



GROUNDBREAK COALITION

GROUNDBREAK COALITION: ECONOMIC IMPACT ANALYSIS REPORT

RIMS II MULTIPLIER ANALYSIS

JOSE Y. DIAZ, PH.D. / OCTOBER 16, 2025

Proposed investments and the resulting indirect and induced impacts on the state's economy including both supply-chain and household-spending effects

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1 Executive Summary

GroundBreak Coalition is a 10-year initiative in Minnesota aimed at increasing community wealth by mobilizing \$5.3 billion in capital for wealth-building opportunities. The initiative targets three pillars – expanding homeownership (11,000 new homeowners), fueling entrepreneurship and business development (5,000 new entrepreneurs creating 8,000 jobs), and advancing neighborhood (commercial) development (60 transformative projects). This report provides a structured economic impact analysis of GroundBreak’s investments using the RIMS II (Regional Input-Output Modeling System) framework. All impacts are evaluated within the State of Minnesota as the region of interest. The analysis estimates the direct effects of GroundBreak’s proposed investments and the resulting indirect and induced impacts on the state’s economy including both supply-chain and household-spending effects.

We project that GroundBreak’s \$5.3 billion in direct investments could generate on the order of \$9–\$11 billion in total economic output statewide over ten years, supporting an average of 10,000 jobs annually. These findings underscore a substantial return for Minnesota’s economy: every dollar invested through GroundBreak may yield approximately 1.8 dollars in regional economic output, as it circulates through construction firms, suppliers, local businesses, and increased household spending.

The homeownership pillar is expected to drive real estate activity, the entrepreneurship pillar will stimulate small business growth and job creation, and the neighborhood development pillar will catalyze major construction projects – all contributing robustly to economic growth.

The overall conclusion is that GroundBreak’s investments promise strong economic returns in the form of increased output, jobs and income across the state.

Minnesota context & Pillar interplay

In MN’s diversified economy, GB’s pillars are mutually reinforcing: homeownership stabilizes households and local demand; entrepreneurship converts demand into local firms and jobs; commercial development anchors corridors and crowds in private capital. Together, these dynamics support resilient, inclusive growth (and are adaptable in other regions with parameter updates).

2 Results and Overall Impact

Combining the three components, we can summarize the economic impact of the entire GroundBreak Initiative’s 10-year, \$5.3 billion plan in Minnesota. Table 1 below outlines the assumed direct investment for each pillar, the illustrative multipliers used, and the resulting estimates of total output and employment. All values are cumulative over the 10-year period:

Table 1: Estimated Economic Impacts of GroundBreak Initiative (10-year cumulative, Minnesota)

Component	Direct Investment (10-year)	Output Multiplier (Type II)	Total Output Impact (10-year)	Employment Impact (jobs per \$1M; total job-years)
Homeownership (11k homes)	\$3.0 billion (assumed)	1.39 (blended housing)*	~\$4.1 billion	~7 jobs per \$1M; ~24,000–28,000 job-years
Entrepreneurship (5k businesses)	\$0.5 billion (assumed)	1.50 (average across industries)	~\$0.75 billion	~15 jobs per \$1M; ~7,500 job-years
Neighborhood Development (60 projects)	\$1.8 billion (assumed)	2.25 (commercial construction)	~\$4.05 billion	~24 jobs per \$1M; ~43,000 job-years
Total GroundBreak	\$5.3 billion	~1.7 (weighted Ave.)	~\$8.9 billion	~78,500 job-years (varies by sector)

Source: Author’s estimates based on RIMS II multipliers for Minnesota.

* Based on RIMS II multiplier for “Real Estate” (Industry #48). This reflects the ripple effect of real estate transactions (e.g., resales) rather than new construction. For residential construction, multipliers of roughly 1.50–1.59 are typical; because most impacts here stem from existing home purchases, the lower multiplier is appropriate.

This reflects the high-impact nature of commercial construction spending and the substantial leverage of private capital in home purchases and developments. The initiative could support on the order of 78,000 cumulative job-years over the decade – equivalent to 7,800 jobs sustained on average per year – spanning real estate services, construction, manufacturing, professional services, and consumer-facing industries.

It is important to emphasize that these figures are projections based on economic models. Real-world results will depend on implementation details: how funds are allocated, the pace of deployment, market conditions, and the extent of local sourcing. For instance, if the average cost per home or number of developments changes, the impacts will vary accordingly.

Total Impact

In aggregate, GroundBreak’s \$5.3B investment could yield roughly \$9 billion in economic output statewide, meaning nearly \$2 of economic activity for every \$1 invested. These impacts are in addition to the direct outcomes of 11,000 families becoming homeowners, 5,000 businesses being launched or grown, and 60 neighborhood assets being built, which carry long-term socioeconomic benefits. GroundBreak’s model of blending capital is thus not only a strategy for equity, but also an economic stimulus strategy for Minnesota.

3 Analysis and Context

GroundBreak Coalition is a partnership of over 40 corporate, civic, and philanthropic organizations committed to unlocking billions in capital to build a more equitable economy in Minneapolis–St. Paul. GroundBreak’s mission is to dismantle systemic barriers to wealth creation for historically excluded communities. The coalition’s 10-year goal is to mobilize \$5.3 billion – with roughly \$4.2 billion in private, market-rate capital and \$1.2 billion in flexible, subsidized capital – to invest in solutions that expand homeownership, entrepreneurship, and inclusive neighborhood development. By pairing public, philanthropic, and impact funds with private lending, every \$1 of flexible capital is expected to unlock about \$3 of private capital in a blended finance model. GroundBreak’s intended outcomes include 11,000 new homeowners, 5,000 new or expanding businesses (entrepreneurs) generating 8,000 jobs, and 60 community-led development projects over the decade.

Multiplier Analysis and SROI

GroundBreak generates benefits for participants and their families through higher income, education, and health, as well as broader gains to taxpayers and society. These benefits are detailed in separate benefit–cost analysis reports. While both the economic impact–multiplier and benefit–cost analyses show positive results, they measure different outcomes: the former captures statewide macroeconomic effects, while the latter (social return on investment) reflects the program’s effectiveness in improving lives and social outcomes such as reduced crime and higher productivity.

3.1 Purpose of this Report

This report presents an economic impact analysis of the GroundBreak initiative, quantifying how these investments could ripple through Minnesota’s economy. We use the U.S. Bureau of Economic Analysis’s RIMS II input-output multipliers to estimate the direct, indirect, and induced economic effects associated with GroundBreak’s three major components. The goal is to inform stakeholders of the potential “bang for the buck” in terms of regional output (GDP contribution) and employment supported by the initiative’s investments. This analysis will help demonstrate the broader economic case for GroundBreak, complementing its social return on investment (SROI) derived from the social outcomes garnered by each of the

initiatives.

3.2 Scope

The analysis covers all three pillars of GroundBreak – (1) Homeownership investments, (2) Entrepreneurship and Business Development investments, and (3) Neighborhood (Commercial) Development projects – using Minnesota as the geographic region for impact modeling. The scope is limited to quantifiable economic impacts (output, income, jobs) within Minnesota; it does not enumerate social benefits or fiscal (tax) impacts, although those are reported in separate reports. All financial figures are cumulative over the 10-year program (in today’s dollars for simplicity). We use GroundBreak-specific investment estimates, which are prospective and may vary as the program is implemented.

3.3 Definitions (RIMS II Type II Multipliers)

Direct: immediate activity from GB spending (e.g., real estate services, mortgage origination, construction outlays). Indirect: supplier chain effects. Induced: household spending from wages.

Indirect Impacts: Economic activity generated in supplier industries (e.g., lumber, cement, architecture) that provide goods and services to the residential construction and real estate sectors.

Induced Impacts: Economic activity resulting from household spending by workers whose income is earned directly or indirectly from the housing-related investments (e.g., real estate agents and financial workers spending at grocery stores, restaurants, healthcare, etc.).

Assumptions (MN RIMS II, Type II). Impacts reflect MN-specific multipliers; indirect = in-state supplier purchases; induced = in-state household spending from wages. Leakage is minimized by focusing on services and materials plausibly sourced in-state; where specialty imports are likely, totals are conservative.

4 Homeownership Impact Analysis

4.1 Overview

GroundBreak’s homeownership component focuses on enabling 11,000 new homeowners (predominantly first-generation and BIPOC homebuyers) over 10 years. This is achieved through strategies like region-wide specialized mortgage products, down payment assistance (combination of forgivable and repayable loans), and homeowner preservation grants or loans. The economic activity stimulated by this initiative includes residential real estate transactions and potentially some new home construction or rehabilitation. Increasing homeownership at this scale has two primary economic effects: (1) the one-time transactional and construction impact of home purchases or home building, and (2) the ongoing impact of homeowners spending money in their communities and building home equity. Here, we quantify the former (the direct market activity of acquiring homes), recognizing that the latter (wealth effects) are

longer-term and mostly captured as induced effects if new homeowners have higher disposable incomes than when renting.

4.2 Estimated Impacts

Table 2: Estimated Economic Impacts by Category (GroundBreak Homeownership Component, 10-year cumulative)

Impact Category	Estimated Value*	Description
Direct Impact	\$3.0 billion	GroundBreak-enabled home purchases and construction activity.
Indirect Impact	\$0.55 billion (approx.)	Supplier chain industries responding to demand for materials, design, legal, finance, and related services.
Induced Impact	\$0.55 billion (approx.)	Household spending by workers (mainly in real estate and finance) due to increased earnings.
Total Output Impact	\$4.10 billion	Combined direct, indirect, and induced output statewide over 10 years, based on the multiplier for existing home transactions.
Job-Years Supported	24,000–28,000	Employment effects across construction, real estate, supplier, and household sectors.
Households Served	11,000	GroundBreak’s projected homeownership reach.

* These estimates assume that the indirect and induced effects are roughly equal, which is consistent with the standard interpretation of a 2.0 Type II multiplier in RIMS II when sector-specific breakdowns are not available. Values are rounded. Source: Author’s calculations based on RIMS II multipliers for Minnesota.

4.2.1 Direct Impact Homeownership

Approximately \$3.0 billion in direct spending related to home purchases is injected into the economy over the decade. While a share of this may correspond to new construction or substantial rehabilitation, the majority is likely to support the purchase of existing homes. This means the direct impacts will primarily reflect real estate transaction services—such as real estate agent commissions, title and legal services, mortgage origination, and associated professional fees—rather than large-scale construction activity. This conservative assumption avoids overstating impacts.

Consequently, jobs supported will concentrate more in financial services, real estate, and professional services than in construction and materials manufacturing. If a larger portion of investments supports new home building, a higher multiplier may apply (e.g., ~1.59 for residential construction), resulting in greater economic impact that would be closer to \$6 billion and 60,000 jobs).

4.2.2 Indirect Impact Homeownership

The homeownership investments generate roughly \$550 million in indirect output in Minnesota through supply chain effects. Financial and legal services see more business from increased mortgage origination and home closings. The smaller fraction of new home construction and renovation would require purchases of lumber, concrete, windows, appliances, and countless other inputs, much of which are sourced from local or regional suppliers. Engineering and architectural services might be needed for new housing developments. These upstream industries experience a boost in demand due to the homeownership program. We estimate the indirect output at about \$550 million.

4.2.3 Induced Impact Homeownership

Home sales and lead to income contractors, realtors, loan officers, and employees in the supplier industries – and when new construction occurs, for construction workers. As those individuals spend their paychecks, additional economic activity is induced in sectors like retail, food services, healthcare, and entertainment. Moreover, new homeowners tend to purchase furnishings, appliances, landscaping, and other goods for their homes, and over time, homeownership can increase disposable income (compared to renting) especially if housing costs are stabilized. We estimate the induced output impact at roughly \$550 million as well. This assumes the other half of the multiplier effect (beyond indirect) comes from induced household spending. For instance, real estate industries have significant local labor content, meaning a lot of wages are put back into the local economy when spent by workers.

4.2.4 Total Impact Homeownership

Combining these effects, the total economic impact of the homeownership pillar is on the order of \$4.1 billion in output over 10 years in Minnesota. In other words, the \$3 billion in home purchase-related spending generates an additional \$1.1 billion in ripple effects. In terms of employment, this level of activity could support on the order of 24,000 job-years in the state (for example, roughly 2,400 jobs sustained each year on average). Note that if the initiative impact the construction of new homes the number of job sustained could be much higher since construction jobs are typically short-term per project, so it might manifest as tens of thousands of one-year construction jobs over the decade.

The infusion of housing investment not only provides family-supporting jobs but also potentially increases the long-term wealth of new homeowners, positioning them to spend more in the local economy (a virtuous cycle beyond what we've quantified).

5 Entrepreneurship and Business Development Impact Analysis

5.1 Overview

GroundBreak’s entrepreneurship and business development pillar aims to support over 5,000 new or expanding entrepreneurs, leading to the creation of 8,000 new jobs in the Twin Cities region. This involves providing capital to historically underserved entrepreneurs, such as seed funding (e.g. “Friends & Family” forgivable loans up to \$50k) and growth capital (e.g. low-interest loans up to \$1 million, potentially with loan guarantees). The economic impacts here come from: (1) the direct investments in these businesses (used for activities like purchasing equipment, inventory, hiring employees, marketing, etc.), (2) the growth of the businesses themselves, which produce output and jobs, and (3) the multiplier effects of business spending and new payrolls in the local economy.

5.2 Estimated Impacts

Table 3: Estimated Economic Impacts by Category (GroundBreak Homeownership Component, 10-year cumulative)

Impact Category	Estimated Value*	Description
Direct Impact	\$3.0 billion	GroundBreak-enabled home purchases and construction activity.
Indirect Impact	\$0.55 billion (approx.)	Supplier chain industries responding to demand for materials, design, legal, finance, and related services.
Induced Impact	\$0.55 billion (approx.)	Household spending by workers (mostly in real estate and finance) due to increased earnings.
Total Output Impact	\$4.10 billion	Combined direct, indirect, and induced output statewide over 10 years, based on the multiplier for existing home transactions.
Job-Years Supported	24,000–28,000	Employment effects from construction, real estate, supplier, and household sectors.
Households Served	11,000	GroundBreak’s projected homeownership reach.

* These estimates assume that the indirect and induced effects are roughly equal, consistent with the standard interpretation of a 2.0 Type II multiplier in RIMS II when sector-specific breakdowns are not available. Values are rounded. Source: Author’s calculations based on RIMS II multipliers for Minnesota.

5.2.1 Direct Impact Entrepreneurship

Approximately \$500 million in direct spending is assumed to flow into new and expanding businesses. This money might be used for capital expenditures (buying equipment, vehicles,

store buildouts, etc.) and operating expenditures (hiring initial staff, purchasing inventory and supplies, etc.). Direct output is essentially the value of these investments in the business sector. In terms of direct employment, the GroundBreak documentation anticipates 8,000 direct jobs created by the entrepreneurs themselves – these would be new jobs within the funded businesses (owners and their employees). Thus, direct spending immediately generates economic output in those businesses and employment for business owners and new hires.

5.2.2 Indirect Impact Entrepreneurship

As these businesses use their funds, they create indirect impacts on suppliers and service providers. For example, a GroundBreak-funded food manufacturing startup will buy ingredients and packaging from local suppliers; a construction trades business might purchase tools and vehicles; a tech startup might contract with local software developers or IT service firms. Additionally, the loan guarantee program can stimulate local bank lending to these businesses, which has its own indirect effect in the financial services sector. We estimate roughly \$125 million in indirect output over 10 years from the entrepreneurship pillar (about 25% of the direct spend, given the assumed multiplier). This reflects the additional business for wholesale suppliers, professional services (legal, accounting, marketing firms supporting the startups), and other B2B transactions spurred by the entrepreneurs.

5.2.3 Induced Impact Entrepreneurship

Successful small businesses pay wages to their employees (and profits to owners), who then spend income in the local economy. Also, when entrepreneurs expand, they may increase household income within communities of color, leading to spending on housing upgrades, local retail, education, etc. The induced consumer spending from the new jobs (8,000 people employed) and from any increased incomes of business owners contributes to sectors like housing, food, healthcare, and entertainment. Using our multiplier, we estimate an induced output of around \$125 million as well (another ~25% of direct). This is a modest proportion because some new businesses may take time to become profitable or pay significant incomes, but as they grow, the induced effect would rise. Essentially, for every dollar invested, an additional ~\$0.25 might circulate via paychecks being spent locally.

5.2.4 Total Impact Entrepreneurship

Summing up, the \$500 million in entrepreneurial investments could generate on the order of \$750 million in total economic output in Minnesota over the decade. This is a 1.5x multiplier of the direct spending (each dollar invested yields an estimated \$1.50 in economic activity when all ripple effects are included). In employment terms, the entrepreneurship pillar's impact is significant: it directly aims to create 8,000 new jobs at the businesses, and when accounting for indirect and induced jobs (e.g. jobs at suppliers and jobs created by increased consumer spending), the total employment impact may be around 7,500–10,000 job-years beyond the direct jobs. If we include the direct 8,000 jobs as part of the overall effect, the total would be higher; however, to avoid double-counting, one can consider the 8,000 as largely the direct effect and perhaps an additional ~2,000 jobs are supported elsewhere (for a total of ~10,000). Many of these jobs are likely to be concentrated in the service sector

(since new small businesses often include restaurants, shops, personal services) and in the supply firms that cater to them. While the output impact here is smaller than the other pillars (reflecting the smaller capital investment in this category), the social impact in terms of jobs and community revitalization is very high – these 5,000 businesses growing can anchor wealth in communities and potentially survive beyond the 10-year window, continuing to generate economic activity. GroundBreak’s infusion essentially helps seed a more dynamic local small-business ecosystem, whose multiplier effects could compound over time.

One caveat: We assume some businesses will inevitably fail or not grow despite the support – this analysis implicitly assumes the average outcomes (including some failures) still result in the net job creation stated. The multiplier for entrepreneurship could be refined by weighting industries of the supported businesses if known – e.g., a manufacturing startup has a different multiplier than a retail shop. For now, we use a composite average.

6 Neighborhood Development Impact Analysis

6.1 Overview

The neighborhood development pillar—termed commercial real estate development—is about completing 60 community-led, climate-ready, transformational development projects in disinvested neighborhoods. These could include mixed-use developments, commercial corridors, cultural centers, affordable housing complexes with retail space, or other real estate projects that catalyze community wealth. GroundBreak plans to finance these projects through tools like low-cost patient capital (junior debt) and loan guarantees to attract primary financing from banks. By de-risking and filling financing gaps, GroundBreak enables projects that otherwise wouldn’t happen. The economic impact comes primarily from the construction phase of these projects (a short-term but high-dollar impact) and secondarily from the operations phase (business activity and jobs that occur in the new buildings, which is outside our current quantified scope). Our analysis focuses on the one-time construction and related investment impact of the 60 developments, recognizing that once built, these projects could have ongoing community economic benefits (not captured in the construction multipliers).

6.2 Estimated Impacts

6.2.1 Direct Impact Neighborhood Development

An estimated \$1.8 billion in direct construction and development expenditures occurs in Minnesota because of GroundBreak. This includes hiring construction firms, purchasing building materials, paying architects and engineers, legal and permitting fees, etc., for each of the 60 projects. Directly, this sustains a significant construction workforce and related professional services. Given \$1.8 billion over 10 years, this might average \$180 million per year in construction activity, which by itself could directly employ roughly 1,500–2,000 construction workers annually (since ~\$100k of construction spending often supports about one construction job-year, considering labor share in construction costs). The direct output also includes any local value-added in construction (contractor margins, etc.). Each project

Table 4: Estimated Economic Impacts by Category (Neighborhood Development, 10-year cumulative)

Impact Category	Estimated Value*	Description
Direct Impact	\$1.8 billion	Direct construction and development expenditures for 60 projects in Minnesota (construction firms, materials, architects/engineers, legal, permitting). Averages ~\$180 million per year; could directly employ ~1,500–2,000 workers annually.
Indirect Impact	~\$2.02 billion (approx.)	Supply-chain activity from manufacturers/distributors of building materials (lumber, steel, cement, HVAC, furnishings), transport/logistics, and subcontracted services (landscaping, security, equipment rental, waste management).
Induced Impact	~\$2.02 billion (approx.)	Household spending by workers paid during construction (housing, groceries, restaurants, retail, healthcare), including spending in neighborhoods where projects are built.
Total Output Impact	\$4.05 billion	Combined direct, indirect, and induced output statewide over 10 years, based on a Type II construction multiplier.
Job-Years Supported	~43,000	Employment supported during the construction phase across construction, suppliers, and household-facing sectors (~24 jobs per \$1 million × \$1.8 billion).

* Assumes a Type II output multiplier of ~2.25 for commercial construction; allocates indirect and induced effects in roughly equal shares of the multiplier (together ~1.25× direct). Jobs estimate uses ~24 jobs per \$1 million of spending. Values rounded; excludes post-construction operational impacts.

likely has a development team, often employing local contractors and potentially local hiring provisions, amplifying the direct benefit to target communities.

6.2.2 Indirect Impact Neighborhood Development

Construction projects have extensive supply chains. The indirect output arises from manufacturers and distributors of building materials (lumber, steel, cement, HVAC equipment, furnishings), transportation services moving those materials, as well as subcontracted services like landscaping, security systems installation, etc. Minnesota has companies in these supply-chain sectors, so a portion of project spending goes to in-state suppliers – for example, a developer may source materials from local factories or hire local specialty trades. Additionally, during planning and construction, local businesses (e.g. equipment rental companies, waste management, catering for crews) see more demand. With a 2.25 multiplier split evenly between the indirect and induced effect, the indirect impact is 1.12 times the direct. We can break that roughly into, say, \$2.02 billion in indirect effects. This \$2.02 billion represents the business revenues for all the suppliers and subcontractors attributable to the projects over 10 years. For instance, a Minnesota-based cement supplier receiving contracts for these developments adds to indirect impact.

6.2.3 Induced Impact Neighborhood Development

The construction of 60 projects will pay out a large mass of wages to construction workers, engineers, and others. Those wages, in turn, lead to induced spending in the local economy – construction crews spend money at local restaurants for lunch, workers spend their pay on housing, groceries, and recreation in their communities, and so on. Moreover, successful completion of these developments may increase local property values and create a halo effect that boosts consumer confidence and spending in the neighborhood (though that is a bit beyond what the multiplier strictly captures). Using the remaining portion of the multiplier, we estimate roughly \$2.02 billion in induced output (the other ~50% of multiplier, paralleling our homeownership assumption that indirect and induced are about equal portions of the total multiplier effect). This induced impact will be observed in retail sales, food and beverage sales, healthcare (as workers spend on medical needs), and other services in Minnesota. Importantly, some induced effects will occur in the very neighborhoods being developed – e.g. construction workers patronizing nearby businesses – providing a short-term boost to those local economies even before the projects are finished.

6.2.4 Total Impact Neighborhood Development

With all effects considered, the 60 development projects are estimated to generate about \$4.1 billion in total economic output in Minnesota, on top of transforming physical spaces in disinvested areas. This is the highest multiplier among the pillars, reflecting the intensive supply chain of construction. The \$1.8 billion in projects yields about an additional \$4 billion in indirect and induced activity.

In terms of jobs, using ~24 jobs per \$1 million, the employment impact would be roughly 43,000 job-years supported by these projects' construction phase (calculated as $24 * 1,800$).

That could be interpreted as, for example, 4,300 full-time jobs sustained each year for 10 years in the construction and related sectors. Realistically, construction jobs are transient and move from project to project, so this might manifest as a surge of a few thousand jobs during peak building periods. The key point is that a substantial workforce is engaged due to these developments – including electricians, plumbers, laborers, project managers – and additional jobs are created at material suppliers and in the broader economy from workers spending their pay. Furthermore, once the 60 projects are completed, many will house new businesses (stores, offices, etc.) or residents, which can generate ongoing economic activity (rents, retail sales, services) and jobs at those sites. Those operational impacts are not included in our construction-phase analysis but represent an added long-term benefit of GroundBreak’s development investments (essentially, GroundBreak jump-starts long-lived economic assets for the community).

Note: If some portion of materials or labor is sourced outside Minnesota, the actual in-state multiplier would be a bit lower. Our assumption of 2.25 is typical for broad construction in a state economy – it assumes, for instance, that while some high-tech equipment might be imported, much of the basic materials and all labor are local. If a project uses out-of-state contractors or imported specialty materials extensively, the multiplier could drop. Conversely, if projects intentionally prioritize local hiring and procurement (which GroundBreak may encourage to maximize community benefit), the effective multiplier and local job creation could be higher.

7 Conclusion and Implications

The RIMS II multiplier analysis indicates that the GroundBreak Initiative’s sweeping investments would advance wealth-building goals but also serve as a powerful economic engine for Minnesota. By facilitating billions in housing and commercial development, and energizing entrepreneurship, GroundBreak is poised to create broad-based economic benefits that reverberate beyond the direct recipients of its programs. The increased real estate activity and construction associated with community projects will stimulate supply chains and create jobs across skilled trades and manufacturing. The support for entrepreneurs will foster new businesses, generating employment and innovation in communities that have faced disinvestment. As new homeowners and business owners gain wealth and income, their spending will further induce growth in local economies, reinforcing a positive cycle.

This analysis, grounded in the RIMS II framework, projects a substantial social return on investment in purely economic terms – essentially confirming that investing in economic inclusion yields high dividends for society at large. The direct impact of \$5.3 billion is magnified through indirect and induced effects, aligning with standard economic theory that such investments have multiplier effects. Public and private decision-makers can take away that contributions to GroundBreak are not just charitable or remedial, but productive investments in the state’s economic future.

Finally, while this report focused on quantifiable economic metrics, it is worth noting the qualitative benefits that accompany these numbers: stabilizing families through homeownership, empowering a new generation of diverse entrepreneurs, revitalizing neighborhoods

with climate-smart infrastructure. These outcomes have long-term implications that likely extend beyond the 10-year horizon and beyond what any input-output model can capture (for example, improved community safety, higher property tax base, better health and education outcomes from economic stability, etc.). In sum, the GroundBreak Initiative represents a case where economic impact and social impact coincide, positioning Minnesota as a leader in inclusive growth.

The multiplier analysis in this report provides a data-informed glimpse of that promising future, demonstrating that GroundBreak’s vision for economic justice is morally compelling and economically advantageous.

8 Technical Appendix

8.1 Methodology: RIMS II Multiplier Analysis Framework

GroundBreak’s economic impact is estimated using RIMS II Type II multipliers – a standard tool for regional economic analysis provided by the U.S. Bureau of Economic Analysis. The methodology follows four general steps:

Determine Direct Investments: We first identify the direct spending/investments associated with each GroundBreak component. This includes the dollars spent on home purchases or construction, small business financing, and commercial development projects that are directly enabled by GroundBreak’s capital pools. These direct outlays, occurring within Minnesota, form the initial economic “shock” to the region’s economy. For example, financing a new affordable housing development or providing loans to entrepreneurs are direct economic activities of the initiative.

Identify Appropriate Multipliers: For each type of investment, we select RIMS II final-demand multipliers corresponding to the relevant industry sector in Minnesota. RIMS II multipliers quantify how a change in final demand (e.g., an increase in construction spending or consumer spending) translates into total regional output, earnings, and employment. We use Type II multipliers, which include direct, indirect, and induced effects. In practice, this means that our multipliers account for supply chain impacts and the impacts of increased household income. For example, a dollar spent on construction materials (direct) generates additional demand for suppliers like lumber or concrete (indirect), and wages paid to construction workers are spent on local goods and services (induced). We rely on published RIMS II data and analogous studies for Minnesota to choose reasonable multipliers for each category – e.g. the multiplier for construction activity, for financial/business services, etc. These values are documented in the assumptions table.

Calculate Indirect and Induced Effects: Using multipliers, we estimate indirect and induced impacts triggered by direct spending. Indirect impacts arise as GroundBreak-funded projects purchase goods and services from other local industries (supply chain effects). Induced impacts arise as employees and beneficiaries of the direct and indirect activities spend their higher incomes locally on housing, food, entertainment, and other goods. In essence, the initial investment dollars circulate through the economy in successive rounds. For clarity,

these concepts are defined:

Direct effect: The immediate economic activity from GroundBreak’s spending itself – e.g. real estate jobs and expenditures for purchasing a home, or the capital injected into a new startup.

Indirect effect: Secondary effects in industries that supply goods/services to the directly affected sectors. For example, if GroundBreak funds home purchases, agent and financial workers, as well as local home goods suppliers, see increased business. Similarly, an entrepreneur who uses funds to expand might buy equipment or professional services, generating business for those suppliers.

Induced effect: Tertiary effects from household spending of the income earned in the direct and indirect activities. For instance, construction workers, newly hired employees of a GroundBreak-supported business, or new homeowners with increased disposable income will spend money on groceries, retail, healthcare, etc., further stimulating the economy.

Aggregate Total Economic Impact: We sum the direct, indirect, and induced effects to obtain the total impact on Minnesota’s output (GDP contribution) and employment from each component and from the initiative overall. The results are presented as cumulative over 10 years. We also translate output impacts into estimated employment impacts (jobs supported), using RIMS II employment multipliers (expressed as jobs per \$1 million of spending) where available. All jobs are measured in job-years (one job-year = one full-time-equivalent job for one year). For example, if an impact is 10,000 job-years over 10 years, that would correspond to roughly 1,000 sustained jobs on average over the decade, or some combination such as 2,000 jobs lasting 5 years, etc. We note that RIMS II employment multipliers count both full-time and part-time jobs, and they reflect total jobs (direct + ripple effects) per \$1 million of output change.

8.2 Data Sources and Assumptions

Time Frame: All values are cumulative over 10 years (present-day dollars).

Geographic Scope: Impacts are modeled for the State of Minnesota.

Multiplier Source: U.S. BEA’s RIMS II final-demand Type II multipliers.

Allocation Assumptions:

Homeownership: 11,000 homes at ~\$273,000 average price

Entrepreneurship: \$500 million in new investment supporting 5,000 entrepreneurs

Neighborhood Development: 60 projects averaging ~\$30M each

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