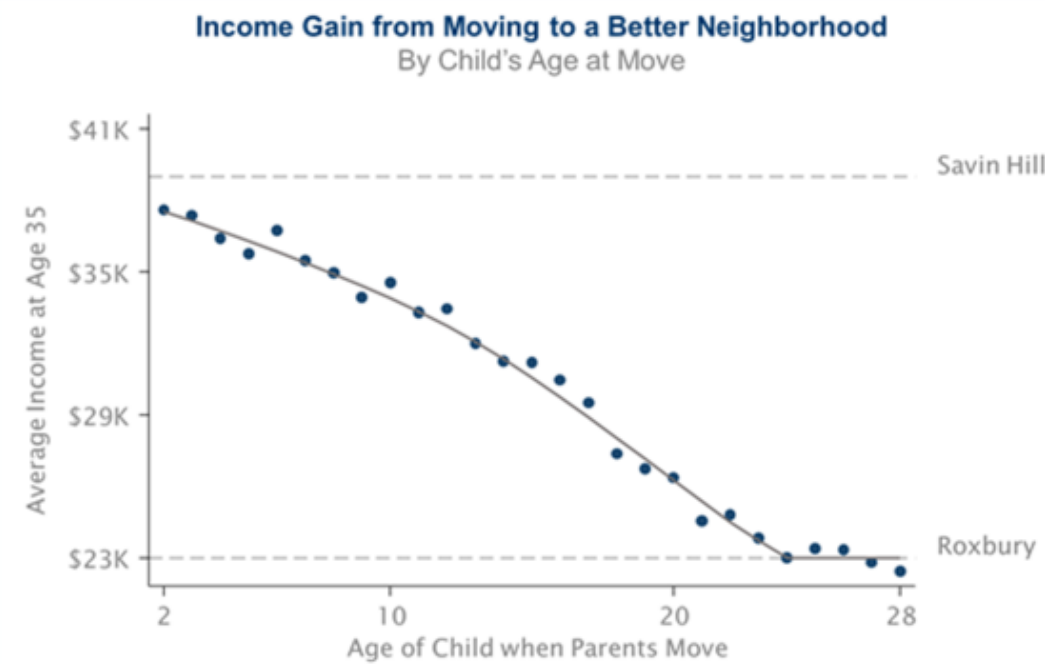
Redlining

<https://mappingprejudice.umn.edu/>



A Legal and Historic Fact of the evidence and mechanism of Racism restricting avenues for ALANA wealth building and social mobility

Big Data Insight: Where a Child Grows Up Determines Long Term Progress



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



Importance of Strategies around:

Opportunity

Place



As large as the
economy of
Mexico



\$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

Common Myth Not Based on Facts

Myth: Investing with a specific focus on ALANA Workers is a ZERO-SUM proposition. One party wins and the other loses.

Fact: The ALANA Brain Trust IMPLAN Economic Model shows that investments focused on specific ALANA communities end up BENEFITING ALL communities. 80 percent of the population and around 90 percent of businesses in Minnesota are not from ALANA communities. ALANA communities also suffer from generational deficits in public investments.



The ALANA Workforce Creates Jobs & Wealth for All

ALANA Workers play a critical role in many sectors of the
Minnesota economy (ALANA Brain Trust IMPLAN Economic
Model for Minnesota)



\$ 198 Billion
Products/Services

ALANA workers help produce
output in Minnesota bigger
than the economy of Greece

1+ million jobs
with ALANA workers

ALANA workers help create jobs for all
Minnesotans

\$24
Billion
Taxes

Argument Lacking a Historic Context

Argument: This issue can be addressed through current programs.

Fact:

Strategies like Redlining created economic prisons preventing ALANA wealth building. We need current policies and programs to be accessible to all. We also need ALANA specific funding to address long term under-investments in ALANA wealth building.



Disparity in Business

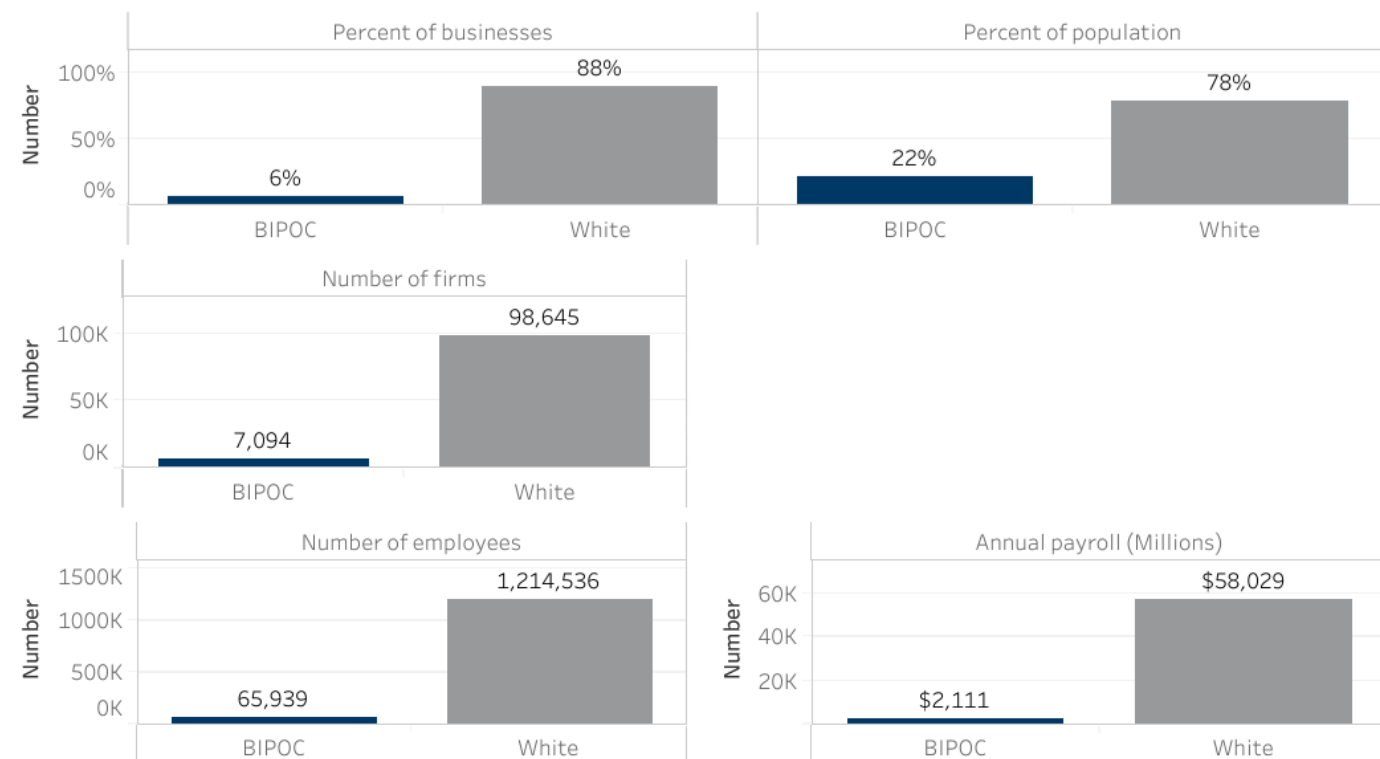
Minnesota Minority-Owned Businesses Statistics

Employers Non-Employers

Select Year
2020

Select Group
Multiple values

Scroll down to see entire visualization



Notes:

- 1) BIPOC (Black, Indigenous and People of Color) Firms= Those classified as "Minority" by the Census Bureau (Any race and ethnicity combination other than non-Hispanic and White).
- 2) Percentages for firms may not add to the total or subgroup total because a Hispanic or Latino firm may be of any race, and because a firm could be tabulated in more than one racial group. (e.g., Hispanic-Black firm).
- 3) Value of Shipments was not available for 2018, 2019 and 2020.

Source: Employer firms: Annual Business Survey, Census Bureau. [Annual Business Survey \(ABS\) Program \(census.gov\)](https://www.census.gov/abs/).



ALANA

22 percent of the population. 6 percent of the businesses with employees

\$ 2 billion in Payroll compared to \$58 billion for White firms

7094 firms with employees providing almost 66,000 jobs

ALANA Firms by County

Country	ALANA Firms 2012
Hennepin County	19399
Ramsey County	9506
Dakota County	4,207
Anoka County	2,680
Washington County	2,089
Olmsted County	1,191
Scott County	1,095
Stearns County	811
Carver County	596
St. Louis County	589
Wright County	302
Rice County	264
Sherburne County	261
Blue Earth County	253
Beltrami County	245
Becker County	214
Kandiyohi County	202
Chisago County	184
Otter Tail County	153
Nicollet County	147
Goodhue County	139
Cass County	130
Clay County	129
Polk County	129
Carlton County	114
Steele County	111
Mahnomen County	108
Nobles County	100



ALANA

ALANA Firms Located Across Minnesota.

Can safely assume the number of firms have doubled over the past decade.

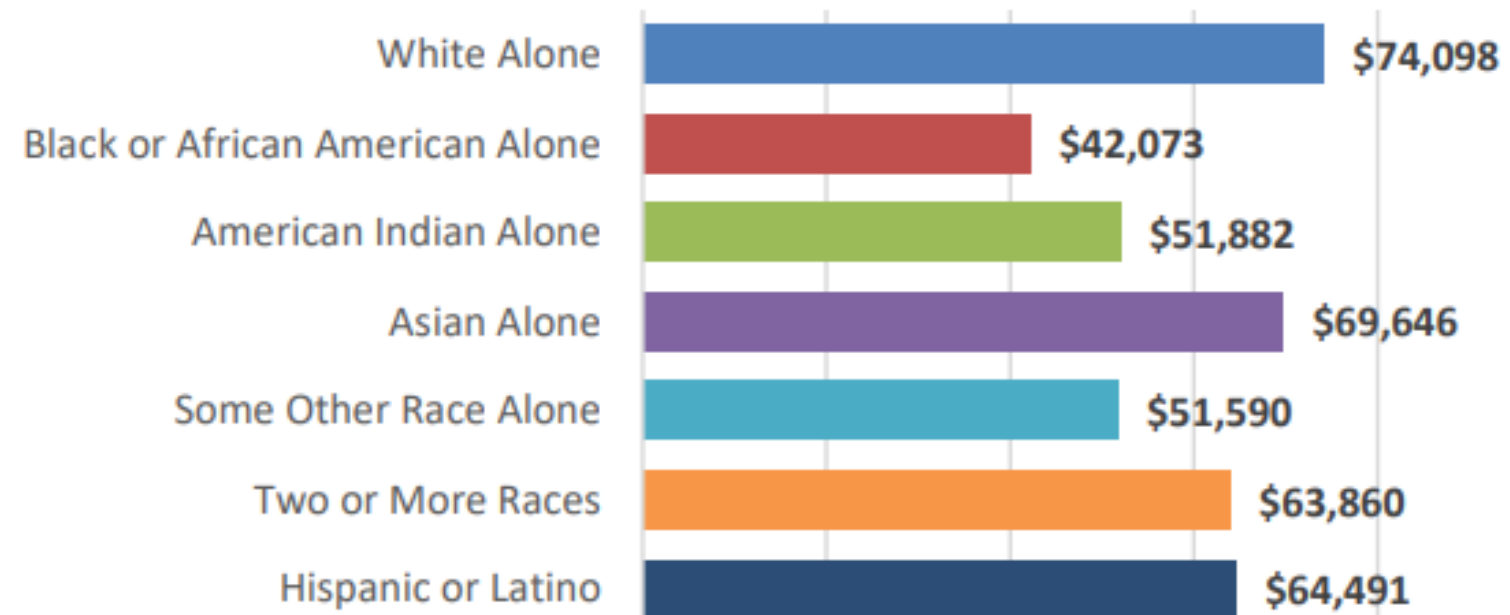
How are we reaching these firms?

We don't even have good data

Wealth Gap – Central MN

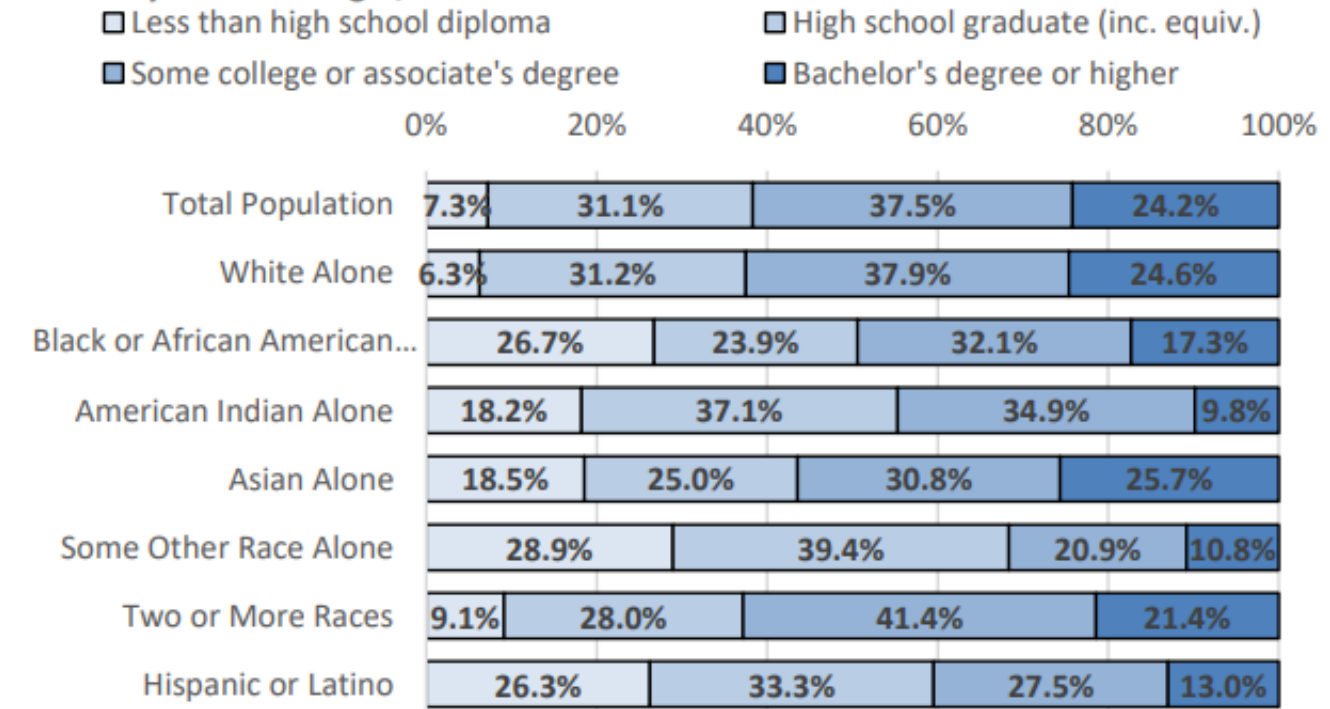


Figure 12. Central Minnesota Median Household Income by Race, 2020



Source: 2016-2020 American Community Survey

Figure 5. Educational Attainment for the population aged 25 years & over by Race or Origin, 2020



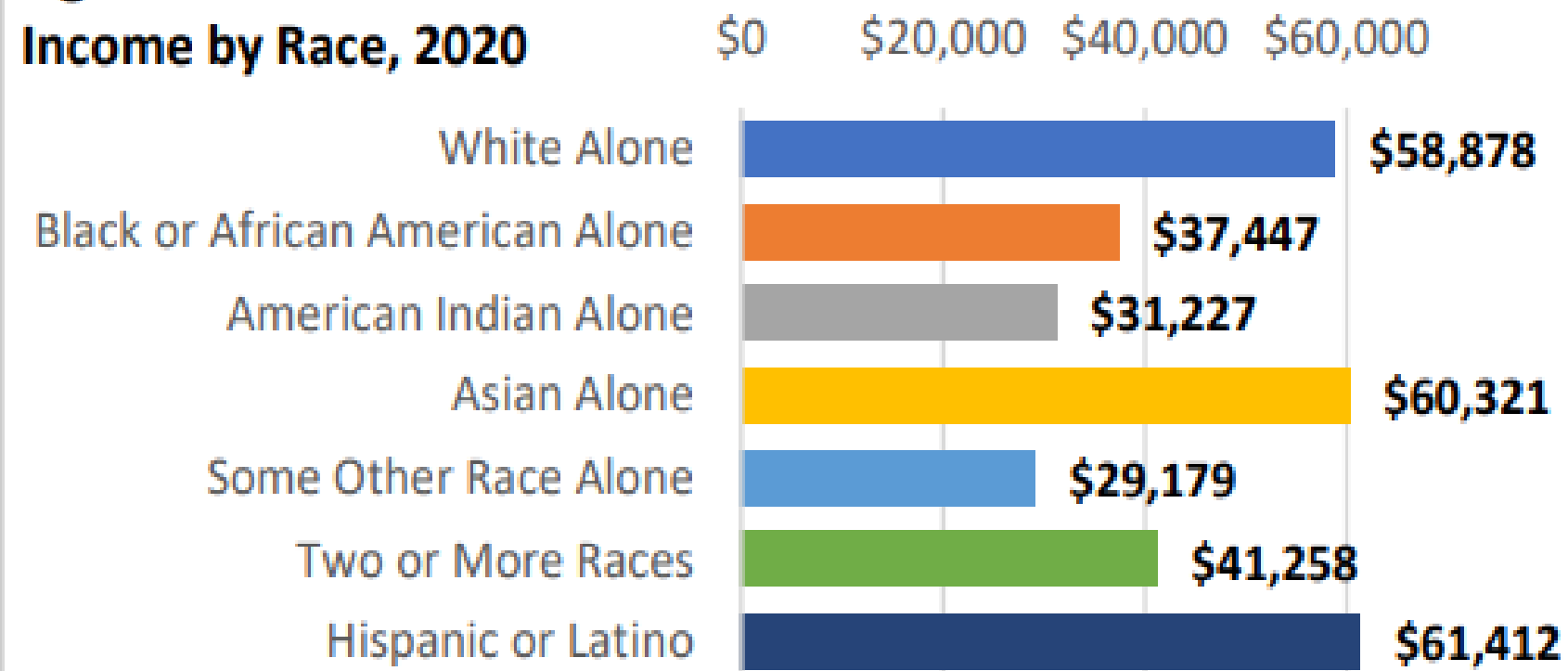
Source: 2016-2020 American Community Survey

<https://mn.gov/deed/data/regional-lmi/>

Wealth Gap – Northeast MN

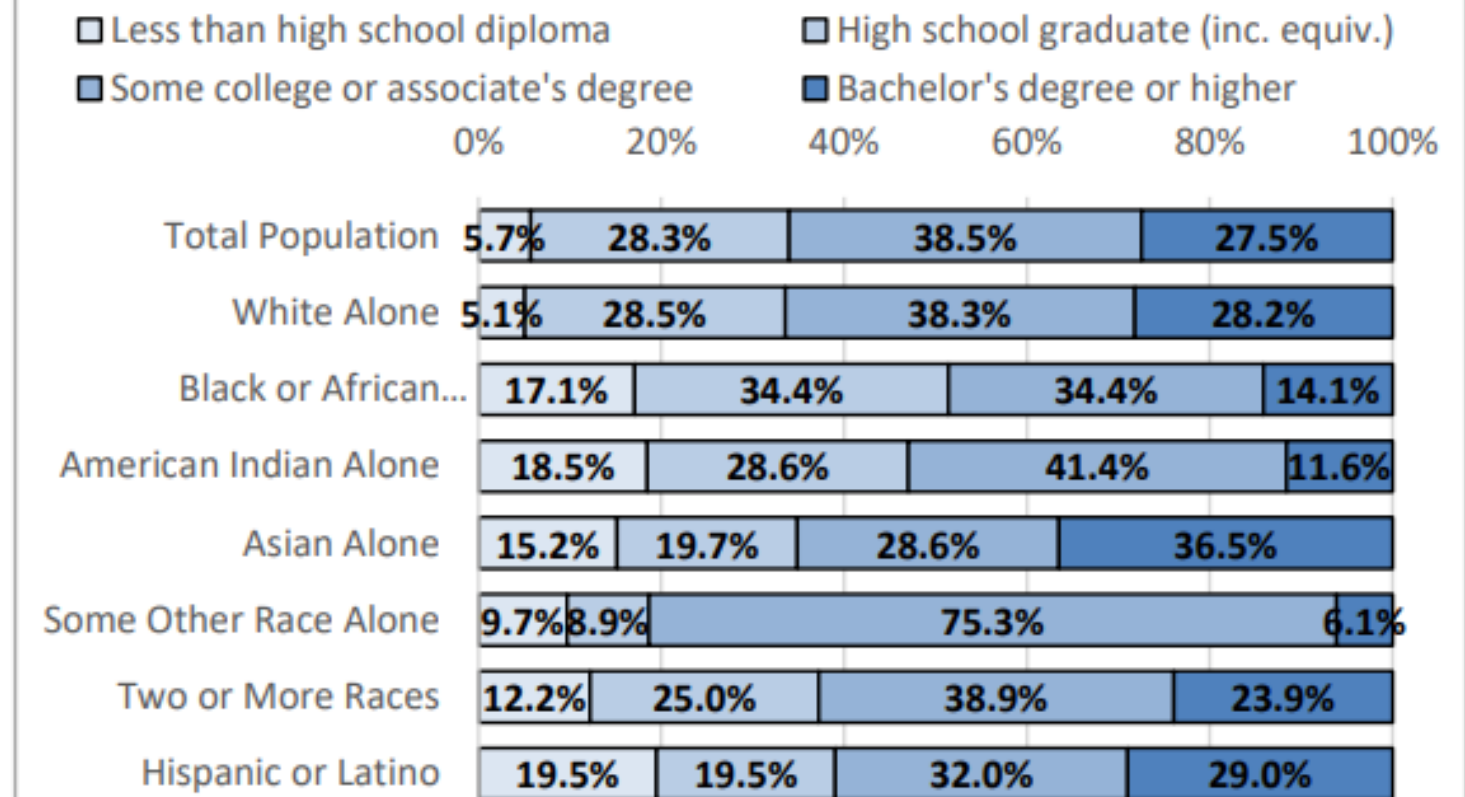


Figure 12. Northeast Minnesota Median Household Income by Race, 2020



Source: 2016-2020 American Community Survey, 5-Year Estimates

Figure 5. Educational Attainment for the 25 & over population by Race or Origin in Northeast Minnesota, 2020



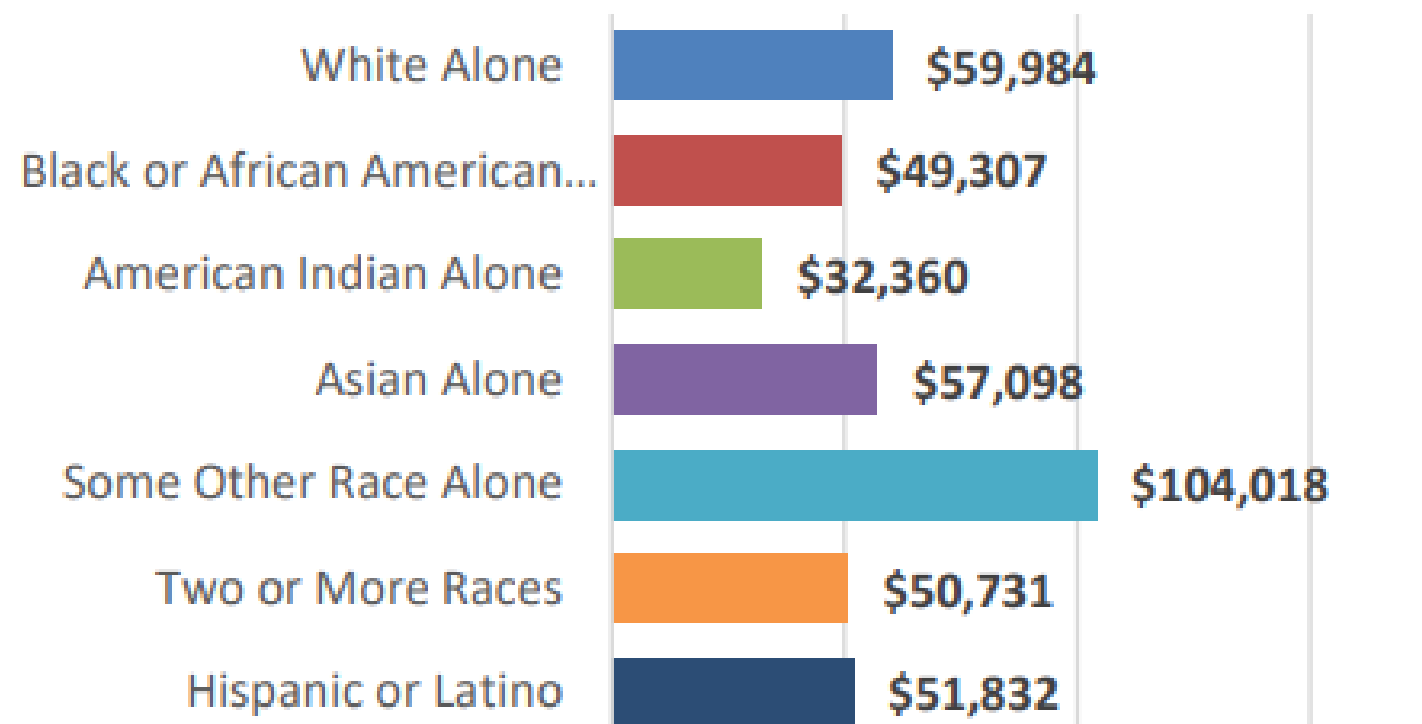
Source: 2016-2020 American Community Survey

<https://mn.gov/deed/data/regional-lmi/>

Wealth Gap – Northwest MN

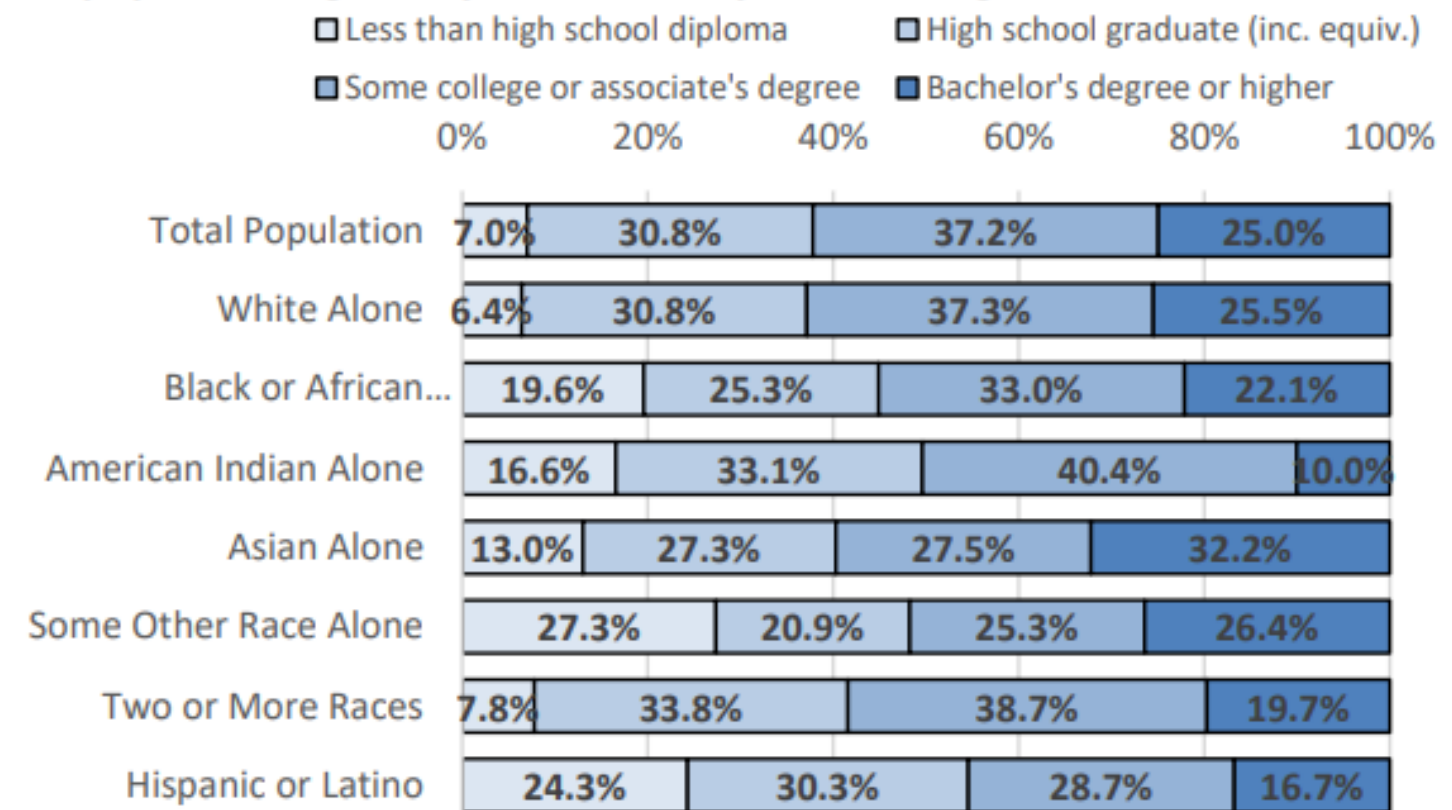


Figure 12. Northwest Minnesota Median Household Income by Race, 2020



Source: 2016-2020 American Community Survey

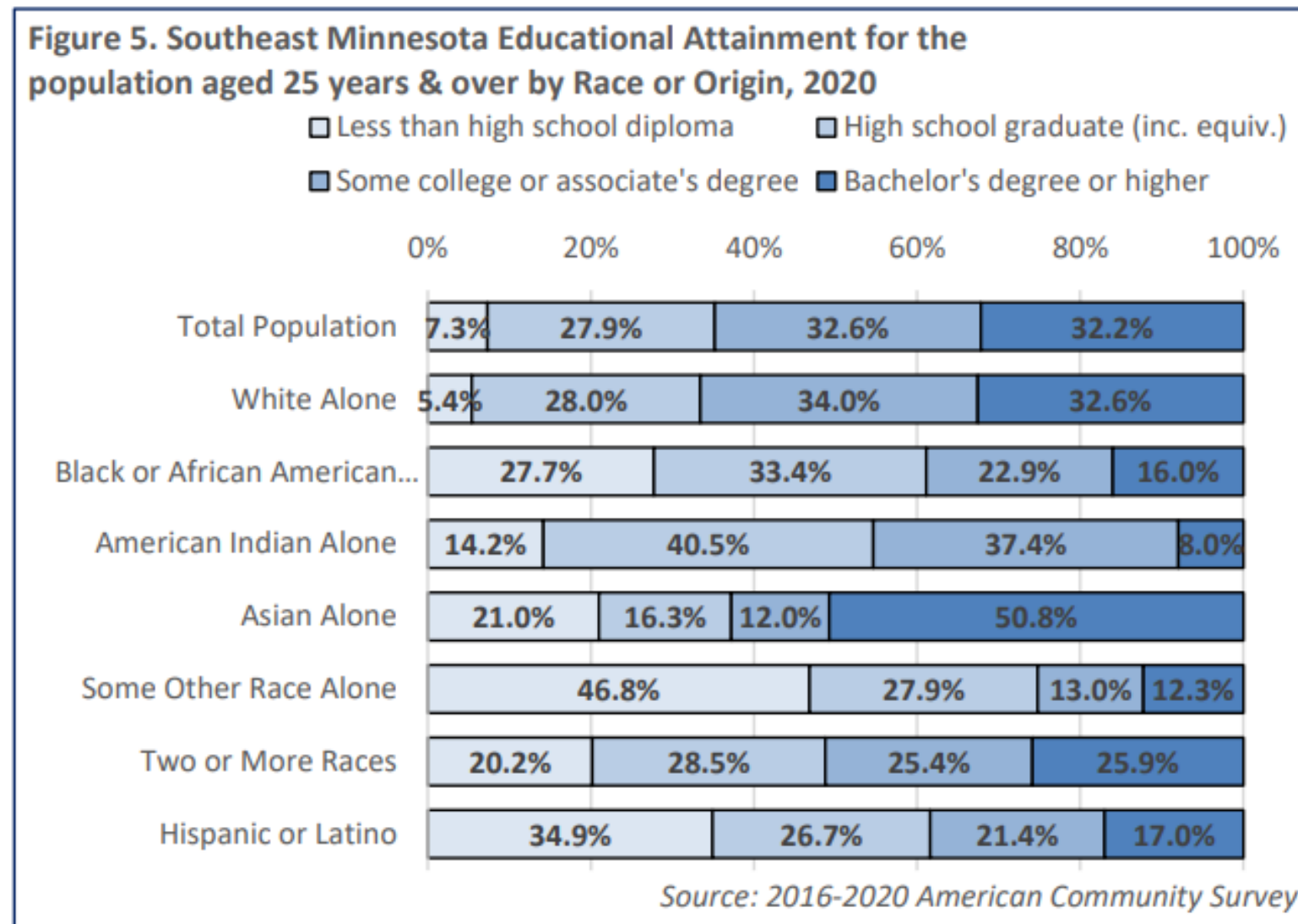
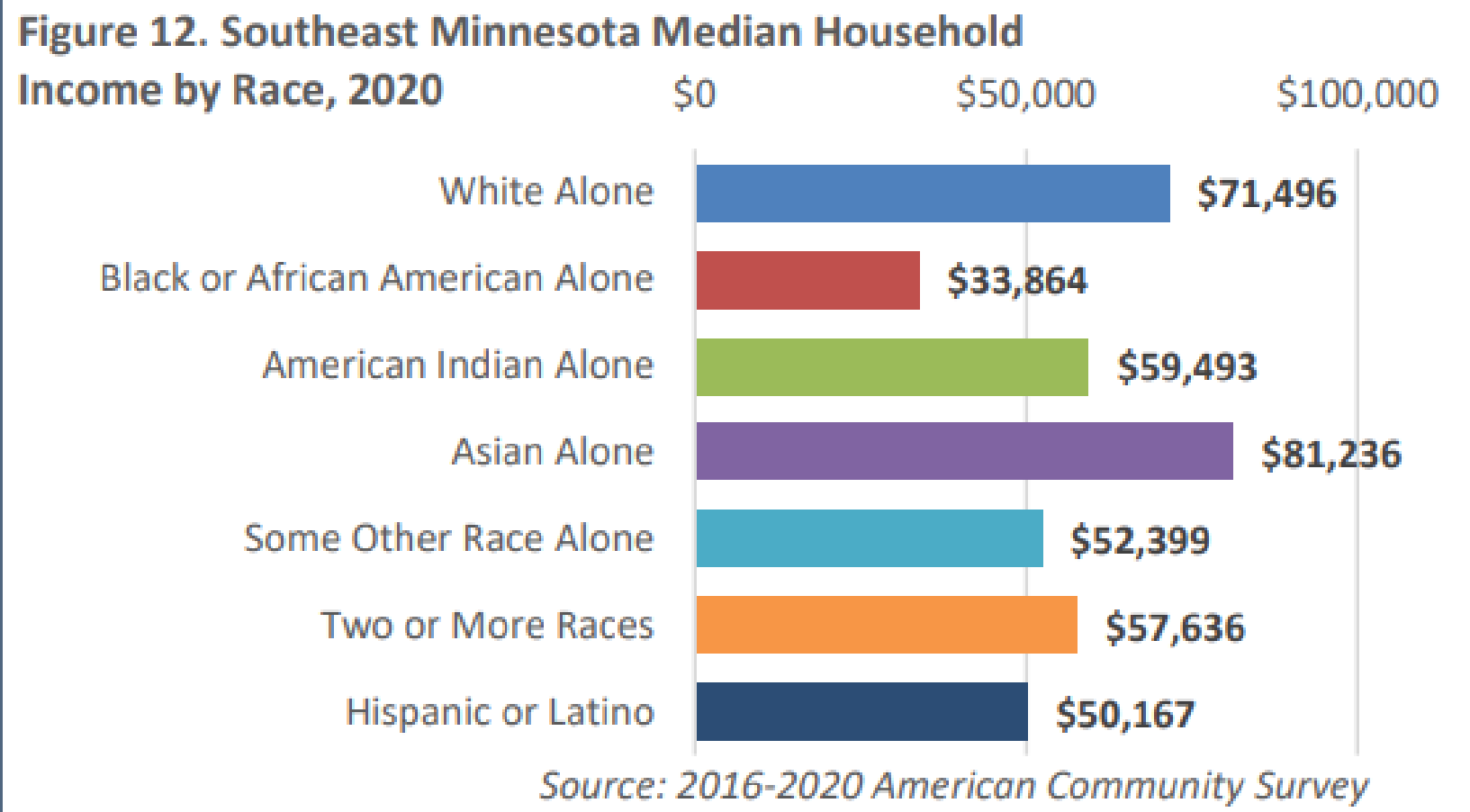
Figure 5. Northwest Minnesota Educational Attainment for the population aged 25 years & over by Race or Origin, 2020



Source: 2016-2020 American Community Survey

<https://mn.gov/deed/data/regional-lmi/>

Wealth Gap – Southeast MN



<https://mn.gov/deed/data/regional-lmi/>

Wealth Gap – Southwest MN



Figure 12. Southwest Minnesota Median Household Income by Race, 2020

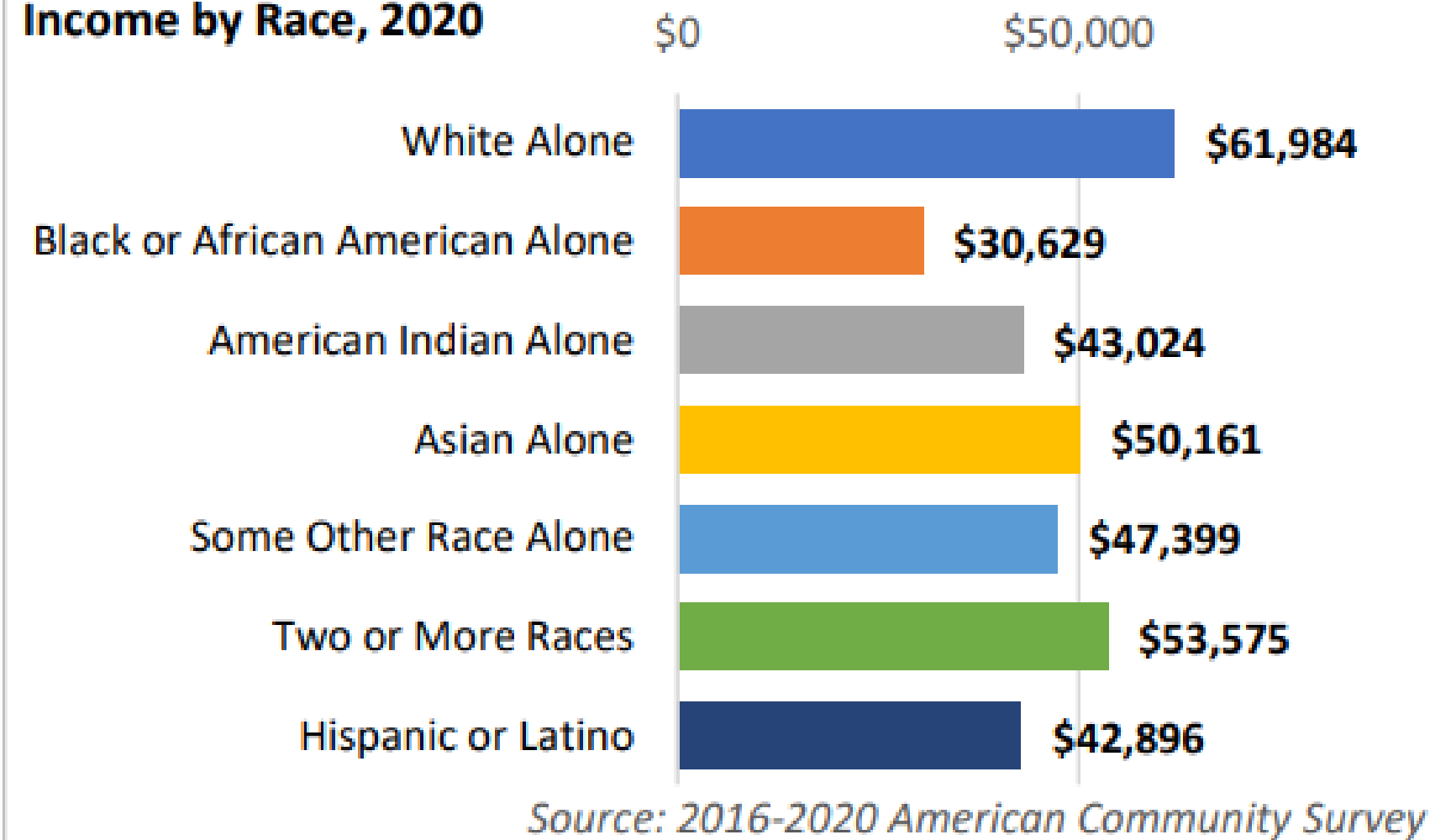
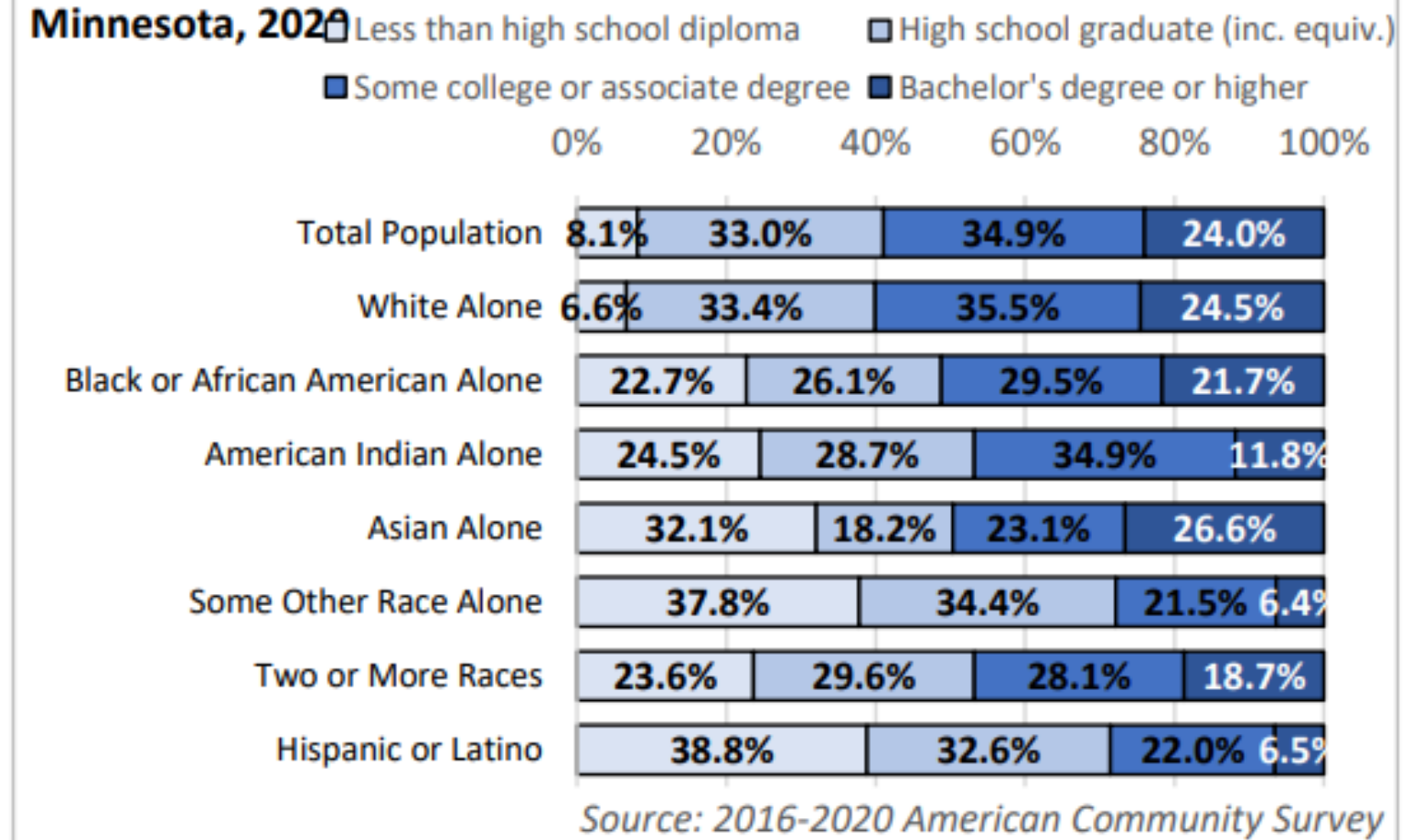


Figure 5. Educational Attainment for the population aged 25 years & over by Race or Origin in Southwest Minnesota, 2020



<https://mn.gov/deed/data/regional-lmi/>

Key Questions

Why is it important that it is addressed in the 2023 Legislative session?

Once in a lifetime opportunity to implement core elements of a long-term ALANA wealth building infrastructure with the large budget surplus. ALANA workers, businesses and communities contributed to the revenues of Minnesota.



Key Questions

How should this issue be addressed?

In 100 neighborhoods/communities across MN create a wealth building node.

The creation of four long term ALANA investment funds with a focus on:

Flexible Capital

Land Banks

Capacity Building

Community Co-working spaces



In 100 Communities/Neighborhoods a Wealth Building Infrastructure

IN AN ETHNIC NEIGHBORHOOD

Wealth Creation

CDC/CDFI



LEGAL, FINANCE, INSURANCE

BUSINESS INCUBATOR
JOB BOARD
B2B



LAND TRUST

FINANCIAL ASSET BUILDING



CO-OP/MIXED USE

COMMUNITY HEALTH CLINIC AND WELLNESS CENTER



EQUITY FUND
EMERGENCY SHELTER, FOOD, ENERGY

www.emergingstrategies.org



Resources from the Four ALANA Funds Can be Accessed through these community nodes

ALANA Leverage Funds (5-10 Years)

			
FLEXIBLE CAPITAL	LAND BANKS	MARKETS, PROFESSIONAL SERVICES, PRODUCT DEVELOPMENT	COMMUNITY INNOVATION HUBS
\$ 250 Million	\$ 500 Million	\$50 Million	\$25 Million
Alternative Finance, Micro Loans, Loan Guarantees, Equity, Loans, Predevelopment Financing	Community ownership models for business and housing development, cultural malls	Virtual Marketplaces, Cultural Destinations, Shared Professional Services networks, product development	Co-working spaces within community organizations for entrepreneurs with basic research and information tools. Pop up Markets, Community Markets



Principles

Leverage – private, other resources

Accessible - to all, both participants and providers

Outcomes – Performance driven

Culturally Intelligent – ALANA cultural differences

Flexible – able to adapt over time



Strategy

2023 – Allocate the funds. Appoint technical consultants to develop fund operation and participation details. Receive public input.

2024 – January. Adopt funds. Launch Funds

Adopt the funding decision this session. Adopt and launch Funds next session.



Key Questions

How much will it cost?

The estimates for each of the fund is based on some real facts (see last slide).

These four funds will cost \$ 825 million and will leverage private and foundation dollars to deliver a higher return on investment and increase in tax revenue to the state. DEED reports document the capacity of these investments to leverage private and foundation investments



ALANA Capital Fund - \$250 Million

Loans

Equity

Alternative Finance

Micro Loans

Loan Guarantees

Working Capital



ALANA Real Estate Fund - \$500 Million

Land Banks for cooperative ownership models for business and housing developments and farms.

Predevelopment financing - \$5 million



ALANA Capacity Fund - \$ 50 million

Cultural Destinations – Small grants up to \$5000 for businesses to infuse cultural art, events, music to create a destination

Product Development – Community colleges provide product development services

Virtual Network – Marketing of ALANA businesses linked to Explore Minnesota featuring products and services

Shared Services and Referral Networks – Accounting, Finance, Legal.

Technical Assistance Providers



ALANA Community Business Coworking Spaces \$ 25 million

100 small co-working spaces within community organizations that offer basic office space and facilities such as computers, printer, mailbox, databases, innovation tools, technical assistance.

Connected to the resources of the Four ALANA Funds and other resources



Key Questions

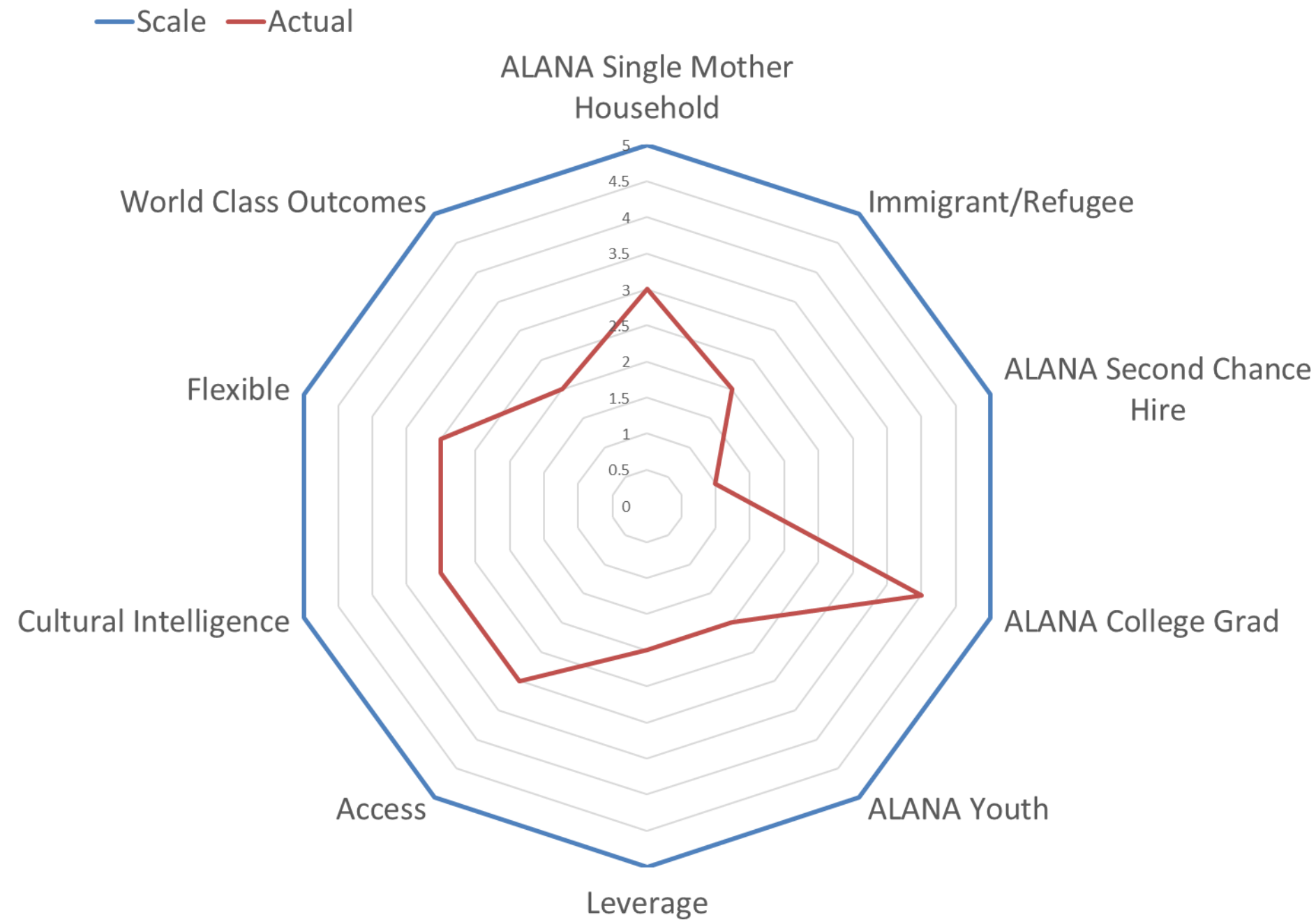
How will we assess outcomes?

Fund Advisory Boards will assess outcomes relative to the core fund principles: leverage, access, outcome goals, cultural intelligence and flexibility.



Key Questions

Evaluation Tool



Category	Scale	Actual
ALANA Single Mother Household	5	3
Immigrant/Refugee	5	2
ALANA Second Chance Hire	5	1
ALANA College Grad	5	4
ALANA Youth	5	2
Leverage	5	2
Access	5	3
Cultural Intelligence	5	3
Flexible	5	3
World Class Outcomes	5	2

References & Methodology

The Minnesota Solution: <https://empoweringstrategies.org/the-minnesota-solution-to-close-the-287-billion-racial-economic-gaps/>

ALANA Capital Fund – estimated from average loans from DEED, Lending Tree, SBA and estimated number of ALANA businesses with and without employees.

ALANA Land Fund – estimated from the Twin Cities Land Bank, sale price of office buildings, NAHB estimates of land costs

ALANA Capacity Fund – Cultural Destinations.org, locl.io annual costs.

ALANA Business Centers – estimates of basic infrastructure for a co working space from various sources.



Contact to Continue the Conversation

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