2025 REGIONAL ECONOMIC FRAMEWORK

October 2025

METROPOLITAN COUNCIL

The Met Council's mission is to foster efficient and economic growth for a prosperous metropolitan region.

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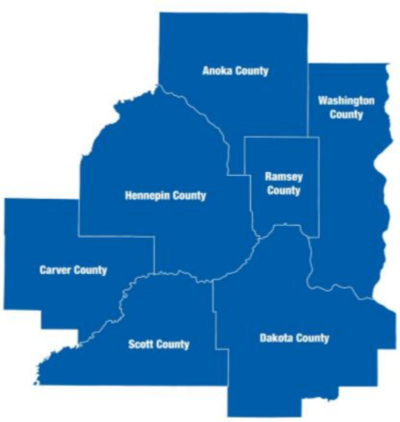
Note: the members of the Metropolitan Council will be listed here upon final publication.



The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Met Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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Letter of Support

Once this report has completed the review process, it will be brought before the Metropolitan Council for adoption.

After that, a letter of support will be added indicating that the Met Council has formally adopted the report with the purpose of providing opportunities for organizations within the region to apply for U.S. Economic Development Administration (EDA) funding.

Regional Economic Framework Overview

The 2025 Regional Economic Framework presented here was developed to serve as an alternative Comprehensive Economic Development Strategy (CEDS) as defined by the U.S. Economic Development Administration (EDA). The EDA requires a CEDS, or a CEDS equivalent alternative, as a prerequisite to access federal funding opportunities. The EDA will not formally approve the regional framework but will consult it to determine eligibility for future funding applications it receives from the Twin Cities region. Any eligible entity in the region can use this document to meet the regional economic planning prerequisite for EDA funding applications. The 2025 Regional Economic Framework complies with all EDA content guidelines that are required of a CEDS. Applications must articulate how their proposed projects or programs support the strategies of the 2025 CEDS when applying for funding.

In addition, proposed projects should align with the EDA's investment priorities. EDA investment priorities include:

- Critical infrastructure
- Workforce
- Innovation and entrepreneurship
- Economic recovery resilience
- Manufacturing

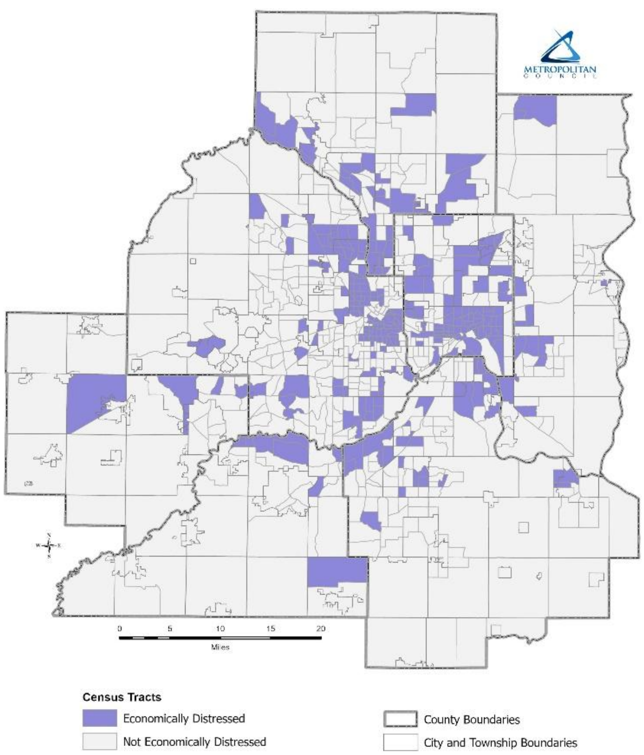
Geography of the Regional Economic Framework

The Metropolitan Council provides regional planning, policy-making, and essential regional services in seven core counties, identified in *Minnesota Statutes* chapter 473. This regional economic framework applies to this seven-county metropolitan region.

Figure 1: Metropolitan Council seven-county region

To develop a CEDS, regions must typically be designated by the U.S. Economic Development Administration (EDA) as an economic development district. One of the criteria to be an economic development district is that the region must contain areas of economic distress. While the seven-county Twin Cities region does not meet this threshold at the regional level, it contains significant pockets of economic distress. A review of U.S. Census data identified 596 tracts that meet the distress threshold of having either low-income or high unemployment (see Figure 2).[1] As a result, the Twin Cities has prepared this CEDS alternative, which is an equivalent planning document intended for regions that are not formally designated as economic development districts. In adopting this document, the Metropolitan Council is not assuming any additional authority or responsibilities beyond those provided by Minnesota statute; rather, it is serving in a regional convening role. Implementation of the regional economic framework relies on collaboration among local governments, economic and community development authorities, and other partners. The goals, priorities, and strategies of the framework are not intended to direct the plans or actions of local governments but to guide regional coordination and action.

Figure 2: Twin Cities regional economically distressed census tracts, 2023



Source: United States Census Bureau

[1] United States Census Bureau. American Community Survey, 5-year estimates. Data is for 2019-2023.

Since the 2025 regional economic framework applies to the seven-county metropolitan region, when the term “Twin Cities region” is used throughout this document, it is referring to the seven-counties. As much as possible, the data presented in this report is for the seven-county geography. Due to data availability limitations, there are times when the data refers to the larger 15-county Minneapolis-Saint Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA). This will be noted as appropriate.

The Strategic Priorities

This report identifies nine strategic priorities. These priorities were originally identified by the Greater MSP Partnership through an extensive stakeholder engagement process leading up to the development of the 2020 regional economic framework, which was led by the Metropolitan Council, the Greater MSP Partnership, and the Center for Economic Inclusion. The Metropolitan Council staff revisited these nine strategic priorities over the course of updating this report, consulting with the Greater MSP Partnership and stakeholders across the region. That process affirmed that these priorities remain relevant for the 2025 regional economic framework.

Nine Strategic Priorities

- Job Growth
- Workforce and Skills
- Racial Inclusion
- Talent Migration and Retention
- Regional Brand and Image
- Startups and Innovation
- Affordability
- Transportation and Mobility
- New Climate Economy

For each strategic priority, this report includes an overview of the importance of the issue, input from stakeholders including a list of strengths, weaknesses, opportunities, and threats, action steps, implementation partners, and measurement metrics. Each strategic priority also includes an evaluation framework and a discussion of resiliency related to the priority.

2025 Framework Update Process and Engagement

The regional economic framework presented here is a result of engagement with community members, stakeholders, subject matter experts, and elected officials. These groups participated in conversations designed to understand the Twin Cities region's economic strengths, weaknesses, opportunities, and threats. The participants also proposed possible action steps, identified potential partners, and suggested measurement metrics. Based on the collective input, the Metropolitan Council and University of Minnesota Extension collaborated to author this document.

Guiding Partners

Staff from the Metropolitan Council and University of Minnesota Extension served as the primary guiding partners in the creation of this development strategy. Metropolitan Council staff also consulted with research staff from Greater MSP throughout the project.

Metropolitan Council

The Metropolitan Council is the regional policy-making body, planning agency, and provider of essential services in the Twin Cities' seven-county region. The Council's mission is to foster efficient and economic growth for a prosperous region. In meeting this mission, the Metropolitan Council led the process of creating this regional planning document. This included co-designing the project process and providing expertise, input, and data for each of the strategic priorities.

University of Minnesota Extension

University of Minnesota Extension's Department of Community Development's (Extension's) mission is to partner with communities to develop capacity, tools, and programs that respond to community needs. To meet this mission, Extension regularly assists communities and regions conduct regional strategic planning processes. Extension contributed to this regional economic framework by designing the engagement process, leading committee meetings, conducting expert interviews, and writing the report.

Greater MSP

The Greater MSP Partnership is the economic development partnership for the 15-county Minneapolis–Saint Paul region. The Partnership is a coalition of more than 4,500 individuals from more than 300 leading businesses, universities, cities, counties and philanthropic organizations working together to accelerate competitiveness and inclusive economic growth of the 15-county Minneapolis–Saint Paul region.

Staff from the Greater MSP Partnership provided insight into the strategic priorities and advised the stakeholder engagement process to ensure alignment with the Partnership's implementation of regional economic strategies. During the process of creating this report, the Greater MSP Partnership released the 2025 MSP Regional Indicators Dashboard, which informed the analysis included in this report. Greater MSP had an active role in the development of the 2020 regional economic framework which also shaped the strategic priorities presented in this report.

Process

The regional plan update process was informed by a comprehensive engagement strategy to gather input and feedback for the final report.

Regional Economic Framework Update Committee

A committee of 26 representatives from organizations and local governments across the region was identified by the Metropolitan Council. The committee provided input and feedback on each of the nine strategic priorities over five work sessions. The first session, which was held in-person, began with an overview of the update process and all nine of the strategic priorities. The three subsequent sessions focused on three priorities each. Each session began with a data presentation on the strategic priorities of focus, followed by deep-dive small group discussions that focused on one strategic priority in breakout rooms. The final session provided the draft strategy document and invited committee input. The members of this committee will be referred to as the framework committee throughout this document.

Subject Matter Expert Interviews

In addition to the committee, 15 interviews were conducted with individuals identified by the Metropolitan Council's team as subject matter experts in each of the nine strategic priorities. The questions presented to the experts were similar in nature to those presented to the steering committee.

Committees and Partners

Metropolitan Council staff invited members of the council’s standing committees to share their insights into regional economic conditions and priorities. Committees included the Land Use Advisory Committee composed of local elected officials and community members and the Metro Cities Regional Planners Advisory Group composed of city planners and managers.

Local Government Input

To broaden the scope of engagement, feedback on all nine strategic priorities was gathered through a survey, which was sent to planners and officials of cities and counties in the Twin Cities region. The survey received 43 responses. The feedback provided has been included in this report.

Tribal Engagement

As sovereign entities, tribal governments also have an important voice in regional planning. To get tribal feedback for the plan, Metropolitan Council and University of Minnesota Extension staff engaged with the Council’s American Indian Advisory Committee. Input and feedback from the engagement are incorporated into this document.

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Executive Summary

The 2025 Regional Economic Framework presented here was developed through a process that identified nine regional strategic priorities. The nine priorities are interconnected and intertwined. Through conversations with the framework committee, the following themes emerged that bridge across all nine priorities and thus provide a summary of the regional framework.

Strong fundamentals with stagnant job creation.

The Twin Cities region remains Minnesota's economic engine—home to 60 percent of the state's jobs, a dense concentration of Fortune 500 headquarters, and nationally competitive strengths in manufacturing, finance and insurance, healthcare, med-tech, and food wholesale trade. Its diversified economy, high quality of life, and great educational institutions have long underpinned regional stability. Yet from 2019 to 2024, the region posted zero net job growth even as most peer metros expanded. That paradox—strong fundamentals with stagnant job creation—defines today's challenge. Understanding the five trends underlying this paradox can help tackle the challenge and drive regional growth.

Tight labor market pressures underscore the need to close skills and access gaps to better connect employers and workers.

The Twin Cities boasts one of the highest labor participation rates in the country and a well-educated talent pool, particularly in STEM fields. Foreign born residents are a major source of workforce growth. Employers are increasingly adopting skill-based hiring, which opens doors for non-traditional candidates. However, the region has a tight labor market, with only 74 unemployed workers available for every 100 job openings in 2024.

Several factors contribute to the tight labor market: an aging workforce, with one in four workers nearing retirement; limited in-migration; and the underutilization of workers of color and immigrants. Additionally, mismatches between workers and employers—driven by gaps in skills and access—further constrain the labor supply.

The region must strengthen efforts to close skill gaps by better aligning training, credentials, and support services with employer needs. Minnesota is already focusing its workforce development strategies on high-demand sectors like advanced manufacturing, healthcare, and clean energy. Initiatives such as the Minnesota CHIPS coalition show how cross-sector collaboration can create pathways into industries like semiconductors and microelectronics—an approach that could be expanded to other industries.

Accessibility gaps also contribute to the disconnect between workers and available jobs. Many workers, particularly those with low incomes, struggle to find housing they can afford near available jobs as significant housing cost burdens restrict their housing options. At the same time, limited access to reliable transportation, especially for transit-dependent individuals, makes it difficult to reach jobs in areas underserved by transit.

Closing the access gap will require a multi-pronged approach. Effective strategies include expanding affordable housing options throughout the region, particularly in job-rich areas; investing in transit to improve connections to employment centers; and directing economic development efforts toward bringing jobs to areas with existing affordable housing and reliable transit access.

The region's ongoing labor shortage has heightened the urgency of attracting and retaining talent and businesses, especially by building a cohesive regional brand.

In addition to focusing on the development and retention of local talent by continuing to build a robust workforce development infrastructure, the region could address its tight labor market conditions by attracting and retaining new talent from outside the area.

While international immigration has been a steady contributor to workforce growth in the Twin Cities, domestic migration has been flat or negative, with key demographic groups such as college graduates and mid-career professionals leaving the region. The region struggles to retain and attract talent and businesses despite strong assets such as a high quality of life and a thriving economy characterized by strong legacy industries, innovation capacity, and civic leadership.

One contributing factor is the region's ongoing struggle to effectively market its assets to prospective talent and businesses. National visibility remains limited, as many people across the country are unfamiliar with the region. While the region is appealing to some target audiences, that appeal often isn't fully recognized until people experience the region firsthand. Ongoing efforts should be strengthened and elevated to create a cohesive approach to regional branding and marketing.

Coordinated, targeted, and well-funded marketing efforts aimed at priority audiences can strengthen the region's brand and close the recognition gap. Talent attraction campaigns can build upon the success of existing tourism promotion initiatives and can include strategies such as attracting business visitors or hosting national events and conferences to boost exposure to the region. The region's employers can work to retain local talent by partnering with educational institutions to support workforce pipelines; employers and state government can offer incentives such as tuition reimbursements to keep high school and college graduates in the region.

Bolstering startups and innovation is essential for driving business growth and expanding employment in the region.

The Twin Cities has a solid foundation for startups and innovation, with a rich history of entrepreneurship and strong corporate anchors in medical devices, high-tech manufacturing, and food products that drive strong patent activity. Although the region has fewer new business startups than peer regions, those that do launch have a higher-than-average survival rate. New businesses in the region provide approximately 20 percent of gross employment growth.

However, startup activity and innovation infrastructure are underperforming compared to peer regions in several key areas, such as venture capital, incubator capacity, and coordinated post-startup scaling support. The region faces competition from other regions in accessing venture capital. Underrepresented entrepreneurs, in particular, continue to face persistent barriers to access and opportunity. Together, these factors continue to limit job growth.

The Twin Cities region trails peer regions in private capital and equity investment, though efforts to build a stronger venture capital infrastructure are underway. Networks like the Minnesota Investors Network and multiyear campaigns to engage more angel investors such as Angel Fest have contributed to this growing ecosystem. The region has also launched several targeted strategies to support startup and scale-up ventures in key sectors, including agriculture (MBOLD), clean energy (Grid Catalyst), and medical and health technology (Medical Alley).

While these nation-leading sectors benefit from strong incubator capacity that is essential for startups to grow, many other industries in the region lack the dedicated physical space and organizational support needed to sustain business incubators. Opportunities exist to partner with commercial real estate developers to create startup-friendly spaces and provide bundled services—such as legal support, accounting, and mentorship—within those environments.

While many organizations in the region offer support for startups, business growth often stalls after the initial launch phase. Without clear leadership and coordination, entrepreneurs—especially those from under-resourced communities—struggle to navigate a fragmented and often overwhelming ecosystem. Tools like MSP Startup Guide, which help founders sort through hundreds of available resources, are a step in the right direction. Strengthening collaboration among service providers improves support and continuity for growing businesses and the infrastructure for scaling startups.

Addressing long-standing racial disparities is essential for unlocking the full potential of the region.

Racial disparities in socioeconomic outcomes significantly affect the region's overall economic performance. While there has been measurable progress in reducing gaps in areas like poverty rates and wages, persistent disparities in critical outcomes—such as homeownership, income, and education—continue to constrain opportunities for Blacks, Indigenous people, and People of Color, both in the workforce and as business owners.

The underutilization of BIPOC residents as workers and entrepreneurs remains a barrier to regional growth, as it prevents the region from fully leveraging the talents and potential of its entire population. Compared to many peer regions, the region ranks very low in inclusive growth, further entrenching long-standing, intergenerational racial inequities in our communities.

Intergenerational racial inequities stem from systemic factors. Ongoing gaps in home and business ownership reflect the long-standing exclusion of BIPOC residents, hindering their ability to achieve financial stability and build generational wealth. Limited access to capital remains a significant barrier to both starting and expanding BIPOC-owned businesses. Additionally, disparities in educational outcomes play a major role in the overrepresentation of workers of color in low-wage industries.

Addressing racial disparities has the potential to drive substantial economic growth in the region. For example, closing racial gaps in unemployment could help alleviate tight labor market conditions by adding an estimated 41,000 workers of color to payrolls —enough to fill nearly two out of every three job vacancies. Likewise, eliminating racial earnings gaps by boosting the earnings of BIPOC residents could generate nearly $11 billion in additional income that could be injected into the regional economy.

Significant efforts—such as the GroundBreak Coalition—are advancing long-term, intergenerational wealth-building strategies that go beyond income alone. Many Community Development Financial Institutions (CDFIs) are also working to expand capital access for BIPOC entrepreneurs, while workforce development initiatives are helping to align workers of color with the skills needed in today’s labor market. These are all important steps toward inclusive growth.

However, the region now faces emerging political and policy shifts, including anti-DEI efforts and changes in immigration policy. To protect hard-won progress, existing initiatives must adapt to this evolving landscape. The region must be prepared for potential economic shocks that could threaten investments in historically underserved communities.

The emerging climate economy presents both opportunities and challenges.

The Twin Cities region is making significant progress toward a clean, low-carbon economy, propelled by strong state policy commitments and local innovation through collaborative partnerships. Minnesota has set ambitious goals—100% carbon-free electricity by 2040 and net-zero emissions by 2050— and significant progress has been made. The region also benefits from a vibrant innovation ecosystem, with a diverse network of stakeholders driving research and advancements in clean energy solutions.

Although the region is well-positioned to lead in the emerging climate economy, several challenges remain in fully unlocking that potential. Achieving success will require significant infrastructure investments, including upgrades to the electrical grid, expanded energy storage, and a broader electric vehicle charging network. The region also has a limited presence in the clean energy supply chain, with much of the advanced manufacturing and research and development located elsewhere. Education and training programs are still aligning around green job opportunities, with more workforce development needed in building efficiency and renewable energy. Small and emerging businesses often face barriers to participating in large-scale wind and solar projects within the climate economy. The new clean economy lacks a clear definition, which makes it harder to track and coordinate industry efforts.

There are several strategies to help maximize the benefits of the climate economy. The State of Minnesota can institute state-level policies to address gaps in electric vehicle infrastructure. Efforts to attract value-added supply chain opportunities—such as manufacturing, headquarters, and research and development—would help anchor green industries in the region and enhance their impact on job creation and economic resilience.

Investing in workforce reskilling and upskilling and aligning training programs with climate-related job opportunities are essential to meeting the demands of the growing climate economy. Many small businesses remain unaware of available funding and partnership opportunities, highlighting the need for more targeted outreach and communication. Expanding access to training and green business opportunities for workers of color can also position the emerging climate economy as a meaningful driver of equity across the region. Ongoing efforts to define the new climate economy are key to tracking business growth and identifying potential partners for emerging collaborations.

Regional Background

An important component of regional planning is understanding the current economic and social context of the region. This section of the report discusses conditions in the Twin Cities region.

Quality of Life

When it comes to quality of life and livability, the Twin Cities region consistently ranks as one of the best places to be in the nation. Cultural assets, recreational and sporting opportunities, high-quality health care and education systems, great neighborhoods, and a reasonable cost of living are all factors cited when the region receives accolades. In 2025 alone, CNBC and WalletHub both ranked Minnesota in the top five places in the United States in terms of quality of life and U.S. News and World Report listed seven communities in the Twin Cities on their list of best places to live.[2]

Cultural assets: The Twin Cities region has a vibrant arts and culture scene. SMU DataArts named the region the 5th most vibrant arts community in the nation, driven primarily by public support for the arts and the number of employees working in the field of arts and culture.[3] The region also supports numerous fine art museums, two full-time professional orchestras, an opera company, and hundreds of theatrical, musical and comedy troupes.[4]

Recreation and sporting opportunities: The Twin Cities region is also noted for its recreation and sporting options, which offer year-round entertainment. The region leads the nation in items such as bicycle-friendliness and access to golf courses.[5] The region is also home to an abundance of professional sports teams in the MLB, NFL, NBA, NHL, WNBA, PWHL, and MLS. Finally, the system of parks and trails, which often connect with the region's lakes and rivers, regularly lands the region at the top of rankings. In 2025, Minneapolis' park system was rated third and Saint Paul's system was rated fifth in the nation by the Trust for Public Land.[6] In all, 89 percent of the population lives within a 10-minute walk to a park.[7]

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[2] Fischer, S. (2025, July 18). *Report: Minnesota ranks no. 4 for quality of life in the US*. Kare11. https://www.kare11.com/article/news/local/minnesota-ranks-no-4-for-quality-of-life-in-the-us/89-6b19300b-077f-41ec-bdd2-30722a2286f6
Nace, A. (2025, May 29). *These Minnesota cities were named among the top 250 "best places to live" in the country.* WCCO News. https://www.cbsnews.com/minnesota/news/minnesota-cities-best-places-to-live-2025/
Nelson, D. (2025, August 11). *Minnesota ranked as one of the best states to live*. Bring Me The News. https://bringmethenews.com/minnesota-lifestyle/minnesota-ranked-as-one-of-the-best-states-to-live
[3] SMU DataArts. (2025). *The top 40 most arts-vibrant communities of 2024*. Arts Vibrancy 2024. https://culturaldata.org/arts-vibrancy-2024/the-top-40-list/#Minneapolis
[4] Greater MSP. (n.d.). *Arts, culture and attractions*. https://www.greatermsp.org/living-here/arts-culture-attractions/
[5] Greater MSP. (n.d.). *Sports and recreation.* https://www.greatermsp.org/living-here/sports-recreation/
People for Bikes (2025). *City ratings*. https://cityratings.peopleforbikes.org/
[6] Trust for Public Land. (2025). *Minneapolis, MN*. https://www.tpl.org/city/minneapolis-minnesota
[7] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

Health care and education: The Twin Cities is also noted for health care and education. In 2025, WalletHub named Minnesota the third best state in the nation for healthcare, primarily because of affordability and accessibility.[8] Also, the region has a strong K-12 education system and 36 colleges and universities.[9]

Affordability: The region also has a reasonable cost of living. The overall, composite cost of living was 93 percent of the U.S. average in 2025, according to C2ER.[10] Rent inflation has been limited in the region thanks to a building boom of apartments during the past decade. Out of 11 peer regions, the Twin Cities region ranks 2nd lowest in the percentage of households that are cost burdened.

Demographic Trends

Demographic shifts and trends are reshaping the region's economy, with particularly significant impacts on the workforce. Among those trends are growing racial and ethnic diversity and an aging population.

The region's population is becoming more racially diverse

Both domestic and international migration have shaped racial diversity in the Twin Cities region. The region became a hub for Hmong and Vietnamese refugees starting in the late-1970s, resulting in a significant Asian population. The region also became home to a significant number of Somali refugees in the 1990s. Finally, many Mexican and other peoples from Latin America have made the Twin Cities region their destination, largely drawn to opportunities in agriculture and construction industries.[11]

The Twin Cities region is also important to tribal nations in the state and across the Midwest. The area is located on the ancestral lands of Dakota and Anishinaabe (Ojibwe) peoples who continue to live there. The Mdewakanton Sioux tribal lands border cities and counties in the region. In addition, several tribal nations, such as the Red Lake Nation and the White Earth Nation, have tribal offices to provide services to their communities in the Twin Cities due to the number of citizens living in the area.

Due to these population trends, 32 percent of the region's population was Black, American Indian, and people of color in 2024, up from 29 percent in 2020.[12] Immigration is expected to continue to play a critical role in future population and economic growth. The region is expected to add approximately 311,000 immigrants between 2020 and 2050. Immigration alone will account for nearly half (47%) of the region's forecasted population growth through

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8 McCann, A. (2025, July 28). Best and worst states for health care (2025). *WalletHub*. https://wallethub.com/edu/states-with-best-health-care/23457

9 Greater MSP. (n.d.). *Education*. https://www.greatermsp.org/living-here/education/

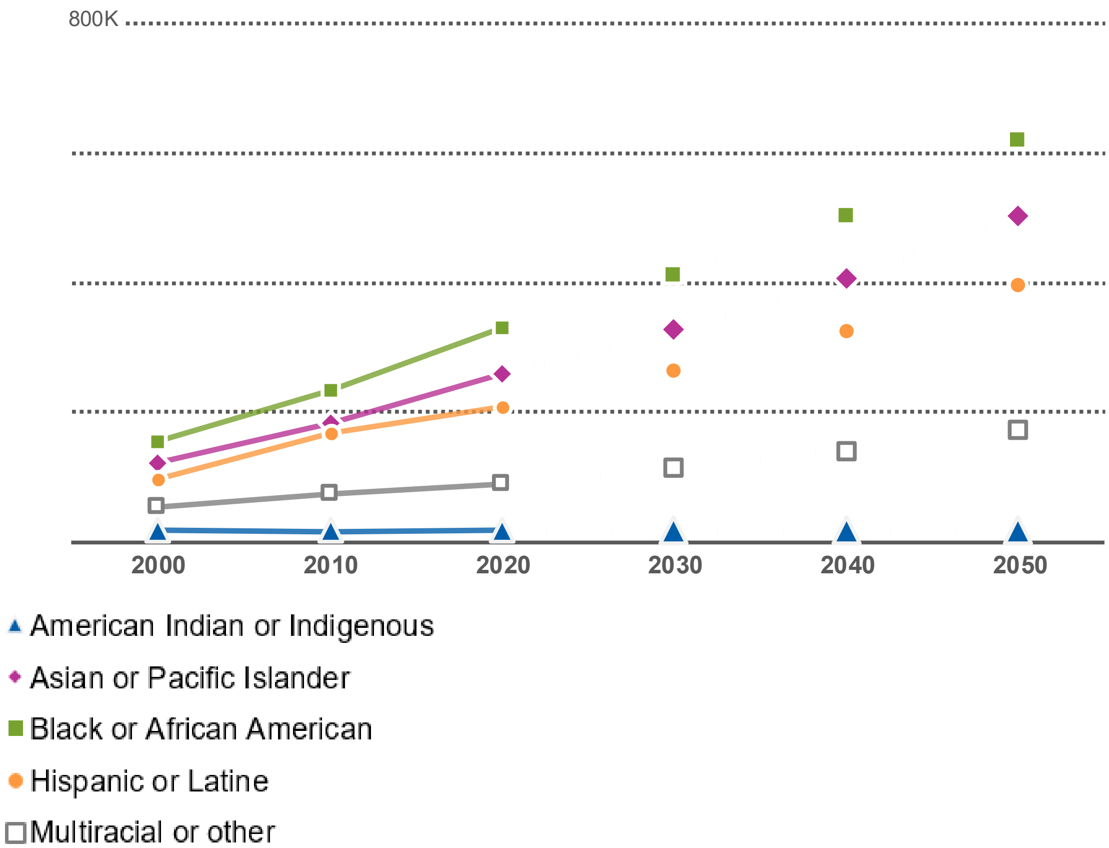
10 The Council for Community and Economic Research.(2025). *Cost of living index*. https://www.coli.org

11 O'Neill, T. (2023). *The importance of immigration: Twin Cities*. Minnesota Department of Employment and Economic Development. https://mn.gov/deed/assets/082223_immigration_TC_tcm1045-324882.pdf

12 United States Census. Population Estimates Program (PEP), ASHR. Data is for 2024.

2050. As a result, the proportion of Black, American Indian, and people of color in the region is expected to reach 45 percent. [13]

Figure 3: Forecasted population growth by race and ethnic group



Source: Metropolitan Council Regional Forecast (April 2023)

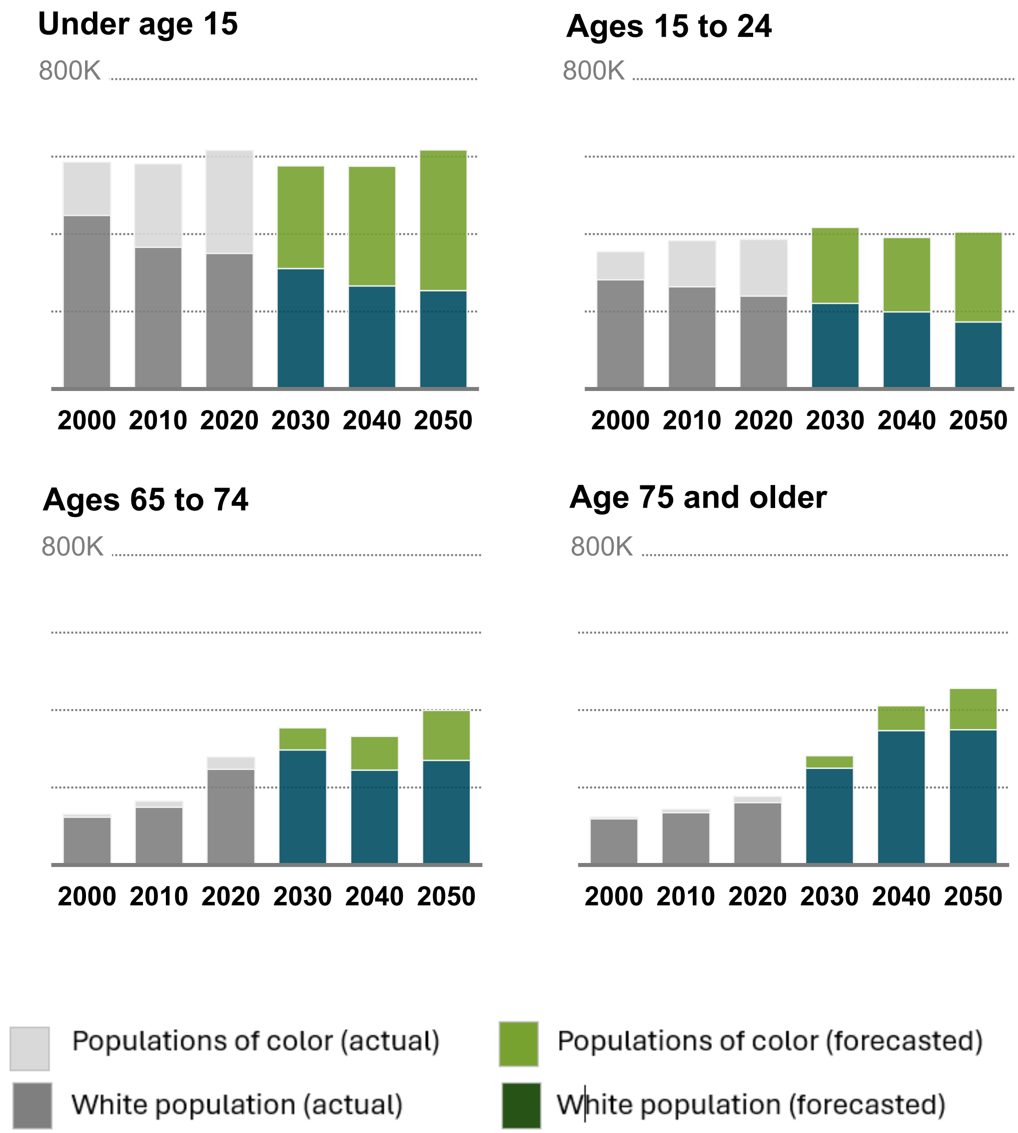
The age profile of the region's population is changing

Overall, the region's population is aging. The region's median age increased from 31.7 years old in 1990 to 38.3 in 2023.[14] This is driven by declining birth rates and the long-term trend of longer life expectancies. The senior population is projected to be 22 percent of the region's population by 2050, compared to 14 percent in 2020.

[13] Metropolitan Council. (2023). *Population and employment in the Twin Cities region in 2050*. https://metrocouncil.org/Data-and-Maps/Publications-And-Resources/MetroStats/Land-Use-and-Development/The-Regional-Forecast-Update-2023.aspx

[14] United States Census Bureau. Median Age by Sex ACS 1-year estimates. Data is for 2023.

Figure 4: Forecasted population growth by race, ethnicity and age group



Source: Metropolitan Council Regional Forecast (April 2023)

The white population is aging considerably faster than other racial and ethnic groups. By 2040, the share of youth and young adults that are Black, American Indian, and people of color will exceed the proportion of white youth and young adults. Workers of color and white workers will be almost equal shares of the prime workforce (aged 25 to 64). Older adults will continue to be predominantly white.

Socio-Economic Landscape

The Twin Cities region is noted as a prosperous and desirable place to live. The region generally has strong economic fundamentals, including high overall incomes, high labor force participation rates, and low unemployment rates.

Indicators and Trends by Race and Ethnicity

Although the region is generally prosperous, racial inequities exist. This constrains growth, prosperity, resiliency, and competitiveness. The Brookings Institution's Metro Monitor 2025 demonstrated that the region lags its peers in most dimensions of inclusive economic growth. Out of 54 very large metro areas, the Twin Cities region ranks 44th in economic inclusion.[15] When it comes to race and ethnicity, the Twin Cities lags in key areas including educational outcomes, labor force participation and unemployment, income, wages, entrepreneurship, and homeownership.

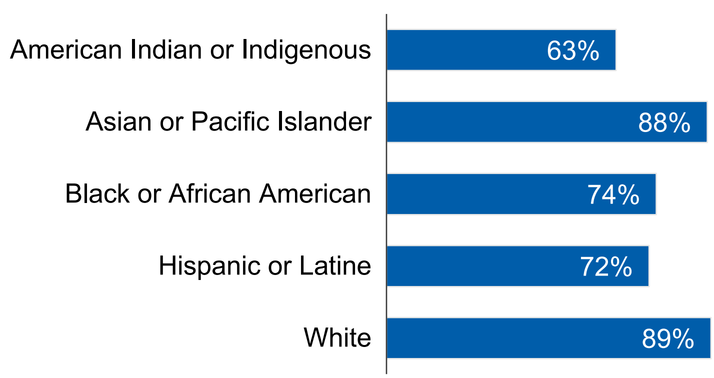
Racial disparities fray the region's social and economic fabric. They stifle the economy and threaten the stability of the region's communities. The region needs to address existing racial disparities to alleviate structural economic problems such as workforce shortages, housing affordability issues, limited spending, and lagging business formation. The region cannot be dynamic without an inclusive economy that ensures the social and economic vitality of all communities.

A note: The race and ethnicity categories described throughout this report identify people by that race or ethnicity "alone" and do not include multiracial persons or those with Hispanic or Latine origins (with the exception of the Hispanic or Latine category itself.)

Educational Outcomes

In 2024, Minnesota's high school graduation rate topped 84 percent, the highest graduation rate in the state's history. Generally, white and Asian students had high school graduation rates above the state average. Meanwhile, other racial and ethnic groups were well below the average (Figure 5A).[16]

Figure 5A: High school graduation rate, Minnesota, 2024



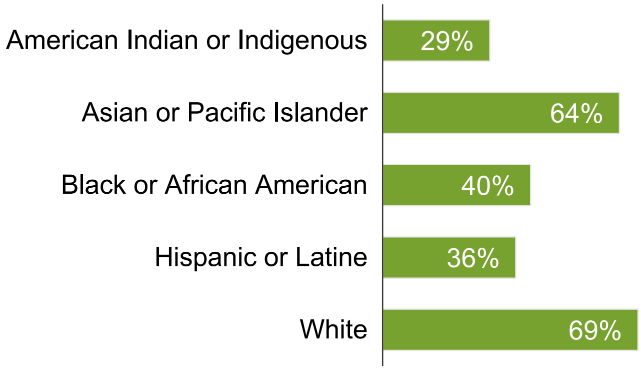
Source: Minnesota Department of Education

[15] Haskins, G. & Parilla, J. (2025). *Metro Monitor 2025*. Brookings. https://www.brookings.edu/articles/metro-monitor-2025/

[16] Kurth, A. (2025, May 7). *Minnesota's graduation rates continue to rise*. Minnesota Department of Education. https://content.govdelivery.com/accounts/MNMDE/bulletins/3986df4. Data is for 2024.

Slightly more than 63 percent of Minnesotans held a postsecondary certificate or degree in 2024. White and Asian people were more likely to hold a certificate or degree than other racial and ethnic populations (Figure 5B). [17]

Figure 5B: Share of individuals with a post-secondary degree or certificate, Twin Cities region, 2024



Source: US Census Bureau

In addition, research by the Minnesota Department of Employment and Economic Development in 2015 showed that white people participating in workforce development programs were more likely to complete the programs as compared to people of color. White participants had completion rates of 42 percent, while Asian participants had the lowest completion rates at 14 percent. Disparities also existed in the type of credential earned. Nearly 50 percent of white participants attained an associate degree or higher, whereas less than 25 percent of BIPOC participants attained the same credential.

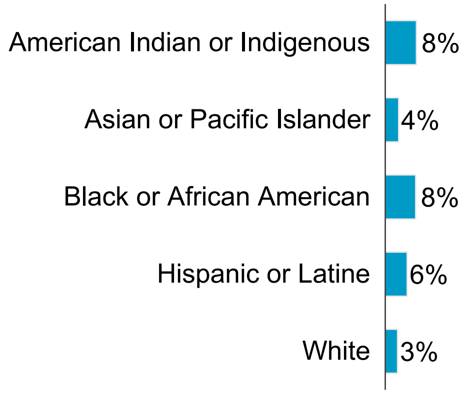
Labor Force Participation and Unemployment Rates

In 2022, the labor force participation rate in the Twin Cities region was 71 percent and the overall unemployment rate was 4 percent.

Lower rates of high school graduation and further education are a factor in the ability for people of color to participate in the workforce. White and Asian people had unemployment rates below the regional average (Figure 6A). Other racial and ethnic demographics face hiring challenges. Both Black and American Indian people have unemployment rates of above 8 percent.[18] On the flip side, people of Hispanic or Latine backgrounds had the highest labor force participation rates in the region (Figure 6B).

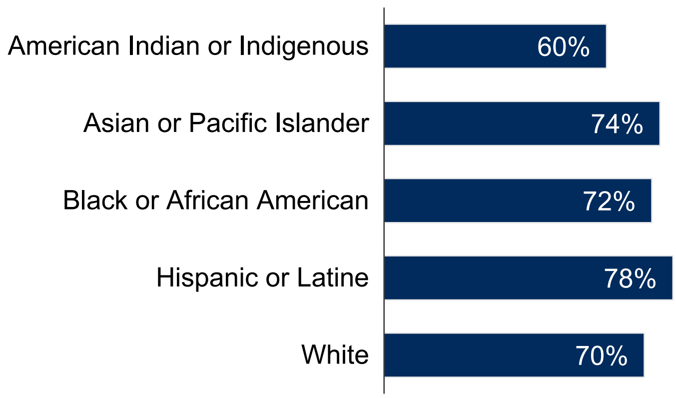
[17] United States Census Bureau. American Community Survey, 5-year estimates. Data is for 2024.
[18] Minnesota Department of Employment and Economic Development analysis of 2022 American Community Survey.

Figure 6A: Unemployment rate, Twin Cities region, 2022



Source: Minnesota Department of Employment and Economic Development

Figure 6B: Labor force participation rate (16 to 65), Twin Cities region, 2022



Source: US Census Bureau

The population of the Twin Cities is rapidly becoming more diverse, adding urgency to the need to eliminate racial disparities that hinder people of color from participating fully in the economy as workers.

Income disparities

Higher levels of unemployment, in turn, lead to lower income levels. Asian and white people have the highest median household incomes in the Twin Cities metro, while Black people and American Indian/Indigenous people have noticeably lower incomes (Figure 7).[19] The region's median household income was $94,934 in 2022.

Lower incomes limit purchasing power and suppress economic growth by dampening consumer spending, a crucial driver of economic activity. If existing earnings gaps by race and employment segregation were eliminated, it could improve the earnings of BIPOC workers by nearly $11 billion.[20]

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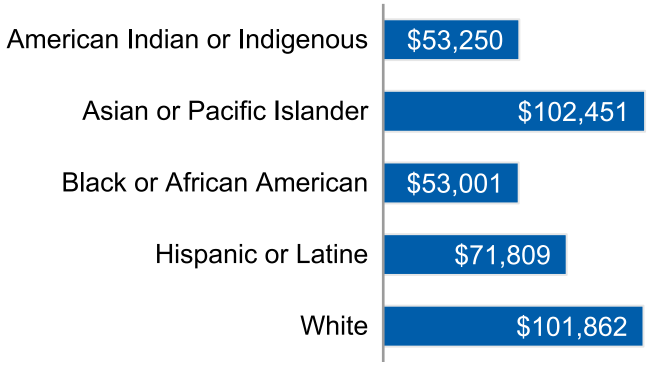
[19] United States Census Bureau. American Community Survey, 5-year estimates. Data is for 2018-2022.
[20] Metropolitan Council staff analysis of Census Bureau, Quarterly Workforce Indicators, 2022.

Figure 7: Median household income, Twin Cities region, 2022



Source: US Census Bureau

Wages and Sustaining a Family

One reason for lower household incomes is disparity in earnings. This disparity means many jobs in the region do not pay enough to match the cost of sustaining a family. Research by the Center for Economic Inclusion indicates that the racial and ethnic gaps identified above also mask significant differences across sub-racial groups.[21] For example, overall 51 percent of Asian workers earn enough to sustain a family. A deeper analysis, however, reveals that 75 percent of Indian workers meet this threshold, compared with 39 percent of Hmong workers.

Systemic differences in educational achievement and attainment levels may be contributing to racial gaps in economic outcomes such income.

Entrepreneurship

Owning a business is another pathway for people to earn incomes and build wealth. The Twin Cities region, however, does not take full advantage of its small business potential, as BIPOC entrepreneurs start businesses at lower rates as compared to their share of the population.[22]

One underlying reason for the lower rates is due to limitations around access to capital. Entrepreneurs of color are less likely to secure loans. If they can access a loan, the amount of the loan tends to be lower than loans secured by white business owners. Limited access to capital, in turn, leads to BIPOC-owned businesses to be smaller, with lower revenues. [23] Addressing disparities in access to capital and increasing entrepreneurial activity can help maximize the job creation capacity of small businesses and help grow the regional economy.

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[21] Center for Economic Inclusion. (2024). *Standing in the gap: The case for family sustaining wages in Minnesota*. https://www.mcknight.org/wp-content/uploads/Family-Sustaining-Wages-Center-for-Economic-Inclusion-Report-2.pdf

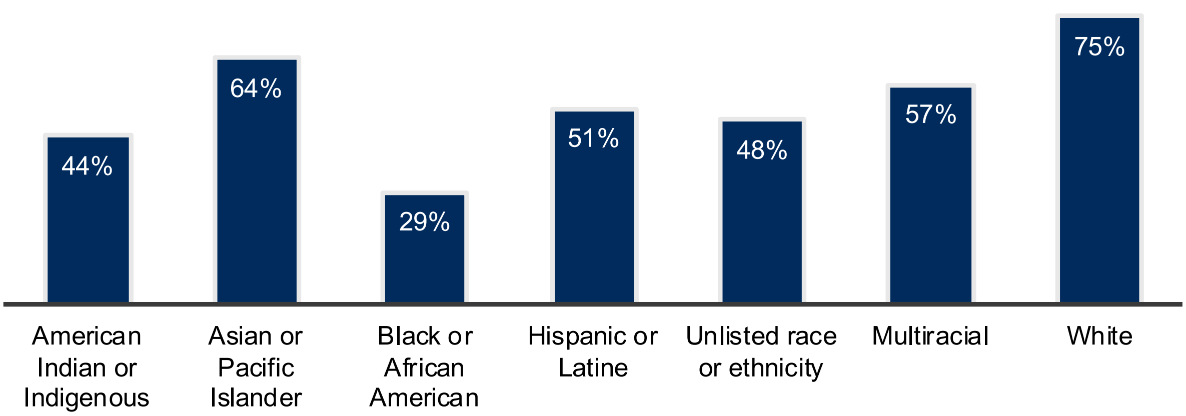
[22] Metropolitan Council analysis of Minnesota Secretary of State, Business Snapshot database.

[23] Horowitz, B., Kokodoko, M., Lim, K., & Tchourumoff, A. (2021). *Despite recent gains, Minnesota's entrepreneurs of color face persistent barriers*. Federal Reserve Bank of Minneapolis. https://www.minneapolisfed.org/article/2021/despite-recent-gains-minnesotas-entrepreneurs-of-color-face-persistent-barriers

Homeownership

When families are struggling to make ends meet, homeownership may be impossible. Thus, it is not surprising that with disparities in education, income, and wages, there are also significant gaps in homeownership rates across the Twin Cities metro. Homeownership rates in 2024 are shown in Figure 8.[24] Black people have the lowest homeownership rates of any racial or ethnic population in the Twin Cities region. Only about one in every three Black residents own a home. In contrast, three of every four white people own a home. Generally, homeownership builds wealth, which in turn helps create intergenerational socio-economic mobility.

Figure 8: Homeownership rates, Twin Cities region, 2024



Source: US Census Bureau

Human Capital

Human capital is critical to the growth of the Twin Cities regional economy.

A Changing Workforce

As mentioned, demographic changes are reshaping the composition of the region's workforce. The growing diversity in the population is changing the racial makeup of the region's workforce. Between 2020 and 2050, the number of people of color aged 25 to 64 will nearly double. At the same time, the number of white residents in this age group will sharply decline. Meanwhile, the number of people of color under 24 will increase by 44 percent. As a result, the region's workforce will become much more racially diverse. These trends are already underway in the Twin Cities region.[25]

[24] United States Census Bureau. American Community Survey. Data is for 2024.
[25] Metropolitan Council. (2023). *Population and employment in the Twin Cities region in 2050*. https://metrocouncil.org/Data-and-Maps/Publications-And-Resources/MetroStats/Land-Use-and-Development/The-Regional-Forecast-Update-2023.aspx

The region's changing age profile has also been impacting the workforce. The Baby Boom Generation, born between 1946 and 1965, is now retiring from the workforce. Millennials, born between 1981 and 1996, and early Gen Z, born in the late 1990s, are as numerous as Baby Boomers, and offer a one-for one replacement. This means that growth in the workforce must come from other expansion strategies. These include integration of a foreign-born workforce, working beyond age 65, and using remote work arrangements to leverage the workforce beyond the region. Without a net influx of population into the area, the Twin Cities region is likely to continue to grapple with persistent labor shortages.

Labor Shortages

Despite low unemployment rates, the Twin Cities region struggles to fill thousands of jobs, indicating a tight labor market. In 2024, there were 66,400 unfilled jobs in the region.[26] The Twin Cities regional labor shortage has been among the country's most stark, with just 74 unemployed workers for every 100 unfilled jobs in 2024.[27] With retirements expected to peak in the next ten years and just enough younger workers to backfill vacancies, shortages are likely to continue.

Health care, accommodation and food services, and retail trade are among the industries with the highest number of job openings.[28] Most of these jobs require very little formal education, which lowers barriers to entry. Despite this, the region has been unable to attract enough workers to fill these positions, which may partially be due to low wages. The median wage of unfilled job openings in the region stands at $22.30 [29], well below the living wage of $29.43.[30] A report by the Center for Economic Inclusion found that workers of color and immigrant workers are overrepresented in lower-paying occupations because of occupational segregation. [31]

There are a few options that could help address the labor force shortages. One approach would be to engage local talent. Attracting talent from outside the region is another potential strategy. Both could be instrumental to grow the regional economy.

Local Talent

Engaging and training more local talent in the workforce is one strategy to increase the number of people available to work. While unemployment rates are low for white and Asian workers, they are higher for Blacks and Latines.

[26] Minnesota Department of Employment and Economic Development. Job Vacancy Survey. Data is for 2024.
[27] Minnesota Department of Employment and Economic Development. Job Vacancy Survey and Local Area Unemployment Statistics. Data is for 2024.
[28] Minnesota Department of Employment and Economic Development. Job Vacancy Survey. Data is for 2024.
[29] Minnesota Department of Employment and Economic Development. Job Vacancy Survey. Data is for 2024.
[30] Center for Economic Inclusion. (n.d.). *Standing in the gap: The case for family sustaining wages in Minnesota*. McKnight Foundation. https://www.mcknight.org/news-ideas/resource/family-sustaining-wages-report/
[31] Center for Economic Inclusion. (n.d.). *Standing in the gap: The case for family sustaining wages in Minnesota*. McKnight Foundation. https://www.mcknight.org/news-ideas/resource/family-sustaining-wages-report/

Eliminating racial unemployment disparities could add 41,000 workers of color to payrolls, filling most of the region's 66,400 job vacancies.[32] This underscores the importance of addressing the racial and ethnic disparities highlighted earlier in this report.

Talent Attraction and Retention

Attracting new talent to the region, and retaining them, can also expand the workforce. Regions can grow through both domestic and international migration.

Domestic migration

In recent years, the Twin Cities region has been experiencing negative domestic net migration. In other words, more people are moving away from the region than are moving into the region. Domestic net migration to the Twin Cities region was negative for 10 of the 15 years between 2010 and 2024.[33]

Net migration varies by age category. In general, decennial censuses show the Twin Cities region has been attracting more early-career and family-age people (aged 25 to 39) than have been moving out.[34] The rate of attraction for this age group, however, has been lower than in many peer regions.[35] To some degree, this in-migration has offset out-migration of college-bound students and retirees.

International migration

In contrast to domestic migration, the Twin Cities region experienced positive international net migration every year between 2010 and 2024.[36] Foreign-born workers have become a reliable source of workforce growth in the region.

The Metropolitan Council's forecast indicates that between now and 2050, this trend will continue. Much of the increase in the Twin Cities region's working age population will come from foreign-born workers (Figure 9).[37]

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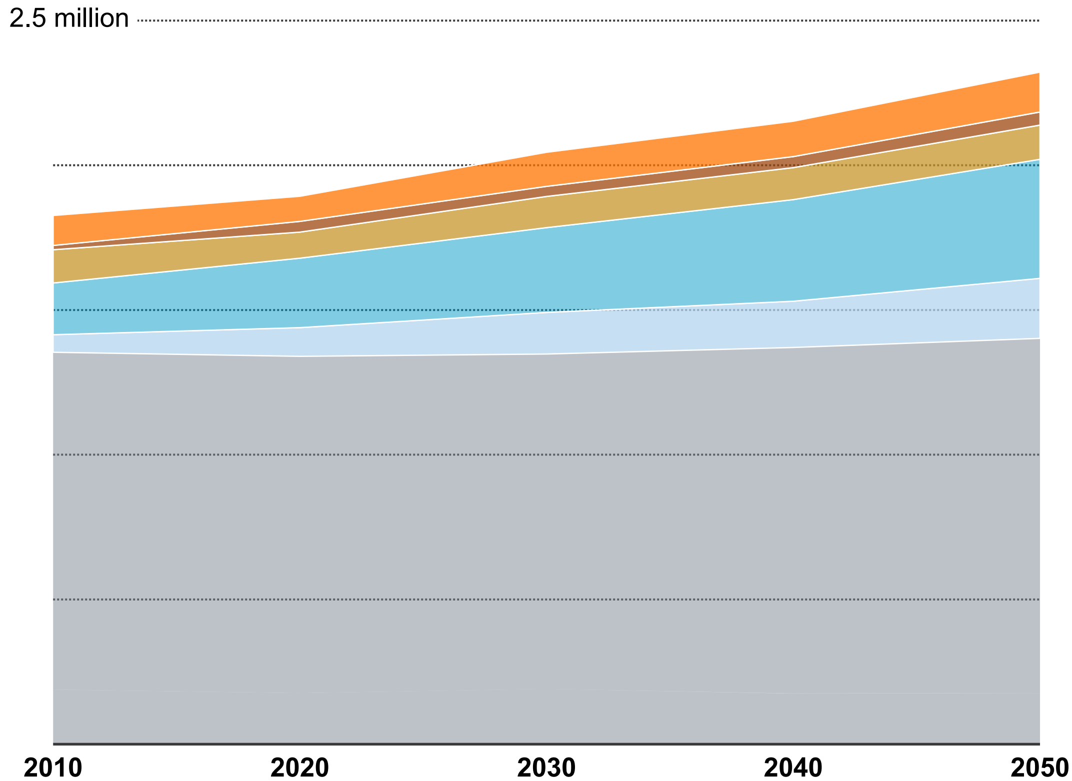
[32] United States Census Bureau. American Community Survey, 1-Year estimates. These numbers represent the workforce under 65 years old. Disparities calculation comes from ACS PUMS 2022 data by Metropolitan Council staff.
[33] United States Census Bureau. Annual Population Estimates Program, Estimates by Components of Change. https://www2.census.gov/programs-surveys/popest/datasets/
[34] Egan-Robertson, D., Curtis, K.J., Winkler, R.L, Johnson, K.M., Bourbeau, C. (2024). *Age-specific net migration estimates for US counties, 1950-2020*. Applied Population Lab. https://netmigration.wisc.edu. Note: Applied Population Lab analysis considers both domestic and foreign-born populations.
[35] Greater MSP. (2025, August 26). *2025 Regional Indicators Dashboard webinar*.
[36] US Census Bureau, Annual Population Estimates Program, Estimates by Components of Change. https://www2.census.gov/programs-surveys/popest/datasets/
[37] Metropolitan Council. (2023). *Population and Employment in the Twin Cities Region in 2050*. https://metrocouncil.org/Data-and-Maps/Publications-And-Resources/MetroStats/Land-Use-and-Development/The-Regional-Forecast-Update-2023.aspx. Note: Metropolitan Council's immigration forecast is a subnational forecast that assumes national totals from US Census Bureau's immigration forecast prepared in 2021; US Census Bureau's forecast may change.

Figure 9: Workforce characteristics, Twin Cities region, 1990 to 2050



Source: Metropolitan Council Population and Employment in the Twin Cities Region in 2050

Jobs and Industries

Understanding current job trends, along with industrial composition and strengths, is foundational for regional planning.

Trends in Job Growth

Overall, there were 1.77 million jobs in the Twin Cities region in 2024. The Twin Cities region accounts for 1.14 percent of U.S. employment.

The number of jobs in 2024 was slightly less than the region's 1.78 million jobs in 2019 (Figure 10).[38] All regions of the United States lost jobs during the COVID pandemic. Of the 15 largest metros in the U.S., however, the Twin Cities region experienced the third lowest rate of recovery.[39] The region is not adding jobs as quickly as comparable regions.

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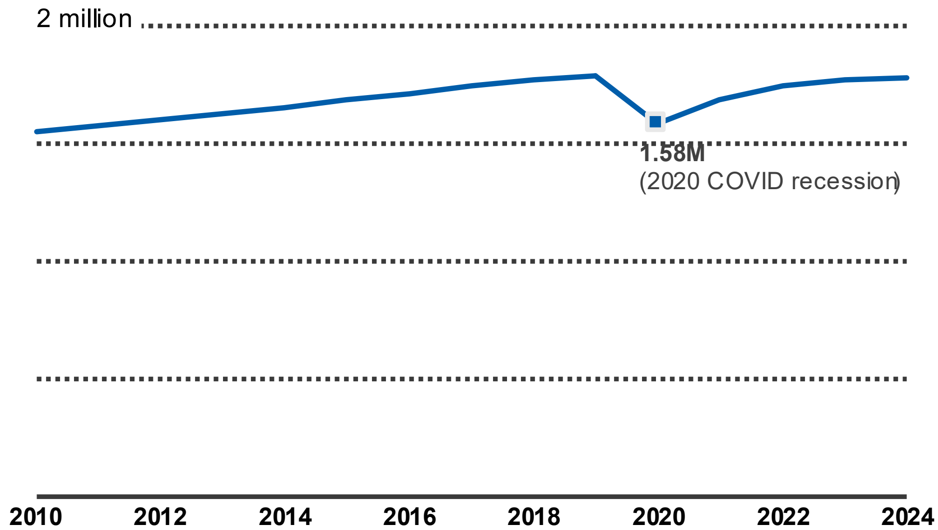
[38] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2010 to 2024.
[39] United States Bureau of Labor Statistics. Current Employment Statistics. Data is for 2020 to 2025.

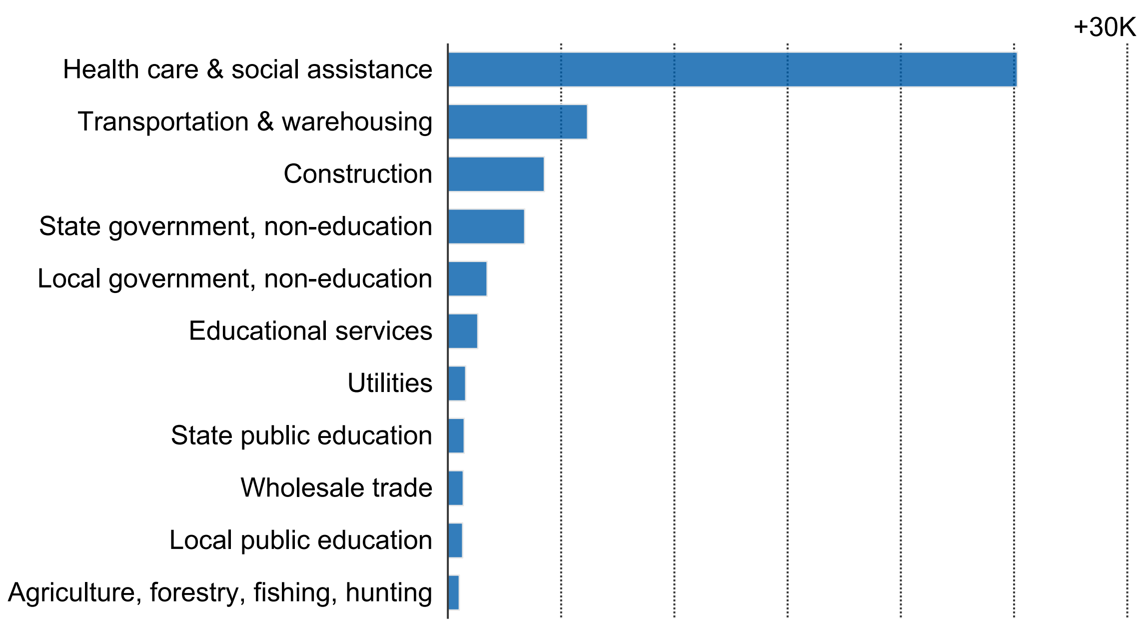
Figure 10: Employment in the Twin Cities region, 2010 to 2024



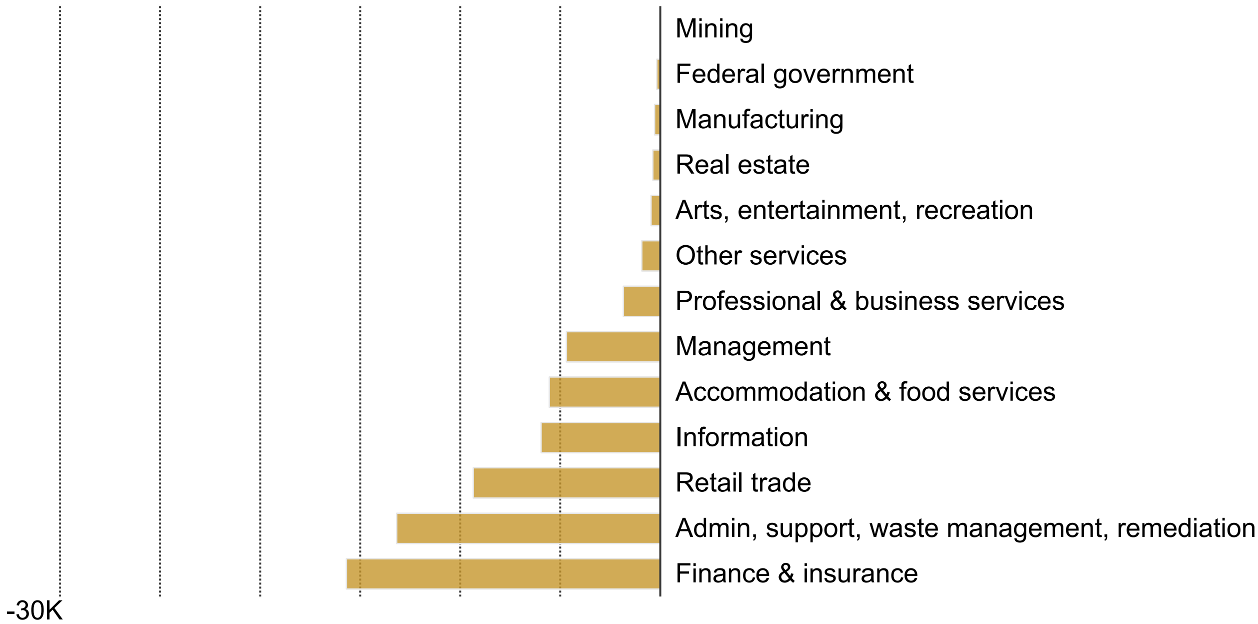
Source: Minnesota Department of Employment and Economic Development

Job growth was concentrated in certain industries. Industries with more jobs in 2024 as compared to 2019 include health care and social assistance, transportation and warehousing, and construction (Figure 11).[40]

Figure 11: Industries with job gains or losses between 2019 and 2024, Twin Cities region



[40] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2019 and 2024.



Source: Minnesota Department of Employment and Economic Development

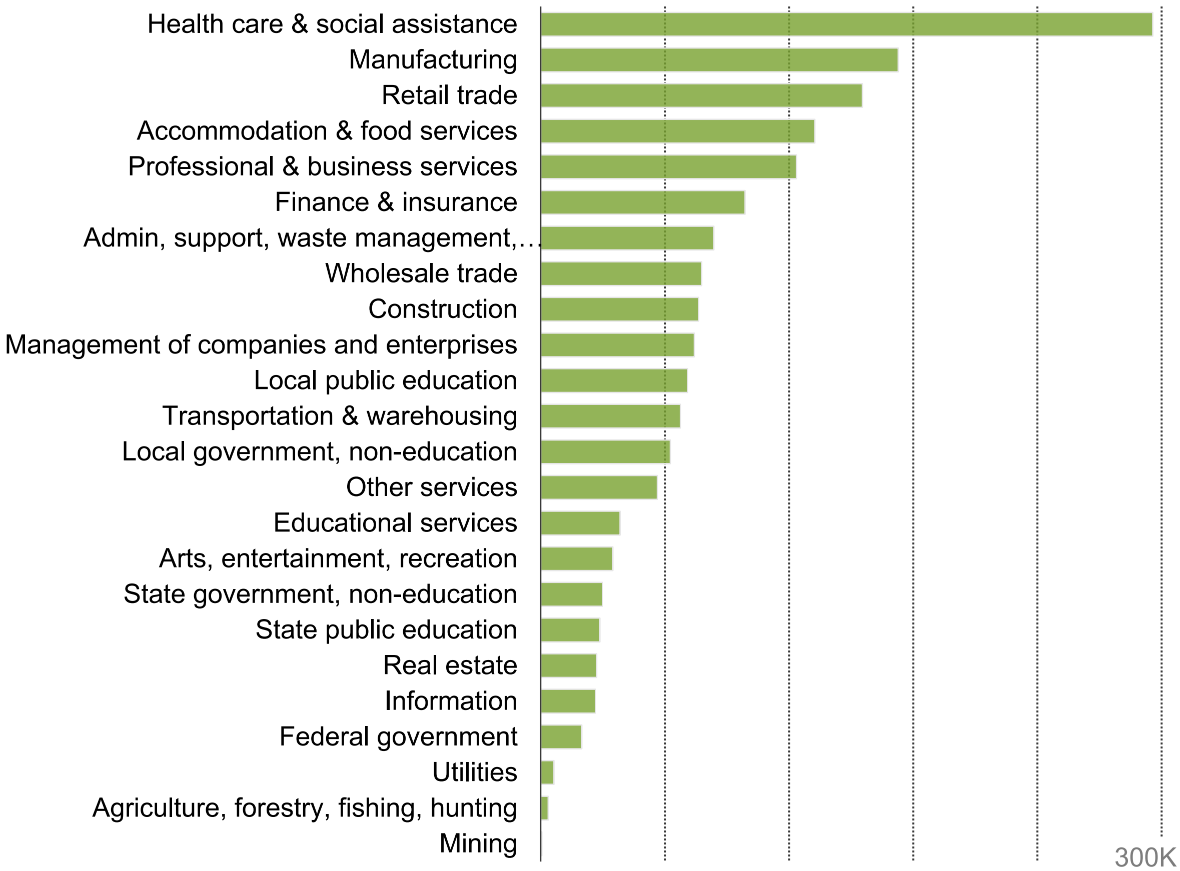
Job losses during that same period, meanwhile, tended to be more concentrated in the service sector.[41] The finance and insurance industry alone lost nearly 16,000 jobs. This was mostly due to one major employer restructuring and moving jobs from the region.

Industry Composition

In the Twin Cities region, the highest number of jobs were in the health care and social assistance, manufacturing, and retail trade industries in 2024 (Figure 12).[42] The fewest jobs were in mining, agriculture, forestry, fishing, and hunting, and utilities.

[41] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2019 to 2024.
[42] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2024.

Figure 12: Jobs by industry, Twin Cities region, 2024



Source: Minnesota Department of Employment and Economic Development

Industry Concentration

Exploring the region's share of national employment totals can be another way to identify regional strengths. The Twin Cities region has 1.1 percent of all employment in the United States and about one percent of the population. By comparison, the region has three percent of the nation's Fortune 500 companies and 2.8 percent of the nation's employment in the management of companies and enterprises.[43]

There are 15 companies based in the Twin Cities region on the Fortune 500 list.[44] The list demonstrates the Twin Cities region's strengths in the food and agriculture sector, the banking, finance, and insurance sector, and manufacturing.

In addition, the Twin Cities region is also known for its strengths in medical technology. The region is home to several leading medical device manufacturing companies including Medtronic, Boston Scientific, and Abbott.

[43] United States Bureau of Labor Statistics and Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2024.
[44] Fortune (2025). *The largest companies in the U.S. by revenue*. https://fortune.com/ranking/fortune500/

Economic Diversity

Another strength of the Twin Cities regional economy is the diversity of industries. The diverse mix provides resiliency in that if one industry experiences economic downturn, others may be growing, thus avoiding a “boom or bust” economy.

Overall, the region’s industry mix appears to benefit the region’s prosperity. The specific mix meant workers in the region earned $7.6 billion (or 5.3 percent) more than would have been earned if the region had the same mix of industries as the US as a whole.

- Industries with a higher concentration and higher wages included corporate headquarters, adding $6.6 billion; computer and electronics manufacturing, adding $2.8 billion; and insurance, adding $2.6 billion.
- At the other extreme, the region loses out from what it does not have. The region lacks a federal government presence (-$1.5 billion missing), transportation equipment manufacturing (-$1.4 billion), local government (-$1.1 billion), and temporary employment and administrative services (-$1.0 billion).

Small Business and Entrepreneurship

Small businesses and entrepreneurship are critical components of an economy. Startup growth and innovation signal that the future economic base may be expanding. Small businesses and startups also create jobs. Small businesses (establishments with less than 20 jobs) have created 48 percent of the region’s employment growth since the pandemic.[45]

When it comes to measuring innovation and entrepreneurship in the region, there are a couple of metrics to note. In general, those metrics indicate that while innovation is happening in the region, it is not necessarily a regional strength.

The Twin Cities lags peer metros in new business formations. The 15-county region recorded 2.08 new establishments per 1,000 residents in 2024, which ranked last when compared to 11 peer regions. On the positive side, 54.2 percent of businesses survive for at least five years.[46]

Overall, indications show the Twin Cities region is not growing the value of its regional venture capital ecosystems as quickly as other regions. Venture capital investment has historically been limited. In 2024, businesses in the 15-county region attracted $1.47 billion in venture capital, partially driven by large investments in nationally competitive sectors in recent years. Despite this, the region still ranked eighth in total venture capital when compared to 11 peer regions. Overall, the region has failed to attract as much investment as it has sent out, resulting in net deficits in terms of employment.[47]

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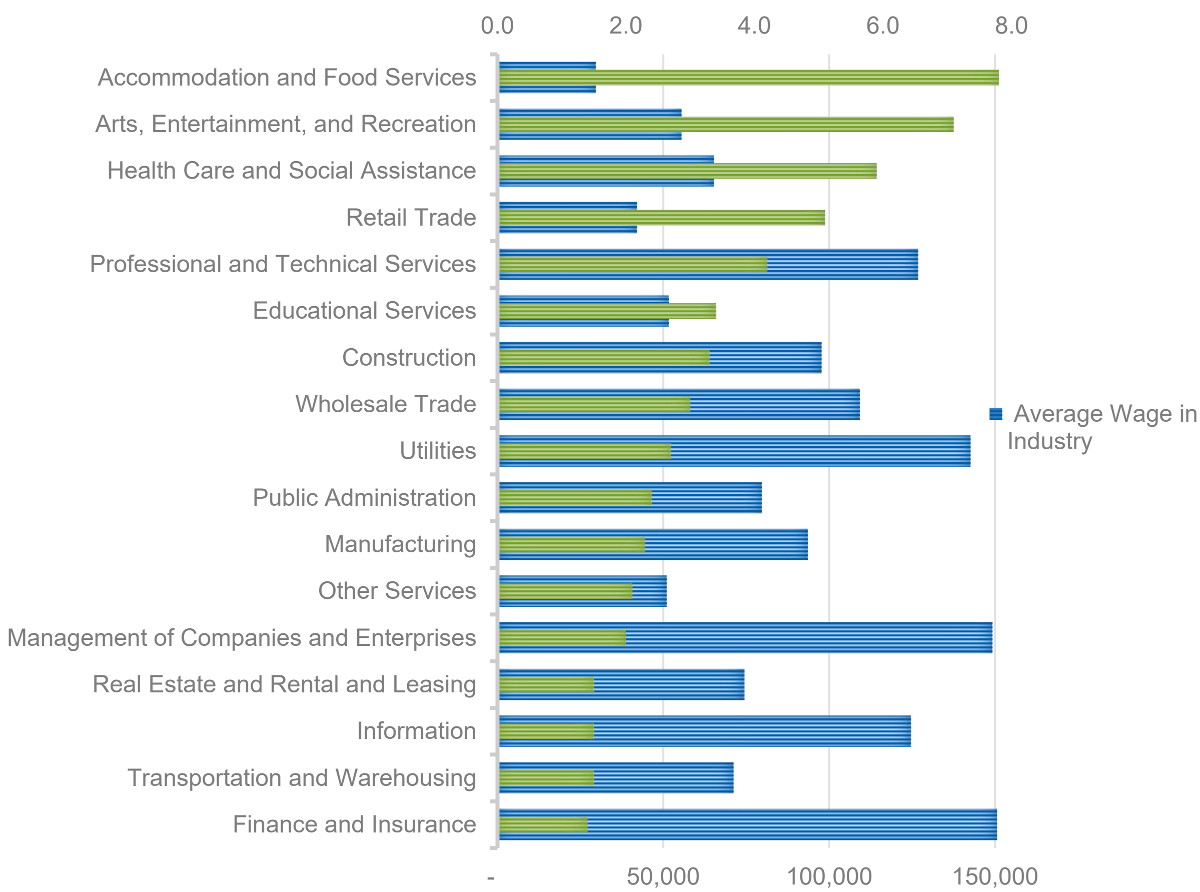
[45] United States Census Bureau. Longitudinal Employer-Household Dynamics. Quarterly Workforce Indicators.
[46] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf
[47] Minnesota Chamber of Commerce. (2024). 2024 state of business retention and expansion in Minnesota. https://www.mnchamber.com/2024-state-business-retention-and-expansion-minnesota

Wages

The average weekly wage across all industries in the Twin Cities region was $1,558 in 2024 or approximately $81,000 per year.[48] Wages vary by industry and some of the highest paying industries included finance and insurance, management of companies and enterprises, and utilities (Figure 13).

Figure 13: Industries by vacancy rate and average annual wage, Twin Cities region, 2024



Source: Minnesota Department of Employment and Economic Development

Wages are an important consideration when attempting to attract new talent to the region. The industries with the highest number of job openings also have average weekly wage rates below the region's average. These industries also often have minimal education and experience requirements, lowering the barrier for workers to obtain jobs. Despite relatively low educational barriers, the region struggles to fill these positions, indicating that wages may be too low to make living in the area affordable for potential workers in these fields.

[48] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2024.

Infrastructure

Finally, infrastructure is an important component of economic development and helps inform regional planning decisions.

Water and Wastewater

Metropolitan Council's 2050 Water Plan outlines policies and strategies to ensure sustainable water management in the Twin Cities region. These policies and strategies are aimed at reliable service delivery, cost-effectiveness, environmental protection, and adaptability to future needs, such as accommodating increased demand and updating aging systems. Water protection, planning, management, and infrastructure investments are optimized to ensure public and ecosystem health are fully protected now and for future generations.

The Council and its regional partners work together to ensure the region’s water supply is conserved and used efficiently to optimize current water infrastructure, safeguard the sustainability of water sources, and ensure the reliability of water utility services. While water supply is mainly provided by local governments or districts, Metropolitan Council works to reduce barriers, pursue opportunities, and support efforts to reuse stormwater and wastewater. Through these approaches, the Council and its partners expect to reduce strain on aquifers, supply infrastructure, and treatment facilities.

For the planning period now underway (Imagine 2050), Metropolitan Council expects to support resilient upgrades, preventing failures in water supply distribution and wastewater treatment plants. Natural waters, source waters, water services, and infrastructure are managed, restored, and enhanced to protect public and ecosystem health.

In its wastewater system planning, Metropolitan Council plans for and provides wastewater service to designated, planned service areas, providing the capacity needed. Investments and operation of infrastructure and related assets are built, operated and maintained in a sustainable, efficient, and economical way, considering current and future challenges. Service fees and charges to operate the system are based on regional cost of services and rules adopted by the Met Council. These approaches ensure wastewater collection and treatment infrastructure scales with development, preventing overflows and protecting supply sources from pollution.

Transportation

From an economic development perspective, transportation in the Twin Cities impacts two critical areas: the mobility of the workforce and the mobility of goods and commerce.

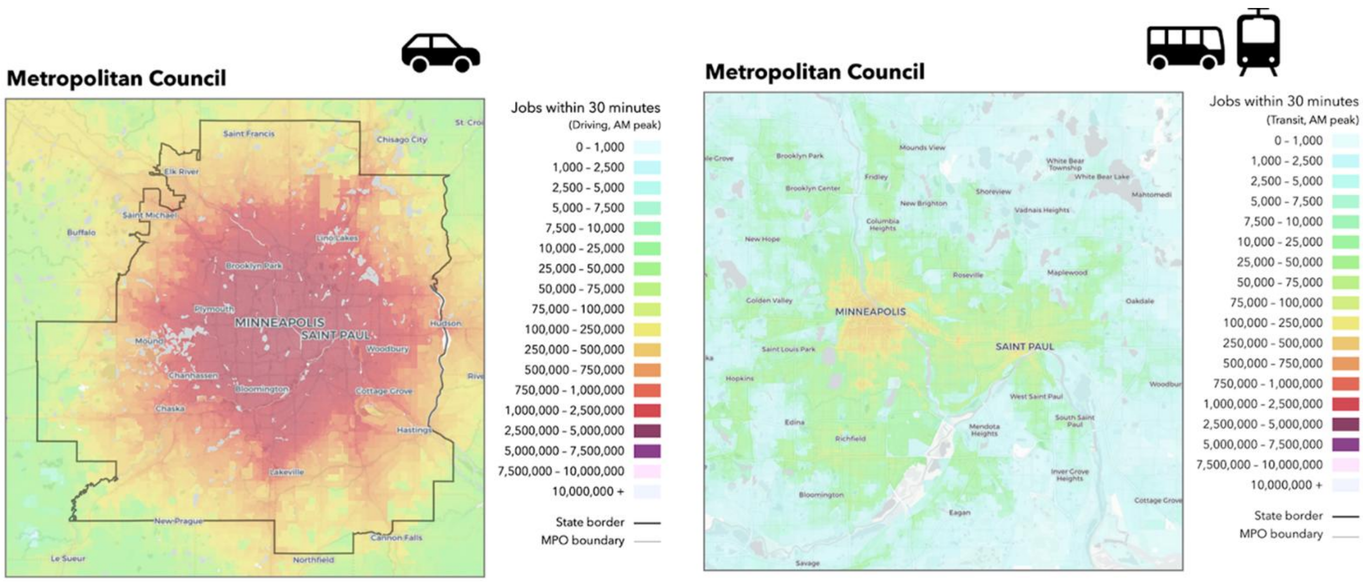
In terms of workforce mobility, the Twin Cities region has a high share of its population living within a 30-minute commute of their jobs. When compared to 11 peer regions, the Twin Cities region has consistently ranked first in the percentage of population within a 30-minute commute of work since 2015.[49]

The COVID pandemic shifted patterns in accessibility to jobs, and those shifts were different for those commuting via automobile versus public transit. Teleworking initially eased

[49] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

congestion and improved job accessibility by automobile. It also simultaneously reduced the demand for transit, leading to service cuts on some suburban commuter routes. As a result, job accessibility by transit remains highest in the urban core, with more limited options in the suburbs. The two maps in Figure 14 demonstrate the difference in accessibility by commute mode type. The left shows accessibility by vehicle while the right shows accessibility by transit.

Figure 14: Accessibility to jobs within 30 minutes by mode in the Twin Cities Region



Source: Center for Transportation's Accessibility Observatory

The mobility of goods and commerce presents its own set of challenges. As the primary mode for freight, trucks compete with passenger vehicles on the region's highway network. This creates bottlenecks and congestion that are difficult to predict or navigate due to the lack of designated truck routes. Protecting rail-connected industrial land is also critical for the future viability of freight rail. Furthermore, while the Minneapolis-St. Paul International Airport (MSP) serves as a major passenger hub, it is not a significant cargo hub. Most of the region's air cargo is trucked to Chicago's O'Hare Airport for shipment.[50] This lack of industrial cargo-oriented development, coupled with the increasing demands of e-commerce for last-mile delivery, necessitates new strategies for optimizing freight movement and enhancing the region's competitiveness in supply chain logistics.

Housing

Affordability

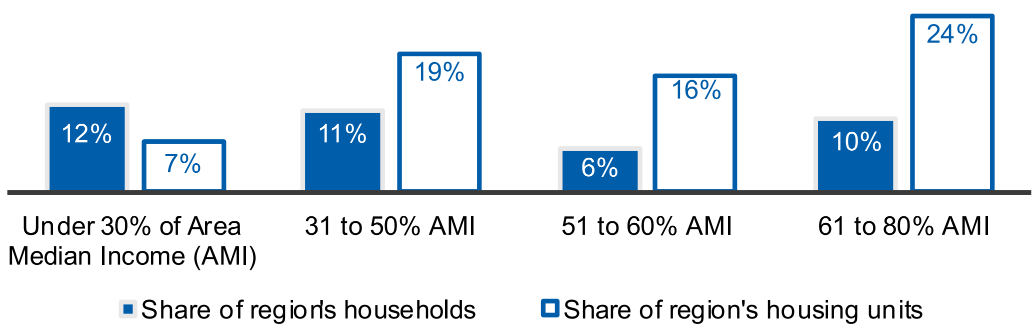
The Twin Cities region is a relatively affordable place to live compared to its peer metropolitan areas, and it has maintained one of the lowest housing cost burdens through time. When compared to 11 peer regions, the Twin Cities had the second lowest share of households that

[50] A. Andrusko, personal communication, July 30, 2025.

were cost-burdened in 2023.[51] Of all the households in the 15-county region, 32.2 percent were cost-burdened.[52] A household is considered "cost-burdened" when members of the household are paying more than 30 percent of their income on housing.

However, beneath this general affordability lies a severe shortage of housing that is affordable for the region's lowest-income residents. While 12 percent of the region's households have an income that is at or below 30 percent of area median income, only 7 percent of the housing stock is affordable for people in that income band (Figure 15).[53] This stands in contrast to other income bands, where there are a higher share of housing units available than households.

Figure 15: Share of households and housing units within Area Median Income levels



Source: U.S. Census Bureau

The limited supply of affordable housing creates a competitive environment where higher-income individuals compete with low- and moderate -income individuals for the same housing stock, further straining options for the low- and moderate-income households. As Figure 16 shows below, 89 percent of extremely low-income households are cost burdened. That is in stark contrast to the 7 percent of middle- and upper-income households that are cost-burdened.[54]

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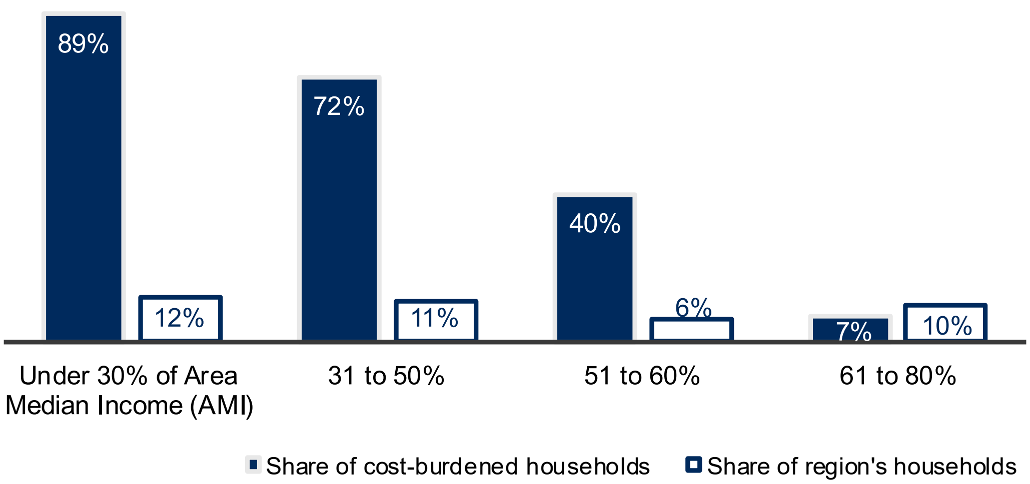
[51] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf
[52] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf
[53] United States Census Bureau. 2018-2022 American Community Survey five-year Public Use Microdata Sample

[54] United States Census Bureau. 2018-2022 American Community Survey five-year Public Use Microdata Sample

Figure 16: Share of households experiencing cost burden by Area Median Income, Twin Cities region, 2023



Source: U.S. Census Bureau

Workforce Implications

This housing affordability challenge has significant implications for the regional workforce. High housing costs disproportionately burden low-income residents, making it difficult to attract and retain workers in critical, low-paying sectors. As mentioned earlier in this report, the highest number of job vacancies are in healthcare and social assistance, accommodations and food services, and retail trade, all of which pay wages that are lower than the regional average. These wages make it difficult for workers and their families to find housing, further exacerbating the problem.

Economic Resilience

Resilience is essential for the Twin Cities region to adapt to and recover from disruptions. Key factors shaping resilience include the stability of the workforce, the diversity of industries, inclusivity across communities, reliable energy systems, robust broadband access, and the ability to respond to climate change. A section on economic resilience has also been incorporated into each of the nine strategic priority sections of the report to provide more detailed and specific insights based on the priority area.

Investing in Human Capital

Workforce instability is one of the greatest threats to the region's resilience. Ongoing labor shortages and a heavy reliance on migrant labor leave the economy vulnerable to external factors such as shifts in federal immigration policy. Strengthening the workforce depends on long-term strategies that build local talent and reduce barriers for foreign-born residents to participate fully in the labor market.

Minnesota supports talent development through affordable post-secondary education, industry-linked training, and programs such as the Minnesota Job Skills Partnership. Digital tools are also being used to align education and workforce needs. Expanding these efforts can create a more stable and adaptable workforce, helping the region withstand labor-related disruptions.

Promoting a More-Balanced Industrial Mix

A diverse economy is a resilient economy. The Twin Cities region benefits from a mix of industries that act as a buffer against downturns in any single sector. Some industries in which the region leads nationally continue to drive innovation and competitiveness, while others face challenges in maintaining growth.

Supporting both emerging industries and established but struggling ones is critical. Since many residents work in industries that are not currently growing, resilience depends on development strategies that strengthen the full range of sectors, not just the most competitive.

Cultivating a More Inclusive Economy

Resilience also depends on inclusivity. Communities facing long-term disinvestment remain especially vulnerable to economic shocks. Small and mid-sized businesses, particularly those owned by residents of historically underinvested areas, play a key role in stabilizing and strengthening these communities. Expanding access to capital and business support for these businesses builds resilience from the ground up.

Downtowns are another essential part of the regional economy. Remote work, accelerated by the COVID-19 pandemic, has reduced the number of commuting workers, threatening downtown vitality. With a large share of management and knowledge-sector jobs able to be done remotely, reimagining downtown areas and finding new uses for these spaces is critical for their recovery and long-term vibrancy.

Supporting Energy Independence

Reliable and affordable energy is another cornerstone of resilience. Minnesota has reduced its reliance on imported energy by investing heavily in renewables and efficiency programs. The state now ranks first in the Midwest and tenth nationally for energy efficiency.[55]

Community solar programs, public-private partnerships, and grid modernization efforts are further strengthening the system. Continued investment in renewable energy—solar, wind, and hydroelectric—will reduce emissions, increase reliability, and help shield the economy from supply disruptions.

Local governments, energy-using industries and utilities are prioritizing resilience in next-generation infrastructure to mitigate grid vulnerabilities. This involves integrating decentralized systems like microgrids—localized power networks that can operate independently from the main grid—and district energy systems, such as thermal energy networks that distribute heating and cooling via shared pipelines. These technologies reduce outage risks by providing redundant, often renewable-powered energy supplies. For instance, microgrids can sustain critical loads like hospitals during outages.

Planning efforts now are driven by federal funding, state programs, and private-sector innovation, with a focus on hybrid systems combining renewables, storage, and traditional

[55] Clean Energy Economy MN and The Business Council for Sustainable Energy. (2025). *2025 energy factsheet: Tracking MN's clean energy trends*. https://www.cleanenergyeconomymn.org/wp-content/uploads/2025/04/2025-Minnesota-Energy-Factsheet.pdf

backups. The U.S. Department of Energy (DOE) has allocated funds through programs like the Grid Resilience and Innovation Partnerships (GRIP), emphasizing microgrids and energy storage to enhance adaptive capacity against extreme weather. Key strategies include grants for microgrid deployment and community-driven plans that incorporate distributed energy resources.

Industries, including utilities, energy firms, and tech providers, are collaborating on pilots and commercial deployments, leveraging microgrids and thermal energy networks for efficiency and decarbonization. Private investment focuses on scalable, cyber-secure systems. Industries emphasize hybrid setups (e.g., solar plus hydro plus batteries) for continuity of operations, post-disaster, in microgrid-equipped areas.

Fostering a Robust Digital Infrastructure

Reliable broadband and strong digital skills are critical for work, education, and business continuity. Minnesota has one of the lowest digital poverty rates in the country and continues to expand access through state initiatives. The Digital Opportunity Plan aims to close gaps in connectivity, device ownership, and digital skills, while the Minnesota Broadband Initiative coordinates installation with other infrastructure projects.

Ongoing investments in broadband will help ensure that communities and businesses across the region remain connected and competitive, even during disruption.

Building Resilience to Climate Change

Climate change presents growing risks to the regional economy. More frequent and severe storms, floods, droughts, and heatwaves threaten agriculture, infrastructure, supply chains, and household stability. These events raise costs, disrupt transportation routes, and create shortages that ripple across industries.

Building resilience means taking deliberate steps to strengthen the region’s foundation. This includes investing in infrastructure that can withstand future pressures, planning land use in ways that lessen vulnerability to disruption and adopting policies that protect industries most exposed to change. Such efforts not only help communities prepare for unexpected challenges but also create a stronger base for businesses and workers to adapt, ensuring that short-term shocks do not derail long-term prosperity.

Looking Forward

The Twin Cities region has many strengths that support resilience, from workforce training programs and diverse industries to renewable energy leadership and a strong digital infrastructure. Yet vulnerabilities remain, including labor shortages, uneven downtown recovery, and the rising costs of climate change. Addressing these challenges while building on existing assets will help ensure that the region can withstand shocks and remain economically strong in the years ahead.

Strategic Priorities

This section of the 2025 regional economic framework presents regional priorities. The region’s strategy consists of nine strategic priorities. Improving these nine areas is critical for the region’s future. It is important to note that the priorities, although presented separately, are closely interconnected and intertwined. The framework committee recommended prioritizing projects that can simultaneously advance multiple priorities.

For each strategic priority, this report includes an overview of the priority, an analysis of the region’s strengths, weaknesses, opportunities, and threats, action steps, potential partners, and measurement metrics. As noted, the information presented here is drawn from meetings of the framework committee, subject matter expert interviews, and a review of relevant data.

Economic Resiliency

An impetus for regional planning is to build economic resiliency. The Twin Cities region must be prepared to respond to shocks, such as weather events or economic downturns. To ensure the resiliency is fully incorporated into this plan, each priority contains a short discussion of the topic, along with ideas on how to build resiliency.

Evaluation Framework

Another important component of regional planning is measuring progress and change. Thus, each strategic priority also includes an evaluation framework, which includes performance measures.

Strategic Priority: Job Growth

As the home for 3.25 million people, or 55 percent of Minnesota's population, the Twin Cities region is an important economic engine for both the state and the Midwest.[56] Adding jobs and diversifying the industry mix in the Twin Cities region benefits residents by increasing incomes, improving access to opportunities, and maintaining quality of life.

Historically, the region has been an economic engine. The Twin Cities region is home to a relatively large number of Fortune 500 companies, with strong sectors in medical manufacturing, food production, and healthcare. During and since the recovery from the pandemic, these nation-leading sectors, as well as construction and manufacturing, have all experienced employment growth. Other parts of the economy, especially retail and services, have lagged due to changes in market demand, workforce exodus to better paying industries, and restructuring in the financial services industry. Due to these trends, the Twin Cities region had fewer jobs in 2024 than it did in 2019, making it one of only three major metros in the nation to not post positive job growth.

Coordinated strategies that support business expansion, fill job vacancies, and help workers find suitable positions could be the key to job growth. Failure to address these issues could result in the Twin Cities falling even further behind its peers.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can help drive job growth.

Insights from the data

- *Economic engine:* 60 percent of Minnesota's jobs are in the Twin Cities region.[57]
- *Low job growth*: The Twin Cities region realized no net job growth between 2019 and 2024.[58]
- *Failing behind peers:* Job growth in the region has not kept pace with peer regions. Of the 15 largest metro economies in the United States, the Twin Cities metro was one of only three to not add jobs between 2019 and 2024.[59]
- *Growth centered in a few industries*: Job growth was concentrated in certain industries, including health care and social assistance, transportation and warehousing, and construction.[60]
- *Losses in many service industries*: Many service-related industries, including finance and insurance, administrative and support services and waste management and remediation, and retail trade lost jobs.[61]

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[56] Metropolitan Council. (2025). *Community profiles*. https://stats.metc.state.mn.us/profile/detail.aspx?c=R11000
[57] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2024.
[58] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2019 to 2024.
[59] United States Bureau of Labor Statistics. Current Employment Survey. Data is for 2019 to 2025.
[60] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2019 to 2024.
[61] Minnesota Department of Employment and Economic Development. Quarterly Census of Employment and Wages. Data is for 2019 to 2024.

Insights from the framework committee and expert interviews

- *Mismatches persist*: There is a gap between the education and training that potential employees receive and what is required to succeed in available jobs.
- *Opportunities exist for businesses:* The Twin Cities region can be an affordable place to grow a company. The region needs to communicate its value proposition to companies and industries that match with the region's strengths.
- *Communication and collaboration are necessary*: The Greater MSP Partnership and the Department of Employment and Economic Development play leading roles in business attraction efforts across the region and often serve as the first points of contact for businesses looking to invest or expand in the Twin Cities region. These partners work closely with individual cities to identify suitable sites and complete deals, while counties often have supporting roles. Continued communication and collaboration will be necessary for job growth.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping the Twin Cities job growth (Figure 17). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence job growth. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 17: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for job growth strategic priority
Strengths
• High labor force participation rates, strong work ethic • Diverse, stable, and resilient economy • State-sponsored programs to address shortages for in-demand occupations • Relatively low cost of living • 15 Fortune 500 companies • Strong manufacturing, health care, and social assistance industries • History of innovation • Legacy of public-private partnerships • Chambers work to connect youth and others with manufacturers • Flexible hiring practices focused more on skills and abilities • Select industries continue to grow and thrive
Weaknesses
• Stagnant job growth in the last 5 years • Lagging productivity gains • Wages for some are not high enough to support a family

• Slow post-COVID job recovery compared to other regions • Misalignment between education credentials needed by employers and those earned by workers • Employees need additional soft skills development • Inadequate later-stage business support • Businesses move to other economic hubs • Perception of Minnesota as a state with high corporate taxes and high taxes for high-income households • Few tools to help companies invest or locate here • Insufficient flow of venture capital • Slowing job growth for American Indian non-profits due to reliance on Federal funding.
Opportunities
• Overcome work barriers (e.g. language and transportation) • Add more higher wage jobs that match workforce skills • Support small businesses • Upskill and reskill the workforce • Focus on career path development • Engage with the K-12 system to ensure students see the potential benefits of building careers in the region • Anticipate future workforce needs in high growth sectors • Scale up successful youth employment programs that build soft skills • Explore and recruit industries that are a good fit for the region • Encourage companies to share why they located here
Threats
• Depressed building values and damage to small businesses due to shrinking downtown workforce • Artificial intelligence • Political instability impacts both public and private funding • Immigration policy changes impacts foreign-born workers • Negative net domestic migration exchange with other states

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to job growth. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. Continue support for emerging and small businesses.

Build upon current efforts to foster entrepreneurship and small business development.

2. Support efforts to retain and attract businesses.

Encourage state and local efforts such as land and infrastructure development, brownfield redevelopment, business incentives, and training credits with the goal of retaining and attracting businesses. Continue to engage in business retention and expansion visitation programs.

3. Encourage strategic investments to attract growing industries.

Identify industries that are growing globally and would be a good match for the region's strengths (e.g. workforce or natural resources) and explore ways to encourage those industries to grow here. Use strategies that capture supply-chain development to drive growth and innovation.

4. Encourage communication and collaboration between and among communities.

Continue to convene professional and economic development staff from across the region to discuss regional issues and build opportunities for collaboration.

5. Participate in efforts to reskill and upskill the workforce.

Explore career path development options so workers can fill open positions while developing themselves professionally. Invest in apprenticeships and other opportunities for worker training. Assist with efforts to remove barriers to entry for workers (e.g. language or transportation).

6. Scale up successful training and education programs.

Assist current programs with limited reach due to resource constraints. The region has programs that are working well and could be replicated, especially those that connect K-12 students to businesses. Create forums where successful ideas are shared.

7. Continue to share the story of the Twin Cities as a place to do business.

Promote the region by encouraging businesses and organizations to share their successes. Help private businesses share why they chose the region. Share broadly when new companies are attracted to the region.

Evaluation Framework

The following measures can be used to evaluate progress related to the job growth strategic priority.

- Total number of jobs in the Twin Cities region
- Number of new business starts
- Number of jobs created through new business starts
- Number of jobs created by existing businesses
- Total amount of business investment in the Twin Cities (measured in dollars)
- Mix and level of venture capital funding to the region
- Number of businesses receiving business service support services
- Percent of residents aged 25 to 44 who have attained a postsecondary training, certificate, or degree
- Number of people completing a postsecondary training program
- Number of Twin Cities media mentions

- Number of cross-jurisdictional economic or workforce development convenings held annually

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota**: Department of Employment and Economic Development, Explore Minnesota Tourism and the Office of Small Business and Innovation
- **Regional and local business, economic development, workforce, and entrepreneurship organizations**: Chambers of Commerce, Economic Development Association of Minnesota (EDAM), Greater MSP, Lakeville Works, Local Initiatives Support Corporation, Northside Economic Opportunity Network (NEON), and local economic development authorities
- **Industry partners:** Medical Alley Association, private businesses
- **Education and training organizations:** American Indian OIC, AmeriCorps, Genesys Works, Minnesota State Colleges and Universities, Right Track, and Summitt Academy OIC
- **Labor unions:** Laborers' International Union of North America
- **Financial institutions:** Community Development Financial Institutions
- **Local units of government**, such as Scott County Center for Entrepreneurship

Economic Resiliency

The region has both nation-leading industry clusters and a diverse economy, which provides stability in the face of economic uncertainty and downturn. Conversely, the region's economy has not added jobs at the pace of peer metro areas. Given the slower pace of job growth, the Twin Cities economy is more exposed to risk from economic shocks. Further, with recent job growth being concentrated in only a few industries, events that disrupt those industries leave the region particularly vulnerable. Disruptive events might include major layoffs, changes in housing supply, reduced commercial building demand, or a global pandemic.

To build resilience against potential shocks, the region needs to continue to invest in strategies to increase the number of jobs and the number of people who are working. This includes helping new, emerging, and small businesses grow, attracting new businesses to the region, investing in new and high-growth industries, and ensuring the workforce has the skills needed to fill future jobs. Continued collaboration between regional and local economic and workforce development organizations is crucial to this success.

Strategic Priority: Workforce and Skills

Finding workers has been a challenge for businesses in the Twin Cities for nearly a decade. Since 2017, the number of unemployed workers has frequently been below the number of job openings. For businesses and the economy to grow, the region needs to increase its workforce supply. Jobs are available in the region, but skills and access gaps are limiting the ability of workers and employers to match.

The Twin Cities has a strong workforce ecosystem that provides many opportunities. Employers credit the region's workforce with a high level of engagement and willingness to fill roles across different sectors. The scale of the economy and diverse mix of industries provides pathways for workers to build and advance in their careers. State and local investments in K-12 and higher education have built a well-educated pool of workers, particularly in STEM fields. Strategies for solving workforce shortages have included community-based solutions, higher education involvement, and work-based training. Further, businesses are increasingly shifting toward skill-based hiring practices, which focus more on a candidate's practical skills and abilities, rather than credentials like education and experience.

There is a growing recognition of the need to strengthen coordination between demand (companies) and supply (workforce development providers and workers). In Minnesota, the state has taken steps to focus workforce development strategies towards in-demand sectors, including advanced manufacturing, healthcare, and clean energy transition jobs. The Minnesota CHIPS coalition is one example of a cross-sector collaboration that brings together industry, government, higher education, K-12 education, community organizations, labor, and others to create training pathways for semiconductor and microelectronic occupations.

Despite these programs and investments, demographic trends leave businesses in the Twin Cities region struggling to find workers. In the Twin Cities region, a significant portion of the workforce is at or approaching retirement age. Stagnant birth rates in this century will limit the growth potential of local industries. To address this challenge, the region has relied on foreign-born population growth to fill critical roles. Changes in immigration policy, visa barriers, and credential transferability have challenged the ability of migrants to work.

Binding constraints also exist related to the alignment of skills, credentials, and other supports for workers. Workers of color, in particular, face challenges and barriers to labor force participation. Tailoring education and training to better align potential workers with workforce needs can reduce barriers and build inclusivity. Failure to increase the workforce supply to fuel competitive economic growth rates will have long-lasting impacts on the region's ability to increase prosperity and generate wealth.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can help drive workforce growth and skill development.

Insights from the data

- *More jobs than people*: There are only 74 unemployed workers for every 100 unfilled jobs in the Twin Cities region.[62]

[62] Minnesota Department of Employment and Economic Development. Job Vacancy Survey and Local Area Unemployment Statistics. Data is for 2024.

- *Shortages are easing, but persistent*: Job vacancies started exceeding the number of unemployed workers in 2017. The gap grew significantly in 2021, but has decreased since then, indicating the workforce shortage is improving. The gap, however, remains and demographic trends indicate it will persist.[63] Nearly one in four workers (24 percent) are over the age of 55 and approaching retirement age.[64]
- *Foreign-born workers play a key role in workforce growth*. Nearly all the growth in the working age population of the Twin Cities is projected to come from foreign-born people.[65]
- *Labor force participation rates are high, but disparities exist*. Nearly 83 percent of all Twin Cities residents under the age of 65 are in the labor force. Rates of participation are near or above that level for white people, Asians, and Latines. For Black people, however, it is around 77 percent.[66]
- *Eliminating disparities could fill many open jobs*. Bringing workers of color more fully into the workforce, while drawing down unemployment rates, could fill 62 percent of the unfilled jobs in the region.[67]

Insights from the framework committee and expert interviews

- *Strong work ethic*: Employees in the Twin Cities have a strong work ethic. In addition, the workforce is generally open to being flexible and working across a company to fill in where needed, which is highly attractive to companies looking to locate here.
- *Quality education*: Education outcomes and quality are high here. Employers respond by placing information technology and knowledge jobs in the region.
- *Opportunities for workers*: The scale of the regional economy and diversity of companies allow individual workers the flexibility to transfer skills between industries.
- *Challenges to sustainability*: A major challenge is the sustainability of workforce training programs, as much of the funding is grant-based and requires reapplication every couple of years, making it hard to fully implement and to demonstrate effectiveness within each grant cycle.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping the Twin Cities workforce and skills (Figure 18). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence workforce and skill development. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's ability to build its workforce. The SWOT analysis was derived primarily from input

[63] Minnesota Department of Employment and Economic Development. Job Vacancy Survey and Local Area Unemployment Statistics. Data is for 2006-2024.
[64] Metropolitan Council. (2023). *The regional forecast: Population and employment in the Twin Cities region in 2050*.
[65] Metropolitan Council. (2023). *The regional forecast: Population and employment in the Twin Cities region in 2050*.
[66] United States Census Bureau. American Community Survey, 1-year estimates. Data is for 2023.
[67] United States Census Bureau. American Community Survey, 1-year estimates and Minnesota Department of Employment and Economic Development. Job Vacancy Survey. Data is for 2024.

provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 18: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for workforce and skills strategic priority
Strengths
• High labor participation rates and strong work ethics • Broad and deep workforce ecosystem with many opportunities • Many approaches to build workforce, including community-based solutions. higher education, and employer-based programs • Use of labor market data for targeted workforce training • Workers with transferable skills willing to move across industries and positions • Industries with strong national reputations that attract workers to the region • STEM, specifically math and science, programs in K-12 schools • Diverse mix of industries mitigates economic shocks and provides stability • Culture of embracing foreign companies and investment • Quality educational outcomes that attract IT and knowledge jobs to the region • Chambers work to connect youth and others with manufacturers
Weaknesses
• Reliance on grant funding for workforce development programs hinders sustainability, making it hard to prove effectiveness of programs • Disparity between the skills people have and the skills businesses need • Lack of knowledge of “skills-based” hiring practices among job seekers • Lack of knowledge by K-12 teachers around the breadth of employment opportunities • Higher education emphasis on academic disciplines over preparing students for a career • Reduced ability to attract workers of color due to the racial disparities that disadvantage them • Minnesota lags behind other states in the amount of curriculum-based computer science and technology education in K-12 schools • Weak connections between high schools, colleges, and companies • Regional employers’ failure to take advantage of programs that partner them with diverse communities • Wage stagnation faced by non-profits (especially American Indian operated ones) hindering the ability to attract workers
Opportunities
• Use labor market data to guide workforce training decisions • Actively engage students and provide amenities to retain local talent • Anticipate how artificial intelligence will affect jobs and prepare to transition workers • Find successful models of people and businesses adjusting to artificial intelligence changes

• Have employers share specific training needs and craft successful programs to address them • Invest in public transportation to connect more people to job centers • Strengthen K-12 educational outcomes for all students and reduce racial disparities in outcomes • Help businesses design strategies to remove cultural barriers to employment (e.g., time for prayer or extended leaves for visits to home countries) • Offer remote and hybrid work to expand talent pool and flexibility • Develop partnerships to build skills and competencies (ex. English as a Second Language provided at manufacturing facilities)
Threats
• Artificial intelligence makes it hard for job applicants to get through the screening process • Artificial intelligence is reshaping the job sector in ways that are hard to predict • Federal, state, and local funding changes and cuts • Federal immigration policies • Hybrid and remote work might fundamentally shift where jobs are located • More remote work could perpetuate workforce inequitiesCertain jobs currently require a specific credential (e.g., degree or license) which may not be necessary to be successful in the position • Slowing growth of the prime working-age population

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to workforce and skills development. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. **Support efforts that align private business investment in workforce development with public programs.**

Assist efforts to increase collaboration, communication, and coordination among workforce development programs across the private, nonprofit, and public sectors. Explore opportunities to sustainably grow regional initiatives through mutually beneficial partnerships with businesses. Job training should target a range of the workforce, including high school students, blue collar workers, and apprentices.

2. **Explore the potential impacts of artificial intelligence (AI) on workforce trends.**

AI has the potential to disrupt many sectors of the workforce ecosystem, from the hiring process to the types of jobs available. Develop strategies aimed at training workers for new opportunities created by AI.

3. **Improve opportunities for people of color and foreign-born workers to access training and education.**

Remove barriers to training, education, and credentials that limit the ability of people to meaningfully enter the workforce and earn family-sustaining wages. This includes approaches such as increased access to English language learning, technology, technology literacy, and credit for prior learning.

4. **Support efforts to align reskilling and upskilling for adult learners with higher education institutions.**

Colleges and universities are often focused on education and training for careers. There is room to expand programs with a stronger, data-informed focus on current and emerging job opportunities. Further, a focus on skills transferable across industries will help workers weather economic downturns and changes.

5. **Support efforts to expand affordable childcare options.**

Lack of affordable childcare options is limiting the number of available workers. Public and private partners are collaborating to create innovation solutions.

Evaluation Framework

The following measures can be used to evaluate progress related to the workforce and skills strategic priority.

- Overall labor force participation rate
- Overall unemployment rate
- Unemployment rates by race and ethnicity
- Number of people in labor force by race and ethnicity
- Number of working-age adults with a credential or post-secondary degree by race and ethnicity
- Number of foreign-born workers in the labor force
- Dollar investment in workforce development efforts by private businesses
- Percent of jobs disrupted by AI
- Percent of workers earning a family-sustaining wage
- Enrollment in higher education programs by race and ethnicity
- Number of childcare slots in the region

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota:** Department of Employment and Economic Development and the Governors Workforce Development Board
- **Workforce development organizations and non-profits:** AON Apprenticeship Program, Apprenticeship Minnesota, Genesys Works, International Institute of Minnesota, Workforce Investment Boards, and Workforce Development Centers
- **Childcare organizations and non-profits:** First Children's Finance

- **Business coalitions and networks:** Chambers of Commerce, Enterprise Minnesota, Greater MSP, and MNTech
- **Education and training organizations:** Minnesota State Colleges and Universities and the University of Minnesota,
- **Financial institutions:** Community Development Financial Institutions
- **Local units of government**, especially economic development authorities

Economic Resiliency

Evidence indicates workforce shortages are already hampering growth in the Twin Cities regional economy. Other shocks might include artificial intelligence, changes to federal immigration policies, and cuts to programs that promote workforce development.

Particularly critical to the Twin Cities economy is engagement in the labor force of foreign-born workers and people of color. Bringing more of these potential workers into the labor force will improve the ability of businesses to find workers. It also provides opportunities for inclusive growth and improved incomes and wealth generation in historically distressed communities.

To build resiliency against shocks, the Twin Cities must explore strategies that enhance the ability of all workers to engage in the labor force. This involves increasing access to training and education and removing barriers to jobs. Investment by private companies can bring stability and longer-term sustainability into current programs so the programs can continue to provide value, even if public funding is limited.

Strategic Priority: Racial Inclusion

The Twin Cities region has an economically robust economy, yet not all residents share the prosperity generated. The Brookings Institution's Metro Monitor 2025 demonstrated that the region lags its peers in most dimensions of inclusive economic growth. Out of 54 very large metro areas, the Twin Cities region ranks 44th in economic inclusion.[68] The Twin Cities lags in multiple areas including homeownership rates, income, educational outcomes, and wages. Thus, racial inclusion demands its own strategic priority in this planning process as addressing disparities could fuel economic growth.

Being racially inclusive means building an economy where everyone, regardless of race or background, can participate fully in opportunities and benefit from shared intergenerational prosperity. While progress has been made in recent years, racial disparities in employment, wages, homeownership, and capital access remain.

The Twin Cities region has demonstrated a civic commitment to change, marked by transparent conversations, increased attention to equity, and community-led coalitions. In the last ten years, these efforts have led to moderate success in narrowing wage gaps, increasing homeownership rates, and reducing poverty rates among people of color.

Ongoing conversations help to drive creative solutions and build optimism. Targeted, community-based approaches appear to be driving effective strategies, such as grantmaking, Community Development Financial Institution (CDFI) investments, philanthropic engagement, and cross-sector accountability among area leaders. The GroundBreak coalition represents one large-scale systems change effort to deliver racial inclusion in these areas, resulting in greater economic growth and prosperity for the region.

Despite the attention that racial equity has received over the last decade, the region still has work to do. Workers of color continue to be overrepresented in lower wage jobs, making it harder to raise a family and generate longer-term wealth. The region can attract mid-level professionals and leaders of color but struggles to retain them. Finally, the region does not take full advantage of its small business potential, with BIPOC entrepreneurs starting businesses at lower rates compared to their share of the population.[69]

These dimensions of exclusion impede regional growth. Strategies that increase BIPOC access to capital and small businesses formation; improving job opportunities through education and workforce training programs; boosting homeownership among BIPOC residents to build intergenerational wealth; and eliminating earnings gaps that rein in the spending potential of BIPOC residents could help unlock the region's economic potential.

Insights from the data

- *Progress on wages*: The gap between the median wages of white workers and workers of color in the Twin Cities region dropped from 32 percent in 2015 to 23 percent in 2023.[70]

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[68] Haskins, G. & Parilla, J. (2025). *Metro monitor 2025*. Brookings. https://www.brookings.edu/articles/metro-monitor-2025/

[69] Minnesota Secretary of State. Business Snapshot database.

[70] Greater MSP. (2025). *MSP Regional Indicators Dashboard 2025.* https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

- *Progress on poverty*: The poverty rate among people of color dropped from 25 percent in 2015 to 13 percent in 2023.[71]
- *Workers of color struggle to sustain a family despite gains in median wages.* Workers of color and immigrant workers continue to be overrepresented in lower-paying occupations due to occupational segregation.[72] The percentage of workers making a family sustaining wage varies significantly by ethnic and racial category.[73]
- *Education gaps persist*: Educational attainment levels of white people continue to be higher than those of people of color.[74]
- *Lack of access to capital hinders entrepreneurship and business ownership*: BIPOC entrepreneurs are less likely to secure loans, and when they do, the loans tend to be smaller compared to the ones their white counterparts obtain. In addition, BIPOC-owned businesses tend to be concentrated in industries with lower revenues and fewer employees.[75]
- *Addressing disparities could fuel economic growth*: Eliminating disparities could add 41,000 workers of color to the workforce, filling nearly two out of every three job vacancies in the region.[76] In addition, if existing earnings gaps by race and employment segregation were eliminated, it could improve the earnings of BIPOC workers by nearly $11 billion.[77]

Insights from the framework committee and expert interviews

- *Transparency matters*: Transparent conversations and collective awareness of the disparities are building cautious optimism and driving more creative solutions.
- *Leadership matters*: A groundswell of emerging leaders since 2020 has pushed stronger accountability and outcomes in the regional economy.
- *Wealth matters*: Wealth is a more durable and intergenerational measure than income. Persistent gaps in ownership, especially homeownership, highlight long-term exclusion.
- *Perception matters*: There is a significant gap in the perceptions of racism (including experience and presence) between white people and people of color.
- *Retention matters*: The region struggles to retain mid-level professionals of color. Many leave for places they perceive as more welcoming or culturally diverse.

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[71] Greater MSP. (2025). *MSP Regional Indicators Dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

[72] Center for Economic Inclusion. (n.d.). *Standing in the gap: The case for family sustaining wages in Minnesota*. McKnight Foundation. https://www.mcknight.org/news-ideas/resource/family-sustaining-wages-report/

[73] Ohrn, B., Leadley, J., & Dalton, M. (2024). *Standing in the gap. The case for family sustaining wages in Minnesota*. Center for Economic Inclusion. https://www.mcknight.org/wp-content/uploads/Family-Sustaining-Wages-Center-for-Economic-Inclusion-Report-2.pdf

[74] United States Census Bureau. IPUMS Microdata, 2015-2025.

[75] Horowitz, B., Kokodoko, M., Lim, K., & Tchourumoff, A. (2021). *Despite recent gains, Minnesota's entrepreneurs of color face persistent barriers*. Federal Reserve Bank of Minneapolis. https://www.minneapolisfed.org/article/2021/despite-recent-gains-minnesotas-entrepreneurs-of-color-face-persistent-barriers

[76] United States Census Bureau. American Community Survey, 1-Year estimates. These numbers represent the workforce under 65 years old. Disparities calculation comes from ACS PUMS 2022 data by Metropolitan Council staff.

[77] Metropolitan Council staff analysis of Census Bureau, Quarterly Workforce Indicators data. Data is for 2022.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping racial inclusion in the Twin Cities (Figure 19). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence racial inclusion. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's ability to be racially inclusive. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 19: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for racial inclusion strategic priority
Strengths
• Measurable progress in reducing disparities in employment rates and wages, poverty levels, homeownership, and business ownership • Transparent conversations leading to creative solutions • More support for businesses owned by people of color • Targeted DEI efforts • Increase in number and level of investments by Community Development Financial Institutions (CDFIs) • More grants and lending to organizations operated by people of color • Integration of equity metrics into project and grant evaluations • Targeted state investments in housing and education • Leadership from community coalitions, like the GroundBreak Coalition
Weaknesses
• Shifting political climate that slows progress • Wealth and income gaps remain • Limited access to capital for BIPOC-owned businesses • Social determinants of health continue to negatively impact communities of color • Failure to attract and retain people of color from other regions • Mid-level BIPOC executives and professionals are choosing to leave the region
Opportunities
• Use equity measures to evaluate project success (e.g,, the Metropolitan Council equity evaluation of regional transportation investments) • Use targeted, community-based approaches • Create a shared definition of success that uses quantitative methods to measure disparities and qualitative methods to account for lived experiences • Form learning cohorts to support inclusion efforts • Build on career exploration programs and connect youth with mentors • Increase opportunities in K-12 that lead to higher graduation rates
Threats

- Wealth building remains challenging for people of color
- Housing and credit discrimination continues
- Political shifts and federal policies penalize diversity and inclusion
- Immigration policy changes
- Difficulties in sustaining focused investments
- Immigrant communities fear their immigration status will be used against them

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to improving racial inclusion. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. **Continue to incorporate equity metrics in evaluation, funding award determinations, and economic development planning.**

Build racial inclusion into the structure of planning, grantmaking, and evaluation in the region by adding equity metrics into the review process.

2. **Encourage targeted, community-based strategies to address housing needs.**

Support communities within the region that are developing housing solutions based on community needs and that include equity in their planning.

3. **Collaborate to address K-12 education gaps, especially around high school graduation rates.**

Support career exploration programs that are being developed across the region. Help connect youth to mentors. Provide pathways for families to connect with schools.

4. **Support employers in attracting employees of color and nurturing their professional development.**

Support talent migration and retention efforts that focus on employees of color. Explore options for mid-career development within the region.

Evaluation Framework

The following measures can be used to evaluate progress related to the racial inclusion strategic priority.

- Number of economic development plans that include equity measures
- Number of award determinations that use equity in the decision-making process
- Homeownership rates by race and ethnicity
- Dollars invested by communities in affordable housing solutions
- High school graduation rates

- Number of working-age adults with a credential or post-secondary degree by race and ethnicity
- Labor force participation rates by race and ethnicity
- Unemployment rates by race and ethnicity
- Net migration of prime-age workers (ages 24-54) by race and ethnicity

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota:** Minnesota Housing
- **Philanthropic partners:** Black Collective Foundation
- **Financial institutions:** Community Development Financial Institutions and the GroundBreak Coalition
- **Professional evaluators:** Minnesota Evaluation Association
- **Education and training organizations:** American Indian OIC, Great Minnesota Schools, K-12 schools, Minnesota State Colleges and Universities, and the University of Minnesota
- **Business organizations and networks:** Chambers of Commerce and Minnesota Business Coalition for Racial Equity
- **Community coalitions and economic development organizations:** Alliance for Metropolitan Stability, Business Resource Collective, Center for Economic Inclusion, COPAL (Comunidades Organizando El Poder Y La Accion Latina), Government Alliance on Race and Equity, Latino Economic Development Center, Linking Leaders, Neighborhood Development Corporation, and Nexus Community Partners
- **Local units of government**, including planning departments and economic development authorities, Hennepin County's Elevate Hennepin

Economic Resiliency

Racial equity is structurally embedded in all the region's goals and priorities. To ensure long-term economic resilience, the region must prioritize durable wealth-building strategies, which go beyond short-term income gains and support intergenerational financial stability. The persistent racial disparities that continue to stifle the region's economy threaten the stability and well-being of the region's disinvested communities. The region cannot be dynamic without an inclusive economy that ensures the social and economic vitality of all of its communities.

For communities that have experienced historic disinvestment, economic resiliency means strategically planning for investments that meet community needs. Policies that target small and medium-sized businesses and enhance their access to capital and business development initiatives can enhance their viability.

For individuals and families, enhancing resilience involves increasing access to homeownership, expanding business lending and investment for entrepreneurs of color, and removing barriers to capital and credit. Efforts that foster ownership, be it homes or businesses, serve as a foundation for lasting prosperity across generations.

For workers, resilience requires providing education, training, and opportunities to increase the amount of skilled labor needed for continued business and economic growth. Given the region’s population dynamics, providing opportunities for international migrants is pivotal to labor force growth.

Shocks that affect the region’s ability to invest in historically underserved communities or hinder the ability to bring international migrants into the workforce will have significant consequences for the region’s growth. Shocks might include an economic downturn, changes in state or national policies, or the diversion of resources into other priorities.

Strategic Priority: Talent Migration and Retention

With a tight labor market marked by low unemployment, high labor force participation rates, and relatively slow population growth, communities and businesses in the Twin Cities region must continue to attract and retain talent and pursue strategies that expand workforce supply.

The Twin Cities has much to brag about – affordable housing, high quality of life, strong K-12 and higher education systems, natural and scenic beauty, recreation and parks, friendly communities, and flourishing, diverse neighborhoods.

The region, however, struggles to effectively communicate the message to relocators. A slow approach to including newcomers, a hesitancy to talk about ourselves, a fragmented brand, and an unclear direction for talent attraction are limiting growth. There is a perception that the region offers limited opportunities or cultural connections for people of color and those from non-European backgrounds. Strategies to overcome these challenges are critical to increasing the number of workers in the region and spurring growth.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can help improve talent migration and retention.

Insights from the data

- *A shortage of workers*: There are 0.7 unemployed workers for every 1 job opening in the region.[78]
- *Workforce growth has come from international migration*: In the past 14 years, international migration to Minnesota has been positive every year, while domestic net migration from other states has been negative or break-even for 12 of those 14 years.[79]
- *Future workforce growth:* Future workforce growth will come from continued immigration, remote and telework arrangements, and growing participation by older workers.[80]
- *People leave the region at critical stages of life transition:* The state of Minnesota and region tend to lose people during college-going years and at retirement and gain people during young adulthood.[81]
- *Not only a Twin Cities issue*: Demographic trends in the Twin Cities mirror those of the Midwest.[82]

Insights from the framework committee and expert interviews

- *We all need communications training*: The Twin Cities has assets to brag about, but we are not good at telling our story.
- *We are a compelling market for businesses:* Opportunities exist for job growth and business development if we can get better at talent attraction. International companies,

[78] Minnesota Department of Employment and Economic Development. Job Vacancy Survey. Data is for 2024.
[79] Minnesota Demographic Center. Annual Net Migration. Data is for 2010 to 2024.
[80] Metropolitan Council. (2023). *The regional forecast: Population and employment in the Twin Cities region in 2050*.
[81] Greater MSP. (2025, August 26). 2025 regional indicators dashboard webinar.
[82] Greater MSP. Based on United States Census Population Estimates Program data. Data is for 2024.

particularly in the medical field, are looking to invest here, bringing establishments and people.

- *Perception matters:* There are more community and cultural options and diversity in the Twin Cities than in that past. This reality, however, is not well communicated through mainstream media and information sources.
- *Talent attraction efforts have started*: Explore Minnesota Tourism for Business initiative is a good start at building awareness to attract talent.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping the Twin Cities talent migration and retention (Figure 20). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence the region's ability to attract and retain talent. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 20: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for talent migration and retention strategic priority
Strengths
• Natural and scenic attractions • Outdoor recreation and parks • Highly ranked nationally for quality of life • Increased focus on attracting talent • Quality education • Higher wages compared to national average • Relatively low cost of living • History of working together to tackle tough issues • Positive reputation among tourists • Medical Alley designation • Strong arts and culture organizations • Professional sports teams, particularly women's teams
Weaknesses
• Too humble to brag about ourselves • Lack of a well-known and focused brand • Persistent socio-economic gaps • George Floyd murder and social disruption in 2020 still affects national and in-state reputation • Population diminished slightly through domestic migration • Lack of incentives for attracting people to the region • Tension around wanting to be everything to everyone in branding dilutes the message

• Scale of the economy and abundance of municipalities in the region makes coordination challenging, making it harder to demonstrate shared benefits • Cold winters
Opportunities
• Explore Minnesota Tourism marketing business campaign • Twin Cities metro region is rising in esteem nationally • Showcase the diversity of the region's culture • Major companies headquartered here draw investment, new businesses, and talent • Build relationships with recruiters • Keep universities in the conversation • Create exposure via internships • Build on the progress of Make It. MSP. and refresh the effort • Build stronger coalitions, especially among Chambers and economic development organizations and agencies • Share more of our "hidden gems"
Threats
• Assets are not well known on a national level • Many site selectors overlook the region because no single city meets population thresholds, even though the region as a whole does • National immigration policies and negative perceptions of immigration • Polarized political climate undermining collaborative recruitment efforts • Perception of high taxes and labor and regulatory costs

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to talent retention and migration. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. Support current talent migration efforts.

Support efforts by the State of Minnesota, business associations, and employers to attract and retain talent.

2. Create a marketable sense of place.

Support communities in efforts to create a sense of place that reflects the demographics and culture of the community.

3. Invest in quality of life.

Continue investments that set the region apart in terms of quality of life, including outdoor recreation, and education.

4. Tell the region's story in a clear and compelling way.

Explore options such as creating a journey map to understand a new resident's experience in the region and providing training for community leaders to help tell the story of their communities.

5. Retain high school and college graduates in the region.

Explore programs designed to retain high school students such as tuition reimbursement or Chamber/school district partnerships. Continue to build existing career pathway programs. Incorporate strategies to help young adults grow roots in the region.

6. Attract business visitors.

Collaborate with partners, such as Convention and Visitors Bureaus and the Airport Council to attract professional conferences and events, exposing them to the region.

7. Bring colleges and universities into the conversation.

Partner with colleges and universities to attract and retain undergraduate and graduate students in the region. Showcase the density of higher education in the Twin Cities. Help with student visits.

Evaluation Framework

The following measures can be used to evaluate progress related to the talent retention and migration strategic priority.

- Number of people in the labor force
- Population growth by age bracket
- Domestic and international migration rates
- Number of community and cultural events
- Number of placemaking activities
- National rankings of quality of life
- Website traffic generated by Explore Minnesota Tourism for Business
- Population change in post-high school and post-college age brackets
- Number of conferences and events held in Minneapolis and Saint Paul

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota:** Explore Minnesota Tourism
- **Business organizations and networks:** Chambers of Commerce, Convention and Visitors Bureaus (such as Meet Minneapolis and Visit Saint Paul), Greater MSP, Medical Alley Association, Metropolitan Airports Commission, and professional sports teams and players

- **Economic development organizations:** Community Reinvestment Fund, Metropolitan Economic Development Association, Minnesota Consortium of Community Developers, and the Neighborhood Development Center
- **Education and training organizations:** K-12 schools, Minnesota State Colleges and Universities, University of Minnesota, and private colleges and universities
- **Arts organizations:** Minneapolis Institute of Art and the Guthrie Theater
- **Philanthropic organizations**
- **Local units of government,** including League of Minnesota Cities

Economic Resiliency

With an already tight labor force and negative domestic in-migration, labor availability remains a critical issue for the Twin Cities region. External shocks that affect the number of working-age adults in the labor force would be highly disruptive to the economy. Shocks might include changes in immigration policies and weather events that displace people.

There are a couple of strategies that could counteract these potential threats to talent migration and retention. First, expanding and diversifying talent attraction and retention efforts is a key strategy for building resilience. Another method is to continue to invest in workforce development through education (K-12 and post-secondary), integrating work-based learning into programs as well as industry specific training programs.

Strategic Priority: Regional Brand and Image

In today's global economy, both talent and capital investments are highly mobile. People and businesses invest their time and resources in places they perceive positively, feel connected to, or both. While the Twin Cities region offers a strong quality of life – a diverse economy, affordability compared to peer metros, and globally competitive industries – the region's brand and image lag in recognition and consistency.[83]

To increase visibility and remain competitive, the region's brand must be strengthened. Demographic and migration trends are contributing to workforce shortages, bringing new urgency to the need to attract and retain talent. Regional branding efforts are critical to these efforts.

Understanding how the region is perceived is essential to attracting and retaining talent, visitors, and investment. While the region offers a strong mix of economic opportunities, affordability, and quality of life, awareness and recognition vary across audiences. Coordinated, tailored, and well-resourced marketing targeted at priority audiences can strengthen the region's brand, build upon successes in tourism and visitor promotion, and close the recognition gap. Without such alignment, the region's strengths will remain undervalued in an increasingly competitive marketplace.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can narrow the perception gap.

Insights from the data

- *Population growth is moderate*: With a growth rate of 0.2 percent between 2022 and 2023, the Twin Cities ranked 7th out of 11 for population growth compared to 11 peer regions.[84]
- *Increasing competition for young talent*: National demographic trends are leading to a shrinking young adult cohort, which means the Twin Cities region needs to be more competitive to draw new talent. Absent migration, there would have been approximately 10,000 fewer young adults (ages 25 to 29) in the region each year from 2018 onward.[85]
- *Low familiarity*: Of a national audience, 28 percent of survey respondents had a favorable opinion of Minnesota, however, 53 percent did not have familiarity or did not have an opinion.[86]
- *Exposure matters*: Being exposed to a Minnesota tourism advertisement and visiting the state markedly improved perceptions of the state, according to survey respondents.[87]

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[83] Greater MSP. (2025, July 17). *CEDS update meeting 3: Regional brand and image; talent attraction and retention; start-ups and innovation*. Met Council. https://metrocouncil.org/Planning/Comprehensive-Economic-Development-Strategy/Committee-Meeting-Materials-and-Recordings/Meeting-3-Presentation.aspx

[84] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

[85] Greater MSP. (2025, August 26). *2025 regional indicators dashboard webinar*.

[86] Helmstetter, C. (2025, August 5). *On second look, nation favors Wisconsin slightly more than Minnesota or Iowa. And much more than California*. American Public Media. https://www.apmresearchlab.org/blog/on-second-look-nation-favors-wisconsin-slightly-more-than-minnesota-or-iowa-and-much-more-than-california

[87] Longwoods International. (2023). *2023 Minnesota halo effect research*. Explore Minnesota Tourism. https://mn.gov/tourism-industry/assets/Minnesota%202023%20Halo%20Report_tcm1135-586904.pdf

- *First impressions matter*: Lakes, the Mall of America, the Minnesota Vikings and the appeal of the region's natural resources remain top associations for the region.[88] Messaging that links these assets to career opportunities, affordability, and diverse communities can help align regional image, boost visitor numbers, and support talent attraction.

Insights from the framework committee and expert interviews

- *Perception gap:* Nationally, the metro is less recognized than many of our peer regions and is more often associated with the state brand (e.g., Minnesota Vikings) than the metro itself.
- *Experience matters*: The Twin Cities has an appeal, but people do not fully appreciate and understand the appeal until they are here.
- *Global reach*: While our businesses have a global footprint, this is not readily apparent or broadly acknowledged beyond the region.
- *Fragmented branding*: The region's numerous cities, sports teams, cultural institutions, and tourist destinations promote themselves individually, thus the region may be missing out on opportunities to create coordinated marketing.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping the Twin Cities region's brand and image (Figure 21). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence how the region is experienced and perceived. This snapshot provides a strategic foundation for aligning marketing efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 21: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for regional brand and image strategic priority

Strengths

- Natural and scenic attractions
- Hospitable people and communities
- Outdoor recreation and parks
- Arts and culture
- Highly ranked nationally for quality of life
- Statewide assets, including lakes, bike trails, ski hills, and trails
- Positive exposure from tourism
- Professional sports teams, including prominent women's teams
- Mall of America

[88] KRC Research. (2025). *Explore Minnesota reputation and travel preferences survey.* https://mn.gov/tourism-industry/assets/Explore%20MN_2025%20Brand%20Survey%20Report%20-%20For%20Industry%20Site_tcm1135-694704.pdf

• Hub for medical technologies • World-class colleges and universities • MSP international airport • Affordable cost of living • Increased targeted outreach to national media
Weaknesses
• Fractured, competing branding efforts • Too humble to brag about ourselves • Relatively unknown Twin Cities brand • Unclear draw beyond medical technology hub and higher education • Domestic in-migration seems tied to family • Failure to attract new 18- to 24-year-olds • Difficulty presenting a cohesive regional narrative despite strong local branding and appealing amenities • Perception that it can be hard to start a business here • Lack of financial resources/investments in coordinated and intentional marketing • Assets are not well known on a national level
Opportunities
• Leverage “Explore Minnesota” tourism campaign for businesses as well • Promote that Minnesota is rising in esteem nationally • Embrace being “Up North” • Promote concentration of Fortune 500 companies that allows career advancement • Spur entrepreneurship within innovation hubs • Use advertising to positively shape perceptions • Form community spaces for people moving to the region • Create targeted, audience-specific advertising campaigns (e.g. businesses versus people) • Pair professional marketers and creatives to promote the region • Connect with social media influencers
Threats
• Overlooked by people living on either coast • State brand is stronger than regional brand • Stagnant economic growth • George Floyd murder and subsequent civil unrest affected tourism and business and convention travel

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to regional brand and image. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. Coordinate on creating and communicating a clear and strong regional brand.

Increase coordination around a regional brand and implement branding strategies. Support partners in developing strategies to engage with the national media and target audiences.

2. Highlight the tapestry that makes the Twin Cities an attractive place to live and work.

Market the ecosystem that makes the region attractive – from CEOs to arts leaders, sports figures to city leaders, and community members to entrepreneurs.

3. Expand marketing and branding efforts to reach different audiences.

Explore ways to expose audiences to the quality of our region. Identify and reach target groups through audience-tailored promotion efforts. Identify powerful, meaningful characteristics that differentiate our region from others.

Evaluation Framework

The following measures can be used to evaluate progress related to the regional brand and image strategic priority.

- Domestic and international migration rates
- Number of first-time and repeat visitors to the region
- Number of positive mentions in the national media
- Number of marketing campaigns featuring the Twin Cities region
- Effectiveness metrics of marketing campaigns featuring the Twin Cities region
- Results of longitudinal studies on brand recognition and regional reputation
- Scores on recognition and reputation surveys

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota:** Department of Employment and Economic Development, Explore Minnesota Tourism, and the Governors Office
- **Business organizations and networks:** Chambers of Commerce, Convention and Visitors Bureaus, Greater MSP, professional sports teams, and local marketing and public relations firms
- **Tourism destinations and organizations:** Mall of America and the Metropolitan Airports Commission

- **Economic development organizations:** African Economic Development Solutions, African American Leadership Forum, and the Hmong American Partnership
- **Arts and culture organizations:** such as the Umbra Theater
- **Media partners**, including Minnesota Public Radio*, The Minnesota Star Tribune*, and local TV stations
- **Local units of government**

Economic Resiliency

The Twin Cities region benefits from a diverse economy, anchored by globally recognized leaders in medical technology, advanced manufacturing, and the headquarters of major corporations. This economic diversity provides resilience during sector-specific downturns, as growth in one area can offset challenges in another. To maintain this advantage, the region must continue to attract and retain talent across all age groups, skill levels, and industries. Sustaining a strong talent pipeline is essential for supporting existing businesses and fueling future growth. To remain vibrant and competitive, the region must foster confidence among businesses, residents, and newcomers, ensuring it remains an appealing destination for both people and investment.

Shocks to the regional image or brand could disrupt investment in the Twin Cities. Shocks might include political or cultural events that negatively reflect on the region, weather events that destroy or harm natural and scenic attractions, or geopolitical events that decrease foreign investment.

Strategic Priority: Startups and Innovation

The Twin Cities has a long history and tradition of business growth and innovation. The metro is home to 15 Fortune 500 companies, nearly all of which started and grew in the region.[89] When companies begin in a region, the area is more likely to capture subsequent and spillover manufacturing and supply chain development and draw external investment, leading to additional economic growth. Startup and innovation growth is a signal the region is expanding its overall economic base. Talent, capital, and basic research and development are important to drive innovation.

Historically, the Twin Cities has been successful in capturing the benefits of new and growing companies, through new product ideas, spinoff companies, manufacturing of new products, or other supply chain effects. The region has nation-leading concentrations of medical device and food products manufacturers which lead the way in new patents. While the region has a lower number of new business starts compared to peer regions, the five-year survival rate of those businesses is higher.

The Twin Cities has an abundance of organizations providing business support services, especially to startup and emerging firms, however, there has not historically been clear leaders in this space across all industries. This leaves potential business owners with a fragmented network to navigate, leading to frustration and inefficient outcomes. This is particularly true for under resourced entrepreneurs, especially those from low-income communities and communities of color. The region has also struggled to assemble a cohesive and sophisticated pipeline for venture capital investment.

In response to these needs, Greater MSP launched a regional network of venture capital firms and corporate venture groups, known as the Minnesota Investors Network. Greater MSP also powers a tool to help the region's startup founders navigate hundreds of business resources. Further the US EDA has supported multiyear venture campaigns with the goal of activating more angel investors, as well as state and philanthropically supported projects to better coordinate entrepreneurial support organizations, and bring new global innovation platforms to the region. Several strategies have been created in the region already for startup and scale up ventures in agriculture (MBOLD), clean energy (Grid Catalyst), medical and health technology (Medical Alley). A challenge is that other regions are more robustly funding these efforts through combinations of dedicated state investments and grants and private funding sources.

To be a leader in new business development, the region must continue investing in programs that support startups and innovation. These programs also need to expand to serve additional business owners and industries. Failure to do so will hamper future growth.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can spur innovation and accelerate the creation of startups.

Insights from the data

- *Strong history of business development*: The Twin Cities region ranks second among the nation's 30 largest metros in Fortune 500 companies per capita.[90]

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[89] Fortune. (2025). *The largest companies in the U.S. by revenue*. https://fortune.com/ranking/fortune500/
[90] N. Arnosti, personal communication, September 24, 2025.

- *National leadership in innovation*: Minnesota ranks seventh in patents per capita, including first in medical device patents and second in food products.[91]
- *Investments in new business growth*: Businesses in the Twin Cities drew $1.47 billion in venture capital investment in 2024, making it the eighth highest among 11 peer metros.[92]
- *Strong rate of business survival*: More than half (54 percent) of businesses started in Minnesota survive for at least five years.[93]
- *Startups are important to metro area employment growth*: New establishments, less than two years old, consistently add employment to the regional economy. Between 2021 and 2024, net employment growth at new establishments averaged 5,100 jobs per year. This is almost half (47 percent) of all employment growth at establishments of any age.[94]

Insights from the framework committee and expert interviews

- *Increasing business activity:* Since 2020, there has been a rise in new business starts and more venture activity. There have also been activities designed to increase the number of angel investors in the region, among them Angel Fest.[95]
- *Need for leadership:* The State of Minnesota appears to be more a follower than a leader in the area of innovation and startups.
- *Difficult for business owners to find appropriate resources:* There are many organizations in the Twin Cities that assist new and small businesses. This is an asset, but navigating to the appropriate resource at the correct time can sometimes overwhelm business owners.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping the Twin Cities ecosystem for startups and innovation (Figure 22). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence both startups and innovation. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

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[91] Department of Employment and Economic Development (2025, July 9). *Dynamic innovation ecosystem*. Minnesota Start of the North. https://mn.gov/deed/dobusiness/why-mn/innovation-technology/

[92] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

[93] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

[94] United States Census Bureau, Quarterly Workforce Indicators: Minneapolis-St Paul MSA Job Change by Yearly Averages & Firm Age. Data is for 2021 to 2024.

[95] Twin Cities Business. (n.d.). *Angel Fest 2025: Shaping the future through angel investing*. https://tcbmag.com/events/angel-fest/

Figure 22: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for startups and innovation strategic priority
Strengths
• History of strong support systems (resource and service providers) for new and small businesses and rich availability of resources • Successful models such as Elevate Hennepin, which provides support to entrepreneurs and small businesses in Hennepin County and NEON, which provides entrepreneurial support to low- and moderate-income families in North Minneapolis • The University of Minnesota, the Mayo Clinic, Hormel Foods, and other large organizations devote resources to spin-off inventions and businesses • Increase in new business starts and venture activity since 2020 • Relatively strong economy
Weaknesses
• Recent decreases in funding for entrepreneurship support organizations • The State of Minnesota offers less business support and entrepreneurial funding than many other states • Larger companies seeking to invest or expand supply chains often lack connections to emerging businesses, causing small firms to miss valuable opportunities • Limited availability of startup physical spaces, services, funding, and talent • Abundance of resource providers can be overwhelming to navigate • No organization is proactively connecting with newly registered businesses • George Floyd's murder remains top of mind for many BIPOC businesses considering relocation to Minnesota • Barriers to business ownership persist for low-to-moderate income people • Lack of culturally competent business advisors • Limited philanthropic funding for startups and innovation • Less private capital and equity compared to peer regions • Limited leadership with deep venture capital experience and connections • Stagnant innovation
Opportunities
• Increase coordination between business assistance and support organizations • Support existing entrepreneurship coalitions and networks • Create business incubators, partnering with the real estate industry to provide physical space • Assist potential and new business owners in forming their support system of resources and networks
Threats
• Political shifts since 2020 have created uncertainty and reduced federal and state funding • No established method for tracking business startups

- Innovation hubs developing at higher rates in other peer cities/regions attract entrepreneurs away from the region
- Rising costs, especially in the energy, construction, and insurance sectors

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to startups and innovation. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. **Align resources and service providers to better serve new and emerging business owners.**

Provide leadership to coordinate resources available to new businesses. Create a journey map to understand barriers and access points, helping business owners identify the networks and connections available to them, and a "Welcome to Minnesota" business packet. The goal of this action item is to align resources for an external audience (businesses).

2. **Increase collaboration among resource and service providers.**

Assist efforts to increase collaboration, communication, and coordination among resource providers through items such as mapping the current ecosystem of providers, sharing success stories, and establishing regular communication channels to understand needs and share ideas. The goal of this action item is to align resources internally among providers.

3. **Support efforts to establish additional business incubators and accelerators in the region.**

This would include helping to find and create physical space, bringing in service providers, and marketing options to potential new businesses. Real estate management companies may be partners in space provision.

4. **Strengthen growth networks and pipelines for scaling businesses.**

Efforts might include identifying and amplifying small business pathways to investor networks and incubators; serving as a convener for industry leaders, corporate partners, universities, and entrepreneurs; incentivizing programs and partnerships that adequately prepare businesses for scaling; and strategically developing venture capital leadership and connections.

Evaluation Framework

The following measures can be used to evaluate progress related to the startups and innovation strategic priority.

- Number of initiatives that aim to better align entrepreneurship and small business resources and providers
- Number of new business registrations
- Number of jobs created and retained by new and emerging businesses

- Percent of businesses that utilize a resource partner
- Number of success stories featured in local media
- Number of business incubators
- Number of businesses utilizing incubator space
- Dollar value of venture capital investment
- Number of new patents
- Five-year business survival rate

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota:** Minnesota Office of Small Business and Innovation
- **Financial institutions:** Community Development Financial Institution Coalition, GroundBreak Coalition, and investor networks, such as Gopher Angels
- **Entrepreneurship service providers:** Agricultural Utilization Research Institute, BETA.MN, The Coven, Gener8tor, Plug & Play, Small Business Development Centers, Techstars, and Women Venture, and business accelerators,
- **Economic development organizations:** Hmong American Partnership, Metropolitan Consortium of Community Developers, Metropolitan Economic Development Association, Neighborhood Development Center, Northside Economic Opportunity Network, and local economic development authorities,
- **Business organizations and networks:** Chambers of Commerce, Greater MSP, Medical Alley Association, commercial real estate management companies and developers, and headquarter companies
- **Education and training organizations:** Minnesota Cup, University of Minnesota Holmes Center for Entrepreneurship, University of Minnesota Research and Innovation Office, and University of Minnesota Venture Center
- **Local units of government,** such as Elevate Hennepin

Economic Resiliency

Diverse and competitive industries help a regional economy be more resilient. Industries that are competitive force businesses to focus on growth and the development of new products and markets. Diversity in industries, meanwhile, helps guard against economic downturns, as one sector might grow even in a slow economy. Startups and innovation bring both diversity and competition to a region and they also serve as early indications of a region’s future economic performance. They provide opportunities for a more inclusive economy and can build wealth in communities subject to disinvestment.

Factors that affect resiliency in the startups and innovation field have the potential to cause long-term disruptions to the Twin Cities economy. Examples of those factors might include disruptions in state and federal funding for innovation; a decrease in the support for research and development at public institutions (example, University of Minnesota) and private companies; changes in investments in education which decrease the amount or quality of future talent; and local events that might drive away private investment in venture capital.

Strategic Priority: Affordability

Cost of living is a critical factor in the economy, impacting people's ability to purchase basic goods and services, and influencing consumer spending and lifestyle choices. Low cost of living can draw people and workers to a region and foster economic growth. In general, the Twin Cities region is an affordable area, as metrics indicate the region's cost of living is below the national average.

The largest expense for households is housing, followed by transportation, food, and healthcare, and for families, childcare. Given this, the general cost of either home ownership or rental housing is often a defining factor of affordability in a region. Compared to many of its peer regions, the Twin Cities is a relatively affordable place to live. The share of cost-burdened households in the region is lower than comparable metropolitan areas and has remained steady over the past decade

However, the region has a severe shortage of affordable housing for lower-income households, which leaves them especially cost-burdened.[96] The lack of affordable housing, especially for lower-income residents, threatens to worsen the region's labor shortage and hinder long-term economic growth. With many job openings in lower-wage sectors, attracting and retaining workers will remain difficult without sufficient housing options affordable to low-income earners.

The region also faces a general housing supply shortage. Rising costs, which include land, construction costs, utilities, mortgage rates, and property taxes, are together are driving up housing prices. This makes it increasingly difficult for residents to purchase and maintain a home. As a result, opportunities for families to build wealth and achieve stability through homeownership are being lost. Expanding the supply of housing throughout the region is essential to attracting and retaining residents and workers as well as supporting long-term economic growth.

To address these concerns, the State of Minnesota has recently increased investments in housing production. In addition, housing non-profits, community development professionals, private developers, and others are coming together to develop creative strategies and approaches to the problem. These solutions, such as land trusts and zoning changes, are creating more housing options.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can help improve affordability, particularly for housing.

Insights from the data

- *More affordable than peer regions*: Among 11 peer regions, the Twin Cities ranks second lowest in terms of housing cost burdens. Around 32 percent of households are considered cost burdened, a figure that has remained consistent for the last ten years.[97]

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[96] United States Census Bureau. American Community Survey Public Use Microdata. Data is for 2023.
[97] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf

Beyond housing, the region also has a reasonable cost of living. The overall, composite cost of living was 93 percent of the U.S. average in 2025, according to C2ER.[98]

- *Shortage of housing for low-income residents*: Overall, the region does not have enough housing units that are affordable for lower-income residents. Complicating the problem is that some higher income households are opting to live in housing that is well within their means, tying up housing stock that is affordable for lower income households, and further limiting their options.[99]
- *Lower-income households are more likely to be housing cost burdened*: The lack of access to affordable housing units means lower-income households are much more likely to be cost burdened. This is especially true for households earning less than 30 percent of Area Median Income.[100]
- *Lack of affordable housing makes it more difficult to fill open positions*: Current job openings in the Twin Cities are primarily in retail trade, accommodation, and food service, all industries that typically have lower wages. The region will struggle to fill these roles if potential workers cannot move to the region due to a lack of housing options.[101]

Insights from the framework committee and expert interviews

- *Housing supply is limited*: The Twin Cities region has a supply issue that exacerbates its affordability issue. There is a need to create more housing to meet demand and provide market competition to moderate the price of existing housing.
- *Rising costs of everyday necessities*: Day-to-day needs, such as groceries, transportation, and childcare are becoming more expensive, straining all households, but particularly lower-wage households.
- *The gap between the cost to build and a household's ability to pay for housing persists*: Public and private partners are trying to provide subsidies for new affordable housing, but it's still hard to fill the gap between the cost to build and people's ability to pay. Even if zoning is permissive, costs remain high.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping affordability in the Twin Cities (Figure 23). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence affordability. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

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[98] The Council for Community and Economic Research.(2025). *Cost of living index*. https://www.coli.org
[99] U.S. Census Bureau. American Community Survey, 5-year estimates. Data is for 2018-2022.
[100] U.S. Census Bureau. American Community Survey, 1-year estimates. Data is for 2023.
[101] Minnesota Department of Employment and Economic Development. Job Vacancy Survey and Local Area Unemployment Statistics. Data is for 2022.

Figure 23: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for the affordability strategic priority

Strengths

- Reasonably affordable for existing homeowners, compared to peer regions
- Share of cost-burdened households has not substantially increased compared to peer regions
- State has recently made large-scale investments in housing production
- Local governments have invested in home-building workforce and development subsidies
- Zoning changes in many communities allow more housing variety and density
- Land trusts and covenants are used to ensure long-term affordability
- Active housing nonprofits in the region
- Increased effort to create affordable housing near public transportation routes

Weaknesses

- Single-family homes with yards is at odds with increased housing variety and affordability
- Zoning changes to enable greater housing variety often face public opposition
- Rising property taxes drive up the cost of living
- Housing development costs for land, permits, and other incidentals are high, even before construction begins
- Demand for housing assistance from local Housing Redevelopment Authorities far exceeds resources and funding, resulting in wait lists in the thousands
- Housing costs in certain areas of the metro are rising faster than others
- Healthcare and childcare costs are rising quickly, limiting access

Opportunities

- Increase housing supply and variety
- Pursue new construction technologies to make home building more cost efficient (e.g., modular nd 3D-printed homes)
- Build on existing progress with zoning that allows for housing variety, density, and a streamlined approval process
- Acquire more funding for rent and/or homeownership assistance
- Fund public incentives to develop housing, especially targeted at small developers
- Create buildings where we live, work, and play in one place
- Convert underused downtown office spaces, where jobs, transit, and goods and services already exist, to housing
- Increase housing bond authority, remove cap

Threats
• High mortgage rates • Rent prices rising faster than incomes, especially at lower incomes • Rising housing production costs • Growing difference between the cost to build and people's ability to pay • Decrease in use of the Low-Income Housing Tax Credit program due to lower tax credit prices • Rising operating costs for nonprofit housing organizations • Higher utility prices • Limited advancements in building cost-efficient homes • Builders reluctant to change established practices

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to affordability that helps residents acquire housing builds wealth. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. **Reinforce the need for continued public investment in housing development, especially for small developers**.

Facilitate conversations about public investment in housing availability and affordability. This includes investments in affordable housing production, housing infrastructure bonds, public land disposition, and streamlined zoning and permitting.

2. **Support investment in financial assistance for rent and homeownership.**

Help policymakers and others understand the parameters of the affordable housing issue, so appropriate investments can be made to assist low-income families and housing organizations.

3. **Promote efforts to increase housing options across the region.**

Continue activities and policies that create innovative solutions for additional housing options in the region. This might include modular housing, manufactured housing, or land trusts. It may also include zoning changes that encourage density and mixed-use spaces, particularly in underutilized areas and along transit corridors.

Evaluation Framework

The following measures can be used to evaluate progress related to the affordability strategic priority.

- Total number of housing units
- Number of new housing units
- Number of new and naturally occurring affordable housing units
- Number of modular and manufactured housing units

- Number and type of zoning changes created to facilitate housing production
- Percent of cost-burdened households in the region
- Funding levels for housing assistance

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota:** Minnesota Housing
- **Housing partnerships, coalitions and nonprofit organizations** such as Enterprise Community Partners, GroundBreak Coalition, Homes for All Coalition, Minneapolis Affordable Housing Trust Fund, Rondo Community Land Trust, Saint Paul Inheritance Fund, and Twin Cities Habitat for Humanity
- **Economic and community development organizations**, including the Saint Paul Port Authority

Economic Resiliency

The housing market is a critical component of the economy. Without sufficient housing, the region cannot attract new workers to fill job openings. Housing is also fundamental to family stability and wealth-building. Economic shocks that disrupt the housing market can have short-term impacts such as the inability to fill jobs. The same shocks can also have long-term consequences, such as increasing the poverty rate and constraining economic growth. Such economic shocks might include weather events that destroy current housing or economic downturns that impact the construction sector.

To mitigate potential shocks, the Twin Cities region needs to continue to create new housing units, while balancing affordability for all households. Efforts that focus on public investment and incentives to reduce costs and expand housing options, work to close the affordability gap for lower-income families, and promote innovation in housing production will create resiliency in the housing market.

Strategic Priority: Transportation and Mobility

Transportation and mobility are vital to the Twin Cities region's economic health. For businesses, the ability to move goods efficiently and affordably to market is essential. For workers, reasonable commute times are a key factor in job decisions. To stay competitive, the region must maintain a transportation system that reliably moves both people and products.

When it comes to workforce mobility, as measured by the percentage of the population within a 30-minute commute, the Twin Cities metro outperforms its peer regions. This is largely due to strong job accessibility by car. However, significant challenges remain for those without access to a vehicle or reliable transit. Job accessibility by public transportation is limited, with most service concentrated in the region's core areas.

From a business perspective, mobility depends on speed and the ability to move goods efficiently across space, often measured by metrics such as delivery volume and delays. In the Twin Cities, businesses rely on a network of roads, railways, ports, waterways, and airports. The region faces different issues in mobility depending on the mode of transportation, but all have limitations that need addressing.

Balancing the mobility needs of goods with accessibility for people can present a challenge. For example, freight-accessible locations, like the Amazon Distribution Center in Shakopee, are often far from where workers live. Conversely, areas with strong transportation access for people may be costly or poorly suited for freight operations. Ensuring the region's economic vitality requires a balanced approach that focuses on both mobility and accessibility.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can help improve transportation and mobility.

Insights from the data

- *Workers in the region benefit from relatively fast commute times*: In 2023, 68 percent of workers in the Twin Cities region reported a commute time of under 30 minutes. As compared to 11 peer regions, this is the highest percentage of workers with commutes of less than 30 minutes.[102]
- *Transit and bicycle accessibility is higher in the core metro*. Spatially,15 percent of metro area land is proximate to regular route transit service, an area that accounts for 50 percent of all jobs and worksites. This is by design as the transit business model requires nodes and corridors concentration for operational viability.[103] Transit and bicycle commuters are geographically limited in their ability to reach dispersed suburban employment opportunities located further from the urban core.[104]
- *Transit system is budget and resource constrained.* The transit business model requires nodes and corridors concentration. Due to this, up to 50 percent of regional employment workplaces may be impossible to serve with transit. It could be of value to improve accessibility to more locations or with expanded schedule options, however, plans to do

[102] Greater MSP. (2025). *MSP regional indicators dashboard 2025*. https://www.greatermsp.org/clientuploads/2025_Regional_Indicators_Dashboard_FINAL_digital.pdf
[103] Metropolitan Council. (2025). *Transportation Policy Plan*. https://metrocouncil.org/Transportation/Planning-2/Key-Transportation-Planning-Documents/Transportation-Policy-Plan.aspx
[104] E. Lind, personal communication, July 30, 2025.

so are incremental.[105] Beyond the spatial scope challenge, the transit system is also challenged to create and maintain an accessible, convenient, safe quality of experience and service.

- *Unpredictable traffic bottlenecks slow freight movement*. Lack of designated truck routes, truck parking, and unpredictable traffic bottlenecks frustrate trucking companies operating in the region.
- *Land availability and land use policies restrict rail and aviation*. Minneapolis-St. Paul International Airport provides excellent passenger service while lagging as a cargo hub. Airport expansion is limited by land restrictions. In addition, there are limited land options that are currently zoned for intermodal use, making it difficult to find appropriate sites for transferring goods between rail and trucks.[106]

Insights from the framework committee and expert interviews

- *Twin Cities system benefits automobile drivers*: The Twin Cities transportation system, for people who travel by car, is excellent. Twin Cities drivers have a higher than average ability to reach destinations compared to similar regions.
- *Congestion makes it more difficult for trucking companies to navigate the Twin Cities*: Due to the unpredictability of the traffic bottlenecks, trucking companies are starting to position their shipments and goods in advance in order to move in and through the Twin Cities market.
- *Transportation modes are often in competition for resources*. There is a tendency to view the different transportation options (automobiles, trucks, rail, air) individually, as opposed to thinking holistically about a transportation system designed to simultaneously serve the distinct needs of different modes and improve their effectiveness.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping transportation and mobility in the Twin Cities (Figure 24). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence transportation and mobility. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 24: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for the transportation and mobility strategic priority
Strengths
• Highly accessible by car

[105] Metropolitan Council. (2025). *Transportation Policy Plan*. https://metrocouncil.org/Transportation/Planning-2/Key-Transportation-Planning-Documents/Transportation-Policy-Plan.aspx
[106] A. Andrusko, personal communication, July 30, 2025.

• The State considers community needs when making transportation-related investments • Successful Innovative approaches to transit, such as micro transit to serve short-distance trips, • Willingness to adopt successful transit models from other parts of the country • Successful last-mile efforts, such as connecting large employers to transit stations and installing pedestrian and bike paths • Best-in-class pedestrian and bike trails • Regional light rail system • Commitment to accessible and reliable bus service • Targeted state investments in freight mobility • Improvements in the truck travel, time, and reliability index over the previous five years
Weaknesses
• Car-centric system only works well for those with a car • Zero-car households face significant challenges accessing transit, jobs, healthcare, and household necessities • Transit options are not equally strong across the region; traditional transit does not work well in lower-density areas • COVID and post-COVID reduced demand for transit commutes to downtowns and office centers • Financial constraints prevent resolution of some transportation bottlenecks • Truck parking is limited in the core metro • Land use conflicts at intermodal yards • A lack of space for river dredging materials • E-commerce warehouse and transportation operations activity moving to the outer edges of the metro • Mismatches exist between good locations for freight mobility and good locations for worker accessibility • Greenhouse gas emissions remain a significant environmental challenge • Vehicle emissions disproportionately impact vulnerable communities
Opportunities
• Plan transportation and land use together in ways to promote higher connectivity and place housing in high connectivity locations • Improve coordination across disparate planning entities and bridge communication gaps between engineers, planners, and community partners • Improve coordination with employers on transportation solutions • Pursue innovative ideas like micro transit for suburban destinations • Increase efforts to connect transportation to childcare • Focus on improving access for specific marginalized groups and areas • Identify ways to address freight problems comprehensively through the metro freight plan

• Create space for cargo-oriented development • Explore ways to measure and demonstrate the value of smaller ports • Develop micro hubs to consolidate e-commerce-related trips (e.g., vacant big box stores) • Support and fund materials-heavy production, warehousing, and distribution near key regional truck, rail, barge, and air corridors • Promote public-private partnerships to improve freight movement and siting • Focus on efficiency of traffic over adding more lanes
Threats
• More traffic congestion due to population growth • Tensions over freight movement (free market versus climate mitigation) • Priorities for ease of car travel (e.g., parking lots) can make other transportation options more difficult (e.g., walking) • Tendency to pit transportation modes against each other, rather than thinking holistically • Winter, snow, and ice can make commuting via bike or walking difficult and add to infrastructure maintenance costs • Competition for limited tax dollars

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to transportation and mobility. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. Coordinate conversations regarding transportation, land use, and housing needs.

Met Council and partners continue to lead discussions related to balancing the needs around transportation, land use, housing, and economic development to ensure development occurs in a way that keeps mobility and accessibility high in the region.

2. Support public transit and transportation options throughout the region.

Further explore options to customize public transit to the needs of the community. Improve accessibility through either more locations or expanded schedule options. Invest in “last-mile” solutions to connect transit to workplaces.

3. Engage in ongoing conversations regarding freight transportation in the region.

Remain engaged in efforts to increase freight mobility. Through infrastructure investments, support the siting of materials-intensive production, warehousing, and distribution close to identified regional truck corridors and rail/barge/air facilities.

4. **Improve coordination across various planning entities and bridge communication gaps between engineers, planners, and community partners.**

Continue to be involved in conversations across planning agencies and between engineers and planners to ensure transportation planning at the community level fits within regional goals. Build for future needs, not just current capacity.

Evaluation Framework

The following measures can be used to evaluate progress related to the transportation and mobility strategic priority.

- Percent of jobs within 30-minute commute of home
- Number of vehicle miles traveled per capita
- Travel time index scores
- Mode share rates
- Number of freight ton-miles
- Walkability and bikeability scores
- Number of jobs (at worksites) within 45-minute commute of worker’s homes using public transit
- Number of public transportation users
- Number of strategies from the 2025 metro freight plan implemented
- Truck travel, time, and reliability index scores
- Number of meetings held to discuss regional transportation

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota**: Department of Employment and Economic Development and Department of Transportation,
- **Regional planning organizations**: Metropolitan Council
- **Transportation providers**: Metro Transit, Minnesota Valley Transit Authority, and regional transit providers
- **Transportation non-profits**: Move Minnesota
- **Business organizations and networks**: Chambers of Commerce, Medical Alley Association, Minnesota Business Coalition for Racial Equity, Minnesota Freight Advisory Committee, Minnesota Trucking Association, and the Saint Paul Port Authority
- **Education and training organizations**: University of Minnesota Center for Transportation Studies
- **Local units of government**

Economic Resiliency

Efficient transportation routes are necessary to move goods and people throughout the region, both of which are important to economic growth and development. The Twin Cities region has historically been successful at providing residents with relatively easy access to work via automobile. The region, however, has struggled to provide residents with relatively easy access to work via public transportation. It has also struggled to move goods efficiently due to congestion and bottlenecks.

Disruptive shocks to the transportation system have the potential to further limit the number of workers available for businesses and to increase the difficulty and expense of moving goods. Both would have long-lasting impacts on the region's already stagnant economic growth. Shocks might include weather events that significantly damage infrastructure or cause frequent delays (river flooding, for example), events that limit the availability of transportation workers (a global pandemic, for example), breaks in aging infrastructure (I-35 interstate bridge collapse in 2007, for example) and economic changes that limit future investments in transportation.

Building on the current successes of the Twin Cities regional transportation system can enhance resiliency. Efforts that continue to focus on balancing the needs of land use, transportation, and housing; investments to upgrade aging infrastructure; creativity and growth in public transit options; options to improve freight mobility; and improved coordination among communities and partners are essential to long-term resiliency.

Strategic Priority: New Climate Economy

The new climate economy presents significant economic opportunities for businesses, workers, and residents in the Twin Cities region. The improving economics of wind, solar, and storage, increasing commitments to renewable energy by cities, states, and companies, and the increasing costs of operating aging coal-fueled plants are driving significant changes in the United States' energy portfolio. The decarbonization transition underway across the nation and the world, which includes electric power generation, transportation, construction, industrial and agricultural production, creates prospects for regional economic innovation and growth.

The Twin Cities region has strong competitive advantages related to the new climate economy. First, Minnesota's existing industrial and agricultural base, coupled with investments in research and development and a history of innovation, situates the region to be a leader in critical sectors, including sustainable aviation fuel, protein innovation and sustainability, plastics recycling, and soil health and water stewardship.

Second, the Twin Cities region has a robust network of training programs that align with many growing occupations related to clean energy. These programs provide practical, skills-based pathways into climate-relevant jobs and often prepare workers for multiple related roles, such as HVAC, industrial machinery repair, and general maintenance.

Finally, the State of Minnesota has enacted legislation to advance the state to 100 percent carbon-free electricity by 2040 and net-zero emissions by 2050. To advance these efforts, the State has a Climate Action Framework that outlines priority actions for developing its clean economy.[107] In addition, the Metropolitan Council has prepared a regional strategy for prioritizing decarbonization.[108]

With industry leadership, workforce training, and state support, the Twin Cities region is well-positioned to attract clean energy investment and growth. Industry partners, such as utility companies, university researchers, and philanthropic and grantmaking organizations have deepened conversation and collaboration around clean energy. Both the private and public sector continue innovating through research and development.

Strategic collaboration, public and private investment, and policy changes are necessary to continue to support the growth of new climate economy solutions in the Twin Cities region. A critical next step for the work will be to identify the sectors that the region is most well-positioned to lead and make targeted investments in those sectors.

Despite this momentum, areas for improvement remain. Many climate-related firms in the metro focus on services like weatherization and HVAC, while value-added supply chain opportunities (e.g., manufacturing, headquarters, and research and development) are often located elsewhere. There is no baseline inventory of businesses adopting or providing green or carbon-mitigating processes and technologies, making it difficult to measure economic activity or tell the story of sector growth.

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[107] State of Minnesota. (2022). *Minnesota's Climate Action Framework*. https://climate.state.mn.us/minnesotas-climate-action-framework

[108] Metropolitan Council. (Proposed for adoption, December 2025). *Comprehensive Climate Action Plan [Draft]*. https://metrocouncil.org/Council-Meetings/Committees/Metropolitan-Council/2025/08-27-25/Comprehensive-Climate-Action-Plan.aspx

At the same time, workforce pipeline concerns are emerging as students and workers face job uncertainty amid rapidly changing technologies and policies. In addition, workforce barriers, such as access to transportation to job sites for construction-related projects and the availability and affordability of childcare continue to persist.

Finally, the absence of a clear, shared definition of the new climate economy and direction for regional investment at times fragments the discussion, hinders coordination among partners, and limits the ability to plan, track, and evaluate progress.

The following data points and community perspectives illustrate where the region is gaining traction, where challenges persist, and how focused, collaborative efforts can help expand the new climate economy.

Insights from the data

- *Five major economic sectors*: Transportation, electric power, industry, buildings (residential and commercial), and agriculture are key components of the new climate economy. Transportation and electric power together contributed 60 percent of the greenhouse gas emissions in the Twin Cities metro area in 2022.[109]
- *Electric vehicle (EV) adoption is increasing but will need to accelerate rapidly to meet state goals*.[110] Statewide, electric vehicles accounted for 1.0 percent of registered light-duty vehicles in 2023, up 0.8 percentage points from 2018. The Minnesota Department of Transportation aims to have 20 percent of light-duty vehicles be electric vehicles by 2030.[111]
- *Electric power generation is rapidly shifting toward renewable energy*. In 2005, renewable energy accounted for 6 percent of Minnesota's utility-scale electricity generation. By 2025, renewables (including wind and solar) had increased to 43 percent, while coal had declined sharply.[112] [113]
- *Job opportunities exist in clean energy*. In 2023, there were 38,380 clean energy jobs in the Twin Cities region, accounting for 62% of all clean energy jobs in the state. The highest share of jobs (72%) was in energy efficiency.[114]

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[109] Metropolitan Council. (Proposed for approval, December 2025). *Comprehensive climate action plan [Draft*]. https://metrocouncil.org/Council-Meetings/Committees/Metropolitan-Council/2025/08-27-25/Comprehensive-Climate-Action-Plan.aspx

[110] Minnesota Public Utilities Commission. (2025). *Minnesota electric vehicles*. https://mn.gov/puc/activities/economic-analysis/electric-vehicles/

[111] Minnesota Department of Transportation. (2023). *Performance measure dashboard – electric vehicles. https://www.dot.state.mn.us/measures/electric-vehicles.html*

[112] United States Energy Information Administration. (2025, July 17). *Minnesota profile data*. https://www.eia.gov/state/data.php?sid=MN#SupplyDistribution

[113] Minnesota Commerce Department. (2022). *Minnesota energy data dashboard*. https://mn.gov/commerce-stat/pdfs/mn-energy-data-dashboard.pdf

[114] Clean Energy Economy MN. (2024, October 14). *Report: Minnesota clean energy jobs reach new peak, passing 60,000*. https://www.cleanenergyeconomymn.org/press-releases/clean-jobs-midwest-2024

Insights from the framework committee and expert interviews

- *State of Minnesota is invested*: With the 100 percent carbon-free goal, the State of Minnesota has many programs and policies to attract and develop carbon-free solutions.
- *Small businesses might be missing out*: Funders and partners are putting climate-related goals in their priorities, but the knowledge of these initiatives is not cascading down the ecosystem to small businesses. Additional outreach is needed.
- *Obstacles to tracking success*: It is hard to track or measure business development related to the new climate economy. The Minnesota Department of Employment and Economic Development tracks the climate economy using identification classifications of targeted industries that have the potential of green or carbon-mitigating processes and technologies, but there is not a survey or inventory of whether those processes and technologies are adopted and implemented.
- *Innovation is strong*: Many businesses, researchers, and industry partners are developing innovative products and approaches. Opportunities exist for business development and to assess successful local program approaches.

SWOT Analysis

Building on the data and the community perspectives, the following SWOT (strengths, weaknesses, opportunities, and threats) analysis distills the key factors shaping the Twin Cities region's new climate economy (Figure 25). It highlights the strengths to build upon, weaknesses to address, and external opportunities and threats that influence the new climate economy. This snapshot provides a strategic foundation for aligning efforts and strengthening the region's competitive position. The SWOT analysis was derived primarily from input provided by the framework committee and the subject matter experts. Insights from the public engagement sessions were also included.

Figure 25: Strengths, weaknesses, opportunities, and threats (SWOT) analysis for the new climate economy strategic priority
Strengths
• State seeking 100% carbon-free electricity by 2040 and net-zero emissions by 2050 • State has programs, such as the Minnesota Forward Fund, to attract carbon-free solutions, • State has available resources for communities transitioning away from a coal utility production-based economy • Strong utility leadership, with companies that are nationally recognized for their efforts • Partnerships between utility providers, startups, nonprofits, and government agencies to innovate (e.g., Minneapolis Clean Energy Partnership and Minnesota Energy Alley) • University of Minnesota has groups dedicated to climate research and initiatives • Philanthropic and grantmaking organizations direct significant funding to climate and energy work • Active network of advocacy organizations that supports clean energy transition and consumer interests

- Greater MSP Partnership plays a key role in attracting and growing business opportunities (e.g., Sustainable Aviation Fuel)
- Tribal nations are investing in clean energy initiatives, and tribal sovereignty provides some flexibility in approaches
- Strong network of city sustainability coordinators
- Incentives drive individual homeowners to adopt heat pumps, energy efficiency, and weatherization, creating more jobs
- Green industry job development and workforce development programming
- Sustainable Growth Coalition connects large corporations for collective action around sustainability
- Increased electric vehicle ownership drives growth in EV-related businesses (e.g., charging companies and electric installers)

Weaknesses

- Lack of a clear definition for new climate economy compromises collaboration and growth
- Difficult to identify climate economy businesses without a survey or inventory of green or carbon-reducing practices
- State not seen as a leader in electric vehicle deployment due to lack of state-level policy drivers
- Lagging electric vehicle infrastructure limits recharge opportunities for commuter vehicles
- Electric vehicle use impacts gas tax collections
- Those who train the workforce (especially colleges and universities) need time to ramp up
- Small and emerging businesses struggle to find opportunities to participate in large-scale solar and wind projects typically led by larger companies
- Utility and infrastructure costs for renewable energy upgrades may burden small businesses already struggling to succeed.
- Many technologies are still being tested
- Competition with neighboring states for projects
- Need to address methods for sourcing minerals such as steel, nickel, and cobalt

Opportunities

- Collaborate with University of Minnesota researchers currently working on different components and areas of innovation in the new climate economy
- Take advantage of emerging hydrogen and ammonia opportunities for clean energy, transportation, and industrial applications
- Understand how the workforce needs to upskill or reskill to be able to fill climate-related positions, and focus workforce training accordingly
- Educate small business service providers (e.g., nonprofits and Community Development Financial Institutions) on how to share new climate economy opportunities with their clients

• Proactively address business concerns, such as return on investment, compliance, and operational impacts when developing new climate goals and regulations • Support small businesses with cost guidance and technical assistance for adopting clean energy • Identify strategies to better engage people of color in new climate economy jobs and business opportunities • Work with existing green sector companies looking to expand in the Twin Cities • Promote renewable energy incubators (following the example set by tribes in South Dakota) • Seek public-private partnerships to drive future growth • Attract value-added supply chain opportunities, including manufacturing, headquarters, and research and development) to the region • Work with businesses that support climate-smart practices • Promote reforestation and afforestation • Assist local governments in siting utility-related clean energy projects
Threats
• Climate economy extends beyond political boundaries • Changes in federal policies • Growth has been dependent on state policies and investments • Energy resources for many alternative fuel businesses have competing uses and needs which challenge permitting and regulation • Competing priorities such as permitting processes that account for multiple environmental factors can undermine timely project development • Uncertainty may cause young people, college students, and those entering training to pick another path for fear of lack of future career opportunities • Changes to federal policies have limited the number of new projects in development • Emerging industries, such as data centers, have high energy needs that might lead to tensions if resources are constrained

Action Plan and Evaluation Framework

The action plan represents a coordinated, well-resourced approach to the new climate economy. The evaluation framework contains additional details on partners and measurement metrics.

Action Items

The following action items translate the insights from the SWOT analysis, expert interviews, and framework committee meetings into concrete steps.

1. Implement the Comprehensive Climate Action Plan (CCAP) for the region.

Implement identified strategies for decarbonization.

2. **Encourage energy infrastructure investments aligned with the state's 2040 Clean Electricity Standard.**

Identify and focus investments on the core infrastructure needed to advance 100 percent renewable energy (e.g. grid transmission and battery storage).

3. **Create a clear definition of the new climate economy and track metrics.**

Clearly define the industries, sectors, and businesses that are part of the new climate economy, adopt improved metrics for tracking, and work collaboratively to attract and grow them and the associated workforce.

4. **Support efforts to attract and retain the value-added components of the clean energy economy.**

As Twin Cities-based researchers and companies create products and services related to the new climate economy, support efforts for the buildout of the supply chain, such as manufacturing facilities and headquarters.

5. **Educate small business service providers on opportunities in the new climate economy for them to share with their clients.**

Bring together small business service providers to learn more about the new climate economy, resources for small and emerging businesses, and opportunities for growth.

6. **Identify innovative strategies and opportunities for businesses owned by people of color.**

Innovative strategies, such as different business ownership models, could help business owners of color grow their businesses. Explore options to share and develop these strategies.

7. **Support targeted education and training initiatives.**

Support efforts to build education and training initiatives that prepare workers for jobs in the new climate economy. Develop clear, accessible resources to show training and advancement routes for clean economy jobs, such as career pathway profiles. Include a focus on training for energy efficiency in the design, retrofit, and operations of buildings, infrastructure and machinery.

8. **Encourage industrial adoption of energy efficiency and low-carbon technologies.**

Identify and partner with industries to advance cost-effective sustainable technologies and processes such as low- and no-carbon energy sources, energy and material efficiency, and standards for energy management systems.

9. **Prioritize resilience in next-generation infrastructure to mitigate grid vulnerabilities.**

Integrate decentralized systems like microgrids and distinct energy systems to build resiliency in energy supply.

10. **Convene researchers from higher education institutions to discuss research and education opportunities.**

Increase collaboration and communication among higher education researchers by bringing them together to discuss projects. Priority areas may include advancing building energy efficiency, waste and wastewater recycling, and emission reductions and sequestration related to agriculture and natural environment.

Evaluation Framework

The following measures can be used to evaluate progress related to the new climate economy strategic priority.

- Number of projects implemented under the CCAP plan
- Amount of power capacity of microgrids
- Definition of the new climate economy and its components
- Number of clean technology and clean energy businesses and jobs
- Number of degrees and certificates in clean energy and related fields
- Number of small businesses engaged in the new climate economy
- Number of businesses owned by people of color working in the new climate economy
- Percentage of electrical capacity from carbon-free sources
- Total utility generation capacity
- Total energy storage capacity
- Amount of greenhouse gas emissions from the industrial sector
- Number of industrial facilities using standard energy management systems
- Amount of research dollars invested in new climate economy projects
- Number of projects shared in the media

Potential Partners

During the process of this regional economic framework development, the following potential partners were identified. This list is not meant to be comprehensive, but rather to highlight other potential partners to move this priority forward.

- **State of Minnesota**: Department of Employment and Economic Development and Small Business and Innovation Office
- **Regional planning organizations:** Metropolitan Council
- **Business organizations and networks:** Chambers of Commerce, Greater MSP, MBOLD, Minnesota Solar Energy Industries Association, and electric power and utility companies
- **New climate economy organizations:** Clean Energy Economy Minnesota, Center for Energy and Environment, Fresh Energy, Great Plains Institute, and the Sustainable Growth Coalition
- **Economic, community, and workforce development organizations:** Metropolitan Economic Development Association, Minnesota Consortium of Community Developers, Nexus Community Partners, and the workforce development centers
- **Education and training organizations:** Minnesota State Colleges and Universities, University of Minnesota (Clean Energy Resource Teams, Institute on the Environment, the Minnesota Climate Adaption Partnership) and private universities and colleges
- **Financial institutions:** Community Development Financial Institutions
- **Local units of government**

Economic Resiliency

The new climate economy brings significant opportunities to the Twin Cities region. Advances in energy, transportation, and building technologies can create and attract new jobs and industries. Reliable infrastructure across these sectors is essential for both businesses and residents.

In the energy sector, heavy reliance on imported energy sources makes the region vulnerable to external shocks. Disruption to electricity generation or transmission can quickly reduce productivity. Over time, an unreliable energy grid may reduce consumer and business confidence in the region. Furthermore, the anticipated growth of data centers could exacerbate these challenges. In addition to increasing overall electricity demand, data centers are expected to place upward pressure on costs for other users, including residential consumers.

The transportation sector faces similar risks. Dependence on imported sources (petroleum and gasoline) leaves the region exposed to disruptions in supply chains, whether caused by geopolitical conflict or extreme weather, which can drive up prices and cause long-term stress to the region's growth.

The building sector also plays a critical role. Efforts to improve energy efficiency and weatherization reduce costs for homeowners, renters, and businesses. Disruptions that slow adoption can cause energy costs to rise, disproportionately burdening low-income households. In addition, the reliance of most households and businesses on a single source of energy means that any disruption to that source has outsized consequences for the region.

Together, these vulnerabilities all point to the need for continued innovation in clean energy. The Twin Cities region must diversify energy generation, adopt new transportation solutions, and expand locally sourced energy options for homes and businesses to build a more resilient economy and environment.

Appendix A: Input from the Local Government Survey

To broaden the scope of engagement, a survey was distributed to planners and officials across cities and counties in the Twin Cities region. Forty-three responses were received, representing communities of varying size and character. The following themes summarize the key messages shared by local governments about how to strengthen the region's economy now and into the future.

Balance Between Metro Core and Outlying Communities

Participants consistently emphasized the importance of regional strategies that include all communities — from Minneapolis and St. Paul to small cities, rural towns, and first- and second-ring suburbs. Many noted that smaller communities often lack the staff or funding capacity to advocate for projects or compete for state and regional funding. Respondents called for a balanced approach that recognizes each community's distinct economic strengths — whether in retail, manufacturing, housing, or workforce contributions — and how these assets collectively sustain the regional economy.

Participants stressed that the region functions as an interconnected economy, where job creation in one area supports housing and infrastructure needs in another. A shared regional vision that acknowledges this interdependence and ensures equitable resource distribution was seen as critical for future competitiveness.

Infrastructure as the Backbone of Competitiveness

Infrastructure was repeatedly identified as a prerequisite for growth. Respondents described how underinvestment in transportation, wastewater systems, and broadband constrain both business expansion and housing development. Many noted that infrastructure projects should be planned for future demand rather than reacting to current conditions, citing examples where newly completed road projects were already over capacity.

Participants also highlighted disparities in infrastructure investment across the region. Smaller and outer-ring communities often face mounting costs for water and wastewater systems, without qualifying for grants or regional funding. Comments called for state and regional partners to prioritize long-term, proactive investments in local infrastructure and to streamline funding and permitting processes. Broadband access and site readiness were also identified as essential components of economic competitiveness, particularly in rural and exurban areas.

Workforce is the Central Driver of Economic Success

Workforce development, training, and retention emerged as the most urgent and unifying issue among respondents. Local officials linked talent attraction and retention directly to housing affordability, childcare access, and quality of life amenities. Many expressed concern that without a skilled and stable workforce, business growth will stagnate, and regional competitiveness will decline.

Respondents described a strong need for expanded technical and blue-collar training opportunities, particularly programs that connect youth and high school students to trade careers and apprenticeships. They emphasized the value of aligning higher education and workforce programs with the needs of key industries such as healthcare, manufacturing, and clean energy. Several noted that accessible childcare and transportation are essential elements of workforce infrastructure, enabling residents to work closer to home and strengthening local labor markets.

Regional Collaboration and Partnership

A prominent theme across the survey was the need for stronger collaboration among cities, counties, regional agencies, and the private sector. Many respondents said that duplication of programs and competition for resources weakens regional outcomes, while partnerships and resource-sharing build collective strength.

Participants called for more consistent coordination between local governments and organizations such as Greater MSP, DEED, and the Metropolitan Council. Several noted that local practitioners are often on the front lines of economic development and should have a stronger voice in shaping regional priorities. Others expressed the need for clearer alignment among government, business, education, and nonprofit partners to advance shared goals — particularly in workforce training, housing development, and infrastructure investment.

Housing and Affordability as Economic Infrastructure

Affordability was repeatedly described as an economic issue rather than solely a social one. Many local governments linked housing costs directly to workforce availability, noting that workers will leave or choose other regions if affordable options are lacking. Respondents urged regional and state partners to remove barriers to housing development and support a mix of housing types across communities.

Participants also called for funding and policies that support both new housing and redevelopment projects, particularly in communities with aging infrastructure or limited land availability. Affordable childcare and transportation were identified as complementary needs that must be addressed to create a truly supportive environment for workers and families. Some noted that housing diversity — in both cost and form — is essential to retaining a diverse workforce and sustaining balanced growth across the Twin Cities region.

Leveraging Regional Strengths and Clusters

Many respondents highlighted the region's existing strengths in industries such as medical technology, health care, advanced manufacturing, and clean energy. Several referenced initiatives like Medical Alley and Rochester's Destination Medical Center as models of successful cluster development that combine research, investment, and workforce growth.

Participants suggested strengthening the region's innovation ecosystem by linking universities, startups, investors, and established employers through shared programs and flexible financing tools. Some advocated for more agile state and regional policies to support cluster growth, including faster approvals, streamlined funding, and targeted incentives for high-growth sectors. Respondents agreed that promoting the Twin Cities as a center of innovation and talent — nationally and globally — should remain a key pillar of economic strategy.

Perception and Regional Identity Matter

Survey respondents agreed that how the Twin Cities region tells its story is a major factor in its economic success. Many called for coordinated marketing efforts that promote the entire region — not just Minneapolis and St. Paul — and showcase the area's strengths in quality of life, talent, innovation, and business environment.

Participants suggested that a unified regional brand would help attract both talent and investment. Several mentioned that current efforts are fragmented, with different organizations promoting separate narratives. By aligning messaging and emphasizing the diversity of communities and industries across the metropolitan area, respondents believe the region can better position itself to compete with other metro areas nationwide.

Conclusion

Collectively, survey responses underscore a desire for a more inclusive, coordinated, and forward-looking approach to regional economic development. Local governments are eager to see strategies that bridge geographic and institutional divides, strengthen workforce systems, and align infrastructure, housing, and business investment with long-term growth goals. Respondents conveyed optimism about the region's potential, provided that collaboration, flexibility, and equitable investment remain at the forefront of future efforts.

Appendix B: Metropolitan Governance

Council Governance

The Minnesota Legislature created the Council in 1967. Its jurisdiction comprises the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.

The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families.

Council staff is organized in major divisions that focus on transportation planning; transit operations; wastewater treatment, water supply and water quality; and community development.

The Council's governing board has 17 members who are appointed by and serve at the pleasure of the governor. Sixteen members represent geographic districts of roughly equal population across the region. The Council chair, the 17th member, serves at large. Deb Barber serves as the current interim chair.

The role of Council members is to provide a regional perspective and work toward a regional consensus on issues facing the metropolitan area. All meetings of the Council and its subcommittees are open to the public.

Metropolitan Planning Organization (MPO)

The Metropolitan Council is the federally designated Metropolitan Planning Organization (MPO) for the seven-county Twin Cities area. It oversees planning for the region's transportation system, including highways, transit, aviation, bicycles, and pedestrians. Because efficient movement of people and goods supports a healthy economy, a high-functioning transportation system is essential to a prosperous regional future.

The Minnesota Legislature established the Transportation Advisory Board (TAB) in 1974 to include local elected officials, significant transportation partners, and resident representatives to advise the Council on the regional transportation planning and funding processes. The 34-member TAB provides formal review of regional and state transportation plans; solicits, evaluates, and selects projects to receive federal transportation funds; and conducts public hearings and adopts the region's Transportation Improvement Program.

Appendix C: Regional Transportation System Overview

Minneapolis-St. Paul International Airport (MSP)

The Minneapolis-St. Paul International Airport (MSP) is the seventeenth busiest airport in the US for passengers and twenty-first for aircraft operations. It is a base for Sun Country Airlines and Delta Air Lines' second largest hub. MSP currently connects to 165 destinations, including 35 international non-stop destinations. In 2024, MSP was named "best airport in North America" by Airports Council International. It was the third straight year – and seventh out of the pervious years – that MSP received this honor.[115]

MSP airport operations were significantly impacted by COVID-19-related stay-at-home orders. According to data from the Transportation Security Administration, the number of outgoing travelers from MSP in March 2020 dropped to less than 10% of March 2019 levels. Prior to the pandemic, MSP reported more than 400,000 landings and takeoffs in an average year. In 2024, MSP recorded 342,140 landings and takeoffs.[116]

Rail and Intermodal Facilities

The region is served by four major freight rail corridors, operated by the carriers Burlington Northern Santa Fe (BNSF), Canadian National (CN), Canadian Pacific (CP), and Union Pacific (UP). Several Class III railroads provide short line service in the region. The region includes two intermodal facilities: the BNSF intermodal facility in Saint Paul and CP's intermodal terminal in Minneapolis, which loads and unloads domestic and international containers.

Interstate Highways

Two major interstate highways connect our region to the rest of the United States: Interstates 35 and 94. These roadways travel through the two core cities in the region, Minneapolis and Saint Paul. They are also the two most heavily used truck freight corridors for the region, connecting the rest of the state's agricultural and natural resources to the metropolitan area.

Public Transit Services

The public transit system is operated by six transit agencies, the largest of which is Metro Transit. The system includes two light rail lines, a commuter rail line, five bus rapid transit lines, and hundreds of local and express buses. Services also include Transit Link and Metro Mobility, which provide rides to regional residents who are not otherwise able to access regular transit. In 2024, there were about 47.5 million rides take on the public transit system, about half of which were on light rail or bus rapid transit lines. More than half the riders were people of color (55 percent), riders without a car (52 percent), and aged 18 to 34 (51 percent).[117]

Bicycle and Pedestrian

The seven-county region includes about 3,900 miles of bikeways, with over half of that mileage on off-street trails. Communities in the Twin Cities are also planning for nearly 2,900 additional

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[115] Metropolitan Airports Commission. (2024). *MSP named best airport in North America for third straight year*. https://metroairports.org/news/msp-named-best-airport-north-america-third-straight-year
[116] Minneapolis-St Paul International Airport. (n.d.). *About MSP*. https://www.mspairport.com/about-msp
[117] Metro Transit. (2024). *Metro transit facts*. https://www.metrotransit.org/metro-transit-facts

miles. Walking accounts for about 8.5% of all trips in the region while biking accounts for about 1%. The average trip length by biking is 3.3 miles and for walking, it is 0.8 miles. These modes are expected to grow in importance.

Appendix D: Workforce Development System

Accessible Post-Secondary Education and Career Training

The Minnesota State Colleges and Universities System (MNSCU or Minnesota State) provides accessible and affordable post-secondary education to individuals across the state. It is the third largest system of state colleges and universities in the United States with 30 colleges, 7 universities, and 54 campuses. Within the 15-county region, there are 12 colleges and 1 university. Minnesota State serves over 350,000 students each year, offers 3,900 academic programs, and provides over 15,000 specialized training classes. Through its diverse career and technical training programs, Minnesota State aims to equip students with high-demand skills that meet labor market and industry needs.

Minnesota State has also committed to addressing equity gaps in higher education through its Equity 2030 initiative, which seeks to eliminate educational equity gaps across race, ethnicity, income, and geographic location by the year 2030.

Despite these strengths, challenges remain. Stakeholders note the persistence of silos across programs and institutions, as well as the need to better identify occupations within high-growth industries and align training accordingly. Participation in Post-Secondary Enrollment Options (PSEO), apprenticeships, and dual pipeline training remains relatively low, limiting early connections between education and careers. There is also growing interest in exploring innovative strategies such as “returnships” to re-engage workers and expand pathways into high-demand fields.

This work aligns with state and regional workforce equity goals and underscores the importance of post-secondary education in providing career pathways to family-sustaining wages.

Workforce Development System

Minnesota's Workforce Development System has two main components: Regional Workforce Development Areas (RWDAs) and Local Workforce Development Areas (LWDAs). In 2014, the passage of the federal Workforce Innovation and Opportunity Act (WIOA) prompted the state to designate six RWDAs, which supplemented the 16 pre-existing LWDAs. Regional planning occurred informally before the enactment of WIOA; however, the new requirement helped to better align workforce development initiatives and resources across the state. The 15-county metropolitan area includes three RWDAs and eight LWDAs.

The WIOA requires planning regions to submit four-year plans to be eligible for workforce development funding. These plans outline the current workforce development system, establish goals for the future, and identify applicable strategies. Through this requirement, WIOA promotes collaboration between government, nonprofit, education, and industry partners and supports the development of career training programs that serve the needs of both workers and employers.

In addition to partnering with each other, workforce development organizations collaborate with local academic institutions. Nearly all workforce boards in the region have a representative from a local community college to provide information on the incoming labor force and support the development of academic and training programs. Minnesota’s workforce boards also increasingly work with community-based organizations to ensure training programs are culturally responsive and accessible to populations experiencing disparities.

Local academic institutions and industries also effectively collaborate and strategize around workforce development in the region. For instance, Minnesota State hosts eight Centers of Excellence (Centers) that work in partnership with employers, colleges and universities, schools, and communities to support the state's leading industries. The Centers engage these groups to discuss workforce challenges and develop collaborative solutions. The eight industries represented are Northern Agriculture, Southern Agriculture, Energy, Engineering, Health Force, Information Technology, Advanced Manufacturing, and Transportation.

In addition, industries in the region participate in workforce development collaboration through programs such as the Sector Skills Academy. The Sector Skills Academy is a program created through a partnership between the Greater Metropolitan Workforce Council (GMWC), MSPWin, Corporation for a Skilled Workforce (CSW), the Aspen Institute, and local stakeholders. The goal of this program is to create and sustain high-performing sector partnerships in the region. Throughout the Academy, a cohort of six sector teams participate in a 12-month professional development program that combines learning, planning, and action. The Academy also helps workforce boards and academic institutions better understand employer needs and connect skilled workers to those opportunities.

Work-Based Learning, Internships, and Training Programs

Minnesota State offers a wide range of work-based learning opportunities for hundreds of degree and certificate programs. Minnesota State requires each college in the system to have program advisory committees, whose members include employers, students, and faculty. As of January 2019, there were 22 industry and education advisory committees that annually engage with more than 600 business leaders. Industry representatives provide insight on workforce needs that inform the development of academic and training programs and help prepare students to fill job vacancies.

The Department of Employment and Economic Development (DEED) also operates the Minnesota Job Skills Partnership (MJSP), which works with businesses, academic institutions, and nonprofit organizations to expand their capacity to develop and provide education and training opportunities across the state. MJSP helps connect employers with specific training needs to academic and nonprofit institutions to design relevant training programs. Academic institutions in the region participate in these partnerships to provide students with opportunities to develop competitive skills for careers in high-demand industries.

The MJSP Partnership offers five grant programs to fund these projects:

- Partnership Program
- Pathways Program
- Job Training Incentive Program
- Low Income Worker Training Program
- Automation Training Incentive Pilot Program

Academic institutions in the region effectively use state and federal funds to develop and maintain career and technical programs aligned with regional workforce and labor market needs. Through the Leveraged Equipment Program, Minnesota State receives funds from state government to update essential equipment used to train students for jobs in high-demand sectors. The Minnesota Legislature also provides funds for the Workforce Development Scholarship Program, which awards scholarships to students to pursue careers in leading industries. Minnesota State and other academic institutions in the region receive federal grant funds from the Perkins V legislation to improve and expand Career and Technical Education (CTE) programs. They use these funds to promote stronger connections between secondary and post-secondary education through a focus on Programs of Study (POS). These funds also support partnerships between academia and industry in the form of work-based learning experiences and industry-recognized credentials.

DEED also provides internal support programs that strengthen workforce development by disseminating information and conducting evaluations to inform decision-making. These include:

- Labor Market Information Office – Provides data and analysis for grant applications, career tools, and state and regional economic insights.
- Performance Management Office – Supports results-based accountability and informs strategic direction through impartial, data-driven analysis.
- Minnesota P-20 Education Partnership – Aligns primary, secondary, and post-secondary systems and partners with the Governor's Workforce Development Board (GWDB) on education-to-career initiatives.
- Minnesota Management and Budget (MMB) – Participates in interagency reviews of workforce programs to assess statewide capacity to meet worker and employer needs.
- Drive For 5 Initiative
- CHIPS Coalition Workforce Project

Statewide Efforts include:

- Water Workforce Pathways
- Diversity in Manufacturing Initiative

Despite these efforts, challenges remain in ensuring equitable access to work-based learning. Low-income students and Black, Indigenous, and people of color (BIPOC) learners are less likely to participate in internships or cooperative learning due to competing responsibilities such as work or caregiving.

This underscores the need for expanded "earn-and-learn" models, supports for students to engage in experiential learning, and stronger partnerships with workforce organizations to ensure access to ongoing skill building.

Data-Driven Workforce Solutions

Academic institutions, local governments, industry associations, and community organizations effectively use labor-market information from state agencies and research organizations to develop data-driven solutions to regional workforce challenges. A primary source of labor-market information is RealTime Talent, an employer-led, cross-sector collaborative designed to align Minnesota's workforce. Workforce development partners that are members of the collaborative can access TalentNeuron Recruit, a tool that analyzes online job postings and hiring data and provides users with immediate, comprehensive, and job-specific information.

Groups then use this data to identify employer and workforce needs, and inform the development of recruitment, education, and training processes.

State partners have also emphasized the importance of transparency and accountability tools such as DEED’s Workforce Disparities Dashboard, which tracks statewide and regional progress in reducing workforce disparities.

These tools support collective strategy development, promote accountability, and highlight where targeted investment is needed to reduce inequities in education, training, and employment outcomes.

Appendix E: Metropolitan Council Business Item Adopting Framework

This item will be added once public comment is completed.

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