



# Response to Governor Walz's Council on Minnesota's Economic Expansion

(St. Paul, September 14, 2021) Minnesota Governor Walz's creation of a Council on Economic Expansion and his commitment to take bold action with people at the center is an important step forward in our state's continued path toward reconciling decades of wealth extraction, economic exclusion, and racism, and the economic harm caused to our state when this persists.

We commend Governor Walz for the proactive commitment to partner with business leaders and trusted community advisors in his efforts to invest the \$2.577 billion in American Recovery Plan Act (ARP) dollars entrusted to Minnesota's elected policy makers. President Biden has led investment and a call for action like no other. **This moment of reckoning calls for catalytic and transformational investments to address the devastating impacts of the dual pandemics of COVID-19 and racism on our economy, and to pursue every opportunity to close racial wealth gaps for Black, Indigenous, Latinx, and Asian workers and families.**

Over the last six months, the Center for Economic Inclusion has convened over 300 Minnesotans, representing each sector and spectrum of diversity, in roundtable discussions to inform our research and advocacy for racially responsive and relevant local, regional, and state government investments of ARP funds. Minnesotans committed to racially inclusive and equitable growth agree: the time is now for policy makers to make bold investments in not only addressing the urgent needs of Minnesotans and our infrastructure, but also in dismantling the systemic racism within our systems that has allowed racism and economic exclusion to flourish at nation-leading rates for decades.

This has been the most racially unequal economic downturn the United States has ever experienced. **Disproportionate impacts deserve proportionate solutions and investments.** Pandemic-related layoffs have disproportionately affected women, Indigenous, and Black Minnesotans, and the differences in industry and occupation explain only a fraction of these job losses. According to MN Compass, more than 8 in 10 Black employees and more than 7 in 10 American Indian employees have filed unemployment claims in Minnesota during the COVID-19 pandemic, compared to about 4 in 10 non-Hispanic white employees.

Further, a University of Minnesota study showed **that women of color are over-represented in high-risk, low-paying jobs and have born the greatest weight of the disparate impacts of the dual pandemics.** The State of Minnesota cannot afford not to make investments in solutions created by and for Black, Indigenous, Latinx, and Asian people, investments that are shown to produce returns for the entire economy.

- Black, Indigenous, Latinx, and Asian individuals **comprise 23% of the Metro areas labor force, yet constituted 36.6% of UI claims** as of September 2020.
- Black-white wage gap continues to grow, with a **more than 20% increase between 2000 and 2020.**
- **41% of Black-owned businesses—some 440,000 enterprises—have been shut down by COVID-19,** compared to just 17% of white-owned businesses nationally.
- Four industries most impacted by job contraction and business closures: Accommodation and Food Services, Retail Trade, Health Care and Social Assistance, and Other Services.

**Consider this:** Had the Black wage, education, housing, and investing gaps been closed 20 years ago, it would have **added nearly \$16 trillion to the economy,** according to Citi. Action today could **add \$5 trillion to the GDP by 2026.** Actions in solidarity with Black people and Black-led organizations that directly assess intent and impact and center racial equity will ensure that Minnesota lives up to our values and ideals and ultimately, closes these persistent gaps.

Unlike resources from its CARES Act predecessor, the ARP offers state and local governments **flexibility and a horizon** for investing dollars, ingredients that are critical for transformation. COVID-19's devastating economic impacts on Black and Brown workers and business owners have only compounded a long history of systemic racism and wealth extraction. Now is our time to be on the right side of history, but it will require immediate and sustained investment with racial equity in the center. Investments that close long-standing wage gaps and stimulate business growth in Black, Indigenous, Latinx, and Asian communities will pay dividends for all Minnesotans.

Race-neutral policies and investments will not stimulate economic recovery. **Investments must be bold, intentional and specifically focused on strategies to dismantle systemic racism and simultaneously meet the needs of communities who have been left to shoulder the weight of that racism.** Minnesota's economic growth and competitiveness will rely upon the willingness of policy makers to invest in policies, solutions, and strategies that are unique to each racial, ethnic, and geographic population and community with responsive investments in organizations and businesses led by Black, Indigenous, Latinx, and Asian people. Comparable business investments and actions can propel our state forward, and this **Council has both the power and the responsibility to champion solutions that will stimulate economic growth and prosperity of all communities.**

To aid in identifying, assessing, and selecting racially responsive and relevant investments, the Center advocates for investments to:

- **Incentivize and nurture the growth of higher-quality businesses and industries, particularly those led by Black, Indigenous, Latinx, and Asian people.** Invest directly in efforts led by our communities to stimulate businesses in high-growth sectors that can be leveraged by the corporate procurement commitments made by businesses headquartered here in Minnesota.
- **Aim to stabilize and strengthen not only neighborhood small businesses, but also tech ecosystems that support Black and Brown entrepreneurs.**
- **Support reskilling, along with career navigation and placement services,** to facilitate a racially diverse talent base with access to family-sustaining wages and benefits.
- **Prevent displacement and increase Black ownership business, property and housing ownership.**
- **Incorporate Racial Equity Impact Note framework in partnership with the Center for Economic Inclusion and Voices for Racial Justice** to assess and select investments prioritizing those that will narrow racial employment, income, and wealth gaps and contribute to economic growth.

The Center for Economic Inclusion is committed to partnering with Governor Walz, Council Co-Chairs Paul Williams and Jeff Ettinger, and Council members, in partnership with the House and the Senate, to not only pursue inclusive recovery, but also identify and implement racially responsive and effective policies and approaches that are responsive to the economic opportunity before us. This must include developing and utilizing a tool and inclusive process for evaluating the racial responsiveness of fiscal proposals to accelerate racial equity and shared prosperity and economic growth for all Minnesotans.

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**About the Center for Economic Inclusion:** The Center for Economic Inclusion is committed to equipping public- and private-sector employers and policy makers to build racially inclusive and equitable workplaces to close racial employment, income, and wealth gaps and build racially inclusive and equitable regional economies. More at [CenterforEconomicInclusion.org](http://CenterforEconomicInclusion.org).