



Policy brief on the Economic Contributions of Asian Pacific Minnesotans

Prepared by the Council on Asian Pacific Minnesotans, released on 3/12/2012

“Business is the foundation of our economy.” –Jerry Vang, business owner

Overview

As the Asian Pacific community continues to play a major role in diversifying Minnesota, a major focus lies on their economic potential. The Asian Pacific community contributes to the state’s economic growth and prosperity through paying taxes, filling job vacancies, engaging in entrepreneurial activities and neighborhood revitalization, and consuming goods and services.

Statistics on Asian-Owned Firms

A powerful source in the growth of Minnesota’s economy lies among minority-owned business. The growing number of Asian-owned firms in Minnesota translates to a higher percentage of revenue, higher number of paid employees, and consumer buying power to the state. Allowing Asian-owned firms to grow and introduce new markets to our state will benefit Minnesota tremendously and will help open doors to international trade, which is vitally important in an age of globalization.

Allowing Asian firms in Minnesota to grow generates the opportunity to create business leaders within the Asian community as well as economic capital.

Table 1. Characteristics of Businesses in Minnesota, 2007

	All Firms		Firms With Paid Employees			
	Total Number of Firms	Total Sales of Firms*	Number of Firms	Sales of Firms*	Number of Paid Employees	Annual Payroll*
All Firms	496,957	602,152,377	116,289	586,790,240	2,397,186	101,180,740
Minority-Owned Firms	31,115	5,868,884	4,381	5,193,959	39,476	1,112,900
Black or African-American-Owned Firms	12,454	917,611	617	681,198	10,478	258,122
American Indian-Owned Firms	2,891	548,935	381	487,782	4,768	176,182
Asian-Owned Firms	11,407	2,455,127	2,633	2,185,678	17,670	450,365
Hispanic-Owned Firms	5,012	1,845,911	748	1,726,930	6,444	218,510

*Note: Sales and payroll figures are in thousands.

Source: U.S. Census Bureau, Survey of Business Owners, 2007.¹

In 2007, an estimated 11,407 Asian owned firms in Minnesota earned over \$2.4 billion in sales revenue; more than two-fifths of the total sales revenue of all minority firms in the state. According to the report conducted by MN2020, “other Asian owned firms” totaled 3,271 with \$507 million in 2007 revenue.² It is estimated that Hmong make up a significant portion of “other Asian owned firms.” Hmong businesses in Minnesota previously generated an estimated \$100 million revenue in 2004.³

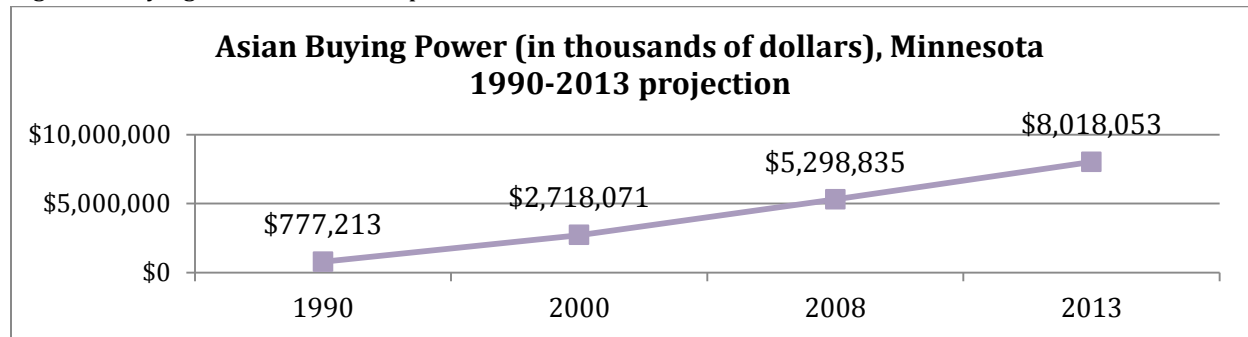
It should be noted that these data was reported before the recession of 2007-2009. When released, the 2012 Survey of Business Ownership will help identify any long-term effects of the recession on minority business owners in Minnesota.

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Buying Power of Asian population in Minnesota

Buying power is defined as disposable income that is available for spending after taxes. The 2010 buying power of Minnesota's Asians totaled \$5.9 billion—an increase of 662.1% since 1990.⁴ Furthermore, this buying power is projected to increase to over \$8 billion in 2013, according to the Selig Center for Economic Growth at the University of Georgia.⁵ As seen in Figure 2, the buying power of the Asian population in Minnesota has grown significantly since 1990 and is expected to continue growing at a fast pace.

Figure 2. Buying Power of Asian Populations in Minnesota, 1990-2013



Source: Selig Center for Economic Growth at the University of Georgia.

Conclusion and Recommendations

With the growing buying power of the Asian population in mind, consumer spending can help accelerate the economic recovery of the state but only if individuals feel secure in their future; free from worries about their health, pathways to higher education and a career, and stable housing. Likewise, small and mid-size business owners are contributing significantly to the state's economy through generating revenue, taxes, and jobs. However, some new residents and prospective entrepreneurs have difficulty learning about and accessing federal and state programs that could help with everything from startup and business loans to complying with regulation. Language barriers can also prevent or delay new businesses.

Policy makers should view the Asian Pacific community as an asset that contributes significantly to the state's economic growth and prosperity through paying taxes, creating jobs, consuming goods and services, etc. We urge policy makers to make investment to our state by enacting policies that:

- Invest in the community's health, education, housing, and financial stability.
- Connect prospective business owners with the needed information, support, and capital.

¹ DEED. "Minding Their Own Businesses."

http://www.positivelyminnesota.com/Data_Publications/Publications/LMI/PDFs/MN_Economic_Trends/March_2011/Businesses_Marc_h2011.pdf

² MN2020. "Made in Minnesota 2011." http://www.mn2020.org/assets/uploads/article/Fertile_Ground_web.pdf

³ Minneapolis Foundation. "Immigration in Minnesota Discovering Common Ground."

<http://www.minneapolisfoundation.org/uploads/CuteEditor/Publications/Community/ImmigrationBrochure.pdf>

⁴ Immigration Policy Center. "New Americans in Minnesota." <http://www.immigrationpolicy.org/just-facts/new-americans-minnesota>

⁵ Selig Center for Economic Growth. "The Multicultural Economy." http://www.terry.uga.edu/selig/buying_power.html