

New Americans in St. Paul

Re-Energizing Main Street



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Paid for by the Partnership for a New American Economy Research Fund

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Welcome to St. Paul



St. Paul has a proud history of being a city of immigrants. It has been a place for newcomers to call home since its early days, when French-Canadian, German, and Irish immigrants came to the Minnesota Territory to build new lives. By the turn of the twentieth century, new groups of immigrants arrived from Sweden, Southern Europe, and Eastern Europe to work in the area's mills, banks, and warehouses. Today, the makeup of immigrants coming to St. Paul has evolved, but the city continues to welcome people from across the globe who seek opportunity and a better life. Whether from Mexico, Somalia, or Southeast Asia, today's immigrants, like those who came before them, have brought their talent, drive, and entrepreneurial spirit and are making St. Paul a stronger, more prosperous city.

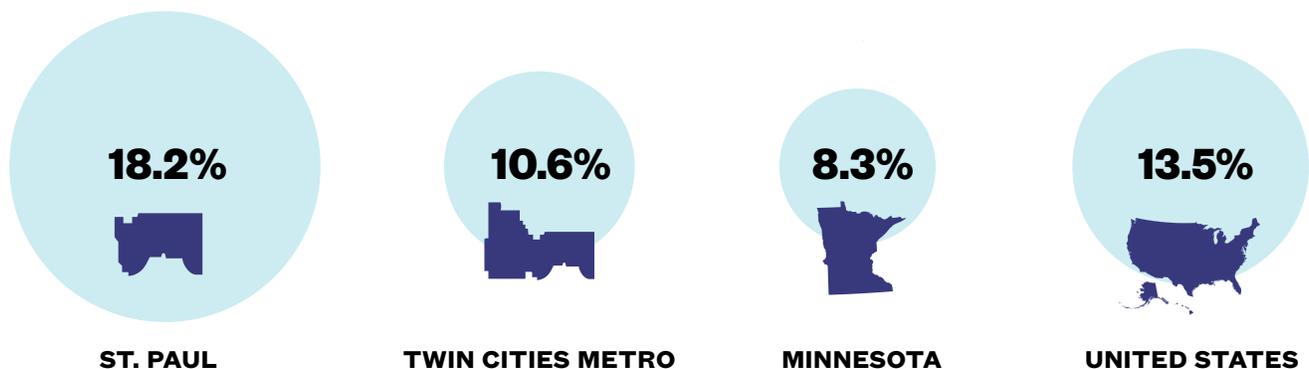
Using data from the American Community Survey and other national data sources, this report examines the economic contributions of St. Paul's foreign-born residents. The results show that immigrants and refugees play an important role in the city's economy and its revival.

Immigrants have brought their talent, drive, and entrepreneurial spirit to make St. Paul a stronger, more prosperous city.

A Growing City

*Immigrants have driven **nearly half** of all net population growth in St. Paul.*

Immigrant Shares of Population, 2015

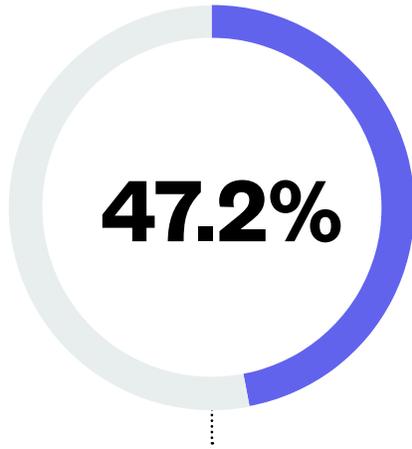


Source: American Community Survey, 2011-2015, 5-Year Sample

Growing cities need growing populations. Without an expanding consumer market, a solid tax base, and an adequate workforce to meet the demands of local employers, cities are less able to support a healthy economy. Like many other American cities in the last 50 years, St. Paul has suffered from periods of decline. But recently, the city has boomed back, rebounding to population levels not seen since the 1960s.

Between 2010 and 2015 alone, the city's total population grew from 282,000 to more than 295,000, an increase of nearly 5 percent. Immigrants have been integral to much of this growth. Almost half—or 47.2 percent—of new residents that moved to St. Paul during this period were born abroad. And today, nearly one in five residents of the city was born abroad, well above the national average of 13.2 percent.

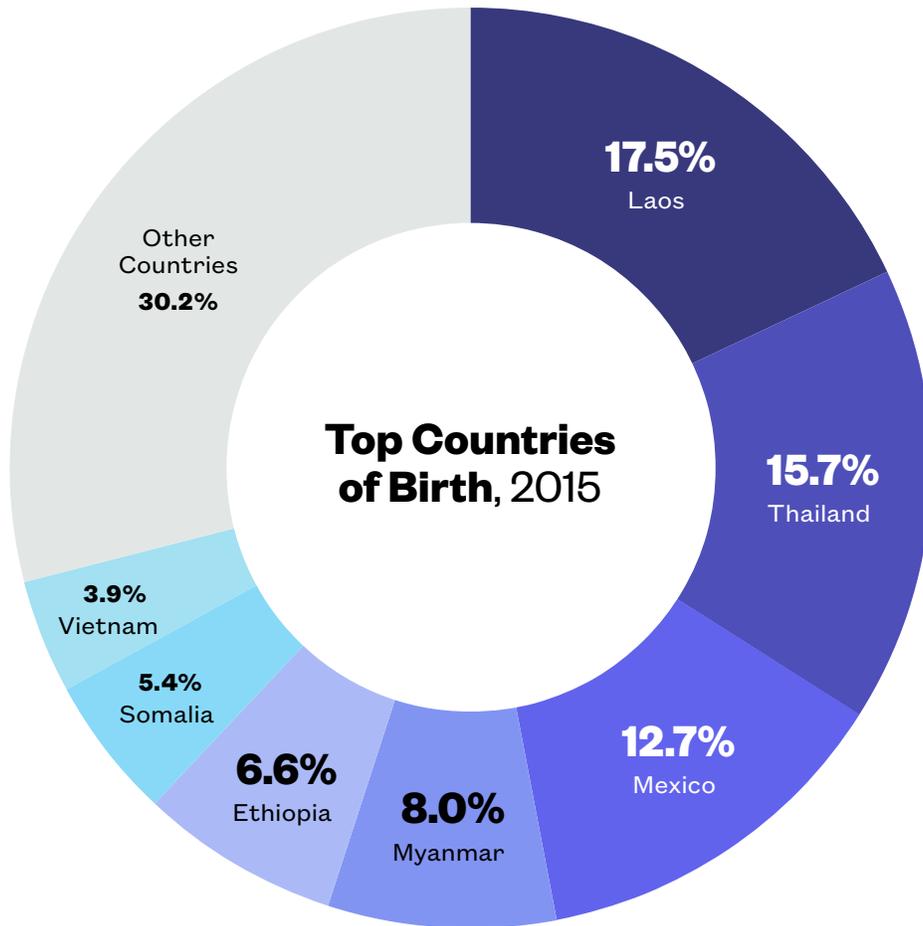
Immigrants help grow local economies in several ways. They widen and deepen the labor market with a diverse array of skills. They help businesses, farms, and factories fill workforce gaps at all levels of the labor market. This allows businesses to reach their full potential, meet demands, and expand their operations, eventually creating jobs for more Americans. More wage-earners expand the economic base and inject more money into local businesses, property markets, and municipal budgets. Success breeds success, and previous NAE research has found that the economic vitality stimulated by immigrants is a draw for new U.S.-born residents as well. This research indicates that an additional 1,665 U.S.-born people came to live in St. Paul because of the arrival of immigrants.¹



Share of population growth attributable to immigrants, 2010-2015

1,665

Number of U.S.-born residents attracted to St. Paul due to immigration



Immigrants Boost St. Paul's Economy

Immigrants hold hundreds of millions of dollars in economic power and contribute billions to the Twin Cities economy.

Given the relative size of St. Paul's immigrant population, it comes as no surprise that immigrants hold considerable economic power. In 2015 alone, immigrant households contributed almost \$5.1 billion to the Twin Cities metropolitan area's GDP.

In the City of St. Paul, immigrants earned a total of \$941.2 million in 2015. These earnings and wages meant that immigrant households paid approximately \$222.6 million in taxes, leaving them with more than \$718.6 million in spending power for housing, food, transportation, and other consumer activities in the area, further stimulating the city's economy.

\$5.1B

Immigrant contributions to the Twin Cities GDP, 2015

Immigrant Income, Tax Contributions, and Spending Power, 2015

Amount earned by immigrant households in 2015: **\$941.2M**

\$132.5M

went to federal taxes.

\$90.1M

went to state and local taxes.

Leaving them with **\$718.6M** in spending power.

Immigrant Entrepreneurs and Main Street

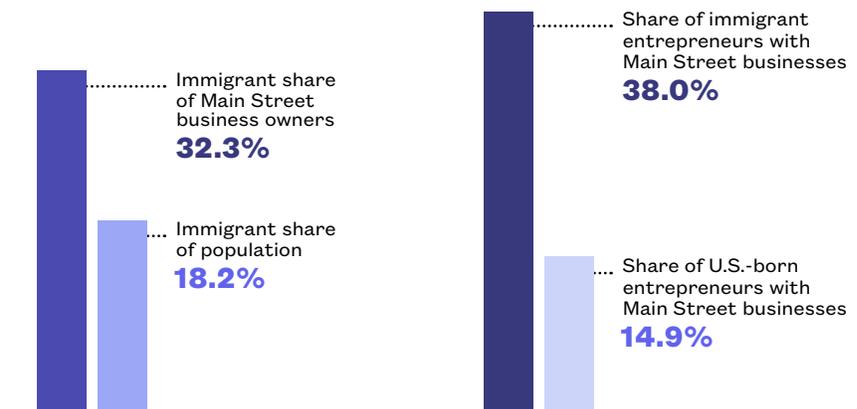
The entrepreneurial spirit of immigrants is well-known and well-documented. Stories of immigrants and refugees seeking out better lives in the United States, starting their own businesses and creating better, more prosperous lives for them and their families abound. A 2012 study by New American Economy found that immigrants were twice as likely to start a new business than the U.S.-born.² Nationally, some of these immigrant-founded companies have become the largest names in business: More than 40 percent of all Fortune 500 companies in the United States were founded by an immigrant or the child of immigrants.³

In St. Paul, immigrant entrepreneurs are making their mark on a far more local and familiar level. By starting small businesses, from mom-and-pop shops, to restaurants, or groceries, immigrants are bringing back life to the Main Streets of St. Paul's neighborhoods. Of the 1,580 immigrant business owners in the city, almost 40 percent own Main Street businesses, compared to just 15 percent of U.S.-born entrepreneurs. Immigrants now make up nearly one-third of all Main Street business owners in St. Paul. This high rate of Main Street business entrepreneurship among immigrants seems unique to St. Paul. In the entire Minneapolis-St. Paul metro area, only 19.7 percent of immigrant business owners had Main Street businesses.

1,580

Number of immigrant entrepreneurs in St. Paul, 2015

Immigrants Are More Likely to Own Main Street Businesses



Business Income in St. Paul

Total:
\$213.7M



Generated by immigrant-owned businesses:
\$38.1M

Share of Immigrant Entrepreneurs in Main Street Businesses

TWIN CITIES METRO 



ST. PAUL 



Business Ownership in Ramsey County, 2012

	Number of Businesses	Sales Revenue	Number of Paid Employees
Asian-owned	4,121	\$654.0M	5,795
African American-owned	3,596	\$259.2M	3,819
Hispanic-owned	1,502	\$122.2M	1,240

SPOTLIGHT ON



YUWADEE POOPHAKUMPANART

Founder of Thai Cafe

Yuwadee Poophakumpanart first visited the United States in 2005. Her brother, also from Thailand, had married an American woman and was living in St. Paul, as was her sister.

She liked the city, and, after spending some time walking neighborhoods peppered with immigrant businesses, decided that not only did she want to move to America, she also wanted to open a restaurant in St. Paul. First, however, she would have to learn how to cook. To really cook.

What followed was a three-year exploration of regional culinary specialties in her native Thailand. In cooking classes in Bangkok she learned the precision required to make a half a dozen Thai curry sauces. At a job with a chef in Kamphaeng Phet, she mastered the region's Laab, or meat salad. Working at a restaurant several hours to the north, near the border with Myanmar, she picked up the secret of sour pork ribs, a dish fermented in spices for four days before it is stir-fried by hand into a dark red, marbled delicacy.

"I always paid very careful attention to the details," Poophakumpanart says. "Each region has its own specialty, so to learn a particular dish I knew I would have to go to that area. Then I would try the dish at all the different restaurants, and the one that tasted the best, I would get a job there."

In 2008, Poophakumpanart got her U.S. visa and moved to St. Paul. And so began her next three-year odyssey, to

build startup capital. While working on her English—as a child, Poophakumpanart had to care for young siblings and did not have the opportunity to attend school—she found jobs cooking in restaurants, school cafeterias, and bars in the Twin Cities, and for a time also cleaned offices at night. All the while, she kept an eye out for a suitable retail space to rent.

Shortly before Christmas 2010, with \$10,000 saved, a friend tipped her off to a little restaurant closing down in Frogtown, former swampland built up in the late 19th century by immigrants from Poland, Germany, Scandinavia, and Ireland. By January, after asking the owners not to remove the kitchen equipment, she had opened the Thai Café. Business was slow at first—she did all the work herself with help from her school-age daughter—but today she has a steady clientele and help from one employee and her new husband, John Lee, an immigrant from Laos. Both are Hmong, an ethnic group whose name translates as "free people." Lee, a soldier who assisted U.S. forces during the Vietnam War, came to the United States in 1976 from Laos, where the Hmong were persecuted for having aided American military efforts.

"I'm very happy I stuck with it," Poophakumpanart says of her bustling little restaurant, where she works from 8 a.m. to 11 p.m., at minimum. "When a customer comes to eat food and they smile at me and they're happy—that makes me happy."

The Role of Immigrants in the Labor Force

As more Baby Boomers age into retirement, St. Paul's immigrant population is helping keep the city's labor force active and flexible. This is important as businesses require a wide range of skills in order to thrive and fulfill their potential—from labor-intensive roles in warehouses and in factories, to highly technical jobs that require extensive training and years of study.

In St. Paul, less than half of people born in the United States are between 16 and 64 years old, the range considered to working age by the Department of Labor. Without immigrants, this could signal a demographic crisis for St. Paul, where significantly more people are retired than are there to work and support local economic activity and social services. Compared to the U.S.-born, St. Paul's immigrants are overwhelmingly of working age—nearly two-thirds of the foreign-born are between 16 and 64. This demographic difference means that the city's foreign-born residents are also more likely to be active in the labor force, with 61.8 percent of immigrants working or looking for work, compared to just 53.6 percent of the U.S.-born.

Beyond their overall contributions to the labor force, immigrants are critical to some of St. Paul's most prominent industries. For example, in manufacturing, immigrants make up almost four out of every 10 workers. Meanwhile, in the transportation and warehousing industry and the wholesale trade industry, immigrants make up nearly one-third of all workers. In some niche, specialized industries, such as businesses that produce medical equipment and supplies, foreign-born workers make up 45 percent of the workforce.

Compared to the U.S.-born, St. Paul's immigrants are overwhelmingly of working age.

St. Paul's Working Age Population, 2015

SHARE OF U.S.BORN



SHARE OF IMMIGRANTS



This makes the foreign-born **30.6%** more likely than the U.S.-born to be working age.

Immigrants also bring with them varying levels of work and educational experience. While much attention is paid to workers on the higher end of the educational spectrum, millions of jobs across the country require skills that are not taught in a classroom. Many businesses rely on these workers to keep the lights on, the machines running, and customers satisfied. And here too, immigrants play a crucial role, helping fill gaps at the lower end of the spectrum as personal aides, production workers, assemblers, and building maintenance workers.

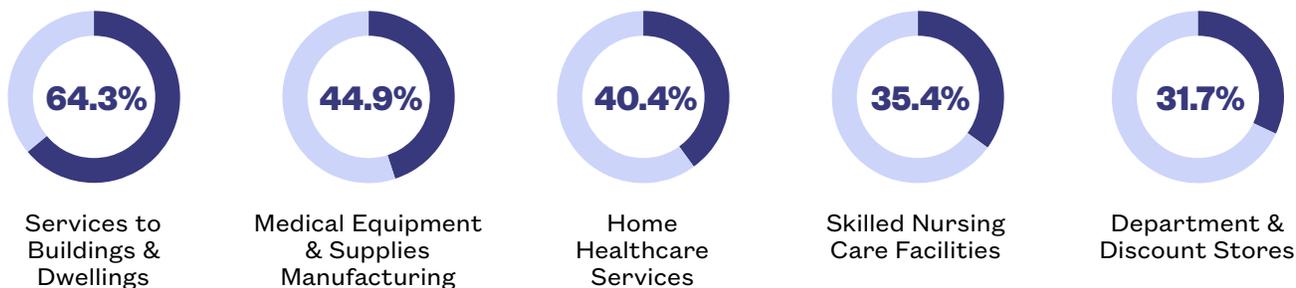
By offering a ready supply of diverse workers, immigrants in St. Paul allow local manufacturing businesses to remain competitive and make it easier for industries to remain in the area. By 2015, a total of 2,524 manufacturing jobs were created or preserved in the city due to St. Paul's immigrants.⁴

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Top Industry Sectors By Share Of Workforce, Foreign-Born



Top Industries By Share Of Workforce, Foreign-Born



SPOTLIGHT ON



John Barker bought the bankrupt Commonwealth Care Center, a nursing home in northwest St. Paul, in 1991 and vowed to “make it a place people wanted to come to.” He spent years upgrading the facility, adding two floors, dozens of private rooms, and modern air conditioning and heating. He renamed it St. Anthony Park Home, after the neighborhood, which, aptly, is named after St. Anthony of Padua, the patron saint of lost people and things.

Now, with a fully functioning 84-bed, short- and long-term care facility, Barker needs staff. Specifically, he needs 160 employees to operate at maximum capacity, a critical threshold given the low profit margins allotted to any place funded largely by Medicare and Medicaid. Were those staffing levels to drop, “certainly we wouldn’t be able to have nearly as many residents,” he says. “And whether I’d be in business, I don’t even know. You have to have a certain number of occupied beds to cover overhead.”

While at any given time about 90 percent of St. Anthony Park patients are Minnesotans who were born in the United States, most of the workers who tend to them are immigrants and refugees. This includes about 70 percent of the nursing assistants, and more than a third of the nurses. “We couldn’t do anywhere near what we do now without them,” Barker says. At least half of the dietary and housekeeping staff are also foreign-born.

“In my opinion, they’ve never taken jobs away from

people who are U.S.-born. I just don’t have those people coming through my door,” Barker says. “For every 100 people who apply for a job, if 10 of them were white, U.S.-born Americans, that would be high. There just don’t seem to be that many people who are interested.”

Many of these new Americans are recent arrivals and graduates of the medical careers training program run by the International Institute of Minnesota, a resettlement agency. Launched in 1990, the medical training program has placed close to 2,100 nursing assistants in facilities throughout the Twin Cities. The nursing-assistant graduates have a 99 percent retention rate, an impressive statistic for an industry with a 60 percent turnover rate nationally. “Our clients come from a place that respects elders,” says Jane Graupman, the institute’s executive director. “They’ve taken care of their elders so they have that experience.”

This immigrant and refugee workforce doesn’t just allow healthcare facilities like Barker’s to serve Minnesotans. It also allows them to hire far more nurses, nurse managers, physical therapists, social workers, and administrators—positions all largely held by U.S.-born workers.

“I don’t run into any administrators in the Twin Cities who don’t have lots and lots of foreign-born workers,” says Barker. “I don’t think there’d be a healthcare industry, at least in the Twin Cities, if not for people from other countries.”

From Immigrants to New Americans

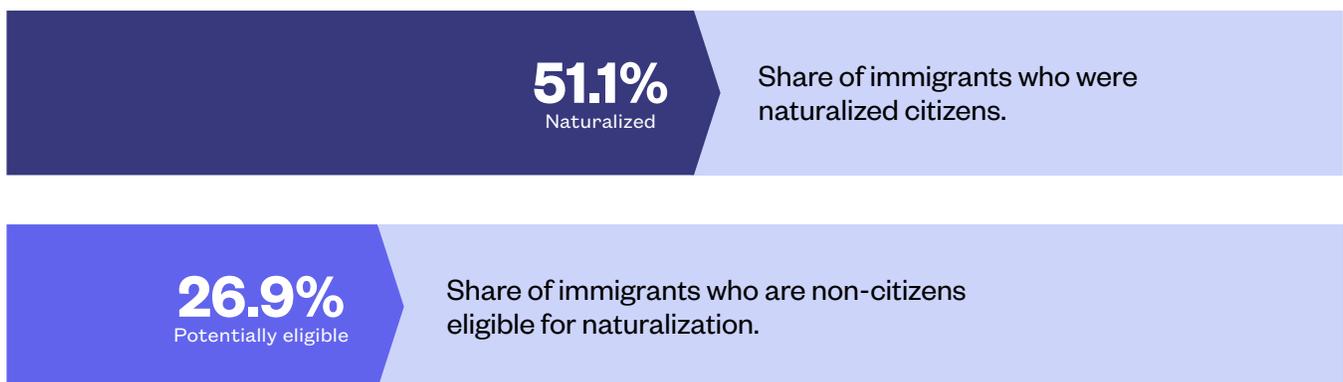
*Immigrants in St. Paul have **above average rates of naturalization.***

St. Paul's immigrant community in particular is characterized by high levels of naturalization. More than half, or 51.1 percent, of all immigrants in the city have earned U.S. citizenship, a rate higher than the national average of 48 percent.

Beyond a symbolic gesture, there are real economic benefits for communities that embrace naturalized citizens and encourage immigrants to take the steps towards naturalization when they become eligible. Studies have shown that naturalized citizens out-earn

non-citizens by as much as 16 percent, giving them more income to contribute to taxes and to spend in the local economy.⁵ Naturalized citizens are also eligible to work in a number of occupations that require citizenship—most notably, government service positions and scientific research posts requiring a security clearance. And due to the increased ease with which they can apply for licenses and insurance, naturalized citizens are also more likely to establish U.S.-based businesses, creating jobs that support the local economy in the process.⁶

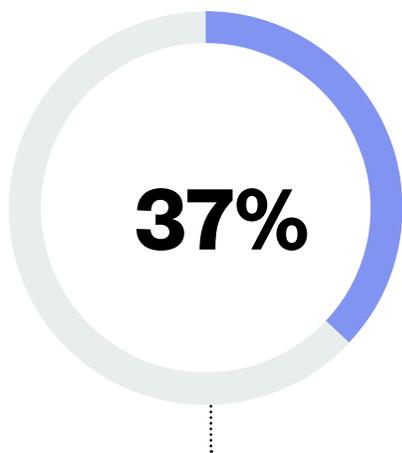
Naturalization and Voting



St. Paul's Refugee Community

Rhetoric about refugees in the United States is often a binary discussion divided between humanitarian obligations and public safety concerns. While both are important, this narrow focus misses what many American communities see as the most enduring legacy of these newcomers: the positive economic impact they have on the cities and towns that they ultimately come to call home. There are few places in the United States where this is clearer than in St. Paul, where refugees make up almost 7 percent of the entire population and a full 37 percent of the foreign-born population.

Although refugees come to the United States with little—having fled war, conflict, and disaster in their home countries—they are able to gain a foothold in the United States, eventually securing socioeconomic security and catching up to the rest of the population. An NAE report found that while new refugees living in the United States five years or less had household incomes of less than \$22,000, refugees who had spent more than 15 years in the country had incomes more than double that—a sign of this community’s resilience and upward mobility. This pattern is reflected in St. Paul, where over 89 percent of refugees are employed and refugee households pay almost \$100 million in taxes and hold more than \$318 million in spending power.



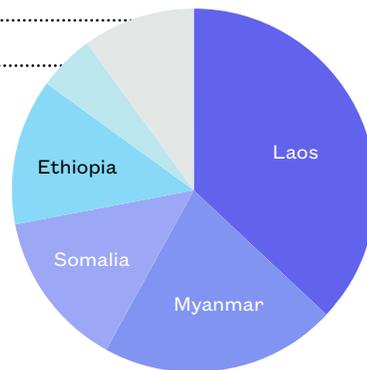
Refugee share of the immigrant population

Top Refugee Countries of Origin

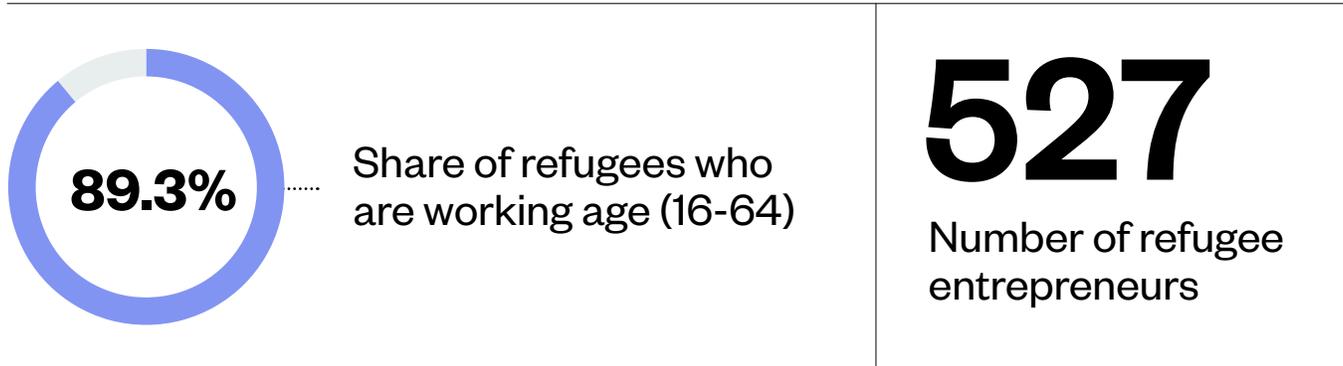
- 1 Laos 36.7%
- 2 Myanmar 21.1%
- 3 Somalia 14.3%
- 4 Ethiopia 13.3%
- 5 Vietnam 5.3%

Other countries: **9.3%**

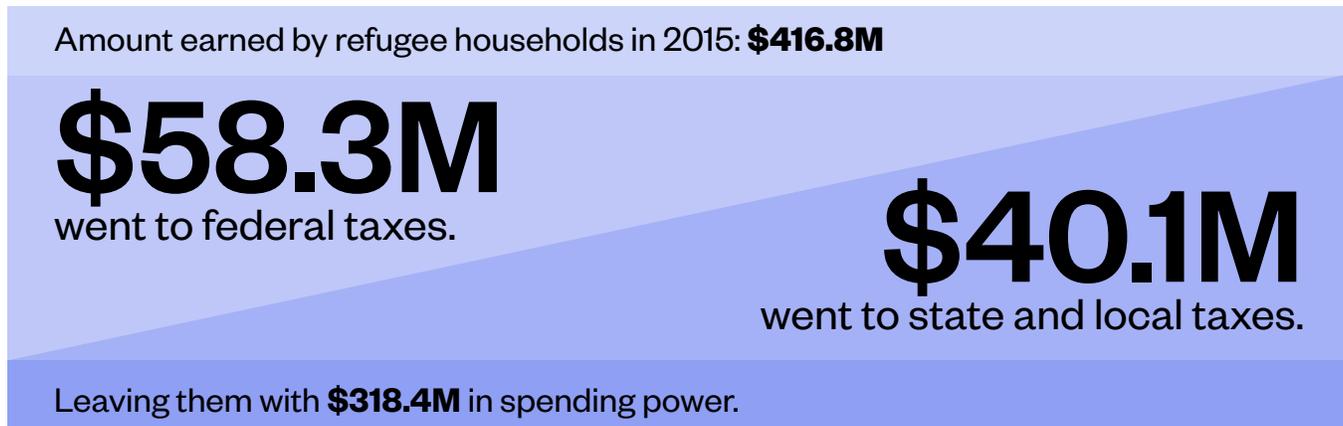
Vietnam



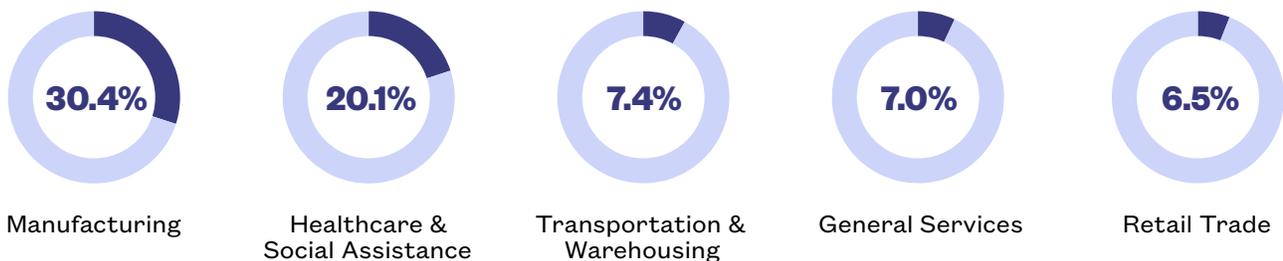
Refugee Labor Force Participation



Refugees in St. Paul contributed to state and local taxes, including property, sales, and excise taxes levied by state or municipal governments. Given their income, we estimate that in 2015...



Top Industries by Refugee Share of Workforce



SPOTLIGHT ON



ASTER AND ABE DALU

Founders of A&A Reliable Home Care

Abe Dalu, who is from Oromia, Ethiopia, has a PhD in toxicology and experience in preclinical drug safety assessment. His wife, Aster, also from Oromia, Ethiopia, is a registered nurse. So when the pair decided to launch their own business—Dalu's layoff during the Recession motivated them to seek firmer control over their future—a healthcare venture made sense.

The couple enrolled in a 10-week small-business course at the Neighborhood Development Center, then began pulling from their savings and retirement. To accept Medicare patients, they would have to provide services—nursing, physical and occupational therapy, and home healthcare—free of charge for a 10-month evaluation period. “It’s very challenging to get that certification,” says Dalu. “We got it on the first shot.”

Now, five years after that arduous trial, A&A Reliable Home Health Care—named for Abe and Aster—as close to 60 full-time employees in St. Paul and is on course to continue expansion. “I would say that I’m behind my expectation,” says Dalu. “But I’m happy where we are.”

For Dalu, reinvention is nothing new. Dalu is an Oromo, a member of the largest ethnic group in Ethiopia. He graduated from high school shortly after the Derg, a communist revolutionary force, assumed power and restricted travel to western nations. To receive a higher education, Dalu had to go to the former Soviet Union, where in 1984 he received a master’s degree in agronomy.

But he says returning home to “a Marxist-Leninist country” that jailed people for practicing their religion was not an option. As a boy, Dalu had attended a school run by American and European missionaries from the Seventh-day Adventist Church, and he remained a practicing Christian. “So I decided to flee to West Berlin,” he says. He talked his way to a port of exit, where he bought a train ticket to West Berlin and applied for political asylum in West Germany. Nine months later, he was granted asylum to the United States and was resettled in Monroe, Louisiana.

Then came the next kink: Degrees from the Soviet Union were not well-received by U.S. employers. “I couldn’t find a job,” he says. So Dalu earned a master’s degree in biology and a PhD in toxicology from the University of Louisiana at Monroe, and, following post-doctoral research in Alabama, worked at an FDA lab in Arkansas and for Dow Corning in Michigan before moving to Minnesota in 2002 to take a job at 3M. He later commuted to Wisconsin to direct drug-safety research before settling full time in St. Paul to start a business.

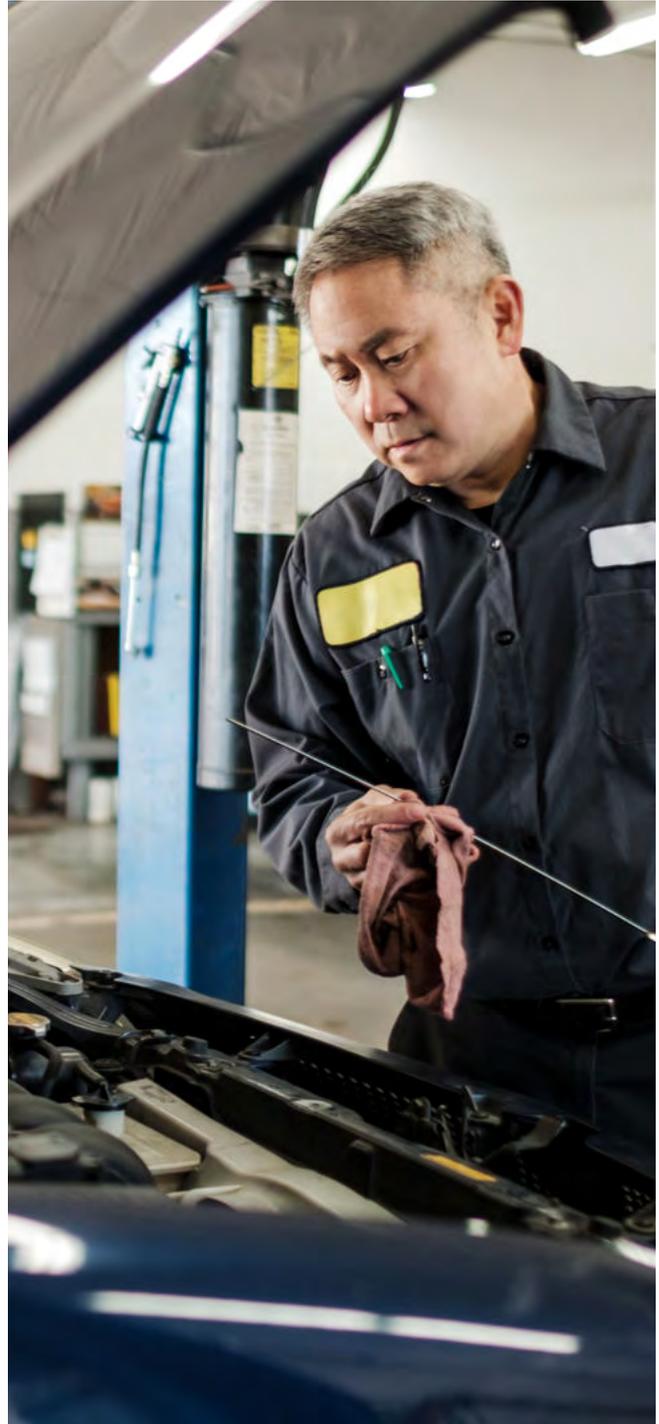
Today, nearly two-thirds of A&A Reliable’s clients are U.S.-born patients, and half are senior citizens—a population increasingly eager to age at home. About 90 percent of company revenue has gone back into the company to hire and expand. “We created jobs,” Dalu says. “This keeps me thrilled being able to do that, and being able to help seniors and disabled individuals.”

Conclusion

Immigrants in St. Paul are integral to the city's vibrancy and economic health. As small business owners, they help keep the city's industrial and commercial corridors viable and prosperous. By contributing hundreds of millions of dollars in economic activity directly through their incomes and consumer spending, immigrants are supporting local businesses and boosting housing values.

Immigrants are also vital members of the workforce from warehouses and factories to healthcare facilities that are increasingly in demand as our population ages. As St. Paul continues to attract immigrants and refugees, these new Americans will continue to put down roots and create better lives for themselves, their families, and the St. Paul community as a whole.

*These new Americans will put down roots and create better lives for themselves, their families, **and the St. Paul community as a whole.***



Endnotes

- 1** Vigdor, Jacob. 2013. "Immigration and the Revival of American Cities: From Preserving Manufacturing Jobs to Strengthening the Housing Market." Partnership for a New American Economy.
- 2** Robert W. Fairlie, "Open For Business: How Immigrants Are Driving Small Business Creation in the United States," New American Economy, August 2012. Available at: <http://research.newamericaneconomy.org/wp-content/uploads/2013/07/openforbusiness.pdf>
- 3** New American Economy, "Reason for Reform: Entrepreneurship," October 2016. Available online: <http://www.newamericaneconomy.org/wp-content/uploads/2016/12/Entrepreneur.pdf>
- 4** Vigdor, Jacob. 2013. "Immigration and the Revival of American Cities: From Preserving Manufacturing Jobs to Strengthening the Housing Market." Partnership for a New American Economy.
- 5** Lynch, Robert and Oakford, Patrick. 2013. "The Economic Effects of Granting Legal Status and Citizenship to Undocumented Immigrants," Center for American Progress, March 20.
- 6** Pastor, M. and Scoggins, J. 2012. "Citizen Gain: The Economic Benefits of Naturalization for Immigrants and the Economy," Center for the Study of Immigrant Integration, University of Southern California

ABOUT

New American Economy

New American Economy brings together more than 500 Republican, Democratic and Independent mayors and business leaders who support sensible immigration reforms that will help create jobs for Americans today.

Visit www.NewAmericanEconomy.org to learn more.

