

# Minnesota underutilizing its 'immigrant capital,' report says

## Findings reinforce argument for substantive federal immigration reform

Immigrants play an important role throughout the entire fabric of Minnesota's economy. But the breadth of their contributions will not be fully realized without changes in public policy, says a new report issued by the Minnesota Business Immigration Coalition.

The report encourages policy-makers to view immigrants as human capital – providing the state not only with workers at all skill levels, but also innovation, buying power, new businesses and better access to global networks.

The coalition includes the Minnesota Chamber of Commerce, Minnesota Agri-Growth Council, Minnesota Nursery & Landscape Association, Minnesota Milk Producers Association, Midwest Food Processors Association, Hospitality Minnesota, Minnesota Restaurant Association and Minnesota Lodging Association. For a complete copy, go to <http://bit.ly/HEZJy1>.

The recommendations align with the Minnesota Chamber's mission to strengthen the state's business environment to improve the lives of all Minnesotans. Immigrants play a critical role in helping Minnesota companies stay competitive in the global economy.

## REPORT HIGHLIGHTS

### The demographics:

As of 2011, Minnesota had an immigrant population of 375,000 to 390,000, 20th largest and 17th fastest growing among states. Of these, 46% were U.S. citizens; 31-40% were authorized noncitizens; 14-23% were unauthorized.

As our population ages and baby boomers retire, immigrants are increasingly important to the workforce. They tend to be younger than native Minnesotans, and have a high labor-force participation rate: Immigrants comprise 7% of all Minnesotans, 9% of the workforce and 6% of business owners.

The minority and immigrant population is increasing in every region of Minnesota, often helping to keep small towns and urban communities vibrant, and rural schools open.

### Immigrants as consumers:

Minnesota immigrant households purchase groceries, vehicles, homes and other goods just like native households do, contributing to the economies of every city and town across the state. The state's immigrant households have an estimated buying power of more than \$5 billion on an annual basis.

Immigrants often move into depressed neighborhoods seeking affordable housing and as a result revitalize communities; those communities then attract more U.S.-born residents as well.

Immigrants accounted for 20% of Minnesota's growth in homeownership from 2000-2010, and are projected to create 17% of homeownership growth this decade.

## Immigrants as workers:

Immigrants comprise 37.2% of lower-skilled workers and 8.5% of college-educated workers in the state, while accounting for 7% of our population.

Foreign-born workers are more likely to be either highly educated or to have minimal formal education compared with native workers. They often complement the native workforce by filling roles that Minnesotans are unwilling or unqualified to fill.

34% of Minnesota's medical scientists are immigrants, as are 41.8% of our atmospheric and space scientists and 38.5% of our butchers, according to 2010 Census Bureau and American Community Survey data.

## Immigrants as taxpayers:

Immigrants pay an estimated \$793 million per year in state and local taxes in Minnesota.

45 counties generated more than \$1 million in tax payments from ethnic Latino and Asian populations; Hennepin County generated the most at \$300 million, according to a 2009 estimate.

## Immigrants as entrepreneurs:

An estimated 44,500 Minnesota businesses are immigrant-owned, based on national statistics. Immigrants are more likely to start a business than U.S.-born individuals.

More than 7% of immigrant-owned firms derive revenue from exports compared with 4.4% of nonimmigrant-owned firms. Among firms that export, immigrant-owned firms tend to export more than nonimmigrant-owned firms.

Immigrant-owned businesses often meet the distinctive needs of immigrant consumers for things like traditional foods, clothing and culturally or linguistically-appropriate services.

Immigrant-owned businesses introduce new products and services: for example, Hmong farmers produce 23 specialty crops including bitter melons and Chinese long beans, previously not included in the state's crop table.

## The message from Minnesota's business community to state and federal policy-makers:

1. **View immigrants as "capital."** Immigrants provide the state with a talented workforce, skills, culture, new businesses and global networks. Minnesota should leverage this capital in its economic development strategies.
2. **Take a long-term perspective.** Short-term analyses of the impact of immigrants are likely to understate the benefits. In the short run, immigrants may impose a cost. However, over two or more generations the evidence suggests a significant net benefit to Minnesota and the United States. For example, immigrant children may impose a cost on the state through the school system, but those children are future workers, taxpayers and consumers. A short-term analysis counts the costs, but not the future contributions.
3. **Pass comprehensive immigration reform.** Federal legislation must do two things: Create a system of work visas that changes with domestic economic conditions, and resolve the status of individuals currently in this country without authorization. The overriding goal should be to enhance national and local efforts to sustain a competitive economy.

This report, "The Economic Contributions of Immigrants in Minnesota," was undertaken with financial support from the Northwest Area Foundation. It was researched and written by Bruce P. Corrie, professor of economics at Concordia University in St. Paul, and Sarah Radosevich, policy research analyst for the Minnesota Chamber.

For more information on the Minnesota Chamber's immigration reform efforts and how they link to strengthening Minnesota's economy, contact Bill Blazar, senior vice president of public affairs and business development, at [bblazar@mnchamber.com](mailto:bblazar@mnchamber.com). Visit the Minnesota Chamber at [www.mnchamber.com](http://www.mnchamber.com).