



ISSUES BRIEF 2010

ECONOMIC DEVELOPMENT

The Chicano Latino Affairs Council recommends that the Minnesota Governor, Legislators, and Senators:

At the Legislature:

- Enact and authorize a bill that will provide tax incentives to small businesses growth and job opportunities.
- Enact a bill that will create zero interest loan availability to stimulate small business growth.

Work in collaboration with DEED in the following areas:

Business Development:

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

Conduct a long-term study on the Latino business to assess current business strengths, assets, accomplishments and current demand for Latino products in order to create business opportunities in strategic sectors where demonstrated success has occurred.

Workforce Centers:

Hire bilingual liaisons (or available on call) at workforce centers that serve high-density Latino communities with high pockets of unemployment to secure education and training programs (i.e. how to post a resume on the job bank, etc.).

Encourage Latino organizations to partner with workforce centers in geographical areas where Latinos are most under-served or where the biggest pockets of unemployment exist.

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

Background:

The role of minority-owned business has been considered foundational for the next wave of economic development in the state. At the same time, Latinos are the fastest growing segment of the labor force. Nearly 21.6 million Latinos are at work in the country, representing 14.1% of the labor force. According to DEED, Latino youth will be an important component of tomorrow's workforce. Between 2000 and 2005, Latino students grew by almost 13,000 while the white population contracted by 43,000. It is estimated that between 2006 and 2016 the state will add news 291,000 jobs in addition to 650,000 replacement openings. This requires that for Minnesota to compete in a global economy, the state secures a highly trained workforce.

However, the economic downturn has hit both Latino workers and business dramatically, with an estimated 12% unemployment among Latinos and a decreasing loss of activity in the Latino business sector in the state. In addition, many studies have showed that Latinos are limited by a poor entrepreneurial base with poor preparation and sustainability structures, with the state still



lacking planning of effective Latino economic development in state and regional planning. There is also lack of data consolidation and consistent information regarding state allocations for Latino investment and workforce development, which limits targeted strategic programs in both workforce and business development.

Relevant Legislation:

Enacting a bill that allows tax incentives for small business and zero interest loans can be beneficial for new entrepreneurs that need assistance to start up a business. This will permit that small business continue thriving during this difficult economic transition, securing the creation of new jobs. Economic models provide some evidence about the economic impact of small businesses to the state. According to the report *Ethnic Capital and Minnesota's Future* (2008) by Dr. Bruce Corrie, the Legislative Auditor assessed a current economic development program and estimated that the cost per job created ranged between \$11,000 to \$30,000 dollars. Based on Corrie's economic model, if we value jobs created by Mexican American firms (without any government program targeting them) at the midpoint, say \$15,000 per job, we get an estimated \$46 million value to the State of Minnesota.

Such legislation would complement other initiatives already operating in the state. There is existing legislation that targets small business development in the state, (SBA 504 Loans, Minnesota's Urban Initiative Loan Program, Section 41A.036 through the Agricultural and Economic Development Board). The Department of Employment and Economic Development (DEED) is in charge, mainly, of developing strategies to promote business recruitment, expansion and retention, workforce development, and community development. In a recent article for the bilingual newspaper *Eventos* in October 2009, DEED's Commissioner Dan McElroy recognizes that the Latino population is an important audience for the agency, and is willing to cooperate with the community when planning programs, hiring DEED staff, translating agency print materials and procuring the services of interpreters for public meetings.

We can only imagine the significant benefits that will be yield from working in cooperation with DEED and other policy makers by exchanging information and coordinating efforts and programs that build capacity to support and create relevant businesses and workforce programs.