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# The Economic Contributions of Immigrants in Minnesota

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### Paul Daniels

Paul is a graduate student at the University of Minnesota – Twin Cities. He is pursuing a Masters in Urban and Regional Planning focused on Economic and Workforce Development. Prior to moving to Minnesota, Paul earned a Bachelor's of Economics from the University of Wisconsin – Madison. Paul conducted the research, analysis and writing of this report.



### Laura Bordelon

Laura is the Senior Vice President of Advocacy at the Minnesota Chamber of Commerce, a position she has held since November, 2011. In this role, she leads the organization's public policy, grassroots, communications and political engagement strategies. Laura wrote and edited this report.



### Bill Blazar

Bill spent nearly 27 years at the Minnesota Chamber of Commerce, retiring in September 2018 as Senior Vice President of Public Affairs and Business Development. In that capacity, he directed the Minnesota Chamber Foundation, the Chamber's work on immigration reform and its economic development program, Grow Minnesota!. Bill served as consultant and editor for this report.





75F, Bloomington

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## Executive summary

The success of Minnesota’s economy, both now and in the future, is intrinsically linked to Minnesota’s immigrant communities. As innovators, business owners, workers, taxpayers, consumers, neighbors and connectors to other countries and cultures around the world, immigrants provide considerable benefits to our economy and our state. This report analyzes immigrants’ contributions to Minnesota through many lenses, with a specific focus on entrepreneurship, impact on regional economies and contributions to key state industries.

Immigrants complement native-born workers well and play essential roles throughout the economy. Recent immigrants enter the state with high levels of poverty, initially requiring greater levels of government assistance. But over time they join the workforce and gain economic footing and success.

Major findings of this report demonstrate the following:

- Minnesota needs immigrants. Absent their arrival, our overall population would have declined beginning in 2001, with Minnesota residents moving to other states.
- Immigrants link Minnesota to the world economy and make valuable and meaningful contributions to our state as employees, entrepreneurs, consumers and taxpayers.

- Immigrant entrepreneurship in Minnesota lags behind the rest of the nation. In a “homegrown” economy, entrepreneurship is a key source of new businesses. Building systems that support immigrant entrepreneurs is important to our current and long-term economic success.
- The nature of our immigrant population varies by region. The immigrant population in the Twin Cities region is vastly different than the rest of the state, both in number and percentage. The Central region has experienced faster immigrant population growth over the past 10 years than other parts of the state. Additionally, immigrant populations “cluster” in communities.
- Many of Minnesota’s most important industries have a strong immigrant presence. Without immigrant workers, key industries such as agriculture, health care and food manufacturing could not be as successful in the state.
- Over time, immigrants are upwardly mobile on multiple fronts including improved poverty, unemployment and homeownership rates. While there are costs for supporting foreign-born populations when they first arrive, these costs diminish as subsequent generations assimilate and gain economic success. ■

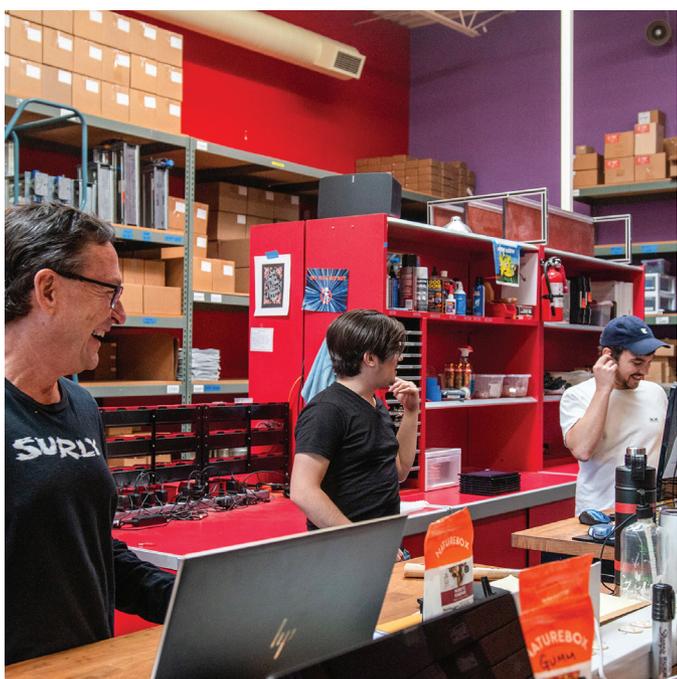


Deepinder Singh, CEO, 75F

# Introduction

Immigration reform is at the forefront of national policy. The federal government has been deeply divided on the issue, reflecting the sentiment of many Americans. However, a recent poll shows that for the first time, a shift is taking place with more Americans saying they would like to see U.S. immigration increase rather than decrease.<sup>1</sup>

The Minnesota Chamber of Commerce has supported comprehensive federal reform for years in order to facilitate the development of the state’s economy. The Chamber created the Minnesota Business Immigration Coalition to help tackle this critical issue. The Chamber has also sponsored or co-sponsored a series of reports over the last decade, researching the economic contributions of immigrants in Minnesota. This report will be the latest iteration of the Chamber’s research on this topic.



Employees at 75F creating products that improve building operational and energy efficiency.

Previous reports included:

- Immigrants and Minnesota’s Workforce, University of Minnesota Economic Development (2017)
- Focus on New Immigrants in Minnesota, Immigrant Law Center of Minnesota (2016)
- Immigrant Contributions to Minnesota’s Economy, Minnesota Business Immigration Coalition (2013)
- The Economic Contributions of Immigrants in Minnesota, Minnesota Chamber of Commerce (2013)
- The Economic Impact of Immigrants in Minnesota, Minnesota Business Immigration Coalition (2009)

This report begins by presenting immigrant demographics in Minnesota. It then analyzes the economic contributions of immigrants as part of a successfully functioning economy. Specific attention is paid to immigrants’ roles as entrepreneurs, their impacts to regional economies and their role in some of the state’s key industries. Finally, this report analyzes the costs and contributions of immigrants over time.

The COVID-19 pandemic caused a devastating disruption to the global economy. Unemployment has swelled to record highs, businesses have been forced to close and global supply chains have been pushed to their breaking point. It is difficult to know how the economy will respond in the long term and the extent to which the virus has impacted Minnesota. For that reason, this report will focus on Minnesota’s economy pre-pandemic and not address specific effects of the global pandemic.

## Definitions

For the purposes of this report, the terms “immigrant” and “foreign-born” are used interchangeably. These terms refer to a person who does not have U.S. citizenship at birth and encompasses naturalized U.S. citizens, lawful permanent residents, temporary migrants, refugees, asylees and unauthorized immigrants.

The term “native-born” refers to a person who was born in the United States, Puerto Rico or a U.S. Island Area.

The term “refugee” refers to a person forced to leave their country in order to escape war, persecution or natural disaster.

Rather than using the terms “illegal” or “undocumented,” this report will use the term “unauthorized immigrants” to refer to foreign-born non-citizens who are not legal residents.

“Naturalized citizens” are lawful permanent residents who are not native-born but have been granted U.S. citizenship. ■



## The Economic Contributions of Immigrants in Minnesota



## Demographic analysis

- As Minnesota's population ages, international migration is a key to future population growth.
- Minnesota's net international migration has been positive over the past two decades and has offset the loss of Minnesota residents leaving for other states.
- A higher percentage of the foreign-born population than the native-born population is of working age (18-64).

Minnesota's demographics are shifting and the population is quickly aging.<sup>2</sup> According to the State Demographer, deaths will outnumber births by the early 2040s.<sup>3</sup> For Minnesota to experience meaningful population growth in the future, it will need to come from migration to the state. Thankfully, a growing number of

immigrants call Minnesota home. While domestic net migration was mostly negative from 2002 to 2019, net international migration remained steadfastly high.<sup>4,5</sup>

Immigrants arriving in Minnesota are younger on average than native-born Minnesotans, and play an oversized role in the

labor force. 81% of the foreign-born population is of working age (18-64) while only 60% of the native-born population belongs to this age group.<sup>6</sup> Figure 1 illustrates the high percentage of the foreign-born population that is working age while the native-born population is more evenly spread out across the age spectrum. According to the Minnesota Department of Employment and Economic Development

(DEED), the number of immigrants in the labor force increased by 40% from 2006-2016.<sup>7</sup> Nationally, immigrants become entrepreneurs at higher rates than the native-born population; however, this trend does not hold true in Minnesota.

Minnesota’s immigrant population totals 472,849 individuals representing 8.5% of the state’s total population,<sup>8</sup> meaning one in 12 Minnesotans is foreign-born. Figure 2 shows that this number increased in the last 30 years from 2.6% in 1990.<sup>9</sup> During that same time period, the immigrant population in the Twin Cities metro area grew from 3.8% to 10.5%.<sup>10</sup> Compared to national immigration trends, the growth in immigrant population here is outpacing the growth in other states and nationally. Between 1990 and 2018, the state’s immigrant population grew by over 300%, while the national immigrant population grew by 126%. The total number of unauthorized immigrants in Minnesota is not precisely known, but it is estimated to be around 95,000, which represents 20% of the foreign-born population and 2% of the total state population.<sup>11</sup>

Analyzing the place of birth for Minnesota’s foreign-born population shows the diverse backgrounds of this group. Asia is

**Figure 1 - Age by Nativity - Minnesota - 2019**

Source: U.S. Census Bureau



the place of birth for 38% of Minnesota’s foreign-born population, followed by Africa at 26% and Latin America at 24%.<sup>12</sup> The top four countries of birth among the foreign-born population in Minnesota are Mexico, Somalia, India and Laos (table 1).<sup>13</sup>

It is important to differentiate between immigrants and refugees in this analysis. Refugees—as opposed to immigrants—flee their home country and are resettled with little, if any, choice in where they initially live. After the initial resettlement period, refugees have the ability to move, and a majority of them choose to move to Minnesota. Minnesota has a larger share of secondary refugee migration than all other states combined.<sup>14</sup> In part, this is a result of a robust support system including access to good schools, quality health screening and care, and employment assistance.<sup>15</sup> Another draw for refugees are existing communities of immigrants and refugees already here. For a ranking of Minnesota cities by foreign-born populations, see Appendix Table A4. The Somali population in Minnesota is the largest in the United States and the Hmong population is the second largest. The Minnesota Department of Health (MDH), which tracks refugee arrivals, reported that from 1979-2018, 109,605 refugees settled here,<sup>16</sup> roughly 30% of the state’s foreign-born arrivals during this time period. Refugees per capita are higher in Minnesota than in any other state.<sup>17</sup> Unsurprisingly, most primary refugee arrivals resettle in Hennepin and Ramsey counties which have the second and third highest foreign-born populations of all the counties in the state.<sup>18</sup>

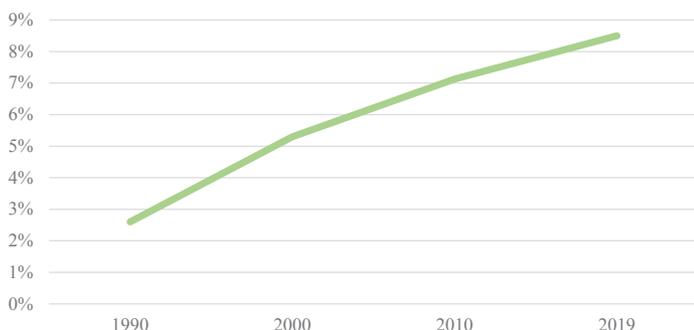
**Table 1 - Top Four Countries of Birth of the Foreign-born Population - Minnesota - 2019**

Mexico	62,597
Somalia	36,495
India	32,135
Laos	24,211

Source: U.S. Census Bureau (2019). ACS 5-Year Estimates.

**Figure 2 - Percent Foreign-born - Minnesota**

Source: U.S. Census Bureau





## The Economic Contributions of Immigrants in Minnesota

PaJai Fruit Arrangements and Bakery in St. Paul



## Economic contributions

- Immigrants' spending power is over \$12.4 billion annually, while households paid \$4.5 billion in taxes in 2019.
- Immigrants in Minnesota have higher rates of labor force participation than the native-born population.
- Minnesota's workforce is increasingly made up of foreign-born workers. Educational attainment among immigrants is concentrated on the far ends of the spectrum, while educational attainment among the native-born population is concentrated in the middle, allowing immigrants to complement the native-born workforce well.
- Immigrants are an important link to the world economy.

There are a number of ways to analyze the economic and multidimensional contributions of immigrants to the development of Minnesota's economy. In this analysis, immigrants' impacts

are measured by their role in the economy as consumers, sources of human capital, taxpayers, entrepreneurs and by facilitating connections to global markets.<sup>19</sup>

**Table 2 - Homeownership Rates - Minnesota - 2019**

	Native	Foreign-born	Foreign-born (entered before to 2000)
Homeownership rate (%)	73.9	47.1	64.3

Source: U.S. Census Bureau (2019). ACS 5-Year Estimates

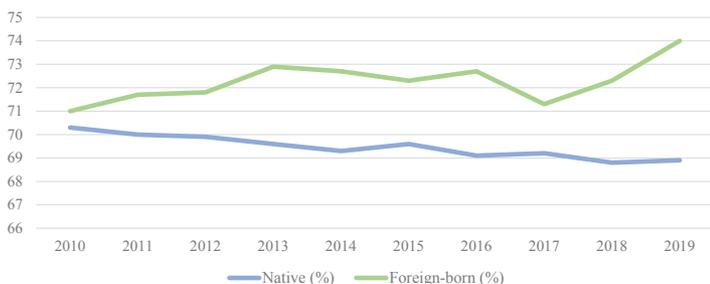
**Table 3 - Labor Force by Nativity - Minnesota**

	2010	2019
Native (%)	91.8	89.6
Foreign-born (%)	8.3	10.4

Source: U.S. Census Bureau, 1-Year Estimates

**Figure 3 - Labor Force Participation Rates by Nativity - Minnesota**

Source: U.S. Census Bureau



## Consumers

As consumers, immigrants play an important role in the economy through the purchase of goods and services. Immigrants wield \$12.4 billion in spending power in Minnesota.<sup>20</sup> This number is more than double than in 2013, when their spending power was estimated around \$5 billion.<sup>21</sup> This after-tax income is used to support existing businesses throughout communities and the creation of new businesses that meet immigrant consumers' needs, tastes and preferences.

Spending power also stimulates local housing and rental markets. Homeownership represents the purchase of most Minnesotans' single largest asset. Owning a home helps contribute to wealth accumulation over time. Recent immigrants, however, are more likely to be rent-burdened and will spend a higher proportion of their income on goods and services instead of purchasing a home. This is not a permanent feature though: the longer an immigrant

household is in the U.S., the more likely they are to own a home and start accumulating wealth (table 2). The foreign-born population does not purchase homes at the same rates as the native-born population until many years after arriving in the U.S.<sup>22</sup> Buying a home is a tremendous step forward for any citizen and represents putting down roots in a community. This is no different for the foreign-born population.

## Human capital

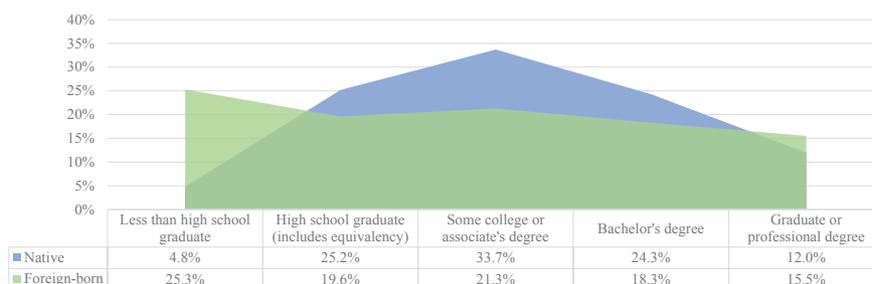
A healthy supply of labor is essential to keeping Minnesota's economy running smoothly. "Tight labor markets and a growing scarcity of workers" are now recognized as two barriers to growth in Minnesota's economy.<sup>23</sup> Immigrants play a large role in addressing these human capital needs. Since the 1980s, the foreign-born percentage of Minnesota's workforce has grown from 2% to over 10%.<sup>24</sup> The current total number of immigrants in the workforce is 315,308.<sup>25</sup> Nationally, there are 28.4 million foreign-born workers in the labor force representing 17% of the total.<sup>26</sup> In Minnesota, the foreign-born percentage of the labor force is 10.4% (table 3). Additionally, labor force participation rates among immigrants are higher than among native-born workers, a trend that has grown over the last decade (figure 3). Shrinking labor force participation rates among the native-born Minnesota population creates challenges to Minnesota's economic growth and expansion. Nationally, labor force participation rates are trending up for both foreign- and native-born workers.

Figure 4 shows that foreign-born workers tend to fall on the far ends of the educational attainment spectrum. Higher

A healthy supply of labor is essential to keeping Minnesota's economy running smoothly.

**Figure 4 - Educational Attainment by Nativity - Minnesota - 2019**

Source: U.S. Census Bureau





# The Economic Contributions of Immigrants in Minnesota

**Table 4 - Occupation by Nativity - Minnesota - 2019**

Occupation	Native (%)	Foreign-born (%)
Management, business, science, and arts occupations	41.9	35.7
Service occupations	15.4	22.8
Sales and office occupations	21.6	14.2
Natural resources, construction, and maintenance occupations	8.2	6.5
Production, transportation, and material moving occupations	13.0	20.9

Source: U.S. Census Bureau (2019). ACS 5-Year Estimates

percentages of foreign-born workers are clustered in the “less than high school degree” category and the “graduate and or professional degree” category than native-born workers. This complements our native-born workforce and helps supply employees where needed.

Much like national trends, Minnesota’s foreign-born workers are more likely to work in service occupations and production, transportation, material moving occupations than their native-born counterparts (table 4), comprising more than 20% of the total workforce in each of these occupation categories. Immigrants are less likely to work in management, professional and related occupations and or in sales and office occupations.

Table 5 outlines the top 10 occupations in demand in Minnesota and the Twin Cities metro area. Of the top 10 occupations in demand statewide, three have a strong presence of immigrant workers (personal care aides, food preparation and service, and nursing aides). The most in-demand occupation as of July 2019 was registered nurses, comprising 8% of foreign-

born workers. Three of the top 10 occupations in the Twin Cities metro area have a strong immigrant presence. Table 6 shows the top 10 occupations employing foreign-born workers by share of employment in Minnesota in 2019. Some occupations with large shares of foreign-born employment include highly-specialized fields such as engineers and scientists, which require greater levels of educational attainment. This specialization makes employment numbers incredibly small and shows that employers frequently turn to immigrants to fill these positions. For example, of the 188 petroleum, mining and

**Highly-skilled workers are in tremendous demand in Minnesota.**

geological engineers, and the 105 nuclear medicine technologists in Minnesota, 76% and 82% respectively are foreign-born. For a list of high-skill occupations with large shares of foreign-born employment, see Appendix Table A3.

High-skilled workers are in tremendous demand in Minnesota. H-1B visas are reserved for immigrant workers in specialty occupations who hold at least a bachelor’s degree. One of the first steps in applying for an H-1B visa is to submit a Labor Condition Application (LCA) to the U.S. Department of Labor. Businesses in Minnesota submitted nearly 11,000 LCAs in fiscal year 2018, which ranks 15<sup>th</sup> among all U.S. states.<sup>27</sup> Many Minnesota businesses require specialized talent and many universities apply for H-1B visas to bring specialized academic capability to the state. The University of Minnesota, for example, submitted 266 LCAs in fiscal year 2018.<sup>28</sup> Minnesota’s

**Table 5 - Occupations in Demand - Minnesota - July 2019**

Rank	Minnesota	Twin Cities Metro
1	Registered Nurse	Retail Salespersons
2	Heavy and Tractor-Trailer Truck Drivers	Heavy and Tractor-Trailer Truck Drivers
3	Retail Salespersons	Combined Food Preparation and Serving Workers
4	Personal Care Aides	Personal Care Aides
5	Combined Food Preparation and Serving Workers, Inc	Registered Nurse
6	Cashiers	Software Developers, Applications
7	Nursing Assistants	Janitors and Cleaners, Except Maids and Housekeeping
8	First-line Supervisors of Retail Sales Workers	Cashiers
9	Laborers and Freight, Stock, and Material Movers	Laborers and Freight, Stock, and Material Movers
10	Home Health Aides	Stock Clerks and Order Fillers

Indicates strong immigrant presence (> 15% share of employment)  
Source: Minnesota DEED

**Table 6 - Top Ten Occupations by Foreign-born Share of Employment - Minnesota - 2019**

Occupation	Foreign-born Employment	Foreign-born Share of Employment (%)
Manicurists and Pedicurists	1,414	74.7
Taxi Drivers	4,273	68.7
Postal Service Mail Sorters, Processors, and Processing Machine Operators	2,203	55.6
Packaging and Filling Machine Operators and Tenders	4,010	54.0
Laundry and Dry-Cleaning Workers	2,013	50.0
Electrical, Electronics, and Electromechanical Assemblers	2,271	48.5
Interpreters and Translators	1,737	45.9
Crushing, Grinding, Polishing, Mixing, and Blending Workers	1,042	39.6
Other Metal and Plastic Workers	3,592	38.6
Other Assemblers and Fabricators	13,130	38.0

Note: Minimum 1,000 employees  
Source: U.S. Census Bureau (2019). ACS 1-Year Estimates

diverse economy has a breadth of needs for the skills and expertise that immigrants provide. Analysis of this critical component to Minnesota’s economy will be addressed later in the report and includes interviews with stakeholders among some of the state’s key industries.

**Immigrants pay sales tax, property tax, payroll tax and others, which benefits all Minnesotans.**

### Taxpayers

One of the major contributions immigrants make to the economy is in the form of taxes.

Immigrants pay sales tax, property tax, payroll tax and others, which benefits all Minnesotans. Immigrant households in the state paid \$4.5 billion in taxes in 2019: \$2 billion in state and local taxes, and \$2.5 billion in federal taxes.<sup>29</sup> These tax dollars helped support public education, health care and safety throughout the community. Estimates from 2018 show unauthorized immigrants paid \$300 million in taxes, with \$108.8 million going to state and local governments, while \$191.2 million went to the federal government.<sup>30</sup>

Despite contributing to public coffers, unauthorized immigrants cannot access most social welfare programs. This imbalance means taxes paid by unauthorized immigrants account for a larger percentage than the share of government benefits they receive.

Critical entitlement programs such as Social Security and Medicare both receive funding from immigrant tax contributions. Recent research found that both native- and foreign-born workers’ tax contributions were unable to cover their publicly-provided benefits in the short-run. The study concluded that “immigrants’ tax contributions cover 93% of their publicly-provided benefits, while natives’ contributions cover only 77% of theirs.”<sup>31</sup> The study also found immigrants to be more costly in terms of public support at the state and local levels due to higher education costs. Refugees, on the other hand, represent a net fiscal benefit nationally when comparing public benefit expenditures and tax revenue; revenue exceeded expenditures by \$63 billion.<sup>32</sup>

### Link to the world economy

Connections to global networks allow immigrants to bring foreign investment to Minnesota and maintain a high level of exports. Research from the Small Business Administration (SBA) shows that “immigrant-owned businesses are more likely to export than are non-immigrant owned businesses.”<sup>33</sup> Nationally, immigrant businesses maintain a high share of exports and 7.1% of immigrant firms export compared to 4.4% of non-immigrant firms.<sup>34</sup> One explanation for this difference is that immigrants maintain connections to business networks in their home countries. Their similar cultural ties and shared languages make business transactions easier. Countries involved in trade relationships that share the same languages have 42% more trade between them than countries where the languages are different.<sup>35</sup> Immigrants also bring cultural diversity to Minnesota, adding to the assets of the state. Marketing these assets can both attract firms and additional investment.<sup>36</sup> ■



## The Economic Contributions of Immigrants in Minnesota



K.C. Kye, Owner,  
K-Mama Sauce,  
Columbia Heights

# Economic contributions through entrepreneurship

- Immigrant entrepreneurship in Minnesota lags the rest of the nation. The state’s historically low unemployment, and high labor participation rates and job opportunities may be contributing factors, resulting in less entrepreneurship and startup activity. Minnesota’s comparatively younger immigrant population and immigrants’ higher education attainment levels are additional considerations.
- Access to financial capital is a major barrier for immigrants eager to start a business.
- As a primarily “homegrown” economy, rates of entrepreneurship in Minnesota are important to long-term economic success. Building the systems that support immigrant entrepreneurs now is important to the development of the current and future economy.

Among the key characteristics of Minnesota’s economy are its industrial diversity and large number of homegrown enterprises, i.e. businesses that start, succeed and grow in the state. Fueling these characteristics are high-quality native-born and immigrant entrepreneurs and workers. The rate of entrepreneurship—whether

native-born or immigrant—is modest relative to other states, but their businesses survive at a rate that’s among the highest.<sup>37</sup> Workforce participation rates by native-born and immigrant Minnesotans alike are also high-ranking.<sup>38</sup> Whether immigrants choose to be entrepreneurs and/or workers, they are contributing to

**Table 7 - Self-Employment by Nativity - 2019**

		Minnesota	Wisconsin	Michigan	Illinois	USA
Self-Employment (%)	Native	5.4	5.1	4.9	4.3	5.6
	Foreign-born	3.7	4.1	4.4	5.6	7.7

Source: U.S. Census Bureau (2019). ACS 5-Year Estimates

the development and growth of the state’s economy. In previous sections, data presented their role as workers. Here data analyzes their role as entrepreneurs.

Entrepreneurial immigrants play an increasingly important role in the economy through job creation, innovation and GDP growth. In Minnesota, there were over 18,000 immigrant entrepreneurs as of 2018.<sup>39</sup> Their firms employed 53,239 workers representing about 2% of the state’s total labor pool. Yet despite these positive numbers, Minnesota’s immigrant entrepreneurship rate lags the rest of the country.

The U.S. Census Bureau collects data on self-employment rates throughout the country (self-employment is a useful proxy for entrepreneurship). Using Census Bureau estimates, Minnesota is on par with the nation’s self-employment rate among the native-born population, but significantly lags the foreign-born population self-employment rate. Nationally, immigrants have higher rates of self-employment (table 7), and when compared to peer states, Minnesota has a much larger difference between native- and foreign-born self-employment rates. According to the Census Bureau’s 2017 Annual Business Survey, the percentage of foreign-born business owners in Minnesota is on the low end when compared to its Midwestern peers and the nation. The National Immigration Forum found that immigrants throughout the U.S. are more likely to start a business than the native-born population.<sup>40</sup> Refugees in the U.S. have a particular propensity for entrepreneurship.<sup>41</sup> Specifically, figure 5 compares the national entrepreneurship rates among refugees, immigrants and native-born populations. As noted earlier, Minnesota has a particularly high number of resettled refugees which should correlate to a higher immigrant entrepreneurship level, but that does not appear to be the case.

National immigration trends further indicate that immigrant entrepreneurs tend not to follow the expected pattern of entrepreneurship rates, i.e. rising educational attainment. Instead, immigrants in the U.S. are actually more likely to start a business if they do not hold a bachelor’s degree.<sup>42</sup> Among these foreign-born entrepreneurs with lower levels of educational attainment, construction, landscaping and food service are among the most popular industries to own a business.

Why is Minnesota different than other states? Some economists speculate that business startup activity may be low because new startups are both “need based” and “opportunity-based.” Minnesota’s high unemployment rates and workforce shortage

Whether immigrants choose to be entrepreneurs and/or workers, they are contributing to the development and growth of the state’s economy.

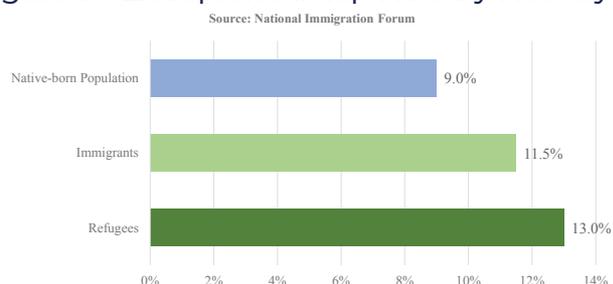
may mean immigrants are able to find good, stable employment that provides income and benefits for themselves and their families reducing the need to start their own businesses. As a “homegrown economy”, rates of entrepreneurship and startup activity matter for Minnesota’s long-term economic growth and success.

GreaterMSP, a non-profit organization focused on economic development in the Twin Cities metro area, found that only 9,336 new establishments formed in 2019, which ranks at the bottom among our peer regions.<sup>43</sup>

Additional data from the Kauffman Indicators of Entrepreneurship shows that only 0.18% of Minnesota’s population started a new business in 2019, down slightly from 2018.<sup>44</sup> For comparison, the U.S. median has remained relatively close to 0.3% over the last decade.<sup>45</sup> The opportunity share of new entrepreneurs is also very high, around 80%.<sup>46</sup> This is the percent of new entrepreneurs who were not unemployed or looking for a job when they started their business, a distinction that provides further insight into why entrepreneurs may not be starting businesses in the state.

Recent research from the Federal Reserve Bank of Minneapolis explores other potential causes for this phenomenon. One explanation is the age of immigrants in Minnesota.<sup>47</sup> The median

**Figure 5 - Entrepreneurship Rate by Nativity - USA**





## The Economic Contributions of Immigrants in Minnesota

age of the foreign-born population in Minnesota is over six years younger than the national foreign-born population. Looking at a more fine-tuned comparison within the Midwest, Minnesota’s peer states (Illinois, Michigan and Wisconsin) all have both a higher foreign-born self-employment rate and a higher foreign-born median age. State Demographer Susan Brower points out that younger immigrants “haven’t had time to age into business ownership.” It takes time for immigrants to accumulate capital and develop the business knowledge necessary to start a business.

The level of educational attainment among the foreign-born population is another possible reason. The rate of immigrants holding bachelor’s degrees or advanced degrees in Minnesota is higher than the national rate and most peer states. As previously discussed, immigrants are more likely to start a business when they have lower education levels. Minnesota’s foreign-born population is highly-educated, which is likely another contributing factor for the lower entrepreneurship rate.

After speaking with numerous immigrant business owners across Minnesota, a common theme emerged as the most significant barrier to entrepreneurship: accessing financial capital. For most of the immigrants interviewed, this was the biggest challenge when starting their business.

Abdirizak Mahboub, a Somali-born entrepreneur, was able to secure financing to open a shopping center called Midtown Plaza in Willmar. “It was a challenge! I happened to get connected to a small bank in Willmar and I happened to know the owner.” He said his relationship with the owner allowed him to outline his business plan. He still had to provide a large down payment, something many immigrants don’t have. Eventually, he was able to access assistance from local economic development agencies.

New immigrants may lack the knowledge for navigating business financing as they compile a business plan. Entrepreneurs interviewed for this report were unaware of resources available to them until after they had started their businesses. Some started businesses out of their homes using resources from family and friends to get off the ground. A recent study of “current local government policies that aim at tapping into immigrants’ entrepreneurial potential” found that these policies address the information and language needs of budding immigrant entrepreneurs but are not aimed “at developing their business skills and facilitating their access to financial capital.”<sup>48</sup> Both are critical to starting a business and pose a significant roadblock for immigrants to overcome.

Recent immigrants may also experience increased difficulty

**“I happened to get connected to a small bank in Willmar and I happened to know the owner.”**



Abdirizak Mahboub, Owner, Midtown Plaza, Willmar

accessing capital because of their limited credit history. Community Development Financial Institutions (“CDFIs”) are a key resource for early financial assistance for immigrant business owners. CDFIs emerged from the first minority-owned banks in the 1880s that focused on providing financial services to low-income areas. Today, CDFIs are community organizations providing financial services to economically underserved markets.<sup>49</sup> There are approximately 1,000 CDFIs nationwide, with 35 located in Minnesota, ranging from banks and credit unions to loan funds and venture capital providers.<sup>50</sup> These community organizations link underserved populations, including aspiring immigrant entrepreneurs and business capital. Since 1996, Minnesota CDFIs have been awarded almost two billion dollars in loans from the Federal CDFI Fund through the U.S. Department of the Treasury. Awards have been issued to many



Products sold at Midtown Plaza, Willmar

CDFIs including the African Development Center in Minneapolis and the Immigrant Development Center in Moorhead.

Once an immigrant entrepreneur starts a business with the help of a community organization, they can then access traditional capital sources to grow and expand. Rick Beeson, Executive Vice President at Sunrise Banks, explained, “It’s hard to give money to startups” but CDFIs “prepare businesses for regular banking.” More traditional sources of financial services become available once a business establishes cash flow and projected sales growth. Connecting immigrant-owned businesses with community organizations that can access CDFI funds appears to be a key component of improving their viability and increasing entrepreneurship.

One successful example of this connection is K.C. Kye, the owner of K-Mama Sauce, a Columbia Heights-based Korean hot

sauce company, launched in 2015. Because K.C. immigrated to the U.S. at a young age and had previous work experience in local government, he knew there were resources available to help start his business. He connected with the Neighborhood Development Center (NDC) in St. Paul through a friend and fellow immigrant entrepreneur, tapping resources through the NDC and other nonprofits in the area. When asked his advice to increase the number of immigrant-owned businesses in Minnesota, K.C. said, “A personal connection or invitation from resources would be useful. Connecting immigrants to resources is tough. It needs to be done better, almost like hand-holding with immigrants to get them those resources. Many immigrants don’t know what’s available, so reach out to them directly to help.”

Marketing business resources to potential immigrant entrepreneurs is another potential way to improve access to capital. With time, as Minnesota’s immigrants age, assistance can be refined and scaled to potentially grow entrepreneurship within this population. In addition, the demographics of Minnesota’s native-born population suggest that there will be many employment and career opportunities for immigrants and native-born Minnesotans alike for the foreseeable future. Coupled with the younger age profile of Minnesota immigrants, there likely won’t be a significant increase in the rate of immigrant entrepreneurship any time soon. For Minnesota’s comparative age profile, see Appendix Table A5. Nonetheless, building the systems that support immigrant entrepreneurs is important to the development of the state’s current and future economy. ■



# The Economic Contributions of Immigrants in Minnesota



Some of the products manufactured by 75F, increasing building energy efficiency.

## Economic contributions by region

- The Twin Cities metro area’s foreign-born population is vastly different from the rest of Minnesota.
- Minnesota is home to several foreign-born communities clustered throughout the state, demonstrating their statewide economic value.

Immigrants are more geographically concentrated than native-born citizens, no matter what geographical unit is used.<sup>51</sup> To facilitate further analysis of immigrants in Minnesota, this report divides the state into six regions: Central, Twin Cities metro, Northeast, Northwest, Southeast and Southwest. Seven key economic indicators are used to compare the regions (table 8). For a county-by-county list of each region, see Appendix Table A2. The Southeast, Southwest and Twin Cities metro regions have the highest percentages of foreign-born populations in the state. It is worth noting that while the Central region only has a foreign-born population of about 4%, it saw the largest increase in the state between 2010 and 2019 at over 50%—far outpacing the statewide growth rate of 25.8%.<sup>52</sup> In many of the regions, educational attainment among the foreign-born population matches or outpaces the native-born population. This is notable in the Northeast region where the gap is over 12 percentage points. An explanation for the gap in the Northeast and Southeast regions is the concentration of jobs in the high-skilled health care and educational services



industries. As expected, languages other than English are spoken in homes in the areas with higher foreign-born populations. The poverty rates in all regions are at least seven percentage points higher for the foreign-born population. Surprisingly, there is no discernable trend among foreign-born

business ownership in the non-metro area regions; they all hover between 2% and 3%.

Throughout the state, organizations have been created with the purpose of helping those who are new to an area make solid community connections. Such is the case in Austin, Minnesota. The Welcome Center is designed to help welcome new residents to the community and connect new and existing residents on important topics such as education, housing, faith-based organizations and other important community assets. Its mission is: Empowering diverse community engagement through guidance and connections. To provide a place to welcome their new neighbors, provide guidance and services to assist newcomers in their transition into the community. They collaborate with agencies to address multicultural

**Table 8 - Minnesota Regional Profiles**

		7-County Metro	Central	NE	NW	SE	SW
Population 2018*	Total	3,039,708	703,419	325,181	562,702	504,331	392,017
	Foreign Born	363,294	27,017	7,020	12,182	33,317	18,928
	Percent (%)	11.95	3.80	2.16	2.16	6.61	4.83
Net Migration 2010-2019**	Total	87,446	6,461	1,287	5,925	-962	-10,078
	International	85,827	8,967	1,684	3,642	9,107	4,889
	Domestic	1,619	-2,506	-397	2,283	-10,069	-14,967
Median Household Income 2018*	Total (\$)	77,034	68,399	53,531	55,979	65,054	55,181
Language other than English spoken at home 2018*	Total (%)	16.3	6.1	3.4	4.0	9.7	7.7
Educational Attainment: Bachelor's Degree or higher 2018*	Total (%)	43.7	21.7	24.3	21.9	27.7	20.2
	Foreign Born (%)	35.4	21.5	36.9	24.6	31.1	15.1
Poverty Rate 2018*	Total (%)	9.4	9.0	14.2	11.8	10.1	12.3
	Foreign Born (%)	17.1	26.5	21.9	22.8	21.8	25.4
Business Owners 2017***	Native (%)	91	98	97	98	97	98
	Foreign Born (%)	9	2	3	2	3	2

\*Source: U.S. Census Bureau (2018). ACS 5-Year Estimates  
\*\*Source: Minnesota DEED  
\*\*\*Source: U.S. Census Bureau (2017). Annual Business Survey

**Table 9 - Comparative Metropolitan Regions - 2018**

	Minneapolis MSA	St Louis MSA	Indianapolis MSA	Denver MSA	Kansas City MSA	Milwaukee MSA
Foreign-born Population (%)*	10.58	4.72	6.83	12.27	6.70	7.29
Population Growth Rate 2010-2019 (%)**	10.77	-0.49	13.17	16.16	5.86	1.15
Foreign-born Population Growth Rate 2010-2019 (%)**	23.29	6.67	24.19	N/A	20.53	20.88
Self-Employment (%)*	4.5	4.4	4.5	5.6	5.1	3.9
Poverty Rate (%)*	9.4	11.9	13.2	9.4	11	14
Unemployment Rate (%)*	3.9	5.5	5.4	4.0	4.4	4.8
Economic Growth Rate 2017-2018 (%)***	2.52	2.64	2.03	3.43	1.46	2.26

\*Source: U.S. Census Bureau (2018). ACS 5-Year Estimates  
\*\*Source: U.S. Census Bureau (2010-2019) ACS 1-Year Estimates  
\*\*\*Source: U.S. Bureau of Economic Analysis

issues, provide interpreting services, and develop programs and services that open economic opportunities to newcomers. As a 501(c)(3) nonprofit organization, the Welcome Center is able to carry out its mission by receiving support from the local United Way and the Hormel Foundation.

The foreign-born population in the Twin Cities Metro region has a markedly different makeup than the rest of the state, both in total number and percentage. This affects other aspects of the community.

It is useful to compare it to peer metro areas, which were selected based on location and relative population size (table 9). Minneapolis and St. Paul have a relatively high growth rate for their total and foreign-born populations. Poverty and unemployment rates are the lowest among the peer metro areas. Self-employment is right at the median for these peer metro areas. Recent economic growth, measured by changes in GDP, shows that Minneapolis-St. Paul is growing moderately compared to its peers. ■



## The Economic Contributions of Immigrants in Minnesota



Pat Lunemann, Partner,  
Twin Eagle Dairy, Clarissa

## Key industries' reliance on immigrant talent

- Many of Minnesota's most important industries have a strong immigrant presence.
- Without immigrant workers, key industries such as agriculture, health care and food manufacturing could not be as successful in the state.

Minnesota has a diverse economy with specialization in numerous industries. Using location quotients, which identify specialization in an area, a few types of industries stand out as integral to the Minnesota economy. Table 10 outlines the top NAICS subsectors arranged by highest employment location quotient.<sup>54</sup> These specialized industries include numerous forms of manufacturing, animal production, and nursing and residential care facilities. This report focuses on three of the top 10 location quotient industries, as they reflect the state's economy

(manufacturing, agriculture and health care) and are heavily supported by immigrant workers.

### **Agriculture**

Agriculture is an undeniably important part of Minnesota's economy. As of 2019, Minnesota ranked 5<sup>th</sup> in the nation for agricultural production at \$17.1 billion and 5<sup>th</sup> in the nation for agricultural exporting.<sup>55</sup> Many immigrants are employed in this sector. In 2019, just under 7% of all agricultural workers in the

**Table 10 - NAICS Sub-Sectors Listed by Highest Location Quotient - Minnesota - 2019**

NAICS	Industry Sub-Sector	Annual Establishments	Annual Average Employment	Annual Average Weekly Wages	Annual Wages per Employee	Annual Average Employment Location Quotient
482	Rail transportation	10	52	\$888	\$46,162	6.47
521	Monetary authorities - central bank	34	1,209	2,152	111,909	3.08
323	Printing and related support activities	654	20,454	1,140	59,299	2.47
339	Miscellaneous manufacturing	1,147	26,458	1,347	70,025	2.19
112	Animal production and aquaculture	904	11,378	809	42,044	2.19
316	Leather and allied product manufacturing	20	1,180	1,400	72,813	2.19
334	Computer and electronic product manufacturing	510	45,580	1,942	100,963	2.17
551	Management of companies and enterprises	1,616	89,147	2,488	129,392	1.89
533	Lessors of nonfinancial intangible assets	81	776	1,886	98,052	1.7
623	Nursing and residential care facilities	2,875	108,279	603	31,351	1.64
485	Transit and ground passenger transportation	522	15,668	520	27,034	1.64
332	Fabricated metal product manufacturing	1,623	44,690	1,172	60,955	1.54
333	Machinery manufacturing	847	33,846	1,338	69,552	1.54
212	Mining, except oil and gas	169	5,676	1,765	91,768	1.51
321	Wood product manufacturing	329	11,742	1,055	54,882	1.48
311	Food manufacturing	698	46,547	1,032	53,684	1.45

Source: U.S. Bureau of Labor Statistics

state were foreign-born.<sup>56</sup> The animal production subsector, including workers in the dairy industry, is made up of over 9% foreign-born workers and almost 32% of the forestry subsector is made up of foreign-born workers.<sup>57</sup> Farm owners describe immigrants as irreplaceable assets in their industry, filling an important niche that native-born workers don't. They play a variety of key roles, from the entry level to management, and are willing to work the long, arduous hours required in this industry.

Many immigrants are interested in starting their own agricultural business, but financing, marketing and business acumen present challenges. Perhaps the most basic aspect of farming is also the most difficult for immigrants to overcome—access to land. Land affordability and the real estate process can be difficult due to language barriers and process unfamiliarity.<sup>58</sup> Even if they manage to secure land, new immigrant farmers may lack the training to be successful in Minnesota's ecosystem. One

program that helps address the problem of farmer training is Big River Farms. This education program is a part of the Food Group, a local nonprofit "focused on using nutritious food to strengthen community."<sup>59</sup> The farmer education course focuses on providing disadvantaged groups, including immigrants, the skills needed to start their own farm. Additional programs have emerged to help new immigrant farmers and grow Minnesota agriculture.

### **Twin Eagle Dairy Farm - Pat Lunemann**

*Pat Lunemann operates Twin Eagle Dairy, an 800-cow dairy farm with 1,500 acres of corn, alfalfa, and grass. His family has owned the farm since 1932.*

**Q:** Tell us about your farm's operations and employment.

**A:** My wife Jody and I own and operate a third generation farm. We started out as a small farm with about 50 cows but



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today we're at about 850 cows and 1,600 acres of cropland. We have about 20 employees and a good percentage of those are immigrant workers. Many of them have been with us for a long time, some nearing 20 years. There's always some turnover so we get some newcomers. We're an equal opportunity employer, we have to be in rural America. Anyone who's willing to work, we need to give them a chance to give us a hand. We need good people to take care of our livestock. It's not an easy task finding labor, but we're fortunate to have the people we do have today.

**Q:** Could you run your dairy farm without immigrant workers?

**A:** No, all of the willing and able are already employed. The number of people that are unemployed and looking for work is very small. Their skillset doesn't fit what we do here on a farm. They're not willing to get dirty and wear boots in the barn. You have to be willing to get dirty and put in long days. A number of people come and try it and say it's not for me or just don't show up the next day.

**Q:** Have you seen immigrant entrepreneurship in your community?

**A:** Absolutely! The old main street, which would otherwise be boarded up, has restaurants and other stores. I don't see much in the farm sector simply because of the capital that's required to start a business. I know the Department of Agriculture has some programs to help out beginning farmers, so you see most of it as fruit and vegetable farms because it can be started on a smaller scale. To be in farming these days it's not easy for anyone to get started, you almost have to be born into it.

**Q:** In your opinion, why is the immigrant workforce so positive for Minnesota's economy, particularly the agriculture economy?

**A:** The immigrants are bringing a new energy to this country. They're willing to work, but they're also bringing values that we seem to be losing in this country. They're bringing family values to be honest, knowing that it's important to show up to work on time and knowing that it's important to work. They're providing for their families, they care about the people around them, and they wouldn't be in Minnesota if they weren't willing to work and be here. You don't come this far north without a mission in life and that's to make your life and your family's life better. In the end, what's happening is that those immigrants, whether it be at the farm level or the food processing level, are touching the food that is on everyone's plate. Without that first- and second-generation immigrant population, I'm afraid that our food supply would be in danger.

### Health care and social assistance

The health care and social assistance industries employ 500,000 people and include over 18,000 establishments, touching all parts of the state and impacting many communities.<sup>60</sup> The U.S. Census

**“The immigrants are bringing a new energy to this country.”**

Bureau estimates that almost 53,000 immigrants work in this industry as of 2019.<sup>61</sup> That means one in nine immigrants in Minnesota work in health care or social assistance. This is a higher rate than the state's native-born population. In fact,

a full 12% of the state's health care workers are foreign-born as of 2019.<sup>62</sup> Furthermore, 9,728 immigrants work in home health care making up approximately 29% of the total employment in this subsector.<sup>63</sup> Health care and social assistance are essential industries: as Minnesota's population ages, a robust and fully-staffed health care industry will prove to be more critical than ever before. Immigrant workers ensure that the essential services of this industry are offered at the levels needed.

### Mayo Clinic - Christopher Wendt and Andy Danielson

*Christopher Wendt is Chair of the Employment Law Practice Group at Mayo Clinic. He has 20 years of business immigration experience with a focus on immigration law.*

**Q:** What skills and benefits are immigrant employees bringing to the job?

**A:** Cultural diversity and cultural perspective, important skill sets, both technical and soft skills. Hiring immigrants helps serve diverse populations like we have at Mayo Clinic. Being skilled in cultural competency helps critical care of diverse populations. Immigrants are coming to the U.S. and creating jobs in our experience.

**Q:** Could Mayo Clinic continue to operate without immigrant labor? What would be the impact of losing your immigrant workers?

**A:** Losing access to immigrant labor limits the pool of talented workers. Mayo would likely still be a world leader without immigration, but it would be a significant challenge and our ability to execute short-and long-term strategy would certainly be more difficult. If other communities in the U.S. had access to immigrants but Mayo did not, then Mayo would definitely suffer.

*Andy Danielson is Chair of Business Development at Mayo Clinic Ventures.*

**Q:** What has been the role of immigrant researchers at Mayo Clinic?

**A:** There has been a very positive, impactful role for immigrants in everything we do! This includes everything from intellectual property (IP) development through startup formation and the licensing of IP. It's beyond the researchers as well, a lot of folks on the intellectual property management side are filing patents.

In our office, there are immigrants who work to license those technologies as well.

**Q:** What more could be done to increase immigrant entrepreneurship in Minnesota?

**A:** I think Minnesota has a lot to offer! There is investment capital in this state; there are companies looking to work with startups; there is a very educated and talented workforce, so I think Minnesota has a lot of things going for it. Just being a welcoming community and having a talented workforce. There definitely is capital here, at least in our area (health care). One thing Minnesota is working toward and still requires some work are industry clusters. A local ecosystem or an industry cluster is great for startups, if it can be established.

**Q:** Is there anything else that you want to share with us in terms of Mayo Ventures special role with immigrants and immigrant entrepreneurs?

**A:** I think these have been very good questions. I'm glad you did this report because immigrants do play a significant role and I think it's an underappreciated topic. I'm speaking only to what I know but the number of immigrant entrepreneurs and the number of ideas we get from immigrants are substantial. They contribute a lot of great new ideas and create a lot of startup companies that employ many immigrants and non-immigrants. To quantify, my best guess is 25% to 30% of our intellectual property ideas come from immigrants. In Minnesota, I would say our immigrant entrepreneurs are about 10% of the total entrepreneurs we work with and the immigrant entrepreneurs that we work with nationally is a larger percentage, likely closer to 25%.

### Manufacturing

Manufacturing is arguably one of the most important industries in Minnesota. It represents the single largest private sector component of Minnesota's GDP totaling \$52 billion in 2019.<sup>64</sup> Manufacturing makes up over 13% of the state's total employment. For the foreign-born population this figure is almost 20%<sup>65</sup>—almost one in five immigrants in Minnesota work in manufacturing. The largest subsector is food manufacturing which includes almost 700 establishments with over 46,000 employees.<sup>66</sup> One in five food manufacturing workers is an immigrant.<sup>67</sup> Part of the draw for foreign-born workers is that employment opportunities in this subsector can offer relatively high wages without requiring a high level of education. In addition, immigrant communities have developed around these industries

**“They contribute a ton of great new ideas and a lot of startup companies that employ many immigrants and non-immigrants.”**

creating a desirable support system for foreign-born families.

### 75F - Deepinder Singh

*Deepinder Singh is an immigrant entrepreneur in Minnesota and the Founder/CEO of 75F.*

**Q:** Tell us about your background. How did you get started as an entrepreneur?

**A:** Well, to start, I have a background in IT, but I have always tried to identify problems and find a solution to those problems. Beyond that, I have pretty much always worked in startups.



**Q:** How did you start 75F?

**A:** I wanted to create a building solution that utilized the internet of things to make it easier and simpler to manage the needs of my house because my daughter who was one year-old was too cold in her room and would wake up crying in the middle of the night. My experience in this area made it a natural fit for me to solve this problem.

**Q:** Where did your funding come from?

**A:** We were actually self-funded for the first two to three years which is a challenge for many entrepreneurs but then in 2014 we won the Minnesota Cup competition which came with some funding. After that we went on to compete in other business competitions and bring in more funding this way. These competitions were especially useful for starting 75F because they provided lots of public relations and exposure for the company.

**Q:** What is it like in this industry as an immigrant entrepreneur?

**A:** Initially, I asked friends and family to help us with production. Many of my first employees were connections of mine. A friend in the industry was actually the one who told us about the Minnesota Cup competition which was new to me but really helped us out. I also found that credibility was a challenge for us getting started. ■



## The Economic Contributions of Immigrants in Minnesota



Café at Midtown Plaza,  
Willmar

# Contributions change over time

- Over time, immigrants in Minnesota are upwardly mobile, including improved poverty, unemployment and homeownership rates, all of which help increase their contributions to the economy.
- Specific case studies of immigrant groups in Minnesota (Somali and Mexican-born) demonstrate the American Dream is alive and well in the state with many socioeconomic indicators improving with time.
- Many immigrants, particularly refugees and asylees, access taxpayer-funded education, health care and public assistance programs at high rates when they first arrive, however, over time their economic contributions outweigh these upfront costs.

Over time, immigrants in Minnesota are upwardly mobile on multiple fronts. Table 11 shows the top socioeconomic indicators used to evaluate upward social mobility. Foreign-born workers are unemployed at lower rates the longer they are in the country and more foreign-born workers end up working for themselves over time. Immigrants who have been in the country for longer periods of time have higher median household income and lower poverty rates than recent immigrants. They purchase homes at much higher rates than immigrants who entered the country recently. And the longer

an immigrant has been in the country, the more likely they are to become a naturalized citizen.

### Case Studies

The American Dream is built on the promise of upward social mobility and the opportunity to prosper. This ideal is alive and well for immigrants in Minnesota. Immigrants and refugees arrive at varying socioeconomic levels with a variety of skills and abilities. As time passes, immigrants develop new skills, join the workforce,

**Table 11 - Foreign-born Population by Period of Entry - Minnesota - 2019**

	Entered 2010 or Later	Entered 2000 to 2009	Entered before 2000
Unemployment Rate (%)	5.0	3.8	2.8
Self-Employment (%)	1.7	4.0	4.4
Median Household Income (\$)	49,697	48,290	68,402
Poverty Rate (%)	26.1	18.9	11.2
Homeownership (%)	16.6	36.2	64.3
Naturalized Citizen (%)	12.9	54.7	75.4

Source: U.S. Census Bureau (2019). ACS 5-Year Estimates

attain higher levels of education and buy homes— increasing their economic contributions. Case studies of Somali and Mexican-born immigrants in Minnesota demonstrate these changes over time and illustrate success and economic impact. An additional case study on the Hmong population in Minnesota is available in the previous iteration of this report.<sup>68</sup>

### Somali Immigrants in Minnesota

Beginning in the early 1990s, Somali refugees moved to Minnesota fleeing extreme violence as a result of the collapse of the Somali government. As of 2019, Minnesota had the largest Somali population in the U.S.<sup>69</sup> Currently, Minnesota’s foreign-born Somali population totals 36,495,<sup>70</sup> the vast majority of whom (~77%) reside in the Twin Cities metro area.<sup>71</sup> While many Somali refugees arrived with limited education, low workforce participation rates and high poverty levels, their situation two decades later has shifted significantly. Poverty levels have dropped, workforce participation has increased, median household income has ticked up and educational attainment has made marginal gains (table 12). The percentage of Somali homeowners has also increased.

One of the major industries for Somali employment is home health care services, with over 15% of all Somali immigrants in Minnesota working in this industry.<sup>72</sup> Somali workers have also become a vital part of the state’s food manufacturing industry. There are over 2,000 Somali workers in the animal food processing subsector, comprising 11% of total workers.<sup>73</sup> The entrepreneurship rate among Somali immigrants is relatively low and is nearly identical to the rate for the broader foreign-born population statewide.

The contributions they bring to the economy are greater in the long term.

### Mexican Immigrants in Minnesota

Mexican immigrants have resided in Minnesota longer than most other immigrant groups. They now make up over half of the Latin American foreign-born population in our state, with one in seven immigrants from Mexico.<sup>74</sup> Currently, Minnesota has a foreign-born Mexican population of 62,597.<sup>75</sup> Hennepin and Ramsey Counties have the largest populations of Mexican immigrants.<sup>76</sup> Many Mexican immigrants are drawn to these areas by the prospect of employment opportunities and family connections. The majority of Minnesota’s Mexican immigrants have been in the country for 16 years or more and speak English well or very well.<sup>77</sup> Only about 10% reported not speaking English at all. Minnesota’s foreign-born Mexican population has also shown a positive trend on a number of socioeconomic indicators (table 13). Improvements in poverty rate, high school graduation rate and homeownership underpin this trend. In addition, the workforce participation rate has improved tremendously and now surpasses the native- and foreign-born rates for those state populations. Only the median household income has shown a negative trend over the last two decades. Minnesota’s Mexican-born population is hardworking, holding jobs few others are willing to do and sometimes holding more than one job. The largest percentage of Mexican-born workers is in the restaurant

**Table 12 - Somali Foreign-born Population - Minnesota**

	2000	2014-2018
Poverty Rate (%)	62.9	47.6
Workforce Participation Rate (%)	46.1	66.4
Median Household Income (2018 dollars)	22,035	25,000
High School Graduate or More (%)	54.2	56.7
Homeownership Rate (%)	1.7	9.4

Source: Minnesota Compass

**Table 13 - Mexican Foreign-born Population - Minnesota**

	2000	2014-2018
Poverty Rate (%)	25.0	21.4
Workforce Participation Rate (%)	62.8	75.8
Median Household Income (2018 dollars)	49,738	40,985
High School Graduate or More (%)	32.5	48.3
Homeownership Rate (%)	33.6	42.7

Source: Minnesota Compass



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PaJai Fruit Arrangements and Bakery in St. Paul.

and food service industry (almost 17%).<sup>78</sup> Entrepreneurship is another bright spot for Mexican-born immigrants. Their entrepreneurship rate is almost two percentage points higher than the rest of the foreign-born population in Minnesota.

## Costs of Immigrants

When evaluating the impact over time of immigrants on Minnesota’s economy, it is important to consider associated costs. These are typically higher in the short term as immigrants establish their home and work situations, lessening over time. The contributions they bring to the economy, however, are greater in the long term.

The primary costs associated with immigrants include education, health care and basic public assistance programs. An increase in immigrants brings an increase in immigrant children, who typically attend publicly-funded schools. While immigrant children may require English language classes which increase costs, they make up a very small percentage of all children enrolled in K-12 schools in the state (~5%).<sup>79</sup> The increase is nowhere near the drain on public education that many opponents claim, and the long-term benefits of a well-educated workforce are substantial. In addition, an influx of school children has enabled some school districts with previously declining enrollment from native-born populations to stay viable without consolidation of districts across large areas.

Health care is often cited as a major cost burden for states with high levels of immigrants. Refugees and asylees, two immigrant groups with sizable populations in Minnesota, do require significant levels of public health assistance. Typically, these are short-term costs associated with the fresh trauma or stress experienced in areas from which they are fleeing. National studies show that non-citizens actually use fewer health care resources than citizens over time.<sup>80</sup> The Minneapolis Foundation presented an explanation for this difference in consumption, “In general, the more limited consumption of health care resources by

immigrants is attributed to the many barriers they face accessing the traditional health care system – including relatively low rates of insurance, ineligibility for certain public health programs, and linguistic and cultural barriers which can make the health care system confusing and difficult to navigate.”<sup>81</sup> Minnesota has a large number of refugees, and the Minnesota Refugee

Health Program provides services to a portion of this population, but not its entirety.

Foreign-born populations in Minnesota have higher rates of poverty than native-born populations which leads to a heavy reliance on public assistance programs such as Food Stamps or Supplemental Security Income. Nearly three times as many foreign-born residents use Food

**National studies show that non-citizens actually use fewer health care resources than citizens, over time.**

Stamps compared to the native-born residents.<sup>82</sup> The vast majority of public assistance payments through public health care, cash and food assistance in Minnesota is to refugees, asylees and lawful permanent residents, all of whom pay taxes in the state of Minnesota.

Unauthorized immigrants’ access to taxpayer-funded programs in Minnesota is extremely limited. Unauthorized immigrants and temporary residents such as students, tourists or visitors are the most restricted, with “access only to Emergency Medical Assistance and coverage of services through the end of pregnancy,” according to the Minneapolis Foundation.<sup>83</sup> In reality, this group doesn’t represent a significant cost or burden to the taxpayer’s bottom line. ■

# Conclusion

Immigrants in Minnesota are an undeniable benefit to the state's economy. In the long term, immigrants hold down critical jobs, pay taxes, stimulate the economy through spending, start businesses and provide a link to the world economy. Immigrants who settle in Minnesota demonstrate high levels of upward social mobility as they assimilate into our economy. As the state's population ages and the native-born workforce participation rate drops, foreign-born workers fill in the gaps in employment. In addition, immigrants with high levels of education can fill specialty occupations in the state. Some of the most important industries in Minnesota depend on immigrant labor and access to these workers is essential for their success.

## Recommendations

- Broadly publicize the positive contributions immigrants make to our economy. Present data, economic reports, dashboards and other benchmarking mechanisms to detail specific positive impacts and how they change over time.
- The demographics of the native-born population suggest that there will be plenty of employment and career opportunities

for immigrants and native-born Minnesotans alike for the foreseeable future.

- The younger age profile of Minnesota immigrants suggests that there is not likely to be a significant increase in the rate of immigrant entrepreneurship any time soon. Nonetheless, building the systems that support immigrant entrepreneurs is important to the development of our current and future economy.
- Increase the funding available for CDFIs at the federal level or replicate the CDFI fund at the state level to increase immigrant business formation. Target funds to specific industry sectors or geographies to help amplify their impact. Help CDFIs market their entrepreneurship resources to immigrant entrepreneurs to increase awareness.
- Federal immigration reform remains a crucial ingredient for economic growth for the state and the nation. Reform should include moving to a modern system that synchronizes the needs of the economy with the future flow of immigrants, in addition to addressing the status of those unauthorized immigrants living in the U.S. already. ■





# The Economic Contributions of Immigrants in Minnesota

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# The Economic Contributions of Immigrants in Minnesota

## Appendix

**Table A1 - Foreign-born Income and Taxes - Minnesota - 2019**

	Total	Foreign-born
Earnings (\$)*	173,480,890,560	16,024,555,459
Social Security Income (\$)*	13,721,986,200	400,686,944
Supplemental Security Income (\$)*	920,109,798	102,901,631
Cash Public Assistance Income or Food Stamps/ SNAP (\$)*	-	26,618,863
Retirement Income (\$)*	14,476,511,715	365,603,139
<b>Total</b>	<b>202,599,498,273</b>	<b>16,920,366,036</b>
Federal Tax Rate 14.6% (\$)***	29,579,526,748	2,470,373,441
State and Local Tax Rate 12.2% (\$)***	24,717,138,789	2,064,284,656
<b>After Tax Income (\$)</b>	<b>148,302,832,736</b>	<b>12,385,707,938</b>

\*Source: U.S. Census Bureau (2019). ACS 1-Year Estimates  
 \*\*Source: York, E. (2020, February). Summary of the Latest Federal Income Tax Data, Tax Foundation  
 \*\*\*Source: MN Department of Revenue (2019). Minnesota Tax Incidence Study

**Table A2 - DEED Planning Regions**

Central Minnesota			
Benton County		Mille Lacs County	
Chisago County		Pine County	
Isanti County		Renville County	
Kanabec County		Sherburne County	
Kandiyohi County		Stearns County	
McLeod County		Wright County	
Meeker County			
Northeast Minnesota			
Aitkin County			
Carlton County			
Cook County			
Itasca County			
Koochiching County			
Lake County			
St. Louis County			
Northwest Minnesota			
Becker County	Grant County	Norman County	Stevens County
Beltrami County	Hubbard County	Otter Tail County	Todd County
Cass County	Kittson County	Pennington County	Traverse County
Clay County	Lake of the Woods County	Polk County	Wadena County
Clearwater County	Mahnomen County	Pope County	Wilkin County
Crow Wing County	Marshall County	Red Lake County	
Douglas County	Morrison County	Roseau County	
Southeast Minnesota			
Dodge County		Rice County	
Fillmore County		Steele County	
Freeborn County		Wabasha County	
Goodhue County		Winona County	
Houston County			
Mower County			
Olmsted County			
Southwest Minnesota			
Big Stone County	Lac qui Parle County	Nobles County	Watonwan County
Blue Earth County	Le Sueur County	Pipestone County	Yellow Medicine County
Brown County	Lincoln County	Redwood County	
Chippewa County	Lyon County	Rock County	
Cottonwood County	Martin County	Sibley County	
Faribault County	Murray County	Swift County	
Jackson County	Nicollet County	Waseca County	
Twin Cities Metro Area			
Anoka County			
Carver County			
Dakota County			
Hennepin County			
Ramsey County			
Scott County			
Washington County			
Source: Minnesota DEED			

**Table A3 - High Skill Level Occupations by Foreign-born Share of Employment - Minnesota - 2019**

Occupation	Foreign-born Employment	Foreign-born Share of Employment (%)
Nuclear Medicine Technologists and Medical Dosimetrists	105	82.0
Petroleum, Mining And Geological Engineers, Including Mining Safety Engineers	188	75.5
Architectural And Civil Drafters	720	61.6
Actuaries	876	44.9
Atmospheric And Space Scientists	115	44.9
Materials Engineers	864	40.9
Computer And Information Research Scientists	229	40.3
Other Life Scientists	1,233	31.8
Physicians	4,581	26.7
Chemists And Materials Scientists	1,039	24.7

Source: U.S. Census Bureau (2019). ACS 1-Year Estimates

**Table A4 - Top 25 Cities by Foreign-born Percentage - Minnesota - 2018**

City	Foreign-born Population
Worthington	30.7%
Brooklyn Center	24.1%
Brooklyn Park	23.6%
Hopkins	19.7%
St. Paul	19.7%
Fridley	18.5%
Richfield	17.9%
Columbia Heights	16.8%
Eden Prairie	16.7%
Willmar	16.2%
Minneapolis	15.7%
Shakopee	15.6%
New Hope	14.9%
Burnsville	14.7%
Austin	14.6%
Bloomington	14.2%
New Brighton	13.9%
Eagan	13.8%
Rochester	13.8%
Faribault	13.6%
Plymouth	12.9%
Maplewood	12.5%
Blaine	12.0%
Crystal	12.0%
Woodbury	12.0%

Source: Minnesota Compass

**Table A5 - Foreign-born Median age and Educational Attainment - 2019**

	Minnesota	Wisconsin	Michigan	Illinois	United States
Median age (years)	38.2	40.4	43.2	45.2	44.8
Bachelor's Degree or higher (%)	33.8	32.4	41.7	32.6	31.3

Source: U.S. Census Bureau (2019). ACS 5-Year Estimates



A woman wearing a beige hijab and a blue denim shirt with a white apron is smiling and talking on a black smartphone. She is sitting at a workbench in a workshop or factory setting. In front of her is a white laptop. On the workbench, there are various tools including a measuring tape, a utility knife, and some papers. The background shows industrial equipment and bright lighting from windows.

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