



MINNESOTA  
CHAMBER OF  
COMMERCE

GROWING MINNESOTA

FIFTH ANNUAL

MINNESOTA  
**BUSINESS  
BENCHMARKS**

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For more information  
on Minnesota's economy,  
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## Executive Summary



The success of our economy isn't defined by a single factor and doesn't make wholesale changes in any one year. 24-hour news may claim to have the answers on the current or future state of our economy, but the reality is far more complicated.

The sophisticated nature of our economy is exactly why we produce the Business Benchmarks report each year. We analyze the data around the multitude of available economic indicators and illustrate the impact on real businesses throughout the state.

Among this year's findings:

- Minnesota's economy is still growing slower than the national average.
- Tax reforms in other states and federal reform have widened the tax competitiveness gap.
- Innovation continues to be a bright spot for our economy.
- Long-term transportation investment helped support global business connections.
- Solutions to workforce challenges will come from private-sector innovation and systemic changes in education and immigration.
- In the current labor market, the cost of doing business is inextricably tied to the cost of living for workers.

This is our fifth annual Business Benchmarks report. We seized on this anniversary as an opportunity to look back on our results of the last five years and identify key trends and takeaways.

- Positive trends include improved highway performance, lower workers' compensation costs and more talent coming into our state through state-to-state and international migration.
- More troubling trends include rising tax burdens and health care costs, and an overall economic performance that lags behind the national average.
- Some results are more mixed. Exports are up, but subject to uncertainty in this political environment. Workforce is one of the state's top strengths, but facing critical labor shortages, education outcomes and achievement gaps that impede worker preparedness.

At the Minnesota Chamber, we use these data to ask critical questions: Do Minnesota businesses have the necessary tools to match the challenges of today and turn them into the successes of tomorrow? What policy decisions are elected officials making that help or hinder Minnesota from being an attractive and affordable place to work and live?

Our examination of the economy doesn't stop here. The Minnesota Chamber Foundation will release the "Minnesota: 2030" report early next year. This report is the first of its kind in 30 years, taking a long-term look at the development of Minnesota's economy. It will provide a common roadmap for guiding business, policymakers and other thought-leaders to help our state's economy change and grow.

We hope that you use the data contained in this report to deepen your understanding of Minnesota's economic competitiveness. And I look forward to working together to champion steps to improve our business climate and advocate for policies that will help fuel our future economic growth.

Doug Loon  
President, Minnesota Chamber of Commerce

Find all sources for this report at [mnchamber.com/benchmarks](http://mnchamber.com/benchmarks).

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# Economy

Today's worldwide marketplace is ablaze at Saint-Gobain SageGlass in Faribault both for its business dynamics and its international workforce.

"We are a global player with a strong Minnesota workforce," says Mark Jarrett, vice president of finance.

SageGlass manufactures electronically-tintable-glass windows and accompanying control systems. It promotes "smart glass for better buildings – electrochromic glass that tints automatically." SageGlass is a wholly-owned subsidiary of Saint-Gobain, a construction material company with headquarters near Paris. Acquired in 2012, SageGlass is an integral part of the evolving construction materials space.

"We are truly an innovative company that creates a more comfortable space for building occupants while maintaining a constant view of the outdoors," Jarrett says.

SageGlass has its sole manufacturing plant in Minnesota, but its reach is worldwide, having completed more than 1,000 installations in 27 countries.

While Minnesota's job growth has softened compared with the national average, SageGlass has experienced double-digit growth in the past five years. And the workforce is diverse. More than 20



**Mark Jarrett**  
Vice President of Finance  
SageGlass

**"We are a global player with a strong Minnesota workforce."**

native languages are spoken including French, Mandarin, Norwegian, Dutch and Thai. The fact that SAGE is part of a global company also gives team members an opportunity to live and work overseas on assignments.

Trade is clearly tied to the company's bottom line. Exports have grown exponentially during the past few years.

Current international trade disputes impact SageGlass as it imports specialized raw materials and manufacturing equipment. "We do our best to mitigate the impact on our customers," he says.

Jarrett keeps an eye on public policy at the State Capitol, too. The company's biggest challenge has been matching talents with its high-tech job requirements. Many employees commute from the Twin Cities. He would like to see mass transit lines expanded farther south of the metro area.

Sustainability initiatives and smart buildings are welcome, too. For SageGlass, that means renovating older and less energy-efficient buildings; a simpler pathway for new construction that would allow it to increase its presence in Minnesota.

"Implementation of policies and practices that protect the environment with a focus on sustainable construction and materials which will benefit all of us – not just SageGlass," he says. ■



See five-year trends on the **ECONOMY**

## Minnesota's economy: Underperforming growth

As the nation experiences the longest economic expansion in history, Minnesota's economy is growing slower than the national average. One troubling trend is job growth, which has fallen precipitously over the past two years, bringing the state near the bottom of the nation. The ongoing talent shortage is presumably contributing to this trend, but other self-imposed roadblocks, such as high taxes and costs, are likely to blame as well. A more competitive tax climate and keeping Minnesota affordable will help usher talented workers into the state. Collectively, these factors will counteract barriers to growth and foster economic well-being. ■

MINNESOTA RANKING: 1ST IS BEST

<p>GROWTH IN STATE GDP</p>	<p>2018 <b>Ranked 22nd</b> 2.2% growth National Average: 2.9%</p>	<p>BETTER <b>1</b> SPOT FROM 2017</p> 
<p>ANNUAL EXPORTS</p>	<p>2018 <b>Ranked 13th</b> 9.6% National Average: 7.6%</p>	<p>BETTER <b>16</b> SPOTS FROM 2017</p> 
<p>ANNUAL JOB GROWTH</p>	<p>2019 <b>Ranked 45th</b> 0.4% National Average: 1.41%</p>	<p>WORSE <b>18</b> SPOTS FROM 2018</p> 
<p>PERSONAL INCOME PER CAPITA</p>	<p>2018 <b>Ranked 14th</b> \$57,515 National Average: \$54,448</p>	<p>SAME RANKING AS 2017</p> 
<p>OUTPUT PER WORKING ADULT</p>	<p>2017 <b>Ranked 13th</b> \$85,778 National Average: \$79,731</p>	<p>SAME RANKING AS 2016</p> 
<p>UNEMPLOYMENT RATE</p>	<p>2019 <b>Ranked 21st</b> 3.3% U.S. Rate: 3.7%</p>	<p>WORSE <b>13</b> SPOTS FROM 2018</p> 



# Taxes

Minnesota employers perennially rank tax burden a top priority for the Legislature to address. Greg Frandsen, president of Industrial Netting in Brooklyn Park, joins the chorus.

“Taxes are really high in this state,” he says. They have an impact on him personally, on his company and on his employees.

Industrial Netting, founded in 1981, was purchased by Frandsen Corporation in 1999. The company serves a niche market of 4,000 active customers. It buys product by the truckload from the largest netting producers, then generates pallet-size loads. It supplies netting and mesh components to the filtration industry as well as agriculture, safety, material handling and aquaculture markets.

“One of our mottos is that we want to be an easy place to do business,” Frandsen says. “Our brand promise is to custom convert and ship in 24 hours or less. We meet that commitment more than 96% of the time.”

Industrial Netting is invested in Minnesota, Frandsen says, but that does not diminish his concern over taxes and



**Greg Frandsen**  
President  
Industrial Netting

**“Taxes are really high in this state.”**

other costs shouldered by employers and employees. He rattles off a few.

The state’s top individual income tax rate is fifth highest in the nation, affecting Frandsen’s ability to reinvest in his company. As an S Corp, business income flows through his personal taxes.

Electric rates continue to rise due to mandates forced on providers.

Industrial Netting pays a large percentage of employee health insurance. “If that goes up, our costs go up.”

Workforce is a major reason why Industrial Netting is rooted in Minnesota. However, similar to many employers, Frandsen is challenged to find skilled workers.

“We strive to find, develop and retain good workers, but turnover has been relatively high for us especially in entry-level positions,” Frandsen says, despite

raising starting wages four times in the last three years.

High individual tax rates affect his ability to attract and keep top talent, too. “The more you tax and regulate talent, the less you get. With today’s technology, employees can be located almost anywhere in the country.” ■





See five-year  
**TAX** trends

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## Taxes: A perennial priority

**M**innesota has been among the top 10 high-tax states in several categories for decades. High taxes continue to top the list of concerns among business owners and those interested in the state's economic success, even among other critical challenges such as historic labor shortages. Over the last decade, many other states lowered their high tax rates to make their states more attractive. Recent federal tax reform made state tax burdens and rates even more impactful today. ■

MINNESOTA RANKING: 1ST IS HIGHEST COST

SMALL BUSINESS AND ENTREPRENEURSHIP TAX INDEX	2019 <b>Ranked 4th</b>	SAME RANKING AS 2017	
PASS-THROUGH AND INDIVIDUAL INCOME TOP TAX RATES	2019 <b>Ranked 5th</b> 9.85%	SAME RANKING AS 2018	
STATE AND LOCAL SALES TAX RATES	2019 <b>Ranked 18th</b> 7.43%	BETTER <b>1</b> SPOT FROM 2018	
CORPORATE INCOME TAX RATE	2019 <b>Ranked 4th</b> 9.8%	BETTER <b>1</b> SPOT FROM 2018	
OVERALL STATE AND LOCAL TAXES PER CAPITA	2016 <b>Ranked 8th</b> \$6,090 National Average: \$4,946	WORSE <b>1</b> SPOT FROM 2015	
STATE GAS TAX	2019 <b>Ranked 29th</b> 28.6¢/gallon National Average: 36.17¢/gallon	BETTER <b>1</b> SPOT FROM 2019	



## Cost of doing business

Count L&M Radiator, Inc. among the beneficiaries of northern Minnesota’s mining industry. The company’s radiators and cooling systems are a fixture on heavy-duty vehicles that travel the terrain.

“We make a high-quality product,” Laura Ekholm says with pride. “We will get it there quickly.”

Though the business is growing, Ekholm is deeply concerned about a different challenge: the state’s regulatory landscape.

L&M Radiator is a third-generation family business with headquarters in Hibbing. It is run today by Dan Chisholm as president and Ekholm, his sister, as executive vice president. The company recently completed a major expansion and renovation in Hibbing. L&M also has manufacturing locations in Yankton, S.D., as well as Australia, Chile and part ownership in a Mexico plant. It ships products worldwide with 98 percent of sales outside Minnesota.

“We are in Minnesota, because we choose to be,” Ekholm says. She cites the state’s education system with a



**Laura Ekholm**  
Executive Vice President  
L&M Radiator

**“We are in  
Minnesota,  
because we  
choose to be.”**

variety of types of instruction among the state’s chief assets.

But she worries about mounting challenges to keeping Minnesota affordable. Ekholm welcomes economic development in northern Minnesota but asks: Where will we get the workers?

Where will they live? Where will we get the daycare? Local communities could benefit from outside expertise in figuring out these “bigger community, bigger picture” issues.

Like many companies, L&M has developed educational partnerships to create awareness and develop a pipeline for jobs. It sponsors a work-based learning program for welding classes at two high schools and is starting to work with Career Pathways at the Iron Range Resources and Rehabilitation Board. It also works with the local community colleges and their welding apprenticeship program.

“We aren’t just a Minnesota company,” Ekholm says. “If something adds costs to doing business in Minnesota, we won’t look favorably on that. There are a lot of good companies in Minnesota. We need to keep them here.” ■



See five-year trends on  
**WORKERS' COMPENSATION**  
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## Cost of doing business: Keeping Minnesota affordable

In a time of critical labor shortages, the cost of doing business is inextricably tied to the cost of living. Availability and affordability of child care and housing are especially critical to keeping current workers and attracting new talent to communities across the state. But business costs aren't solely defined by workforce challenges. The cost of health care, taxes and operational costs are continued concerns. Minnesota's ability to remain affordable for both businesses and families will help guarantee thriving businesses and communities in every corner of the state. ■

MINNESOTA RANKING: 1ST IS HIGHEST COST

<p><b>ELECTRICITY</b> (AVERAGE PRICE FOR INDUSTRIAL CUSTOMERS)</p>	<p>2019 <b>Ranked 13th</b> 7.98¢/kWh National Average: 6.71¢/kWh</p>	<p>WORSE <b>2</b> SPOTS FROM 2018</p> 
<p><b>INDIVIDUAL HEALTH INSURANCE PREMIUM</b> (EMPLOYER SPONSORED)</p>	<p>2018 <b>Ranked 21st</b> \$6,781 National Average: \$6,715</p>	<p>WORSE <b>8</b> SPOTS FROM 2017</p> 
<p><b>WORKERS' COMPENSATION PREMIUMS</b></p>	<p>2018 <b>Ranked 28th</b> 98% National Average 1002%</p>	<p>BETTER <b>2</b> SPOTS FROM 2016</p> 
<p><b>UNEMPLOYMENT TAX RANKING</b></p>	<p>2019 <b>Ranked 4th</b></p>	<p>BETTER <b>2</b> SPOTS FROM 2018</p> 
<p><b>COST OF LIVING</b></p>	<p>2017 <b>Ranked 22nd</b> 97.5 National Average: 100</p>	<p>SAME RANKING AS 2016</p> 



# Innovation

Innovation remains one of the bright spots across Minnesota's business landscape. nVent is a sparkling example of the ingenuity and creativity that drive the state's economy in so many sectors. "Innovation is in our DNA," says Diogo Vasconcelos, nVent vice president of strategy and brand management. "In many cases, we have been the inventor who brought key benefits to the market."

nVent, a leading provider of electrical connection and protection solutions, became an independent public company in April 2018 following its spinoff from Minnesota-founded Pentair. A global company, nVent has offices in St. Louis Park and Anoka.

The company delivers products and solutions that support a rapidly electrifying world. It holds more than 400 patents and has earned numerous awards for inventive electrical solutions. Just this fall, for example, nVent — as the patent holder and producer of the world's first conductive polymer self-regulating heat tracing cable — was inducted into the Institute of Electrical and Electronics Engineers' "Milestones Program," established to honor significant achievements in the history of electrical and electronics engineering.

Vasconcelos underscores that the company's "One nVent"



**Diogo Vasconcelos**  
Vice President  
nVent

**"Innovation is  
in our DNA."**

strategy allows it to provide multiple solutions to a customer's project. The strategy also focuses on broad digital transformation, geographic expansion and developing a customer-centered, market-back model that starts with understanding market needs.

Because innovation does not just come naturally, nVent fosters curiosity and innovation through technical seminars, professional development and patent recognition. It subscribes to the 3Ds: Discover, develop, deploy.

Like other global companies, nVent sees challenges in finding qualified skilled labor at some sites. To help address this, employers must continue to strengthen connections to high schools and colleges, Vasconcelos says. nVent takes a hands-on approach through internships

and co-ops, providing students with credit for working in its manufacturing facilities to get a real-world experience.

Top of mind for nVent is investing in digital transformation. "Our innovation does not stop at products," Vasconcelos says. "We are on a digital transformation journey to deliver velocity and transparency to better serve our customers. They will be able to see when they can expect a response from us, where their orders are, when they will be delivered." ■

## Innovation: Strengthening our legacy

**M**innesota has a long legacy of innovation from leading the computer industry decades ago to our homegrown Fortune 500 companies. But innovation is subject to trends that impact our economy overall, such as high taxes and the ability to retain and attract a talented workforce. Fostering an environment conducive to innovation is a core value in Minnesota business. Removing barriers to entrepreneurship and improving the overall business climate will attract new companies and cement this legacy of innovation for generations to come. ■

MINNESOTA RANKING: 1ST IS BEST

<p><b>TECHNOLOGY AND SCIENCE MILKEN INDEX</b></p>	<p>2018 <b>Ranked 7th</b> 58.43</p>	<p>WORSE <b>3</b> SPOTS FROM 2016</p> 
<p><b>VENTURE CAPITAL PER CAPITA</b></p>	<p>2018 <b>Ranked 13th</b> \$114 per capita National Average: \$304</p>	<p>BETTER <b>4</b> SPOTS FROM 2017</p> 
<p><b>BUSINESS 5-YEAR SURVIVAL</b></p>	<p>2013-2018 <b>Ranked 3rd</b> 54.4% National Average: 50.7%</p>	<p>WORSE <b>2</b> SPOTS FROM 2012-2017</p> 
<p><b>ENTREPRENEURSHIP START-UP ACTIVITY</b> (% POPULATION STARTING BUSINESS)</p>	<p>2017 <b>Ranked 25th</b> 0.30% National Average: 0.33%</p>	<p>BETTER <b>4</b> SPOTS FROM 2016</p> 
<p><b>PATENTS PER CAPITA</b></p>	<p>2018 <b>Ranked 6th</b> 81.53</p>	<p>WORSE <b>2</b> SPOTS FROM 2016</p> 



# Infrastructure

To say infrastructure is important to C.H. Robinson is an understatement.

C.H. Robinson solves logistics problems for companies across the globe and for industries from the simple to the most complex. With more than \$20 billion in freight under management and 18 million shipments annually, it is the world's largest logistics platform. It is the eighth largest publicly traded company in Minnesota.

"Technology is not only changing our business, but, more importantly, how the world-class shippers we serve are taking advantage of this to improve their outcomes," says Bob Biesterfeld, president and chief executive officer at C.H. Robinson in Eden Prairie.

Biesterfeld highlights expertise that gives C.H. Robinson as well as its customers a competitive advantage.

Biesterfeld calls leveraging data to improve outcomes an information advantage. "Having the most comprehensive trove of shipping data in the industry provides superior intelligence, deeper insights and the ability to contextualize data in a way that no other company can



**Bob Biesterfeld**  
President and CEO  
C.H. Robinson

**"Infrastructure is critical, especially if you are an exporter."**

match."

C.H. Robinson supported more than 100,000 small businesses last year. "Small businesses play a crucial role in our economy and actually make up the vast majority of shippers."

C.H. Robinson continues to invest in technology – \$1 billion in the last 10 years and \$1 billion planned for the next five years.

Broadband is important to C.H. Robinson, which has one of the largest technology centers in Minnesota. And though the company is not a direct user of roads – it does not hire drivers or fix trucks itself – a solid network of roads is still essential to success.

"If you are a manufacturer or retailer, infrastructure is critical, especially if you are an exporter," he says. Minnesota has a huge advantage with an airport providing equal access

to Europe and Asia.

"Maintaining the functional expertise locally is good for the broader economic base," he says. "Minnesota has to keep investing in infrastructure." ■



# Infrastructure: Bolstering global connections

**Q**uality infrastructure is defined by a broad set of factors that helps Minnesota compete in a global marketplace. Long-term investment in transportation has improved our success here and competitiveness with others. Meaningful investment at competitive prices for taxpayers has helped businesses move goods and services that support global connections. Continued commitments in improving infrastructure as a whole—including broadband, airports, roads and rail—will help ensure business success within our borders and around the world. ■

MINNESOTA RANKING: 1ST IS BEST

<p>ACCESS TO HIGH-SPEED INTERNET</p>	<p>2017 <b>Ranked 23rd</b> 81% National Average: 82%</p>	<p>BETTER <b>4</b> SPOTS FROM 2016</p> 
<p>TOTAL SCHEDULED FLIGHTS</p>	<p>2019 <b>Ranked 12th</b> of 786 airports 174,315 flights</p>	<p>WORSE <b>1</b> SPOT FROM 2018</p> 
<p>TOTAL FREIGHT RAIL MILES</p>	<p>2017 <b>Ranked 8th</b> 4,258 freight rail miles</p>	<p>SAME RANKING AS 2016</p> 
<p>COMMUTE TIMES</p>	<p>2017 <b>Ranked 17th</b> 23.4 minutes National Average: 26.4 minutes</p>	<p>SAME RANKING AS 2016</p> 
<p>OVERALL HIGHWAY PERFORMANCE</p>	<p>2016 <b>Ranked 22nd</b></p>	<p>BETTER <b>3</b> SPOTS FROM 2015</p> 



# Workforce

**H**ussein Farah recognizes the immediate need of employers to fill job vacancies. He feels the urgency firsthand to hire trainers at New Vision Foundation.

He also advises a long-term approach.

“We need to solve the problem for a few years down the road.”

Farah is founder and executive director of New Vision Foundation in St. Paul. New Vision is committed to educating the future IT workforce in Minnesota and inspiring disadvantaged communities, such as African immigrant high school students, to join the tech sector.

The foundation offered its first coding class in 2017 at Minneapolis Southwest High School. Today coding classes are in 11 public and charter schools in Minneapolis and St. Paul, serving at least 1,200 youths.

“We are experiencing tremendous growth,” he says. “Nobody is doing what we are doing right now and at the level we are doing it.”

That’s good news for employers challenged to find workers, he notes.

“We are helping to fill the pipeline,” Farah says. “We are cultivating local talent.”



**Hussein Farah**

Founder and Executive Director  
New Vision Foundation

**“We are helping to fill the pipeline.”**

Early intervention on campuses and specialized trainers set Farah apart from his competitors. New Vision teaches both in-school and after-school classes. He reaches students at a much younger age by working with middle schools.

And its trainers are specialized in the specific industry that is being taught.

His latest initiative is working directly with employers to train adults who can participate in an apprenticeship or internship with the goal of being hired by the company.

Farah is challenged himself to find trainers and is working with the University of St. Thomas in St. Paul to develop boot camps and expand his talent pool. “We obviously look to find people who are passionate to be in this tech space – and passionate about giving back

to the community.”

He reiterates his message to employers: Invest in new workers through apprenticeships, have individuals within the company to help them onboard – whatever it takes to help workers reach required competencies.

“Employers need to look at it as a much bigger problem than a couple of trainings,” he says. “We must bring more stakeholders to the table.” ■











See five-year  
**EDUCATION**  
trends

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## Workforce: Seeking private-sector solutions

No subject is more widely discussed than the state's – and the nation's – current labor shortage. It impacts every industry and region in Minnesota and challenges current systems and assumptions about how workers are educated and prepared for jobs of the future. As the public sector debates systemic changes in immigration and education, private-sector employers are finding new ways to retain, train and attract new employees to fill immediate needs. It's clear there are no simple long-term solutions. But private-sector innovation is leading the way toward solutions to these critical workforce challenges. ■

MINNESOTA RANKING: 1ST IS BEST

<p><b>TWO-YEAR DEGREE OR HIGHER</b> (AGE 25 AND OLDER)</p>	<p>2017 <b>Ranked 4th</b> 47.3% National Average: 40.5%</p>	<p>BETTER <b>1</b> SPOT FROM 2016</p> 
<p><b>8TH-GRADE READING SCORES</b></p>	<p>2017 <b>Ranked 12th</b> 269 average National Average: 265</p>	<p>WORSE <b>6</b> SPOTS FROM 2015</p> 
<p><b>ON-TIME HIGH SCHOOL GRADUATION RATE</b></p>	<p>2017 <b>Ranked 36th</b> 83% National Average: 85%</p>	<p>WORSE <b>1</b> SPOT FROM 2016</p> 
<p><b>LABOR PARTICIPATION RATE</b></p>	<p>2019 <b>Ranked 2nd</b> 70.1% National Average: 63.2%</p>	<p>SAME RANKING AS 2018</p> 
<p><b>NET DOMESTIC MIGRATION</b></p>	<p>2010-2018 <b>Ranked 29th</b> 26,159 net loss</p>	<p>BETTER <b>1</b> SPOT FROM 2005-2009</p> 
<p><b>NET INTERNATIONAL IMMIGRATION</b></p>	<p>2010-2018 <b>Ranked 18th</b> 107,830 gain</p>	<p>BETTER <b>1</b> SPOT FROM 2000-2010</p> 



# FIVE YEARS OF BENCHMARKS: TRENDS AND TAKEAWAYS

*Over the last five years, the Business Benchmarks report has helped sort through where Minnesota ranks compared with other states. In this edition, we've reviewed the five-year data overall to provide an analysis of positive, troubling and mixed trends in several categories.*

## POSITIVE TRENDS:

### Meaningful transportation investment has improved highway performance.

Minnesota has steadily improved in transportation rankings, rising from 42nd in 2009 to 22nd in 2016 in overall highway performance. This is likely due to meaningful investment such as the 2008 Corridors of Commerce Program based on economic development needs, increased bonding and the 2008 funding bill. The rankings should continue to improve after the 2017 Legislature dedicated transportation-related

sales taxes to the transportation system – which will result in nearly \$2 billion over the next 10 years. In 2016, Minnesota ranked 11th best for percent of deficient bridges, third best for preventing road fatalities, and 35th for rural and 40th for urban pavement conditions.

### Workers' compensation costs now below the national average.

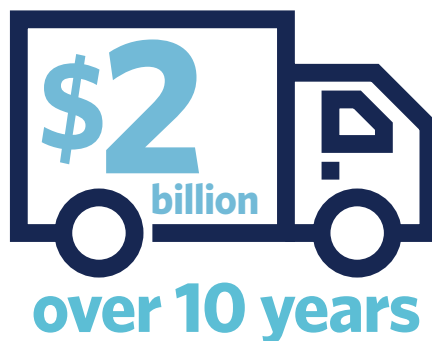
In the 1990s, Minnesota's workers' compensation costs were among the highest in the nation. Legislative reforms

started bringing costs down while still protecting workers. With continued bipartisan reforms, the state's rankings have improved from 16th highest cost in 2010 to 28th in 2018. Costs are now below the national average.

### State-to-state and international migration is bringing more talent into Minnesota.

Minnesota's population growth from other states has increased since 2017. This is a welcome, notable reversal from the trend of losing

people to other states, which began in 2001. International immigration continues to be a major contributor to our population growth along with the natural increase of more births than deaths. Minnesota has gained about 307,000 in population since 2010, reaching 5.6 million or 22nd highest in the nation. The state demographer predicts labor force growth is likely approaching a low point. Workforce challenges will continue.



**Workers' comp costs below national average**



## TROUBLING TRENDS:

### Overall economic performance continues to lag behind the national average.

Several indicators of Minnesota's overall economic performance, including job creation and GDP growth, have lagged behind the national average for five years. The economy is still growing, but at a slower pace than other states. The tight labor market, high taxes and regulatory burdens may be hampering Minnesota's economic performance.

### Tax burdens continue to rise.

Minnesota's tax burdens are back among the top 10 highest in the nation both in per-capita and as a percent of personal income rankings – ranking eighth highest in 2016 for per-capita and seventh highest per percent of personal income. Minnesota had made progress in getting out of the top 10 list in the past decade as we ranked 13th in 2010 in per-capita state and local tax burdens and 14th as a percent of personal income. In 2016, Minnesota taxes were \$6,090 per-capita compared to the U.S. median of \$4,494.



## Health care costs in the top third

### Health care premium costs are rising faster than other states.

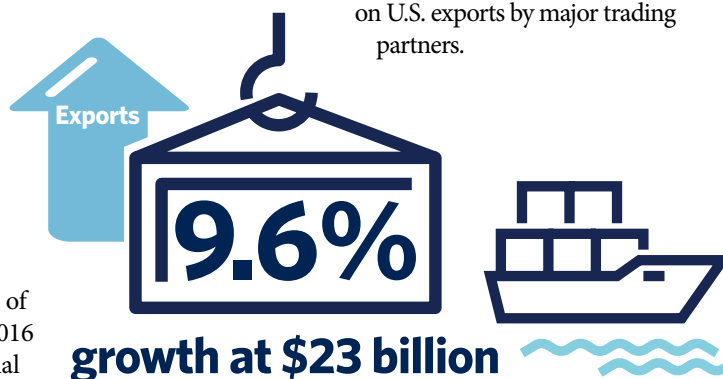
Health care costs continue to increase in Minnesota as well as across the nation. It's significant, however, that Minnesota's costs are rising faster than many other states for employer-sponsored health insurance. Over the last five years, Minnesota's health care premium ranking for single coverage has increased from 38th (2013) in the nation to 21st (2018), and family coverage has jumped from 42nd in the nation to 23rd today.

## MIXED RESULTS:

### Exports are up nearly 10 percent, but subject to uncertainty.

Minnesota exports have exceeded the national average for the last two years and the state's ranking has improved from 24th in 2014 to 13th best in 2018. That represents 9.6% growth at \$23 billion. This is a notable difference from 2015 and 2016, when exports were declining across the nation. Minnesota

exports more than 1,000 products to more than 200 countries, supporting more than 100,000 jobs. The first two quarters of 2019 saw a slowdown in exports, which likely reflects uncertainty from U.S. trade policies and some countermeasures on U.S. exports by major trading partners.



### Quality workforce is a top strength, but includes troubling education outcomes and a critical shortage.

Workforce remains one of Minnesota's key strengths with a highly educated workforce, ranking second best for populations with higher academic degrees and among the top in the nation for labor participation.

However, the state needs an estimated 3.2 million workers to keep up with growth leaving Minnesota short. The state's on-time high school graduation rate and achievement gap remain among the worst in the nation.

The rate of students graduating on time has improved from 79.8% in 2014 to 83% in 2017, but the ranking has slipped to 36th in the nation as other states' progress has outpaced Minnesota's.

Minnesota's state demographer projects that the state's minority population will grow from 14 percent to 25 percent of the total population by 2035, making it imperative to accelerate opportunities for students of color to thrive in our workforce. ■

% of students graduating on time	Rate	50 state ranking (#1 is best)
Overall on-time high school graduation	83%	36th
Black students	65%	50th
Hispanic students	66%	50th
American Indian students	51%	47th
White non-Hispanic	88%	29th

Source: On-time graduation rates 2017 state comparisons, Minnesota Compass

# 110+ YEARS OF GROWING MINNESOTA

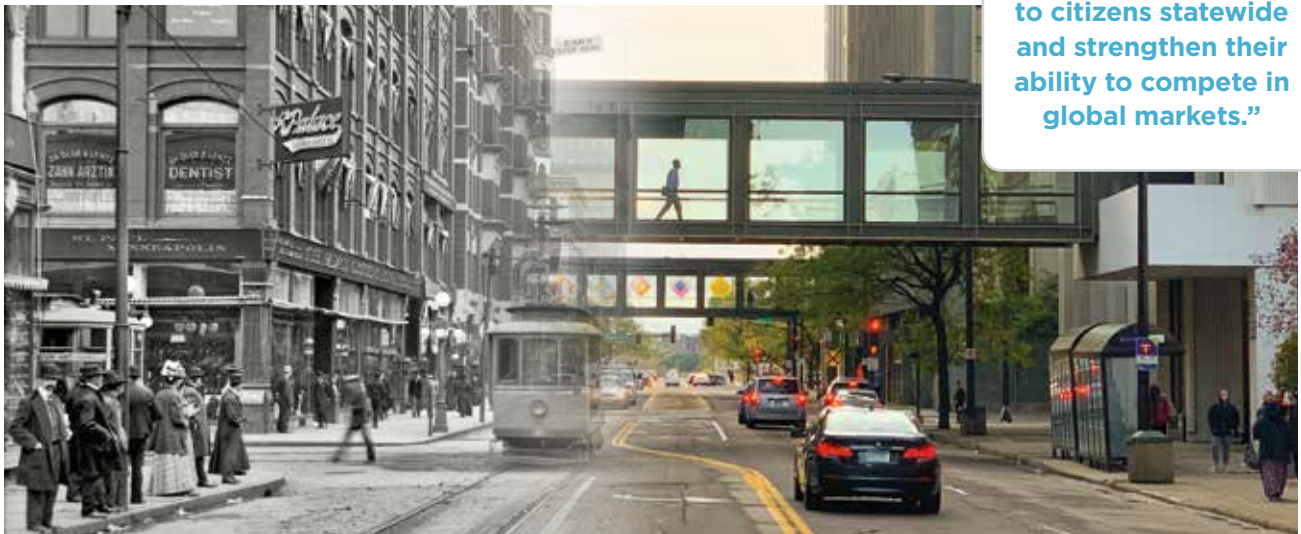
**T**he Minnesota Chamber's vision is a future for business that improves the lives of all Minnesotans. Yes, we speak for employers, but the good work that we do – and more importantly, that our members do – helps maintain our cherished quality of life in Minnesota.

We are a statewide organization representing more than 6,300 businesses – and more than half a million employees. We build on our 110-year legacy as the voice of business by advancing public policy that grows jobs, and by providing valuable services to members so they stay and grow in Minnesota. A business climate that allows for innovation and forward-thinking leadership will help grow the strength of Minnesota's economy for generations to come. ■



**Molly Jungbauer**  
Chief Executive Officer  
Hollstadt Consulting  
2019-2020 Chair of the Board

**“Hollstadt is proud to be a member of the Minnesota Chamber of Commerce. I appreciate the opportunity to help foster Minnesota's ability to provide economic opportunity to citizens statewide and strengthen their ability to compete in global markets.”**



## Minnesota Chamber Foundation: Empowering Minnesota's Economic Future

Understanding Minnesota's economic future is key to its long-term success. The Minnesota Chamber Foundation is poised to play a critical role in strengthening the business environment through research, workforce development and leadership programs.

**Minnesota: 2030** is the first study of its kind in 30 years, taking a long-term look at the



**Susan Marvin** Foundation Board Chair

development of Minnesota's economy. It will be released in early 2020.

The **Center for Workforce Solutions** is a business-led initiative to ensure that employers and employees possess the necessary tools for jobs of the future.

The **Business Education Network** narrows the skills gap by helping students understand career opportunities in their communities. ■



Text  
**MNCHAMBER to 50457**  
for more information.

## Chamber member benefits

### Your Voice at the Capitol

We provide one voice – a collective voice – for employers, employees and the broader business community to ensure that public policies support long-term economic growth in Minnesota.

- **Understanding the economy**
- **Listening to businesses**
- **Delivering results at the Capitol**



### Your Connection to Business

We give our members access to a statewide network of business peers – opportunities to meet each other and stay at the forefront of business trends through events, sponsorships and leadership programs.

- **Growing our members' networks**
- **Promoting our members' brands**
- **Inspiring Minnesota's business leaders**

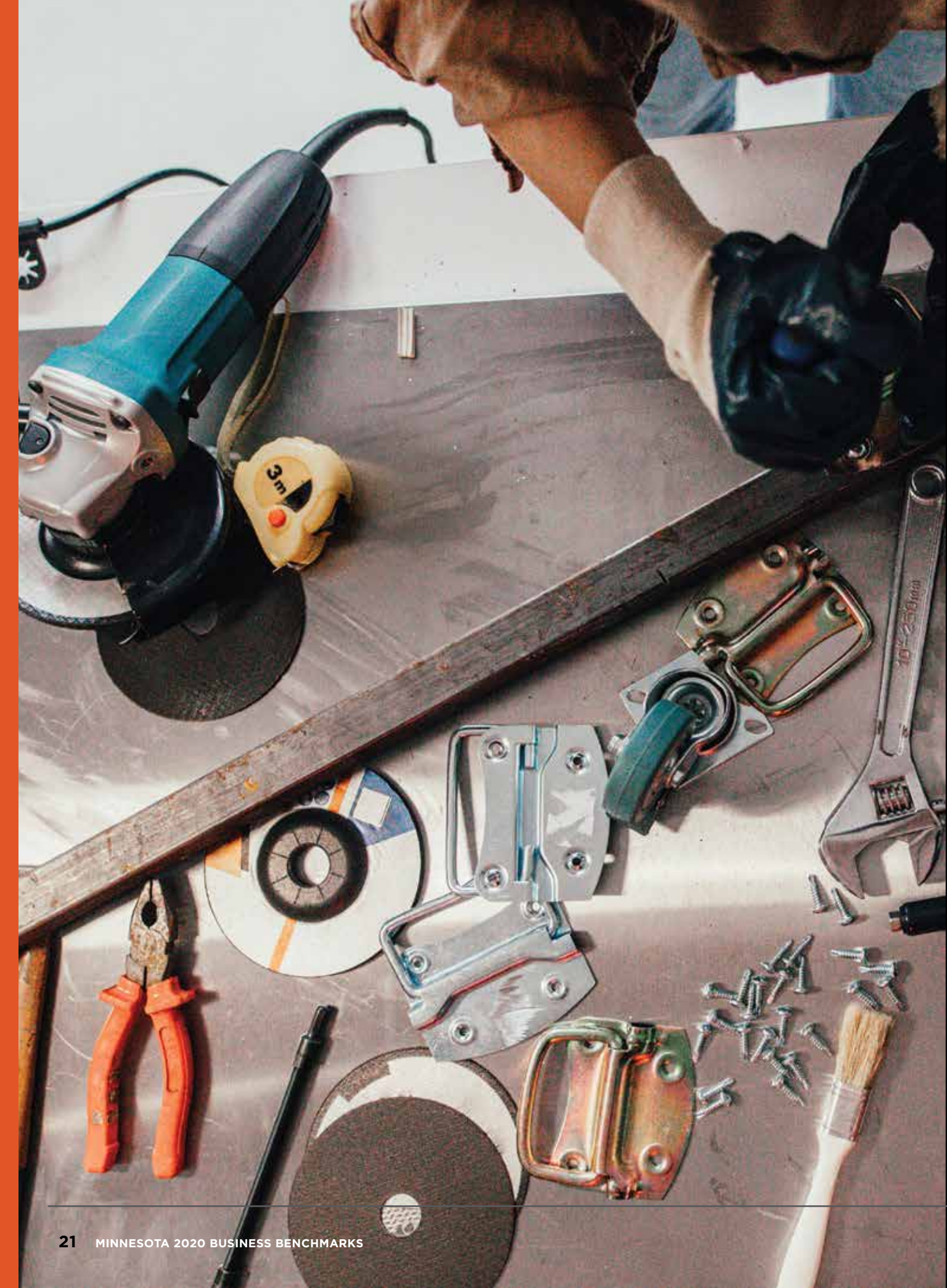


### Your Opportunity to Grow

We hope to better understand business challenges and offer solutions through partnerships, programs, business products and one-on-one business services.

- **Helping businesses stay and expand**
- **Enhancing sustainability**
- **Saving our members time and money**





# Minnesota Chamber Federation

## 2019 Minnesota Chamber Federation members include:

Albert Lea-Freeborn County Chamber of Commerce  
 Alexandria Lakes Area Chamber of Commerce  
 Apple Valley Chamber of Commerce  
 Austin Area Chamber of Commerce  
 Bemidji Area Chamber of Commerce  
 Brainerd Lakes Chamber of Commerce  
 Burnsville Chamber of Commerce  
 Cloquet Area Chamber of Commerce  
 Cuyuna Lakes Chamber of Commerce  
 Dakota County Regional Chamber of Commerce  
 Duluth Area Chamber of Commerce  
 The Chamber of Grand Forks and East Grand Forks  
 Eden Prairie Chamber of Commerce  
 Elk River Area Chamber of Commerce  
 Faribault Area Chamber of Commerce and Tourism  
 Grand Rapids Area Chamber of Commerce  
 Greater Mankato Growth, Inc.  
 Hastings Area Chamber of Commerce and Tourism Bureau  
 Hibbing Area Chamber of Commerce  
 International Falls Area Chamber of Commerce  
 Lakeville Area Chamber of Commerce  
 Laurentian Chamber of Commerce  
 Litchfield Area Chamber of Commerce  
 Marshall Area Chamber of Commerce  
 MetroNorth Chamber of Commerce  
 New Ulm Area Chamber of Commerce  
 Northfield Area Chamber of Commerce and Tourism

Owatonna Area Chamber of Commerce and Tourism  
 Pipestone Area Chamber of Commerce  
 River Heights Chamber of Commerce  
 Rochester Area Chamber of Commerce  
 St. Cloud Area Chamber of Commerce  
 Shakopee Chamber and Visitors Bureau  
 Southwest Metro Chamber of Commerce  
 Twin Cities North Chamber of Commerce  
 TwinWest Chamber of Commerce  
 Waconia Chamber of Commerce  
 Waseca Area Chamber of Commerce  
 White Bear Area Chamber of Commerce  
 Willmar Lakes Area Chamber of Commerce  
 Winona Area Chamber of Commerce  
 Woodbury Area Chamber of Commerce  
 Worthington Area Chamber of Commerce

**Local chambers represent economic vitality in their communities. The Minnesota Chamber Federation unites and amplifies the voice of local chambers by advocating for policies to advance business in every corner of the state. Federation partners represent 43 communities and more than 21,000 businesses. They participate in the Grow Minnesota! Partnership and promote pro-growth policies to the Legislature each year. The Minnesota Chamber has spearheaded the Federation for a more than a decade, helping ensure that state lawmakers understand the needs and interests of Minnesota's diverse and successful local business community.**



**MINNESOTA  
CHAMBER OF  
COMMERCE**

**GROWING MINNESOTA**

400 Robert Street North, Suite 1500, St. Paul, MN 55101  
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Text **MNCHAMBER to 50457** for more information.