

Minneapolis Saint Paul Metropolitan Business Plan: Progress Report

August 2012

Greater MSP has a
wealth of assets.



The region benefits from a large and diverse private sector including more than five industry sectors of strength. The region is the home to 19 Fortune 500 companies and strong, privately-held companies such as Cargill, the largest in the country.

The region ranks eighth out of the largest 100 metros in educational attainment. People in Greater MSP enjoy a high quality of life with easy access to parks and lakes and cultural amenities such as the highest number of theater seats per capita outside New York City.

Yet the region has not kept pace with job growth over the past decade compared with peer regions, presenting a challenge for the future.

The Metropolitan Business Plan (MBP) identified some key challenges for the Greater MSP region. The region has experienced modest wage growth, with 2.7 percent wage growth from 2000 to 2008. It suffers from a persistent achievement gap, with over a 30 point difference in graduation rates between black and white students. Innovation has faced challenges. The number of entrepreneurs per capita has fallen from 22nd to 48th in two years. Meanwhile, negative workforce growth continues.

The MBP focused on four key job growth levers to help turn our situation around and ensure regional prosperity. These levers are: development and deployment of human capital; an ecosystem of innovation and entrepreneurship; effective infrastructure and spatial efficiency, and support for economic clusters.

Regional partners have come together during the past two years in new and exciting ways to address these challenges and drive job growth in the region. They are pursuing and aligning a variety of initiatives to ensure a vibrant future for Greater MSP.

Human Capital Development and Deployment

As more businesses launch, they are sure to benefit from a world-class workforce. In the state of Minnesota, 93 percent of adults have a diploma, putting it first in the country. Forty percent of adults have a bachelor's degree, ranking the state at sixth in the nation in that category.

Yet a persistent achievement gap and skills mismatch threatens our workforce leadership position. People of Asian/Pacific Islander backgrounds and whites have higher attainment levels of associates or bachelor's degrees at 47 percent and 42 percent respectively. Meanwhile, growing minority populations don't fare as well. For people of two or more races, the attainment of associate's or bachelor's degrees drops to 36 percent. It further declines to 29 percent for blacks; 22 percent for Hispanics or Latinos, and 16 percent for American Indians.

Several efforts are underway to address the educational gap. Civic engagement across sectors is occurring. The state has received multiple highly competitive grants for K-21 education reform and early childhood education. Officials from the state and the Minnesota State Colleges and Universities system also are engaging employers to develop precise projections for the types of workers and skills that will be needed in the future. The Itasca Project higher education task force has identified key strategies for collaboration among higher education and the business community to improve educational outcomes. An effort to improve student outcomes, The Strive Partnership, is being implemented in our region as well.

The Governor's Workforce Development Council and the Greater Twin Cities United Way recently launched the Skills@Work initiative to ensure the state maintains a workforce that's competitive in the global economy.

Innovation/Entrepreneurship Ecosystem

Greater MSP is ready to supercharge itself and build on its legacy of excellence as a center for innovation, entrepreneurship and economic growth. Partners from around the region are making a major push to stimulate the kind of innovation and entrepreneurship ecosystem that have fueled the private sector here in the past and to propel the region to the next level of prosperity.

Interview-based research indicates that early-stage entrepreneurs struggle in Greater MSP because of the lack of risk capital and lack of coordination and clear messaging among the more than 60 organizations working to assist startups.

Our lead MBP initiative, ACCELERATE MSP is being launched to drive new, high-potential, growth company formation with direct investment in these new businesses. The mission of this new organization is to attract new capital for the region's entrepreneurs and start-ups and to offer a comprehensive set of resources for entrepreneurs.

ACCELERATE MSP will be a non-profit with a staff of three to five initially that will invest in five to eight regional startup companies per year in the range of \$250,000 with decisions made by professional fund advisors.

Other entrepreneurial-based initiatives are thriving. CoCo has opened co-working centers in both Minneapolis and Saint Paul that provide shared space and a collaborative community for entrepreneurs, startups, freelancers and other projects. One of CoCo's main tenants is Project Skyway, the region's tech accelerator program for early-stage software entrepreneurs that has successfully graduated two cohorts of startups from its three-month boot camp.

MinneBar and MinneDemo networking and demonstration events continue to attract hundreds of

participants. The annual Minnesota Business Cup business competition, now in its seventh year, is flourishing.

MOJO Minnesota, an innovation co-operative, works to build and connect the entrepreneurial and investor communities, collaborate on innovation initiatives and drive startup-friendly policy initiatives.

The Economic Gardening Program sponsored by Hennepin and Carver counties is a pilot program providing technical assistance to small companies with established products and sales, looking to significantly grow. The Bridge to Minnesota Jobs connects local emerging companies with supply chains at large local firms. The EB-5 Initiative has an objective of bringing foreign-direct investment to the region.

The state Angel Investor Tax Credit, enacted in July 2010, has effectively connected entrepreneurs to risk capital, totaling \$28 million in 2010 and \$63 million in 2011. The tax credit has given rise to the Minnesota Angel Network, which helps connect entrepreneurs with investors. Covering it all is TECHdotMN, the digital information source for new, events, market intelligence, and jobs in the state's technology industry.

Effective Infrastructure and Spatial Efficiency

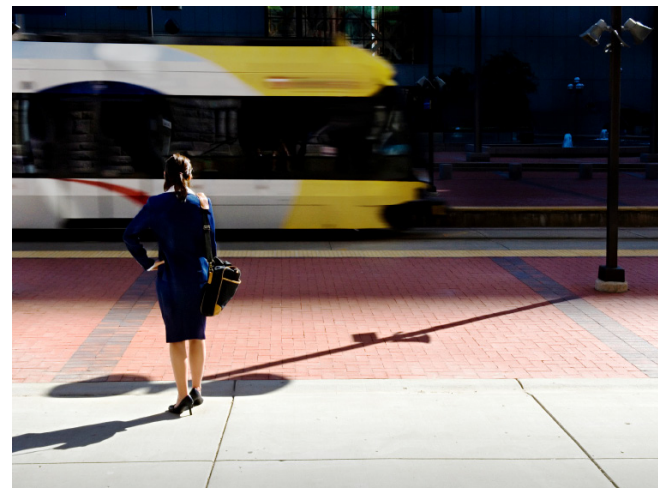
Meanwhile, key initiatives are in place to build out our transit-way system and to support transit-oriented development and connecting links to employment corridors. The vision of "Corridors for Opportunity" is to support places where development will flourish; public transit ridership will increase, as well as offer expanded access to jobs, affordable housing and services for residents of all backgrounds.

The Urban Land Institute Minnesota (ULI MN), and its Regional Council of Mayors (RCM), a non-partisan

platform that engages mayors throughout Greater MSP, are working together to improve the region's economic competitiveness and quality of life through four connected initiatives focused on housing, transportation, the environment and job growth.

The Itasca Project commissioned a Transit ROI study to assess benefits and costs of implementing a regional transit system. The Southwest LRT Community Works is a coalition of citizens, businesses and government to align land use and planning for the future Southwest Light Rail Transit corridor.

The transit system is making progress. The region's second light rail line, the Central Corridor connecting St. Paul, Minneapolis, and the University of Minnesota, is 50 percent complete. The Central Corridor also will connect to the Hiawatha Line, which provides transport between the Minneapolis-St. Paul International Airport, the Mall of America, and downtown Minneapolis. The region's third light rail line, SW Corridor, is about to enter preliminary engineering, connecting the core cities with a job rich corridor of five suburbs.



Support for Economic Clusters

Last year, private and public leadership set out to unite the 13-county region in its first-ever coordinated regional economic effort, the Minneapolis Saint Paul Regional Economic Development Partnership (GREATER MSP).

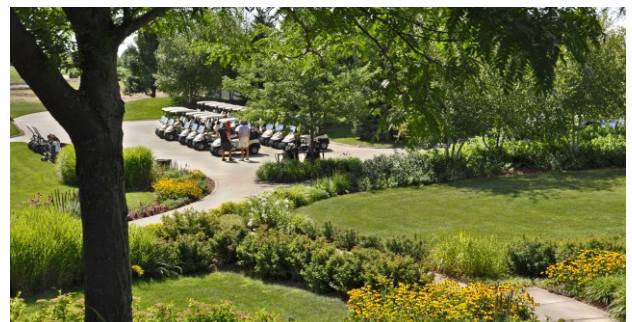
Its vision is for the Greater MSP region to be recognized as a globally leading economy where business and people prosper. In its first year, the organization created the region's strategy for economic growth, developed the region's branding and marketing strategy, and built its operating infrastructure. Its goal is to grow the economy of the region by building a robust business retention, expansion and attraction program focused on the region's key industry sectors. Projected regional job growth over the next five years is 75,000 jobs. GREATER MSP's goal is to boost that to 100,000 jobs.

The Minneapolis-Saint Paul Export Plan was created in 2012 to actively increase and sustain regional jobs by doubling exports from 2012 to 2017. The Greater MSP region is well-poised to experience the number of companies exporting and an increase in the number of markets per company. The agreed upon next steps include: identifying the cross-sector regional export team; targeting global markets based on Greater MSP's regional assets; marketing Greater MSP to global economies, and promoting specific economic sectors of regional strength, starting with health and wellness.



Next Steps

In conclusion, the Greater MSP region's leaders are working together in new and exciting ways to address key gaps and to maximize opportunities. Regional partners have formed an alliance over the last two years to deepen regional coordination and linkages to increase economic growth. Working together we are ensuring a vibrant future for our region.





The Metropolitan Business Planning process has been led by a partnership between the Brookings Institution, the city of Minneapolis, the city of Saint Paul, GREATER MSP, the Itasca Project, the Minnesota Department of Employment and Economic Development, Target Corporation, and the Urban Land Institute Minnesota/Regional Council of Mayors.