



GROUNDBREAK COALITION

SOCIAL RETURN ON INVESTMENT OF THE GROUNDBREAK BUSINESS DEVELOPMENT INITIATIVE

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Projected economic and social returns of
GroundBreak's work to expand business
development access for low wealth households
across the Twin Cities metro area

Social Return on Investment of the GroundBreak Business Development Initiative

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Executive Summary

GroundBreak is a cross-sector coalition in Minneapolis–St. Paul mobilizing \$5.3 billion over 10 years to expand wealth through business development, entrepreneurship, and neighborhood development. The Business Development Initiative will:

- **Impact:** Support 5,000 businesses who otherwise would have limited or no access to capital to open or expand their businesses.
- **Investment & Social Returns:** Total investment = \$560 million; Societal benefits = \$1.1 billion; SROI = 19:1.
- **Per Household Gains:** Each entrepreneur supported by the program is projected to accrue \$117,836 in additional net income, income that would not have occurred without GroundBreak’s intervention.
- **Job Creation:** Each supported business is expected to generate approximately 1.6 new jobs—nearly 8,000 jobs over 10 years. Each employee gains an estimated \$68,231 in additional net income.
- **Public Benefits:** The government is projected to collect approximately \$139 million in additional tax revenue.
- **Breakeven:** Reached at only 6% of the goal, showing low funding risk and high scalability.
- **Economic Ripple Effect:** Across all pillars, total investment projected to generate \$9–\$11 billion in statewide output and ~78,000 job-years.
- **Broader Impact:** Narrowing the racial business ownership and development gap strengthens neighborhoods, improves safety, and builds intergenerational wealth.
- **Methods:** Analysis follows peer-reviewed and WSIPP-aligned SROI methods, using Minnesota data and a 3% discount rate.

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1 Introduction

GroundBreak is a pioneering, cross-sector coalition in the Minneapolis–St. Paul region focused on increasing wealth by mobilizing \$5.3 billion in blended capital over the next decade. By building a community-centered financial system, GroundBreak helps unlock capital for homeowners, entrepreneurs, and small-scale developers—fueling growth in local ownership, business activity, and neighborhood investment. With an intentional focus on building wealth, especially for Black households, GroundBreak aims to leverage customized financial tools and strong partnerships across the philanthropic, public, and private sectors to create 11,000 new homeowners, support 5,000 businesses that generate 8,000 jobs, and finance 60 neighborhood development projects. These efforts are expected to strengthen household financial stability, boost tax revenues, and reduce long-term public costs—delivering measurable returns for communities and the broader economy.

Over the next decade, GroundBreak expects to mobilize and investment nearly \$560 million in its business development efforts. This investment is projected to yield \$1 billion in societal benefits, translating to a return of \$19.21 for every dollar invested.

1.1 Scope & Analysis

This report highlights the projected economic and social returns of GroundBreak’s work to expand business development access for low wealth households across the Twin Cities metro area. We estimate benefits at three levels: (1) Household benefits, (2) Government & other stakeholders (e.g., tax effects, fees), and (3) Society, which aggregates all gains and costs across households and government. We then report the SROI as total societal benefits divided by total costs.

The model monetizes three primary benefit areas¹: (i) increased revenues of businesses, (ii) increased wages of employees, and (iii) increased tax revenues - excluding business taxes. We show how component values roll up to the top line results in the benefits section.

2 Results

2.1 Returns on Investment of GroundBreak’s Business Development Initiative

Over the next decade, the initiative will generate an average net income increase of \$117,816 per entrepreneur and \$68,231 per employee, with cumulative personal income gains generating an estimated \$139 million in additional income tax revenue. Preliminary estimates suggest business tax collections could add another \$600 million in fiscal benefits. In total, the initiative is projected to yield \$1.1 billion in societal benefits, resulting in a Social Return on Investment

¹Some additional indirect effects of increased business and personal income such as positive effects on children’s academic performance or improved health may result from the intervention. However, estimating these benefits would require extra assumptions and more indirect linking that would diminish the strength of the analysis.

(SROI) of \$19 for every dollar invested. These returns demonstrate the substantial public value of targeted investments in underfunded entrepreneurs.

Table 1: Social Returns of GroundBreak’s Business Development Initiative

	Per Entrepreneur	Society (Millions)
Benefits	\$117,816	\$1,069
Costs	*	\$56
Social Return on Investment (SROI)	*	\$19:1

*Cost for entrepreneurs are not estimated since these would depend on individual business characteristics. Revenue gains are assumed to reach standard levels as delineated in the assumptions and are contingent on business survival rates.

GroundBreak’s SROI in Context

Estimating the Social Return on Investment (SROI) for business development programs is relatively uncommon within the broader field of business support services. Most small business initiatives do not measure social returns directly; instead, they typically report output metrics such as the number of entrepreneurs served or businesses launched. Locally, the Constellation Fund has estimated benefit–cost ratios for several business development nonprofits, finding returns of approximately \$4 to 1—based solely on private benefits and excluding public gains such as tax revenues. Although GroundBreak’s SROI is unique and not directly comparable to these results, it clearly demonstrates that investment in the initiative yields substantial economic and social value. Moreover, this analysis contributes to a stronger understanding of the broader effectiveness and societal relevance of such interventions.

2.2 Overview of Benefits

The table below summarizes the estimated economic benefits generated by the Business Development Initiative from the perspectives of entrepreneurs, government, other individuals, and society. These benefits reflect both the direct increase in earnings and the broader fiscal and economic effects resulting from entrepreneurial activity supported by the GroundBreak Initiative.

From the household perspective, business development programs yield substantial income gains for participating entrepreneurs, with an average increase in earnings of \$117,816 per entrepreneur. This represents the most significant share of the total benefit and underscores the direct value of these programs to individual participants and their families. This benefit is the difference in the average annual earnings before and after the program’s support. We use an average 10 percent margin of profit over gross revenues to proxy net personal earnings over a time span of six years. The duration of benefits is based on survival rates data for

Table 2: Estimated Benefits and Costs per Household

Source	Households	Government & Others	Society
Increased earnings of entrepreneurs	\$117,816	—	\$117,816
Increased earnings of employees	—	\$68,231	\$68,231
Increased tax revenues (Federal & State)	—	\$27,800	\$27,800
Fees and partner payments	—	-\$9,250	-\$9,250
GB Operational costs	—	-\$1,885	-\$1,885

Benefits estimated over duration of outcomes which is assumed to depend on the number of years of business operation and discounted at 3% over the timeframe.

firms in Minnesota that show that after six years the survival rates fall below 50%. Thus, these estimates do not include benefits from those businesses that close before or survive beyond the initial six-year period.

From the government and other stakeholders’ perspective, the benefits are distributed across increased employee earnings (\$68,231) and additional tax revenues (\$27,800) generated through higher income and employment. These gains are partially offset by payments to service providers (-\$9,250) and the operational costs of implementing the GroundBreak program (-\$1,885). As noted above, business tax revenues are projected to reach approximately \$600 million over the period. However, this estimate is not included in the SROI calculation due to the high level of uncertainty associated with its underlying assumptions.

When considering the societal perspective, which aggregates all sources of benefit and cost, the net total economic benefit amounts to \$202,712. This includes the combined value of increased earnings for both entrepreneurs and employees (\$186,047), tax revenue gains (\$27,800), and subtracts total program-related costs (\$11,135). The results highlight the considerable return on investment that business development programs offer to both private and public sectors, as well as to society overall.

We find that targeted investments in undercapitalized entrepreneurs expands economic opportunity and generates sustained social dividends for Minnesota’s economy.

2.3 SROI Analysis and Broader Economic Impact

GroundBreak’s SROI analysis of its business development initiative shows that the program delivers meaningful gains for entrepreneurs and workers through higher revenues and wages, while also driving broader society benefits to taxpayers via increased taxes. In a separate analysis, we show that the benefits of the initiative go beyond the direct impact on individuals’ income and taxes; using RIMS II multipliers, we estimate that the \$5.3 billion investment is projected to generate \$9–\$11 billion in statewide output and sustain more than 78,000 job-years.

While both the economic impact (multiplier) analysis and the benefit–cost (SROI) analysis

report positive outcomes, they measure distinct dimensions of value. The former captures statewide macroeconomic effects, whereas the latter reflects the program’s effectiveness in improving individual and social well-being by monetizing individual-level outcomes. Although related, the two results should be interpreted independently and never aggregated to a single value.

3 Equity Impact

The Twin Cities’ racial business development gap reflects structural barriers—historic redlining, credit discrimination, and limited family wealth—rather than individual failings. These barriers often stem from systemic challenges or limited personal wealth among other causes. As a result, these households tend to accumulate assets more slowly across generations and are more likely to remain in lower income brackets compared to similar households with access to business development.

An inclusive approach of business development support could be an effective approach to building wealth and closing racial economic gaps in the Twin Cities region.

4 Assumptions and Methodology

- Asset acquisition and appreciation such as infrastructure, building, and technology as well as equity gains are excluded.
- Time horizon survival. Earnings gains accrue over 6 years, aligned to MN small-business survival data.
- Taxes. Model includes income tax impacts from owners/employees. Business tax revenues are not included in base SROI due to higher parameter uncertainty.
- Failure risk. Assumptions explicitly incorporate business mortality to avoid overstating results.
- All future benefits and costs are discounted to present value using a 3% discount rate.
- Minnesota-specific data is used where available; national benchmarks are used as appropriate.
- Costs are estimated using GroundBreak’s projected budget and fees and contribution’s structure. Some of these cost parameters are still preliminary and subject to change as the program is implemented.
- Main results assume that GroundBreak will achieve its 10-year target goals.
- Tax rates are from Minnesota Department of Revenue and the Internal Revenue Services.

We acknowledge that there may be significant variation in the life expectancy of new businesses across different industries, within industries, or even by geographic area or timing of the

investment. Therefore, the presented results are high level approximations rather than predictions about each business performance.

Furthermore, a sensitivity analysis shows that returns remain valuable even at higher discount rates: 3% (base) - SROI = 19.2:1 5% SROI = 13.8:1 7% SROI = 10.9:1 |

This methodology is aligned with best practices used by the Washington State Institute for Public Policy, the Robin Hood Foundation, Results First Minnesota, the Constellation Fund, and Wilder Research.

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