

Racial Equity Impact Notes (HFXXXX/SFXXXX)



Policy Priority

We know the challenges our state faces to create and grow an economy that works for and benefits from everyone's full contribution are systemic. Therefore, we must take a systemic approach to our diagnoses of potential solutions to facilitate and accelerate inclusive regional economies. **Racial Equity Impact Notes (REIN)** will provide lawmakers with a powerful tool to measure the potential equity impact of legislation, and in so doing, will provide for more effective and targeted public policies for closing racial income and wealth disparities and stimulating economic growth.

What are Racial Equity Impact Notes?

REIN is modeled on fiscal notes, which are used to project the costs of legislation. REIN will employ a methodology to evaluate the intended and unintended consequences of policies, investments, and programs in an effort to mitigate disparate impacts with more equitable and inclusive policies and investments. This data-driven approach will help create the inclusive economies that benefit all Minnesotans.

Why are Racial Equity Impact Notes needed?

We know Minnesota leads in a set of startling measures:

- Pandemic-related layoffs disproportionately impacted women, Indigenous, and Black Minnesotans, with more than 8 in 10 Black employees and more than 7 in 10 American Indian employees having filed unemployment claims, compared to 4 in 10 non-Hispanic white employees.
- Advancing racial equity and achieving inclusive growth would mean new opportunities for participation in the economy and an additional \$6,000-\$8,000 in annual income per capita.
- McKinsey reports that closing racial wealth gaps could lead to 4-6% GDP growth by 2028.

Who else has done this?

There are several states or localities across the political spectrum that have used some variation of REIN. For instance, Iowa, Colorado, Washington D.C., etc. are currently using impact notes. Iowa measures their criminal justice efforts, D.C. analyzes nearly all proposed legislation, and Colorado examines up to 20 bills per year all using some variation of racial equity impact notes.

What work is the Center performing to make REIN a reality?

REIN was introduced during the 2021 legislative session and is being introduced again in 2023 with a focus on economic and workforce development. In 2022, the Center seized the initiative and created an unofficial working group, comprised of representatives from racially diverse communities and representation from the Legislative Budget Office. This group reviewed national research on impact notes and tested methodology in two case studies to produce data for impact notes. Economic inclusion and prosperity requires investing in Black, Indigenous, Latine and Asian owned businesses and workers, making this initial focus for REIN critical to Minnesota's economic growth and prosperity.

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